



COTA Commercial Bank

ANNUAL REPORT 2010



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To Our Shareholders



1. To Our Shareholders

1. To Our Shareholders

1-1. Year 2010 Business Report

1-1-1 Financial Environment

In retrospect of year 2010, global emerging economic entities presented strong growing resulted from strong consuming and investing. However, advanced countries' stumbling over numerous national debt and higher unemployment, plus existing uncertainty in European sovereign credit, restrained global economy from backing to stable growth path. Better rebound force in the U.S. economy than anticipated and that in Mainland China as well as constant powerful growth momentum in emerging countries like India driven global economic recovery to uphold a steady upward pattern and hence reach a growth rate at level of 5%. For Taiwan, thanks to supporting with observable economic stimulus adopted by Taiwan government in due course and benefiting from the emerged recovery of main global economic entities to urge glowing in export market and expanding in production and investment, domestic economy was marching in the procession to stable recovery. "Directorate-General of Budget, Accounting and Statistics, Executive Yuan, ROC" published year 2010 domestic economic growth rate in GDP as 10.82%.

In prospect of the coming year, the large-scale recovery stimuli enforced by major economic entities have brought significant effects. Strong growing in Asian emerging economic entities has persistently led global economy to step forward recovery. Consequently, IMF estimates year 2011 global economic growth rate will stand at 4.4%. For domestic economy, benefited from recovery of global economic and sustained expansion of Asian emerging countries, ongoing rebound in Taiwan's export trade provides sure supportive to economic growth. Besides, as fundamental economic factors in increasingly health status restore consumer spending confidence and ECFA and its early harvest items officially take effect, it is anticipated that domestic economy will characterize both external and internal demanding in increasing heating patterns. "Directorate-General of Budget, Accounting and Statistics, Executive Yuan, ROC" estimates year 2011 growth rate in GDP to be 4.92%. In regard to domestic interest rate, owing to strong growth in Asian emerging countries pilots wider expansion in export and private sector investment together with stable increasing in consumer spending, Central Bank of the Republic of China (Taiwan) is likely to adopt a neutral monetary policy by raising interest rate 0.125% respectively in three successive times since Jun, 2010 so as to maintain stable CPI and avoid distorting reasonable capital allocation and posing threat to long-term stabilization of financial market due to over-low real interest rate. For foreign exchange rate, Central Bank of the Republic of China (Taiwan) is expected to maintain its basic tone with upholding a dynamic but stable TWD exchange rate in effects to avoid shocking export industry and then constraining economic recovery due to over-fluctuate exchange rate. As global capital, however, may take an optimistic view in Asian economic growth for year 2011 and increase its demands in Asian currencies along with U.S. dollar is facing a weak currency trend, it seems likely that TWD would confront appreciating pressure in the long term.

1-1-2. Organization Development

- With view to elevate value of branch channel, we combined Shiqian Branch into Fengxin Branch and newly set up Xinzhu Branch to extend business area and provide higher service quality to customer.

- With view to strengthen business capacity, we fulfilled cash capital-raising of TWD500 million to enhance capital structure and uplift operating efficiency.

1-1-3. Year 2010 Business Plans and Strategies Performance

1-1-3-1. Main Achievements

- Set up Xinzhu Branch to extend business scope into Xinzhu area.
- Been named the winner of special award under “The Program to Encourage Lending by Domestic Bank to SME” recognized by the FSC and rewarded to convert Beitun Mini Branch into full functional Branch accordingly.
- Awarded the third place of “Tiger-jumping Prize” regarding enrolling number for helping engage business entities as participant of National (Tax) Payment Platform and “System Stabilization Prize” and “Business Promotion Prize” of banking XML(eXtensible Markup Language) business by the Banker Association of the Republic of China.
- Received “Golden Security Awards” recognized by the JCIC for four straight years.
- Launched National (Tax) Payment on-line batched fund-transferring business and established Financial XML Service system to enhance business cohesion with customers and reduce branch operating cost.
- Launched internet banking of foreign exchange business to satisfy customers’ diverse banking demands.

1-1-3-2. Budget Execution

As of Dec. 31, 2010, our deposits balance with sum of TWD106.7 billion (excluding deposits from banks) increased by TWD5.8 billion compared with previous year; our loans balance with sum of TWD85.6 billion increased by TWD9.2 billion compared with previous year. We would urge ourselves to strengthen e-banking services, promote wealth management, foreign exchange and international banking business, develop new trust business, and provide flexible services with one-stop and diverse products in effects to achieve better quality and quantity structure between deposits and loans and higher fee income.

Main business budget executions reported as follows:

- Final account of average deposits balance amounted to TWD101.8 billion, achieved 99% budgeting goal of TWD102.1 billion.
- Final account of average loans balance amounted to TWD78.2 billion, achieved 97% budgeting goal of TWD80 billion.
- Final account of trust assets balance amounted TWD4.38 billion, achieved 87% budgeting goal of TWD5 billion.

1-1-3-3. Financial Structure and Profitability

Our year 2010 earning before income tax figured as TWD137,835 thousand, while earning after income tax as TWD92,467 thousand, turned into EPS as TWD0.24. Our BIS ratio maintained at a sound level of 12.37% as of Dec. 31, 2010, improved from 11.37% as of Dec. 31, 2009 and net worth of per share stood at TWD12.38. Further, in view to strengthen asset quality and increase accumulated bad-debt reserve, we raised our non-performing loan coverage ratio to 116% as of Dec. 31, 2010 from 54.16% as of Dec. 31, 2009. Meanwhile, overdue loan ratio decreased to 0.82% as of

Dec. 31, 2010 from 2.13% as of Dec. 31, 2009. Still, we would constant improve business effectiveness and risk control to boost operating capability and competitive edge.

1-1-3-4. Research and Development

Responding to rapid change of international and domestic economic environments and demands of banking business, our H.O. departments compiled diverse analyses and reports regarding financial situations, banking business development, industrial insight and tendency periodically or non-periodically. Such analyses and reports would circulate to our staff for reference through our electronic official document system.

2. Year 2011 Business Plans Outline

We have always adhered to the never-changing spirit of “value our customer”. We persistently strengthen financial structure and arrange feasible assets allotment to meet the needs of customers. Main business plans are outlined as follows.

2-1. Business Operating Policy

- To deeper cultivate SME loans and expand corporate banking business aggressively.
- To continually adjust and redeploy branch channels to increase effectiveness and efficiency of branch channels.
- To strengthen risk management mechanism and lift up effectiveness and efficiency of operating management.
- To form comprehensive wealth management service and develop wide-ranged wealth management trust business.
- To enhance functions of internet banking platform and e-banking service to lower counter-transaction operational cost and prolong service hours and business opportunity.
- To enhance education and streamline operational procedure to discharge back- office manpower and strengthen proficiency training to accelerate front-desk sales jobs reassignment
- To actively participate regional activities for public welfare to seize niche of community banking.

2-2 Business Target

2-2-1 Main Operating Volume

- Deposits: set average deposits budgeting balance as TWD104 billion, increased by TWD2.2 billion at a year-on-year growth rate of 2.12%.
- Loans: set average loans budgeting balance as TWD82 billion, increased by TWD3.8 billion at a year-on-year growth rate of 4.84%.
- Wealth management (trust asset): set trust asset budgeting balance as TWD5 billion, increased by TWD0.61 billion at a year-on-year growth rate of 13.99%.

Unit: TWD thousand: %

Main Business	Budgeting of Year 2011	Budgeting of Year 2010	Increase volume	
			Amount	%
Average deposits	104,000,000	101,845,415	2,154,585	2.12
Average loans	82,000,000	78,210,710	3,789,290	4.84
Wealth management (Trust asset)	5,000,000	4,386,296	613,704	13.99

2-2-2. Schemed Targets

- To segment market and provide SME with comprehensive product lines and safe, effective service procedure, and further become corporate banking partner for full-array cash and asset management.
- To adjust and redeploy branch channels progressively to increase profitability and market share.
- To improve risk management methodology by reaching an optimal point between profit gain and risk control to acquire stable profit and enhance asset quality.
- To intensify global and local mutual funds and trust products to widen wealth management business scan.
- To widen integration of e-banking cash flows by providing region-free, time-free, and convenient service to help individual and corporate approach practicable cash management and then increase bank's current account capital and fee income.
- To enhance marketing proficiency training and sales skills to build up customer-driven service culture.
- To commit to corporate social responsibility to create better corporate value.

3. Long-term Development Strategy

- To lift higher weight of current deposits, lower capital cost and increase profitability.
- To adjust loans structure, expand business scale of SME and individual loans.
- To develop loans business, wealth management, trust business, foreign exchange, international banking business and e-banking to enhance product lines operating efficiency and improve earnings source.
- To emphasize loans asset quality, lower overdue loans and raise NPL coverage ratio.
- To construct risk management methodology and strengthen risk management operating effectiveness.
- To continually redeploy service locations to enlarge value of branch channels
- To build up and integrate management information system and electronic information platform to maximize IT synergy.
- To strengthen staff training and career plan.
- To continually expand scale of business in line with market tendency and momentum to achieve well-sound and proficiency position of community bank.

4. Impact of Competitive, Regulative and Banking Environments

Along with gradual recovery momentum of global economy, banking operations could advance in better beneficial environment. Nevertheless, competitions among financial institutions are increasingly vehement as influencing by factors that service channels overran by financial holdings and foreign banks, product lines blurred by deregulation, and wealth management market took part by life insurance company and security house. It is believed that financial institutions would undertake on-going reform to improve competitive ability under the supervision of “The Financial Supervisory Commission, ROC (FSC)”. Meanwhile, easing of cross-strait policy and signing of MOU and ECFA are expected to prompt banking industry to modify structure and bring further challenges and opportunities to banking operations.

Considering rapid change of industrial tendency and financial environment, we have fulfilled cash capital-raising of TWD500 million to reinforce competitive ability in financial market. Still, we shall uphold long-standing management policy of stable development by emphasizing internal control and risk management, requesting obedience to law and regulation and concept of risk control. Business expansion will base on the principle of regional rooting and steady growth in connection with increasing financial market openness and regulation reform. Also, new products creation and combination will be kept developing together with service quality enhancement so as to satisfy needs for various industries and customers on which our business transform opportunity and creation of long-lasting competitive edge could rely.

5. Corporate Rating

Category	Rating Agent	Rating		Outlook	Released Date
		Long-term	Short-term		
Local	Taiwan Rating Corporate	twBBB+	twA-2	Stable	Jan.04, 2011

Outlook for year 2011, we would dedicate ourselves to constant cultivating varied business aspects at a steady pace and endeavoring for better customer services in effects to advance business scale, service level, and benefit of shareholders. At last, we would like to express sincere appreciations to our shareholders, directors, supervisors, and the elite in all fields. All of our staff would sustain the enthusiasm to realize service motto of “all customers are equal matter and deserve best services”. We look forward to obtaining continued support and advice from all of you.

Liao, Chun-Tse

Chairman Chun-Tse Liao

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Corporate Profile



2. Corporate Profile

2-1. Bank Features

Bank Name	COTA Commercial Bank, Ltd.
Chairman	Chun-Tse Liao
President	Chin-Ting Chang
Date of Business Registration	Jan. 01, 1999
Date of Inauguration	Jan. 01, 1999
Location of Head Office	No.32-1, Gongyuan Road, Taichung City 400, Taiwan, R.O.C.
Number of Employee	1,074
Paid-in Capital	TWD4,180,451,110
Capital Shares	Common Stock in 418,045,111 Shares



2-2. Historical Highlights

COTA Bank was formerly named “Liability Taichung Third Credit Cooperative”. Founded in 1915, we have consistently conveyed the corporate philosophy featuring, well-sustained to combat in the financial environment characterized by severe competition, as “Briskness, Innovation, Cordiality and Service”. In accordance with the promulgation of “Regulations and Criteria Governing Reorganization of Credit Cooperative into Commercial Banks”, COTA Bank started the reorganization task and launched reorganization in Dec. 1995. On Jul. 27, 1998, COTA Bank was officially approved by Ministry of Finance to be transformed into “COTA Commercial Bank”.

In 2005, COTA Bank invited Fengyuan Credit Cooperative to consider 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 Fengyuan Credit Cooperative. Approved by shareholders’ meeting of both parties, Fengyuan Credit Cooperative was formally merged into COTA Bank on Jan. 01, 2006.

Outlook for the future, COTA Bank is determined to become a full-array commercial bank in spite of quick-changing financial market. Under the support of shareholders and members of board, and the endeavor of all staffs, we are committed to providing all-aspect services for our customers by constant business growth, scale expansion and product diversification.



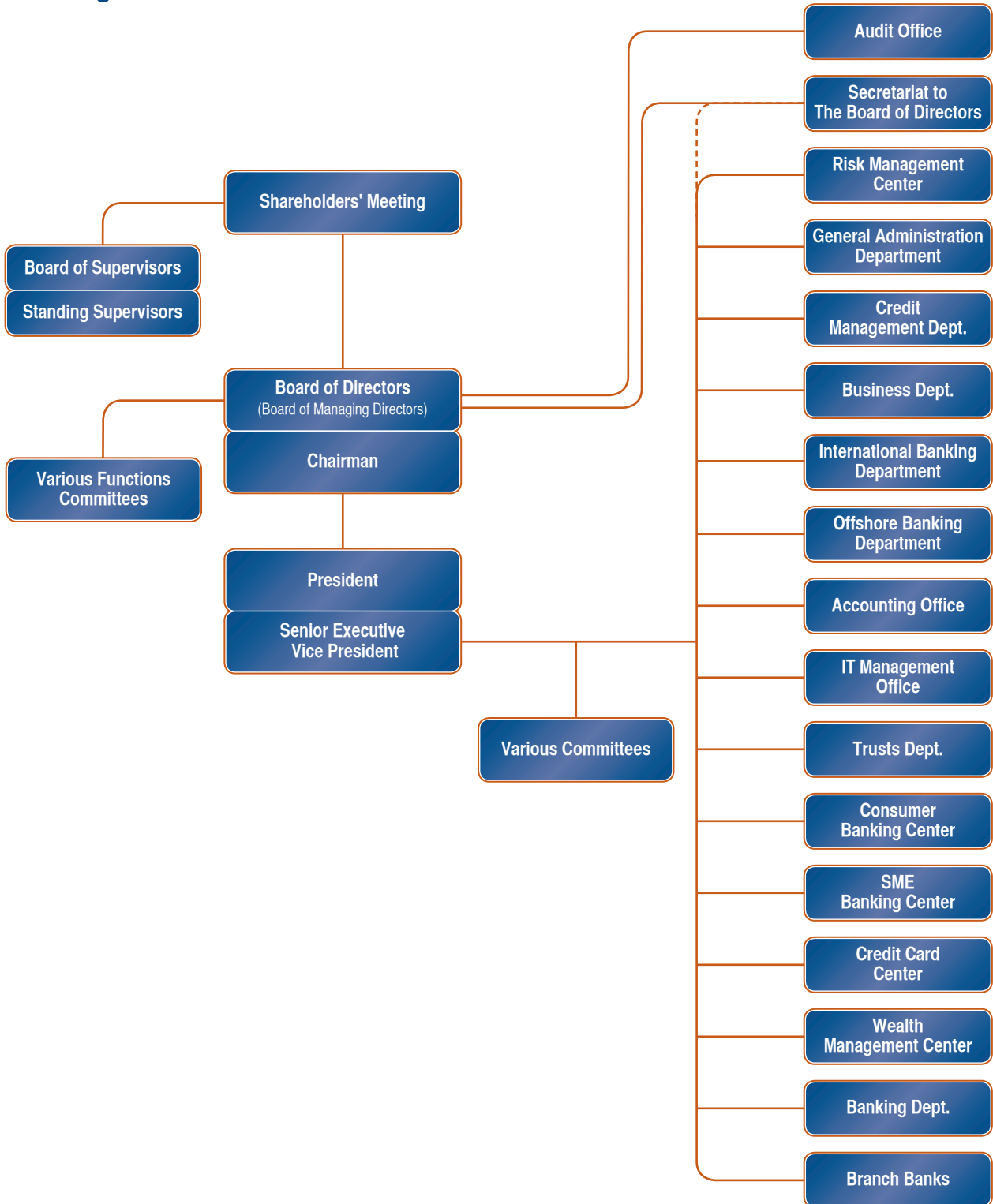
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Corporate Governance

3. Corporate Governance

3-1. Organization

3-1-1. Organization Chart



3-1-2. Major Business of Each Division

3-1-2-1. Secretariat to the Board of Directors

Taking charge of such key tasks of the Board of the Directors and official seal keeping, bank affairs, corporate governance, convening of shareholders' meeting, the Board of the directors and related meetings, election for director and supervisor, etc.

3-1-2-2. General Administration Department

Taking charge of Bank's official seals, documentation, construction and repair, procurement, property control, public relations, general affairs, personnel affairs, organization management, legal affairs and affairs not designed to other departments.

3-1-2-3. Credit Management Department

Taking charge of planning, review, recheck of all loan affairs of Bank, credit investigation, promotion and management for corporate banking, etc.

3-1-2-4. Business Department

Taking charge of the Bank's deposits, remittance, cashier's affairs, warehousing, custody, agency, trust and investment related planning, business and management.

3-1-2-5. International Banking Department

Taking charge of the Bank's foreign currency funds management and foreign exchange related operation, planning, administration and promotion.

3-1-2-6. Offshore Banking Branch

Taking charge of the Offshore Banking related operation, management and investment.

3-1-2-7. Audit Office

Taking charge of auditing over Bank's business, accounting, financing, bank affairs and inventory, etc.

3-1-2-8. Accounting Office

Taking charge of bank's accounting, statistics and annual revenues calculation.

3-1-2-9. IT Management Office

Taking charge of the Bank's ITs related planning automation, operation and management.

3-1-2-10. Banking Department

Engaging in the commercial bank services (Approved by the Central Bank of R.O.C.) as well as trust banking services.

3-1-2-11. Trusts Department

Taking charge of planning, promotion, and management of the Trust banking related affairs.

3-1-2-12. Risk Management Center

Taking charge of formulation and revise for risk management policies, plan and design for risk management system, establishment and integration for risk management guidelines, monitoring the performance and others; the Bank's non-performing loans related planning, tracing and management.

3-1-2-13. Consumer Banking Center

Taking charge of planning, review, dunning on overdue receivables, credit investigation, recheck of all loan affairs of the consumer and promote financial products.

3-1-2-14. SME Banking Center

Taking charge of planning, review, dunning on overdue receivables, credit investigation, recheck of all loan affairs of the SME and promote financial products.

3-1-2-15. Credit Card Center

Taking charge of Bank's Credit card affairs related planning, promotion and management.

3-1-2-16. Wealth Management Center

Taking charge of planning, promotion, and training of Wealth Management and Non-Wealth Management for selling financial commodity.

Above-mentioned department, office or center may, based on business need, propose for Board of Directors' resolution to establish, dismiss or combine. Units of H.O. may found north or south regional centers and their joint office.

3-2. Major Information of Directors, Supervisors, Executives and the Principal Officers

3-2-1. List of Directors and Supervisors

As of Dec. 31, 2010, Shares Held (%)

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	Jun. 20, 2008	3	Jan. 01, 1999	4,648,209	1.3071	5,500,000	1.3156	12,824	0.0031	-	-	The Society for Professional Management, UK Diploma in Professional Management (Business Management Dr. in P.I.U.) President, Senior Executive Vice President and Chairman of the board of Liability Taichung Third Credit Cooperative, Director of TACB Supervisor of FDU Personal Insurance Agent Co., Ltd.	Chairman of COTA Bank Insurance Broker Co., Ltd.
Managing Director	Ying-Che Chang	Jun. 20, 2008	3	Jan. 01, 2002	1,309,842	0.3683	1,721,441	0.4118	21,774	0.0052	-	-	Department of International Trade, Feng Chia University, President of COTA Bank	
Managing Director	Yao-Ting Li	Jun. 20, 2008	3	Jan. 01, 1999	1,585,193	0.4458	1,841,274	0.4404	244,345	0.0584	-	-	National Taichung Institute of Technology, Chairman of Yuan Feng Dyeing & Weaving Co., Ltd., Managing director & President of Fu Shan Dyeing & Weaving Co., Ltd.	
Managing Director	Dong-Po Xie	Jun. 20, 2008	3	Jan. 01, 2002	1,336,612	0.3759	1,674,981	0.4007	220,616	0.0528	-	-	Post graduate of University of California in U.S.A., The Hong Kong College of Medicine, Representative of Liang Yow Biotechnology Inc., Chairman of Magnistar International corp., Director of Feng Tzer Electronics Co., Ltd.	Chairman of Cheng Shing Tai Biopharmaceutical Co., Ltd. Director of Yen Sheng Broadcasting Station Director of Tien Sheng Broadcasting Station Directors of Sicame Commercial Affairs Hotel Inc. Directors of Tung Kai An Leisure Development Inc. Chairman of Cheng Shing Tai Biotechnology Co., Ltd.
Managing (Independent) Director	Yen-Chun Wang	Jun. 20, 2008	3	Jun. 20, 2008	-	-	1,800,000	0.4306	-	-	-	-	National Taiwan University Graduate Institute of Electrical Engineering Director of Tai Chiun Technology Co., Ltd. Director of China hsiu Tzu Co., Ltd. Chairman of Wei Hsin Co., Ltd.	Chairman of United Integrated Services Co., Ltd. Chairman of Unimens Manufacturing Co., Ltd. Director of Han Tai Investment Co., Ltd. Director of Jong ching Investment Co., Ltd. Director of Shin Cheng Investment Co., Ltd. Director of Ablerex Electronics Co., Ltd. Independent Director of Coretronic Corporation
Director	Chan-Wen Lin	Jun. 20, 2008	3	Jan. 01, 1999	1,541,562	0.4335	1,755,516	0.4199	-	-	-	-	National Taichung Institute of Technology, President of Liability Taichung Third Credit Cooperative Director of FDU Personal Insurance Agent Co., Ltd.	
Director	Pi-Jung Hsieh	Jun. 20, 2008	3	Jan. 01, 1999	1,890,645	0.5317	1,880,429	0.4498	1,355,059	0.3241	-	-	Taichung Industrial High School, Certification Examinations for Architect, Ministry of Examination, Engineer of Taiwan Railway Electrical Engineering Department.	Architect of Hsieh Pi-jung Architectural Office Director of Ju Hsing International Co., Ltd. Director of Chung Hui Investment Co., Ltd. Director of Tseng Hsin Construction & Development Co., Ltd. Director of Chung Hua Plastics Plywood Industrial Co., Ltd.
Director	Song-Yue Liao	Jun. 20, 2008	3	May 25, 2005	3,174,423	0.8927	15,475,488	3.7019	51,304	0.0123	-	-	Hosei University of Tokyo, Japan Chairman of Chuan Cheng Hat Co., Ltd.	Chairman of Chuan Cheng Hat Co., Ltd. Chairman of Jepana Enterprise Co. Ltd. Director of New Zhung Zhuang Investment Co. Ltd., Director of CCH Plus Inc. Director of CCH investment Inc., Supervisor of Yen Sign International Enterprise Co., Ltd., Supervisor of Opus High Technology Corporation
Director	Ying-Chieh Lai	Jun. 20, 2008	3	Jan. 01, 1999	1,022,910	0.2877	1,178,711	0.2820	314,949	0.0753	-	-	Murakami Youth School, Certificate of Administration management in Japan, President of Yu Li De Consultant Co., Ltd.	Chairman of Third Credit Cooperative educational foundation

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	Jun. 20, 2008	3	May 25, 2005	1,182,904	0.3327	1,473,997	0.3526	76,958	0.0184	-	-	National Chung Hsing University Department of Public Finance and Taxation, President of Tung Yang Business Co., LTD.	Chairman of Tung Yang Investment Co., Ltd., Chairman of Tung Yang Business Co., Ltd., Director of Yuan Sheng Plastic Inc., Representative of Jazzy Industrial Co., Ltd., Managing Director of Taiwan Flour Mills Associate Director-General of Taiwan Barley Products Industry Association, Director of China Grain Products Research and Development Institute, Supervisor of Taiwan Grains and Feeds Development Foundation
Director	Chun-Chuan Wang	Jun. 20, 2008	3	Jan. 01, 1999	836,740	0.2353	1,171,911	0.2803	64,707	0.0155	-	-	Department of English, Tamkang University, President of COTA Bank	
Director	Guo-Zhou Chen	Jun. 20, 2008	3	May 25, 2005	1,758,858	0.4946	2,042,995	0.4887	-	-	-	-	Nan Ying Vocational High School of Business & Technology Supervisor of Yeh-Chiang Technology Corp. Supervisor of Sino-American Silicon Products Inc.	Director of Nan Hai toy Co., Ltd. Representative of Peng Chen Corp. Director of Sino-American Silicon Products Inc.
Director	Mu-Chuan Huang	Jun. 20, 2008	3	Jan. 01, 2002	1,651,790	0.4645	1,918,629	0.4590	447	0.0001	-	-	Shinmin Economics and Commercial Senior high school, Senior Executive Vice President of COTA Bank	
Independent Director	Po-Yao Chi	Jun. 20, 2008	3	Jun. 20, 2008	1,499,152	0.4216	1,735,722	0.4152	-	-	-	-	Department of Accounting, Soochow University School Director of Cheng Loong Corporation TaiChung Factory	Managing Director of Shan Fu Corrugated Carton Co., Ltd. Director of Ming Foong Plastic Co., Ltd. Director of Ko Loong Industry Co., Ltd. Director of Cheng Loong Corporation Miaoli Factory
Independent Director	Kung-Cheng Lin	Jun. 20, 2008	3	Jun. 20, 2008	-	-	-	-	27,000	0.0065	-	-	National Chengchi University Department of Public Finance and Taxation PHD of Department of Economy in Iowa State University U.S.A Chairman of Department of Public Finance & Taxation in National Taichung Institute of Technology Chairman of Department of Public Finance in Feng Chia University Associate professor and Chairman of Department of Financial Management in Hsiuping Institute of Technology	Associate Professor of Department of Public Finance in National Taipei University
Standing Supervisor	Lien-Kui Wang	Jun. 20, 2008	3	Jan. 01, 2002	1,246,360	0.3505	1,447,704	0.3463	64,131	0.0153	-	-	Civic Education and Leadership, National Taiwan Normal University, Executive vice President of Liability Taichung Third Credit Cooperative, Senior Executive Vice President of COTA Bank	
Supervisor	Dhe-Chin Lai	Jun. 20, 2008	3	Jan. 01, 2002	1,181,866	0.3324	1,472,791	0.3523	38,478	0.0092	-	-	Shin Min Economics and Commercial Senior high school 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	Jun. 20, 2008	3	May 25, 2005	1,169,987	0.3290	1,561,897	0.3736	1,279	0.0003	-	-	Nanya Institute of Technology, Director of Sheng Ho Securities(BTS) Company	
Supervisor	Guo-Zhao Xiao	Jun. 20, 2008	3	May 25, 2005	2,956,053	0.8313	3,545,818	0.8482	2,178,166	0.5210	-	-	University of South California, USA, Supervisor of Taiwan Foundation Global Technology Co. Ltd. Chairman of Hong Cheng Construction Co., Ltd.	-
Supervisor	Zhuang-Tai Wang	Jun. 20, 2008	3	May 25, 2005	1,040,744	0.2927	2,500,664	0.5982	-	-	-	-	Shu-Te Institute of Technology, Supervisor of Forever Coampion Shoes Co., Ltd. Hui Hsin Enterprise Co., Ltd. Director of Tai Ho Cement Industry Corp.	Chairman of Wang Jiang Property Co. Ltd Director of Kun Ting Real Estate Agencies Co., Ltd. Chairman of Zhuang-Tai Wang Lane Administration office

Title	Qualifications	Directors or Supervisors shall meet one of the following professional requirements, together with at least five years work experience.			Independent status (Note)										Number of serve as an independent director of public companies.
		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college, or university.	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and has been awarded a certificate in a professional capacity that is necessary for company business.	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	1	2	3	4	5	6	7	8	9	10	
Chairman	Chun-Tse Liao	-	-	V	V	-	-	V	V	V	V	V	V	V	-
Managing Director	Ying-Che Chang	-	-	V	-	-	V	V	V	V	V	V	V	V	-
Managing Director	Dong-Po Xie	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Managing Director	Yao-Ting Li	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Managing Director (Independent)	Yen-Chun Wang	-	-	V	V	V	V	V	V	V	V	V	V	V	1
Director	Chan-Wen Lin	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Director	Ying-Chieh Lai	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Director	Pi-Jung Hsieh	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Director	Song-Yue Liao	-	-	V	V	-	-	V	-	V	V	V	V	V	-
Director	Chun-Chuan Wang	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Director	Guo-Zhou Chen	-	-	V	V	-	-	V	V	V	V	V	V	V	-
Director	Xian-De Lai	-	-	V	V	-	V	V	-	V	V	V	V	V	-
Director	Mu-Chuan Huang	-	-	V	V	-	-	V	V	V	V	V	V	V	-
Independent Director	Kung-Cheng Lin	V	-	V	V	V	V	V	V	V	V	V	V	V	-
Independent Director	Po-Yao Chi	-	-	V	V	V	V	V	V	V	V	V	V	V	-
Standing Supervisor	Lien-Kui Wang	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Supervisor	Dhe-Chin Lai	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Supervisor	Yong-Zhi Wang	-	-	V	V	-	V	V	V	V	V	V	V	V	-
Supervisor	Guo-Zhao Xiao	-	-	V	V	-	-	V	V	V	V	V	V	V	-
Supervisor	Zhuang-Tai Wang	-	-	V	V	-	-	V	V	V	V	V	V	V	-

Note:

During 2 years before being elected or the office term, directors or supervisors who meet the following conditions shall mark with "V" in correspondent boxes.

