

1. To Our Shareholders

In retrospect of year 2005, world economy, influenced by the surge of oil price, the raising of Federal fund rate and the damage of natural disasters, displayed stagnate growing compared to previous year. However, supported by significant volume of consumption and investment flows, world economy still maintained mighty growing energy. For domestic, though the rate of economic growth for first-half seemed beyond expectation followed the slowdown path of global economic expansion, it turned stronger in second-half led by the boost of export and industrial production as well as the expansion of public construction. Accordingly, Directorate-General of Budget, Accounting and Statistics announced growing rate of domestic economy as 4.08%. As a whole, the monitoring indicators flashed five successive months of "Green" since August, 2005 suggested upward expansion of the economy also.

In prospect of year 2006, along with the notable economic activities in U.S. and Asia area, main European countries can be expected to sustain continued economic expansion. The global economy may benefit the same. Domestic economy of Taiwan, accompanied with the growth pace of world economy and stirred by government's structured policy of stimulation to the extend of private sector's investment, consumer's spending, and domestic market's demand, can also be expected to deliver a better performance outlook than previous year. For foreign exchange rate, U.S. dollar is likely to be assumed devaluation. In contrast, NT dollar should present in slight appreciation pattern. For interest rate, it might be toward to upside trend under the consequence of inflation and corresponsive weak real rate.

Outlook for the coming years, Taiwan government's constant financial market reforms are going to improve the entire financial market environment into health situation. The intention to create economic scale by encouraging M&A of financial institutions also enhances the capacity for international competition. With the effect that "Financial Supervisory Commission, ROC (FSC)" adopts stringent financial supervision to uphold stable development of financial market, a bright financial market is expected to come. Following the market reforms path, COTA Bank wholly acquired Fong-Yuan Credit Cooperative in the beginning of 2006 to enlarge business scale. Under such acquisition, COTA Bank would consistently upgrade its performance, develop its core-competition, and create its lasting competition-edge to face the coming year filled up with hopes and challenges.

In 2005, COTA Bank contributed its main achievements to (I) established International Banking

Department; (II) acquired Fong-Yuan Credit Cooperative; (III) established Northern Operation Center; (IV) enrolled itself as member of "Small and Medium Business credit Guarantee Fund"; (V) sponsored centennial anniversary of Taichung Train Station. For 2006, COTA Bank will commit itself to (I) apply for permission of setting up Offshore Banking Unit; (II) set up SME Banking Center; (III) establish Wealth-Management Center; (IV) set up Kaohsiung and Tainan branches; (V) set up Southern Operation Center.

For major businesses performance as of Dec.31,2005, our deposits balance with sum of TWD82.6 billion (excluding deposits from banks) increased by TWD9.1 billion compared to previous year; our loans balance with sum of TWD69.9 billion increased by TWD6.8 billion compared to previous year. Fiscal year 2005, our profit after tax with record to TWD250 million contributed earning of TWD0.76 per share. The profitability is obvious improved with comparison to previous year. Capital adequate ratio (BIS) was maintained at a level of 9.42%. Besides, our efforts on beefing up healthy organization, upgrading operating performance, and strengthening risk management achieved decent valuation. Taiwan Ratings Corporation adjusted our rating to "twBBB+" for long-term counterparty credit and "twA-2" for short-term credit with outlook "stable" on their press releases of Dec. 27, 2005.

For 2006, COTA Bank is planning to set up Kaohsiung and Tainan branches to provide customer service in full aspects and then aim to be an island-wide commercial bank. We would still strive to expand range of business lines, establish regional operation center and provide our customer with professional and initiative service spirit. Moreover, with the view to support customer's demand of wealth management, we dedicate ourselves to set up Wealth Management Center to assist our customers raise up their wealth. We also place our strategies to centralize operation effort and simplify operation work-flow by applying intelligent technologies. Carrying out all the efforts, we hope to move up efficiency of operation and management, provide satisfied customer service and then create extreme benefit to shareholders.

Finally, we would like to express our appreciation to our shareholders, directors, supervisors, and elite in all fields. To realize our aim to provide satisfied financial services to our customers, all COTA Bank's staff would sustain the hard working attitude and service-driving spirit inherited from their founder and ever since. We look forward to obtaining continued support and advice from all of you.

Chairman *Chun-Tse Liao*

2. Corporate Profile

2-1. Bank Features

2-1-1. Key Data

Bank Name	COTA Commercial Bank, Ltd. (abbreviated as COTA Bank or the Bank herein)
Chairman	Chun-Tse Liao
President	Ying-Che Chang
Date of Business Registration	January 1, 1999
Date of Inauguration	January 1, 1999
Location of Head Office	59, Shihfu Road, Central District, Taichung City 400, Taiwan, R.O.C.
Number of Employee	961
Paid-in Capital	TWD3,337,340,780
Capital Shares	Common Stock in 333,734,078 Shares

2-1-2. Historic Highlights

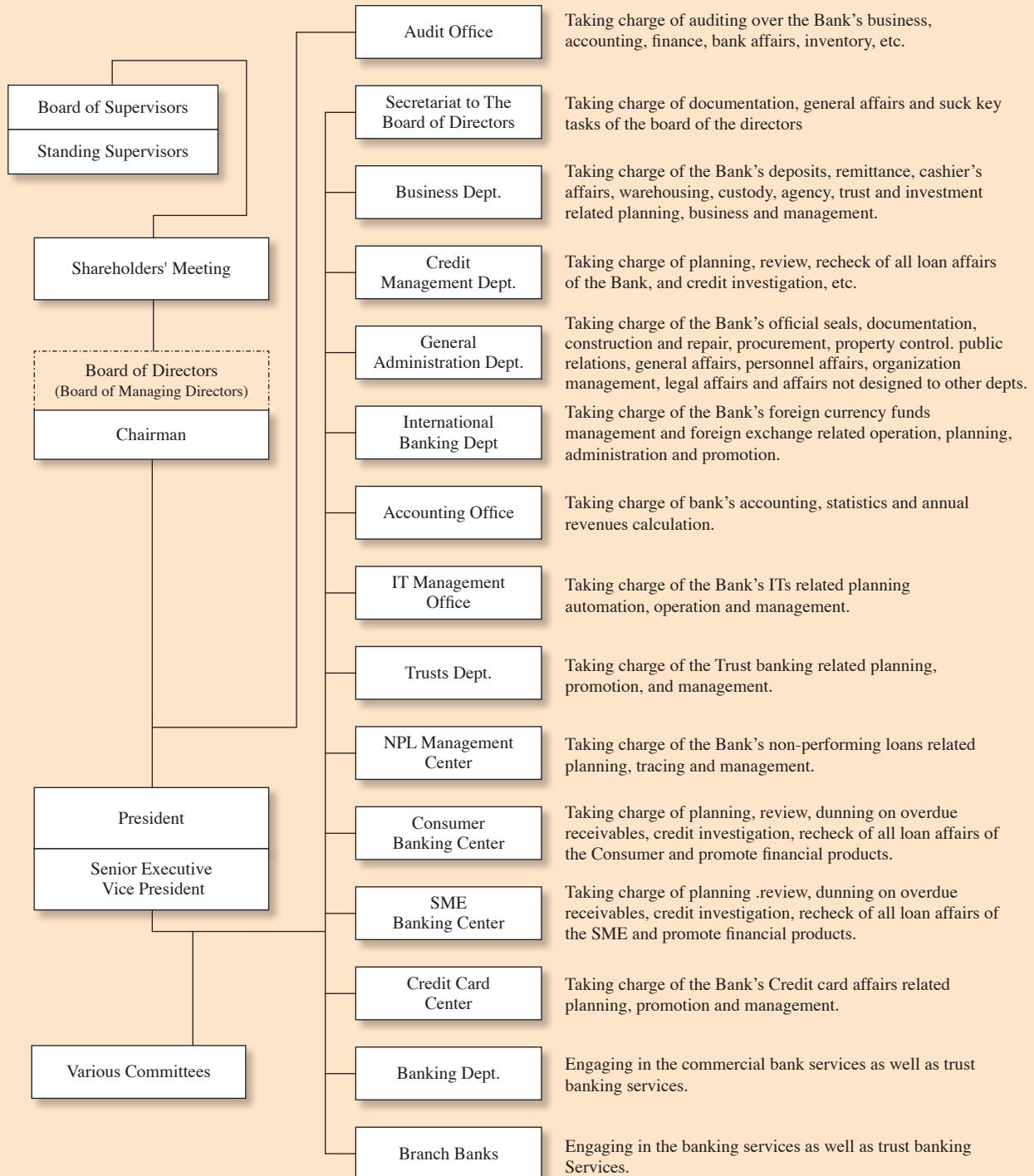
COTA Bank was formerly named as "Liability Taichung Third Credit Cooperative". Founded since 1915, we have consistently conveyed the corporate philosophy featuring as "BRISK, INNOVATING, CORDIAL SERVICES", which were well-sustained to combat in the financial climate characterized by severe competition. In accordance with the promulgation of "Regulations and Criteria Governing Reorganization of Credit Cooperative into Commercial Banks", COTA Bank set up a reorganization task force and launches reorganization in December 1995. On July 27, 1998, COTA Bank was officially approved by Ministry of Finance to be upgraded into "COTA Commercial Bank".

In 2005, COTA Bank invited Fong-Yuan Credit Cooperative to take into account a merge proposal for mutual benefits to enhance competitive capacity by expanding business scale. After sincere bilateral negotiation and consideration, COTA Bank decided to wholly acquire Fong-Yuan Credit Cooperative. Approved by shareholder meeting of both parties, Fong-Yuan Credit Cooperative was formally merged with COTA Bank on January 01, 2006.

Outlook for the future, COTA Bank is strived to become a full-array commercial bank despite of quick-changed financial market. Under the support of shareholders and members of board, and the endeavor of all staffs, we commit ourselves to provide our customer with all-aspect services by constant business growth, scale expansion, and product diversification.

2-2. Organization

2-2-1. Organization chart



2-2-2. Major information of Directors, Supervisors, Executives and Principal Officers

List of Directors and Supervisors-Data (1)

As of Dec. 31, 2005

Title	Name	Elected Date	Tenure	First Elected	Elected Shares Owned		Current Shares Owned		Shares Owned by Spouses and Minor children		Shares Held under Surrogate A/C		Education & Key Work Experience	Current Positions Held in this or other company
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Chairman	Chun-Tse Liao	May.25, 2005	3	Jan.01, 1999	4,293,451	1.32	4,390,053	1.32	10,429	-	-	-	The Society for Professional Management, UK, Diploma in Professional Management (Business management Dr. in P.I.U) President, Senior Executive Vice President, Executive Vice President and Chairman of the board of Liability Taichung Third Credit Cooperative	Direct of TACB, Supervisor of FDU Personal Insurance Agent Co., Ltd.
Managing director	Chun-Chuan Wang	May.25, 2005	3	Jan.01, 1999	677,280	0.21	692,518	0.21	52,616	0.02	-	-	Department of English, Tamkang University, President of COTA Bank	Director of Fu shih Amusement Business Co. Ltd.
Managing director	Mu-Chuan Huang	May.25, 2005	3	Jun.19, 2001	1,034,860	0.32	1,090,263	0.33	365	-	-	-	Senior Executive Vice President of COTA Bank	
Managing director	Yao-Ting Li	May.25, 2005	3	Jan.01, 1999	1,464,210	0.45	1,497,154	0.45	198,681	0.06	-	-	Taiwan Provincial School of Commerce of Tai-Chung, Chairman of Yuan Feng Dyeing & Weaving Co., Ltd., Managing director & President of Fu Shan Dyeing & Weaving Co., Ltd.	Director of Fu Shan Dyeing & Weaving Co., Ltd.
Managing director	Dong-Po Xie	May.25, 2005	3	Jun.19, 2001	1,139,000	0.35	1,164,627	0.35	179,387	0.05	-	-	Post graduate of University of California in U.S.A., The Hong Kong College of Medicine, Chairman of Cheng Shing Tai Biopharmaceutical Co., Ltd., Chairman of Da Chen Ent., Co., Ltd.	Chairman of Da Chen Ent., Co., Ltd., Direct of Tien Sheng Broadcasting Station, Direct of Yen Sheng Broadcasting Station, Chairman of Cheng Shing Tai Biopharmaceutical Co., Ltd.
Director & President	Ying-Che Chang	May.25, 2005	3	Jun.19, 2001	1,088,156	0.34	1,112,639	0.33	5,214	-	-	-	Department of International Trade, Feng Chia University, Senior Executive Vice President of COTA Bank	Direct of FDU Personal Insurance Agent Co., Ltd.

Title	Name	Elected Date	Tenure	First Elected	Elected Shares Owned		Current Shares Owned		Shares Owned by Spouses and Minor children		Shares Held under Surrogate A/C		Education & Key Work Experience	Current Positions Held in this or other company
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Director	Xian-De Lai	May.25, 2005	3	May.24, 2005	1,092,624	0.34	1,117,208	0.33	62,577	-	-	-	National Chung Hsing University, Chairman of Tung Yang Business Co., Ltd.	Direct of Avis Management & Engineering Service Company, Direct of Yuan Sheng Plastic Corp., Chirman of Tung Yang Investment Co. Ltd., Chairman of Tung Yang Business Co. Ltd., Chirman of Jazzy Industrial Co. Ltd.
Director	Ying-Chieh Lai	May.25, 2005	3	Jan.01, 1999	944,841	0.29	966,069	0.29	287,399	0.09	-	-	Certificate of Administration management in Japan, Chairman of Third Credit Cooperative educational foundation	Chairman of Third Credit Cooperative educational foundation, Direct of Geng Jeng Industrial Co. Ltd., General Manager of Yu Li De Business Consultants Co. Ltd.
Director	Song-Yue Liao	May.25, 2005	3	Jun.19, 2001	781,200	0.24	1,098,777	0.33	41,718	0.01	-	-	Chairman of Chuan Cheng Hat Co., Ltd.	Supervisor of Cheng Ming Construction Corp., Chairman of Jepana Enterprise Co. Ltd., Direct of New Zhung Zhuang Investment Co. Ltd., Chairman of Chuan Cheng Hat Co., Ltd. Direct of Quan Zhong International Co. Ltd.
Director	Chuan-Sheng Liao	May.25, 2005	3	Jun.19, 2001	897,604	0.28	917,800	0.28	666,495	0.2	-	-	PhD of Manchuria College of Medicine, Superintendent of Jen Ai Hospital, Chairman of Jen Ai Hospital	Supervisor of Glowing Spring Enterprise Co. Ltd.
Director	Pi-Jung Hsieh	May.25, 2005	3	Jan.01, 1999	1,999,200	0.62	2,044,182	0.61	1,564,581	0.47	-	-	Certification Examinations for Architect, Ministry of Examination, Engineer of Taiwan Railway Electrical Engineering Department.	Architect of Hsieh Pi-jung Architectural Office, Direct of Ju Hsing International Co. Ltd.

Title	Name	Elected Date	Tenure	First Elected	Elected Shares Owned		Current Shares Owned		Shares Owned by Spouses and Minor children		Shares Held under Surrogate A/C		Education & Key Work Experience	Current Positions Held in this or other company
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Director	Chan-Wen Lin	May.25, 2005	3	Jan.01, 1999	1,423,909	0.44	1,455,946	0.44	-	-	-	-	Taiwan Provincial School of Commerce of Tai-Chung, President of Liability Taichung Third Credit Cooperative	
Director	Guo-Zhou Chen	May.25, 2005	3	May.24, 2005	1,528,510	0.47	1,563,422	0.47	-	-	-	-	Direct of Sino-American Silicon Products Inc.	Nanghai toy Co. Ltd.
Director	Tien-Hsiang Lin	May.25, 2005	3	Jun.19, 2001	990,011	0.30	1,012,286	0.30	-	-	-	-	Taiwan Provincial School of Commerce of Tai-Chung, Chief Audit of COTA Bank	
Director	Po-Ling Chiang	May.25, 2005	3	Jun.19, 2001	664,468	0.20	679,418	0.20	74,278	0.02	-	-	President of Liability Taichung Third Credit Cooperative	
Standing Supervisor	Lien-Kui Wang	May.25, 2005	3	Jun.19, 2001	919,763	0.28	980,457	0.29	52,147	0.02	-	-	Civic Education and Leadership, National Taiwan Normal University, Executive vice President of Liability Taichung Third Credit Cooperative, Senior Executive Vice President of COTA Bank	Director of Fu shih Amusement Business Co. Ltd.
Supervisor	Dhe-Chin Lai	May.25, 2005	3	Jan.01, 1999	850,465	0.26	869,600	0.26	31,288	0.01	-	-	Executive vice President of Liability Taichung Third Credit Cooperative, Special Assistant of COTA Bank	Direct of FDU Non-Life Insurance Agent Co., Ltd.
Supervisor	Yong-Zhi Wang	May.25, 2005	3	May.24, 2005	960,880	0.30	982,499	0.29	1,042	-	-	-	Nanya Institute of Technology, Direct of Sheng Ho Securities (IBTS) Company	Direct of Kang Bu Mei International Co. Ltd.
Supervisor	Guo-Zhao Xiao	May.25, 2005		May.24, 2005	75,050	0.02	1,055,863	0.32	-	-	-	-	University of South California, USA, Chairman of Hong Cheng Construction Corp.,	Supervisor of Taiwan Foundation Global Technology Co. Ltd.
Supervisor	Zhuang-Tai Wang	May.25, 2005	3	May.24, 2005	659,840	0.20	775,416	0.23	-	-	-	-	Shu-Te Institute of Technology, Chairman of Wang Jiang Property Co. Ltd.	Chairman of Wang Jiang Property Co. Ltd., Direct of Tai Ho Cement Industry Corp.

