Date of publication: 2015/2/28
Stock Code: 2895
Bank website: http://www.sunnybank.com.tw
MOPS website: http://newsmops.tse.com.tw

陽信銀行
SUNNY BANK

103年年報
Annual Report 2014

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See P. 258~P.264 for details on "List of Head Office and Business Units"

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Website: http://www.taiwanratings.com/

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Business Office: Deloitte & Touche
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Names of stock exchanges where foreign securities are listed and enquiry on the information of foreign securities: None

Bank Website:
http://www.sunnybank.com.tw

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I. Letter to Shareholders

Dear Fellow Shareholders,

On behalf of Sunny Bank, I would like first of all to thank all the shareholders for your long-term support and dedication. The global economy continued to recover in 2014, albeit at different paces for different regions. The U.S. economy expanded modestly and the labor market continued to improve. In the Eurozone, falling oil prices and a depreciating euro buoyed economic activity. Japan saw a modest recovery as the central bank continued to expand the monetary base and the impact of a consumption rate hike tapered off. By contrast, China continued to suffer from slowing economic growth owing to overcapacity, falling real estate investment, and weak domestic consumption. There are indeed many risk factors in the global economy of which we should be wary, including low inflation and high unemployment in the Eurozone, the spill effect of U.S. monetary policies on emerging markets, the slowing growth momentum in China and a number of emerging market economies, the effectiveness of Abenomics in Japan, and the potential impact of further deflation or fiscal drag on major oil exporters as a result of persistently falling oil prices. However, the global economy is likely to remain on a path of slow and steady growth in 2015 as major economies are committed to an active strategy of growth.

Chairman
LIN, PENG-LANG

In Taiwan, consumer confidence was helped by a steady recovery in developed economies and rising employment and wages as domestic firms made stronger moves to retain skilled employees. Prices were also stabilized by falling international oil and commodities prices. In the meantime, the setting up of 4G networks by telecom operators and airliners' expansion of their existing fleets brought continuing growth to private investment. According to the Directorate-General of Budget, Accounting, and Statistics, Taiwan's 2014 economic growth rate was 3.74%. The momentum is likely to continue in 2015, and it is estimated that growth this year will reach 3.78%.

Operating in a fiercely competitive environment, the Bank will continue to rigorously control credit quality while seeking to grow operations and raise profits. To achieve this goal, we will rely on our professional management team's meticulous planning and the dedication of our staff.

In recent years, the Bank's profits have continued to grow year on year. In 2014, net income after tax came to NT$1,990,403,000, an increase of NT$1,129,903,000 over the previous year's figure of NT$860,500,000. Looking ahead, the Bank will continue to commit itself to sound company operation and to seek maximum profits for shareholders. A summary of our 2014 operating performance and 2015 business plan follows below.

1. 2014 Operating Performance

(1) Optimizing Operating Channels to Create Maximum Value

In 2014, in line with the Financial Supervisory Commission policy of promoting more balanced urban-rural development and improving access to financial services, we set up new branches in Hualian, Miaoli, and Longjing, bringing the total number of branches across Taiwan to 99 and offering a more complete financial service network.

(2) Business Plan and Results of Strategy Implementation

In 2014, the Bank's continued efforts to improve asset quality paid off: our non-performing loan ratio dropped from 0.59% at the end of 2013 to 0.33% by the end of 2014, a decrease of 0.26%. The Bank ended 2013 with a loan-loss coverage ratio of 213.40%, rising to 326.75% by the end of 2014, an increase of 113.35%. In other operations, total deposits in 2014 increased NT$28.2 billion on 2013, and total loans grew by NT$12.6 billion compared with the previous year, signifying a good overall operating performance.

Unit: NT$1000

Main Business Items	2014	2013	Growth Rate Compared to Last Year
Deposit (Year End Balance)	286,627,434	258,474,509	10.89%
Loan (Year End Balance)	217,577,878	205,012,373	6.13%
Wealth Management Business	18,882,506	19,837,350	(4.81%)
Trade Finance and Remittance (thousand in USD)	2,549,174	2,659,556	(4.15%)
Trust Business	51,027,005	39,608,526	28.83%
Investments in Equity Method (Year End)	1,329,809	1,271,647	4.57%

(3) Budget Execution

The Bank's overall operating performance saw significant improvement, with considerable boosts in both deposits and loans and earnings after tax reaching NT$1.99 billion.

(4) Financial Income and Expenditure; Profitability Analysis

The Bank's main financial income and expenditure and profitability analysis are presented below.