- Neither employees of Bank nor its affiliates.
- Neither a director/supervisor of Bank nor its affiliates, unless the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares.
- Not an individual shareholder who holds shares, together with those held by the person spouse, minor children, or held under others' names, in an aggregate amount of 1% or more of the total outstanding shares of the company or ranks among the top ten shareholders who are natural persons in terms of the share volume held.
- Not a spouse or relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- Not directors, supervisors, or employees of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the Bank or ranks among the top 5 corporate shareholders in the terms of share volume held.
- Not directors, supervisors, or executive officer, or shareholder holding 5% or more shares of a specific company or institution and who also has financial or business dealings with the company.
- Not a professional, or owner, partner, director, supervisor, or executive officer and the spouse thereof of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting or consulting services to the Bank or to any affiliates.
- Not a spouse or relative within the second degree of kinship within directors.
- Not any of the circumstances in the subparagraphs of Article 30 of the Company Act.
- Not elected in the capacity of a government agency, a juristic person, or a representative thereof, as provided in the Article 27 of the Company Act.

3-2-2. List of Executives and Principal Officers

As of Dec. 31, 2010, Shares Held (%)

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	Chin-Ting Chang	Oct. 01, 2008	1,600,838	0.38	21,243	0.01	-	-	NCHU's Continuing Education School, EMBA, Senior Executive Vice President of COTA Bank	Director of COTA Bank Insurance Broker Co., Ltd.
Senior Executive Vice President	Jung-Hsien Chiu	Jan. 01, 2004	782,832	0.19	0	0.00	-	-	Department of Industrial and Information Management, National Cheng Kung University, Executive Vice President of COTA Bank	Supervisor of COTA Bank Insurance Broker Co., Ltd.
Senior Executive Vice President	Chih-Sheng Hsiao	Oct. 01, 2008	500,174	0.12	126,582	0.03	-	-	Department of Public Finance and Taxation Feng Chia University, Credit Management Department Executive Vice President of COTA Bank	Director of COTA Bank Insurance Broker Co., Ltd.
Senior Executive Vice President	Ho-Shun Chang	Oct. 08, 2010	165,231	0.04	13,941	0.00	-	-	Feng-Yuan Commercial & Vocational High School, Banking Department General Manager of COTA Bank	-
Chief Auditor	Shih-Chien Chin	Oct. 15, 2009	232,486	0.06	147,002	0.04	-	-	Department of Applied Math., University of North Texas, USA, Business Department Executive Vice President of COTA Bank	-
Executive Vice President (Vice Chief Auditor)	Chang-Lu Liu	Jul. 16, 2010	89,638	0.02	2,692	0.00	-	-	Tsao Tun Vocational School, Nanmen Branch General Manager of COTA Bank	-
Executive Vice President (Department General Manager)	Yun-Ching Wang	Jan. 01, 2004	277,875	0.07	160,008	0.04	-	-	Master in Finance, National Chung Hsing University, IT Management Office Chief Secretary of COTA Bank	-
Executive Vice President (Branch General Manager)	Hsin-De Chang	Oct. 01, 2008	319,045	0.08	68,464	0.02	-	-	Department of Accounting, Chien Kuo College of Commerce, Taichung Branch General Manager of COTA Bank	-
Executive Vice President (Branch General Manager)	Tai-An Chen	Oct. 01, 2008	451,381	0.11	80,003	0.02	-	-	Ming Te Home Economics and Commercial Senior High School, Situn Branch General Manager of COTA Bank	-
Department General Manager	A-Kuai Chen	Feb. 21, 2000	255,296	0.06	-	-	-	-	Department of Social Sciences, The National Open University, Commissioner of COTA Bank	-
Department General Manager	Chiu-Yun Huang	Jan. 01, 2006	41,159	0.01	5,712	0.00	-	-	Department of Finance, R.O.C. Military Academy, Credit Management Department Project Manager of COTA Bank	-
Department General Manager	Wei-Bin Lin	Mar. 16, 2005	63,528	0.02	0	0.00	-	-	Graduate School of Management, University of California at Riverside, Assistant Vice President of Bank Sinopac	-
Department General Manager	Huan-Mou Cheng	Sep. 15, 2008	181,263	0.04	12,824	0.00	-	-	National Open College of Continuing Education Affiliated to NTIT, SME Banking Center General Manager of COTA Bank	-
Department General Manager	Kuang-Hsiung Huang	Mar. 03, 2006	185,000	0.04	224,389	0.05	-	-	Department of Economics, Feng Chia University, General Administration Department Deputy General Manager of COTA Bank	-
Chief Secretary	Chien-Cheng Hsu	Mar. 03, 2006	374,187	0.09	77,567	0.02	-	-	Department of Business Administration, Tunghai University, General Administration Department Deputy General Manager of COTA Bank	-
Department General Manager	Chih-Hung Huang	Oct. 15, 2009	208,671	0.05	114,291	0.03	-	-	Department of Applied Commerce, National Taichung Institute of Technology, Linsen Branch General Manager of COTA Bank	-
Department General Manager	Hung-Tsang Chiang	Apr. 01, 2007	104,524	0.03	86,472	0.02	-	-	Department of Public and Management, Supplementary Junior College of the National Open University, Consumer Banking Center Project Manager of COTA Bank	-
Department General Manager	Chun-Sheng Lin	Apr. 01, 2010	81,266	0.02	0	0.00	-	-	Department of Chemical Engineering, Chung Yuan Christian University, Risk Management Center Deputy General Manager of COTA Bank	-
Department General Manager	Chang-Chieh Lin	Oct. 01, 2010	86,257	0.02	0	0.00	-	-	Department of Economics, Tunghai University, Wealth Management Center General Manager of COTA Bank	-
Department General Manager	Mei-Ling Shih	Oct. 08, 2010	120,451	0.03	253	0.00	-	-	Supplementary Junior College, Jinhua Branch Deputy General Manager 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	%		
Project Manager	Kuo-Chiu Chang	Oct. 01, 2010	54,173	0.01	0	0.00	-	-	Master in Business Administration, Chaoyang University of Technology, Wealth Management Center Deputy General Manager of COTA Bank	-
Branch General Manager	Ling-Chen Ting	Oct. 08, 2010	339,066	0.08	-	-	-	-	Department of Banking and Insurance, National Taichung Institute of Technology, Trust Department General Manager of COTA Bank	-
Branch General Manager	Lu-Chen Liao	Apr. 01, 2010	163,928	0.04	121,214	0.03	-	-	Shin Min Commercial and Industrial Vocational Senior High School, Fengle Branch General Manager of COTA Bank	-
Branch General Manager	Jui-Sen Liao	Apr. 01, 2010	86,791	0.02	1,279	0.00	-	-	Department of Public Finance and Taxation, Aletheia University, SME Banking Center General Manager of COTA Bank	-
Branch General Manager	Chung-Lung Tsai	Apr. 01, 2007	235,350	0.06	345,163	0.08	-	-	Department of Industrial Engineering and Management National Chin-Yi University of Technology, Zhongshan branch General Manager of COTA Bank	-
Branch General Manager	Cheng-Hsien Hsieh	Jan. 01, 2010	257,167	0.06	97,147	0.02	-	-	Department of Business, The National Open University, Credit Management Department Deputy General Manager of COTA Bank	-
Branch General Manager	Min-Chang Lin	Oct. 15, 2009	139,808	0.03	32,064	0.01	-	-	Department of General Business, Shin Min Commercial & Industrial Vocational Senior High School, Dajih Branch General Manager of COTA Bank	-
Branch General Manager	Chih-Peng Yang	Jul. 16, 2010	156,022	0.04	20,571	0.00	-	-	Department of Business Administration, National Open College of Continuing Education Affiliated to National Taichung Institute of Technology, Changhua Branch General Manager of COTA Bank	-
Branch General Manager	Chih-Hui Chen	Jun. 25, 2009	20,115	0.00	337,786	0.08	-	-	Department of Computer Science, Feng Chia University, Trust Department General Manager of COTA Bank	-
Branch General Manager	Shih-Tsung Chou	Jul. 01, 2006	235,385	0.06	350,379	0.08	-	-	Department of Business Administration, The Overseas Chinese College, Changhua Branch General Manager of COTA Bank	-
Branch General Manager	Kuo-Ho Chang	Sep. 15, 2008	34,316	0.01	-	-	-	-	Department of General Business, Shin Min Commercial and Industrial Vocational Senior High School, Dajih Branch Deputy General Manager of COTA Bank	-
Branch General Manager	Shih-Jung Chen	Jul. 10, 2002	355,599	0.09	-	-	-	-	Department of Oceanography, Chinese Culture University, Credit Management Department Deputy General Manager of COTA Bank	-
Branch General Manager	His-Tung Chang	Jul. 16, 2010	362,701	0.09	2,562	0.00	-	-	Department of Electrical Engineering, Kuang-Hwa Vocational High School of Technology, Credit Management Department Project Manager of COTA Bank	-
Branch General Manager	Chia-Wen Ke	Sep. 15, 2008	76,578	0.02	267,619	0.06	-	-	Master in Institute of Technology Management, Chung Hua University, Peitun Mini Branch General Manager of COTA Bank	-
Branch General Manager	His-Hsien Wang	Nov. 21, 2005	59,735	0.01	0	0.00	-	-	Soochow University School of Law, Manager of CTCB, Panchiao Branch General Manager of COTA Bank	-
Branch General Manager	Feng-Jung Yeh	Oct. 01, 2008	87,201	0.02	13,587	0.00	-	-	Department of Finance, Chaoyang University of Technology, Chungcheng Mini Branch General Manager of COTA Bank	-
Branch General Manager	Chi-Shen Huang	Mar. 03, 2006	227,703	0.05	38,478	0.01	-	-	Department of Banking and Insurance, National Taichung Institute of Technology, Panchiao Branch Deputy General Manager of COTA Bank	-
Branch General Manager	Hung-Chi Tung	Apr. 01, 2010	143,246	0.03	124,607	0.03	-	-	Department of International Trade, Supplementary Junior College, Shiqian Branch General Manager of COTA Bank	-
Branch General Manager	Hsien-Hsun Chiang	Jan. 01, 2010	109,114	0.03	13,952	0.00	-	-	Department of Cooperative Economics, Tamkang University, General Administration Department Deputy General Manager of COTA Bank	-
Branch General Manager	Chang-Cheng Chen	Apr. 01, 2010	107,929	0.03	638	0.00	-	-	Department of General Business of Extension Business Vocational School, National Taichung Institute of Technology, Fengxin Branch General Manager of COTA Bank	-
Branch General Manager	Shih-Tsung Liu	Apr. 01, 2010	234,652	0.06	178,479	0.04	-	-	Department of Business, The National Open University, Fengdong Branch General Manager of COTA Bank	-
Branch General Manager	Wen-Jeng Chen	Jul. 01, 2006	129,601	0.03	25,039	0.01	-	-	Department of Business Administration, Chaoyang University of Technology, Nanmen Branch Deputy General Manager of COTA Bank	-
Branch General Manager	Ching-Hsu Hsu	Sep. 15, 2008	128,796	0.03	245,728	0.06	-	-	Department of General Business, National Changhua Senior School of Commerce, Fengle Branch General Manager of COTA Bank	-
Branch General Manager	Ching-Sung Chen	Oct. 15, 2007	132,988	0.03	81,147	0.02	-	-	Department of Accounting Statistics National Changhua Senior School of Commerce, Credit Management Department Project Manager of COTA Bank	-
Branch General Manager	Mao-Sheng Huang	Apr. 01, 2010	123,325	0.03	32,710	0.01	-	-	Department of Finance Stock Practice, Chung Hua University, Chungcheng Mini Branch General Manager of COTA Bank	-

3-2-3. Directors, Supervisors, President and Executive Vice presidents' Remuneration in Recent Year

(1) Directors' Remuneration

Unit: TWD thousand

Title	Name	Compensation								Sum of A, B, C and D / after-tax profit (%)		Compensations received by part-time employees								Sum of A, B, C, D, E, F AND G / after-tax profit (%)		Whether or not any compensation is received from other reinvested businesses than subsidiaries				
		Rewards (A)		Pension and Superannuation (B)		Earning Distribution (C)		Professional Practice (D)				Salary, Bonus and Special Disbursement (E)		Pension and Superannuation (F)		Employee bonus Distribution (G)							Employee Share Subscription Warrants (H)			
		Bank	Con-Solidation	Bank	Con-Solidation	Bank	Con-Solidation	Bank	Con-Solidation	Bank	Con-Solidation	Bank	Con-Solidation	Bank	Con-Solidation	COTA		CON-SOLIDATION		COTA	Con-Solidation		COTA	Con-Solidation		
Chairman	Chun-Tse Liao																									
Managing Director	Ying-Che Chang																									
Managing Director	Dong-Po Xie																									
Managing Director	Yao-Ting Li																									
Managing (Independent) Director	Yen-Chun Wang																									
Director	Chan-Wen Lin																									
Director	Ying-Chieh Lai																									
Director	Pi-Jung Hsieh	11,040	11,040	-	-	1,456	1,456	657	663	14.22 %	14.23 %	-	-	-	-	-	-	-	-	-	-	-	-	14.22 %	14.23 %	NIL
Director	Song-Yue Liao																									
Director	Chun-Chuan Wang																									
Director	Guo-Zhou Chen																									
Director	Xian-De Lai																									
Director	Mu-Chuan Huang																									
Independent Director	Kung-Cheng Lin																									
Independent Director	Po-Yao Chi																									

Classification of Remuneration

Unit: TWD

Classification of Remuneration for Directors	Name of Directors							
	Aggregate amount of A, B, C and D				Aggregate amount of A, B, C, D, E, F and G			
	Bank		Consolidation		Bank		Consolidation	
Under 2,000,000	Mu-Chuan Huang, Dong-Po Xie, Ying-Che Chang, Ying-Chieh Lai, Pi-Jung Hsieh, Guo-Zhou Chen, Kung-Cheng Lin,	Chun-Chuan Wang, Yao-Ting Li, Xian-De Lai, Song-Yue Liao, Yen-Chun Wang, Po-Yao Chi	Mu-Chuan Huang, Dong-Po Xie, Ying-Che Chang, Ying-Chieh Lai, Pi-Jung Hsieh, Guo-Zhou Chen, Kung-Cheng Lin,	Chun-Chuan Wang, Yao-Ting Li, Xian-De Lai, Song-Yue Liao, Yen-Chun Wang, Po-Yao Chi	Mu-Chuan Huang, Dong-Po Xie, Ying-Che Chang, Ying-Chieh Lai, Pi-Jung Hsieh, Guo-Zhou Chen, Kung-Cheng Lin,	Chun-Chuan Wang, Yao-Ting Li, Xian-De Lai, Song-Yue Liao, Yen-Chun Wang, Po-Yao Chi	Mu-Chuan Huang, Dong-Po Xie, Ying-Che Chang, Ying-Chieh Lai, Pi-Jung Hsieh, Guo-Zhou Chen, Kung-Cheng Lin,	Chun-Chuan Wang, Yao-Ting Li, Xian-De Lai, Song-Yue Liao, Yen-Chun Wang, Po-Yao Chi
2,000,000 - 5,000,000	Chun-Tse Liao		Chun-Tse Liao		Chun-Tse Liao		Chun-Tse Liao	
5,000,000 - 10,000,000	-		-		-		-	
10,000,000 - 15,000,000	-		-		-		-	
15,000,000 - 30,000,000	-		-		-		-	
30,000,000 - 50,000,000	-		-		-		-	
50,000,000 - 100,000,000	-		-		-		-	
Above 100,000,000	-		-		-		-	
TOTAL	15 (Person)		15 (Person)		15 (Person)		15(Person)	

(2) Supervisors' Remuneration

Unit: TWD thousand

Title	Name	Supervisors' Remuneration								Sum of A, B, C and D /after-tax profit (%)		Whether or not any compensation is received from other reinvested businesses than subsidiaries
		Rewards (A)		Pension and Superannuation (B)		Earning Distribution (C)		Professional Practice (D)				
		Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	
Managing Supervisor	Lien-Kui Wang											NIL
Supervisor	Dhe-Chin Lai											
Supervisor	Yong-Zhi Wang	3,120	3,120	-	-	486	486	222	222	4.14%	4.14%	
Supervisor	Guo-Zhao Xiao											
Supervisor	Zhuang-Tai Wang											

Classification of Remuneration

Unit: TWD

Classification of Remuneration for Supervisors	People of Supervisors			
	Aggregate amount of A, B, C and D			
	Bank		Consolidation D	
Under 2,000,000	Lien-Kui wang, Yong-Zhi Wang, Zhuang-Tai Wang	Dhe-Chin Lai, Guo-Zhao Xiao,	Lien-Kui wang, Yong-Zhi Wang, Zhuang-Tai Wang	Dhe-Chin Lai, Guo-Zhao Xiao,
2,000,000 - 5,000,000	-		-	
5,000,000 - 10,000,000	-		-	
10,000,000 - 15,000,000	-		-	
15,000,000 - 30,000,000	-		-	
30,000,000 - 50,000,000	-		-	
50,000,000 - 100,000,000	-		-	
Above 100,000,000	-		-	
TOTAL	5 (Person)		5 (Person)	

President and Senior Executive Vice Presidents' Remuneration

As of Dec. 31, 2010, Unit: TWD thousand

Title	Name	Salary(A)		Pension and Superannuation		Bonus and Special Disbursement		Employee Bonus from Earning Distribution				Sum of A, B, C and D /after-tax profit (%)		Employee Share Subscription Warrants		Other Remuneration
		Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	Bank	Consolidation	
								Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend					
President	Chin-Ting Chang	5,688	5,706	0	0	3,274	3,274	91	0	91	0	9.7905%	9.81%	-	-	NIL
Chief Auditor	Shih-Chien Chin															
Senior Executive Vice President	Jung-Hsien Chiu															
Senior Executive Vice President	Chih-Sheng Hsiao															
Senior Executive Vice President	Ho-Shun Chang															

Note: Not applied as the Bank is not a listing company.

Classification of Remuneration

Unit: TWD

Classification of President and Senior Executive Vice Presidents' Remuneration	People of President and Senior Executive Vice Presidents	
	Bank	Consolidation
Under 2,000,000	Chih-Sheng Hsiao, Ho-Shun Chang, Shih-Chien Chin	Chih-Sheng Hsiao, Ho-Shun Chang, Shih-Chien Chin
2,000,000 - 5,000,000	Chin-Ting Chang, Jung-Hsien Chiu	Chin-Ting Chang, Jung-Hsien Chiu
5,000,000 - 10,000,000	-	-
10,000,000 - 15,000,000	-	-
15,000,000 - 30,000,000	-	-
30,000,000 - 50,000,000	-	-
50,000,000 - 100,000,000	-	-
Above 100,000,000	-	-
TOTAL	5 (Person)	5 (Person)

List of Compensation Paid to President, Executive Vice Presid

As of Dec. 31, 2010; Uni

	Title	Name	Stock dividends	Cash Dividends	Total Amount	Total Amount/Net Income (%)	
Manager	President	Chin-Ting Chang					
	Chief Auditor	Shih-Chien Chin					
	Senior Executive Vice President	Jung-Hsien Chiu					
	Senior Executive Vice President	Chih-Sheng Hsiao					
	Senior Executive Vice President	Ho-Shun Chang					
	Executive Vice President and Vice Chief Auditor	Chang-Lu Liu					
	Executive Vice President	Yun-Ching Wang					
	Executive Vice President	Hsin-De Chang					
	Executive Vice President	Tai-An chen					
	Chief Secretary	Chien-Cheng Hsu					
	Department General Manager	Kuang-Hsiung Huang					
	Department General Manager	Chih-Hung Huang					
	Department General Manager	A-Kuai Chen					
	Department General Manager	Chiu-Yun Huang					
	Department General Manager	Chih-Hui Chen					
	Department General Manager	Huan-Mou Cheng					
	Department General Manager	Wei-Bin Lin					
	Department General Manager	Mei-Ling Shih					
	Department General Manager	Chang-Chieh Lin					
	Project Manage	Kuo-Chiu Chang					
	Department General Manager	Chun-Sheng Lin					
	Department General Manager	Hung-Tsang Chiang					
	Branch General Manager	Ling-Chen Ting		-	629	629	0.6802%
	Branch General Manager	Lu-Chen Liao					
	Branch General Manager	Jui-Sen Liao					
	Branch General Manager	Chung-Lung Tsai					
	Branch General Manager	Cheng-Hsien Hsieh					
	Branch General Manager	Min-Chang Lin					
	Branch General Manager	Chih-Peng Yang					
	Branch General Manager	Chih-Hui Chen					
	Branch General Manager	Shih-Tsung Chou					
	Branch General Manager	Kuo-Ho Chang					
	Branch General Manager	Shih-Jung Chen					
	Branch General Manager	His-Tung Chang					
	Branch General Manager	Chia-Wen Ke					
Branch General Manager	Shun-Hsien Weng						
Branch General Manager	Feng-Jung Yeh						
Branch General Manager	Chi-Shen Huang						
Branch General Manager	Hung-Chi Tung						
Branch General Manager	Hsien-Hsun Chiang						
Branch General Manager	Chang-Cheng Chen						
Branch General Manager	Shih-Tsung Liu						
Branch General Manager	Wen-Jeng Chen						
Branch General Manager	Ching-Hsu Hsu						
Branch General Manager	Ching-Sung Chen						
Branch General Manager	Mao-Sheng Huang						

Note: Not applied as the Bank is not a listing company.

3-2-4. Ratio of Total Remuneration Paid to Directors, Supervisors, President and Vice Presidents over Past 2 Years to Net Income

Item	Total Amount / Net Income		
	Year 2010	Year 2009	%
Director	14.23%	39.10%	-24.87%
Supervisor	4.14%	11.17%	-7.03%
Total	18.37%	50.27%	-31.90%

Remarks:

Transportation allowance and remuneration of director and supervisor is paid in accordance with guidelines of the Bank's articles of incorporate and the resolution of stockholders' meeting.

Item	Total Amount / Net Income		
	Year 2010	Year 2009	%
President and Senior Executive Vice President	9.7905%	25.5070%	-15.7165%.

Remarks:

1. Remuneration for president and vice-president is paid in accordance with rules approved by the board of directors.
2. Payment of employee salary is calculated by related by-laws.
3. Employee bonus is distributed by the resolution of the annual shareholders' general meeting and applicable rules.
4. Performance bonus is paid according to year 2010's earning status and rules of performance evaluation.



3-3. Operation of Corporate Governance

3-3-1. Operation status of board of directors: convened 6 meetings in the year 2010, and the records of attendance by directors and supervisors are shown as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Note
Chairman	Chun-Tse Liao	6	0	100.00%	
Managing Director	Ying-Che Chang	6	0	100.00%	
Managing Director	Yao-Ting Li	4	0	66.67%	
Managing Director	Dong-Po Xie	6	0	100.00%	
Managing (Independent) Director	Yen-Chun Wang	1	0	16.67%	
Director	Chan-Wen Lin	6	0	100.00%	
Director	Ying-Chieh Lai	2	0	33.33%	
Director	Pi-Jung Hsieh	6	0	100.00%	
Director	Chun-Chuan Wang	6	0	100.00%	
Director	Mu-Chuan Huang	6	0	100.00%	
Director	Xian-De Lai	6	0	100.00%	
Director	Song-Yue Liao	4	1	66.67%	
Director	Guo-Zhou Chen	4	2	66.67%	
Independent Director	Kung-Cheng Lin	4	2	66.67%	
Independent Director	Po-Yao Chi	5	1	83.33%	
Standing Supervisor	Lien-Kui Wang	5	0	83.33%	
Supervisor	Dhe-Chin Lai	6	0	100.00%	
Supervisor	Yong-Zhi Wang	6	0	100.00%	
Supervisor	Guo-Zhao Xiao	6	0	100.00%	
Supervisor	Zhuang-Tai Wang	6	0	100.00%	

Remarks:

- Matters specified in Article 14.3 of the Securities Exchange Act, or board resolutions where independent directors have expressed opposition or qualified opinions that have been noted in the record or declared in writing: none.
- Avoidance of interest by directors:
 - ◆ The 9th Meeting of the 4th Board of Directors held on JUN. 24, 2010:
Name of director: Yen-Chun Wang
Issues: The Specific person Hui-Wen Li of cash capital Increase in 2010 is Director's interested party.
Reasons for avoidance: Hui-Wen Li (Specific person) is Director Yen-Chun Wang's wife.
Results for attendance: Directors neither attend nor attend by proxy.
 - ◆ The 4th extraordinary session of the 4th Board of Directors held on Oct.04, 2010:
Name of director: Song-Yue Liao
Issues: The Specific person of cash capital Increase in 2010
Reasons for avoidance: The one of specific person in cash capital increase 2010
Results for attendance: Directors neither attend nor attend by proxy.
- Assessment of objectives and implementation status in the area of strengthening the powers of the board of directors for the current and immediately past years will be carried out:
 - ◆ Hold on "Remuneration and Assessment Committee" to carry out the managerial powers of the board of directors.

3-3-2. Operation status of the auditing committee or supervisors' attendance the practice of Board of Directors:

The Bank elected supervisors to execute the function of auditing committee.

Board of Directors convened 6 meetings (A) in 2010, and the records of attendance by supervisors are shown as follows:

Title	Name	Attendance in Person (B)	Actual Attendance Rate (%) (B/A)	Note
Standing Supervisor	Lien-Kui Wang	5	83.33%	
Supervisor	Dhe-Chin Lai	6	100%	
Supervisor	Yong-Zhi Wang	6	100%	
Supervisor	Guo-Zhao Xiao	6	100%	
Supervisor	Zhuang-Tai Wang	6	100%	

Remarks:

1. The composition and duty of Supervisors

Five supervisors set a term of three years, continuous election and continuous be in office. Supervisors must monitor the exercise of individual rights and responsibilities set by statute to exercise authority.

◆ Status of communication among supervisors, shareholder and staff of the Bank:

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.

◆ Communication between supervisors and internal auditors and accountants:

The internal and external audit reports are all submitted to supervisors for review.

Supervisors investigate financial reports annually and discuss with manager of Accounting Dept, CPAs.

◆ Standing supervisors regularly invited to participate in our banking and internal audit staff person in charge of the forum, and the board of directors made of record.

2. Supervisors attendance the practice of Board of Director

◆ The 8th Meeting of the 4th Board of Directors held on Mar. 19, 2010. Case discussion of general business examination missing in Banciao Branch: After The board agreed to be tested once reprimand and requested the unit to strengthen internal management.

◆ The 9th Meeting of the 4th Board of Directors held on Jun. 24, 2010 our 2010 capital increase less than the recruitment of specific people added Miss Hui-Wen Li warrants a Director of the interested parties to discuss the case: After The board approved

◆ The 3rd Meeting of the 4th Interim Board of Directors held on Aug. 25, 2010 discussed audit reports, staff Chih-Ming Chen involving the case of foreign exchange transactions, G: Conclusion by the Bank to dispose of the strict regulations.

Bank loan write-off households to apply collection Fu Hung Trade Co., Ltd. 127 pen for bad debts, the directors agreed to by all present to continue collection and notify the supervisor.

◆ The 10th Meeting of the 4th Board of Directors held on Sep. 24, 2010 Financial Supervisory Commission: Fengyuan Branch of the Bank for inspection referred to lack of general business matters, we report the case to improve the situation, noted by all present directors contact permitted to record.

Application will Zhongzheng Mini Branch and Fengdong Branch migration and changed its name of the case, by all the directors agreed to defer attending, please call chairman of branch migration by the competent units Evaluation Committee evaluated, again discussed.

Changping District, Beitun Taichung City to be leased in paragraph 439 of the housing land and construction is expected to Beitun Branch Company, the Directors unanimously agreed to attend, only the conditions required for the construction and leasing plans agreed by the bank.

◆ The 4th Meeting of the 4th Interim Board of Directors held on Oct. 4, 2010 Dazhi Branch customers purchase investment-policy disputes arising from the transactions discussed the case: After The board agreed to collect data and consult our legal advisers, the Board will submit regular discussion and please report on the Board for future reference successive treatment.

◆ The 11th Meeting of the 4th Board of Directors held on Dec. 23, 2010 Zhi-Ming Chen, our staff to evaluate the underground foreign exchange transactions by the resolutions of the Commission report on the results of the case, the conclusion to return before the personnel review committee report dealing with the resolution the board.

◆ Migration of our new site Beitun Mini branch premises for lease contact the report of the case, contact the note concluded, if necessary, to make the temporary move again.

◆ Support to the standards of our staff salary amendment agreed to by all present directors.

3-3-3. Disclosure Information of Corporate Governance

Status of COTA Bank's Corporate Governance and Comparison with "The Principles of Corporate Governance" of Banking

As of Dec. 31, 2010

Item	Status of Operation	Differences from General Guideline of Banking and Reasons
I. Bank's equity structure and shareholder's right (1) Method to deal with suggestion of shareholder or argument. (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. (3) Establishment of the firewalls and risk control with affiliated enterprises	(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. (2) Trace the list of major shareholders monthly. (3) Our bank and related companies independently operate in financial, accounting, business and management aspect, evaluate operating profit and loss, carry out risk control as reference of the firewall.	(1) No difference. (2) No difference. (3) No difference.
II. The composition and duty of board of directors (1) Establishment of Independent director. (2) Status of regular evaluation of the independence of the auditing CPA.	(1) Board of directors of the Bank set up 15 three-year term, re-elected, its terms of reference for the articles of association under our company. (2) Annual assessment.	(1) No difference. (2) No difference.
III. Status of communication with relative party.	Easy communication channels go by face to face/ telephone/written/Internet.	No difference.
VI. Public disclosure of information (1) Set up website to disclosure financial report and corporate governance information. (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.)	(1) www.cotabank.com.tw as our website to disclosure financial report, corporate governance. (2) Designed President as spokesperson represented the Bank in public issues. Various departments are equipped with the specialist to be responsible for collecting and disclosure the information.	(1) No difference. (2) No difference.
V. Operations of the nominating or remunerating committee and other functional committee of a bank.	(1) Nomination Committee of directors and supervisors consists of five directors, independent directors by the convener and chairman of the meeting, the administration authorized the Board to assist the Board and seek to find and review candidates for nomination of directors and supervisors, construction and development of the Board Organizational structure to ensure proper composition of the Board, meets at least once a year and may meet as often as necessary. (2) Remunerating and Investigating committee consists of five directors, independent directors by the convener and chairman of the meeting, whose main duties are to assist the board in assessing and monitoring the company's overall remuneration policy, evaluation and review system for directors and supervisors and managers salary structure Eighth grade and above as well as business personnel performance evaluation criteria and compensation standards, meets at least once a year and may meet as often as necessary.	No difference.
VI. Please describe any difference between corporate governance with "The Principles of Corporate Governance": 2008 reelection for directors and supervisors in Shareholders' General Meeting, implement 5 supervisors and 15 directors (including 3 independent directors) has complied with "The Common Corporate Governance Requirements for The Banking Industry".		