List of Directors and Supervisors-Data (2)

As of Dec. 31, 2005

Title	Name	Those who possess the necessary experiences more than five years for commercialization law financial or company function	Those who are not, within recent year, employed by this company or board members, supervisor and employee of the affiliated enterprise	Those who don't, within the recent year, hold the shares more than 1% of the issuing amount or inside of the 10 natural person holder before holding the shares above directly or indirectly.	Those who are neither couple nor next of kin's relatives to those mentioned above.	Within the recent year, no board members, supervisor and employee of the legal board who shares more than 5 % of the issuing amount, and no board members, supervisor and employee are before 5 of the shares holders.	Within the recent year, no board members, supervisor and manager or more than 5 % share holders of the specialized companies, our institutions which affiliate any Financial Function with this company	Within the recent year, no provide any financial, commercial, law, consultant and expert personal affairs of this company, our affiliate relative enterprise to partner's company or any other organizations all board members supervision, manager along with their couples.	Re-mark
Chairman	Chun-Tse Liao	√	√	√	√	√	√		
Managing director	Mu-Chuan Huang	√	√	√	√	√	√	√	
Managing director	Chun-Chuan Wang	√	√	√	√	√	√	√	
Managing director	Dong-Po Xie	√	√	√	√	√	√	√	
Managing director	Yao-Ting Li	√	√	√	√	√	√		
Director	Xian-De Lai	√	√			√	√	√	
Director	Ying-Chieh Lai	√	√	√	√	√	√	√	
Director	Song-Yue Liao	√	√		√	√	√	√	
Director	Chuan-Sheng Liao	√	√		√	√	√	√	
Director	Pi-Jung Hsieh	√	√	√	√	√	√		
Director	Chan-Wen Lin	√	√	√	√	√	√	√	
Director	Guo-Zhou Chen	√	√	√	√	√	√		
Director	Tien-Hsiang Lin	√	√	√	√	√	√	√	
Director	Po-Ling Chiang	√	√	√	√	√	√	√	
Director	Ying-Che Chang	√		√	√	√	√	√	
Standing Supervisor	Lien-Kui Wang	√	√	√	√	√	√	√	
Supervisor	Dhe-Chin Lai	√	√	√	√	√	√	√	
Supervisor	Yong-Zhi Wang	√	√	√	√	√	√	√	
Supervisor	Guo-Zhao Xiao	√	√	√	√	√	√	√	
Supervisor	Zhuang-Tai Wang	√	√	√	√	√	√	√	

List of Executives and Principal Officers

As of Dec. 31, 2005

Title	Name	Date of Inauguration	Shares Owned		Shares Owned by Spouses and Minors		Shares Held under Surrogate A/C		Education & Key Past Positions	Other Positions Held Current
			No. of Shares	%	No. of Shares	%	No. of Shares	%		
President	Ying-Che Chang	Jan.01,2000	1,112,639	0.33	5,214	-	-	-	Department of International Trade, Feng Chia University, Senior Executive Vice President of COTA Bank	-
Chief Auditor	Yi-Hsiung Lai	Jan.07,2002	140,654	0.04	37,712	0.01	-	-	Taiwan Provincial School of Commerce of Tai-Chung, Executive Vice President of COTA Bank	-
Senior Executive Vice President	Yi-Hsien Liao	Jan.01,2004	246,034	0.07	104,295	0.03	-	-	Taiwan Provincial School of Commerce of Tai-Chung, Executive Vice President of COTA Bank	-
Senior Executive Vice President	Chin-Ting Chang	Jan.01,2004	217,289	0.06	-	-	-	-	NCHU's Continuing Education School, EMBA, Executive Vice President of COTA Bank	-
Senior Executive Vice President	Jung-Hsien Chiu	Jan.01,2004	693,598	0.21	-	-	-	-	Department of Industrial and Information Management, National Cheng Kung University, Executive Vice President of COTA Bank	-
Executive Vice President & Department General Manager	Shih-Chien Chin	Jan.01,2004	123,290	0.04	88,243	0.03	-	-	Department of Applied Math., University of North Texas, USA, Business Department General Manager of COTA Bank	-
Executive Vice President & Department General Manager	Chih-Sheng Hsieh	Jan.01,2004	401,006	0.12	56,674	0.02	-	-	Department of Public Finance Feng Chia University, Credit Management Department General Manager of COTA Bank	-
Executive Vice President & Branch General Manager	Lu-Ku Wang	Jan.01,2004	116,277	0.03	1,042	-	-	-	Shin Min Commercial & Industrial Vocational Senior High School, Taichung branch General Manager of COTA Bank	-
Executive Vice President & Branch General Manager	Tsai-Hsiung Liao	Jan.01,2004	1,128,647	0.34	499,968	0.15	-	-	Ming Te home Economics and Commercial Senior high school, Xitun Branch General Manager of COTA Bank	-
Executive Vice President & Department General Manager	Yun-Ching Wang	Jan.01,2004	171,627	0.05	146,013	0.04	-	-	Master of Finance, National Chung Hsing University, IT Management Office General Manager of COTA Bank	-
Department General Manager	Wu-Yung Chiang	Nov.01,2004	210,569	0.06	44,295	0.01	-	-	National Taichung Agricultural Senior High School, Nanmen Branch General Manager of COTA Bank	-
Department General Manager	Chih-Hui Chen	Sep.27,2004	171,591	0.05	137,669	0.04	-	-	Department of Computer Science, Feng Chia University, Shalu Branch General Manager of COTA Bank	-
Department General Manager	A-Kuai Chen	Feb.21,2000	215,604	0.06	-	-	-	-	Department of Social Science, The National Open University, Commissioner of COTA Bank	-
Project Manager	Huan-Mou Cheng	Jul.01,2004	139,794	0.04	10,429	-	-	-	National Open College of Continuing Education Affiliated to NTIT, NPL Management Center Project Manager of COTA Bank	-
Department Deputy General Manager	Hung-Tsang Chiang	Oct.01,2004	81,943	0.02	78,909	0.02	-	-	Department of Public Policy and Management, Supplementary Junior College of the National Open University, Consumer Banking Center Assistance Vice President of COTA Bank	-

Title	Name	Date of Inauguration	Shares Owned		Shares Owned by Spouses and Minors		Shares Held under Surrogate A/C		Education & Key Past Positions	Other Positions Held Current
			No. of Shares	%	No. of Shares	%	No. of Shares	%		
Department Deputy General Manager	Shun-Hsien Wong	Oct.01,2004	179,820	0.05	-	-	-	-	Department of Public Finance Feng Chia University, Consumer banking Center Assistant Vice President of COTA Bank	-
Branch General Manager	Ho-Shun Chang	Apr.21,2003	133,715	0.04	12,723	-	-	-	Feng-Yuan Commercial & Vocational High School, Zhongzheng Branch General Manager of COTA Bank	-
Branch General Manager	Jung-Keui Lu	Apr.21,2003	146,384	0.04	10,638	-	-	-	Kuang-Hwa Vocational High School of Technology, Linsen Branch General Manager of COTA Bank	-
Branch General Manager	Chiang-Chung Chuang	Jul.10,2002	328,981	0.10	104,295	0.03	-	-	Hsin Sheng Economics and Commercial Senior high school, Consumer Banking Center Commissioner of COTA Bank	-
Branch General Manager	Tai-Yu Chien	Jun.01,1999	152,920	0.05	73,006	0.02	-	-	Shin Min Commercial & Industrial Vocational Senior High School, Audit Office Researcher of COTA Bank	-
Branch General Manager	Min-Chang Lin	Jul.10,2002	63,730	0.02	26,073	0.01	-	-	Shin Min Commercial & Industrial Vocational Senior High School, Zhongzheng Branch Deputy General Manager of COTA Bank	-
Branch General Manager	Hsin-De Chang	Apr.21,2003	62,697	0.02	12,288	0.01	-	-	Departments of Accounting , Chien Kuo College of Commerce, Banking Department General Manager of COTA Bank	-
Branch General Manager	Chang-Lu Liu	Sep.27,2004	57,168	0.02	2,190	-	-	-	Tsao Tun Vocational School, Yuanlin Branch General Manager of COTA Bank	-
Branch General Manager	Tai-An Chen	Nov.08,1999	424,436	0.13	73,006	0.02	-	-	Ming Te home Economics and Commercial Senior high school, Nantun Branch General Manager of COTA Bank	-
Branch General Manager	Sheng-Li Hung	Nov.08,1999	186,811	0.06	104,346	0.03	-	-	National Open College of Continuing Education Affiliated to National Taichung institute of Commerce, Banking Department Deputy General Manager of COTA Bank	-
Branch General Manager	Hung-Ming Lai	Apr.02,2001	123,905	0.04	104,295	0.03	-	-	Department of Business Administration, National Taichung institute of Commerce, Beitun Branch Deputy General Manager of COTA Bank	-
Branch General Manager	Shih-Jung Chen	Jul.10,2002	275,489	0.08	-	-	-	-	Department of Oceanography, Chinese Culture University, Credit Management Department Deputy General Manager of COTA Bank	-
Branch General Manager	Shih-Tsung Chou	Nov.08,1999	199,854	0.06	319,731	0.10	-	-	Department of Business Administration, The Overseas Chinese College, Chungcheng Branch Deputy General Manager of COTA Bank	-
Branch General Manager	Jung-Chieh Chang	Sep.27,2004	207,946	0.06	46,932	0.01	-	-	Department of Cooperative Economics, Tamkang University, Banking Department Deputy General Manager of COTA Bank	-
Branch General Manager	Tien-Ming Jen	Jan.01,2002	108,426	0.03	-	-	-	-	Department of Industrial Engineering, Feng Chia University, Assistant Vice President of Bank Sinopac	-
Branch General Manager	Kuo-Jung Lo	Mar.11,2003	98,350	0.03	-	-	-	-	Department of Public Communication, Shih Hsin University, Vice President of CTCB	-
Branch General Manager	Hsi-Hsien Wang	Mar.22,2004	34,780	0.01	-	-	-	-	Soochow University School of Law, Manager of CTCB	-
Department General Manager	Wei-Bin Lin	Mar.16,2005	35,300	0.01	-	-	-	-	Graduate School of Management, University of California at Riverside, Assistant Vice President of Bank Sinopac	-

Directors Remuneration

Unit: TWD as of Dec. 31, 2005

Title	Name	Transportation Allowance & Remuneration	Directors' Remuneration from Appropriation of Earnings	Employee Bonus from Appropriation of Earnings			Aggregate Amount of the Aforesaid Items	Total Amount / Net Income (%)	Employee Stock Options	Other Remuneration
				Cash	Stock					
					No. of Shares	Market Price				
Chairman	Chun-Tse Liao	10,113,000	4,171,037	-	-	-	-	14,284,037	5.6161	
Managing director	Chun-Chuan Wang									
Managing director	Mu-Chuan Huang									
Managing director	Yao-Ting Li									
Managing director	Dong-Po Xie									
Director	Po-Ling Chiang									
Director	Chan-Wen Lin									
Director	Ying-Chieh Lai									
Director	Tien-Hsiang Lin									
Director	Pi-Jung Hsieh									
Director	Chuan-Sheng Liao									
Director	Song-Yue Liao									
Director	Guo-Zhou Chen									
Director	Xian-De Lai									
Director & President	Ying-Che Chang									

Supervisors Remuneration

Unit: TWD as of Dec. 31, 2005

Title	Name	Transportation Allowance & Remuneration	Supervisors' Remuneration from Appropriation of Earnings	Aggregate Amount of the Aforesaid Items	Total Amount / Net Income (%)	Others Remuneration
Standing Supervisor	Lien-Kui Wang	2,556,000	499,573	3,055,573	1.201	-
Supervisor	Dhe-Chin Lai					
Supervisor	Yong-Zhi Wang					
Supervisor	Guo-Zhao Xiao					
Supervisor	Zhuang-Tai Wang					

President and Senior Executive Vice Presidents' Remuneration

Unit: TWD as of Dec. 31, 2005

Title	Name	Transportation Allowance & Remuneration	Directors' Remuneration from Appropriation of Earnings	Employee Bonus from Appropriation of Earnings			Aggregate Amount of the Aforesaid Items	Total Amount / Net Income (%)	Employee Stock Options	Other Remuneration
				Cash	Stock					
					No. of Shares	Market Price				
President	Ying-Che Chang	6,901,284	4,549,275	-	-	-	236,390	11,686,949	4.5950	
Chief Auditor	Yi-Hsiung Lai									
Senior Executive Vice President	Yi-Hsien Liao									
Senior Executive Vice President	Chin-Ting Chang									
Senior Executive Vice President	Jung-Hsien Chiu									

Unit: TWD as of Dec. 31, 2005

Range of President and Senior Executive Vice Presidents' Remuneration	People of President and Senior Executive Vice Presidents
	Year of 2005
Under 2,000,000	0
2,000,000-5,000,000	5
5,000,000-10,000,000	0
10,000,000-50,000,000	0
Above 50,000,000	0
TOTAL	5

List of Compensation Paid to President, Executive Vice Presidents and General Managers

Unit: TWD as of Dec. 31, 2005

Title	Name	Stock dividends			Cash Dividends	Total Amount/ Net Income(%)
		Shares	Price	Amount	Amount	
President	Ying-Che Chang					
Chief Auditor	Yi-Hsiung Lai					
Senior Executive Vice President	Yi-Hsien Liao					
Senior Executive Vice President	Chin-Ting Chang					
Senior Executive Vice President	Jung-Hsien Chiu					
Department General Manager	Wu-Yung Chiang					
Executive vice President r	Shih-Chien Chin					
Executive vice President	Chih-Sheng Hsieh					
Executive vice President	Yun-Ching Wang					
Department General Manager	A-Kuai Chen					
Project Manager	Huan-Mou Cheng					
Department General Manager	Chih-Hui Chen					
Department Deputy General Manager	Hung-Tsang Chiang					
Department Deputy General Manager	Shun-Hsien Wong					
Department General Manager	Wei-Bin Lin					
Executive vice President	Lu-Ku Wang					
Branch General Manager	Ho-Shun Chang	153,399	-	1,533,990	1,533,990	0.6031
Branch General Manager	Jung-Keui Lu					
Branch General Manager	Chiang-Chung Chuang					
Branch General Manager	Tsai-Hsiung Liao					
Branch General Manager	Tai-Yu Chien					
Branch General Manager	Min-Chang Lin					
Branch General Manager	Hsin-Dhe Chang					
Branch General Manager	Chang-Lu Liu					
Branch General Manager	Tai-An Chen					
Branch General Manager	Sheng-Li Hung					
Branch General Manager	Hung-Ming Lai					
Branch General Manager	Shih-Jung Chen					
Branch General Manager	Shih-Tsung Chou					
Branch General Manager	Jung-Chieh Chang					
Branch General Manager	Tien-Ming Jen					
Branch General Manager	Kuo-Jung Lo					
Branch General Manager	Hsi-Hsien Wang					

2-2-3. Change in Shareholdings of Directors, Supervisors, Executives and Principal Officers

2-2-3-1. Chang in Shareholdings Information

Title	Name	2004		End of 2005		Remark
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairman	Chun-Tse Liao	84,185	–	96,602	–	Major Shareholders
Managing Director	Chun-Chuan Wang	63,280	–	15,238		
Managing Director	Mu-Chuan Huang	340,230		105,403	–	–
Managing Director	Yao-Ting Li	378,710		32,944		–
Managing Director	Dong-Po Xie	189,000		25,627		–
Director & President	Ying-Che Chang	21,336	–	24,483		–
Director	Hsien-Te Lai	21,424	–	24,584		–
Director	Ying-Chieh Lai	18,526		21,228	–	–
Director	Sung-Yueh Liao	721,200		317,577		–
Director	Chuan-Sheng Liao	17,600		20,196		–
Director	Pi-Jung Hsieh	39,200		44,982		–
Director	Chan-Wen Lin	27,919		32,037		–
Director	Kuo-Chou Chen	28,010		134,912		–
Director	Tien-Hsiang Lin	16,431		174,275		–
Director	Po-Ling Chiang	13,028		14,950		–
Standing Supervisor	Lien-Kui Wang	351,583		110,694		–
Supervisor	Dhe-Chin Lai	90,205		19,135		–
Supervisor	Yung-Chih Wang	766,880	–	121,619		–
Supervisor	Kuo-Chao Hsiao	25,050		980,813	–	–
Supervisor	Chuang-Tai Wang	80	–	771,336		–
Chief Auditor	Yi-Hsiung Lai	2,580	–	9,034	–	–
Senior Executive Vice President	Yi-Hsien Liao	4,600	–	11,434	–	–
Senior Executive Vice President	Chin-Ting Chang	4,057	–	10,372	–	–
Senior Executive Vice President	Jung-Hsien Chiu	219,179	–	320,449	–	–

Title	Name	2004		End of 2005		Remark
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Executive Vice President & Department General Manager	Shih-Chien Chin	1,992		21,698	–	–
Executive Vice President & Department General Manager	Chih-Sheng Hsieh	7,600		13,406		–
Executive Vice President & Branch General Manager	Lu-Ku Wang	36,396		8,351		–
Executive Vice President & Branch General Manager	Tsai-Hsiung Liao	95,065		30,308		–
Executive Vice President & Department General Manager	Yun-Ching Wang	3,200		8,427		–
Department General Manager	Wu-Yung Chiang	5,087	–	(49,124)		–
Department General Manager	Chih-Hui Chen	3,201	–	8,340	–	–
Department General Manager	A-Kuai Chen	4,033	–	9,911	–	–
Deputy Chief Auditor	Shu-Yuan Tsai	6,120	–	12,445	–	–
Branch General Manager	Ho-Shun Chang	2,477	–	7,348	–	–
Branch General Manager	Jung-Keui Lu	2,704	–	8,480	–	–
Branch General Manager	Chiang-Chung Chuang	6,205	–	12,486	–	–
Branch General Manager	Tai-Yu Chien	2,839	–	8,121	–	–
Branch General Manager	Min-Chang Lin	1,100	–	7,590	–	–
Branch General Manager	Hsin-The Chang	63	–	59,444	–	–
Branch General Manager	Chang-Lu Liu	1,000	–	6,168	–	–
Branch General Manager	Tai-An Chen	8,350	–	(1,450)	–	–
Branch General Manager	Sheng-Li Hung	3,500	–	8,311	–	–
Branch General Manager	Hung-Ming Lai	2,293	–	6,942	–	–
Branch General Manager	Shih-Jung Chen	5,202	–	10,187	–	–
Branch General Manager	Shih-Tsung Chou	3,748	–	8,666	–	–
Branch General Manager	Jung-Chieh Chang	3,910	–	8,496	–	–
Branch General Manager	Tien-Ming Jen	31,600	–	6,826	–	–
Branch General Manager	Kuo-Jung Lo	31,800	–	6,550	–	–
Branch General Manager	Hsi-Hsien Wang	30,600	–	4,180	–	–
Department General Manager	Wei-Bin Lin	20,400	–	14,900	–	–

2-2-3-2.Shareholding Transfer Information

Name	Shareholding Transfer Reason	Date	Counterparty	Relation between Counterparty and COTA Bank, Director, Supervisor and shareholder whose shareholding more than 10% of the issuing amount	Shares	Price
Jung-Hsien Chiu	Acquisition	May.26,2005	Hui-Ming Li	Related Party	156,490	16.19
Jung-Hsien Chiu	Acquisition	May.26,2005	Hui-Ming Li	Related Party	3,129	16.19
Hsin-The Chang	Acquisition	Aug.11,2005	Shu-Cheng Chen	Related Party	29,000	10
Tai-An Chen	Disposal	Sep.22,2005	Yu-Ching Chen	Related Party	6,000	10
Tai-An Chen	Disposal	Sep.22,2005	Yu-Min Chen	Related Party	3,000	10
Tai-An Chen	Disposal	Sep.22,2005	Yu-Min Chen	Related Party	7,000	10
Wu-Yung Chiang	Disposal	Sep.23,2005	Chia-Ling Chiang	Related Party	60,000	15.61

2-2-3-3. Shares Pledged Information: NONE

2-2-4. Consolidated Shareholdings: NONE

2-3. Capital Shares and Dividends

2-3-1. Source of Capital

Unit: TWD

Month/Year	Issuing price (TWD)	Registered Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source	Other
Jan/1999	10	318,373,096	3,183,730,960	318,373,096	3,183,730,960	Transform from the shares of former Credit Cooperative	Approved under the Document No.87736717 of MOF
Jul/2004	10	324,740,558	3,247,405,580	324,740,558	3,247,405,580	Increase from retained earnings of 63,674,620	Approved under the Document No. 0938011008 of MOF
Jul/2005	10	333,734,078	3,337,340,780	333,734,078	3,337,340,780	Staff stock dividend increase from retained earnings of 16,868,570 Shareholder stock dividend increase from retained earnings of 73,066,630	Approved under the Document No.0940125559 of FSC

Type of Stock	Authorized Stock Capital			Remark
	Outstanding Capital Stock	Un-issued Share	Total	
Common Stock	333,734,078	0	333,734,078	not on the list of TSEC/OTC

2-3-2. Shareholder Structure

As of Dec. 31, 2005

Category	Government Agencies	Financial Institution	Other Institution	Individual	Foreign Institution and Foreigner	Total
Number of Shareholders	2	5	451	67,512	-	67,970
Number of Shares	2,903,194	13,221	7,662,432	323,155,231	-	333,734,078
Percentage	0.87%	-	2.30%	96.83%	-	100%

2-3-3. Distribution of Shareholders' Equity

2-3-3-1 Common Stock/Par Value of TWD10

As of Dec. 31, 2005

Tier	Number of Shareholders	Number of Shares	Percentage (%)
1~999	48,693	9,287,499	2.78
1,000~5,000	11,156	17,733,391	5.31
5,001~10,000	1,074	6,510,133	1.95
10,001~15,000	4,189	44,350,584	13.29
15,001~20,000	161	2,709,262	0.81
20,001~30,000	579	12,879,005	3.86
30,001~50,000	732	28,464,082	8.52
50,001~100,000	756	47,135,373	14.12
100,001~200,000	396	52,969,666	15.87
200,001~400,000	164	45,251,682	13.56
400,001~600,000	27	13,202,743	3.96
600,001~800,000	15	10,364,001	3.11
800,001~1,000,000	6	5,603,588	1.68
1,000,001 and above	22	37,273,069	11.18
Total	67,970	333,734,078	100.00

2-3-3-2 Preferred Stock: NONE

2-3-4. Major Shareholders

As of Dec. 31, 2005

Name	Number of Shares	Percentage (%)
Chun-Tse Liao	4,390,053	1.32%

Note: Disclose the ratio of holding shares above 1%.