Unit: NT$1000; For EPS in NT$1.

Main Business Item	2014	2013	Compared to Last Year
Net Interest Income	3,668,874	3,316,235	11%
Net Non-Interest Income	1,444,471	1,239,773	17%
Net Income	5,113,345	4,556,008	12%
Bad Debt Expenses and Guarantee Liability Provisions	(221,857)	747,965	(130%)
Operating Expenses	3,013,356	2,807,459	7%
Net Profit Before Tax	2,321,846	1,000,584	132%
Net Profit After Tax	1,990,403	860,500	131%
EPS Before Tax	1.64	0.74	122%
EPS After Tax	1.40	0.63	122%

Notes:

a. A reverse increase of bad debt expense and guarantee liability provisions: Mainly due to a reverse of bad debt write-offs the previous year.

b. Increase of net profit before and after tax: Mainly due to an increase in net interest income and net fee income and a reverse increase of bad debt expense and guarantee liability provisions.

(5) Research and Development

The Bank's various divisions compile analyses of financial trends and research reports on bank operations and industry trends on both a regular and ad hoc basis in order to keep abreast of changes in the domestic and international economic situation and to help the Bank grow. These reports are made available to all our staff as a reference source when forecasting market trends.

2. Overview of the 2015 Business Plan

The Bank works hard to provide customers with outstanding financial services that remain true to its corporate motto of "steadiness, proactiveness, professionalism, and enthusiasm". In the coming year, we will focus on the following tasks:

(1) Expanding Business Scope

Our total New Taiwan Dollar and foreign-currency deposits are expected to increase to NT$295.5 billion by the end of 2015, with average annual growth of about NT$7.5 billion and average business operations volume of NT$288 billion. Total New Taiwan Dollar and foreign-currency loans are also expected to grow to NT$220 billion, with an average annual increase of about NT$5.75 billion (NT$3.75 billion in New Taiwan Dollars and NT$2 billion in foreign currencies) and average business operations volume of NT$225.7 billion. To further expand our deposits and lending businesses, in 2015 the Bank will work to create economy of scale for our channels, enhance customer satisfaction, and expand the customer base by providing excellent service, visiting customers, and developing local markets. As we work to reach our goals, we will refer to the minimum targets and schedules for such operations set by our competitors in the various counties and cities of Taiwan as benchmarks.

(2) Creating Diverse Sources of Income

Traditionally, commercial banks rely on interest income as the main source of revenue, but such income is highly susceptible to interest rate fluctuations and changes in economic cycles, and there are also bad debt risks. In order to diversify its income sources, the Bank seeks to increase the share of non-interest incomes (such as those from wealth management, trusts, foreign exchange, and investment) and has asked its departments to draw up appropriate strategies.

a. Wealth management: Introduce foreign-currency structured products to Taiwan and improve the productivity of financial advisors.
b. Trusts: Develop and launch new products, including a securities lending trust; expand the scale of current products, such as pre-sale real estate trust, real estate escrow services, pre-payment trust, and third-party collection and payment trust.
c. Foreign exchange: Develop trade finance services for small- and medium-sized enterprises; expand foreign exchange trading functions available on the online banking platform and mobile banking app in order to increase income from foreign exchange trade.
d. Investment: Set up a professional investment team and assign additional personnel to trade bonds and securities in order to enhance income from financial trading.

(3) Continuing to Boost Income

The projected pre-tax net income for 2015 is NT$2.3 billion. This calculation is based on the 2014 pre-tax net income of NT$2.3 billion, minus roughly NT$200 million in one-off recovery and NT$100 million in increased business tax (owing to a tax rate hike from 2% to 5% in the second half of the year). This, at a growth rate of 15%, comes to NT$2.3 billion. The Bank also expects to recover NT$300 million from the Kolin development project and NT$50 million in earnings from Lehman Brothers, so projected earnings before tax are NT$2.65 billion.

(4) Stabilizing Funding Sources and Reducing Funding Costs

In 2015, the Bank will be committed to maintaining the stability of funding sources and reducing funding costs. It is hoped that stable funding will meet our business development needs, and if deposits are stable we will strive to increase the share of demand deposits, in order to effectively reduce funding costs and enhance profitability.