Item	Status of Operation	Differences from General Guideline of Banking and Reasons
<p>VII. Please describe measures adopted by the bank in regard to social responsibility:</p> <ol style="list-style-type: none"> Employee rights: Advocates the human rights law spirit. According to labor standard law protect the staff rights and establishes the staff fraternity, provides the staff welfare. Employee care: Organize staff (including families) to stretch the physical and mental self-reliance activities, home visits each year to understand the staff of life situation. Investors relationship: establish a shareholder specialty area, provide a related guidance and relevant provisions of the Stock change matters description and contact telephone numbers, the Bank developed with donor regulations and our ability to control the implementation of a code of practice corporate shareholders and voting policy to ensure equity. Stakeholder rights and consumer's protection and the policy of corporate governance: Abided by standards 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. Members of the board of directors and supervisors participate in training courses: Since Jun, 2005, after board of directors meeting, Taiwan Securities and Futures Institute have arranged 42-hr (including 6-hr reelection courses of director and supervisor) administration courses for us, and will arrange at least one director or supervisor every three years to participate in on-job education for trust manager. The policy of risk management and standard of risk management: Establish Risk Management Center, "Assets, Liabilities and Risk Management Committee" evaluate regularly operating risk and report to the board of directors. We obey rules of government and BIS to make policies of risk management to ensure our safety of administration and achievements. Contracted for the independent directors and independent supervisors of duty insurance: The Bank have bought liability insurance for directors, supervisors and managers on February, 2007, and have been published in Corporate charter. Other sufficient to improve corporate governance of banks of important information about the operation of the case: Inquire on the Bank's web site www.cotabank.com.tw 		
<p>VIII. If there exist corporate governance evaluation reports done by the company itself or outsourced to professional services providers, clear descriptions of the evaluation results, major shortcomings (or recommendations) and improvement status shall be given: None</p>		

3-3-4. Status for fulfillment of social responsibility:

Item	Operating conditions
<p>1. Promote corporate governance and examine implementation</p> <ol style="list-style-type: none"> The bank legislate corporate social responsibility policy or system The bank set the section of carrying our social responsibility Regular education training and propaganda with the board of directors, supervisors, and employees combine with performance appraisal system. Set up an explicit system of rewards and penalties. 	<ol style="list-style-type: none"> Not set yet Not set yet Regular education training conferences on business ethics
<p>2. The development of a sustainable environment</p> <ol style="list-style-type: none"> The bank enhance the efficiency of using resources and use eco-friendly materials The bank set up a system that suits its industry characteristics The bank set up a section to take charge to protect the environment The bank pay attention to the climate change and seek for ways of carbon reduction and energy conservation 	<ol style="list-style-type: none"> Encourage employees to use double-side printing and recycle and reuse used printing papers Turn off the power when leaving the offices, set the air-conditioner temperature at 27 degree, and do garbage recycling. Every department takes charge of protection of its own environment. The bank develop electronic document system, use T5 or LED lights, and promote electronic bills hoping to encourage all the employees and clients to protect our earth
<p>3. Maintenance of social welfare</p> <ol style="list-style-type: none"> The bank obey labor laws to give employees legal rights The bank offer employee safe and healthy working environment and hold safety drills The bank set and make public its customer policy and effective ways for customers to plead for themselves The bank work with suppliers to promote corporate social responsibility The bank takes part in community development and public charity activities via business activities, donation, volunteers, and other free services. 	<ol style="list-style-type: none"> The bank hold regular meetings for better communication of the labor and the management The bank obey labor health protection rules The bank offer customer call lines and message boards for customer complaints None The bank actively participates in social welfare and education related events and activities such as Eden Social Welfare Foundation, Taiwan Fund for Children and Families, etc.
<p>4. Improvement of information exposure</p> <ol style="list-style-type: none"> The bank expose relevance and reliability of corporate social responsibility The bank make a report on corporate social responsibility 	<ol style="list-style-type: none"> The bank publishes corporate responsibility in its yearbook. Not set yet

5. The bank state the difference between its operation and rules of corporate social responsibility if the bank set up corporate social responsibility rules according to code of practice: none

6. Other important information for better understanding social responsibility operating conditions (such as environmental protection, community participation, society contribution, society service, social welfare, consumer rights, human rights, safety and sanitation, etc.)

The bank set up COTA culture and education Foundation to advocate lifelong learning. The corporate spirit is "Taking from the society and giving back to the society" and it keeps contributing to social welfare, academic cultural and caring community activities. For example, Vienna New Year Concert, Children's Creative Painting Competition, International Car Free Day, Asian Cup Baseball Championship, Classical Orchestra Concert, Eden Social Welfare Foundation, Taiwan Fund for Children and Families. The bank also sent employees of consumer finance center to help national-wide middle and primary school students to establish the correct financial management concepts. The bank takes actions to fulfill civic responsibility.

7. If the bank products or corporate social responsibility reports pass any verification standards of certification bodies, they should be stated. None.

3-3-5. Good faith implementation and measures adopted:

The Bank set honesty and integrity rules in Board of directors' "Meeting rules", "Donations rules" and "Work rules", etc. All directors and employees are law-abiding to fulfill the social responsibility. The Bank set effective accounting systems and internal control systems. Internal auditors regularly check compliance. Based on incorruptibility, the bank set up good company management and risk control to create a business environment for sustainable development.

3-3-6. Other governance-related regulations' required disclosure items have been shown on the Bank website: www.cotabank.com.tw



3-3-7. Statement of Internal Control

COTA Commercial Bank Statement of Internal Control

Feb. 08, 2011

To Financial Supervisory Commission

On behalf of the COTA Commercial Bank, we declare that during the period of Jan. 1, 2010 through Dec. 31, 2010 the Bank did conform to the provisions of the "Guidelines for the establishment of internal control and internal audit systems" by establishing an internal control 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 : Chin-Ting Chang

Chief Auditor : Shin-Chien Chin

Compliance Officer : Chih-Hung Huang

Items for Improvement and Plan Table of Internal control

As of Dec. 31, 2010

Items for Improvement	Improvement Measure	Target Date
1. Deposit account for operations at the joint line of depositors who open deposit accounts, business units should review the original account and photo ID cards, and handwriting and seal, and whether the original account the same business unit, and keep the relevant information to do customer identification.	Strengthen employee's training to guide and examine. Account executives work required review of rigorous, indeed in accordance with regulations.	Aug. 06, 2002 Ministry of Finance under doc. No. Tai-Tsai-Jung 0916000231 and Strengthen the audit to determine the improvement.
2. The implementation opening deposit account to examine and know customer operation situation, any matches "Guidelines for Anti-Money Laundering Noticeable Items " list like Money Laundering token bargain, should confirm customer identity and subsist a related record, judge whether must according to stipulate report the Investigation Bureau, Ministry of Justice.	The implementation of a deposit account and knowledge of customer operations audit. Authentically carry out according to the Guidelines for Anti-Money Laundering Noticeable Items	Teller transaction program execution on the deposit or withdraw accumulated over half a million, the program will prompt cash transactions has reached half a million tired mind, pay attention to the Money Laundering Control Act, as long as the warning signal appeared immediately, the units immediately in accordance with regulations.
3. Branch to deposit client companies to set up for capital increase or the use of proof for issuance of deposits operations should carefully handle the issuance of certificate deposits, deposits of customers to avoid the false money or capital increase for use of company registration	Strengthen employee's training to guide and examine. Deposits should be made carefully in charge proved false for customers to deposit funds or borrowed funds to apply proven deposits, etc., should be strictly prohibited.	Bank deposit operations manual has clearly specified that, for customers to deposit funds or false application for temporary loan certificates of deposit, one should stop, do not accept applications.
4. When the customer carries out deposit and withdrawal, should in actual way reason trade process, can not carry out " name in order to withdrawal, physically is a transfer " of bargain.	Strengthen employee's training to guide and examine. The manager sternly inspects employee, and really examines subpoena's etc. to trade certificate.	Shall not carry out "name in order to withdrawal, physically is a transfer" of bargain. Business units will be reported in the earlier line of propaganda and strengthen staff training, in accordance with regulations.
5. The money flow of Loan business and should mutually match with original application use; Finance report with other related information anticoincidence, should find out reason and thoroughly list in the report.	Should track money flow of Loan to match application use. Strengthen employee to train ability of credit review.	Units have been invited to the right member of the Association in accordance with Republic Bank of the Republic of China Association of Banks, credit criteria and guidelines for the regulation of members of credit.

3-3-8. CPA Audit Report

Pursuant to ordinance article 25 of the "Guidelines for the Establishment of Internal Control and Internal Audit Systems", the Bank arranged KPMG certified public accountants to audit performance of internal control during the period of Jan. 01, 2010 through Dec. 31, 2010.

Certified public accountant's audit report concluded as follows:

With the exception of suggested items to improve, no major deficit is found (attaching homepage of auditor's report and suggestion statement).

Independent Auditors' Report

According to the article 25 promulgated by Ministry of Finance R.O.C. on "Implementation Rules for Bank Internal Audit and Internal Control System", when a bank engages an accountant to audit its annual financial statements, it shall also ask the same accountant to audit its internal control system and express opinion regarding the accuracy of information provided in the financial statements as well as the implementation of the Bank's internal control system, regulatory compliance system, and the appropriateness of bank's bad debt reserve policy.

On behalf of the KPMG, we accept being a consignor of COTA Commercial Bank to audit its internal control system and express opinion by article 28 of the same regulation during the period of Jan. 01, 2010 through Dec. 31, 2010 as attaching the range and result of audit report.

The audit report is intended only to present the "Financial Supervisory Commission Executive Yuan" and provide authorized persons.

The logo for KPMG, consisting of the letters 'KPMG' in a stylized, handwritten font.

Mar.18, 2011

Suggestion Statement

As of 2010

NO	Matter of disclose	Suggestion	Opinion of Administration
1.	The Same concerned- party data sheet pursuant to article 33-3 of the Banking Act not found in credit file.	Should examine if relevant credit documents collect in completion.	1. have rectified on Apr. 01, 2011 2. raise caution over future transaction
2.	Concerned party credit file mark as non-concerned party on credit checking report.	The credit reviewing and checking information should be consistent	1. have rectified on Apr. 01, 2011 2. raise caution over future transaction.
3.	While using the credit line, the JCIC information checking are over 3 months.	Should firmly obey to the Bank's rules and directions.	1. have rectified on Feb. 01, 2011 2. raise caution over future transaction.
4.	Loans operation not consists to rule 2 and 7 of the Bank's "directions to loans operation." (loan a/c no.102303-5)	Should firmly obey to the Bank's rules and directions.	1. have rectified on Mar.31, 2011 2. raise caution over future transaction.
5.	Overdue case not record latest information (loan a/c no.804663-2,3).	Should completely record the overdue case to keep latest information.	1. have updated on Apr. 01, 2011 2. raise caution over future transaction.
6.	The principal repayment amount in debt obligations note not correspond to account book. Amount in legal confirm letter mailed on Sep.30, 2010 is also incorrect. (loan a/c no.804663-2,3)	The manager in charge should check the detailed data truly the accuracy.	1. have corrected the amount and re-sent the legal confirm letter on Apr. 06, 2011 2. raise caution over future transaction.
7.	Case number not consistent between overdue loan documents. (loan a/c no.804663-2,3)	Should firmly obey to rule of case numbering.	1. have adjusted

3-3-9. Cases or Penalties due to Infliction of Laws and Regulations over the Past 2 Years:

Date	Nov. 12, 2009
Case depiction	No approval obtained from FSC regarding the outsourcing of the credit card promotion and issuing business by directly placing the application form of virtual credit card at the particular contract shop. FSC proposed rectification notice.
Amount of fine	0
Rectification	Terminate virtual credit card business.

3-3-10. Major Resolutions of Shareholders Meeting or Board of Directors Meeting in Recent Year:

3-3-10-1 Shareholders Meeting

Year	Nature of Shareholders Meeting	Convoking Date	Major Resolutions
2010	Shareholders' General Meeting	May. 27, 2010	1. The earnings distribution of year 2009 2. Partial revision in articles of law of incorporate 3. Partial revision in rules of the shareholders meeting rule

3-3-10-2 Board of Directors Meeting

3-3-10-2-1 Major Resolutions

Year	Nature of Shareholders Meeting	Convoking Date	Major Resolutions
2010	Board of Directors	Mar. 19, 2010	Approved the execution of early recall the year 2006 first issuance subordinated bank debenture in 2011.
2010	Board of Directors	Jun. 24, 2010	Approved the application for issuing TWD2 billion subordinated bank debenture to competent authority
2010	Board of Directors	Dec. 23, 2010	Approved the application for issuing TWD500 million subordinated bank debenture to competent authority

3-3-10-2-2 The Directors or the supervisor have the different opinions to the board of directors meeting through the major resolution, and has the record or the enunciator: None

3-3-11. Disclosures of the Resignation or Dismissal of Managerial Officers in Charge of Financial or Accounting Reports: None

3-4. Information on the Certified Public Accountant

3-4-1. Information on the Professional Fees of the Certified Public Accountant

3-4-1-1. Disclosure of the Accountant's Fee

Accountant Firm	Name of Accountant		Period of Inspection	Remarks
KPMG	Jun-Man, Chen	Shi-Hua, Guo	Year 2010	

Unit: TWD thousand

Tier	Item	Auditing Fee	Non-Auditing Fee	Total
1	Below 2,000 thousand	1,540	750	
2	2,000 thousand~4,000 thousand			2,290
3	4,000 thousand~6,000 thousand			
4	6,000 thousand~8,000 thousand			
5	8,000 thousand~10,000 thousand			
6	10,000 thousand and above			

3-4-1-2. The fee paid for non-auditing services account for a proportion equal to one-quarter or above of auditing:

Unit: TWD thousand

Accountant Firm	Name of Accountant		Auditing Fee	Non-Auditing Fee					Period of Inspection by Accountant Covering a complete fiscal year			Remarks
				System Design	Corporate Registers	Human Resources	Others (note)	Sub-Total	Yes	No	Inspection Period	
KPMG	Jun-Man, Chen	Shi-Hua, Guo	1,540				750	750	V		2010	

Note: non-auditing fee including financial investigation TWD280 thousand, BIS checking report TWD50 thousand, verification fee TWD30 thousand for write-off, verification fee TWD120 thousand for Seasoned Equity Offering, Collects the financial bond service TWD20 thousand, IFRS service TWD250 thousand.

3-4-1-3. Whether the issuer changes its accounting firm and the amount of fees paid for auditing services during the year in which the change is made are lower than for the previous year: None

3-4-1-4. Whether the amount of fees paid for auditing services is lower than for the previous year by 15% or more: None

3-4-2. Information on Change of Attesting CPA: None

3-4-3. Whether the Bank's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None

3-5. Change in Shareholdings and Pledged

3-5-1. Change in Shareholdings of Directors, Supervisors, Executives and Principal Officers

3-5-1-1. Chang in Shareholdings Information

Title	Name	2010		Up To Jan. 31, 2011	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman (major shareholder)	Chun-Tsu Liao	689,104	-	0	-
Managing Director	Ying-Che Chang	365,755	-	0	-
Managing Director	Yao-Ting Li	200,600	-	0	-
Managing Director	Dong-Po Xie	271,588	-	0	-
Managing Director	Yen-Chun Wang	1,800,000	-	0	-
Director	Chan-Wen Lin	160,000	-	0	-
Director	Pi-Jung Hsieh	0	-	0	-
Director (major shareholder)	Sung-Yueh Liao	11,273,433	-	0	-
Director	Xien-De Lai	249,692	-	0	-
Director	Ying-Chieh Lai	120,000	-	0	-
Director	Chun-Chuan Wang	305,886	-	0	-
Director	Kuo-Chou Chen	222,577	-	0	-
Director	Mu-Chuan Huang	209,027	-	0	-
Director	Po-Yao Chi	184,100	-	0	-
Director	Kung-Cheng Lin	0	-	0	-
Standing Supervisor	Lien-Kui Wang	157,722	-	0	-
Supervisor	Dhe-Chin Lai	249,560	-	0	-
Supervisor	Yung-Chih Wang	259,268	-	0	-
Supervisor	Kuo-Chao Hsiao	386,304	-	0	-
Supervisor	Chuang-Tai Wang	1,163,492	-	0	-
President	Chin-Ting Chang	174,405	-	15,495	-
Senior Executive Vice President	Jung-Hsien Chiu	14,857	-	0	-
Senior Executive Vice President	Chih-Sheng Hsiao	54,492	-	0	-
Senior Executive Vice President	Ho-Shun Chang	13,000	-	0	-
Chief Auditor	Shih-Chien Chin	37,582	-	0	-
Executive Vice President and Vice Chief Auditor	Chang-Lu Liu	20,644	-	0	-
Executive Vice President	Yun-Ching Wang	30,000	-	0	-
Executive Vice President	Hsin-The Chang	226,190	-	0	-
Executive Vice President	Tai-An Chen	12,090	-	0	-

Title	Name	2010		Up To Jan. 31, 2011	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Department General Manager	A-Kuai Chen	12,350	-	0	-
Department General Manager	Chiu-Yun Huang	4,484	-	0	-
Department General Manager	Wei-Bin Lin	16,507	-	0	-
Department General Manager	Huan-Mou Cheng	21,651	-	0	-
Department General Manager	Kuang-Hsiung Huang	13,420	-	0	-
Chief Secretary	Chien-Cheng Hsu	64,777	-	0	-
Department General Manager	Chih-Hung Huang	22,734	-	0	-
Department General Manager	Hung-Tsang Chiang	9,846	-	0	-
Department General Manager	Jun-Sheng Lin	16,828	-	0	-
Department General Manager	Chang-Chieh Lin	64,794	-	0	-
Department General Manager	Mei-Ling Shih	20,829	-	0	-
Department General Manager	Kuo-Chiu Chang	8,500	-	0	-
Branch General Manager	Ling-chen Ting	36,940	-	0	-
Branch General Manager	Lu-Chen Liao	26,753	-	0	-
Branch General Manager	Jui-Sen Liao	9,901	-	0	-
Branch General Manager	Chung-Lung Tsai	25,640	-	0	-
Branch General Manager	Zheng -Xian Xie	10,000	-	0	-
Branch General Manager	Min-Chang Lin	28,562	-	0	-
Branch General Manager	Chih-Peng Yang	66,686	-	0	-
Branch General Manager	Chih-Hui Chen	12,470	-	0	-
Branch General Manager	Shih-Tsung Chou	10,849	-	0	-
Branch General Manager	Kuo-Ho Chang	12,865	-	0	-
Branch General Manager	Shih-Jung Chen	48,266	-	0	-
Branch General Manager	Shi-Tung Chang	9,611	-	0	-
Branch General Manager	Chia-Wen Ke	9,742	-	0	-
Branch General Manager	Hsi-Hsien Wang	15,949	-	0	-
Branch General Manager	Feng-Jung Yeh	9,500	-	0	-
Branch General Manager	Chi-Shen Huang	33,417	-	0	-
Branch General Manager	Hung-Chi Tung	9,742	-	0	-
Branch General Manager	Hsien-Hsun Chiang	9,109	-	0	-
Branch General Manager	Chang-Cheng Chen	20,297	-	0	-
Branch General Manager	Shih-Tsung Liu	9,742	-	0	-
Branch General Manager	Wen-Jung Chen	10,000	-	0	-
Branch General Manager	Ching-Hsu Hsu	15,342	-	0	-
Branch General Manager	Ching-Sung Chen	9,742	-	0	-
Branch General Manager	Mao-Sheng Huang	35,623	-	0	-

3-5-1-2. Information of Shareholding Transfer: None

3-5-1-3. Shares Pledged Information: None

3-5-2. Related Party Transaction of First Ten Largest Shareholders

As of Dec. 31, 2010

Name	Shares Owned		Shares Owned by Spouses and Minors		Shares Held under Surrogate A/C		Top ten shareholders who meet the related party disclosures term of FASC NO.6 shall disclose name and relationship		Remark
	No. of Shares	Shares Held%	No. of Shares	Shares Held%	No. of Shares	Shares Held%	Name	Relationship	
Song-Yue Liao	15,475,488	3.70	51,304	0.01	-	-	Chuan Cheng Hat Co., Ltd.	Chairman	
Chuan Cheng Hat Co., Ltd. Song-Yue Liao	7,119,791	1.70	-	-	-	-	Song-Yue Liao	Chairman	
Chun-Tse Liao	5,500,000	1.32	12,824	-	-	-	-	-	
Guo-Zhao Xiao	3,545,818	0.85	2,178,166	0.52	-	-	-	-	
Tung Yang Business Co., Ltd Xian-De Lai	3,462,863	0.83	-	-	-	-	-	-	
Chun-Chieh Wang	3,002,283	0.72	-	-	-	-	-	-	
Chuang-Tai Wang	2,500,664	0.60	-	-	-	-	-	-	
Shih-Ming Chuang	2,211,569	0.53	-	-	-	-	-	-	
Shiou-Liou Chen	2,178,166	0.52	3,545,818	0.85	-	-	-	-	
Kuo-Chou Chen	2,042,995	0.49	-	-	-	-	-	-	

3-5-3. Consolidated Shareholdings: None

A hand holding a coin, with large overlapping circles in the background.

4

Capital Arrangement

4. Capital Arrangement

4-1. Capital Shares and Dividends

4-1-1. Source of Capital

As of Dec. 31, 2010; Shares Held (%)

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	Increased from retained earnings of TWD63,674,620	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 increased from retained earnings of TWD16,868,570	Approved under the Document No.0940125559 of FSC
						Shareholder stock dividend increased from retained earnings of TWD73,066,630	
Jul., 2006	10	600,000,000	6,000,000,000	343,190,342	3,431,903,420	Staff stock dividend increased from retained earnings of TWD17,803,800	Approved under the Document No.0950130685 of FSC
						Shareholder stock dividend increased from retained earnings of TWD76,758,840	
Aug., 2007	10	600,000,000	6,000,000,000	355,599,141	3,555,991,410	Staff stock dividend increased from retained earnings of TWD3,971,370	Approved under the Document No.0960042314 of FSC
						Shareholder stock dividend increased from capital reserve of TWD120,116,620	
Aug., 2008	10	600,000,000	6,000,000,000	368,045,111	3,680,451,110	Increased from capital reserve of TWD124,459,700	Approved under the Document No.0970038581 of FSC
Oct., 2010	10	600,000,000	6,000,000,000	418,045,111	4,180,451,110	Cash capital raising of TWD500,000,000	Approved under the Document No.0990035926 of FSC

As of Dec. 31, 2010

Type of Stock	Authorized Stock Capital			Remark
	Outstanding Capital Stock	Un-issued Share	Total	
Common Stock	418,045,111	181,954,889	600,000,000	not on the list of TSEC/OTC

4-1-2. Shareholder Structure

As of Dec. 31, 2010

Category	Government Agency	Financial Institution	Other Institution	Individual	Foreign Institution and Foreigner	Total
Number of Shareholders	2	5	431	67,252	21	67,711
Number of Shares	1,552,464	14,480	17,169,699	399,003,830	304,638	418,045,111
Percentage	0.37%	-	4.10%	95.46%	0.07%	100%

4-1-3. Distribution of Shareholders' Equity

4-1-3-1. Common Stock: Par Value of TWD10

As of Dec. 31, 2010

Tier	Number of Shareholders	Number of Shares	Percentage (%)
1 - 999	48,390	10,094,431	2.41
1,000 - 5,000	10,928	19,107,831	4.57
5,001 - 10,000	1,356	8,735,843	2.09
10,001 - 15,000	4,029	47,412,421	11.34
15,001 - 20,000	242	4,135,817	0.99
20,001 - 30,000	608	14,536,898	3.48
30,001 - 50,000	665	27,230,134	6.51
50,001 - 100,000	813	54,159,838	12.96
100,001 - 200,000	387	53,217,904	12.73
200,001 - 400,000	191	51,746,139	12.38
400,001 - 600,000	36	16,938,369	4.05
600,001 - 800,000	19	12,809,824	3.06
800,001 - 1,000,000	7	6,114,039	1.46
1,000,001 and above	40	91,805,623	21.97
Total	67,711	418,045,111	100.00

4-1-3-2. Preferred Stock: None

4-1-4. List of Major Shareholders

As of Dec. 31, 2010

Name	Number of Shares	Percentage (%)
Song-Yue Liao	15,475,488	3.70%
Chuan Cheng Hat Co., Ltd.	7,119,791	1.70%
Chun-Tse Liao	5,500,000	1.32%

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

4-1-5. Market Value, Net Worth, Earnings, and Dividend per Share in Recent 2 Years

Unit: TWD

Item		Year	2010	2009	Up To Feb 28, 2011
Market Value	Highest		N/A	N/A	N/A
	Lowest		N/A	N/A	N/A
	Average		N/A	N/A	N/A
Net Worth	Before Distribution		12.38	12.72	12.62
	After Distribution		(Note 4)	12.66	(Note 2)
Earnings	Weighted Average Shares		379,688,947	368,045,111	418,045,111
	Earnings per Share	Before Adjust	0.24	0.08	0.04
		After Adjust	(Note 4)	0.08	(Note 2)
Dividend (Note 1)	Cash Dividends		0.058	0	(Note 2)
	Stock Dividends	Retained Earning	0	0	(Note 2)
		Capital Reverse	0	0	(Note 2)
	Dividends in Arrear		0	0	0
ROI	P/E Ratio		N/A	N/A	N/A
Analysis (Note 3)	P/D Ratio		N/A	N/A	N/A
	Cash Dividend Yield		N/A	N/A	N/A

Note 1: dividends of serial year present earnings assignment of previous year.

Note 2: year 2011 hasn't ended.

Note 3: not applied as the Bank is not a listing company.

Note 4: year 2010 distribution number is to be confirmed after the approval of board of directors and the shareholder meeting.

4-1-6. Dividend Policy and Executive Status

The Alternation of dividend policy will affect the market price of stock and the capability for future development. The advantages and disadvantages for that are even more difficult to be anticipated. The Bank, formerly a credit cooperative, used to pay out higher dividends. 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, profit and adequate capital ratio, we would adopt the residual dividend policy.

Our dividend policy is carried out by the access of "assignable earning distribution". After appropriate legal reserves, we distribute the full earnings to the staff and the shareholders. Our shareholders used to acquire admirable dividends as good as other banks. But for the coming years, the operating capital becomes ultra essential resulting 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 the Bank's long-term business expansion by taking use of the accumulative legal earnings reserves.

According to article 34 of the Bank's articles of incorporate, earnings of fiscal year should pay taxes and offset prior year's losses and appropriate 30% as legal reverse in turns. The remaining is regulated to distribute as follows:

- Up to 10% as dividend to the shareholders.
- Up to 3% as remuneration to the directors and supervisors.
- 10% as bonus to staff.
- Shareholder bonus.
- Special reserves.

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

4-1-7. The Influence of Stock Dividends to Market Value and Earnings Per Share:

As financial forecast is not required under stock dividends assigning proposal by shareholders' meeting, no disclosure is needed in accordance with related regulation.

4-1-8. Staff Bonus and Remuneration to Directors and Supervisors:

4-1-8-1. pursuant to article 34 of the Bank's articles of incorporate.

4-1-8-2.

The difference, if any, between the amount estimated in the current-year and the amount approved by stockholders in the subsequent year shall be accounted for as a change in accounting estimate, and charged to profit or loss in the current year.

4-1-8-3.

The distributions of staff bonus and others approved by Board of Directors meeting as follows: In 2010,

- Staff cash bonus: TWD6,743 thousand, Director/Supervisor remuneration: TWD1,942 thousand.
- Staff stock bonus: None
- EPS (deducted from staff bonus and Director/Supervisor remuneration): TWD0.24

4-1-8-4.

In 2009, TWD 2,171 thousand and TWD651 thousand as the distribution amount of Staff bonus and Director/Supervisor remuneration, and comply with the resolution of Board of Directors.

4-1-9. Repurchase Stocks: None

4-2. Issuance of Bank Debentures

Type of Bank Debenture	First Issuance of Bank Debentures (1 st term of 2006)
Date Approved by Central Competent Authority, Document No.	Executive Yuan, Financial Supervisory Commission September 9, 2005 Chin Kuan Yin (3) No.0940024574
Date of Issue	Mar. 28, 2006
Denomination	500 thousand, 1 million, 5 million and 10 million
Issue and transaction Place	Taiwan, R.O.C.
Currency	New Taiwan Dollar
Issue Price	100 dollars
Total Amount	2.5 billion
Interest Rate	Type A: First 5 years 3.3%, Last 5 years 5% Type B: First 5 years, 1.20% plus the Bank's Board's Index rate of time saving deposits. Last 5 years, 2.50% plus the Bank's Board's Index rate of time saving deposit.
Term	10 years, mature on Mar. 28, 2016
Priority of Payment	The right to receive payment for sums due under the debenture (including principal and interest) takes precedence only over that of bank shareholders for distribution of surplus assets and is subordinate to the claims of all other creditors of the Bank.