2-3-5. Book Value per Share and Earnings per Share

Unit: TWD

Item	Year		End of 2005 (Note 8) (Note 9)		2004		2003	
	Market Price (Note1)	Highest		N/A		N/A		N/A
Lowest		N/A		N/A		N/A		
Average		N/A		N/A		N/A		
Book Value per Share (Note2)	Before Distribution		15.90		15.74		15.56	
	After Distribution		15.65		15.50		15.30	
Earnings per Share	Weighted Average Shares		333,374,078		324,740,558		318,373,096	
	Earnings per Share (Note3)		0.76	0.74	0.74	0.72	0.66	0.65
Dividend	Cash dividend		0.23		0.225		0.2	
	Stock Dividend	Earning	0.23		0.225		0.2	
		Capital Reserves	NONE		NONE		NONE	
	Dividend in Arrears (Note4)		N/A		N/A		N/A	
ROI Analysis	P/E Ratio (Note 5)		N/A		N/A		N/A	
	P/D Ratio (Note 6)		N/A		N/A		N/A	
	Cash Dividend Yield (Note 7)		N/A		N/A		N/A	

Note 1: List the highest and lowest market price of series years, and calculates series years market average price according to series years trading volume and price.

Note 2: According to the distribution resolution of next year's shareholder meeting and the shares have been issued at the end of year.

Note 3: List the earning per share of before the adjustment and the adjustment, if there is the situation of free share stock.

Note 4: If the certificate securities had been issued, separately expose up the unpaid dividends till the ending of year, if the unpaid dividends accumulate to have earnings year providing.

Note 5: P/E ratio = Annual average price/earnings

Note 6: P/D ration = Annual average price/dividend

Note 7: Cash dividend yield = Cash dividend/ Annual average price

Note 8: Information up to the year before the annual report is been printed.

Note 9: Distribution number is to be been confirmed after the approval of board of directors and the shareholder meeting.

2-3-6. Dividend Policy

The Alternation of dividend policy will affect the market price of stock and the capability for future development. The advantages and disadvantage for that are even more difficult to anticipation. COTA Bank, former as a credit cooperative, used to pay out higher dividend. But nowadays, under intense competition banking environment, we would rather utilize dividend leverage to reach stable growth as well as increase marginal utility of capital. For the goal to align expansion of our business scale and profit and adequate capital ratio, we would adopt the surplus dividend policy.

Our dividend policy is carried out by the access of "assignable earning distribution ". After appropriate legal reserve, we distribute the earning fully to the staff and the shareholder. Our shareholders were used to acquire admirable dividend as good as other banks. But for the coming years, the operating capital become ultra essential resulted from the need for opening new branches, developing new products, cutting NPL ratio, reducing the overdue loan and growing business scale. It is helpful for COTA Bank's long-term business expansion by taking use of the accumulative legal earnings reserve.

According to article 35 of COTA Bank's articles of incorporate, earnings of fiscal year should pay taxes and offset prior year's losses and appropriate 30pct as legal reverse in turn. The remaining is regulated to distribute as follows:

- (1) Up to 10 % as dividend to the shareholder.
- (2) Up to 3% as remuneration to the director and supervisor.
- (3) 10% as bonus to staff.
- (4) Shareholder bonus.
- (5) Special reserve.

Before the legal reserve is accumulated up to the total capital, the highest cash dividend is limited to not over 15%.

2-3-7. The influence of stock dividend to market price and earning per share

As no financial forecast required being announced, no disclose need.

2-3-8. Staff Bonus and Remuneration to Director and Supervisor

In accordance to the article 35 of COTA Bank's Articles of Incorporate.

2-3-9. Buy Back Stock: NONE

2-3-10. The recent year subsidiary to hold or disposal the COTA Bank stock situation: NONE

3. Business Operation

3-1. Business Report

3-1-1. Comparison over the Past Five Years

3-1-1-1. Deposits

COTA Bank is constant to develop the deposits volume. At the end of 2005, total deposits in the bank stood at TWD82.578 billion; compared with the end of 2004, this was an increase of TWD 9.079 billion, for a growth rate of 12.35%. In order to enhance the structure of quality and quantity, we intend to expand the deposits in the public and to focus on the corporate salary transferring service. We will not only to improve the functions of internet banking and phone banking, but also to explore new customers in the market. In the deposits structure, our demand deposits stood at TWD26.871 billion that was the 32.54% of the total deposits. Our time deposits stood at TWD55.707 billion that was the 67.46% of the total deposits. In addition, we also have perspective business strategy and company appearance that can assist us to expand our business territory.

Structure of Deposits

Unit: TWD million

Item \ Year	2005		2004		2003		2002		2001	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Checking Deposits	1,577	1.91	1,348	1.83	1,279	1.97	1,025	1.82	813	1.51
Demand Deposits	6,036	7.31	5,211	7.09	4,569	7.02	3,226	5.74	2,533	4.70
Demand Savings Deposits	19,258	23.32	17,028	23.17	15,453	23.77	12,661	22.50	11,047	20.49
Time Deposits	15,312	18.54	13,069	17.78	9,102	14.00	6,715	11.94	8,427	15.63
Time Savings Deposits	40,395	48.92	36,843	50.13	34,620	53.24	32,633	58.00	31,806	57.67
Total	82,578	100.00	73,499	100.00	65,023	100.00	56,260	100.00	53,906	100.00

3-1-1-2. Loans

The amount of loans outstanding as the end of 2005 totaled TWD69.912 billion, compared with the end of 2004, this was an increase of TWD6.849 billion, for an increase rate of 10.86%. According to the Structure of Loans, we are not only to expand mortgage loans, but also to involve

consuming banking area to acquire stable profits from the market. In recent years, COTA Bank promoted several products lined with market dynamic and seasonal change. In the corporate section, we take the advantage of "Small and Medium Business Credit Guarantee Fund" to assist small and medium companies to develop their business and assist them to grow.

Structure of Loans

Unit: TWD million

Item \ Year	2005		2004		2003		2002		2001	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Overdrafts	40	0.06	42	0.07	42	0.07	60	0.13	76	0.20
Bills Discount	296	0.42	285	0.45	210	0.36	94	0.20	168	0.70
Car Loans	4,031	5.77	1,814	2.88	1,175	2.03	629	1.33	0	0.00
Mortgage Loans	19,168	27.42	14,660	23.25	13,287	22.87	12,484	26.28	11,223	30.44
Other Unsecured Loans	27,157	38.84	27,096	42.96	25,063	43.14	16,278	34.27	6,312	15.88
Other Secured Loans	17,720	25.35	17,635	27.96	17,029	29.31	17,193	36.20	17,890	49.87
Indirect Loans	1,500	2.14	1,531	2.43	1,291	2.22	757	1.59	772	2.91
Total	69,912	100	63,063	100	58,097	100	47,495	100	36,441	100

Remark: This column includes loan business and credit card business which are not collected

In order to improve the efficiency of our internal resources to meet customer demand, we will develop financial products combined with deposits and wealth management. Further, in accordance with national economic development, we are prepared to launch project loans under 'Small and Medium Business credit Guarantee Fund' for small and medium companies, and try to enhance our competition and reduce loan risk by such strategy.

3-1-1-3. Wealth Management

Wealth Management of the Bank is mainly as agency for domestic/overseas trust funds and insurance agency.

Unit: TWD million

Item		2005	2004	2003
Domestic Trust Funds	Number of Funds	14	13	12
	Trust Amount	469	398	246
Overseas Trust Funds	Number of Funds	2	-	-
	Trust Amount	100	-	-
Insurance Agency	Life Insurance Revenue	314	526	518
	Property Insurance Revenue	0.9	0.9	-

3-1-2. Business Plan for 2005

3-1-2-1. Operating Plan

3-1-2-1-1. Organization Development

- ◆ Set up Wealth Management Center
- ◆ Set up SME Banking Center to strengthen corporate business service
- ◆ Apply to set up branches in Kaohsiung and Tainan
- ◆ Seek for the target of merger to enlarge branch channels
- ◆ Execute the function of account officer to enhance customer relationship
- ◆ Establish regional operations center
- ◆ Streamline operation flow and organization hierarchy
- ◆ Adjust structure of organization to enhance the efficiency of human resource

3-1-2-1-2. Consumer Banking

- ◆ Promote CIS and corporate image
- ◆ Continue to absorb demand deposit and adjust the deposits of structure
- ◆ Train proficient specialist for wealth management, consumer banking and corporate account
- ◆ Establish justified performance appraisal to encourage outstanding employees
- ◆ Incorporate customer-driven marketing concept and expand the contribution of branch channel
- ◆ Promote credit cards business and increase effective cards issued and amount of consumption
- ◆ Develop more structured financial products to meet customer demand
- ◆ Promote auto information business to provide real time financial information services
- ◆ Establish customers' information management system to maintain good relationship with customers

3-1-2-1-3. Corporate Banking

- ◆ Establish SME Banking Center to promote project loans and strengthen the relationship with customer
- ◆ Take advantage of "Small and Medium Business Credit Guarantee Fund" to enlarge the scope of business
- ◆ Deliver structured project loan to assist loan customer's development
- ◆ Train employees to have knowledge about industries and have ability to review credit quality
- ◆ Participate in the syndication of loans to well-managed companies

3-1-2-1-4. Foreign Exchange Business

- ◆ Continue to train foreign exchange business staff to provide efficient foreign exchange service to our clients and incorporate the competitiveness of international financial.
- ◆ Build up the foreign exchange business system platform to supply complete and effective service of the foreign exchange to our client.
- ◆ Expand the number and geography of correspondent banks to improve communication efficiency for the foreign exchange business .
- ◆ Prepare to set up offshore banking unit to go forward to be an omnibus foreign exchange bank

3-1-2-1-5. Financial Consulting service and Trust Business

- ◆ Build up Wealth Management Center and train the proficient financial consultants to explore customer's financial service.
- ◆ Construct the CRM database to improve our marketing ability
- ◆ Continue to develop the new financial products to meet the clients' demand.
- ◆ Seek for cooperative partner and encourage staff to acquire proficient certificate.

3-1-2-1-6. Asset and Liability Management and Capital Operation

- ◆ Improve market share of loans to deposits to keep appropriate ratio and control fund cost.
- ◆ Careful manage funds gap to limit the liquidity risks and improve operation efficiency.
- ◆ Switch and adjust the structure of deposits and loans toward to superior quality.
- ◆ Decline the risks of capital operation by diversifying investment under the compliance of law and regulation.

3-1-2-1-7. Quality of Service and Human Capital

- ◆ Build up proficient ,executive and high performing team by continually recruit□evaluate and train potential staff.
- ◆ Establish performance-driving bonus system to attract competent employee.
- ◆ Improve the proficient IT staff to extend the application of information technology to operating system.

3-1-2-2. Major Business Plans

Under the merger with Fong-Yuan Credit Cooperative, our branch number increases from 18 to 24. The business plans for 2006 are mainly to integrate the operation volume of the past years and the measure for the future development. Each of business item is budgeting as follows :

Unit: TWD million

Business Item	2005 Budget	2004 footing	Increasing Volume	
			Amount	%
Average Balance of deposits	90,000	79,585	10,415	13.09
Average balance of loans	72,000	62,772	9,228	14.70
Wealth Management (Trust Amount)	700	568	132	23.24
Wealth Management (Insurance Revenue)	652	315	337	106.85

3-1-2-3. Major Business Objectives

3-1-2-3-1. Deposits

In order to promote demand deposits business and decrease cost of capital, COTA Bank places its strategies as follows: 1. Promote multi-function e-services platform to meet customer demand. 2. Enhance non-risk profit service by promoting corporate salary transferring, fee collection agency, etc. 3. Decrease high-cost deposits and increase operation revenue by promoting wealth management related product.

Unit: TWD million

Business Item	2006 Budget		2005 Footing		Average Increasing Volume	
	Average Balance	%	Average Balance	%	Amount	%
Checking Deposits	1,377	1.53	1,225	1.54	152	12.41
Demand Deposits	5,940	6.60	5,135	6.45	805	15.68
Demand Saving Deposits	20,393	22.66	17,901	22.49	2,492	13.92
Time Deposits	16,381	18.20	14,983	18.83	1,398	9.33
Time Savings Deposits	45,909	51.01	40,341	50.69	5,568	13.80
Total	90,000	100.00	79,585	100.00	10,415	13.09

3-1-2-3-2. Loans

In order to acquire more revenues, COTA Bank will continue aggressively to expand consumer banking business and to improve the quality and structure of loans. It is predicted that total loan business average budget balance for 2006 is TWD72 billion, compared with the end of 2005, for

an increase rate of 14.70% by increasing TWD9.228 billion. The main strategies for loan are as follows: 1. Build up SME Banking Center and join "Small and Medium Business Credit Guarantee Fund" to increase small and medium company loans outstanding. 2. Promote reliable consumer banking product by setting up regional operation center and account officer system. 3. Launch loan business lined with government policy to meet social responsibility. 4. Strengthen NPL management to reduce overdue loan ratio. 5. Execute account officer system and improve customer relationship. 6. Beef up BIS ratio and return of asset.

3-1-2-3-3. Wealth Management

With view to satisfy our customer demand for wealth investment, COTA Bank is continue to offer more diversified products involving trust and insurance. Besides, the Bank will establish Wealth Management Center to meet customer demand and provide professional consultant and creative investment channel.

Unit: TWD million

Business Item		2006 Budget	2005 Footing	Increasing Volume		
				Amount	%	
Trust Funds	Domestic Trust Funds	Trust Amount	500	469	31	7
		Fee Incomes	4	3.5	0.5	14
	Overseas Trust Funds	Trust Amount	200	100	100	101
		Fee Incomes	6	1	5	750
Insurance Agency	Life Insurance	Premium Incomes	650	314	336	107
		Fee Incomes	20	9	11	113
	Property Insurance	Premium Incomes	1.6	0.9	0.7	86
		Fee Incomes	0.3	0.2	0.1	31

3-1-3. Market analysis

As the government has encouraged M&A of financial institutions, the merger actions between financial holding companies and financial institutions are keeping happen. However, observed from overseas financial market, the key issue for a financial institution to survive is not really the scale but competitive edge. In front of M&A trend in Taiwan, COTA Bank acquired Fong-Yuan credit cooperative on Jan.01, 2006 so that the branch channels pile-up over 18. Such scale expansion support the bank to turn regional commercial bank into island-wide commercial bank.

Under this over competitive environment by the Financial Holding Institution growing, although we are the smallest scale bank in Taiwan, we are going to build the capital service distribution center and motivating to service local customer for the operational strategy. Moreover, we still not only continue to strengthen our competitive ability, but also develop a more comprehensive and effective local bank in Taiwan. Besides, our business strategy in the future is conservative, we are not going to merge with poor quality bank or to join the Financial Holding unless our customers, stockholders and staffs have more advantage.

3-1-4. Financial Commodity Research and Development

- ◆ Provide financial service to small and medium companies by join "Small and Medium Business Credit Guarantee Fund".
- ◆ Build up SME Banking Center to promote and develop small and medium company loans business.
- ◆ Issue subordinated bank debentures to meet financial planning.
- ◆ Build up CRM system to integrate customer information.
- ◆ Issue the first FREE FORM VISA credit card.
- ◆ Develop structured consumer banking products.
- ◆ Develop derivatives financial products.
- ◆ Develop factoring and real estate securities products.
- ◆ Promote WEB-ATM business.
- ◆ Build up Wealth Management Center and wealth management system.
- ◆ Develop electric document system and image transmission system.

3-1-5. Long/Short Term Business Development Plan

3-1-5-1. Orientation and Aspiration

With the vision to strengthen competitive edge and conform to ever-lasting operating niche, COTA Bank is commit itself to expand the business scale, raise market share, increase return of equity in order to become a concise professional commercial bank.

3-1-5-2. Short Term Business Development Plan

- ◆ To set up wealth management center and train professional wealth and trust specialist consultant to provide diversified investment and wealth management services.

- ◆To aggressively promote fee income business lines to raise percentage of fee income to business revenue.
- ◆To apply the license of authorized foreign exchange bank for branches to provide direct foreign exchange service.
- ◆To apply the permission from competent authority to establish offshore banking unit to upgrade as a comprehensive foreign exchange service bank.
- ◆To apply the license of bills finance to expand business scale.
- ◆To create and develop consumer banking products in line with market movement and seasonal funds need.
- ◆To build up corporate vision internet banking to further provide cash management service.

3-1-5-3. Long Term Business Development Plan

- ◆To expand product services, promote the business scale of corporate banking and consumer banking.
- ◆To implement the appraisal management of individual performance, enhance team work building as well as business revenue.
- ◆To streamline work flow, simplify processing reform, improve efficiency of operation and cut down operating costs and expenses.
- ◆To establish the special task force to collect market information and convey research regarding risk control and implementation of BASEL II by periodical meeting.
- ◆To align the structure of organization continuously, build up operating function of professional division of work and effective services.
- ◆To build up management information system and electronic information platform to integrate IT system into complete effect as a whole.

3-2. Human Capital

Information of Educational Background for Employees in Recent Two Years

Item \ Year		Up to Jan.31,2006	2005	2004
Number of Employee		1060	961	896
Average Age		35.43	34.13	34
Average Seniority		10.7	10.66	9.82
Structure of Education	PHD	0	0	0
	Graduate	26	25	26
	University/College	742	682	634
	Senior High School	288	250	232
	Below	4	4	4

Certificated Proficiency Tests of Employees	Total (Up to Feb.28,2006)
Basic Proficiency Test for Bank Lending Personnel	260
Advanced Proficiency Test for Bank Lending Personnel	19
Basic Proficiency Test for International Banking Personnel	153
Proficiency Test for Bank Internal Control Personnel	470
Proficiency Test for Financial Planning Personnel	219
Proficiency Test for Trust Operations Personnel	398
Proficiency Test for Risk Management Personnel	2
Proficiency Test for Obligation & Debt Collection Personnel	3
Securities Investment Analysts	2
Senior Securities Specialist	55
Securities Specialist	60
Future Specialist	42
Securities Investment Trust & Consulting Professionals	36
Life Insurance Specialist	292
Investing Insurance Specialist	108
Asset Insurance Specialist	20
PRM	1

3-3. Responsibility and Ethical Code

COTA bank is a famous financial institution in central Taiwan that set up around 91 years and upgraded from Taichung Third Credit Cooperatives. Accumulating experience from long term and stable operation, we have great image and sound reputation in central Taiwan. In order to repay for society support, we set up “Cota Culture & Education Foundation” to develop the public welfare of old persons concern as well as be the sponsor of society welfare, arts appreciation and communities care like as: Children Creative Drawing Contest, Day of No-Driving, Centennial Activity of Taichung Train Station etc., we pay full intention to participate and support. In order to create higher value of bank and under the foundation of stable operation and seek for better turning point, COTA bank merged Fen-Yuan Credit Cooperatives, we combine the sources of both parties not only break the limit of operation scale but also have better asset quality and ability of getting profit that earns highest value of shareholders, employees and customers.

3-4. IT Equipment

COTA bank uses IBM UNIX server for Business System, Testing System and Utility System separately and TANDEM for internet banking. Software includes Demand Deposits System, Time Deposit System, Cash Card System, Bill Payments System, Credit System, Trust Business System, Checks Clearing System, ATM & Chip-Card System, Internet Banking System, Automatic Phone Voice Service System, Personnel & Wages System, Correspondent System, Credit Checking System, Chops System, Messaging System, Information Transmitting System, E-Document System, Online System (Appraisal, Credit Information, Expense Analysis, Report Management, Staff Card Management), Accounting System, Safe System and the above-mentioned systems were all developed by ourselves. Foreign Exchange System of DBU already launched from March 2005, OBU System expects to go on around July 2006. New Credit Card System expects to start in January 2007. COTA bank uses Mirror Disks to protect all transactions data completely and keeps duplicates of disc and magnetic film every working day also for CD-ROM periodically. To enhance secure transactions, we set up strictly control and management of internet banking platform. Furthermore, we dispose another control room and backup system to prevent any damage from disaster.

3-5. Labor-Capital Relations

3-5-1. Present Agreement of Labor-Capital and Commentary

To stabilize the quality of staff life and improve the efficiency, COTA Bank takes care of the welfare for staff with regard to give birth, marriage and funeral affairs, medical treatment and accidents.

(1) Group Insurance

In accordance with laws and decrees, COTA Bank applies Labor Insurance and National Health Insurance for all staff. We will give cash and medical payment through Bureau of Labor Insurance and Bureau of National Health Insurance separately if any accident. Moreover, we have accident insurance with Shin Kong Life too.