Guaranteeing Institution	None
Trustee	None
Underwriter	Jih-Sun Securities Co., Ltd./ Grand Cathay Securities Corporation
Certifying Lawyers	None
Certifying CPA	Chuan-Chuan Wu / Jun-Man Chen
Certifying Financial Institution	Hwa-Tai Commercial Bank, Trusts Dept.
Method of Redemption	Principal paid upon maturity or The Bank is entitled to redeem by an announcement from Feb. 01, 2011 to Mar. 28, 2011
Unredeemed Balance	2.5 billion
Preceding Year's Paid-in capital	3,337,341,000
Preceding Year's Post-Audit Net Value	5,224,445,831
Performance Status	Normal
Sellback or Early Redemption conditions	The Bank is entitled to redeem by an announcement from Feb. 01, 2011 to Mar. 28, 2011 or Principal paid upon maturity
Rollover and Exchange Conditions	None
Restrictive Conditions	Subordinated
Capital Utilization plan	Raise the Bank's own capital and risk asset ratios
Amount of Registered Issuance Plus Outstanding Balance Already Issued as Ratio of Net Final Value of Issuance in Preceding Year.	47.85%
Whether or not recorded as qualified capital and type	Yes, Tier 2 Capital
Name of Rating Institution Date of Rating, and Rating Given	None

4-3. Preferred Stock: None

4-4. Issuance of Depositary Receipt: None

4-5. Employee Stock Option Plan: None

4-6. Merging or Acquisition of Other Financial Institutions:

In recent year and up to the annual report is been printed, the Bank do not merge or acquire other financial institutions.

4-7. Utilization of Capital Plan: None



5

Business Operation

5. Business Operation

5-1. Business Report

5-1-1 Comparison over the past five years

5-1-1-1 Deposits

The amount of deposits as the end of 2010 totaled TWD106,746 million, increasing TWD5,893 million compared to year earlier at a rate of 5.52%. We intend to improve our quality and quantity of deposit structure, implement the entire-personnel marketing, enforce interaction with clients to develop business chances, and open up the prospects of the corporate salary remittance service. We also try to improve the functions of E-banking and phone banking, and to visit neighboring area to seek for new customers in the market.

In deposits structure, our demand deposits stood at TWD42,621 million that was the 39.93% of the total deposits. Our time deposits stood at TWD64,125 million that was the 60.07% of the total deposits. Our deposit structure is fine and we will step forward to improving quality & quantity of total deposit through our sound corporate image and right operation strategies. Here follows deposit structure ratio analysis:

Structure of Deposits

Unit: TWD million; %

Items	2010		2009		2008		2007		2006	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Checking Deposits	1,722	1.61	1,534	1.52	1,345	1.38	1,479	1.58	1,566	1.64
Demand Deposits	12,621	11.82	10,100	10.02	8,725	8.95	8,311	8.88	8,260	8.63
Demand Savings Deposits	28,274	26.49	25,560	25.34	20,767	21.31	21,658	23.13	22,988	24.01
Time Deposits	13,694	12.83	13,738	13.62	14,881	15.27	14,608	15.60	17,129	17.89
Time Savings Deposits	50,431	47.25	49,896	49.48	51,733	53.09	47,570	50.80	45,770	47.81
Remittances	4	0.00	25	0.02	3	0.00	6	0.01	24	0.02
Total	106,746	100.00	100,853	100.00	97,454	100.00	93,632	100.00	95,737	100.00

5-1-1-2 Loans

The amount of loans outstanding as the end of 2010 totaled TWD87,535 million, increasing 9,442 million compared with year 2009; here follows the loan ratio analysis.

Structure of Loans

Unit: TWD million; %

Items	2010		2009		2008		2007		2006	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Overdrafts	198	0.23	90	0.12	132	0.16	167	0.20	155	0.19
Bill Discount	122	0.14	227	0.29	273	0.34	367	0.45	345	0.42
Car Loans	11,790	13.68	11,539	14.77	10,736	13.31	8,648	10.53	6,369	7.77
Mortgage loans	21,642	24.72	19,993	25.60	19,114	23.69	22,051	26.84	24,581	30.00
Other Unsecured Loans	19,949	22.79	19,998	25.61	26,481	32.82	26,445	32.18	26,986	32.94
Other Secured Loans	31,715	36.23	24,562	31.45	22,669	28.09	23,431	28.52	22,738	27.75
Allowances for Bad Debt	-811	-0.93	-882	-1.13	-1,017	-1.26	-709	-0.86	-68	-0.79
Sub Total	84,785	96.86	75,527	96.71	78,388	97.15	80,400	97.86	80,526	98.28
Acceptance receivable	2	0.00	8	0.01	35	0.04	4	0.00	22	0.03
Guarantee receivable	1,937	2.21	1,676	2.15	1,251	1.55	1,053	1.28	734	0.90
Allowances for Bad Debt	811	0.93	882	1.13	1,017	1.26	709	0.86	648	0.79
Total	87,535	100.00	78,093	100.00	80,691	100.00	82,166	100.00	81,930	100.00

Note: This table includes discount, overdraft, common loan, trade finance, overdue, draft purchase, acceptance draft receivable, and guarantee.

Concerning our risk policy, enterprises run business in a more conservative way, such as strict limit-control to increase secured loan or self-liquidating loan, which is rule for credit product. The bank will apply for SME fund for security if any candidate is qualified and lower loan risk quotation. Our SME business loans amount increased around TWD1.36 billion compared with previous year.

Under the financial crisis attack, the government vigorously encouraged investment and supporting democratic business by asking banks to maintain normal accrediting function and help weak-credited SME business acquire operation funds. We are honored with "rapid growth" by Financial Supervisory Committee for highly performance in executing SME business. As the end of year 2010, SME loan business totaled TWD12,084 million, increasing 1,952 million compared with year 2009.

5-1-1-3 Wealth Management

The Bank primarily focused on providing customers with specified trust businesses such as domestic/overseas trust funds, real estate trust funds, and insurance agency service as well.

Wealth Management

Unit: TWD million; %

		2010		2009		2008		2007		2006	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Insurance	Life Insurance	3,078	41.1	2,379	38.1	1,111	29	135	4	136	9
	Property Insurance	27	0.3	26	0.4	1	0	0.8	0	0.1	0
Trust Funds	Overseas Trust Funds	1,526	20.4	1,627	26.1	1,360	36	1,656	43	464	32
	Domestic Trust Funds	2,772	37.0	2,137	34.2	1,296	35	1,962	51	653	45
Trusts	Money Trusts	88	1.2	23	0.4	0.8	0	94	2	200	14
	Real Estate Trusts	0	0	48	0.8	27	0	20	0	-	-
Total		7,491	100	6,240	100	3,795.8	100	3,867.8	100	1,453.1	100

5-1-2 Business Plans for year 2011

5-1-2-1 Operation Plans

5-1-2-1-1 Organization Development

- To strengthen branch management, lifting branch function and efficiency.
- To execute target control and track budget target execution performance by holding periodical meeting.
- To streamline operation process, building up computer operation system to improve service efficiency & quality
- To conform to BASEL with building" operation risk loss data" for process improvement reference.
- To upgrade operation efficiency and strengthen account opening management of seal & ID data by introducing new seal-checking system.

5-1-2-1-2 Consumer Banking

- To scan target customer group and provide specific fee and service to develop consumer banking business.
- To keep on-site proficiency training, especially in regulation compliance, product position, marketing direction, selling skill, service politeness, to aggregate team productivity.
- To better accrediting personnel's performance and implement "client differential" strategy, enlarging low-risk clients' loan scale and closely watching high-risk clients' loan quality via improving credit investigation procedure, and real estate appraise procedure.
- To reach economic scale goal and smooth loan procedure, lowering operation cost by planning back office operation procedure standardized and automated
- To better ante-risk review and post-risk management by timely examining credit investigation operation status and asset quality, and irregularly adjusting product pricing and loan policies

5-1-2-1-3 Corporate Banking

- To promote financing services for small-middle business enterprises by providing whole credit investigation project to meet the need of governmental economy developing policy
- To enhance BIS ratio by strengthening external guarantee of small and medium business, lowering credit risk and better the Bank's risk control in good use of "Small and Medium Enterprise Credit Guarantee Fund".
- To strengthen communication among in-house, regional credit center and credit dept.; enhance credit review process and management to benefit whole bank business.
- To execute "account officer" system, vigorously finding new clients and maintaining existing clients by periodically holding "account officer meeting"; benefit corporate banking business territory by enhancing professional personnel's training and marketing ability
- To better employee competence and bank profit by educating profession personnel with marketing ability and technology

5-1-2-1-4 International Banking & Foreign Exchange Business

- To strengthen cross-strait and triangle-trade financial business and expand OBU profit margin
- To allocate adequately foreign exchange investment exposure and target high-rating overseas securities for higher foreign exchange business revenue
- To enforce profession personnel's foreign exchange know-how and training in order to sharpen skills for expanding business territory
- To apply new derivative financial products and strengthen relationship with peer domestic & foreign banks
- To build more efficient foreign exchange operation platform, strengthening risk control mechanic by co-operating with IT dept. in planning new FX system and FX product data mining.

5-1-2-1-5 Wealth Management

- To aggressively transform internal personnel to financial consultants and recruiting new blood for financial consultants trainee to expand business territory.
- To raise internet banking utility rate in order to facilitate internet order placing and cost down
- To progress market share via bond fund sale and fee income; strengthen bond fund and periodical fund sales for asset allocation demand.
- To actively provide various financial products to meet client's demand and create fee income source.
- To strengthen internal control process for whole business to conform law compliance and decrease service complain events

5-1-2-1-6 Asset & Liabilities Management, Risk Management and Funding

- To enhance control and coordination between asset and liability so as to be consistent on management and effective monitor risk on exposure.
- To tightly control source of fund and the tenor and interest rate of the usage so as reduce re-pricing risk and maximize Bank's net interest profitability and value.
- In order to match The New Basel Capital Accord increase the minimum capital requirements which work in 2013, appropriate plain long tern capital to strength common equity basis and risk tolerance.
- In order to fully match JCIC lose event data on operational risk, to build up on-line reporting system is needed so as to save human resource.
- To develop RCSA in order to found out main reasons and frequencies of operation risk, and develop KRI controlling system according to internal audit external investigation and account information.

5-1-2-1-7 Administration and Human Resource Management

- To continual execute a financial curriculum of the profession training, and promote employee's professional ability; and strengthen employee's moral and integrity.
- Hire inter-bank players with stronger business capability and increase ratio of external sales to increase profitability.
- Modest add hire new employees for deposit, loan and wealth management.

5-1-2-1-8 Credit Card Business

- According credit card's business model to design feedback project and credit card events for contribution of top 20% to strengthen growth on consumer banking business
- To strengthen employees' marketing ability by increasing training and provide excellence service to resolve customer problems effectively.
- Non-periodic job rotation to prevent turn over of the quality of work, taking into account the requirements of internal audit.
- To review and adjust high debit ratio of customer's credit and unscheduled track the unusual payment and consumption to reduce credit risk in half a year.

5-1-2-2 Major Business Plans

In order to be "professional and high quality of community bank", the Bank dedicates to extend stable growth on profitability and scale. The Bank expects to offer convenient service channels and multi-financial services for local clients in the spirit of "pursuing outstanding and putting people first".

By cautiously review possibility to improve operational status and upgrade business scope, the Bank planned to relocate Beitun branch, and gradually adjust location of the channels. Also, the Bank will actively strengthen the effectiveness of both physical and electronic internet financial service and expects to offer convenient service and high quality of value-added so as to create win-win strategy between the Bank and client relationship.

In 2011, the Bank aims to strengthen items on risk management under the principle of "safety, liquidity, and profitability" in order to reduce the impact on risk. Base on the prerequisite "all the business can not beyond the risk", focus on low risk and competitive niche, through product localization and product mix so as to satisfy customers' needs and to deepen relationship of local clients, the Bank aims to pursue long-term balance development and expect the Bank to become a localization valuable bank.

Unit: TWD thousand; %

Business Item	2011 Budget	2010	Increase Volume	
			Amount	%
Average Balance of Deposits	104,000,000	101,845,415	2,154,585	2.12
Average Balance of Loans	82,000,000	78,210,710	3,789,290	4.84
Wealth Management (Trust Amount)	5,000,000	4,386,296	613,704	13.99
Wealth Management (Insurance Broker Revenue)	29,703	31,491	0	0

5-1-2-3 Main Business Operation Target

5-1-2-3-1 Deposits

Budgeted average deposit balance in year 2011 is TWD104,000 million which is TWD2,155 million and 2.12% growth respectively higher than year 2010 mainly based on:

- Keep work collection, payment services which through the automate service, to improve efficiency and satisfaction, recruit the corporate or government's salary transfer function to active bank's to active deposit ratio and decrease funding cost.
- Strengthening Web-ATM functions and introduces multiple customers' payment platform so as to reduce on-counter service quality.
- Keeping simplifying operational procedure on deposit and remittance function and upgrading business unit service quality and customers' satisfaction in order to reduce Bank's operational cost.

5-1-2-3-2 Loans

Budgeted year 2011 average lending balance is TWD82,000 million which is TWD3,789 million and 4.84% growth respectively higher than year 2010. The Bank will keep tracking on NPL and on accelerating write-down on bad debt in order to effectively lower bad debt ratio and coverage ratio. The strategies are as follows:

- To prevent rising default ratio of credit accounts to make loss and reduce profit, the Bank not only tightly executing standard procedure on credit and lending, accurately evaluating limits, enhancing follow-up management on credit, and strictly monitoring funds movement and debt ratio so as to avoid or reduce loss on credit and keep the safety of assets.
- To strengthen professional skill training on credit operation as well to upgrade IT system functions to enhance credit risk management.
- Keep focus on the credit business which driven by trading and self-liquidating financing, and aggressively tracking all the counterparties of customer from upstream to downstream as to know well about clients' cash flow and control quality of loan business efficiently.
- In support of authority policy, the Bank keeps promoting loan business to SME which can match clients' demand and expand corporate foundation to increase market share in corporate credit business.
- To strengthen capital delinquency, raise assets coverage and reduce unsecured loan ratio, the files met qualification of SME credit guarantee fund will apply to this scheme so as to reduce credit risk weighting asset.
- Makes periodic assessment of global industry trends to take advantage of all walks of industry and depends on the various trends to adjust strategies to run deeply for profit.
- After accurate measure of funding cost, the proper lending rate of credit business then is decided to maintain reasonable profit and increase non-interest but commission- based income.
- To give consideration to business development and credit risk management, the Bank takes zoning risk control and intensifies appraisal of real-estate to approve loan proportion to avoid house price turning down quickly.

5-1-2-3-3 Wealth Management

With the economic recovery and wealth arrangement from clients getting more and more, the Bank provides insurance and mutual fund related products to satisfy the needs from clients to allocate their assets properly. Meanwhile, the Bank continues to improve financial personnel training to enhance the quality of customer services. Budgeted year 2011 trust asset balance is TWD5 billion, which is TWD614 million and 13.99% growth respectively higher than year 2010.

Budgeted revenue from insurance sales in year 2011 is TWD30 million, which is about equal to 2010. The Followings are status of the business:

- Aggressively recruit reserve financial personnel and expand related recruitment to increase wealth management income of the Bank.
- To arrange diversified training courses for educating staff and assist staff be qualified by relevant licenses to enhance the marketing capabilities.
- Pushing forward to periodic investment plan of mutual funds to create stable fee income.
- To choose high grade and trustable insurance products to achieve stable asset growth for customers.
- To actively develop new products to achieve target of product diversification.
- To adjust income structure to balance fee income and management fee.
- In order to make growth on both trust asset and fee income, to promote, except special purpose trust, both money trust and real estate trust.
- To provide trust asset planning to match expectation of customers by professional management, disposition and application.
- For the purpose of taxing planning, asset growth, property transfer and charitable trust, the Bank provides various choices to clients by developing new trust products.
- To apply new trust business and cooperate with domestic and overseas financial institutions in order to set up multiple investment conduits for customers.
- Be engaged in community operation and provide minimal trust business or tailor-made trust planning for investors as to satisfy demand of clients and obtain different income from commission.
- To advance growth of trust business, the Bank makes efforts in improving professional trust business capability of staff and assist business development actively to establish customer demand-driven trust products.

5-1-3 Market An alysis

Concerning domestic financial market development, M&A in financial market is booming impacted by larger financial holding companies and foreign investors. The Bank believes that banking will keep upgrading their competition under the monitoring of FSC. Under the signing of MOU, ECFA and policy easing cross straits that be expected to bring structural change of financial institutions and all banks operation will be more challenging and have more turning points. According to competitive market and thin spread in interest rate, domestic banks obtain limited room for net interest margin and profit. And by impact of financial turmoil, banks adjust the structure of profit to focus on non-interest based income of commission and revenue share among business units to upgrade operation performance by re-organization and systematic adjustment.

In order to cope with coming operational risk, local authorities is requesting banks to strengthen financial structures and reach higher bad-debt allowance. This might impact on short term profitability in banking sectors but expect to have a stable progress in the long run on market operation. Facing quick-changing financial market, the Bank will keep strengthening operational quality, internal control and risk management with long-run target to transform as a national bank. Top managers believe that the Bank is capable of expanding its advantage on consumer banking business through all staffs' efforts. And the Bank will still keep in a stable and conservative growth path and strategy taking into account the benefit of our customers, shareholders and staffs so as to maintain asset quality and profitability of the Bank.

5-1-4 Financial Commodity Research and Development Overview

5-1-4-1. Major Financial Product and New-established Units in Recent 2 Years

- Scale of Major Financial Product: Please refer to this annual report part 5: Business Operation
- New-established Units
 - ▶ Apr. 01, 2009: Set up Risk Management Center
 - ▶ Jun. 14, 2010: Set up Hsinchu branch

5-1-4-2 Expenditure and result of Financial Products Research and Development in Recent 2 years

5-1-4-2-1 Expenditure and result of Financial Products Research and Development in Recent 2 years

- Expenditure and result of Financial Products Research and Development in recent 2 years. Year 2009: TWD1,969 thousand ; Year 2010: TWD1,908 thousand
- Self-developed credit card accounting system, PC asset management system, consumer banking center documenting system, electronic check clearing system, and personnel leave/absence system.
- Replaced and phased out TANDEM mainframe, re-designed and migrated inter-bank remittance, ATM and chip debit card to IBM mainframe.
- Promoted chip debit card's consumption debiting business.
- Promoted internet banking functions for foreign exchange transactions.
- Completed "cross-branch and ATM host business system" and off-site backup system, built up host-and-branch network with "3G wireless backup system" in order to enhance information system backup and disaster contingency capabilities.
- Accomplished the system of XML (Extensible Markup Language) payment collecting service.
- To start nation-wide bulk payment (tax) immediate transit business.

5-1-4-2-2 Financial Products Research and Development Project in the Future:

- To construct sound risk management organizations and mechanisms to assess and monitor the efficiency of credit risk, market risk, operational risk and liquidity risk enhancing performance and asset quality.
- To scheme new system of foreign exchange products and build database of foreign exchange transactions, strengthen risk management function to establish efficient operating platform for foreign exchange.
- To self-develop the chop and seal identify system.
- Aggressively develop wealth management business as well as enhance system control and promote new financial products to strengthen customer services.
- To reinforce electronic financial services by renewing internet transaction business and developing corporate internet transaction platform in order to make varied electronic financial transaction functions, provide better services to customers and fully known well about customer cash flow and reduce operating costs.
- In accordance with different clients, we research to devise deposit, loan and investment financial products to provide complete, diversified and flexible customer services.
- Aggressively develop new trust business and carry out products to match customer demand and to provide full range investment financial trust business.

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

5-1-5-1 For our Short Term Business Development Plan, please refer to our profile of Business Plans for Year 2011.

5-1-5-2 Long Term Business Development Plan

- To raise the ratio of demand deposit and reduce working capital cost to enhance profit.
- To adjust the structure of loan business and promote the business scale of corporate banking and consumer banking.
- To develop loan business, wealth management business, trust business, foreign exchange and OBU business as well as electronic financial business by uplifting effect of operations and increasing revenue.
- To strengthen loan business quality, lower non-performing loan and raise coverage ratio.
- To enhance risk management system and strengthen the efficiency of risk management.
- To constantly set up the branches countrywide and raise the value of service channels.
- To build up IT management system and information platform to enlarge best synergy of IT system.
- To emphasize staff training and career planning.

5-2. Human Capital

Information of Educational Background for Employees in Recent 2 Years

Item		Year	2009	2010	Up to Jan. 31, 2011
Number of Employee			1,095	1,078	1,074
Average Age			36.83	37.57	37.65
Average Seniority			11.05	11.56	11.68
Structure of Education	PHD		0	1	1
	Master		45	42	42
	University/College		842	837	833
	Senior High School		203	195	195
	Below		4	3	3



Certificated Proficiency Tests of Employees	Total (Up to Jan. 31, 2011)
Basic Proficiency Test for Bank Lending Personnel	449
Advanced Proficiency Test for Bank Lending Personnel	28
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5-3. Responsibility and Ethical Code

The Bank is a famous financial institution in central Taiwan, which has been set up around for 95 years and kept ideas of “active, creativeness, friendliness and service” to protect customer rights and create the maximum value for all shareholders. To response for social liabilities, we set up “COTA Culture & Education Foundation” to develop the public welfare of elder persons concern as well as be the sponsor of society welfare, arts appreciation and communities cares such 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, The Bank merged Fenyuan 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.

5-4. IT Equipment

The Bank uses IBM UNIX server for Business System, Testing System, Inter-bank Business and Utility System separately. Furthermore, we also uses Windows server and Linux server depend on different business lines.

Up to date, our working software includes Demand Deposits System, Time Deposit System, Comprehensive Deposit System, Bill Collection System, Financial Consultants System, Credit System, Trust Business System, Checks Clearing System, ATM & Chip-Card System, Internet Banking System, Automatic Phone Voice Service System, Correspondent System, Credit Checking System, Chops System, Staff Field System (including E-Document System, Staff Management System, Personnel & Wages System, Operation Analysis System, Credit Review System, Messaging System, Information Transmitting System, Consuming Business System, SME Banking Business System, Wealth Management Business System, Joint-Credit MQ Information System, Teaching film Platform, Field of Staff and Banking Business....), Accounting System, Safe System, Foreign Exchange System (DBU and OBU), Credit Card System etc.

The new development for internet banking system of foreign exchange transactions has been working from Mar. 2010 and the new self-developed chop and seal identify system also decided to work online and overall transfer from 2011. To strengthen the network security, the Bank not only enhanced protective equipment but also purchased Intrusion Prevention System (IPS). For the growing popularity of smart phone and tablet computer, the Bank has made efforts to research and develop the related internet banking services.

The 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.

5-5. Labor-Management Relationship

5-5-1 To stabilize the quality of staff life and improve the working efficiency, the Bank takes care of the welfare for staff with regard to give birth, marriage and funeral events, medical treatment and accidents.

5-5-1-1 Group Insurance

In accordance with laws and regulations, the 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 caused. Moreover, we cover accident insurance with Shin Kong Life for all staff.

5-5-1-2 Bonus

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

5-5-1-3 Incentive Interest Rate

The Bank provides favorable interest rate of deposits or loans for all staff.

5-5-1-4 Security and Hygiene

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

5-5-1-5 Staff Proficiency Training

To enhance the level of our employee of profession, we are holding training courses and professional lessons.

The Bank's pension fund is pursuant to old-version and updated version which based on Labor Law for "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 (exclude appointed managerial employee) to be retirement payment that was deposited in the pension account in the Bank of Taiwan. We have another account for appointed management that calculated 8% of their salary each month. Till end of Jan. 2011, under the survey of all employees, there are 422 staff (39.3% of employees) choosing the old version, 652 staff (60.7% of employees) choosing new version. The Bank has no significant argument between employee and employer at present.

5-5-2 Damage from Argument between Labor and Capital in Recent 2 Years

All personnel management and staff welfares of the Bank are conformed to Labor Law. We retain agreeable labor-capital relationship and never suffered damage from arguments and wish so for future.

5-6. Major Contracts

Nature of Contract	Concern Party	Contractual Period	Major Content
Deposit Insurance Contract	Central Deposit Insurance Corp.	Engaged on Aug. 15, 1995	To enhance protection of customer deposits
Bank Comprehensive Insurance	Chung kuo Insurance Co., Ltd.	From Apr. 1, 2010 to Apr. 1, 2011	<ol style="list-style-type: none"> 1. Staff unfaithful behavior 2. Asset of branches 3. Asset in transit 4. Forged drafts and securities 5. Forged cash 6. Damage of equipment 7. Fault of securities or contracts

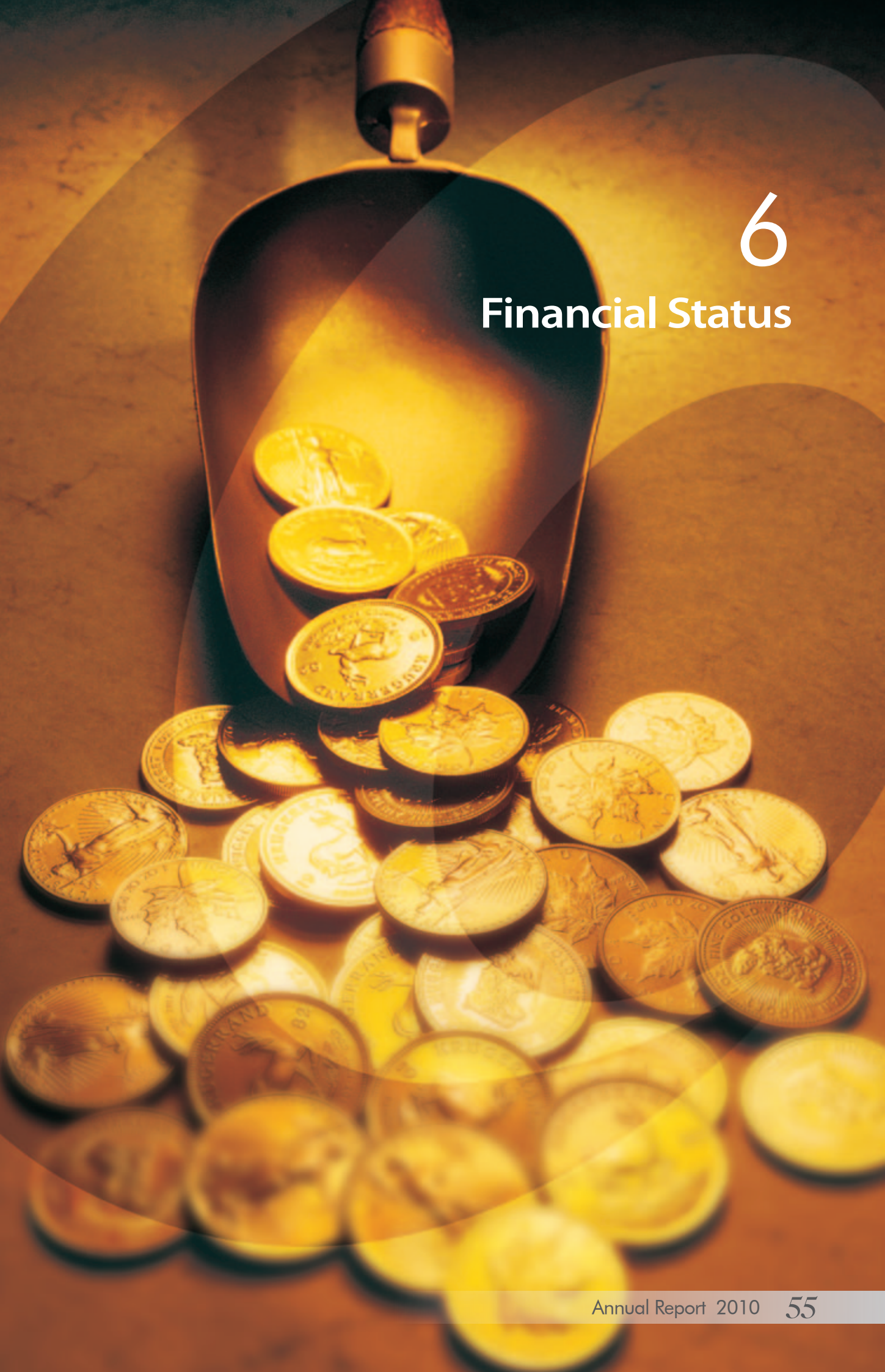
5-7. Apply for Securitization and Related Information in Recent Year:

None



6

Financial Status



6. Financial Status

6-1. Summarized Balance Sheet and Income Statement over the Past Five Years

Balance Sheet

Unit: TWD thousand

Descriptions	Year	Financial data during recent 5 years				
		2010	2009	2008	2007	2006
Cash, Cash equivalents, due from the Central Bank, and call loan to other banks		24,486,177	26,435,656	19,369,246	7,268,891	16,566,863
Financial assets measured at fair value through profit or loss		758,415	737,002	1,474,982	605,084	476,169
Bonds and bills purchased under resale agreements		-	-	797,105	1,935,909	1,397,851
Available-for-sale financial assets		1,603,087	1,934,258	1,750,932	1,268,543	889,701
Discounts and Loans		84,784,456	75,527,272	78,388,068	80,400,663	80,526,411
Receivables		433,779	469,463	723,584	844,029	1,225,766
Held-to-maturity financial assets		1,339,785	1,394,552	440,288	7,210,231	1,219,801
Long-term investments under equity method		8,465	6,313	5,606	-	-
Fixed assets		1,112,852	1,307,502	1,343,527	2,096,518	1,430,028
Intangible assets		111,557	166,205	169,572	170,406	154,027
Other financial assets		255,364	381,967	621,515	598,863	197,571
Other assets		946,561	749,059	819,727	665,670	1,368,801
Total Assets		115,840,498	109,109,249	105,904,152	103,064,907	105,452,989
Due to The Central Bank and other banks		21,441	17,372	42,560	424,020	332,901
Deposits and remittances		106,746,372	100,852,795	97,454,023	93,632,443	95,736,553
Financial liabilities measured at fair value through profit or loss		24,325	173	1,004	270	311
Bonds and bills held under repurchased agreements		-	-	-	-	-
Loans from banks and financial debentures		2,499,754	2,498,773	2,497,792	2,496,811	2,495,830
Preferred stock		-	-	-	-	-
Accrued pension liability		202,777	57,729	69,227	163,633	173,728
Other financial liabilities		-	-	-	-	-
Other liabilities		1,171,937	1,001,159	1,207,894	1,043,864	1,073,071
Total liabilities	Before allocation	110,666,606	104,428,001	101,272,500	97,761,041	100,142,394
	After allocation	(Note)	104,449,348	101,272,500	97,802,321	100,177,905
Common stock		4,180,451	3,680,451	3,680,451	3,555,991	3,431,904
Capital reserve		884,299	878,099	1,199,457	1,323,875	1,511,256
Retained earnings	Before allocation	102,130	31,010	(321,358)	361,446	367,435
	After allocation	(Note)	9,663	(321,358)	320,166	327,953
Unrealized gains on financial instruments		22,400	24,270	5,231	5,616	40,377
Cumulative foreign currency translation adjustment		(2,087)	124	577	(59)	10
Other shareholder's equity		(13,301)	67,294	67,294	56,997	56,268
Total Shareholders' equity	Before allocation	5,173,892	4,681,248	4,631,652	5,303,866	5,310,595
	After allocation	(Note)	4,659,901	4,631,652	5,262,586	5,275,084

Note: The earnings distribution for 2010 hasn't been approved by the 2011 Shareholders' General Meeting.

Concise Income Statement

Unit: TWD thousand

Descriptions	Year	Financial data during recent 5 years				
		2010	2009	2008	2007	2006
Net interest income		1,647,778	1,341,353	1,624,219	1,579,358	1,482,332
Other net interest income		309,668	427,550	(194,483)	448,140	520,725
Bad debt expense		427,606	428,213	678,683	610,366	612,984
Operating expense		1,347,005	1,279,361	1,446,034	1,340,924	1,314,820
Income from continuing operations before income taxes		137,835	61,329	(694,981)	76,208	75,253
Income from continuing operations after income taxes		92,467	31,010	(641,524)	62,854	47,523
Gain(loss) from discontinuing operations(after income taxes)		-	-	-	-	-
Extraordinary gain or loss (after income taxes)		-	-	-	-	-
Cumulative effect of changes in accounting principle		-	-	-	-	9,211
Net income(after income taxes)		92,467	31,010	(641,524)	62,854	56,734
Earnings per share		0.24	0.08	(1.74)	0.18	0.17

1. Certified public accountants:

Chuan-Chuan Wu and Jun-Man Chen for 2006,

Jun-Man Chen and Yuan-Chen Mei for 2007.

Jun-Man Chen and Shi-Hua Guo for 2008~2010.

2. Opinions: modified no retained opinion for 2006~2007 and no retained opinion for 2008~2010.



6-2. Analysis on Major Financial Ratios for Recent Five Years

Unit: TWD thousand; %

Descriptions	Year	Financial analysis during recent 5 years				
		2010	2009	2008	2007	2006
Operating Capability	Loans to deposits ratio (%)	80.19	75.76	81.48	86.63	84.79
	Overdue loan ratio (%)	0.82	2.13	2.68	2.92	2.95
	Interest expense to average balance of deposits ratio (%)	0.77	1.08	1.97	1.79	1.57
	Interest income to average balance of loans ratio (%)	3.02	3.09	4.37	4.03	3.86
	Total assets turnover (times)	0.02	0.02	0.01	0.02	0.02
	Average operating revenue per employee	2,651	2,623	3,392	3,226	3,105
	Average earnings per employee	86	28	(562)	54	51
Profitability	Return on first capital type assets (%)	2.99	1.42	(14.97)	1.53	1.49
	ROA (%)	0.08	0.03	(0.61)	0.06	0.06
	ROE (%)	1.88	0.67	(12.91)	1.18	1.07
	Net income ratio (%)	4.72	1.75	(44.87)	3.10	2.83
	EPS (loss)	0.24	0.08	(1.74)	0.18	0.17
Financial structure	Ratio of liabilities to assets	95.53	95.71	95.63	94.85	94.96
	Ratio of fix assets to shareholder's equity	21.51	27.93	29.01	39.53	26.93
Growth Rate	Asset growth rate (%)	6.17	3.03	2.75	(2.26)	18.15
	Profitability growth rate (%)	124.75	108.82	(1,011.95)	(9.77)	(72.45)
Cash flow	Cash flow ratio	114.37	231.68	N/A	92.21	45.41
	Cash flow adequacy ratio	1,054.76	1074.23	587.38	563.23	440.41
	Ratio of cash flow for operating to cash flow from investing	(12.80)	(24.11)	N/A	159.72	(7.33)
Liquid Reserves Ratio (%)		17.55	22.24	15.85	11.19	13.06
Secured Loans to Related Parties		714,937	825,449	882,539	849,177	870,980
Secured Loans to Related Parties to Total Outstanding Loans Ratio (%)		0.82	1.06	1.09	1.03	1.06
Operation Scale	Market share of assets (%)	0.27	0.27	0.26	0.31	0.33
	Market share of net worth (%)	0.21	0.20	0.22	0.27	0.28
	Market share of deposits (%)	0.35	0.35	0.36	0.44	0.45
	Market share of loan (%)	0.43	0.41	0.43	0.45	0.46

Please explain the recent two year each financial ratio change reason (If the fluctuation change has not reached 20% to exempt the analysis)

1. The overdue loan ration decreased by 62%, mainly results from write-off bad debt and enhancement of asset quality.
2. The interest expense to average balance of deposits ratio decreased by 29%, mainly result from the high interest rate time deposit has expired one after another and falling of deposit interest.
3. The average earnings per employee increased by 203%, ROA increased by 185%, ROE increased by 182%, net income ratio increased by 169% and EPS increased by 200%, mainly result from deposit interest and loan interest spread increased in 2010 causes net profit after tax to increase
4. The return on first capital assets increased by 111% mainly result from deposit interest and loan interest spread increased in 2010 causes the pretax net profit to increase.
5. Ration of fix assets to shareholders equity decreased by 23%, mainly result from fix assets to decrease and shareholders equity increased by cash increases funding.
6. Asset growth rate increased by 104%, mainly result from loans growth cause the asset growth.
7. Cash flow ratio decreased by 51%, Ratio of cash flow for operating to cash flow from investing increased by 47%, mainly result from net cash flow from business activities reduction in 2010.
8. Cash flow adequacy ratio increased by 40%, mainly result from the capital expenditure and the dividend reduction in the recent five years.

9. Liquid reserves ration decreased by 21%, mainly result from Liquid reserves decrease due to loan growth better than deposit causes the expendable fund to reduce in 2010.
10. Secured loans to related parties to total outstanding loans ration decreased by 23%, mainly result from secured loans to related parties decreased and outstanding loans increased.

Note:

1. Operating ability

- (1) Ratio of loans to deposits = Total loans / deposits
- (2) Ratio of overdue = (Loans Overdue + Other Overdue) / Total Loans
- (3) Ratio of interest Cost to Annual Average Deposits = interest Cost / Annual Average Deposits
- (4) Ratio of interest income to Annual Average Loans Outstanding = Interest Income / Annual Average Loans Outstanding
- (5) Total Assets Turnover = Net Operating Revenue / Total Assets
- (6) Average Operation Revenue per Employee = Net Operating Revenue / Number of Employees
- (7) Average Profit per Employee = After-tax Income / Total Number of Employees

2. Profitability

- (1) Return on Tier I Capital = Pretax Earnings or Losses / Total Average Tier I Capital
- (2) Return on Assets = Net Income / Average of Total Assets
- (3) Return on Shareholders' Equity = Net income / Average of Total Shareholders' Equities
- (4) Ratio of Net Income = Net Income / Total Revenue
- (5) Earning per Share = (Net Income – Preferred stock Dividend) / Average Weighted Outstanding Stock

3. Financial Structure

- (1) Ratio of Liabilities to Assets = Liabilities / Total Assets
- (2) Ratio of Fix Assets to Shareholders' Equity = Fix Assets / Shareholders' Equities

4. Growth Rate

- (1) Asset Growth Rate = (Total Assets of the Year - Total Assets of Previous Year) / Total Assets of Previous Year
- (2) Profit Growth Rate = (Pretax Earnings or Losses of the Year - Before-tax Earnings or Losses of Previous Year) / Pretax Earnings or Losses of Previous Year

5. Cash Flow

- (1) Ratio of Cash Flow = Net cash flow from business activities / (call loans and overdrafts from banks + commercial paper payable + financial liabilities measured at fair value through profit or loss + bonds and bills sold under repurchase agreement + current portion of payables)
- (2) Ratio of Cash Flow Adequacy = Net cash flow from business activities for the past five years / (capital expenditures + cash dividends) for the past five years
- (3) Ratio of Cash Flow for operating to cash flow from investing = Net cash flow from business activities / Net cash flow from investing activities

6. Liquidity Reserves Ratio = Liquid Assets Stipulated by CBC / Reserves Appropriated for various Types of Deposits

7. Operating Scale

- (1) Market Share of Asset = Total Asset / Total Asset of the major financial institutions
- (2) Market Share of Net Worth = Net Worth / Total Asset of the major financial institutions
- (3) Market Share of Deposit = Total Deposit / Total Asset of the major financial institutions
- (4) Market Share of Loan = Total Loan / Total Asset of the major financial institutions

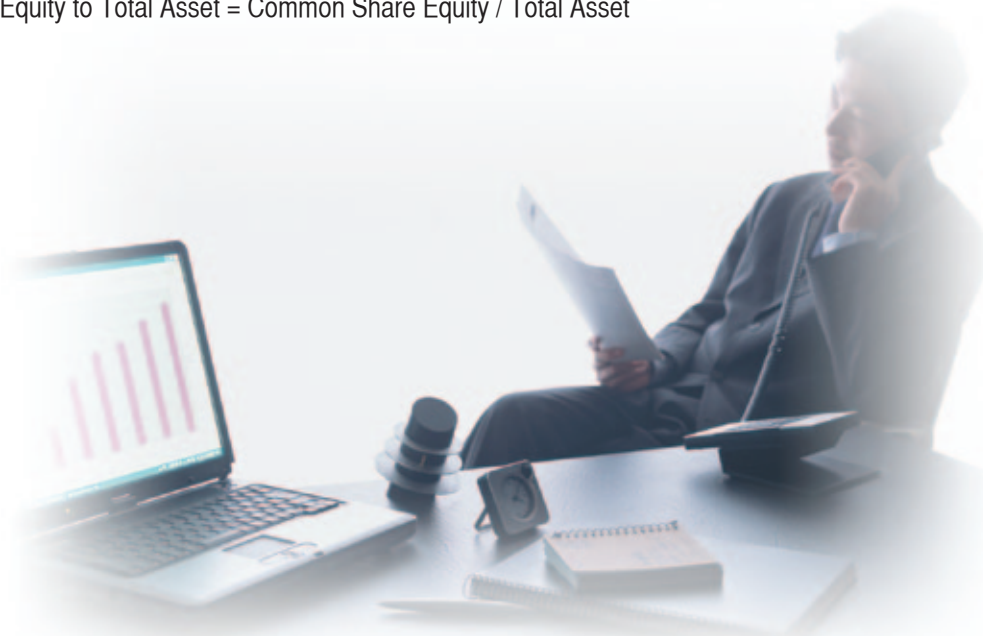
Unit: TWD thousand; %

Items		Year	Capital Adequacy Ratio of Recent Five Year				
			2010	2009	2008	2007	2006
Net Capital	Tier I Capital	Common Stocks	4,180,451	3,680,451	3,680,451	3,555,991	3,431,904
		Non-cumulative Perpetual Preferred Stocks	-	-	-	-	-
		Non-Cumulative Subordinated Debts Without Maturity Dates	-	-	-	-	-
		Advanced Receipts For Capital Stocks	-	-	-	-	-
		Capital Surplus(apart from fixed asset appreciation surplus)	884,299	878,099	1,199,457	1,323,875	1,443,962
		Legal Reserves	9,303	-	313,783	294,927	277,907
		Special Reserves	-	-	-	-	-
		Retained Earnings	92,827	31,010	(635,14)	66,519	60,167
		Minority Interests	-	-	-	-	-
		Other of Equity	(82,682)	124	577	(10,356)	29,361
		Minus: Goodwill	102,289	154,027	154,027	154,027	154,027
		Minus: Non-amortization of NPL Disposal Loss	-	-	-	-	-
		Minus: Others	97,299	95,711	102,248	97,446	120,492
	Total Tier I	4,884,610	4,339,946	4,302,853	4,979,483	4,968,782	
	Tier II Capital	Perpetual Cumulative Preferred Stocks	-	-	-	-	-
		Cumulative Subordinated Debts Without Maturity Dates	-	-	-	-	-
		Fixed Asset Appreciation Surplus	67,294	67,294	67,294	67,294	67,294
		45% of Unrealized Gain of Financial Assets in Available-for-sale	10,080	10,921	2,354	2,527	-
		Convertible Bonds	-	-	-	-	-
		Operating Reserves and Loan Loss Provision	555,830	98,404	13,925	1,284	2,212
		Long-term Subordinated Debts	2,442,305	2,169,973	2,151,427	2,489,741	2,500,000
		Non-perpetual Preferred Stocks	-	-	-	-	-
		The Average of Non-cumulative Perpetual Preferred Stocks and Non-cumulative Subordinated Debts Without a Maturity Date Exceed 15% of Total Tier I Capital	-	-	-	-	-
		Minus: Others	97,299	95,710	102,247	97,446	120,491
		Total Tier II	2,978,210	2,250,882	2,132,753	2,463,400	2,449,015
	Tier III Capital	Short-term Subordinated Debts	-	-	-	-	-
		Non-perpetual Preferred Stocks	-	-	-	-	-
Total Tier III		-	-	-	-	-	
Net Capital		7,862,820	6,590,828	6,435,606	7,442,883	7,417,797	

Items		Year	Capital Adequacy Ratio of Recent Five Year				
			2010	2009	2008	2007	2006
Total Weighted Risk Assets	Credit Risk	Standardized Approach	58,608,437	52,781,703	54,553,316	58,639,906	62,652,619
		Internal-rating-based Approach	-	-	-	-	-
		Securitization	3,096	13,977	-	-	-
	Operational Risk	Basic Indicator Approach	3,202,718	3,244,938	3,346,650	3,563,313	-
		Standardized Approach / Alternative Approach	-	-	-	-	-
		Advanced Measurement Approach	-	-	-	-	-
	Market Risk	Standardized Approach	1,745,162	1,938,363	2,891,763	2,257,538	2,306,750
		Internal Model Approach	-	-	-	-	-
	Total Risk-weighted Assets		63,559,413	57,978,981	60,791,729	64,460,757	64,959,369
	Capital Adequacy Ratio		12.37	11.37	10.59	11.55	11.42
Tier I Capital to Risk Assets Ratio		7.69	7.49	7.08	7.72	7.65	
Tier II Capital to Risk Assets Ratio		4.68	3.88	3.51	3.82	3.77	
Tier III Capital to Risk Assets Ratio		-	-	-	-	-	
Common Shares Equity to Total Assets Ratio		3.61	3.37	3.48	3.45	3.25	

Note:

1. Net Capital Base = Tier I Capital + Tier II Capital + Tier III Capital
2. Total Weighted Risk Asset = Credit Risk Weighted Risk Asset + (Operational Risk + Market Risk) Capital Requirement x 12.5
3. Capital Adequacy Ratio = Net Capital Base / Total Risk Asset
4. Ratio of Tier I Capital to Risk Asset = Tier I Capital / Total Risk Asset
5. Ratio of Tier II Capital to Risk Asset = Tier II Capital / Total Risk Asset
6. Ratio of Tier III Capital to Risk Asset = Tier III Capital / Total Risk Asset
7. Ratio of Common Share Equity to Total Asset = Common Share Equity / Total Asset



6-3 Supervisors' Audit Report for Latest Year

COTA Commercial Bank Co., Ltd., Supervisor's Audit Report for Year 2010

Mar. 18, 2011

To: Shareholders' General Meeting of Year 2011

The Business Report, Financial Statement, Consolidated Financial Statement and Earning Distribution of fiscal year 2010, worked out and submitted by COTA Bank board of directors have been duly audited by KPMG Certified Public Accountants, 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 : Guo-Zhao Xiao

Supervisor : Zhuang-Tai Wan

Supervisor : Yong-Zhi Wang

COTA Commercial Bank Co., Ltd.
Financial Statements
December 31, 2010 and 2009
(With Auditors' Report Thereon)

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, 2010 and 2009, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the 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, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Bank," "Guidelines Governing the Preparation of Financial Reports by Securities Issuers," the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling," and Republic of China generally accepted accounting principles.

KPMG

February 16, 2011

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

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

COTA Commercial Bank Co., Ltd.
Balance Sheets
December 31, 2010 and 2009

(expressed in thousands of New Taiwan Dollars)

	2010	2009	Change of percentage
Assets			
Cash and cash equivalents (note 4)	\$ 1,563,446	1,293,477	21
Due from the Central Bank and call loans to other banks (note 5)	22,922,731	25,142,179	(9)
Financial assets measured at fair value through profit or loss (note 6)	758,415	737,002	3
Receivables, net (notes 7 and 26)	433,779	469,463	(8)
Loans, net (note 8)	84,784,456	75,527,272	12
Available-for-sale financial assets, net (notes 9 and 27)	1,603,087	1,934,258	(17)
Held-to-maturity financial assets, net (notes 10 and 27)	1,339,785	1,394,552	(4)
Long-term investments under equity method (note 11)	8,465	6,313	34
Other financial assets (note 12)	255,364	381,967	(33)
Premises and equipment, net (note 13)	1,112,852	1,307,502	(15)
Intangible assets (note 14)	111,557	166,205	(33)
Deferred income tax assets (note 23)	102,032	147,127	(31)
Other assets (note 15)	844,529	601,932	40
Total Assets	\$ 115,840,498	109,109,249	6
Liabilities and Stockholders' Equity			
Liabilities:			
Due to the Central Bank and other banks (note 16)	\$21,441	17,372	23
Financial liabilities measured at fair value through profit or loss (note 17)	24,325	173	13,961
Payables (note 18)	737,319	543,031	36
Deposits and remittances (note 19)	106,746,372	100,852,795	6
Subordinate financial debentures (note 20)	2,499,754	2,498,773	-
Accrued pension liability (note 21)	202,777	57,729	251
Other liabilities (note 14)	434,618	458,128	(5)
Total liabilities	110,666,606	104,428,001	6
Stockholders' equity (note 22):			
Common stock	4,180,451	3,680,451	14
Capital reserve	884,299	878,099	1
Retained earnings:			
Statutory reserve	9,303	-	-
Undistributed earnings	92,827	31,010	199
	102,130	31,010	229
Equity adjustments			
Land revaluation increments (note 13)	67,294	67,294	-
Cumulative foreign currency translation adjustments	(2,087)	124	(1,783)
Unrealized gains on financial instruments	22,400	24,270	(8)
Unrecognized pension cost	(80,595)	-	-
	7,012	91,688	(92)
Total stockholders' equity	5,173,892	4,681,248	11
Commitments and contingencies (note 28)			
Total Liabilities and Stockholders' Equity	\$ 115,840,498	109,109,249	6

See accompanying notes to financial statements.

COTA Commercial Bank Co., Ltd.
Statements of Income
For the Years Ended December 31, 2010 and 2009

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

	2010	2009	Change of percentage
Interest income (note 26)	\$ 2,443,131	2,409,886	1
Less: interest expense (note 26)	<u>795,353</u>	<u>1,068,533</u>	(26)
Net interest income	1,647,778	1,341,353	23
Non-interest income, net			
Service fees income, net (note 26)	277,335	233,952	19
Gain on financial assets or liabilities measured at fair value through profit and loss	15,482	85,454	(82)
Realized gain on available-for-sale financial assets	-	5,136	(100)
Investment income recognized under equity method (note 11)	3,280	1,247	163
Foreign exchange gains (loss), net	(24,671)	5,708	(532)
Reversal of impairment loss (Impairment loss) (notes 12 and 15)	(897)	50,865	(102)
Other non-interest income, net	<u>39,139</u>	<u>45,188</u>	(13)
Net revenue	<u>1,957,446</u>	<u>1,768,903</u>	11
Bad debt expense (note 8)	<u>472,606</u>	<u>428,213</u>	10
Operating expense:			
Personnel expenses	937,906	865,209	8
Depreciation and amortization expenses(note 14)	51,044	61,396	(17)
Other general and administrative expense	<u>358,055</u>	<u>352,756</u>	2
Total operating expense	<u>1,347,005</u>	<u>1,279,361</u>	5
Income before income taxes	137,835	61,329	125
Income tax expense (note 23)	<u>45,368</u>	<u>30,319</u>	50
Net income	<u>\$ 92,467</u>	<u>31,010</u>	198

	2010		2009	
	Before income tax	After income tax	Before income tax	After income tax
Earning per share (note 24)				
Basic Earning per Share (in NTD)	\$ <u>0.36</u>	<u>0.24</u>	<u>0.17</u>	<u>0.08</u>
Diluted Earning Per Share (in NTD)	\$ <u>0.36</u>	<u>0.24</u>	<u>0.17</u>	<u>0.08</u>

See accompanying notes to financial statements.

COTA Commercial Bank Co., Ltd.

Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan Dollars)

	Common stock	Capital reserve	Retained earnings		Land revaluation increments	Cumulative foreign currency translation adjustments	Unrealized gains on financial instruments	Unrecognized pension cost	Total
			Statutory reserve	Undistributed earnings (Accumulated Deficit)					
Balance as of January 1, 2009	\$ 3,680,451	1,199,457	313,783	(635,141)	67,294	577	5,231	-	4,631,652
Appropriation and distribution of 2008 earnings:									
Statutory reserve used to absorb losses in prior years	-		(313,783)	313,783	-	-	-	-	-
Capital reserve used to absorb losses in prior years	-	(321,358)	-	321,358	-	-	-	-	-
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	19,039	-	19,039
Changes in cumulative foreign currency translation adjustments	-	-	-	-	-	(453)	-	-	(453)
Net Income for 2009	-	-	-	31,010	-	-	-	-	31,010
Balance as of December 31, 2009	<u>3,680,451</u>	<u>878,099</u>	<u>-</u>	<u>31,010</u>	<u>67,294</u>	<u>124</u>	<u>24,270</u>	<u>-</u>	<u>4,681,248</u>
Common stock issued for cash	500,000	6,200	-	-	-	-	-	-	506,200
Appropriation and distribution of 2009 earnings:									
Statutory reserve	-	-	9,303	(9,303)	-	-	-	-	-
Cash dividends	-	-	-	(21,347)	-	-	-	-	(21,347)
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(1,870)	-	(1,870)
Unrecognized pension costs	-	-	-	-	-	-	-	(80,595)	(80,595)
Changes in cumulative foreign currency translation adjustments	-	-	-	-	-	(2,211)	-	-	(2,211)
Net Income for 2010	-	-	-	92,467	-	-	-	-	92,467
Balance as of December 31, 2010	<u>\$ 4,180,451</u>	<u>884,299</u>	<u>9,303</u>	<u>92,827</u>	<u>67,294</u>	<u>(2,087)</u>	<u>22,400</u>	<u>(80,595)</u>	<u>5,173,892</u>

Note: The remuneration to directors and supervisors of \$651 thousands and bonuses to employees of \$2,171 thousands were deducted from the Income Statement of 2009.

See accompanying notes to financial statements.

COTA Commercial Bank Co., Ltd.
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan Dollars)

	2010	2009
Cash flows from operating activities:		
Net income	\$ 92,467	31,010
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	33,685	41,121
Amortization	19,133	21,984
Provision for loan losses and other reserves	472,606	428,213
Amortization of discount on subordinate financial debentures	981	981
Share-based compensation	6,200	-
Investment income recognized under the equity method, net of cash dividends received	(2,152)	(707)
Loss (gain) on disposal of properties and non-operating assets, net	(630)	1,559
Impairment loss (Reversal of impairment loss)	897	(50,865)
Provision for pension costs	56,291	54,779
Pension payment	(56,925)	(58,001)
Decrease (increase) in financial assets measured at fair value through profit or loss	(21,413)	737,980
Decrease in receivables	35,198	247,791
Decrease in deferred income tax asset	45,095	31,899
Decrease in other assets	18,773	21,450
Increase (decrease) in financial liabilities measured at fair value through profit or loss	24,152	(831)
Increase (decrease) in payables	194,288	(198,990)
Decrease in other liabilities	(23,017)	(10,647)
Net cash provided by operating activities	<u>895,629</u>	<u>1,298,726</u>
Cash flows from investing activities:		
Decrease (increase) in available-for-sale financial assets	329,301	(164,287)
Decrease (increase) in held-to-maturity financial assets	54,767	(954,264)
Purchase of property and equipment	(6,397)	(5,176)
Proceeds from sale of properties and non-operating assets	997	41,662
Increase in deferred charges	(8,101)	(11,209)
Purchase of intangible assets	-	(48)
Decrease (increase) in due from the Central Bank and call loans to other banks	2,219,448	(7,777,813)
Decrease (increase) in loans	(9,729,058)	2,438,089
Decrease in bonds and bills purchased under resale agreements	-	797,105
Decrease in other financial assets	126,357	240,582
Decrease in other assets	13,431	9,407
Net cash used in investing activities	<u>(6,999,255)</u>	<u>(5,385,952)</u>
Cash flows from financing activities:		
Increase (decrease) in deposits received	(493)	2,692
Cash dividends paid	(21,347)	-
Common stock issued for cash	500,000	-
Increase (decrease) in due to the Central Bank and other banks	4,069	(25,188)
Increase in deposits and remittances	5,893,577	3,398,772
Net cash provided by financing activities	<u>6,375,806</u>	<u>3,376,276</u>
Effect of exchange rate changes	<u>(2,211)</u>	<u>(453)</u>
Net increase (decrease) in cash and cash equivalents	269,969	(711,403)
Cash and cash equivalents at beginning of year	1,293,477	2,004,880
Cash and cash equivalents at end of year	<u>\$ 1,563,446</u>	<u>1,293,477</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 791,125	1,187,379
Income tax	<u>\$ 21,311</u>	<u>26,052</u>

See accompanying notes to financial statements.

COTA Commercial Bank Co., Ltd.

Notes to Financial Statements

December 31, 2010 and 2009

(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 from 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. 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. The Company currently has 26 domestic branches and one offshore banking unit.

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 providing 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;**
- **Commercial banking business related to international trade**

As of December 31, 2010 and 2009, the Company employed 1,078 and 1,095 persons, respectively.

2. Summary of Significant Accounting Policies

The accompanying financial statements were prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Banks", the "Guidelines Governing the preparation of Financial Reports by Securities Issuers", the "Business Entity Accounting Act," the "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles of the Republic of China. 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.

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(b) Accounting Estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Foreign currency transactions

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

The assets and liabilities of offshore banking unit reported in functional currencies are translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet date, and revenues, costs and expenses are translated at the rate of exchange prevailing on the date of the transaction. Translation differences resulting from the translation of these financial statements into New Taiwan Dollars, net of income taxes, are recorded as foreign currency translation adjustment, a separate component of stockholders' equity.

(d) Asset impairment

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 other than goodwill, if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior period.

(e) Financial instruments

The Company adopted settlement date accounting for financial instrument transactions. Upon initial recognition, financial instruments are evaluated at fair value. Except for trading-purpose financial instruments, acquisition cost or issuance cost is added to the original recognized amount.

Financial instruments which the Company held or issued are classified into the following categories in accordance with the purpose of holding or issuing after the initial recognition:

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)

(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(i) Financial instruments measured at fair value through profit or loss:

Financial instruments are classified as held for trading if they are acquired or incurred principally for the purpose of selling or being repurchased in the near term. Except for the derivatives that the Company hold for hedging purposes and the hedging results are considered effective, the Company's derivatives are classified into this account.

(ii) Available-for-sale financial assets:

The fair value is measured and the resulting gain or loss from such measurement is recognized directly in equity. If there is objective evidence that an available-for-sale financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. Impairment loss recognized in profit and loss for an investment in equity instrument classified as available-for-sale is not reversed through profit and loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed through the profit and loss.

(iii) Held-to-maturity financial assets:

The amortized cost, interest income and interest expense of held-to-maturity financial assets are determined by using the effective interest rate method. If there is objective evidence that a held-to-maturity financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed through the profit and loss. The carrying value after the reversal should not exceed the depreciated or amortized balance of the assets assuming no impairment loss was recognized.

(iv) Financial assets carried at cost:

Equity instruments with no quoted market price and whose fair value that cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost is impaired, the carrying amount of the assets is reduced and impairment loss is recognized. The impairment losses may not be reversed subsequently.

(v) Debts investment without active market:

Debt investments not quoted in an active market are carried at amortized cost using the effective interest method. If there is objective evidence that an impairment loss has been incurred on the balance sheet date, impairment loss is recognized. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed through the profit and loss. The carrying value after the reversal shall not exceed the amortized balance of the assets assuming no impairment loss was recognized in prior period.

(f) Deposit in the Central Bank

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

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(g) 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.

(h) Allowance for loan losses

According to related regulations issued by the Ministry of Finance, the Company shall classify credit assets on and off balance sheet. Normal credit assets shall be classified as "Category One." The remaining unsound credit assets shall be evaluated based on the status of the loan collaterals and the length of period overdue. Assets that require special mention shall be classified as "Category Two," assets that are substandard shall be classified as "Category Three," assets that are doubtful shall be classified as "Category Four," and assets for which there is loss shall be classified as "Category Five."