(2) Bonus

Depends on operations, COTA Bank provides extra bonus at Lunar New Year, Dragon Boat Festival and Mid-Autumn Festival each year. The net earnings by fix ratio are used to be bonus for staff with good performance after covering prior years' deficits, pay income tax, legal reserves and distribute dividends.

(3) Incentive Interest Rate

COTA Bank provides favorable interest rate of deposits or loan for all staff.

(4) Security and Hygiene

To prevent occupational disaster and ensure staff health, COTA Bank takes care of security and hygiene in accordance with related laws of worker safety sanitation.

(5) Enhance Staff Training

COTA bank pension fund is pursuant to old version and updated version (from Mar.1, 1998) of "Staff Retirement Plan". The benefit payments and credits suit separately by the above-mentioned plans and based on the years of service and final salary. In accordance with Labor Law, we will calculate 15% of total salaried employees by month (except appointed management) to be retirement payment that was deposited in the pension account in the Central Trust of China. We have another account for appointed management that calculated 8% of their salary each month. Till end of February 2006, under the survey of all employees, there are 471 staff (44.31% of employees) chose the old system or didn't make decision temporarily, 592 staff (55.69% of employees) chose new system. COTA bank has no any argument between labors and capital at present.

3-5-2. Damage from Argument between Labor-Capital in Recent Two Years

All personnel management and staff welfares of COTA Bank are conformed to Labor Law. We have agreeable labor-capital relationship and never suffered damage from arguments and wish so forever.

3-6. Significant Contracts

Nature of Contract	Concern Party	Contractual Period	Major Content
General Acquisition Contract	Feng-Yuan Credit Cooperatives Ltd.	Engaged on Aug. 16, 2005	Generalize to take over all business, assets and liabilities of Feng-Yuan Credit Cooperative
Deposit Insurance Contract	Central Deposit Insurance Corp.	Engaged on Aug. 15, 1995	To enhance protection of customer deposits
Bank Comprehensive Insurance	Fubon Insurance Co., Ltd.	From Feb. 1, 2005 to Feb. 1, 2006	<ol style="list-style-type: none"> 1. Staff unfaithful behavior 2. Asset of branches 3. Asset in transit 4. Forgery of drafts and securities 5. Forge cash 6. Damage of equipment 7. Fault of securities or contracts

3-7. Apply for Securitization and Related Information in Recent Year: NONE

4. Capital Arrangement

COTA bank was approved by competent authority in 2005 to issue subordinated bank debenture for TWD2.5 billion and will go on market from the beginning of 2006 in batches. The purposes of issuing were as follows:

- (1) Enrich the Bank medium and long term capital as well as reduce the liquidity risk to provide high quality capital to enterprises medium and long term syndication loan, SME project loan for plants or equipment and consuming banking loan.
- (2) In coordinate with the establishment of International Banking Department to develop foreign exchange loan business.
- (3) Strengthen regulatory capital and increase BIS ratio.

5. Financial Status

5-1. Summarized Balance Sheet and Income Statement over the Past Five Years.

5-1-1. Balance Sheet

Unit: USD thousand

Descriptions	Year	Financial data during 2001~2005				
		2005	2004	2003	2002	2001
Cash, due from banks, deposit with the Central Bank		434,092	293,800	277,555	213,365	299,424
Marketable securities		91,212	194,565	88,695	167,994	319,846
Bank draft, discounts and loans		2,062,872	1,906,294	1,652,738	1,330,624	1,006,149
Receivables		54,751	23,425	12,130	11,578	9,836
Long-term investments		6,507	5,759	5,410	4,709	4,652
Fixed assets		30,972	32,186	28,429	27,989	27,754
Other assets		35,480	46,779	45,627	47,888	43,291
Due to Central bank and other banks		12,416	14,703	13,977	10,463	7,245
Deposits & remittance		2,513,145	2,302,825	1,913,692	1,627,271	1,540,227
Other liabilities		28,835	25,110	37,115	24,771	29,894
Share capital		101,562	101,745	93,700	92,087	90,966
Capital reserve		45,989	46,778	43,940	43,184	68,880
Retained earnings	Before allocation	13,938	11,647	8,160	6,371	(26,261)
	After allocation	(Note)	6,381	3,848	1,924	-
Total assets		2,715,885	2,502,808	2,110,584	1,804,147	1,710,952
Total liabilities	Before allocation	2,554,396	2,342,638	1,964,784	1,662,505	1,577,367
	After allocation	(Note)	2,345,086	1,967,222	1,666,952	1,577,367
Total Shareholders' equity	Before allocation	161,490	160,170	145,800	141,642	133,585
	After allocation	(Note)	157,722	143,362	137,195	133,585

Note: Allocation of 2005 profits is pending subject to the approval in the 2006 Shareholders meeting

5-1-2. Concise Income Statement

Unit: USD thousand

Descriptions	Year	Financial data during 2001~2005				
		2005	2004	2003	2002	2001
Operating revenues		86,031	71,573	69,818	81,002	97,315
Operating expenses		79,029	63,860	61,976	75,148	128,170
Operating income		7,002	7,713	7,842	5,854	(30,855)
Non-operating income		2,453	1,191	523	427	233
Non-operating expenditures		125	124	859	888	2,861
Net income(loss) before tax		9,330	8,780	7,506	5,393	(33,483)
Income tax(profit)		1,590	1,229	1,303	(978)	(3,261)
Net income(loss)		7,740	7,550	6,203	6,370	(30,222)
Earnings per share(loss)	Before adjustment	0.0231	0.0231	0.0206	0.0216	(0.1040)
	After adjustment	(Note)	0.0226	0.0203	0.0213	(0.1018)

Note: Allocation of 2005 profits is pending subject to the approval in the 2006 shareholders general meeting

5-2. Analysis on Major Financial Ratios during 2001~2005

Descriptions		Year	Financial analysis during 2001~2005				
			2005	2004	2003	2002	2001
Operating Capability	Loans to deposits ratio (%)		82.48	83.72	86.73	82.54	65.86
	Overdue loan ratio (%)		2.78	2.68	3.78	6.28	7.95
	Interest expense to average balance of deposits ratio (%)		1.31	1.18	1.51	2.38	3.97
	Interest income to average balance of loans ratio (%)		3.68	3.51	4.00	6.48	6.74
	Total assets turnover (times)		0.03	0.03	0.03	0.05	0.06
	Average operating revenue per employee(USD thousands)		89.53	82.37	95.92	121.98	177.26
	Average earnings per employee (USD thousand)		8.06	8.68	8.53	9.58	(55.06)
Profitability	Return on first capital type assets (%)		5.95	5.62	5.23	3.94	(22.18)
	ROA (%)		0.36	0.37	0.38	0.36	(1.81)
	ROE (%)		5.89	5.57	5.18	4.60	(20.03)
	Net income ratio (%)		10.84	12.27	10.75	6.66	(34.41)
	EPS(loss)(USD)		0.76	0.74	0.66	0.69	(3.32)
Growth Rate	Asset growth rate (%)		11.72	11.39	14.97	4.16	5.03
	Profitability growth rate (%)		9.41	9.87	36.77	115.91	(508.05)
Liquid Reserves Ratio (%)			11.24	13.32	10.52	11.47	20.10
Capital Adequacy	First capital type assets (USD thousand)		159,442	158,631	144,356	139,496	131,812
	Capital net worth(USD thousand)		156,051	155,360	140,755	141,478	128,819
	Total risk-based assets(USD thousand)		1,657,284	1,405,714	1,109,446	1,101,604	846,219
	Capital adequacy ratio (%)		9.42	11.05	12.69	12.84	15.20
	First capital type to risk weighted risk-based assets ratio (%)		9.62	11.28	13.01	12.73	15.55
	Second capital type to risk weighted risk-based assets ratio (%)		0.15	0.20	0.16	0.62	0.20
	Third capital type to risk weighted risk-based assets ratio (%)		0.00	0.00	0.00	0.00	0.00
	Common stock to total assets ratio (%)		5.95	6.40	6.91	7.85	7.81
Secured Loans to Related Parties(USD thousand)			26,485	17,277	18,952	22,179	51,065
Secured Loans to Related Parties to Total Outstanding Loans Ratio (%)			1.25	0.88	1.11	1.65	5.01
Operation Scale (%)	Mark share of asset		0.24	0.25	0.25	0.24	0.24
	Mark share of net worth		0.26	0.30	0.32	0.31	0.27
	Mark share of deposit		0.35	0.39	0.36	0.33	0.33
	Mark share of loan		0.39	0.38	0.39	0.34	0.25

Note: 1. Important financial ratios up to the quarter immediately preceding the prospectus' printing date: not need for the non-listed and non-OTC-traded company
2. Ratio changes disclosure for recent two years: (No analysis for changes less than 20%)
2-1 Total risk-based asset increase 292,000(USD thousands) : The reason of major is the credit loan amount increase 209,000(USD thousands), therefore, the relation of risk-based asset amount increase 235,000(USD thousands).
2-2 Second capital type to risk weighted risk-based assets ratio decreased by 25%, due to the increase 292,000(USD thousands) of total risk-based assets of 2005 .

5-3. Supervisors Audit Report

COTA Commercial Bank Co., Ltd., Supervisor s Audit Report for Year 2005

To: Shareholders General Meeting of Year 2005

The Business Report, Financial Statement and Proposal on Profit Allocation of Fiscal 2005, worked out and submitted by COTA Bank board of directors have been duly audited by KPMG Certified Public Accountants Peat, Marwick, Mitchell, and further verified by us. This Report duly submitted in accordance with Article 219 of the Company Law.

Standing Supervisor : Lien- Kui Wang

Supervisor : Dhe-Chin Lai

Supervisor : Yong-Zhi Wang

Supervisor : Guo-Zhao Xiao

Supervisor : Zhuang-Tai Wang

5-4. Financial Statements for Year 2005

Independent Auditors' Report

The Board of Directors
COTA Commercial Bank Co., Ltd.:

We have audited the balance sheets of COTA Commercial Bank Co., Ltd. (the Company) as of December 31, 2005 and 2004, 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 Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the Republic of China Guidelines for Certified Public Accountants' Examinations and Reports on Financial Statements for Financial Institutions. Those 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 COTA Commercial Bank Co., Ltd. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with Republic of China generally accepted accounting principles and Regulations Governing Financial Reporting for Financial Institutions.

KPMG Certified Public Accountants

February 22, 2006

Verification Code by Securities, Stock and
Exchange Futures Commission, Ministry of
Finance: (88)-Tai-Tsai-Cheng-(VI)-18311

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.

COTA Commercial Bank Co., Ltd.

Balance Sheets

December 31, 2005 and 2004

(expressed in thousands of New Taiwan Dollars)

	2005		2004	
	Amount	%	Amount	%
<u>Assets</u>				
Cash on hand and deposits in other banks (note 4)	\$ 3,727,025	4	2,147,891	3
Deposits in Central Bank (note 5)	10,537,237	13	7,229,310	9
Investment in securities, net (notes 6 and 20)	2,997,235	3	6,209,940	8
Receivables, net (note 7)	1,684,928	2	717,840	1
Prepayments	114,189	-	29,802	-
Loans, net (note 8)	67,785,961	76	60,843,192	76
Long-term investments (note 9)	213,820	-	183,820	-
Other financial assets (notes 18 and 20)	156,882	-	167,629	-
Premises and equipment, net (note 10)	1,017,724	1	1,027,271	1
Other assets (note 11)	898,353	1	1,170,890	2
Deferred income tax (note 16)	110,640	-	154,532	-
Total assets	\$ 89,243,994	100	79,882,117	100
<u>Liabilities and Stockholders' Equity</u>				
Liabilities:				
Call loans from and due to other banks	\$407,993	1	469,291	1
Payables (note 12)	600,556	-	429,324	1
Advance collections and other accounts payable	164,066	-	149,100	-
Deposits (note 13)	82,581,945	93	73,499,263	92
Provision for land revaluation increment tax (note 10)	24,694	-	44,510	-
Accrued pension liabilities (note 14)	143,785	-	167,313	-
Other liabilities	7,766	-	4,535	-
Reserve for guarantee liabilities	6,643	-	6,643	-
Total liabilities	83,937,448	94	74,769,979	94
Stockholders' equity (note 15):				
Common stock	3,337,341	4	3,247,406	4
Capital reserve	1,511,202	2	1,493,007	2
Retained earnings:				
Statutory reserve	201,605	-	129,311	-
Undistributed earnings	256,398	-	242,414	-
	458,003	-	371,725	-
Total stockholders' equity	5,306,546	6	5,112,138	6
Commitments and contingencies (note 21)				
Total liabilities and stockholders' equity	\$ 89,243,994	100	79,882,117	100

COTA Commercial Bank Co., Ltd.

Statements of Income

For the Years Ended December 31, 2005 and 2004

(expressed in thousands of New Taiwan Dollars, except for per share data)

	2005		2004	
	Amount	%	Amount	%
Revenue, income and gains				
Interest income (notes 8 and 19)	\$ 2,310,424	82	2,000,141	88
Service income	450,189	16	279,140	12
Gains on sale of marketable securities	18,565	1	-	-
Gains on long-term equity investments	10,316	-	4,750	-
Exchange gains, net	37,469	1	367	-
	<u>2,826,963</u>	<u>100</u>	<u>2,284,398</u>	<u>100</u>
Cost, expenses and losses				
Interest expense (note 19)	990,897	35	796,290	35
Service charges	59,673	2	20,705	1
Losses on sale of marketable securities, net	-	-	3,523	-
Provisions for allowances and reserves	298,679	11	211,259	9
Operating expenses	868,168	31	719,889	32
Administrative expenses	379,465	13	286,559	12
	<u>2,596,882</u>	<u>92</u>	<u>2,038,225</u>	<u>89</u>
Operating margin	<u>230,081</u>	<u>8</u>	<u>246,173</u>	<u>11</u>
Non-operating income				
Gain on disposal of properties	-	-	12,752	1
Miscellaneous income	80,616	3	25,264	1
	<u>80,616</u>	<u>3</u>	<u>38,016</u>	<u>2</u>
Non-operating expenses				
Loss on disposal of properties	759	-	332	-
Miscellaneous expenses	3,363	-	3,640	-
	<u>4,122</u>	<u>-</u>	<u>3,972</u>	<u>-</u>
Income before income tax	306,575	11	280,217	13
Income tax expense (note 16)	52,235	2	39,237	2
Net income	<u>\$ 254,340</u>	<u>9</u>	<u>240,980</u>	<u>11</u>
	Before	After	Before	After
	income tax	income tax	income tax	income tax
Basic EPS (in NTD) (note 17)	<u>\$ 0.92</u>	<u>0.76</u>	<u>0.86</u>	<u>0.86</u>
Basic EPS - retroactively adjusted			<u>\$ 0.84</u>	<u>0.72</u>

COTA Commercial Bank Co., Ltd.

Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2005 and 2004

(expressed in thousands of New Taiwan Dollars)

	Common stock	Capital reserve	Retained earnings		Total
			Statutory reserve	Undistributed earnings	
Balance as of January 1, 2004	\$3,183,731	1,493,007	66,080	211,195	4,954,013
Appropriation and distribution of 2003 earnings:					
Statutory reserve	-	-	63,231	(63,231)	-
Remuneration to directors and supervisors	-	-	-	(4,426)	(4,426)
Employee profit sharing	-	-	-	(14,754)	(14,754)
Cash dividends	-	-	-	(63,675)	(63,675)
Stock dividends	63,675	-	-	(63,675)	-
Net income for 2004	-	-	-	240,980	240,980
Balance as of December 31, 2004	3,247,406	1,493,007	129,311	242,414	5,112,138
Appropriation and distribution of 2004 earnings:					
Statutory reserve	-	-	72,294	(72,294)	-
Remuneration to directors and supervisors	-	-	-	(5,060)	(5,060)
Cash dividends	-	-	-	(73,067)	(73,067)
Stock dividends	73,067	-	-	(73,067)	-
Employee profit sharing capitalized	16,868	-	-	(16,868)	-
Reserve for land revaluation increment tax reversed to increase capital reserve	-	18,195	-	-	18,195
Net income for 2005	-	-	-	254,340	254,340
Balance as of December 31, 2005	\$ 3,337,341	1,511,202	201,605	256,398	5,306,546

COTA Commercial Bank Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2005 and 2004

(expressed in thousands of New Taiwan Dollars)

	2005	2004
Cash flows from operating activities:		
Net income	\$254,340	240,980
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56,786	45,274
Pension expense	58,230	54,667
Provision for loan losses and other reserves	295,151	211,259
Loss (gain) on disposal of properties, net	759	(12,420)
Loss (gain) on sale of marketable securities	(18,565)	3,523
Loss (gain) on disposal of foreclosed properties, net	(51,597)	(301)
Provision for valuation of foreclosed properties	3,528	3,168
Accrued pension cost	(68,485)	(50,577)
Changes in other current assets and liabilities – operation-related, net	1,284	(122,538)
Net cash provided by operating activities	<u>531,431</u>	<u>373,035</u>
Cash flows from investing activities:		
Increase in deposits in Central Bank	(207,619)	(237,637)
Increase in receivables	(820,619)	(253,015)
Increase in long-term equity investments	(30,000)	-
Decrease in investment in securities, net	509,895	278,548
Increase in loans	(7,237,920)	(4,897,716)
Purchase of property and equipment	(30,524)	(61,528)
Proceeds from sale of property and equipment	1,002	34,061
Decrease (increase) in other financial assets	10,747	(17,066)
Proceeds from sale of foreclosed properties	311,539	-
Increase in deferred charges	(24,359)	(18,895)
Net cash used in investing activities	<u>(7,517,858)</u>	<u>(5,173,248)</u>
Cash flow from financing activities:		
Increase in deposits	9,021,384	8,470,221
Increase (decrease) in guarantee deposits	3,224	(219)
Decrease in notes issued under repurchase agreements	-	(400,000)
Cash dividends paid	(75,054)	(63,470)
Employee profit sharing	-	(14,754)
Remuneration to directors and supervisors	(5,060)	(4,426)
Net cash provided by financing activities	<u>8,944,494</u>	<u>7,987,352</u>
Net increase in cash and cash equivalents	1,958,067	3,187,139
Cash and cash equivalents at beginning of year	<u>12,347,612</u>	<u>9,160,473</u>
Cash and cash equivalents at end of year	<u>\$ 14,305,679</u>	<u>12,347,612</u>
Details of cash and cash equivalents:		
Cash	\$817,881	798,792
Deposits in other banks	2,909,144	1,349,099
Deposits in Central Bank	8,394,044	5,293,736
Investment securities as cash equivalents	2,184,610	4,905,985
	<u>\$ 14,305,679</u>	<u>12,347,612</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ <u>936,905</u>	<u>796,424</u>
Income tax	\$ <u>19,265</u>	<u>13,663</u>
Foreclosed assets transferred to premises and equipment	\$ <u>-</u>	<u>33,600</u>

COTA Commercial Bank Co., Ltd.

Notes to Financial Statements

December 31, 2005 and 2004

(expressed in thousands of NTD, unless otherwise stated)

1. Organization and operations

COTA Commercial Bank Co., Ltd. (the Company) was established in 1915 as a credit cooperative. Effective January 1, 1999, the Company changed its status to commercial bank and its name to COTA Commercial Bank Co., Ltd. in accordance with the Company Law and the Banking Law. The Company has 18 domestic branches currently.

The Company is engaged in:

- Receiving deposits, extending loans, investing in bills and bonds, processing funds remittance, acceptances and guarantees, issuing letters of credit and providing other agency business (except for issuing foreign letters of credit and foreign guarantees);
- Buying and selling foreign currencies and traveler's checks;
- Credit card related services;
- Trust and fiduciary services;
- Foreign exchange service as authorized by the Central Bank..

As of December 31, 2005 and 2004, the number of employees of the Company was 961 and 869, respectively.

2. Summary of Significant Accounting Policies

The accompanying financial statements were prepared in accordance with generally accepted accounting principles of the Republic of China. Significant accounting policies are summarized as below:

(a) Basis of financial statements

The financial statements include accounts of the headquarters and all branches. All inter-office account balances and transactions have been eliminated while preparing the financial statements.

As required by the Banking Law and the Rules Governing Trust and Investment Companies and for the purpose of internal management, the Company maintains separate accounts and prepares separate sets of financial statements for its own funds and for the funds it administers on behalf of trustors. All the entrusted assets are booked in the memo account.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Foreign exchange differences arising from translation are recognized in the income statement.