The Company shall evaluate credit assets on and off balance sheet and shall allocate sufficient loan loss provision and reserves against liability on guarantees. The minimum standard for loan loss provision shall be the sum of 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets.

In addition, the loss provision of credit card receivables shall be the sum of 2%, 50% and 100% of the current minimum payment overdue for the periods within three months, six months, and over six months, respectively.

The write-off of non-performing loans and non-accrual loans shall be authorized by a resolution approved by the Board of Directors. The amount provided under the loan loss provision shall be used to offset, and, if such amount is insufficient, the deficiency shall be recognized as a loss in the current year.

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%.

(i) Long - term investment under equity method

Equity investments are accounted for under the equity method when the percentage of ownership, including direct investments by the Company and by its subsidiaries, exceeds 20%, or is less than 20% but the Company and its subsidiaries have significant influence over the investee.

The Company obtains control over an investee when it directly or indirectly owns more than one half of the voting rights of the investee. The aforementioned investees are accounted for using the equity method. Consolidated financial statements included the aforementioned investees are prepared at the end of each June and December.

(j) 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 equity item is recorded after the consideration of applicable reserve for taxes. Major

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
 (expressed in thousands of New Taiwan Dollars, unless otherwise stated)

additions, improvement, and replacement are capitalized, while maintenance and repairs are charged to current earnings. Interests 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	14 to 60 years
Operating equipment	1 to 8 years
Transportation equipment	4 to 6 years
Miscellaneous equipment	1 to 21 years

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

(k) 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 other non-interest income or expenses.

(l) Idle assets

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

(m) Intangible assets

Goodwill represents the excess of costs over the net fair value of acquired tangible assets, identifiable intangible assets and liabilities of assumed in the acquisition of Fengyuan Credit Cooperative on January 1, 2006. Goodwill acquired in a purchase business combination is not amortized, but instead tested for impairment at least annually in accordance with the amended SFAS No.1 "Conceptual Framework of Financial Accounting and Preparation of Financial Statement".

The Company assesses the cash-generating unit of goodwill on an annual basis and recognizes an impairment loss on the excess of carrying value over the recoverable amount.

The Company had reassessed the useful lives and the amortization method of its recognized intangible assets at the effective date.

(n) 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.

(o) Foreclosed assets

Foreclosed assets are stated at the estimated net realizable value and are re-assessed on balance sheet date.

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

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.

(p) Subordinate financial debentures

The Company issued subordinate financial debentures at discount with a lump-sum payment at maturity, and the interest expenses are computed and recorded at face value multiplied by the stated interest rate on a monthly basis. The discount is amortized over the estimated outstanding period of bonds issuance using the straight-line method and recognized as current interest expense. The related annual fee paid is recognized as an operating expense.

(q) 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 the Bank of Taiwan (formerly the 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.

(r) Reserve for guarantee liability

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

(s) Revenue recognition

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

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)

(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(t) Income tax

Income taxes are calculated based on accounting income. The amounts for deferred income tax liabilities and assets are calculated by applying the provisions of enacted tax law to determine the amount of tax payable or refundable, currently or in future years. The income tax effects of taxable temporary differences are recorded as deferred income tax liabilities. The income tax effects of deductible temporary differences, loss carry-forwards, and income tax credits are recognized as deferred income tax assets. The realization of deferred income tax assets is evaluated, and if it is considered more likely than not that the asset will not be realized, a valuation allowance is recognized accordingly. Deferred income tax assets and liabilities are classified as current or non-current based on the classification of the asset or liability that resulted in the deferred item or, for certain transactions not directly related to an asset or liability, based on the timing of the expected reversal date.

The Company recalculated the deferred tax assets and liabilities by the new tax rate on the date the Income Tax Law was modified. The difference between the original and recalculated amount of deferred tax assets and liabilities is accounted for as income tax expense or benefit in the current period. Tax credits generated from personnel training expenditure are recognized in the current period.

According to 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.

(u) Employee bonuses, Directors' and Supervisors' remuneration

Employee bonuses and directors' emoluments appropriated after January 1, 2008 are accounted for by Interpretation (96) 052 issued by the Accounting Research and Development Foundation (ARDF). The Company estimates the amount of employee bonuses and directors' emoluments according to the Interpretation and recognizes it as expenses. Differences between the amount approved in the shareholders' meeting and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss.

(v) Earnings per share (EPS)

Earnings per share of common stock are the net income available to common stockholders divided by the weighted-average number of outstanding shares of common stock. The effect on earnings per share from an increase in stock through the issuance of stock dividends from un-appropriated earnings, capital surplus, or employee stock bonuses approved in the annual stockholders' meetings held before and in 2009 is computed retroactively. If these changes occur after the balance sheet date but before the issuance date of the financial statements, the earnings per share calculations shall also be adjusted retroactively.

Stock warrants issued to employees by the Company, convertible bonds, and employee stock bonuses not yet authorized by the stockholders' meeting are potential common shares. Basic net income per share will be disclosed if there is no dilution effect. Otherwise, both basic and diluted net income per share will be disclosed. For the purpose of calculating diluted net income per share, the potential common shares should be deemed to have been converted into common stock at the beginning of the period, and the effect on the net income

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)

(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

attributable to additional common shares outstanding should be considered accordingly. The number of shares of the dividend distribution to be approved in the annual stockholders' meeting held after 2008 is based on closing price of the day before the stockholders' meeting. However, when preparing the interim financial statements, the number of shares of the dividend distribution is based on closing price of the balance sheet date.

The Company adopted the Interpretation (97) 169 and (97) 052 issued by the ARDF. According to the interpretations, employee bonuses issued by stock were deemed as dilutive share equivalent. Before resolved by the shareholders' annual meeting, the effect of diluted share equivalent related to employee bonuses is calculated based on the quoted value on the balance sheet date.

(w) Commitments and contingencies

When losses from commitments and contingencies are 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.

3. Changes in Accounting Policies : None

4. Cash and Cash Equivalents

	December 31, 2010	December 31, 2009
Cash	\$ 1,030,731	941,747
Checks awaiting clearance	370,899	180,992
Deposits in other banks	161,816	170,738
	<u>\$ 1,563,446</u>	<u>1,293,477</u>

5. Due from the Central Bank and Call Loans to Other Banks

	December 31, 2010	December 31, 2009
Deposit reserve - checking accounts	\$ 2,414,650	1,569,728
Deposit reserve - demand accounts	2,918,678	2,718,300
Deposit reserve - foreign currency deposits	4,130	2,896
Certificate of deposits	16,700,000	19,850,000
Call loans to banks	824,500	919,467
Deposits with Financial Information Service Co., Ltd.	60,773	81,788
	<u>\$ 22,922,731</u>	<u>25,142,179</u>

According to the statutory reserve requirement, the Company deposits funds with the 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 deposit reserve.

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

6. Financial Assets Measured at Fair Value Through Profit or Loss:

	December 31, 2010	December 31, 2009
Financial instruments held for trading purpose:		
Quoted stocks	\$ 50,883	49,096
Beneficiary certificates	172,998	135,211
Forward contracts	5,381	1,806
	<u>229,262</u>	<u>186,113</u>
Financial assets measured at fair value through profit or loss		
Convertible bonds	529,153	550,889
	<u>\$ 758,415</u>	<u>737,002</u>

7. Receivables

	December 31, 2010	December 31, 2009
Credit card accounts receivable	\$ 188,008	256,261
Interest receivable	169,390	144,438
Tax refund receivable	72,100	51,060
Acceptances receivable	1,623	8,040
Accrued income	3,884	3,271
Others	4,659	11,792
	<u>439,664</u>	<u>474,862</u>
Less: allowance for loan losses	(5,885)	(5,399)
	<u>\$ 433,779</u>	<u>469,463</u>

8. Loans

	December 31, 2010	December 31, 2009
Exchanges and export bills negotiated	\$ 18,811	19,455
Overdrafts	197,784	90,049
Short-term loans	11,212,639	11,742,626
Medium-term loans	44,663,367	35,980,873
Long-term loans	28,960,356	27,175,769
Non-performing loans	542,824	1,400,636
	<u>85,595,781</u>	<u>76,409,408</u>
Less: allowance for loan losses	(811,325)	(882,136)
	<u>\$ 84,784,456</u>	<u>75,527,272</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

The movements in allowance for loan losses for the years ended December 31, 2010 and 2009 were as follows:

	Unrecovery risk		
	Unrecovery risk for particular loans	for the overall loan portfolio (excluding particular loans)	Total
2010			
Balance at beginning of year	\$ 790,733	97,048	887,781
Current provisions	15,180	457,426	472,606
Recoveries of loans previously charged-off	184,606	-	184,606
Loans charged-off	(727,291)	-	(727,291)
Balance at end of year	<u>\$ 263,228</u>	<u>554,474</u>	<u>817,702</u>
2009			
Balance at beginning of year	\$ 1,011,047	12,779	1,023,826
Current provisions	343,944	84,269	428,213
Recoveries of loans previously charged-off	121,172	-	121,172
Loans charged-off	(685,430)	-	(685,430)
Balance at end of year	<u>\$ 790,733</u>	<u>97,048</u>	<u>887,781</u>

Non-performing loans amounted to \$542,824 and \$1,400,636 thousands as of December 31, 2010 and 2009. The unrecognized interest revenue was \$96,080 and \$215,628 thousands in 2010 and 2009, respectively.

9. Available-for-Sale Financial Assets

	December 31, 2010	December 31, 2009
Government bonds	\$ 69,637	70,298
Corporate bonds	1,533,450	1,863,960
	<u>\$ 1,603,087</u>	<u>1,934,258</u>

10. Held-to-Maturity Financial Assets

	December 31, 2010	December 31, 2009
Government bonds	\$ 108,471	111,964
Corporate bonds	1,151,766	1,004,200
Financial debentures	79,548	78,388
Negotiable certificates of time deposits	-	200,000
	<u>\$ 1,339,785</u>	<u>1,394,552</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

11. Long-term Investments under Equity Method

	2010			
	Original Cost	Percentage of ownership	Investment income recognized under equity method	Book Value as of December 31, 2010
COTA Bank Insurance Brokers Co., Ltd.	<u>\$ 5,000</u>	100%	<u>3,280</u>	<u>8,465</u>

	2009			
	Original Cost	Percentage of ownership	Investment income recognized under equity method	Book Value as of December 31, 2009
COTA Bank Insurance Brokers Co., Ltd.	<u>\$ 5,000</u>	100%	<u>1,247</u>	<u>6,313</u>

12. Other Financial Assets

	December 31, 2010	December 31, 2009
Overdue receivables	\$ 983	2,028
Less: allowance for bad debts	(492)	(246)
	491	1,782
Financial assets carried at cost	184,892	184,892
Debts investment without active market	69,981	195,293
	<u>\$ 255,364</u>	<u>381,967</u>

(a) Financial assets carried at cost:

Such assets represented the following equity investments:

	December 31, 2010		December 31, 2009	
	Book Value	Ownership %	Book Value	Ownership %
Taiwan Asset Management Corp.	\$ 100,000	0.57	100,000	0.57
Taiwan Financial Asset Service Corp.	50,000	2.94	50,000	2.94
Bank of Panhsin - Preferred Stock	30,000	-	30,000	-
Taiwan Depository & Clearing Corporation	4,639	0.08	4,639	0.08
Sunny Asset Management Corporation	253	0.42	253	0.42
	<u>\$ 184,892</u>		<u>184,892</u>	

(b) Debts investments without active market

	December 31, 2010	December 31, 2009
Mortgage - Backed Security	\$ 15,480	69,887
Auction Rate Security	61,950	133,530
Less: accumulated impairment	(7,449)	(8,124)
	<u>\$ 69,981</u>	<u>195,293</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

13. Premises and Equipment

(a) Cost

	December 31, 2010	December 31, 2009
Land	\$ 617,366	684,850
Buildings	540,109	568,666
Operating equipment	190,427	189,559
Transportation equipment	19,681	21,370
Miscellaneous equipment	174,259	174,560
Revaluation increment of land	<u>109,432</u>	<u>199,971</u>
	1,651,274	1,838,976
Less: accumulated depreciation	(538,422)	(532,678)
Prepayments for equipment	<u>-</u>	<u>1,204</u>
	<u><u>\$ 1,112,852</u></u>	<u><u>1,307,502</u></u>

(b) Revaluation of property

The Company revalued all the held, respectively land in 1965 and 1983. The net amount of land value increment after provision for land value increment tax is recorded as an equity item. As of December 31, 2010 and 2009, such land revaluation increment was reflected in the financial statements as follows:

	December 31, 2010	December 31, 2009
Land revaluation increment	\$ 126,495	126,495
Less: provision for land revaluation increment tax	<u>(59,201)</u>	<u>(59,201)</u>
	<u><u>\$ 67,294</u></u>	<u><u>67,294</u></u>

(c) Other

No premise or equipment was pledged as a security or a lien.

14. Intangible Assets

	December 31, 2010	December 31, 2009
Goodwill	\$ 102,289	154,027
Computer software	<u>9,268</u>	<u>12,178</u>
	<u><u>\$ 111,557</u></u>	<u><u>166,205</u></u>

Goodwill represents the excess of costs over the net fair value of acquired tangible assets, identifiable intangible assets and liabilities of assumed in the acquisition of Fengyuan Credit Cooperative on January 1, 2006.

In conformity with SFAS No. 35, "Accounting for Asset Impairment," the Company identified the business of Fengyuan Credit Cooperative as the smallest identifiable Company of cash-generating unit for goodwill impairment test. The recoverable value of the CGU is based on the key assumptions as below:

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(a) Assumptions on operating revenues, operating costs and expenses:

Operating revenues were estimated on the basis of the budget of the company after considering the changes of the economic environment. The estimates of operating costs and expenses is based on the profit margin of the budget.

(b) Assumptions on discount rate

In 2010 and 2009, the discount rate used to calculate the asset recoverable amounts was 3.16% and 3.93%, respectively.

Based on the key assumptions of each cash-generating unit, the Company recognized \$51,738 thousands of impairment loss for the year ended December 31, 2010.

Intangible assets consisted of computer software. The movements during 2010 and 2009 were as follows:

Original cost

	2010	2009
Beginning balance	\$ 31,546	31,498
Additions	-	48
Ending balance	<u>\$ 31,546</u>	<u>31,546</u>

Accumulated amortization

	2010	2009
Beginning balance	\$ 19,368	15,953
Amortization	2,910	3,415
Ending balance	<u>\$ 22,278</u>	<u>19,368</u>

The amortization expenses of \$2,910 and \$3,415 thousands in 2010 and 2009 were recorded as operating expense, respectively.

15. Other Assets

	December 31, 2010	December 31, 2009
Office supplies	\$ 2,107	2,959
Prepaid expenses	62,877	70,323
Idle assets, net of depreciation	173,328	4,653
Assets under lease, net of depreciation and impairment	436,096	386,786
Refundable deposits	26,488	39,919
Deferred pension cost	117,114	52,027
Deferred charges	26,216	34,487
Others	303	10,778
	<u>\$ 844,529</u>	<u>601,932</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)

(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

The impairment loss for the idle asset was recognized by \$450,552 thousands in 2008 due to the decline of market value which was assessed by the Company. The land was then reclassified as asset under lease in 2009 because of its changed nature of use and also reversed the accumulated impairment loss by \$50,841 and \$50,865 thousands in 2010 and 2009 in profit and loss for the appreciation of its market value which was assessed from an independent appraisal report.

16. Due to the Central Bank and Other Banks

	December 31, 2010	December 31, 2009
Bank deposits	\$ <u>21,441</u>	<u>17,372</u>

17. Financial Liabilities Measured at Fair Value Through Profit or Loss

	December 31, 2010	December 31, 2009
Forward contracts	\$ 24,325	45
Futures margin	<u>-</u>	<u>128</u>
	\$ <u>24,325</u>	<u>173</u>

18. Payables

	December 31, 2010	December 31, 2009
Interest payable	\$ 133,191	128,963
Accrued payable	183	
Tax payable	13,114	12,806
Collections payable	33,536	52,555
Accrued expenses	123,966	94,216
Dividends payable	640	727
Acceptance drafts	2,569	9,038
Checks awaiting clearance	370,899	180,992
Others	<u>59,221</u>	<u>63,734</u>
	\$ <u>737,319</u>	<u>543,031</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

19. Deposits and Remittances

	December 31, 2010	December 31, 2009
Checking accounts	\$ 1,576,733	1,421,362
Cashiers' checks	143,985	112,148
Check guaranteed for payment	735	535
Demand deposits	12,621,070	10,099,819
Time deposits	13,553,396	13,583,440
Postal deposits accepted	140,690	154,690
Demand savings deposits	28,274,453	25,559,389
Term savings deposits	50,430,835	49,896,129
Remittances	4,475	25,283
	<u>\$ 106,746,372</u>	<u>100,852,795</u>

The interest rates of the above deposits ranged from 0.09% to 1.74% and from 0.10% to 1.88% in 2010 and in 2009, respectively.

20. Subordinate Financial Debentures

In order to increase the capital adequacy and raise medium-term and long-term operating funds, the board of directors of the Company resolved to issue subordinate financial debentures in a total amount of \$2,500,000 thousands on August 12, 2005, which was approved by the regulation authorities on September 9, 2005. The Company issued these debentures on March 28, 2006, and the subscription was completed during the year. The details were as follows:

Bond	Issue conditions	December 31, 2010	December 31, 2009
95-1 A	10-year term, interest payable annually, annual interest rate for the first 5 years is 3.3%, and 5% for the last 5 years, maturity date: March 28, 2016	\$ 968,000	968,000
95-1 B	10-year term, interest payable annually, base on the Company's term savings deposits regular rate plus 1.2% for the first 5 years, and plus 2.5% for the last 5 years, maturity date: March 28, 2016	1,532,000	1,532,000
Less: unamortized discount		(246)	(1,227)
		<u>\$ 2,499,754</u>	<u>2,498,773</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

21. Pension

The Company performed an actuarial assessment of its employee pension liability on December 31, 2010 and 2009, according to the original labor pension system of a defined benefit plan. The reconciliation between the funded status of the plan and accrued pension liability is as follows:

	December 31, 2010	December 31, 2009
Benefit obligation:		
Vested benefit obligation	\$ (566,610)	(429,813)
Non-vested benefit obligation	(122,248)	(97,219)
Accumulated benefit obligation	(688,858)	(527,032)
Additional benefits based on future level of salaries	(214,641)	(198,619)
Projected benefit obligation	(903,499)	(725,651)
Fair value of plan assets	486,081	469,303
Funded status	(417,418)	(256,348)
Unrecognized loss	295,236	123,772
Unrecognized net transition obligation	117,114	126,874
Additional minimum liability	(197,709)	(52,027)
Accrued pension liabilities	<u>\$ (202,777)</u>	<u>(57,729)</u>

The components of net periodic pension cost for 2010 and 2009 are as follows:

	2010	2009
Service cost	\$ 38,052	36,965
Interest cost	19,955	18,859
Expected return on plan assets	(7,558)	(3,086)
Amortization and deferral	5,842	2,041
Net pension cost	<u>\$ 56,291</u>	<u>54,779</u>

Actuarial assumptions for 2010 and 2009 were as follows:

	2010	2009
Discount rate	1.75%	2.75%
Rate of increase in future compensation	2.00%	2.00%
Expected long-term rate of return on plan assets	1.75%	2.75%

As of December 31, 2010 and 2009, the vested benefits for retirement amounted to \$847,936 and \$757,273 thousands, respectively.

In addition, pension expense under the new labor pension system as a defined contribution plan of the Company amounted to \$19,436 and \$18,147 thousands for the years ended December 31, 2010 and 2009, respectively.

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COTA Commercial Bank Co., Ltd.
 Notes to Financial Statements (Continued)
 (expressed in thousands of New Taiwan Dollars, unless otherwise stated)

22. Stockholders' Equity

(a) Common stock

The shareholders on August 25, 2010 resolved to increase capital by issuing common stock of 50,000 thousands shares. The capital increase had been approved by the regulatory authorities.

As of December 31, 2010 and 2009, the Company's authorized capital both was \$6,000,000 thousands, with par value of \$10. Total outstanding shares were \$418,045 and \$368,045 thousands shares, respectively.

(b) Capital reserve

Capital reserve as of December 31, 2010 and 2009 was as follows:

	December 31, 2010	December 31, 2009
Statutory reserve and special reserve transferred in	\$ 742,056	742,056
Additional paid-in capital	136,043	136,043
Share-based compensation	6,200	-
	\$ 884,299	878,099

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. On May 27, 2009, the shareholders' meeting of the Company resolved to use capital reserve in the amount of \$321,358 thousands for absorbing prior losses.

The share-based compensation for the capital increase subscribed by the employees was computed at the fair value of the measurement date amounted to \$6,200 thousands and recorded as an equity item respectively.

(c) Statutory reserve and earnings distribution

The Company's articles of incorporation stipulate that net income should be distributed in sequence order 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 earnings;
- to appropriate directors' and supervisor' remuneration do not exceed 3% of earnings;
- to appropriate 10% as employee profit sharing;
- stockholders bonuses.

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)

(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

The remaining balance is retained or appropriated based on change of 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.

In accordance with the Company's Articles of Incorporation, employee bonuses and remuneration to directors and supervisors in 2010 and 2009 were computed at an expected distribution rate of 10% and 3%, respectively, and based on the Company's net income for the year ended December 31, 2010 and 2009, after setting aside legal reserve. Accordingly, in 2010 and 2009, the company recorded the bonus to employees of \$6,473 thousands and \$2,171 thousands, respectively, and the remuneration to directors and supervisors of \$1,942 thousands and \$651 thousands, respectively. The difference, if any, between the amount approved by stockholders in the subsequent year and the amount estimated in the current-year financial statements shall be accounted for as a change in accounting estimate, and charged to profit or loss in the period during which stockholders' approval is obtained.

On May 27, 2009, the shareholders' meeting of the Company resolved to use statutory reserve in the amount of \$313,783 thousands for absorbing prior losses.

The distributions of earnings for 2009 was resolved in the stockholders' meeting held on May 27, 2010, respectively. The details were as follows:

	2009
Dividend per share (in NT dollar)	\$ <u>0.058</u>
Employees' profit sharing – cash	\$ 2,171
Directors' and supervisors' remuneration	<u>651</u>
	\$ <u>2,822</u>

Actual earnings distribution for 2009 had no difference to the board's resolution. For the year ended December 31, 2008, no stockholders' regular dividends or stockholders bonuses or employees' profit sharing or directors' and supervisors' remuneration were provided because of the accumulated deficit status of the Company.

The proposal for the distribution of 2010 earnings has not 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.

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COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
 (expressed in thousands of New Taiwan Dollars, unless otherwise stated)

23. Income Tax

The Company is subject to income tax at the current rate of 25% and is covered by the Basic Income Tax Act. According to the revised tax law announced on June 15, 2010, the statutory income tax rate will be reduced to 17% commencing from the year 2010. The components of income tax expense for 2010 and 2009 were summarized as follows:

	2010	2009
Current	\$ 273	(1,580)
Deferred	45,095	31,899
	\$ 45,368	30,319

The income tax calculated on pretax financial income at a statutory income tax rate was reconciled with the income tax expense as reported in the accompanying financial statements for the years ended December 31, 2010 and 2009 as follows:

	2010	2009
Expected income tax expense	\$ 23,432	15,332
10% surtax on undistributed earnings	18	-
Investment tax credits	689	1,235
Tax effect of tax-exempt gains from sale of marketable securities and land	1,513	(15,904)
Over accrual of prior year's income tax	-	(1,938)
Adjustment to prior year's deferred tax assets	3,076	1,133
Impairment reversal	(8,643)	(12,716)
Allowance for deferred tax assets	3,500	7,000
Other adjustments	(3,339)	(5,693)
Effect on deferred tax of the change in statutory tax rate	25,122	41,870
Income tax expense	\$ 45,368	30,319

Deferred income tax expense (benefit) for 2010 and 2009 were the tax consequences of the following temporary differences and credits:

	2010	2009
Unrealized exchange loss variable	\$ (4,978)	(5,212)
Gain (loss) carryforwards	26,939	(12,830)
Amortization and impairment of goodwill	(6,177)	3,080
Investment tax credits	689	1,235
Reversal of allowance for deferred tax assets	3,500	7,000
Change in deferred tax effect resulting from change of tax rate	25,122	38,229
Others	-	397
	\$ 45,095	31,899

Deferred income tax assets and liabilities as of December 31, 2010 and 2009, represented the tax effects of the following temporary differences, loss carry forwards and investment tax credit:

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COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

	December 31, 2010	December 31, 2009
Amortization of goodwill	\$ (4,297)	(12,322)
Reversal of allowance for bad debts in excess of tax limit	38,000	44,706
Unrealized loss on foreclosed properties	19,251	22,648
Unrealized exchange loss	7,849	3,377
Loss carryforwards	62,956	105,543
Investment tax credits	1,957	2,646
Others	2,816	3,529
Valuation allowance	(26,500)	(23,000)
Deferred income tax assets, net	<u>\$ 102,032</u>	<u>147,127</u>

In accordance with ROC Income Tax Law, assessed net losses can be carried forward for ten years. As of December 31, 2010, the unused loss carryforwards available to offset future taxable income and the expiry dates were as follows:

Year of loss	Amount	Last year in which loss can be used
2006	\$ 131,977	2016
2007	98,470	2017
2008	86,633	2018
2009	53,230	2019
	<u>\$ 370,330</u>	

As of December 31, 2009, the ROC tax authorities had examined and assessed the Company's income tax returns for all years through 2007.

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, 2010	December 31, 2009
Undistributed retained earning - 1998 and after	\$ <u>92,827</u>	<u>31,010</u>
Imputation credit account (ICA)	\$ <u>9,542</u>	<u>23,596</u>
	2010	2009
The creditable ratio on retained earnings	10.28% (Expected)	33.33% (Actual)

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

24. Earnings per Share

	2010		2009	
	Before income tax	After income tax	Before income tax	After income tax
Basic earnings per share:				
Net Income	\$ <u>137,835</u>	<u>92,467</u>	<u>61,329</u>	<u>31,010</u>
Weighted-average outstanding shares	<u>379,689</u>	<u>379,689</u>	<u>368,045</u>	<u>368,045</u>
Basic earnings per share (in NT dollar)	\$ <u>0.36</u>	<u>0.24</u>	<u>0.17</u>	<u>0.08</u>
Diluted earnings per share:				
Net profit used to calculate diluted EPS	\$ <u>137,835</u>	<u>92,467</u>	<u>61,329</u>	<u>31,010</u>
Weighted-average outstanding shares	379,689	379,689	368,045	368,045
Effect of common stock with dilution potential:				
Employee bonuses	594	594	171	171
Average outstanding shares	<u>380,283</u>	<u>380,283</u>	<u>368,216</u>	<u>368,216</u>
Diluted earnings per share (in NT dollar)	\$ <u>0.36</u>	<u>0.24</u>	<u>0.17</u>	<u>0.08</u>

25. Disclosure of Financial Instruments

(a) Fair value of financial instruments:

Financial instruments	December 31, 2010		December 31, 2009	
	Book value	Fair value	Book value	Fair value
Assets:				
Fair value represented by book value	\$ 109,730,900	109,730,900	102,472,310	102,472,310
Financial assets measured at fair value through profit or loss	758,415	758,415	737,002	737,002
Available-for-sale financial assets	1,603,087	1,603,087	1,934,258	1,934,258
Held-to-maturity financial assets	1,339,785	1,355,499	1,394,552	1,402,909
Other financial assets	255,364	255,364	381,967	381,967
Liabilities:				
Fair value represented by book value	107,505,132	107,505,132	101,413,198	101,413,198
Financial liabilities measured at fair value through profit or loss	24,325	24,325	173	173
Subordinate financial debentures	2,499,754	2,499,754	2,498,773	2,498,773

(b) Assumptions used to estimate the fair market value of financial instruments are categorized as follows:

- (i) Fair value of short-term financial instruments was estimated in accordance with the carrying amount. Since the expiration date of the short-term financial instrument was relatively short, its carrying value is adopted as a reasonable basis in estimating the fair value. The method was applied to cash and cash equivalents, due

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COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)

(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

from the Central Bank and call loans to banks, receivables, payables, deposits from the Central Bank and other banks, and other liquid financial assets.

- (ii) Fair value of financial assets measured at fair value through profit or loss and available-for-sale financial assets is determined by transaction price quoted in an active market, when available; if otherwise, valuation techniques are applied. The estimates and assumptions applied in valuation techniques are consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instrument.
- (iii) Deposits and loans are classified as interest-bearing financial assets or liabilities. Most of these financial assets and liabilities have floating interest rate, their book value are equivalent to the fair value.
- (iv) Financial assets carried at cost under the classification of other financial assets are investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Because debt investments without active market have no quoted market price, its fair value is represented by its carrying value.
- (v) The subordinate debenture was financial liability with floating interest rate, their fair value equal to their carrying value.
- (vi) The Company computed the fair value of each individual forward foreign currency contracts by using the expected exchange rate at the future maturity date, and whose rate was generated from Reuters (or Associated Press), a quoted pricing system.
- (c) The fair value of financial assets and liabilities evaluated under the quoted market price or other valuation techniques by the Company were as follows:**

Financial instruments	December 31, 2010		December 31, 2009	
	Based on quoted market prices	Determined value by using valuation techniques	Based on quoted market prices	Determined value by using valuation techniques
Assets:				
Financial assets measured at fair value through profit or loss	\$ 223,881	534,534	184,307	552,695
Available-for-sale financial assets	1,603,087	-	1,934,258	-
Held-to-maturity financial assets	1,326,175	29,324	1,174,935	227,974
Other financial assets	-	255,364	-	381,967
Liabilities:				
Financial liabilities measured at fair value through profit or loss	-	24,325	-	173
Subordinate financial debentures		2,499,754		2,498,773

For the year ended December 31, 2010 and 2009 loss arising from the fair value evaluation of financial instruments by using valuation techniques amounted to \$19,836 thousands and \$2,603 thousands, respectively.

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COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)

(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(d) Financial risk information:

(i) Market risk

The market risk refers to the fluctuation in market indicators, e.g., fluctuation in interest rate, exchange rate, stock market index and commodity price. The Company manages market risk through its risk management system and believes that the system is effective.

The Company held government bonds of fix rate that fair value changes with market rate.

The Company's foreign currency position mainly was in United States dollars. When the New Taiwan dollar appreciates one tenth of an NT dollar, the Company would incur a loss of NT\$2,445 thousands because of its foreign currency position on December 31, 2010.

(ii) Credit risk

The financial instruments acquired or issued by the Company are subject to risk of financial loss resulting from the failure of a customer or counterparty to settle their contractual obligations as and when they fall due. The implementation and execution of credit risk management is assigned and supervised by credit operating units in order to evaluate and control the potential credit risk from various transactions

Strict credit assessment is conducted when the Company issues loan commitments, financial guarantees and letter of credits. The Company's practice is to require appropriate collaterals as necessary before granting of loans depending on the credit assessment. As of December 31, 2010, the ratio of secured loans to total outstanding loans granted is approximately 71.85%. Most of the collaterals provided for loans, financial guarantees and letter of credits are real estate properties, cash, marketable securities or other properties. In the event of customer defaults, the Company can forcibly execute its rights on the collaterals or rights on other guarantees to protect its creditor's right which in return, helps to minimize the Company's credit risk.

Concentration of credit risk exists when the counterparties to financial instrument transactions are individuals or groups engaged in similar activities with similar economic characteristics, which would cause their ability to meet contractual obligations to be simultaneously affected by changes in economic or other conditions. The Company implements the maximum credit limit for a customer or counterparty in various industries, enterprises and territories to avoid inappropriate concentration of risk.

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

■ **Concentration of credit extensions:**

2010.12.31			
Rank	Transaction Party	Outstanding loan	% of net assets
1	UBus Co., Ltd.	\$ 307,546	5.94
2	Feng Lin Construction Co., Ltd.	299,900	5.80
3	Rage motel Co., Ltd.	298,370	5.77
4	Ji Jun Construction Co., Ltd.	280,000	5.41
5	Wei Mon Industry Co., Ltd.	266,840	5.16
6	Chi Yi Real Estate Management Ltd.	256,000	4.95
7	Future-Heir Bilingual Elementary School	207,000	4.00
8	Tong Hsing Integrated & Development Co., Ltd.	196,633	3.80
9	Pai Tai Development Co.,Ltd.	175,000	3.38
10	Lian Cheng Feng construction Engineering Co.,Ltd	174,940	3.38
	Total	2,462,229	

2009.12.31			
Rank	Transaction Party	Outstanding loan	% of net assets
1	Dinli Metal Industrial Co., Ltd.	\$ 391,900	8.37
2	Rage motel Co., Ltd.	324,728	6.94
3	Feng Lin Construction Co., Ltd.	300,000	6.41
4	Future-Heir Bilingual Elementary School	287,000	6.13
5	UBus Co., Ltd.	264,449	5.65
6	YiLi Construction Co., Ltd.	210,227	4.49
7	Jung-Shin Hotels.	202,535	4.33
8	Wei Mon Industry Co., Ltd.	200,561	4.28
9	Tong Hsing Integrated & Development Co., Ltd.	196,299	4.19
10	Asia University.	175,000	3.74
	Total	2,552,699	

■ **The Company's contracted amounts of financial instruments with off-balance-sheet credit risks were as follows:**

	December 31, 2010	December 31, 2009
Unused lines of credit	\$ <u>8,853,720</u>	<u>10,071,431</u>
Credit commitment on credit cards	\$ <u>1,377,816</u>	<u>1,495,363</u>
Guarantee on loans and unused L/C balance	\$ <u>2,098,346</u>	<u>1,882,192</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
 (expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(iii) Liquidity risk

Liquidity risk includes market liquidity risk and fund liquidity risk. Because there is an active market for the Company's holding of stock, beneficiary certificates, government bonds and corporate bonds which can be sold at fair value readily, the Company is able to manage liquidity risk effectively.

The basic principle in managing liquidity risk is to match the time-to-maturity for assets and liabilities and to monitor the duration gap. The liquidity reserve ratio for the Company were 17.55% and 22.24% as of December 31, 2010 and 2009, and the operating capital of the Company is sufficient to meet cash needs for all contractual obligations. The management therefore expects that there is no liquidity risk concerning inability to raise capital to meet existing contractual obligations.

As of December 31, 2010, analysis for time-to-maturity of the Company's assets and liabilities was as follows: (classified into NT dollar and US dollar assets/liabilities)

	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
(in thousands of NT dollars)						
Capital inflow	114,998,687	10,464,362	10,177,622	12,468,069	13,705,252	68,183,382
Capital outflow	125,903,944	11,337,048	14,773,702	17,226,929	38,471,837	44,094,428
Maturity gap	(10,905,257)	(872,686)	(4,596,080)	(4,758,860)	(24,766,585)	24,088,954

	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
(in thousands of US dollars)						
Capital inflow	77,505	30,248	43,204	3,528	-	525
Capital outflow	77,505	58,668	11,853	4,250	2,596	138
Maturity gap	-	(28,420)	31,351	(722)	(2,596)	387

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

As of December 31, 2009, analysis for time-to-maturity of the Company's assets and liabilities was as follows: (classified into NT dollar and US dollar assets/liabilities)

	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
(in thousands of NT dollars)						
Capital inflow	108,666,612	11,055,199	10,958,248	14,696,950	11,825,366	60,130,849
Capital outflow	120,021,560	10,728,473	14,087,760	18,153,413	38,768,118	38,283,796
Maturity gap	(11,354,948)	326,726	(3,129,512)	(3,456,463)	(26,942,752)	21,847,053

	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
(in thousands of US dollars)						
Capital inflow	55,817	34,383	15,784	3,478	-	2,172
Capital outflow	55,817	45,997	6,706	1,499	1,383	232
Maturity gap	-	(11,614)	9,078	1,979	(1,383)	1,940

(iv) Cash flow risk from interest rate fluctuation

As of December 31, 2010, the Company's analysis of interest-sensitive assets and liabilities were as follows:

	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
(in thousands of NT dollars)					
Interest-sensitive assets	81,376,692	9,028,089	698,212	17,343,810	108,446,803
Interest-sensitive liabilities	20,225,334	52,468,741	29,264,267	3,869,305	105,827,647
Gap	61,151,358	(43,440,652)	(28,566,055)	13,474,505	2,619,156
Stockholders' equity					5,173,892
Ratio of interest-sensitive assets to liabilities					102.47
Ratio of gap to stockholders' equity					50.62

	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
(in thousands of US dollars)					
Interest-sensitive asset	17,099	3,523	-	525	21,147
Interest-sensitive liability	26,852	4,245	2,592	-	33,689
Gap	(9,753)	(722)	(2,592)	525	(12,542)
Stockholders' equity					138
Ratio of interest-sensitive assets to liabilities					62.77
Ratio of gap to stockholders' equity					(9,088.41)

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
 (expressed in thousands of New Taiwan Dollars, unless otherwise stated)

As of December 31, 2009, the Company's analysis of interest-sensitive assets and liabilities were as follows:

	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
(in thousands of NT dollars)					
Interest-sensitive assets	68,429,193	12,542,755	2,131,000	18,368,611	101,471,559
Interest-sensitive liabilities	19,033,125	48,372,692	28,988,366	4,263,604	100,657,787
Gap	49,396,068	(35,829,937)	(26,857,366)	14,105,007	813,772
Stockholders' equity					4,681,248
Ratio of interest-sensitive assets to liabilities					100.81
Ratio of gap to stockholders' equity					17.38

	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
(in thousands of US dollars)					
Interest-sensitive asset	28,438	3,472	-	2,172	34,082
Interest-sensitive liability	14,904	1,495	1,380	-	17,779
Gap	13,534	1,977	(1,380)	2,172	16,303
Stockholders' equity					232
Ratio of interest-sensitive assets to liabilities					191.70
Ratio of gap to stockholders' equity					7,027.16

(v) Risk management and hedge strategies

The risk management structure of the Company takes the Board of Directors as the decision making body and the effective operation of the Company's risk management policies as the ultimate objective to optimize its earnings and return for stockholders.

Strategies and policies are continuously monitored and reviewed to ensure that all major risks in various aspects of the Company's operation are effectively managed.

26. Related-party Transactions

(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
COTA Bank Insurance Brokers Co., Ltd.	Subsidiary of the Company
The Bank's directors, supervisors, general manager and vice general manager	The Company's main management echelon

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(b) Significant transactions with related parties

(i) Loans

As of December 31, 2010 and 2009, loans to related parties amounted to approximately \$120,153 and \$92,651 thousands, respectively, representing 0.14% and 0.12% of total loans at each date. Interest resulting from such loans was \$1,718 and \$2,162 thousands, respectively, representing 0.07% and 0.09% of total interest income for 2010 and 2009. The range of interest rates was approximately 1.70%~2.70% and 1.62%~2.95% p.a., respectively.

(ii) Deposits

As of December 31, 2010 and 2009, deposits from related parties were approximately \$175,540 and \$240,419 thousands, respectively, representing 0.16% and 0.24% of total deposits at each date. Interest resulting from such deposits was \$2,932 and \$4,629 thousands, respectively, representing 0.37% and 0.43% of total interest expense for 2010 and 2009. The range of interest rate was approximately 0.09%~1.74% and 0.10%~1.88%, respectively. The range of interest rate for employee demand savings deposits was approximately 8.80%~9.06% and 8.80%~10.75% p.a., respectively.

(iii) Service fees income

	2010		2009	
	Service fees income	December 31, 2010 Accrued income	Service fees income	December 31, 2009 Accrued income
COTA Bank Insurance Brokers Co., Ltd.	\$ <u>31,491</u>	<u>3,022</u>	<u>23,802</u>	<u>2,521</u>

The above-mentioned income was mainly from commission resulting from sale of insurance.

(v) Rentals income

	2010	2009
COTA Bank Insurance Brokers Co., Ltd.	\$ <u>221</u>	<u>221</u>

The rental income was for rental of office and both were fully collected as of December 31, 2010 and 2009.

(c) Compensation of directors, supervisors and management personnel

	2010	2009
Salaries	\$ 20,435	21,878
Incentives	1,916	1,437
Profession compensation	879	651
Bonus	<u>76</u>	<u>25</u>
	<u>\$ 23,306</u>	<u>23,991</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

27. Pledged Assets

	December 31, 2010	December 31, 2009
Pledged for:		
Guarantee deposits for provisional actions against defaulted loans and deposit for trust business (recorded as available-for-sale financial assets and Held-to-maturity financial assets)	\$ <u>57,800</u>	<u>56,700</u>

28. Significant Commitment and Contingencies

(a) As of December 31, 2010 and 2009, the Company's significant commitments and contingent liabilities were as follows:

	December 31, 2010	December 31, 2009
Collections received	\$ 10,132,927	9,093,070
Guarantees	2,098,346	1,882,192
Travelers' checks held on consignment	36,200	40,670

(b) In accordance with Article 17 of the Trust Enterprise Law, balance sheet and trust property under the Company's trust accounts are disclosed as follows:

Balance Sheet
December 31, 2010 and 2009

Trust Assets	December 31, 2010	December 31, 2009	Trust Liabilities	December 31, 2010	December 31, 2009
Deposit in bank	\$ 88,184	23,049	Trust capital		
Investment in mutual fund	4,298,111	3,764,733	Money	\$ 4,386,295	3,787,782
Investment in real estate	-	47,571	Real estate	-	47,571
Total trust assets	\$ <u>4,386,295</u>	<u>3,835,353</u>	Total trust liabilities	\$ <u>4,386,295</u>	<u>3,835,353</u>

Statement of Income
December 31, 2010 and 2009

	December 31, 2010	December 31, 2009
Trust Income		
Interest income	\$ <u>16</u>	<u>3</u>
	<u>16</u>	<u>3</u>
Trust Expense		
Service fees	1,202	222
Management fees	<u>86</u>	<u>75</u>
	<u>1,288</u>	<u>297</u>
Income loss before income taxes	(1,272)	(294)
Income tax expense	-	-
Net loss	\$ <u>(1,272)</u>	<u>(294)</u>

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(c) Operating leases

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

As of December 31, 2010 the estimated rental commitments for the next five years are as follows:

Fiscal Year	Amount
2010	\$ 39,768
2011	30,483
2012	20,736
2013	10,888
2014	2,655
	<u>\$ 104,530</u>

29. Significant Disaster Loss: None**30. Significant Subsequent Events: None****31. Other Matters**

(a) Personnel expenses, depreciation, and amortization for the years ended December 31, 2010 and 2009, were summarized as follows:

Function	2010			2009		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel Expenses:						
Salaries	-	797,001	797,001	-	728,965	728,965
Labor and health insurance	-	56,908	56,908	-	54,056	54,056
Pension	-	75,727	75,727	-	72,926	72,926
Other personnel expenses	-	8,270	8,270	-	9,262	9,262
Depreciation expenses	-	31,911	31,911	-	39,412	39,412
Amortization expenses	-	19,133	19,133	-	21,984	21,984

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
 (expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(b) Capital Adequacy ratio:

Item		Year	December 31, 2010	December 31, 2009	
Capital	Tier I Capital		4,884,610	4,339,946	
	Tier II Capital		2,978,210	2,250,882	
	Tier III Capital		-	-	
	Total		7,862,820	6,590,828	
Risk-weighted assets	Credit risk	Standardized approach	58,608,437	52,781,703	
		Internal-rating-based approach	-	-	
		Secularizations	3,096	13,977	
	Operational risk	Basic indicator approach	3,202,718	3,244,938	
		Standardized approach / alternative approach	-	-	
		Advanced measurement approach	-	-	
	Market risk	Standardized approach	1,745,162	1,938,363	
		Internal model approach	-	-	
	Total risk-weighted assets			63,559,412	57,978,981
	Capital adequacy ratio			12.37%	11.37%
Tier I capital / risk-weighted assets			7.68%	7.49%	
Tier II capital / risk-weighted assets			4.68%	3.88%	
Tier III capital / risk-weighted assets			- %	- %	
Common stock / total assets			3.61%	3.37%	
Leverage Ratio			4.35%	4.04%	

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(c) Average values and average interest rates of the Company's interest-bearing assets and liabilities were as follows:

	2010		2009	
	Average value	Average interest rate (%)	Average value	Average interest rate (%)
Assets				
Deposits in other banks	\$ 105,030	0.08	290,662	4.27
Call loans to other banks	423,207	0.55	583,042	1.28
Due from Central Bank	21,752,213	0.69	18,659,353	0.79
Bonds and bills purchased under resale agreements	55,031	0.28	453,838	0.31
Available-for-sale financial assets	1,782,071	2.17	2,513,585	2.30
Held-to-maturity financial assets	1,310,854	1.99	906,953	1.92
Loans	78,210,710	2.76	74,720,312	2.79
Liabilities				
Banks deposits	-	-	38	-
Call loans from banks	45,845	0.34	45,224	0.36
Subordinate financial debentures	2,500,000	2.60	2,500,000	2.60
Demand deposits	10,164,485	0.10	8,067,520	0.10
Demand savings deposits	25,666,060	0.24	21,885,945	0.27
Time deposits	63,939,764	0.96	65,805,544	1.36
Staff savings deposits	598,120	6.82	584,805	7.12

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(d) Primary foreign currency assets

December 31, 2010			December 31, 2009		
Original currency		Equivalent NTD amount	Original currency		Equivalent NTD amount
USD	24,454	\$ 721,396	USD	21,303	685,456
HKD	3,858	14,624	EUR	315	14,546
EUR	302	11,864	CNY	1,407	6,632
JPY	24,538	8,887	JPY	11,501	4,002
CNY	1,777	7,939	GBP	62	3,196

(e) As of December 31, 2010 and 2009, details of loans or guarantees that involved related parties were as follows:

Classification	December 31, 2010		
	Accounts	Amount	Expected potential loss
Consumer loan borrowers	109	\$ 45,282	None
Employee mortgage loan borrowers	102	211,052	32
Other loan borrowers	143	458,603	None
Related parties as guarantors for loans	48	236,151	1,505
Related parties as providers of collateral	28	79,228	5

Classification	December 31, 2009		
	Accounts	Amount	Expected potential loss
Consumer loan borrowers	94	\$ 38,181	None
Employee mortgage loan borrowers	110	262,118	384
Other loan borrowers	137	564,576	None
Related parties as guarantors for loans	50	209,946	None
Related parties as providers of collateral	28	107,315	None

(Continued)

COTA Commercial Bank Co., Ltd.
Notes to Financial Statements (Continued)
(expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(f) Asset quality

Period		2010.12.31				
Product	Item	Overdue loan amount	Loan Balance	Overdue rate	Allowance for loans losses	Covering rate
		Corporate Banking	Secured	26,009	11,167,691	0.23%
	Unsecured	46,495	10,245,456	0.45%	114,478	246.22%
Consumer Banking	Mortgage	136,140	18,912,729	0.72%	46,492	34.15%
	Cash card	-	4,950	-	53	-
	Credit loan	51,894	12,249,463	0.42%	118,240	227.85%
	Other	Secured	328,432	31,724,070	1.04%	143,792
Unsecured		110,431	1,291,422	8.55%	374,985	339.56%
Total		699,401	85,595,781	0.82%	811,325	116.00%
		Overdue	Account receivables	Overdue rate	Allowance for bad debts	Covering rate
Credit card		983	188,991	0.52%	5,072	515.97%
Without recourse factoring		-	-	-	-	-

Period		2009.12.31				
Product	Item	Overdue loan amount	Loan Balance	Overdue rate	Allowance for loans losses	Covering rate
		Corporate Banking	Secured	114,487	8,930,164	1.28%
	Unsecured	196,633	9,635,132	2.04%	192,689	97.99%
Consumer Banking	Mortgage	278,151	17,468,459	1.59%	37,455	13.47%
	Cash card	-	6,655	-	20	-
	Credit loan	169,921	15,148,975	1.12%	142,907	84.10%
	Other	Secured	589,472	22,743,441	2.59%	180,829
Unsecured		280,180	2,476,582	11.31%	266,851	95.24%
Total		1,628,844	76,409,408	2.13%	882,136	54.16%
		Overdue	Account receivables	Overdue rate	Allowance for bad debts	Covering rate
Credit card		2,067	258,289	0.80%	3,903	188.82%
Without recourse factoring		-	-	-	-	-

(Continued)

COTA Commercial Bank Co., Ltd.
 Notes to Financial Statements (Continued)
 (expressed in thousands of New Taiwan Dollars, unless otherwise stated)

(g) Concentration of credit extension: please refer to note 25-(d) (ii).

(h) Information of interest sensitivity: please refer to note 25-(d) (iv).

(i) Profitability analysis

	December 31, 2010	December 31, 2009
The ratio of return before income tax on assets	0.12%	0.06%
The ratio of return on assets, net of tax	0.08%	0.03%
The ratio of return before income tax on shareholders' equity	2.80%	1.32%
The ratio of return on shareholders' equity, net of tax	1.88%	0.67%
Net income ratio	4.72%	1.75%

(j) The maturity analysis of assets and liabilities: please refer to note 25-(d) (iii).

32. Segment Information

(a) Operations in different industries.

The Company operates principally as a commercial bank.

(b) Operations in different geographic areas.

The offshore business unit of the Company does not reach the 10% total asset or revenue corridor to disclose related segment information.

(c) Export sale: Not applicable.

(d) Major customers: Not applicable.



7

Financial Status Analysis, Operation Performance Analysis, and Risk Management

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

7-1. Financial Status

Unit: TWD thousand

Item \ Year	2010	2009	Difference	
			Amount	%
Total Asset	115,840,498	109,109,249	6,731,249	6.17
Total Liability	110,666,606	104,428,001	6,238,605	5.97
Total Shareholders' Equity	5,173,892	4,681,248	492,644	10.52

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

7-2. Operation Performance

Unit: TWD thousand

Item \ Year	2010	2009	Difference Amount	Increase/Decrease Ratio (%)
Interest income	2,443,131	2,409,886	33,245	1.38
Interest expense	795,353	1,068,533	(273,180)	(25.57)
Non-interest income, net	309,668	427,550	(117,882)	(27.57)
Net revenue	1,957,446	1,768,903	188,543	10.66
Bad debt expense	472,606	428,213	44,393	10.37
Operating expense	1,347,005	1,279,361	67,644	5.29
Income before income tax	137,835	61,329	76,506	124.75
Net income	92,467	31,010	61,457	198.18

Remarks of Ratio Changes Disclosure:

1. The increase in interest income by TWD33,245 thousand compared with previous year is due significant increase in volume of loan.
2. The decrease in interest expense by TWD273,180 thousand compared with previous year is due the high interest rates time deposit matured at beginning of year one after the other, and adjusted the deposits structure.
3. Net non-interest income: Due the recognition by TWD51,738 thousand of impairment loss of Goodwill in 2010 and compared with previous year the financial assets and liabilities at fair value through income statement decrease TWD69,972 thousand. And TWD appreciation increase in exchange loss by TWD 30,379 thousand. Fee income increase TWD43,383 thousand. To conclude above, Net non-interest income decrease TWD117,882 thousand.
4. The increase in bad debt expense by TWD44,000 thousand compared with previous year is due devoted to raise coverage and assets quality.

7-3. Cash Flow

7-3-1. Cash Flow Analysis over the Past Year and Remedy for Shortage of Liquidity:

Unit: TWD thousand

Initial Cash Residual (1)	Yearly Operating Cash Flow (2)	Yearly Cash Inflow (3)	Residual Cash Amount (deficiency) (1)+(2)+(3)	Cash Deficiency Contingency Plan	
				Investment Plan	Financial Plan
1,293,477	895,629	(625,660)	1,563,446	-	-

Remarks:

1. Cash Flow Analysis

- (1) Operating activities: The net cash inflow from operating activities due primarily to increase in Accrued payables.
- (2) Investing activities: The net cash outflow from investing activities due primarily to increase in discount and loans.
- (3) Financial activities: The net cash inflow from financial activities due primarily to increase in deposits and proceed from new issue.

2. Remedy for shortage of liquidity: Not applicable as no occurrence of shortage.

7-3-2. Cash Flow Analysis for Next Year

Unit: TWD thousand

Initial Cash Residual (1)	Estimated Yearly Operating Cash Flow (2)	Estimated Yearly Cash Inflow (3)	Estimated Residual Cash Amount (deficiency) (1)+(2)+(3)	Cash Deficiency Contingency Plan	
				Investmentplan	Financial Plan
1,563,446	453,716	(373,630)	1,643,532	-	-

Remarks:

The Bank estimates cash inflow about TWD453,716 thousand generated from operating activities in 2011. The estimated cash outflow about TWD373,630 thousand in 2011 mainly due from investment activities about TWD1,920,223 thousand owing to decrease in deposits with the Central Bank and loans to banks and increase in discount loans. Increasing in deposits and remittance caused to net inflow from financial activities about TWD1,546,593 thousand.

7-4. Impact of Major Capital Expenditures in Recent Year

7-4-1. Utilization of major capital expenditures and sources of Funds: None

7-4-2. Expected potential benefit: None

7-5. Reinvestment Policy, Improvement Plan and Investment Plan in Next Year

7-5-1. Reinvestment Policy

The reinvestment items major in financial business of COTA bank and the goal of holding long-term earned dividends. Regarding new reinvestment, the authorized unit shall submit proposal to "Asset, Liability and Risk Management Committee" for discussion and then get approval from standing committee of board. The authorized unit shall closely monitor operation and financial condition of invested companies and report to "Asset, Liability and Risk Management Committee" in timely basis to ensure investment performance.

7-5-2. Source of Profit

In 2010, the source of profit growth is according to the dividend of reinvest companies by Taiwan Financial Asset Service Corp., Taiwan Asset Management Corp., Sunny Asset Management Corp., and COTA Bank Insurance Broker Co., Ltd.

7-5-3 Improvement Plan

COTA Bank Insurance Broker Co., Ltd. will increase insurance incomes by Bank's wealth management business cooperating with marketing related insurance products.

7-5-4 Investment Plan in Next Year

The Bank's main business operation target major in profit of financial business and don't make new reinvestment plan in next year.



7-6. Risk Management

7-6-1. Financial Risk Information

7-6-1-1. Credit Risk

Credit Risk Management System

Year 2010

Items	Contents
<p>1. Strategies, Objectives, Policies, and Processes</p>	<p>The Bank's credit risk policies and processes comply with Basel II and supervisory regulations. The Bank also created credit risk guidelines in written form such as the code of credit, the law of the credit responsibility and accountability, the law of the assessment for collateral, the law of financial derivatives and all kinds of operation handbooks. They provide strict standard on loans, monitor credit risk, and manage non-performing loans. At the same time, since the change in economic cycle will affect the quality of the loan portfolio, the Bank will execute credit policies to ensure credit exposures under control. In addition, the managing procedure of the credit risk on counterparty operates under the authorized standard by the Board of Directors.</p> <p>The Bank will consider developing the internal credit scoring system. The system will identify and estimate risks from all credit exposures.</p> <p>The Bank established a framework for managing credit risk. The framework may execute risk analysis and monitor risk process. It also may discover potential risks that the Bank may response adequately. In addition, it may assess the relation between risk and return to ensure the goal of the Bank's business.</p>
<p>2. The Structure, and Organization of the Risk Relevant Management Function</p>	<p>(1) The Board of Directors: The Bank's board of directors is the supervisor of credit risk management. The board is responsible for the Bank's business strategies and operation guidelines, and is responsible for reviewing credit risk framework and policies. It also authorizes management to execute credit risk management.</p> <p>(2) Asset, Liability and Risk Management Committee: The committee executes the board's risk polices and reports risk profile to the board.</p> <p>(3) Credit Reviewing Committee: The committee reviews the large amount of loans, specific non-performing loans, and the appointed loans.</p> <p>(4) Risk Management Center: The subcommittee integrates credit risk strategies, designs processes, and introduces credit identification, measurement, monitor, and reporting systems.</p> <p>(5) Other Bank's Units: They should understand credit risks under any circumstances, should deal with the assignment of risk management, and should assist risk management subcommittee in risk monitor.</p> <p>(6) Audit Office: The office should establish audit plan and process, and should review the Bank's credit and investment risks at least once a year.</p>

Items	Contents
3. The Scope and Nature of the Risk Reporting and/or Measurement Systems	<p>The Bank adjusts credit risk system to produce enough information according as the change of loan portfolio. The information includes: statistics of pass due loans, evaluation of non-performing loans, and statistics of large amount credit exposure. The board and senior management will receive the information periodically, and will make appropriate business and credit risk decision. In addition, the credit risk measurement to the Bank considers the following factors:</p> <ul style="list-style-type: none"> (1) Loan characteristics, contract contents, and customers' financial conditions (2) The possible effect of the exposures from market change (3) Collateral and guarantee (4) The possible future risk change of the customers or counterparties (5) Besides specific trading risks, measuring loan portfolio risks <p>The Bank gradually establishes internal rating framework in accordance with long or medium term schedule and measures and analyzes loan risks through quantitative indexes and qualitative methods.</p>
4. Policies for Hedging and/or Mitigating Risk and Strategies and Processes for Monitoring the Continuing Effectiveness of Hedges/Mitigations	<p>The Bank follows the diversified principal on loans and complies with loan limit regulations such as the same person, the same party, relative corporation, stakeholder, and stocks as collateral for the loan. To avoid credit concentration risk, the Bank reviews and adjusts credit exposures regularly. For controlling the quality of the loan assets and mitigating credit risks, the Bank depends on the credit condition of the borrowers and uses a number of techniques to mitigate the credit risks. For example, the Bank demands collateral and guarantee, signs two-side offsetting agreement, terminates contract early, and buys credit derivatives to offset various forms of credit risk.</p> <p>The Bank had formulated "The Directions of the Loan Reviewing Operation" which reviews and follows the cases of the loan and strengthens after-loan management. If the Bank discovers the doubtful loans in the process, it should take necessary measures to protect debt obligations. In order to maintain an effectively monitors hip over credit risk, the Bank had established the indexes of the risk evaluation that regularly monitor the change of them and help to estimate the potential reasons of the future risk occurrence.</p>
5. Approach for calculating the Bank's capital requirement	Standardized approach

Exposure amount after risk mitigation and capital requirement of the standard approach

Dec. 31, 2010

Unit: TWD thousand

Category	Exposure amount after risk mitigation	Capital Requirement
Sovereigns	23,742,687	0
Non central government public sector entities	5,888,222	94,579
Banks (multilateral development banks)	1,046,752	19,257
Corporate (Securities firm and insurance companies)	9,114,522	679,833
Regulatory retail portfolios	49,729,752	3,180,125
Secured by residential property	19,148,828	549,214
Equities investment	0	0
Other assets	2,070,835	165,667
Total	110,741,598	4,688,675

7-6-1-2. Assets Securitization Risk

Assets Securitization Risk Management System

Year 2010

Items	Contents
1. Strategies and Processes	<p>The Bank does not play the role such originator, service, credit enhance agency, or financial liquidity provider and expects to be an investor. The internal regulations for securitizations concentrate on the investor field. If there is necessary on originator field, it will be created in the future.</p> <p>Not only the Bank obeys article 74-1 of the Banking Act, but also it had formulated some investment limits such as total position limit, underlying instrument limit, and internal authorized limit.</p>
2. The Structure, and Organization of the Risk Relevant Management Function	<p>(1) The Board of Directors: The Bank's board of directors is the supervisor for securitization risk management. The board is responsible for the Bank's business strategies, and is responsible for reviewing securitization decisions. It also monitors effective operation for managing framework.</p> <p>(2) Asset, Liability and Risk Management Committee: The committee reviews the guidelines and policies of the securitization, controls indicators, and coordinates assignments relative to risk management.</p> <p>(3) Investment Subcommittee: For strengthening portfolio management and trading quality of the securitization, the subcommittee depends on the market condition to plan investment strategies.</p> <p>(4) Risk Management Center: The subcommittee draws strategies and processes of the securitization, designs and introduces risk identification, measurement, monitor, and reporting system.</p> <p>(5) Audit Office: The office should establish audit plan and process, and should review the Bank's risk management at least once a year.</p>
3. The Scope and Nature of the Risk Reporting and/or Measurement Systems	<p>The Bank reports the periodic information of the securitization exposures to the senior management. It also disclosures in the annual report and on the website. The principal of the valuation should confirm the criteria of methodology and the fairness of the data. Furthermore, the managing reports should effectively control exposure positions and should provide appropriate measurement results to assist risk management processes.</p>
4. Policies for Hedging and/or Mitigating Risk and Strategies and Processes for Monitoring the Continuing Effectiveness of Hedges/Mitigations	<p>The Bank regularly accesses the effectiveness of the strategies of the hedge positions and reviews the limits of the securitizations investment according to the volatility of the market prices. Both of the strategies and limits will report to Investment Subcommittee and make decision. Mitigations such as collaterals, guarantee, and credit derivatives apply to the standardized approach of the credit risk.</p>
5. Approach for calculating the Bank's capital requirement	<p>Standardized approach</p>

Remarks:

The undertaking of securitization: None

The original cost of the investing securitization product over TWD300 million in single deal: None

The holding positions due to credit enhancement purpose as an originator: None

As a credit enhancement agency or liquidating assets agency: None

As a guarantee agency or financial liquidity provider: None

**Assets securitization exposures and capital requirements
Dec. 31, 2010**

Unit: TWD thousand

Type of Exposures	Non-Originating Bank		Originating Bank					
	Risk Exposures of the Purchasing or Holding Securitization	Capital Requirements	Exposures				Asset-Backed Commercial Paper	Capital Requirements
			Non-Asset-Backed Commercial Paper					
			Traditional		Synthetic			
			Holding Positions	Non-holding Positions	Holding Positions	Non-holding Positions		
Mortgage Loans-MBS	15,479	248	0	0	0	0	0	0
Total	15,479	248	0	0	0	0	0	0

**Securitized product investment summary
Dec. 31, 2010**

Unit: TWD thousand

Items	Accounting Title	Original Cost	Accumulated Evaluation on Profit or Loss	Accumulated Impairment Loss	Book Value
Mortgage Loans -MBS	Debt investment without quoted price in active markets	15,479	0	0	15,479
Student Loans -ABS	Debt investment without quoted price in active markets	61,950	0	7,449	54,501

7-6-1-3. Operational Risk

Operational Risk Management System

Year 2010

Items	Contents
1. Strategies and Processes	The Bank's operational strategies and processes are restrained the division of labor, employees training, effective control framework, and internal control procedure of each level. In aspect of internal control, the Bank had fully formulated the system of the internal audit, self-audit, law obedience, and business operational rules that may to search on the internal website for employees' real time operation. The Bank reduces operational loss by internal and external audit to monitor and trace the risks. In order to assist all employees executing the processes of the operational risk, Risk Management Center is developing applied implements for managing operational.
2. The Structure and Organization of the Relevant Risk Management Function	(1) The Board of Directors: The Bank's board of directors is the supervisor for risk management. The board is responsible for the Bank's business strategies, and is responsible for reviewing significant decisions.