(c) Deposit in Central Bank

Deposit in Central Bank includes statutory deposits and certificate deposits. Statutory deposits are made according to relevant reserve regulations prescribed by the Central Bank.

(d) Investment in securities

Investment in securities, including bonds, short-term bills, equity securities, beneficiary certificates and listed securities are stated at cost and are subsequently evaluated by the lower of cost or market value. Market value of listed stocks and closed-end funds is the average closing price for the last month of the reporting period. Market price for open-end mutual funds is determined by the net worth of the funds on the balance sheet date. Market price of bonds is the quoted market price as of the balance sheet date.

The costs of sale of bonds, beneficiary certificates and equity securities are determined based on the moving-average method. Cost of sale of short-term bills is determined based on the specific-identification method.

(e) Repurchase and resale agreements

Investment securities with repurchase or resale agreements are accounted for using the financing method. Interest income or expenses on the trading of these securities are determined based on the difference between the cost and the price stated on repurchase or resale agreements.

(f) Allowance for loan losses

Allowance for loan losses is regularly evaluated by the management for adequacy and is established through a charge to the provision for loan losses. The evaluation considers the quality of overall portfolio, which comprises of loans, accounts receivable, and outstanding

guarantees. The risk of specific delinquent claims refers to the likelihood of default and is subject to review using internal risk rating. The risk of overall claims is reviewed based on past experiences. Doubtful accounts are charged off when the possibility of recovery becomes remote.

In accordance with Business Tax Law, the Company provides 3% of operating revenue as allowance for bad debts with a view to writing off the default accounts starting July 1, 1999, and for the following years until the NPL (non-performing loan) ratio is lower than 1%.

(g) Long-term investments

Long-term investments are stated at cost. When there is evidence that a decline in market value is other than temporary, the cost of the individual security is written down to the market value and the write-down is accounted for as a realized loss. Stock dividends received from investments are not recognized as investment income but are accounted for as an increase in the number of capital shares invested. The cost of sale of investments is determined by the weighted-average method.

(h) Premises and equipment

Premises and equipment are stated at cost except that certain lands have been revalued in accordance with relevant laws and regulations. Revaluation increment is recorded as an addition to the carrying amount of the land and a corresponding capital reserve is recorded after the consideration of applicable reserve for taxes. Major additions, improvement, and replacement are capitalized, while maintenance and repairs are charged to current earnings. Interest incurred in acquisition of property before they are ready for the intended use are capitalized as part of the acquisition costs.

Depreciation is provided on the straight-line method using government-announced useful lives that approximate the economic lives of the assets. Premises and equipment still in use after full depreciation may continue to be depreciated over estimated remaining useful lives. Useful lives of major premises and equipment are as follows:

Buildings and premises	11 to 60 years
Operating equipment	1 to 5 years
Transportation equipment	3 to 5 years
Miscellaneous equipment	3 to 15 years

Gain or loss on disposal of premises and equipment is recorded as non-operating income or expenses.

(i) Assets under operating lease

Assets leased to other parties under operating lease are stated at cost. Depreciation is provided on the straight-line method and is recognized as non-operating expenses.

(j) Idle assets

Idle assets are stated at the lower of historical cost or net realizable value. Depreciation is recognized as non-operating expenses.

(k) Deferred charges

Capital expenditures for equipment repair and software expenses are amortized over a period of 3 to 5 years using the straight-line method.

(l) Foreclosed assets

Foreclosed assets are stated at the estimated net realizable value and are re-assessed on balance sheet date. The excess of cost over market is recognized as current loss. Under Article 76 of the Banking Law, foreclosed assets should be disposed of within four years.

(m) Financial derivatives

The Company is engaged in the trading of certain futures contracts available on the capital market. The financial instruments are held either for trading purposes or non-trading purposes. Financial instruments held for non-trading purposes are those intended for hedging the risk of assets, liabilities, positions and cash flows.

Financial instruments for trading purposes are stated at fair market value on the balance sheet date, and gains and losses are credited or charged to current exchange gains or losses. The evaluation and recognition of profits and losses of the financial instruments for non-trading purposes are accounted for on same the basis as the hedged assets, liabilities or positions.

(n) Asset Impairment

Effective January 1, 2005, the Company adopted Statement of Financial Accounting Standards No. 35 (SFAS 35) "Accounting for Asset Impairment". According to SFAS 35, the Company assesses at each balance sheet date whether there is any indication that an asset (individual asset or cash-generating unit) may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The Company recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

The Company reverses an impairment loss recognized in prior periods for assets if there is indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount of the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(o) Employee retirement plans

The Company has established a non-contributory defined benefit employee retirement plan covering all regular employees. According to the plan, employees are eligible for retirement or are required to retire after meeting certain age or service requirements. The retirement benefits are lump-sum payments and are based on the years of service and the level of pay at retirement. The Company contributes, on the monthly basis, an amount equal to 15% of payroll of non-management employees to a pension fund maintained with Central Trust of China to cover the pension obligation for the employees. On the other hand, the Company contributes, on the monthly basis, an amount equal to 8% of payroll of management level employees to another independent fund to cover pension obligation for such employees.

Under the defined benefit plan, the Company follows ROC Statement of Financial Accounting Standards No. 18 (SFAS No. 18), "Accounting for Pensions", in accounting for its employee retirement obligation; therefore, pension costs are actuarially determined and include current service cost and amortization of transition obligation at initial adoption of SFAS No. 18, and, under certain circumstances, of actuarial gains and losses. If the accumulated benefit obligation exceeds the fair value of plan assets at the balance sheet date, a minimum liability is recognized based on the actuarial report as of that date.

Starting July 1, 2005, the Company, in accordance with a new labor pension system prescribed by the government, contributes 6% of salaries to individual pension accounts managed by the Bureau of Labor Insurance. This new system is a defined contribution plan where the contribution amount is recognized as periodic pension cost. The new plan applies to all employees that elect for the new pension system and all employees hired after July 1, 2005

(p) Reserve for guarantee liability

Reserve for guarantee liability is provided by evaluating the status of guarantees outstanding and acceptances receivable at year end.

(q) Commitments and contingencies

When loss from commitments and contingencies is deemed probable and the amount can be reasonably estimated, such losses are recorded currently; other commitments and contingencies are disclosed with regard to the nature and the range of possible losses, if any.

(r) Revenue recognition

Interest income is recognized under the accrual basis. Accrual of interest is suspended for overdue receivables and is not recognized until collected.

(s) Income tax

Income tax is calculated based on accounting income. Under the asset and liability approach of ROC SFAS No. 22, the amount of deferred tax liabilities or assets is calculated by applying the provisions of enacted tax law to determine the amount of tax payable or refundable, currently or in future years. The tax effect of taxable temporary differences is recorded as deferred tax liability. The tax effects of deductible temporary differences, operating loss carry forwards and tax credits is recognized as deferred tax assets. An allowance is provided on deferred tax assets that may not be realized in the future. Deferred income tax assets and liabilities are classified as current or concurrent based on the classification of the asset or liability related to the deferred item or, on certain transactions not directly related to an asset or liability, the timing of recognition of the deferred item for income tax purposes.

According the revised Income Tax Law that became effective January 1, 1998, undistributed earnings are subject to an additional 10% corporate income surtax. The surtax payable is recorded as the Company s income tax expense in the year when the earnings are resolved to be retained by the stockholders.

(t) Earnings per share (EPS)

Earnings per share (EPS) are computed based on the weighted-average number of common shares outstanding during the period. Retroactively computed EPS for the previous year is also presented if there is capitalization of retained earnings in current year.

3. Changes in Accounting Policies

The Company adopted Statement of Financial Accounting Standards. No. 35 “Accounting for Asset Impairment” in 2005. The Company determined that there was no indication of impairment of the Company’s assets.

4. Cash and Deposits in Other Banks

	December 31, 2005	December 31, 2004
Cash in vault	\$ 817,881	798,792
Checks awaiting clearance	163,174	121,617
Deposits in other banks	1,942,636	1,081,387
Call loans to banks	691,188	100,000
Deposits with Financial Information Service Co., Ltd.	<u>112,146</u>	<u>46,095</u>
	\$ <u>3,727,025</u>	<u>2,147,891</u>

5. Deposits in Central Bank

	December 31, 2005	December 31, 2004
Deposit reserve - checking accounts	\$ 288,387	788,736
Deposit reserve - demand accounts	2,143,193	1,935,574
Deposit reserve - foreign currencies	657	-
Certificate of deposits	<u>8,105,000</u>	<u>4,505,000</u>
	\$ <u>10,537,237</u>	<u>7,229,310</u>

According to the statutory reserve requirement, the Company deposits funds with Central Bank. Deposits in checking account are interest-free and can be withdrawn without restriction; interest is accrued on demand account which cannot be withdrawn except for the monthly adjustment on the required level of reserve.

6. Investment in Securities

	December 31, 2005	December 31, 2004
Commercial papers under resale agreement	\$ 862,917	4,050,475
Bonds under resale agreement	1,025,386	755,510
Negotiable certificates of time deposits purchased under resale agreement	296,307	100,000
Government bonds (fair value were \$346,112 and \$753,664, respectively, for 2005 and 2004)	339,324	737,796
Corporate bonds (fair value were \$277,622 and \$347,668, respectively, for 2005 and 2004)	272,466	337,130
Beneficiary certificates (fair value were \$34,102 and \$87,102, respectively, for 2005 and 2004)	32,050	86,000
Listed securities (fair value were \$161,404 and \$63,013, respectively, for 2005 and 2004)	158,785	63,029
Financial debentures (fair value were \$10,000 and \$80,055, respectively, for 2005 and 2004)	<u>10,000</u>	<u>80,000</u>
	2,997,235	6,209,940
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 2,997,235</u>	<u>6,209,940</u>

7. Receivables

	December 31, 2005	December 31, 2004
Credit card accounts receivable	\$ 1,461,027	477,491
Interest receivable	181,072	175,212
Tax refund receivable	20,418	37,224
Acceptances receivable	-	13,791
Forward exchanges receivable – foreign currencies	619	-
Accrued income	952	3,396
Other	<u>29,970</u>	<u>24,523</u>
	1,694,058	731,637
Less: allowance for loan losses	<u>(9,130)</u>	<u>(13,797)</u>
	<u>\$ 1,684,928</u>	<u>717,840</u>

8. Loans

	December 31, 2005	December 31, 2004
Exchanges and export bills negotiated	\$ 4,230	-
Overdrafts	40,166	41,664
Short-term loans	13,139,186	16,045,957
Medium-term loans	30,536,769	25,507,670
Long-term loans	23,083,178	18,283,702
Nonperforming loans	<u>1,608,335</u>	<u>1,653,119</u>
	68,411,864	61,532,112
Less: allowance for loan losses	<u>(625,903)</u>	<u>(688,920)</u>
	\$ <u>67,785,961</u>	<u>60,843,192</u>

The movements in allowance for loan losses for the years ended December 31, 2005 and 2004 were as follows:

	Allowance for the loss of		
	Loans	Receivables	Total
<u>2005</u>			
Balance at beginning of year	\$ 688,920	13,797	702,717
Current provisions	295,151	-	295,151
Loans charged-off	(456,302)	(5,332)	(461,634)
Recoveries of loans previously charged-off	<u>98,134</u>	<u>665</u>	<u>98,799</u>
Balance at end of year	\$ <u>625,903</u>	<u>9,130</u>	<u>635,033</u>
<u>2004</u>			
Balance at beginning of year	\$649,775	13,371	663,146
Current provisions	211,259	-	211,259
Loans charged-off	(388,881)	(1,365)	(390,246)
Recoveries of loans previously charged-off	<u>216,767</u>	<u>1,791</u>	<u>218,558</u>
Balance at end of year	\$ <u>688,920</u>	<u>13,797</u>	<u>702,717</u>

Accrual of interest that has been suspended for nonperforming loans amounted to \$1,282 and \$45,838 thousands, respectively as of December 31, 2005 and 2004.

9. Long-term Investments

	December 31, 2005	December 31, 2004
Investment accounted for under the cost method:		
Bank-Union Life Insurance Agent Co., Ltd.	\$ 1,000	1,000
Taiwan Asset Management Corp.	100,000	100,000
Taiwan Financial Asset Service Corp.	50,000	50,000
Banks-Union General Insurance Agent Co., Ltd.	1,000	1,000
Debt Instruments Depository and Clearing Co., Ltd.	20,000	20,000
Bank of Panhsin	<u>30,000</u>	<u>-</u>
	202,000	172,000
Investment recorded at the lower of cost or market:		
Taiwan Cooperative Bank (fair value were \$70,084 and \$92,326 thousands, respectively as of December 31, 2005 and 2004)	<u>11,820</u>	<u>11,820</u>
	\$ <u>213,820</u>	<u>183,820</u>

10. Premises and Equipment

(a) Cost

	December 31, 2005	December 31, 2004
Land	\$ 461,916	461,858
Buildings	476,785	476,785
Operating equipment	171,612	149,654
Transportation and communication equipment	17,176	17,025
Miscellaneous equipment	152,048	150,704
Revaluation increment of land	<u>84,978</u>	<u>87,344</u>
	1,364,515	1,343,370
Less: accumulated depreciation	<u>(346,791)</u>	<u>(316,099)</u>
	\$ <u>1,017,724</u>	<u>1,027,271</u>

(b) Revaluation of property

The Company revalued its land in 1965 and 1983. The net amount of land value increment after provision for land value increment tax is recorded as capital reserve. As of December 31, 2005 and 2004, such capital reserve was reflected in the financial statements as follows:

	December 31, 2005	December 31, 2004
Land value increment	\$ 91,988	94,039
Less: provision for land value increment tax	<u>(24,694)</u>	<u>(44,940)</u>
	\$ <u>67,294</u>	<u>49,099</u>

(c) Other

Insurance coverage on the property and equipment was \$531,029 and \$441,998 thousands as of December 31, 2005 and 2004, respectively. No property or equipment was pledged as a security or lien.

11. Other Assets

	December 31, 2005	December 31, 2004
Deferred pension cost	\$ 129,207	142,479
Deferred charges	49,445	45,093
Idle assets, net of depreciation	9,790	10,010
Assets under lease, net of depreciation and value decline	709,911	709,838
Foreclosed assets, net of value decline	<u>-</u>	<u>263,470</u>
	\$ <u>898,353</u>	<u>1,170,890</u>

The Company purchased a block of land in Taichung city from the city government in 1990 for the planned use as its head office. The land remains un-developed due to the delay of city development program. Since 2001, the land was leased to other party and accounted under the lower of cost or net realizable value. The details as of December 31, 2005 were as follows:

Cost	\$ 916,900
Less: allowance for decline in value	<u>(220,392)</u>
Estimated net realizable value	\$ <u>696,508</u>

12. Payables

	December 31, 2005	December 31, 2004
Interest payable	\$ 136,859	82,867
Collections payable	69,136	46,880
Checks awaiting clearance	163,174	121,617
Accrued expenses	183,690	125,361
Dividends payable	1,012	2,999
Acceptance drafts	-	13,791
Other	<u>46,685</u>	<u>35,809</u>
	\$ <u>600,556</u>	<u>429,324</u>

13. Deposits

	December 31, 2005	December 31, 2004
Checking accounts	\$ 1,526,176	1,291,501
Cashiers' checks	51,152	55,897
Check guaranteed for payment	135	855
Demand deposits	6,035,754	5,211,210
Time deposits	15,170,080	12,916,507
Postal deposits accepted	142,540	152,900
Demand savings deposits	19,257,497	17,027,669
Term savings deposits	40,395,537	36,842,724
Remittances outstanding	<u>3,074</u>	<u>-</u>
	\$ <u>82,581,945</u>	<u>73,499,263</u>

The interest rates of the above deposits ranged 0.20%~2.02% and 0.20%~1.575% in 2005 and in 2004, respectively.

14. Pension

The Company performed an actuarial assessment of its employee pension liability on December 31, 2005 and 2004, according to the original system of a defined benefit plan. The reconciliation between the funded status of the plan and accrued pension liability is as follows:

	December 31, 2005	December 31, 2004
Benefit obligation:		
Vested benefit obligation	\$ (340,213)	(322,081)
Non-vested benefit obligation	<u>(123,741)</u>	<u>(116,199)</u>
Accumulated benefit obligation	(463,954)	(438,280)
Additional benefits based on future level of salaries	<u>(133,007)</u>	<u>(128,437)</u>
Projected benefit obligation	(596,961)	(566,717)
Fair value of plan assets	<u>320,169</u>	<u>270,967</u>
Funded status	(276,792)	(295,750)
Unrecognized loss	96,300	95,242
Unrecognized net transition obligation	165,914	175,674
Additional minimum liability	<u>(129,207)</u>	<u>(142,479)</u>
Accrued pension liabilities	<u>\$ (143,785)</u>	<u>(167,313)</u>

As of December 31, 2005 and 2004, the components of net periodic pension cost is as follows:

	2005	2004
Service cost	\$ 33,863	35,564
Interest cost	18,539	17,054
Expected return on plan assets	(4,191)	(2,859)
Amortization and deferral	<u>6,320</u>	<u>4,908</u>
Net pension cost	<u>\$ 54,531</u>	<u>54,667</u>

Actuarial assumptions for years 2005 and 2004 were the following:

	2005	2004
Discount rate	3.5%	3.5%
Rate of increase in future compensation	2.0%	2.0%
Expected long-term rate of return on plan assets	3.5%	3.5%

In addition, the pension expense under the new labor pension system as a defined contribution plan of the Company amounted to \$3,698 thousands for the year ended December 31, 2005.

15. Stockholders Equity

(a) Common stock

As of December 31, 2005 and 2004, the Company had authorized capital amounting to \$3,337,341 and \$3,247,406 thousands, with \$10 par value, respectively. Total authorized and outstanding shares were 333,734 thousands and 324,741 thousands, respectively.

It was resolved in the stockholders meetings at May 24, 2005 and May 7, 2004 to increase capital through a capitalization of retained earnings amounting to \$89,935 and \$63,675 thousands, respectively. The increase had been approved by the Ministry of Finance.

(b) Capital reserve

Capital reserve as of December 31, 2005 and 2004, was as follows:

	December 31, 2005	December 31, 2004
Statutory reserve and special reserve transferred	\$ 1,061,892	1,061,892
Net revaluation increment of land	67,294	49,099
Additional paid-in capital	380,620	380,620
Other	<u>1,396</u>	<u>1,396</u>
	\$ <u>1,511,202</u>	<u>1,493,007</u>

In accordance with the ROC Company Law, capital reserve is exclusively used for offsetting prior losses and conversion to capital, and cannot be distributed as cash dividends. According to the ROC Company Law and relevant securities exchange regulations, a capital increase using capital reserve has to be reserves arisen from issuing stock or donated assets received and cannot exceed 10% of a company s paid-in capital in any year. Capital reserve arisen from long-term equity investments cannot be used to offset prior losses or converted to capital.

(c) Statutory reserve and earnings distribution

The Company s articles of incorporation stipulate that net income should be distributed as follows:

- to pay income tax;
- to offset prior years' deficit, if any;
- to appropriate 30% as statutory reserve;
- to appropriate stockholders' regular dividends that do not exceed 10% of capital;
- to appropriate 10% as employee profit sharing.

The remaining balance is retained or appropriated based on the resolution by the Company's stockholders.

According to the Banking Law, cash dividends are limited to 15% of total capital until the balance of statutory reserve reaches the amount of capital. The distributions of earnings for 2004 and 2003 were resolved in the stockholders meeting held on May 24, 2005 and May 7, 2004, respectively. The details were as follows:

	2004	2003
Dividend per share (in NT dollar)		
Cash	\$ 0.225	0.2
Stock	<u>0.225</u>	<u>0.2</u>
	\$ <u>0.450</u>	<u>0.4</u>
Employees' profit sharing - cash	\$ -	14,754
Employees' profit sharing - stock	16,868	-
Directors' and supervisors' remuneration	<u>5,060</u>	<u>4,426</u>
	<u>\$ 21,928</u>	<u>19,180</u>

The proposal for the distribution of 2005 earnings has yet to be presented to the stockholders meeting. The information regarding earnings distribution will be posted on the market observation posting system after the meeting.

16. Income Tax

The Company is subject to an income tax rate of 25%. The components of income tax expense for 2005 and 2004 were summarized as follows:

	2005	2004
Current	\$ 8,343	7,191
Deferred	<u>43,892</u>	<u>32,046</u>
	\$ <u>52,235</u>	<u>39,237</u>

The differences between expected income tax expense calculated at the statutory income tax rate and the income tax expense in the accompanying financial statements were reconciled as follows:

	2005	2004
Expected income tax expense	\$ 76,644	70,054
10% surtax on undistributed earnings	3,235	6,694
Investment tax credits	(1,126)	(1,385)
Tax effect of tax-exempt gain from sale of marketable securities and land	8,996	(2,063)
Tax on interest income separately taxed	(881)	(1,311)
Under accrual (over-accrual) of prior year's income tax	1,498	(1,375)
Adjustment to prior year's deferred tax assets	(1,147)	7
Reversal of allowance for deferred tax assets	(32,473)	(31,453)
Gain on long-term investments	(2,579)	-
Other adjustments	<u>68</u>	<u>69</u>
Income tax expense	\$ <u>52,235</u>	<u>39,237</u>

The components of deferred income tax expense (benefit) for 2005 and 2004 were the tax consequences of the following temporary differences and credits:

	2005	2004
Unrealized gain (loss) on exchange	\$ 7,708	(480)
Loss carry forwards	40,827	60,928
Unrealized gain on foreclosed properties	26,413	1,971
Reversal of pension cost	2,564	1,073
Reversal of allowance for deferred tax assets	(32,473)	(31,453)
Other	<u>(1,147)</u>	<u>7</u>
	\$ <u>43,892</u>	<u>32,046</u>

Deferred income tax assets and liabilities as of December 31, 2005 and 2004, represented the tax effects of the following temporary differences and credits:

	December 31, 2005	December 31, 2004
Accrued pension liability	\$ 1,155	3,719
Allowance for loan losses	67,052	67,052
Unrealized loss on foreclosed properties	28,310	54,723
Loss carry forwards	73,867	113,547
Valuation allowance	<u>(51,662)</u>	<u>(84,135)</u>
	118,722	154,906
Unrealized exchange gains	<u>(8,082)</u>	<u>(374)</u>
Deferred income tax assets, net	<u>\$ 110,640</u>	<u>154,532</u>

In accordance with ROC Income Tax Law, assessed net losses can be carried forward for five years. Loss carry forwards available to the Company as of December 31, 2005 amounting to \$295,468 thousands were the result of loss incurred in 2001 and will expire in 2006.

The ROC tax authorities had examined and assessed the Company's income tax returns for all years through 2002.

Imputation credit account (ICA) and creditable ratio

Beginning in 1998, the imputed income tax system was implemented by the ROC government. Under the system, the income tax paid at the corporate level can be used to offset the ROC resident stockholders' individual income tax. The Company is required to establish an Imputation Credit Account (ICA) to maintain a record of the corporate income tax paid and imputation credit it has allocated to each stockholder. The credit available to ROC resident stockholders is calculated by multiplying the dividends by the creditable ratio. The creditable ratio is calculated by dividing the balance of ICA by earnings retained since January 1, 1998.

Undistributed retained earnings:

	December 31, 2005	2004
Undistributed retained earning - 1998 and after	<u>\$256,398</u>	<u>242,414</u>
Imputation credit account (ICA)	<u>\$5,628</u>	<u>11,463</u>
	2005	2004
The creditable ratio on retained earnings	2.19% (Expected)	2.81% (Actual)

17. Earnings Per Share

	2005		2004	
	Before income tax	After income tax	Before income tax	After income tax
Primary earnings per share:				
Net income	\$ <u>306,575</u>	<u>254,340</u>	<u>280,217</u>	<u>240,980</u>
Weighted-average outstanding shares	<u>333,734</u>	<u>333,734</u>	<u>324,741</u>	<u>324,741</u>
Primary earnings per share (in dollar)	\$ <u>0.92</u>	<u>0.76</u>	<u>0.86</u>	<u>0.74</u>
Earnings per share retroactively adjusted:				
Net income			<u>280,217</u>	<u>240,980</u>
Weighted-average outstanding shares			<u>333,734</u>	<u>333,734</u>
Primary earnings per share (in dollar)			\$ <u>0.84</u>	<u>0.72</u>

18. Financial Instruments

(a) Financial derivatives

(i) Contract amount

Details of outstanding contracts that the Company entered into as of December 31, 2005 for financial derivatives were:

	December 31, 2005		
	Contract amount	Fair Value Gain (Asset)	Loss (Liability)
Non-trading purpose:			
Forward contract	\$ 2,000	-	(23)
Cross-forward swap	<u>5,642</u>	<u>49</u>	<u>(10)</u>
	\$ <u>7,642</u>	<u>49</u>	<u>(33)</u>

(ii) Credit risk

Credit risk indicates the Company's possible loss in the event of a contract default by the counter-party. However, before the Company enters into forward contract with another bank, it is evaluated based upon word-wide ranking and credit valuation. After a line of credit is granted, transactions are limited thereto. Consequently, credit risk is limited. In addition, the forward contracts include a net-settlement clause.

(iii) Market risk

Market risk is the risk that Company suffers losses due to changes in market prices. The Company maintains all its net forward positions within pre-determined limits in order to manage market risk.

(iv) Liquidity risk, cash flow risk and future cash requirement

Liquidity risk is the risk that the Company is unable to settle its position on liability at the settlement date. The Company grants a line of credit, limits foreign exchange position, sets a settlement point and monitors continuously to avoid the liquidity risk. The company also plans the future demand for cash through borrowing foreign currencies at foreign currencies market. Therefore, there is no significant demand on cash flow as a result of such transactions, and forward contracts are mainly in international currencies for which liquidity risk is very low.

(v) Net gains and losses from forward transactions

The net gains or losses from the Company's forward transactions are recorded as exchange gains (losses) in the income statement. The forward positions have been offset by the opposite spot positions, therefore the net gains or losses from all forward contracts include the gains or losses resulting from spot foreign exchange positions.

(b) Fair value of non-derivative financial instruments

The Company adopts the following methods and assumptions to estimate the fair value of its non-derivative financial instruments:

- (i) Fair value of short-term financial instruments is based on book value. Since such financial instruments are relatively short-terms, and future value of payables and receivable should approximate their book value, the Company believes that the carrying value is a reasonable estimate of their fair value. Such instruments include cash and cash equivalents, amounts due from Central Bank, accounts receivable, amounts due to banks and accounts payable.
- (ii) For marketable securities, market prices are the fair value if available. Long-term equity investments are estimated at the market quotations, if available. If market quotations are not available, relative financial information is used to estimate the fair value.
- (iv) Loans are financial assets which generate interest income, mostly at floating rates. The fair value of loans should approximate its book value.

Fair value of some of the Company's financial instruments were as follows:

	December 31, 2005		December 31, 2004	
	Book value	Fair value	Book value	Fair value
Marketable securities	\$ 2,997,235	3,103,850	6,209,940	6,237,487
Long-term equity investments (listed)	11,820	70,084	11,820	92,326
Long-term equity investments (non-listed)	202,000	-	172,000	-

(c) Off-balance-sheet credit risks

The Company provides guarantees on third party's obligations. The maturity dates do not concentrate on any particular period.

The contractual amounts for financial contracts with off-balance-sheet credit risks as of December 31, 2005 and 2004 were \$1,499,642 and 1,530,392 thousands, respectively.

The Company evaluates the credit worthiness of each credit applicant on a case-by-case basis, taking into account its credit history, credit rating and financial condition. Collaterals, mostly in the form of fixed assets, cash, inventories, marketable securities and other assets may be required based on the result of the credit worthiness evaluation. Appropriate measures are adopted depending on the result of the credit status monitoring, which include executing the collateral and amending the credit limit.

Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The total potential loss is equal to the above contractual amounts, if completely drawn upon and the counterparties default, without considering the value of any collateral.

19. Transactions with Related Parties

(a) Related parties and relationship with the Company

Parties	Relationship
Management (each individual deposit and loans not exceeding 1% of total deposits and loans)	Including directors, supervisors, managers and their spouses and immediate family members

(b) Significant transactions with related parties

(i) Loans

As of December 31, 2005 and 2004, loans to related parties were approximately \$104,675 and \$66,933 thousands, respectively, representing 0.15% and 0.11% of total loans at each date. Interest resulting from such loans was \$2,143 and \$2,153 thousands, respectively, representing 0.09% and 0.12% of total interest income for 2005 and 2004. The range of interest rates was approximately 2.3%~4.69% and 2.3%~4.2%, respectively.

(ii) Deposits

As of December 31, 2005 and 2004, deposits from related parties were approximately \$274,563 and \$208,511 thousands, respectively, representing 0.33% and 0.28% of total deposits at each date. Interest resulting from such deposits was \$3,448 and \$2,909 thousands, respectively, representing 0.35% and 0.37% of total interest expense for 2005 and 2004. The range of interest rate was approximately 0.20%~2.02% and 0.20%~1.575%, respectively. The range of interest rate for employee demand savings deposits was approximately 9.43%~9.90% and 9.28%~9.43%, respectively.

(iii) As of December 31, 2005 and 2004, details of loans or guarantees that involved related parties were as follows:

Classification	December 31, 2005		
	Accounts	Amount	Revaluation loss
Consumer loan borrowers	67	\$ 25,825	3
Employee mortgage loan borrowers	89	190,931	136
Other loan borrowers	110	653,567	None
Related parties as guarantors for loans	72	251,843	300
Related parties as providers of collateral	36	144,603	None

Classification	December 31, 2004		
	Accounts	Amount	Revaluation loss
Consumer loan borrowers	57	\$ 16,182	None
Employee mortgage loan borrowers	82	173,979	"
Other loan borrowers	92	361,298	"
Related parties as guarantors for loans	44	192,614	"
Related parties as providers of collateral	18	75,498	"

20. Pledged Assets

	December 31, 2005	December 31, 2004
Pledged for:		
Guarantee deposits for provisional actions against defaulted loans and deposit for trust business (recorded as investment securities - bonds)	\$ 90,100	96,500
Deposit for remittance clearance (recorded as other financial assets)	<u>100,000</u>	<u>100,000</u>
	\$ <u>190,100</u>	<u>196,500</u>

21. Significant Commitment and Contingencies

As of December 31, 2005 and 2004, the Company's significant commitments and contingent liabilities were as follows:

	December 31, 2005	December 31, 2004
Collections received	\$ 9,504,331	9,796,721
Guarantees	1,499,642	1,530,392
Bills and securities under resale agreements	2,184,610	4,905,985
Traveler s checks held on consignment	81,560	92,103

Balance sheet and details of trusts are as follows:

Balance Sheet					
December 31, 2005					
Trust Assets	December 31, 2005	December 31, 2004	Trust Liabilities	December 31, 2005	December 31, 2004
Investment in Mutual Fund	\$ <u>568,301</u>	<u>397,843</u>	Fund balance	<u>538,301</u>	<u>397,843</u>

Operating leases

The Company has entered into various operating lease agreements for domestic banking premises.

As of December 31, 2005 the estimated rental commitments for the next five years are as follows:

Fiscal Year	Amount
2006	\$26,128
2007	20,499
2008	16,015
2009	10,491
2010	2,695
	<u>\$ 75,828</u>

22. Other Matters

(a) Asset quality and risk exposure analysis

(i) Risk analysis

■ Nonperforming loans

	December 31, 2005	December 31, 2004
Overdue loans	\$ 1,900,958	1,647,763
Nonperforming loans	1,575,726	1,610,569
NPL ratio	2.78%	2.68%
Loans under monitoring	-	516,874
Ratio of loans under monitoring to total loans	-	0.84%
Allowance for doubtful accounts	625,903	688,920
NPL charge-offs during the year	460,634	390,246

■ Concentration of credit risk

	December 31, 2005	December 31, 2004
Loans to related parties	\$ 870,323	551,459
Ratio of loans to related parties	1.25%	0.88%
Loans under the collateral of stock securities	0.29%	0.33%

■ Loans by industry

	December 31, 2005		December 31, 2004
Manufacturing	8.27%	Manufacturing	11.06%
Real estate and leasing	2.41%	Construction	3.80%
Utilities	2.38%	Utilities	3.46%

(ii) Analysis of interest-bearing assets and liabilities as well as the current interest rate is as follows:

	2005		2004	
	Average balance	Average rate (%)	Average balance	Average rate (%)
Assets				
Deposit in other banks	\$ 218,690	1.20	475,913	1.23
Call loans to banks	559,503	3.48	13,934	1.13
Deposit in Central Bank	8,942,814	1.37	6,272,766	1.27
Investment securities (listed securities excluded)	3,125,306	3.09	3,106,899	3.18
Loans	62,771,938	3.30	56,945,152	3.18
Liabilities				
Short-term borrowings	-	-	79,511	0.79
Due to banks	555,150	-	534,616	0.08
Call loans from banks	74,122	-	4,918	0.97
Demand deposits	5,049,661	0.20	4,204,410	0.20
Demand savings deposits	16,886,995	0.66	15,221,891	0.67
Time deposits	53,142,216	1.57	46,554,907	1.40
Employee deposits	460,870	7.74	398,860	7.26

Average value is calculated on the daily basis.

(iii) Interest sensitivity analysis

	December 31, 2005	December 31, 2004
Ratio of interest-rate-sensitive assets to liabilities	80.18%	87.12%
Ratio of interest-rate-sensitive spreads to net equity	(297.89%)	(180.46%)

(iv) Significant foreign currency assets

December 31, 2005		December 31, 2004	
Foreign currency	NTD equivalent	Foreign currency	NTD equivalent
USD	\$ 789,304	USD	15,775
EUR	14,961	JPY	13,298
JPY	4,093	HKD	10,089
NZD	3,636	EUR	14,463
AUD	1,688		

(b) Profitability analysis and maturity analysis of assets and liabilities were as follow:

(i) Profitability analysis:

	December 31, 2005	December 31, 2004
Return on assets	0.36%	0.37%
Return on equity	5.89%	5.57%
Net profit ratio	10.84%	12.27%

(ii) Maturity analysis of assets and liabilities (expressed in millions of NTD and excluding foreign currency):

		December 31, 2005				
	Total	With in 1 month	Between 31 and 90 days	Between 91 and 180 days	Between 180 and 1 years	Over 1 year
Assets	\$ 88,798	12,142	7,605	7,391	7,100	54,560
Liability	96,867	39,621	9,820	11,812	26,344	9,270
Gap	(8,069)	(27,479)	(2,215)	(4,421)	(19,244)	45,290
Cumulative gap	(8,069)	(27,479)	(29,694)	(34,115)	(53,359)	(8,069)

(c) Capital analysis:

	December 31, 2005	December 31, 2004
Capital adequacy ratio	9.42%	11.05%
Debts to total assets ratio	1,581.77%	1,462.60%

(d) Personnel expense, depreciation and amortization for the years ended December 31, 2005 and 2004, were summarized as follows:

Items	2005			2004		
	Cost of operations	Operating expenses	Total	Cost of operations	Operating expenses	Total
Personnel cost:						
Salaries	466,969	239,752	706,721	391,324	152,647	543,971
Labor and health insurance	31,075	8,388	39,463	22,204	12,601	34,805
Pension	52,417	5,813	58,230	42,711	11,956	54,667
Other	3,159	15,907	19,066	3,496	8,716	12,212
Depreciation expenses	23,053	13,264	36,317	14,924	11,060	25,984
Amortization expenses	15,439	4,568	20,007	16,010	2,818	18,828

(e) Pursuant to a stockholders resolution on September 17, 2005 and as approved by the regulatory authorities, the Company merged Fengyuan Credit Cooperative on January 1, 2006.

6. Financial Status Analysis, Operation Performance Analysis, and Risk Management

6-1. Financial Status

Unit: USD thousand

Item	Year	2005	2004	Difference	
				Amount	(%)
Total Asset		2,715,885	2,430,983	284,902	11.72
Total Liability		2,554,396	2,275,410	278,986	12.26
Total Shareholders' Equity		161,490	155,573	5,917	3.80

Note: No analysis presented due to changes less than 20%

6-2. Operation Performance

Unit: USD thousand

Item	Year	2005	2004	Difference Amount	Increase/Decrease Ratio (%)
Operating expenses	79,029	62,028	17,001	27.41	
Operating income	7,002	7,492	(490)	(6.54)	
Non-operating income	2,453	1,157	1,296	112.06	
Non-operating expenditures	125	121	4	3.78	
Income before income tax	9,330	8,528	802	9.41	
Net income	7,740	7,334	406	5.54	

Note: Ratio Changes Disclosure

1. Operating revenues increased, due primarily to the increase of interest revenues and fee revenues from the business expansion of consumer loans and credit card compared with previous year.
2. Operating expenses increased because the growth of business and writing off more reserves against bad debts resulted in more interest expenses and provisions for allowances and reserves compared with previous year.
3. Non-operating income increased, due primarily to the profit from the sale of foreclosed properties.

6-3. Cash Flow

1-1-1. Cash Flow Analysis

Item \ Year	2005	2004	Increase/Decrease Ratio (%)
cash flow ratio	45.32%	35.60%	27.30%
cash flow adequacy ratio	376.45%	368.18%	2.25%
cash reinvestment ratio	7.85%	5.47%	43.51%

Note: 1: Description of ratio change:

- (1) Cash flow ratio: The increase of cash flow ratio in 2005 is due to the larger CF ratio increasing operations cash flow in year 2005
- (2) Cash reinvestment ratio: The increase ratio is due to large net income and various allowance in year 2005

6-3-2. Cash Flow Analysis for Next Year

Unit: USD thousand

Initial Cash Residual	Estimated Yearly Operating Cash Flow	Estimated Yearly Cash Outflow	Estimated Residual Cash Amount(deficiency)	Cash Deficiency Contingency Plan	
				Investment plan	Financial Management Plan
(1)	(2)	(3)	(1)+(2)-(3)		
435,352	19,877	286,932	742,162	-	-

Note 1: COTA Bank estimate about 19,877 (us dollars in thousands) from cash flow from operating activities of year.

Note 2: The estimation cash inflow about 286,932 (us dollars in thousands) 2005, due to cash used of deposits/loan about usd359,715 and investment securities, capital expenditure about usd72,783 (us dollars in thousands)

6-4. Impact of Capital Expenditure in Recent Year

6-4-1. Funding source and utilization of capital expenditure: NONE

6-4-2. Expected benefit from capital expenditure: NONE

6-5. Reinvestment Policy, Improvement Plan and Investment Plan in Next Year

6-5-1. Reinvestment Policy and Improvement Plan

Regarding new reinvestment, the authorized unit shall submit proposal to Asset and Liability Management Committee for discussion and then get approval from Standing Committee of Board. The authorized unit shall closely monitor operation and financials of invested companies and report to Asset and Liability Management Committee in timely basis to ensure investment performance. In without qualified investment project in 2005, COTA Bank did not make new investment. We will aggressively seek fitting project to increase revenue for yield enhancement.

6-5-2. Investment Plan in Next Year

2005 economic growth rate is expected to maintain the same level as last year. The trough of economic cycle is still moderately. COTA Bank will dynamically adjust equities and mutual fund position according to financial market change and industry situation. In view of rising interest rate trend, COTA Bank will increase bond portfolio gradually to mitigate market risk. Also, we will continuously search good investment target for boosting investment income.

6-6. Risk Management

6-6-1. Risk Management Organization and Policy

COTA Bank do not have specific risk management department for the present. The risk management policy including market risk, credit risk, liquidity risk, operation risk and legal risk is performed separately by relevant operation units. The internal auditor will review risk management, compliance and internal control policy. The auditing result will be reported and follow up on a regular basis.

The purpose of risk management is to ensure asset safety, shareholder's value and duly transaction procedure. To this end, all the trading, settlement and operation procedures should comply with the risk management policy. The safety and liquidity will be the first priority concern, then profitability, growth ability and social welfare.