Items	Contents
	<p>(2) Asset, Liability and Risk Management Committee: The committee follows risk management policies and procedures that the board of directors had approved. In addition, the committee is responsible to review the guidelines and policies of the operational risk, controls indicators, and coordinates assignments relative to risk management.</p> <p>(3) Risk Management Center: The subcommittee draws strategies and processes of the operational risk, designs and introduces risk identification, measurement, monitor, and reporting system. Moreover, the subcommittee develops the loss event databases of operational risk, gathers risk information from all Banks' units, and reports to ALM committee and the board of the directors regularly.</p> <p>(4) Headquarters' Units They should totally understand the risk that they are facing. When they codify operational regulations, they should consider operational risk management. They also should assist risk management subcommittee to accomplish all kinds of risk monitor.</p> <p>(5) Other Bank's Units: Everyone should comply with the Bank's regulations and should control operational risk. If risk event occurs, everyone should deal with the event immediately and should report to management.</p> <p>(6) Audit Office: The office should execute auditing processes independently and should provide improvement suggestion timely.</p>
<p>3. The Scope and Nature of the Risk Reporting and/or Measurement Systems</p>	<p>The Bank had established the operational processes for business practices. The processes have been executed on daily operation management and to reduce the occurrence of the operational risk. The executive circumstance of the internal and external audit, self-audit, and the system of law obedience regularly reports to the board. The Bank adopts Supervisory regulation to classify loss event types and executes reporting system of the loss data of the operational risk and establishes whole bank's loss database of the operational risk. The Bank reports the periodic information of the operational risk to the Asset and Liability Management Committee and The Board of Directors. Currently, the Bank is developing the self-assessment of the operational events, compliance system, internal audit system, and self-inspection system to manage and reduce operational risk.</p>
<p>4. Policies for Hedging and/or Mitigating Risk and Strategies and Processes for Monitoring the Continuing Effectiveness of Hedges/Mitigations</p>	<p>The Bank hedges and mitigates risks through strengthening internal control system, implementing operational risk monitor, training employees, insurance, and outsourcing. The Bank's emergency center and crisis subcommittee had formulated the strategic manual of the disasters and the contingency measures of the operating crisis to ensure every business that may continue to operate normally when the crisis occurs and to protect significant loss of the Bank.</p>
<p>5. Approach for calculating the Bank's capital requirement</p>	<p>Basic indicator approach</p>

**The Operational Risk Capital Charge
Dec. 31, 2010**

Unit: TWD thousand

Year	Annual Gross Income	Capital Charge
2008	1,420,507	
2009	1,754,159	
2010	1,949,682	
Total	5,124,348	256,217

7-6-1-4. Market Risk

Market Risk Management System

Year 2010

Items	Contents
1. Strategies and Processes	<p>In order to establish effective market risk management system, the Bank formulated market risk managing standard and other related regulations for the benchmark of the market risk management. To ensure the Bank's market risk under control, the functional responsibility divides into trading and settlement, and will involve in risk control system. The system is responsible for the risk identification, measurement, monitor, and reporting procedure.</p> <p>The strategies of the Bank's market risk are as follows: considering the characteristic of each instrument and market condition, regularly measuring endurable risks, expecting balance of returns and risks, optimizing investment allocation. The purpose of all strategies is to improve performance. On the other hand, the Bank formulated a limit system to effectively control risks and reduce exposures.</p>
2. The Structure and Organization of the Relevant Risk Management Function	<p>(1) The Board of Directors: The Bank's board of directors is the supervisor for risk management. The board is responsible to review market risk management system and market risk strategies, and to ensure the system reflects the Bank's business strategies.</p> <p>(2) Asset, Liability and Risk Management Committee: The committee executes risk management strategies and frameworks that the board of directors had approved. In addition, the committee is responsible to review the principals, strategies, and monitoring indexes of the risk managing system and to coordinate and monitor each risk management relative to matters.</p> <p>(3) Investment Subcommittee: The subcommittee plans investment strategies and makes decision what the positions should be sold or hold.</p>

Items	Contents
	<p>(4) Risk Management Center: The subcommittee draws strategies and processes of the market risk management, designs and introduces risk identification, measurement, monitor, and reporting system.</p> <p>(5) Related Units: They execute necessary duties of the risk management such monitoring traders and cooperate with Risk Management Center to finish each item of the risk monitor.</p> <p>(6) Audit Office: The office should establish audit plan and process, and should review the Bank's risk management at least once a year.</p>
<p>3. The Scope and Nature of the Risk Reporting and/or Measurement Systems</p>	<p>Market risk information system should be able to control exposures and provide appropriate risk measurement results. For the purpose of the evaluation, the positions divide into trading book and banking book. The banking book positions evaluate once a month, the trading book positions evaluate on a daily basis. The information about gain/loss and exposures will deliver to management. If the exposures have exceeded their limits, risk controller should report to division manager immediately. In the future, the Bank will gradually introduce VAR calculation system. It provides realistic possible loss amount in order to measure tolerance of exposures.</p>
<p>4. Policies for Hedging and/or Mitigating Risk and Strategies and Processes for Monitoring the Continuing Effectiveness of Hedges/Mitigations</p>	<p>The Bank's hedging strategy of the financial products include to use spots or derivatives to evade market price risks and to review each risk limit regularly such as trading position limits, traders' position limits, and stop loss limits. If the assessment indicates the risk overloaded, the Bank will transfer risks and reduce exposures. If dealers exceed their position limits, Risk Management Center should inform the facts and procedures to management and report daily until under limits. If dealers exceed their stop loss limits, they are required to execute positions.</p>
<p>5. Approach for calculating the Bank's capital requirement</p>	<p>Standardized approach</p>

The Market Risk Capital Charge

Dec. 31, 2010

Unit: TWD thousand

Risk Category	Capital Charge
Interest Rate Risk	54,029
Equity Position Risk	26,717
Foreign Exchange Risk	58,867
Option Position	0
Total	139,613

7-6-1-5. Liquidity Risk

According to operating cash flow, market movement, and minimum requirement of the liquidity reserves ratio, the Bank diversifies funding resources and maintains funding stability. Short-term investment considers the safety of the underlying assets, marketable on the secondary market, and lower liquidity risk such as NCDs, treasury bonds, corporate bonds, and bank debentures. The Bank takes some steps to manage liquidity, for example, monitoring the structural change of assets and liabilities in each period, editing “The Gapping Report of the TWD Cash Flow” weekly, making the reporting sheets of the risk management every month and reporting to Asset and Liability Management Committee, and transferring and operating funds effectively.

Analysis for Time-to-Maturity of the Bank’s TWD Assets and Liabilities as of Dec. 31, 2010

Unit: TWD thousand

	Total	Volumes during the period prior to the due date				
		0~30 days	31~90 days	91~180 days	181 days - 1 year	Over 1 year
Asset	114,998,687	10,464,362	10,177,622	12,468,069	13,705,252	68,183,382
Liability	125,903,944	11,337,048	14,773,702	17,226,929	38,471,837	44,094,428
Maturity Gap	(10,905,257)	(872,686)	(4,596,080)	(4,758,860)	(24,766,585)	24,088,954

Analysis for Time-to-Maturity of the Bank’s USD Assets and Liabilities as of Dec. 31, 2010

Unit: USD thousand

	Total	Volumes during the period prior to the due date				
		0~30 days	31~90 days	91~180 days	181 days - 1 year	Over 1 year
Asset	77,505	30,248	43,204	3,528	0	525
Liability	77,505	58,668	11,853	4,250	2,596	138
Maturity Gap	0	(28,420)	31,351	(722)	(2,596)	387
Cumulative Maturity Gap	0	(28,420)	2,931	2,209	(387)	0

7-6-2. The Impact of Alterations in Domestic and Foreign Major Polices and Laws on the Bank's Financial Operations and Adopting Measures

7-6-2-1. Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

- Change in regulations

The major amendment of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans " in Article 5, 17-1 and 18, effective on Jan. 01, 2011, require the minimum loan loss provision shall be the sum of 0.5% of the outstanding balance of Category One credit asset's claim (excluding assets the represent claims against an ROC government agency). Beside, for decreasing the change of banking, Bank shall be allocated sufficiently within three years of the execution of the amendment.

- Impact and adopting measures

According to the amendment of the regulation, The Bank shall reserve the allowance of TWD665, 615,219 for loan loss as of year-end Dec.31, 2010. However, the Bank currently reserve TWD819,057,857 in banking book which is more than requirement by TWD153,442,638. The bank is holding sufficient reserve when the regulation take effect on Jan. 01, 2011.

7-6-2-2. Adjustment for deposits protection:

- Change in regulations

The CDIC announced to raise the deposit insurance coverage limit to TWD3,000,000 from Jan. 01, 2011. Meanwhile, In order to ensure the strong the ability of take risk of the financial market, the CDIC will adjust the premium rate of deposit insurance.

- Impact and adopting measures

According to the amendment of the regulation, The Bank's annually deposit insurance fee shall be estimated to raise from TWD5,300,000 to TWD7,250,000, increased by TWD2,300,000 to TWD4,250,000 compare with previous year. To take advantage of such amendment of the regulation, the bank will adjust operating strategies, raise the market share of the deposits, and strengthen the function of the business development.

7-6-2-3. Personal Information Protection Act

- Change in regulations

Taking effect on May 26, 2010, when collecting the personal information directly or indirectly, the collector has to receive a written consent made by the person. Also, when using personal information, the user should take the responsibility to inform the person.

- Impact and adopting measures

For the personal information which is not provided by the Party before the amendment of the Law and, the

personal information controller should fulfill its notice duty within one year after the effective date of this Law Amendment, otherwise the information can not be used anymore.

The main representative, manager or other representative of a non-government agency who should be imposed of an administrative fine due to the violation of the Articles of the agency should be subject to the same amount of the fine, unless the obligation of the representative has been proved to be fulfilled.

The collection of personal information moves high level on the Bank's list of priorities. The Bank will review the operation of the information safety protection, adjust the procedure of the data control, increase the level of the protection, and establish overall personal data protection system to reduce operational risk and enhance the bank governs.

7-6-2-4. Group of Governors and Heads of Supervision announces higher global minimum capital standards

- Change in regulations

The Committee's package of reforms will increase the minimum common equity requirement from 2% to 4.5%. In addition, banks will be required to hold a capital conservation buffer of 2.5% to withstand future periods of stress bringing the total common equity requirements to 7%.

- Impact and adopting measures

Considering long-term capital plan, the Bank had been issued TWD500 million new common stocks on Oct. 10, 2010 and will adjust dividend policy to pay more stock dividends that may improve common equity requirements.

The Bank's Tier 1 Capital and Total Capital ratios are 7.69% and 12.37% on Dec. 31, 2010. It satisfies the treatment on Jan. 01, 2013. However, there is a minor gap between the treatments in 2013 and 2019. The Bank will modify dividend policy next year and continually monitor capital ratios every year to achieve requirements.

7-6-3. The Impact of Technological and Industrial Changes on the Bank's Financial Operations and Adopting Measures

The Bank had provided e-bank service to reduce cost and enhance business efficiency. Although it brings convenience and cost down, it still had some risks of the information safety such as program errors, system crashes, or hacker attacks. They will create more losses and operational risks. To avoid the occurrence of the loss events, the Bank will train employees to recognize the information safety and to deal with emergent events. This will reduce the probability of the risk occurrence. In order to enhance the Bank's assets quality and reduce loan risks, the related loan departments provide industrial research reports without a fix schedule and observe the industrial changes at any time.

7-6-4. The Impact on the Bank of Changes in the Bank's Image and Adopting Measures

The Bank holds the spirit of "take resource from society and contribute to community" to take the responsibility of the enterprise citizen. Participating active social welfare activities through founded "COTA Culture and Education Foundation". Facing keen competition, the Bank still maintains the spirit of "be respectful to customers" to provide the professional financial services to customers. The Bank hopes to maintain long-term stable relationship with customers by clear and professional image and to create a win-win situation between enterprise and clients.

7-6-5. Expected Benefits and Potential Risks of Mergers and Acquisitions and Adopting Measures

Currently, no merger or acquisition plan.

7-6-6. Expected Benefits and Potential Risks of Business Location Expansion and Adopting Measures

To expand the scale of customer service, increase business efficiency, and create brand awareness and market share, the Bank cautiously evaluates to expand business location every year cause of the business unit might create operating risk and credit risk on Jan. 20 2010., Financial Supervisory Commission approved the Fengxin Branch in Fengyuan area moving to Xinzhu area, renamed as Xinzhu Branch and grand opening on Jun.14, 2010.

7-6-7. Risk Arising from the Concentration of Business and Adopting Measures

The Bank had formulated risk limit regulations such as the same person, the same party, Relative Corporation, and every industry on loan and investment businesses. In addition, the Bank controls concentration of all bank's businesses through information management system. This can diversify risk, keep assets' quality and assured operating moderate.

7-6-8. The Influence and Risk Posed by Changes in Operating Rights and Adopting Measures:

There have been no changes in operating concession.

7-6-9. Lawsuits: None

7-6-10. Other Significant Risks and Adopting Measures:

Other risks such as strategically risk, goodwill risk, and the risk of the obedience of laws, the Bank will adjust the business policy in accordance with the change of the market condition and the modification of the laws to enhance business flexibility and competition.

7-7. Crisis Handling System:

7-7-1. In order to manage crisis handling system, the Bank formulated some related rules, taking measures, and adopting manual of disasters to effectively reduce damage and protect customers' rights. The Bank also established contingent task team to execute contingency solving measures.

7-7-2. In order to rapidly deal with disasters, the Bank established the emergency call and reporting system in the ordinary time. The management of each unit charges with contact mission.

7-7-3. In the event of significant and unforeseeable contingencies, the Bank will report the event to competent authority in addition to inform police department or related institution to take emergency remedy approaches.

7-7-4. In the event of natural disasters, the Bank will obey "The Operating Directions of the Averting Disasters for Financial Institutions" and "The Operating Directions of Closed Business as Disasters occurring for Financial Institutions" formulated by competent authority. For check cleaning and dishonored check information filing, the Bank will obey "The operating directions of check cleaning and dishonored check information filing for partly office terminate area" formulated by the Taiwan Cleaning House.

7-8. Other Significant Matters: None



The background of the page is a close-up photograph of a person's hands writing in a spiral-bound notebook. The image is heavily stylized with a blue color palette and semi-transparent circular overlays. One prominent overlay is a glowing globe with a grid of latitude and longitude lines. Another overlay is a large, faint number '8'. The overall aesthetic is modern and professional, suggesting global communication or data analysis.

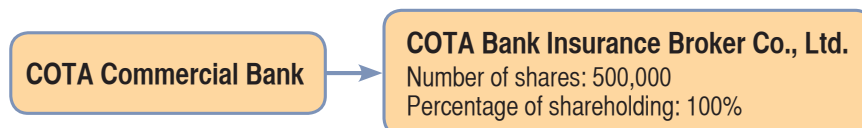
8

Special Notes

8. Special Notes

8-1. Data of Affiliated Company

8-1-1. Organization Chart of Affiliated Company



8-1-2. Profile of Affiliated Company

Unit: TWD thousand

Company name	Established date	Address	Paid-in capital	Major business item
COTA Bank Insurance Broker Co., Ltd.	Apr 16, 2008	6F.,580 Jinhua Road, North District, Taichung City 404, Taiwan	5,000	Property insurance broker Life insurance broker

8-1-3. Infer Controller and Subsidiary Own the Same Shareholders' Data: None

8-1-4. Data of Affiliated Company's Director and Supervisor

Company name	Title	Name or Represent	Shares	
			Number of shares	Percentage of shareholding (%)
COTA Bank Insurance Broker Co., Ltd.	Chairman	Chun-Tse Liao	500,000	100.00
	Director	Chin-Ting Chang		
	Director	Chih-Sheng Hsiao		
	Supervisor	Jung-Hsien Chiu		

8-1-5. Business Operation of Affiliated Company

Unit: TWD thousand

Firm's Name	Capital	Asset	Liability	Net Income	Operating Income	Operating Margin	Net Income After Tax	EPS After Tax (dollar)
COTA Bank Insurance Broker Co., Ltd.	5,000	12,827	4,362	8,465	48,240	3,903	3,280	6.56

8-1-6. Consolidated Financial Statement of Affiliated Company Details

Please see consolidated financial statement.

8-1-7. Affiliated Statement: N/A

8-2. Private Placement of Securities: None

8-3. Holdings or Disposal the Stock of COTA Bank by Subsidiaries: None

8-4. Other Matters for Supplementary Explanation: None



Chronological Highlights

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, and HKD in cash and traveler checks.
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 TWD 54.2 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
1999.03.30	Signed a contract to team up with Chinatrust Commercial Bank to jointly promote foreign exchange 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 Jul 1.
1999.07.01	Banking Dept. and Savings Dept. moved address.
1999.07.28	Allied with Bank of PanShin, Sunny Commercial Bank, HwaTai 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.
1999.11.29	The board of directors appointed Mr. Chang Ying-Che as president in its 6 th extraordinary meeting of the first term.
2000.01.01	President Chang Ying-Che inaugurated
2000.04.26	Set up Fengyuan Branch
2000.05.10	Held 2000 shareholders' regular meeting.
2000.05.19	Set up Zhanghua Branch.
2000.07.07	Set up Yuanlin Branch.
2000.11.03	Wenhsin Branch spin into 2 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 broker.
2001.06.19	Held 2001 shareholders' regular meeting and elected second term of 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.
2001.08.01	Established Taipei Branch as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung (3) 90303504.
2001.08.23	Started Internet Banking services.
2001.09.24	Savings Dept. renamed Taichung Branch.
2001.09.28	Added Xinzhu city and Xinzhu Hsien to be business area as approved by Ministry of Finance under doc. no. Tai-Tsai-Jung (3) 90721973.
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.
2002.03.11	Set up Taipei Branch.
2002.05.09	Held 2002 shareholders' regular 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.
2002.10.02	Started Trusts business.
2003.02.17	Zhongzheng Branch moved to Taoyuan city and renamed Taoyuan 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.
2003.04.21	Zhongzheng Mini Branch reopened for business.
2003.05.06	Held 2003 shareholders' regular meeting.
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.
2004.01.01	Started up chip ATM card services.
2004.05.07	Held 2004 shareholders' regular meeting.
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.
2004.07.27	Relocated Shalu branch to Banciao branch as approved by FSC under doc. no. (3)0930023291.
2004.11.11	Banciao branch opened
2004.11.24	FSC approved COTA Bank to set up International Banking Department.
2005.03.16	Established International Banking Department
2005.05.24	Held 2005 shareholders' regular meeting and elected 3rd term of directors and supervisors
2005.05.25	Mr. Liao Chun-Tse, Mr. Hang Mu-Chuan, Mr. Wang Chun-Chuan, Mr. Hsieh Tung-Po, and 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 Enterprise 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.
2006.01.01	The effective day of Fengyuan Credit Cooperative merged into COTA Bank. Added six branches: Fengxin branch, Zhongshan branch, Fenge branch, Fengdong branch, Shiqian branch and Sanmin branch.
2006.01.03	Launched Electronic Official Document System
2006.02.17	Six Branches in Fengyuan started up foreign exchange services in cash and traveler checks.
2006.04.01	Established North Area Office of Credit Management Dept.
2006.06.09	Held 2006 shareholder's regular meeting.
2006.06.14	FSC approved COTA Bank to set up wealth management banking business.
2006.07.01	Established Wealth Management Center.
2006.07.06	FSC approved COTA Bank to set up OBU.
2006.09.22	Trusts Dept .moved to 2F, No.339, Dajhih Rd., East District, Taichung City 401, Taiwan
2007.01.17	Set up Kaohsiung Branch.
2007.06.06	Held 2007 shareholder's regular meeting.
2007.07.06	Set up Tainan Branch.

2008.05.26	Sanmin Branch moved to Xinzhuang City and renamed Xinzhuang Branch as approved by FSC under doc. no. Chin-Kuan-Yin-(3)-Tze 09700201230
2008.06.19	Held 2008 shareholder's regular meeting and elected 4 th term of Director and Supervisor.
2008.06.20	Mr. Liao Chun-Tse, Mr. Chang Ying-Che, Mr. Xie Dong-Po, Mr. Li Yao-Ting, and Mr. Wang Yen-Chun were elected as managing directors in board of directors meeting. Mr. Liao Chun-Tse was elected as the chairman.
2008.07.21	Set up subsidiary "COTA Bank Insurance Broker Co., Ltd."
2008.09.30	President Mr. Chang Ying-Che retired. Mr. Chang Chin-Ting was appointed as President
2008.10.01	President Chang Chin-Ting inaugurated.
2008.12.06	Sep up Xinzhuang Branch.
2009.05.27	Held 2009 shareholder's regular meeting.
2009.12.18	Set up "Remuneration and Assessment Committee" and formulated such committee regular activities of an organization in board of directors meeting.
2010.01.20	Fengxin Branch moved to Xinzhu City and renamed as Xinzhu Branch, meanwhile renamed Shiqian Branch as Fengxin Branch as approved by FSC under doc. no. Chin-Kuan-Yin-He-Tze 09900016600
2010.01.27	Started up 「Financial XML Collection service」
2010.03.22	Launched Foreign-exchange business with transaction amount more than TWD500,000 in internet banking
2010.04.01	Shiqian Branch renamed as Fengxin Branch
2010.05.14	Been named the winner of special award under "The Program to Encourage Lending by Domestic Bank to SME" recognized by the FSC
2010.05.27	Held 2010 shareholder's regular meeting.
2010.06.14	Sep up Xinzhu Branch.
2010.08.11	Publically announced cash capital raising in 2010.
2010.10.04	COTA Bank was conferred an award of e-Bill Business and two awards of Financial XML Business for best system stability and business promote from The Bankers Association of the R.O.C.
2010.12.24	COTA Bank was conferred "Chin-An award" from Joint Credit Information Center.

Head Office and Branches

Unit	Address	Tel	Fax
Head Office	59 Shihfu Road, Central District, Taichung City 400, Taiwan	886-4-22245171	886-4-22275237
Trusts Dept.	2F., .339, Dazhi Road., East District, Taichung City 401, Taiwan	886-4-22807366	886-4-22809021
International Banking Dept.	2F., 246 Yangguang Street, Neihu District, Taipei City 114, Taiwan	886-2-87533599	886-2-87533573
Offshore Banking Branch	2F., 246 Yangguang Street, Neihu District, Taipei City 114, Taiwan	886-2-87533599	886-2-87533573
Consumer Banking Center	10F, 580 Jinhua Road, North District, Taichung City 404, Taiwan	886-4-22384596	886-4-22379115
SME Banking Center	11F, 580 Jinhua Road, North District, Taichung City 404, Taiwan	886-4-22370028	886-4-22372595
Wealth Management Center	2F., .339, Dazhi Road., East District, Taichung City 401, Taiwan	886-4-22800361	886-4-22809747
Credit Card Center	2F., .339, Dazhi Road., East District, Taichung City 401, Taiwan	886-4-22805288	886-4-22807688
Taichung Branch	59 Shihfu Road, Central District, Taichung City 400, Taiwan	886-4-22245161	886-4-22234491
Banking Dept.	32-1 Gongyuan Road, Central District, Taichung City 400, Taiwan	886-4-22211186	886-4-22229536
Zhongzheng Mini Branch	330 Zhongzheng Road, Central District, Taichung City 400, Taiwan	886-4-22241115	886-4-22229359
Chenggong Branch	580 Jinhua Road, North District, Taichung City 404, Taiwan	886-4-22304100	886-4-22304701
Xitun Branch	458 Sec. 2, Henan Road, Xitun District, Taichung City 407, Taiwan	886-4-27062968	886-4-27063816
Guoguang Branch	333 Sec. 3, Fusing Road, South District, Taichung City 402, Taiwan	886-4-22245111	886-4-22229281
Dazhi Branch	339 Dazhi Road, East District, Taichung City 401, Taiwan	886-4-22815998	886-4-22815977
Linsen Branch	99 Linsen Road, West District, Taichung City 403, Taiwan	886-4-23725151	886-4-23723024
Nanmen Branch	75 Nanmen Road, South District, Taichung City 402, Taiwan	886-4-22871146	886-4-22862412
Jinhua Branch	255 Jinhua North Road, North District, Taichung City 404, Taiwan	886-4-22333550	886-4-22335164
Nantun Branch	410 Nantun Road, Nantun District, Taichung City 408, Taiwan	886-4-24718500	886-4-24758522
Beitun Branch	751 Sec. 4, Wunsin Road, Beitun District, Taichung City 406, Taiwan	886-4-22426565	886-4-22417153
Fengyuan Branch	214 Yuanhuan E. Road, Fengyuan City, Taichung County 420, Taiwan	886-4-25151788	886-4-25151895
Zhanghua Branch	181 Sec. 2, Zhongzheng Road, Zhanghua City, Zhanghua County 520, Taiwan	886-4-7298686	886-4-7298585
Yuanlin Branch	189 Sec. 1, Datong Road, Yuanlin Town, Zhanghua County 510, Taiwan	886-4-8383888	886-4-8383666
Taipei Branch	246 Yangguang Street, Neihu District, Taipei City 114, Taiwan	886-2-87512588	886-2-87512788
Taoyuan Branch	9 Sec. 2, Chenggong Road, Taoyuan City, Taoyuan County 330, Taiwan	886-3-3470505	886-3-3357373
Banciao Branch	260 Minzu Road, Panchiao City, Taipei County 220, Taiwan	886-2-89536001	886-2-89536011
Fengxin Branch	353, Zhongshan Rd., Fengyuan City, Taichung County 420, Taiwan	886-4-25261181	886-4-25269540
Zhongshan Branch	9, Daming Road., Fengyuan City, Taichung County 420, Taiwan	886-4-25277155	886-4-25269553
Fengdong Branch	330, Xiangyang Road., Fengyuan City, Taichung County 420, Taiwan	886-4-25225072	886-4-25269550
Fengle Branch	693, Zhongzheng Road., Fengyuan City, Taichung County 420, Taiwan	886-4-25287055	886-4-25269562
Kaohsiung Branch	1, Wenfu Rd., Zuoying District, Kaohsiung City 813, Taiwan	886-7-3505685	886-7-3506711
Tainan Branch	438, Sec 2, Datung Rd., Tainan City 702, Taiwan	886-6-2130966	886-6-2149088
Xinzhuang Branch	287, Chung Ping Rd., Xinzhuang City, Taipei, Taiwan	886-2-22768887	886-2-22768611
Xinzhu Branch	196, Minsheng Road., East Dist., Hsinchu City 300, Taiwan	886-3-5313225	886-3-5323611