6-6-2. Risk Control Measurement and Quantitative Information

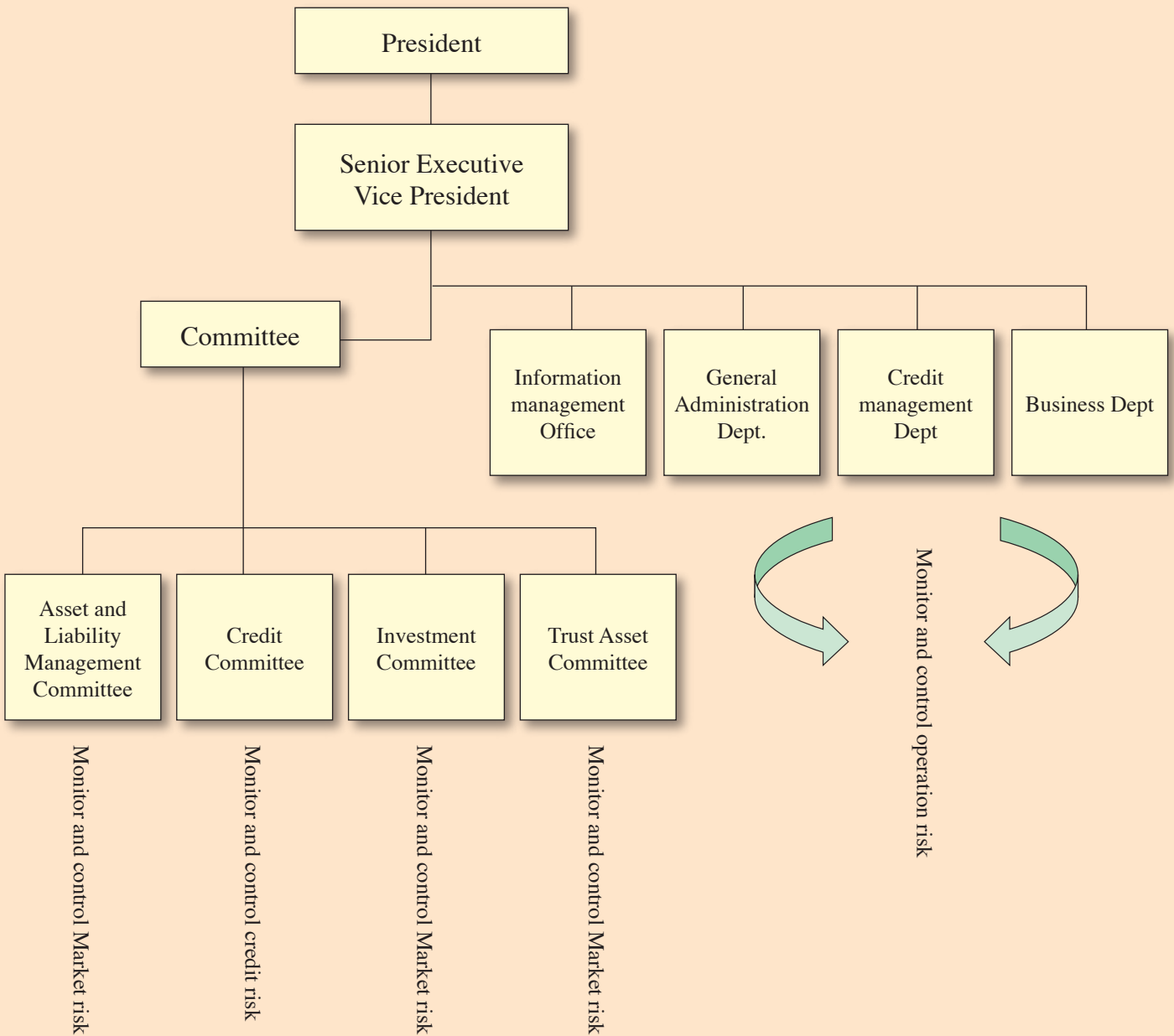
6-6-2-1. General Disclosure

6-6-2-1-1. Policy and Procedures

We believe that a bank's success relies on a comprehensive risk control system. To strengthen the risk management system, COTA Bank establish several functional committees to set up various risk control policies including credit risk, market risk and operation risk and monitor implementation of those risk policies. The Business Line who directly executes those risk control policies is defined as BL Risk Unit. Listed below are various functional committees and relevant responsibility:

- Asset and Liability Management Committee
 - Monitor and control interest rate, FX and market risk
 - Evaluate and analyze realized or unrealized potential losses derived from items on both balance sheet and off balance sheet
 - Develop various strategies or methods to alleviate risk
- Credit Committee
 - Monitor and control credit risk and review loan project above certain exposure limit
 - Improve non-performing loan and lower down NPL ratio
 - Follow the external regulation and internal credit rules to fortify credit analysis and diversify credit exposure.
 - Set up Credit Policy to reinforce loan account management and to ensure loan asset quality
- Investment and Trust Asset Committee
 - Monitor and control market price, interest rate, FX rate risk.
 - Set up Marketable Securities Investment Policy and relevant guidelines to enhance fund management efficiency
 - According to macroeconomic environment and financial market change, set up dynamical management target and regularly assess investment portfolio to achieve effective risk control
 - Trust Asset Committee evaluates market price fluctuation of trust asset on a regular basis and take prompt action to decrease or transfer risk if it is necessary.
- Operation/Auditing/IT Department
 - Monitor and control operation risk.
 - Supervise various operation risks to avoid any loss resulted from internal procedures error, fault and mistakes of IT system and operating personnel as well as external events.

6-6-2-1-2. Risk Management Organization Chart



6-6-2-1-3. The Scope of Risk Management Report and Measurement

Currently, COTA Bank adopts standard method to measure credit risk and market risk as well as respectively required capital. For credit risk, the required capital is calculated basing on possible losses caused by counterpart default. The measurement of credit risk is to sum up the different transaction amount on/off-balance sheet weighted by specific risk factor. For market risk, the required capital is calculated basing on possible losses caused by market price fluctuation such as interest rate, FX rate and stock price change.

6-6-2-1-4. Hedge Policy and Procedure of Evaluating Hedge Effectiveness

Asset and Liability Management Committee monitor and control various market risks and develop strategies or methods to alleviate risk. Credit Review Committee review loan project via prudent credit analysis in order to avoid default risk and diversify credit exposure to ensure asset quality. Investment Committee observe macroeconomic environment and financial market change, regularly assess investment portfolio and take prompt action to decrease or transfer risk if it is necessary.

6-6-2-2. Disclosure of Credit Risk

6-6-2-2-1. On-Balance Sheet Items: Risk-weighted Asset

Unit: USD thousand as of Dec. 31, 2005

Item	Risk Weight	Risk Oriented Asset
Cash, Due from Central Bank, Medium-term loan (Central Government)	0%	0
Medium-term loan(Local Government)	10%	3,607
Due from banks	20%	16,033
Medium-loan(Housing loan)	50%	466,249
Short/ Medium/long-term loan(Corporate)	100%	1,122,572
Total		1,608,461

6-6-2-2-2. Off-Balance Sheet Items: Risk-weighted Asset

Unit: USD thousand as of dec.31, 2005

Item	Risk-weighted Asset
Ordinary off-balance transactions	29,302
Financial derivative instruments	12
Re-purchase agreement (RP)	-
Re-sale agreement (RS)	1
Total	29,315

6-6-2-2-3. Status of Asset Securitization: NONE

6-6-3. Revelation of Risk-adjusted Asset Value

Unit: USD thousand as of Dec.31, 2005

Risk Category	Capital Requirement	Risk-weighted Asset
Interest rate risk	282	3,526
Equity risk	848	10,594
Foreign exchange risk	1,940	24,256
Commodity risk	-	-
Option applied simple method	-	-
Total	3,070	38,376

6-6-4. Liquidity Risk

6-6-4-1. Analysis of Maturity of Lines of Credit

Unit: USD thousand as of Dec.31, 2005

Assortments of Lines of Credit	Sub-total	Period & Amount to Maturity				
		0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Short-term Loan & Over Draw	393,701	48,478	135,575	61,747	147,900	0
Medium-term Loan	929,306	9,982	18,564	30,736	52,861	817,164
Long-term Loan	702,465	1,187	548	517	10,438	689,775
Total	2,025,472	59,647	154,687	93,001	211,199	1,506,939

Note: Non-including non-performing loans and foreign exchange where above

6-6-4-2. Analysis of Concentration of Credit Risk:

In order to reduce the significant concentration of risk of credit extensions, COTA Bank were generally based on the credit risk diversification principle for lines of credit and industries. Analysis of lines of credit of main object and industries were as follows:

Analysis of Lines of Credit of Main Object

Unit: USD thousand

Item	Year	Dec. 31, 2005		Dec. 31, 2004	
		Amount	Ratio to Outstanding of Loans(%)	Amount	Ratio to Outstanding of Loans(%)
Private Enterprises		315,094	15.14	325,959	17.41
Public Enterprises		92,118	4.43	136,579	7.30
Non-profit Corps		13,390	0.64	791	0.04
Government Agencies		195,922	9.42	235,088	12.55
Private Persons		1,464,394	70.37	1,174,133	62.70

Note: Including non-performing loans where above.

Analysis of Lines of Credit of Private/Public Enterprises

Dec. 31, 2005		Dec. 31, 2004	
Category	Ratio(%)	Category	Ratio(%)
Manufacturing	8.27	Manufacturing	11.06
Water & Power	2.38	Water & Power	3.46
Construction	1.69	Construction	3.80
Whole Sale & Retail	1.94	Whole Sale & Retail	1.58
Accommodation & Repast	0.34	Accommodation & Repast	0.39
Carriage, Warehousing & Communication	0.58	Carriage, Warehousing & Communication	0.70
Banking & Insurance	0.23	Banking & Insurance	0.08
Real Estate & Leasing	2.41	Real Estate & Leasing	1.39
Society Service	1.73	Society Service	2.25
Non-profit Corps	0.64	Non-profit Corps	0.04

Note 1: Including non-performing loans and foreign exchange where above.

Note 2: Industries Summary of credit extension was based on "The credit extension objects and purpose analysis" of Central Bank of China (Taiwan) which came of the total credit extension ratio of the summary of public/private enterprises where above.

Note 3: In 2005, COTA Bank put the accent on consumer loans and SME corporate loans (big enterprise loans were to be a supporting role), and avoiding large loans (e.g. syndicated loans and public enterprise loans) to reduce the risk and make funding smoothly.

Analysis of Lines of Credit to Related Parties

In 2005, due to parts of directors and supervisors changing, the amount above increased USD8,886 thousand, but its ratio of credit line outstanding is only 1.25%. COTA Bank shall conform to the laws when deal with the loan business, and always pays attention to the movement of loans.

Unit: USD thousand

Assortment	Dec. 31, 2005		Dec. 31, 2004	
	Amount	Ratio to Outstanding of Loans(%)	Amount	Ratio to Outstanding of Loans(%)
Consumer Loans	791	0.04	487	0.03
Mortgage Loans for Employees	5,813	0.27	5,295	0.28
Other Transactions of Lines of Credit to Affiliated Parties	19,872	0.94	10,986	0.59

Note 1: Lines of credit to related parties which are in accordance with Banking Law.

Note 2: Ratio of lines of credit to related parties to total credit lines = Lines of credit (defined by Banking Law) / Total credit lines.

Note 3: Total credit lines include remittance bills, loans, discounts (include import/export negotiation), acceptance receivables and guarantee receivables.

Analysis of Lines of Credit

Accordinging the analysis of lines of credit, over 50% were all under TWD5,000,000. It is apparent that COTA Bank diversifies the credit lines and assumes low risks.

Unit: USD thousand

Tier	Dec. 31, 2005		Dec. 31, 2004	
	Amount	Ratio to Outstanding of Loans(%)	Amount	Ratio to Outstanding of Loans(%)
TWD1~1,000,000	466,981	22.44	319,598	17.07
TWD1,000,001~5,000,000	619,933	29.79	520,907	27.82
TWD5,000,001~10,000,000	211,503	10.16	164,273	8.77
TWD10,000,001~50,000,000	351,948	16.91	318,503	17.01
TWD50,000,001~100,000,000	105,234	5.06	142,544	7.61
TWD100,000,001~500,000,000	218,807	10.52	186,093	9.94
Over TWD500,000,001	106,512	5.12	220,633	11.78

Note: Including non-performing loans and foreign exchange where above.

Analysis of Collateral Assortments

According to the analysis of collateral assortments, over 50% were collateral as immovable. It is apparent that COTA Bank is conservative and keeps in moderation, and assumes lower risks.

Unit: USD thousand

Assortment \ Year	Dec. 31, 2005		Dec. 31, 2004	
	Amount	Ratio to Outstanding of Loans(%)	Amount	Ratio to Outstanding of Loans(%)
Non-collateral	823,554	39.58	721,120	38.51
Collateral as Stocks	6,147	0.29	6,360	0.34
Collateral as Certificate of deposits	18,807	0.90	10,925	0.58
Collateral as Immoveable - Land	167,285	8.04	237,705	12.69
Collateral as Immoveable – Building & Land	927,998	44.60	828,698	44.26
Collateral as Moveable Property	127,693	6.14	58,521	3.13
Checks Receivable	9,434	0.45	8,977	0.48
Others	0	0	243	0.01

Note 1: Including non-performing loans and foreign exchange where above.

Note 2: Even though the amount and ratio of non-collateral loans increased USD102 thousand, but almost shared between consumer loans and SME loans, did not center on single business or firm. Due to the amount and ratio of Collateral as Immoveable or Moveable Property also increased, the credit risks were controlled.

6-6-4-3. Liquidity Risk Management

In order to maintain adequate liquidity, COTA Bank makes legal reserve and liquidity reserve according to Central Bank's regulation and furthermore closely monitors the impact of liquidity gap on banking operation. COTA Bank's liquidity is healthy as evidenced by its current ratio of 12.40%, higher than regulator's minimum requirement of 7%. Besides, with the purpose of preventing liquidity risk, COTA Bank set up liquidity risk indicator. Prompt and following necessary action could be duly performed when the indicator is close to warning level to avoid liquidity problem.

- A. Borrowing short-term loan: Call loans due to bank, RP, Due to Central bank, Discounts
- B. Issuing of NCD and financial debentures
- C. Increasing deposits: changing interest rate of deposits or inter-branch accounts
- D. Sell short-term investments (not including of liquid reserves)
- E. Avoid increasing loans or not deferring matured liability
- F. Sell assets of credit

To deal with fluctuating macro-economic environment and financial market, COTA Bank establishes Asset and Liability Management Committee to dynamically adjust business strategy and asset/liability structure for achieving efficient cash management. To this end, COTA Bank utilized various ratios such as loan to deposit ratio, liquidity asset to total asset ratio, liquidity asset to total deposit ratio and maturity tenor analysis to measure bank's liquidity level.

6-6-4-4. Maturity Analysis of Assets and Liabilities

In order to achieve operation goal, the utmost strategy of asset management is to balance the relationship between rate of return and security and to focus on liquidity. Most of asset in COTA Bank is extension of credit including medium-term loan and long-term loan. Most of liability is time deposit. The liquid gap in COTA Bank under one year is negative. It means the value of short-term loan is more than liquidity asset. On the other hand, the liquid gap over one year is positive because the value of medium-term and long-term is smaller than non-liquid asset. Including TWD6.8 billions of commitment credit line accumulated gap for each period is around negative TWD8 billions. The percentage of time deposit rollover is 80. The percentage of change in liquid asset balance is below twenty. It can cover the gap of liability gap less than one year. Because assets and liabilities management in a short term is active and the liquidity of our cash flow is good, COTA Bank uses surplus cash flow to invest re-sell agreements. Goodwill is the usual resource of long-term cash flow in COTA Bank.

Asset and Liability Due Date Analysis- Local Currency

Unit: TWD million and as of Dec. 31, 2005

Item	Total	Amount Due To Date of Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More than 1 Year
Asset	88,798	12,142	7,605	7,391	7,100	54,560
Liability	96,867	39,621	9,820	11,812	26,344	9,270
Gap	(8,069)	(27,479)	(2,215)	(4,421)	(19,244)	45,290
Accumulative Gap	(8,069)	(27,479)	(29,694)	(34,115)	(53,359)	(8,069)

Note: Foreign currency not included

Asset and Liability Due Date Analysis- Foreign Currency

Unit: USD thousand as of Dec. 31, 2005

Item	Total	Amount Due To Date of Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More than 1 Year
Asset	49,161	42,432	1,496	5,234	0	0
Liability	49,161	46,037	1,137	367	1,621	0
Gap	0	(3,605)	359	4,867	(1,621)	0
Accumulative Gap	0	(3,605)	(3,246)	1,621	0	0

Note: All currencies exchange into US Dollars

6-7. Major Guideline for Unforeseeable Events Handling

6-7-1. Purpose

To prevent the Bank from or reduce damage of unforeseeable events, a guideline of contingency plan is set up to obtain prompt recovery.

6-7-2. Organization

- Contingency task force is organized to handle unforeseeable events. President is the chief convener of this task force.
- Auditing Office is processed as a report center of unforeseeable events.
- Chief Auditor is designed to be emergency contact person of head office; branch general manager is designed to be emergency contact person of branches.

6-7-3. Process

Emergency contact person should immediately report the situation and processing flow of unforeseeable events to head office report center.

Head office report center should conduct

- a. Report to the convener of contingency task force.
- b. Recall related offices to draw contingency plan to process unforeseeable event.
- c. Report to the authorities concerned.

6-8. Other Significant Items: NONE

7. Corporate Governance

Status of COTA Bank's corporate governance and comparison with The Principles of Corporate Governance of banking.

Item	Status of Operation	Differences from General Guideline of Banking and Reasons
<p>I. Bank's equity structure and shareholder's right</p> <p>(1) Method to deal with suggestion of shareholder or argument.</p> <p>(2) Status of controlling the roster of major shareholders who own a relatively high percentage of shares and who have an actual control over the company, and of the ultimate controllers of those major shareholders.</p> <p>(3) Establishment of the firewalls and risk control with affiliated enterprises</p>	<p>(1) To entrust the appropriate corporate departments to handle matters pursuant to shareholder's suggestion immediately. Protected shareholder's equity. Justly dealing shareholder Court case accusation.</p> <p>(2) Trace the roster of major shareholders monthly.</p> <p>(3) No affiliated enterprise.</p>	<p>(1) No difference</p> <p>(2) No difference</p> <p>(3) Could not be compared</p>
<p>II. The composition and duty of board of directors</p> <p>(1) Establishment of Independent director.</p> <p>(2) Status of regular evaluation of the independence of the auditing CPA.</p>	<p>(1) Have not implemented. (Current including 5 directors with independent capacity out of 13 directors)</p> <p>(2) Annual assessment.</p>	<p>(1) Difference; have not implemented.</p> <p>(2) No difference</p>
<p>III. The composition and duty of board of directors</p> <p>(1) Establishment of independent supervisor.</p> <p>(2) Status of communication among supervisors, shareholder and staff of the bank</p>	<p>(1) Have not implemented.</p> <p>(2) Supervisors may investigate the operational and financial condition of the Bank from time to time, and set up the directory of members for easy communicate.</p>	<p>(1) Difference; have not implemented.</p> <p>(2) No difference</p>
<p>IV. Status of communication with relative party.</p>	<p>Easy communication channels go by face to face/telephone/written/internet.</p>	<p>No difference</p>
<p>V. Public disclosure of information</p> <p>(1) Set up website to disclosure financial report and corporate governance information.</p> <p>(2) Other method of public disclosure of information adopted (ex. provide English versions of information website, appoint personnel exclusively responsible for gathering and disclosing information, and establish a spokesperson system, process of conference call record in website.)</p>	<p>(1) www.cotabank.com.tw as our website to disclosure financial report.</p> <p>(2) Designed Senior executive vice as spokesperson represented the Bank in public issues. Accounting Office is responsible for collecting and disclosure the information.</p>	<p>(1) Partial difference; have not including corporate governance information.</p> <p>(2) No difference</p>

VI. Status of set up committees with various functions likes Audit Committee.	Have not implemented	Difference; have not implemented.
VII. Please describe any difference between corporate governance with The Principles of Corporate Governance . Partial guidelines have not implemented.		
VIII. Other information regarding corporate governance. (Members of the board of directors and supervisors participate in training courses, meeting record of Supervisors' and directors' attendance, policy of risk management and the status of standard of risk measurement, consumers protection and the policy of relationship management, the rights of and relationships between interested persons voluntarily refuse, contracted for the independent directors and independent supervisors of duty insurance. Duty of managers.):None		
<p>IX. Other information regarding corporate governance. (Members of the board of directors and supervisors participate in training courses, meeting record of Supervisors' and directors' attendance, policy of risk management and the status of standard of risk measurement, consumers protection and the policy of relationship management, the rights of and relationships between interested persons voluntarily refuse, contracted for the independent directors and independent supervisors of duty insurance.):</p> <ol style="list-style-type: none"> 1. Members of the board of directors and supervisors participate in training courses: Since June,2005, after board of directors meeting, "Taiwan Securities and Futures Institute" have arranged 12-hr administration courses for us. Also, they inform directors and supervisors of any related information. 2. Meeting record of supervisors and directors attendance: Besides extraordinary board meetings, we convene a quadrate conference every three months and invite supervisors to attend as observers. 3. The policy of risk management and standard of risk management: We obey rules of government and BIS to make policies of risk management to ensure our safety of administration and achievements. 4. Consumer s protection and the policy of corporate governance: Abided by standard of government of the Bank Association, we set up rules to follow the contract and provide complaint phone line and e-mail box to protect and satisfy consumers. 5. The rights of and relationships between interested persons voluntarily refuse: Members of the board of directors should refuse to vote on interested persons. 6. Contracted for the independent directors and independent supervisors of duty insurance: We haven t bought duty insurance. <p>Note 1: Members of the board of directors and supervisors participate in training courses, please refer to "Sample for the rules of directors and supervisors on TSE or OTC participate in training courses" promulgated by TAIWAN STOCK EXCHANGE CORPORATION.</p> <p>Note 2: Statement should include the policy of risk management, standard of risk measurement, consumer's protection and the policy of corporate governance.</p>		

8. The Particular Notes

8-1. Data of Affiliated Firms: NONE

8-2. Implementation of the Internal Control System.

8-2-1. We have conduct self-evaluation on the effectiveness of the design and execution of our internal control system pursuit to obey the regulation of internal control and auditing promulgated by the competent authority.

8-2-2. For year 2005, the internal control system has performed effectively without major deficit.

8-3. Cases or Penalties due to infliction of Laws and Regulations over the Past Two Years: NONE

8-4. Records of Directors or Supervisors Held Different Opinions for Important Resolutions in the Recent Year: NONE

8-5. The Conditions of Private Securities Place in the Recent Year: NONE

8-6. The Conditions of Subsidiaries hold or Disposal the Stock of COTA Bank in the Recent Year: NONE

8-7. Major Resolutions of Shareholders Meeting or Board of Directors Meeting in Recent Year:

Year	2004	2005	2005
Nature of Shareholders Meeting	Shareholders' General Meeting	Shareholders' General Meeting	Shareholders' Extraordinary Meeting
Convoking Date	May 07, 2004	May 24, 2005	Sep. 17, 2005
Resolutions	<ul style="list-style-type: none"> ■ 2003 surplus earnings increment to issue the new stocks assignment ■ Standing rules revised 	<ul style="list-style-type: none"> ■ 2004 surplus earnings increment and employee bonus to issue the new stocks assignment ■ Standing rules revised ■ Reelection of directors and supervisors 	<ul style="list-style-type: none"> ■ Acquired the business operation and balance of Fengyuan Credit Cooperative ■ Release the directors from non-competition restrictions.

Statement of Internal Control

Feb. 24, 2006

On behalf of the COTA Commercial Bank, we declare that during the period of Jan. 1, 2005 through Dec. 31, 2005 the Bank of COTA Commercial Bank did conform to the provisions of the “Guidelines for the establishment of internal control and internal audit systems” by establishing an internal controls system and undertaking risk management, and by having auditing carried out by an impartial and independent auditing unit, with reports submitted on a regular basis to the Board of Directors and Supervisors. Careful assessment shows that with the exception of items listed in the attached chart, the internal control systems of and compliance with laws and regulations by the different units were all implemented effectively. This statement form part of the annual report and publicly disclosed. We understand that we are legally bound to SEC ordinance no.20, 32,171 and 174.

Attested by

Chairman : Chun-Tse Liao

President : Ying-Che Chang

Compliance Officer : Yi-Hsiung Lai
and Chief Auditor

Items for Improvement and Plan Table of Internal control

As of Dec. 31, 2005

Items for Improvement	Improvement Measure	Target Date
<p>1.Constant minimizing the ratios of NPL, expected the ratios to be less than 2.5%.</p>	<p>1.NPL Management Center should actively superintend all branches to dun the overdue in haste.</p> <p>2.Strengthen credit preview and afterward management, training ability of credit review and preventing occurrence of overdue loans.</p> <p>3.Align credit review policies and develop diversified loan products, example as form SME Banking Center to enhance SME loan and finance management.</p> <p>4.Set up internal auditing procedures in line with new launched business. Firmly carry out internal auditing.</p> <p>5.Disperse risk and increase loan outstanding to lower the ratios of NPL than 2.5%.</p>	<p>1.Launch active write-off to reach the general banking standards according to the plan of NPL management.</p>
<p>1.Acquired Fengyuan credit Cooperative and prepared to set up Tainan Branch and Kaohsiung Branch. Expand business scale to over TWD 100 billion.</p>	<p>1.Expand and move the branches to outer county city to diversified regional risk.</p> <p>2.Consider interest rate risk, control operating strategy of low interest rate product.</p> <p>3.Enhance training of the wealth management and account officer to expand new business and reduce risk of operation.</p> <p>4.Strengthen internal culture integration, quality of services and ceremonial training.</p> <p>5.Keep providing auditing training courses for personnel and strengthen concept of internal control and relative law.</p>	<p>Carefully execute in the new business year.</p>

Chronological Highlights

- 1999.01.01 COTA Commercial Bank Co., Ltd. Officially inaugurated business services.
- 1999.01.02 Mr. Liao Chun-Tse, Mr. Yen Chun-chi, Mr. Lin Ping-Chih, Mr. Yang Chao-Hui and Mr. Wu Wen-Hua were elected the managing directors in the first board of directors meeting of the first session, Mr. Liao Chun-Tse elected the chairman and Mr. Wang Chun-chuan appointed the General Manager.
- 1999.01.03 Started up foreign exchange services with trading of USD, JPY, HKD in cash and traveler checks.
- 1999.01.14 Held a press conference for COTA Bank's officially opening.
- 1999.01.15 Hosted COTA Commercial Bank grand opening cocktail party.
- 1999.02.05 Started up comprehensive deposit services.
- 1999.03.16 Totally replaced stock certificates of Taichung Third Credit Cooperative into common share certificates of COTA Commercial Bank Co., Ltd.
- 1999.03.25 Donated the TWD54.2 million Taichung Third Credit Cooperative public welfare fund to COTA Cultural & Educational Foundation in full, and duly elected directors and supervisors of the Foundation.
- 1999.03.25 Started up guarantee services
- 1999.04.14 Relocated head office, approved by Ministry of Finance under doc. no. Tai-Tsai-Jung 88112588, to 32~1 Park Avenue, Taichung on July 1.
- 1999.05.05 Held preparatory meeting for COTA Cultural & Educational Foundation.
- 1999.05.25 Held the member representative banquet for Taichung Third Credit Cooperative.
- 1999.06.10 Signed a contract to team up with Shanghai Commercial Savings Bank to jointly promote foreign exchange services
- 1999.07.28 allied with Bank of Panhsin, Yanghsin Commercial Bank, Hua Tai Commercial Bank and Kaohsin Commercial Bank to jointly set up "Financial Development Alliance"
- 1999.09.03 Set up three additional branches, Zhanghua Branch, Yuanlin Branch and Fengyuan Branch as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung-Tze 88744410.
- 1999.09.17 Director and General Manager Wang Chun-chuan resigned from the concurrent post of General Manager.
- 1999.11.29 The board of directors appointed Mr. Chang Ying-Che as the General Manager in its 6th extraordinary meeting of the first session.
- 2000.01.01 General manager Chang Ying-Che inaugurated
- 2000.01.01 Passed the Y2K testing
- 2000.04.26 Set up Fengyuan Branch
- 2000.05.10 Held 2000 shareholders' general meeting.
- 2000.05.19 Set up Zhanghua Branch.
- 2000.07.07 Set up Yuanlin Branch.
- 2000.10.21 Chairman, MR. Liao Chun-Tse, was conferred an Outstanding Enterprise Leader and honorary administrator of Committee on Outstanding Enterprise Manager.
- 2000.11.01 Chairman, MR. Liao Chun-Tse, was conferred an award of Golden Merchant
- 2000.11.03 Wenhsin Branch spin into two mini branches as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung 89759294.
- 2001.01.05 Started business for Credit card.
- 2001.04.02 Set up Wenhsin Mini Branch and Beitun Mini Branch.
- 2001.04.12 Beitun Branch moved to Shalu Town, Taichung country and renamed as Shalu Branch.
- 2001.05.28 Savings Dept. renamed Taichung Branch as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung 90192708.
- 2001.06.01 Started business of insurance agency.
- 2001.06.19 Held 2001 shareholders' general meeting and elected second session directors and supervisors.
- 2001.06.21 Started Trust business as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung (3)-Tze 90746774.
- 2001.07.17 Started Internet banking services as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung- (3)-Tze 90234040.

- 2001.07.25 Special Assistant Lai Te-Chiang retired.
- 2001.08.01 Established Taipei Branch as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung (3) 90303504.
- 2001.08.23 Stared Internet Banking services.
- 2001.09.17 Senior executive vice president Wang Lien-Kuei retired.
- 2001.09.24 Savings Dept. renamed Taichung Branch.
- 2001.09.24 Business of Corporate Banking centralized.
- 2001.09.28 Added Hsinchu city and Hsinchu Hsien to be business area as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung (3) 90721973.
- 2001.10.26 COTA Bank was rated by Taiwan Ratings co.
- 2001.11.09 Yuanlin Branch was achieved TWD1 billion for business of loan.
- 2001.12.10 Supervisor Mr. Lai Su-Lang passed away.
- 2001.12.31 Senior executive vice president Chiang Po-ling retired,
Chief auditor Lin Tien-Hsiang retired.
- 2002.01.01 Mr. Liao Chun-Tse, Mr. Wang Chun-chuan, Mr. Wu Wen-Hua, Mr. Chiang Po-ling and Mr. Lin Ping-Chih were elected as
managing directors in the board of directors meeting. Mr. Liao Chun-Tse elected as the chairman.
- 2002.02.01 Set up Consumer Banking center and NPL Management center.
- 2002.02.01 Credit Card center was combined into Consumer Banking center.
- 2002.03.11 Set up Taipei Branch.
- 2002.03.11 Chairman, MR. Liao Chun-Tse, was conferred an honorary consultant of The Republic of Honduras Honduras consulate general
Taipei office.
- 2002.04.01 Started car loans by Consumer banking center.
- 2002.05.09 Held 2002 shareholders' general meeting.
- 2002.06.27 Added Taoyuan hsien to be business area as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung- (3)-Tze 0913000230.
- 2002.08.12 Chairman, MR. Liao Chun-Tse, was conferred an Outstanding Businessman in the 3rd session.
- 2002.09.01 Stared index-linked home loan services
- 2002.09.16 Started Cash card services by Consumer Banking center.
- 2002.10.02 Started Trust business.
- 2003.02.17 Zhongzheng Branch moved to Taoyuan city and renamed Taohyuan Branch, Wenhsin Mini Branch moved to old Zhongzheng
Branch address and renamed Zhongzheng Mini Branch as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung- (3)-Tze
0920005698.
- 2003.02.19 Started phone selling by Trust Dept.
- 2003.04.18 General Manager, MR. Chang Ying-Che, was conferred an Outstanding Enterprise Manager.
- 2003.04.21 Zhongzheng Mini Branch reopened for business.
- 2003.05.06 Held 2003 shareholders' general meeting.
- 2003.05.31 Director Lin Ping-Chih demised.
- 2003.06.19 Standing Supervisor Lin Chia-Chu passed away.
- 2003.07.25 Set up Taoyuan Branch.
- 2003.09.16 Added Taipei and Taipei hsien to be business area as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung- (3)-Tze
0920033399.
- 2003.10.20 Director Liao Chun-Chao passed away.
- 2003.11.21 COTA Bank was rated by Taiwan Ratings co.
- 2003.12.08 Stared offset interest-free home loans.
- 2003.12.20 Held ocean concert in highway rest-station of Qingshui.
- 2003.12.26 COTA Bank was selected as the director of Taiwan cooperative bank.
- 2003.12.31 The profit in business of insurance agency was achieved TWD10 million.

2004.01.01	Started up chip ATM card services.
2004.01.14	Launched credit card consuming statement on-line enquiry service in internet banking.
2004.01.15	Launched re-circulating ATM.
2004.02.16	Launched broadband transmission intra bank network.
2004.05.04	Provided personnel training for account officer.
2004.05.07	Held 2004 shareholders' general meeting.
2004.07.01	Established consultants of wealth management.
2004.07.05	Renewed core computer systems.
2004.07.06	Added Taipei city as business area as approved by FSC under doc. no. (3)0930022905.
2004.07.15	Set up the day as the base day for COTA Bank 2003 fiscal year surplus earnings increment to issue the new stocks assignment.
2004.07.27	Relocated Shalu branch to Panchiao branch as approved by FSC under doc. no. (3)0930023291.
2004.08.01	Senior executive vice president Huang Mu-Chuan retired.
2004.09.01	Centralized collateral re-pricing to Credit Management Dept. Set up on-line newsletter service operation system.
2004.10.01	Launched TAIEX Index Fund Transaction System by Trust Dept.
2004.10.26	The latest credit rating of COTA Bank was issued by Moody's Investors Service: Long term rating of banking deposit is from Baa2.tw to A3.tw; Short term rating of banking deposit as tw-2.
2004.11.04	The 58 th Financial Commerce Champion was made award to General Manager Chang Ying-Che.
2004.11.09	Director Wu Wen-Hua relieved the responsibility.
2004.11.11	Panchiao branch opened
2004.11.24	FSC approved COTA Bank to set up International Banking Department.
2004.12.22	The latest credit rating of COTA Bank was issued by Taiwan Ratings Company: Long term rating of liabilities is from twBB+ to twBBB+ Short term rating of liabilities is from twB to twA-2 Prospect for rating was stable
2004.12.30	All ATMs, matched with the next generation chip ATM card specification, were completed changing.
2005.03.16	Established International Banking Department
2005.05.06	Issued century anniversary chip credit card of Taichung train station.
2005.05.24	Held 2005 shareholders' general meeting and elected 3rd session directors and supervisors
2005.05.25	Mr. Liao Chun-Tse, Mr. Hang Mu-Chuan, Mr. Wang Chun-Chuan, Mr. Hsieh Tung-Po, Mr. Li Yao-Ting were elected as the managing directors in the board of directors. Mr. Liao Chun-Tse was elected as the chairman
2005.09.09	Issued subordinated bank debenture for TWD2.5 billion as approved by FSC under doc. no. (3)0940024574
2005.09.17	Held 2005 shareholders' extraordinary meeting and approved to acquired Fengyuan Credit Cooperative
2005.11.04	Joint as member of SMEG (Small and Medium Business Credit Guarantee Fund)
2005.11.17	Acquired Fengyuan Credit Cooperative as approved by FSC under doc. no. (3)0943001682.
2005.12.12	Relocated Credit Card Center to 339, Dazhi Road., Taichung City.
2005.12.27	The latest credit rating of COTA Bank was issued by Taiwan Ratings Company : Long term rating of liabilities is "twBBB+" Short term rating of liabilities is "twA-2" Prospect for rating was stable
2006.01.01	The effective day of Fengyuan Credit Cooperative merged into COTA Bank. Added six branches: Fengxin branch, Zhongshan branch, Fengle branch, Fengdong branch, Shiqian branch and Sanmin branch.

Head Office and Branches

Unit	Address	TEL	FAX
Head Office	59 Shihfu Road, Central District, Taichung City 400, Taiwan (R.O.C.)	886-4-22245171	886-4-22275237
Trust Dept.	8F, 580 Jinhua Road, North District, Taichung City 404, Taiwan (R.O.C.)	886-4-22304100 Ext. 551	886-4-22372307
International Banking Dept.	2F., 246 Yangguang Street, Neihu District, Taipei City 114, Taiwan (R.O.C.)	886-2-87533599	886-2-87533573
Consumer Banking Center	10F, 580 Jinhua Road, North District, Taichung City 404, Taiwan (R.O.C.)	886-4-22384596	886-4-22384591
SME Banking Center	11F, 580 Jinhua Road, North District, Taichung City 404, Taiwan (R.O.C.)	886-4-22370028	886-4-22372595
Credit Card Center	2F., .339, Dazhi Road., East District, Taichung City 401, Taiwan (R.O.C.)	886-4-22805288	886-4-22805099
Taichung Branch	59 Shihfu Road, Central District, Taichung City 400, Taiwan (R.O.C.)	886-4-22245161	886-4-22234491
Banking Dept.	32-1 Gongyuan Road, Central District, Taichung City 400, Taiwan (R.O.C.)	886-4-22211186	886-4-22229536
Zhongzheng Mini Branch	330 Zhongzheng Road, Central District, Taichung City 400, Taiwan (R.O.C.)	886-4-22241115	886-4-22229359
Chenggong Branch	580 Jinhua Road, North District, Taichung City 404, Taiwan (R.O.C.)	886-4-22304100	886-4-22304701
Xitun Branch	458 Sec. 2, Henan Road, Xitun District, Taichung City 407, Taiwan (R.O.C.)	886-4-27062968	886-4-27063816
Guoguang Branch	333 Sec. 3, Fusing Road, South District, Taichung City 402, Taiwan (R.O.C.)	886-4-22245111	886-4-22229281
Dazhi Branch	339 Dazhi Road, East District, Taichung City 401, Taiwan (R.O.C.)	886-4-22815998	886-4-22815977
Linsen Branch	99 Linsen Road, West District, Taichung City 403, Taiwan (R.O.C.)	886-4-23725151	886-4-23723024
Nanmen Branch	75 Nanmen Road, South District, Taichung City 402, Taiwan (R.O.C.)	886-4-22871146	886-4-22862412
Jinhua Branch	255 Jinhua North Road, North District, Taichung City 404, Taiwan (R.O.C.)	886-4-22333550	886-4-22335164
Nantun Branch	410 Nantun Road, Nantun District, Taichung City 408, Taiwan (R.O.C.)	886-4-24718500	886-4-24758522
Beitun Mini Branch	751 Sec. 4, Wunsin Road, Beitun District, Taichung City 406, Taiwan (R.O.C.)	886-4-22426565	886-4-22417153
Fengyuan Branch	214 Yuanhuan E. Road, Fengyuan City, Taichung County 420, Taiwan (R.O.C.)	886-4-25151788	886-4-25151895
Zhanghua Branch	181 Sec. 2, Zhongzheng Road, Zhanghua City, Zhanghua County 520, Taiwan (R.O.C.)	886-4-7298686	886-4-7298585
Yuanlin Branch	189 Sec. 1, Datong Road, Yuanlin Town, Zhanghua County 510, Taiwan (R.O.C.)	886-4-8383888	886-4-8383666
Taipei Branch	246 Yangguang Street, Neihu District, Taipei City 114, Taiwan (R.O.C.)	886-2-87512588	886-2-87512788
Taoyuan Branch	9 Sec. 2, Chenggong Road, Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	886-3-3470505	886-3-3357373
Panchiao Branch	260 Minzu Road, Panchiao City, Taipei County 220, Taiwan (R.O.C.)	886-2-89536001	886-2-89536011
Fengxin Branch	151, Zhongzheng Road., Fengyuan City, Taichung County 420, Taiwan (R.O.C.)	886-4-25224281	886-4-25269539
Sanmin Branch	58, Zhongxiao Street., Fengyuan City, Taichung County 420, Taiwan (R.O.C.)	886-4-25234894	886-4-25269559
Shiqian Branch	353, Zhongshan Rd., Fengyuan City, Taichung County 420, Taiwan (R.O.C.)	886-4-25261181	886-4-25269540
Zhongshan Branch	9, Daming Road., Fengyuan City, Taichung County 420, Taiwan (R.O.C.)	886-4-25277155	886-4-25269553
Fengdong Branch	330, Xiangyang Road., Fengyuan City, Taichung County 420, Taiwan (R.O.C.)	886-4-25225072	886-4-25269550
Fengle Branch	693, Zhongzheng Road., Fengyuan City, Taichung County 420, Taiwan (R.O.C.)	886-4-25287055	886-4-25269562