(5) Adjusting Loan Structures

In order to keep operations stable, and in line with the regulator's policies, the Bank's 2015 lending strategy will continue to focus on good income generators, including loans to SMEs and other related operations (e.g. trade finance, foreign exchange trading) and credit loans. Due to risk control considerations, loans to SMEs will continue to be granted on the condition that they provide real estate collaterals or credit guarantees issued by the Small and Medium Enterprise Credit Guarantee Fund in conjunction with second-lien real estate loans or other valuable collaterals. The Bank will also carefully select customers and learn about their actual operations in order to ensure that they have adequate repayment capabilities and so reduce overall credit risk.

(6) Improving Asset Quality

The Bank's goal is to ensure the non-performing loan ratio is under 0.42% and the loan-loss coverage ratio over 258% by the end of 2015. In addition, the Bank will strengthen the credit quality of new loans so as to reduce non-performing loan balance while working to collect distressed debts and increase recovery of bad debts as a way to continue to improve asset quality.

(7) Enhancing Sufficient BIS Capital Adequacy Ratio

To comply with regulations and also strengthen the Bank's capital structure, we will gradually increase our BIS capital adequacy ratio to 10.5%, in accordance with the BASEL III requirements. The minimum required by new regulations is a capital adequacy ratio of 10.5% by 2019. In 2015, the Bank will continue to focus on loan products as a share of our overall product offerings in order to achieve the best allocation of risk assets. We will also seek to increase our regulatory capital and our BIS capital adequacy ratio by continuing to raise profitability and issuing subordinated bank debentures at opportune moments.

(8) Developing e-Services

With the advent of the internet and consumer electronics (e.g. smartphones, tablets), e-commerce has gradually made its way into every industry. Since banks play an important role in the cash flow of the e-commerce industry chain, they can benefit from this trend and create value-added services. To enhance our market competitiveness, we will focus on the following e-services in 2015:

a. Continuing to strengthen and expand e-banking services through our mobile app and online banking platform.
b. Developing a third-party payment system to tap into third-party payment services.
c. Developing a third-party payment system and offering an O2O e-commerce service by integrating the third-party payment system.

3. Future Development Strategies

(1) Maintaining sound operations and improving the Bank's financial structure.
(2) Maintaining a good loan-to-deposit ratio and balanced development of deposit and lending business.
(3) Ensuring risk management by strengthening risk control and credit approval criteria in order to improve the quality of loan assets.
(4) Continuing to integrate and set up branches to enhance channel efficiency.
(5) Implementing International Financial Reporting Standards (IFRS) in accordance with regulatory policy and continuing to enhance the efficiency of financial management in order to improve operational performance.
(6) Enhance staff on job training, draw up training program for professionals to raise manpower quality.
(7) Further developing core businesses to deepen relationships with customers, expand the customer base, and enhance customer contribution.
(8) Continuing to expand overseas businesses to diversify income sources and enhance corporate competitiveness.

President
TING, WEI-HAO (with seal)

4. Impact from External Competitive Environment, Regulatory Environment, and Overall Operational Environment

Despite a moderate recovery in the global economy, over-banking and weak capital demand in Taiwan, together with the central bank's move to step up credit controls on housing loans, have reduced the scope for banks to develop lending businesses.

On September 6, 2012, the Executive Yuan approved a program to develop "financial operations with cross-strait characteristics" and a memorandum of understanding on cross-strait currency clearing cooperation, thus opening a new chapter in cross-strait financial cooperation. In light of the opening-up, the Bank will continue to expand trade finance business, foreign exchange operations, recruit talented international finance professionals, strengthen cooperation with Chinese counterparts, and increase overseas presence in order to further diversify revenue sources. In the meantime, in response to the Financial Supervisory Commission's "Banking 3.0" policy for creating a digital financial environment, the Bank will continue to strengthen and expand e-banking services through our mobile app and online banking platform and develop a third-party payment system and services. We will devise measures and revise internal guidelines or operation procedures in a timely manner in response to changes in regulations or the operational environment. To enhance competitiveness, we will also adapt our operational strategies to reflect the latest market and economic situation.

5. Credit Rating

The Bank has a long-term credit rating of twBBB+ and a short-term credit rating of twA-2 with a stable outlook issued by Taiwan Ratings on September 17, 2014.

Chairman
LIN, PENG-LANG (with seal)
President
TING, WEI-HAO (with seal)

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II. Bank Profile

1. Date of Registration
2. Company Overview

1. Date of Registration

Date of Registration: September 1, 1997

Date of Commencement of Business: September 1, 1997

2. Company Overview

The Bank’s predecessor, the Yang Ming Shan Credit Cooperative, was established on October 2, 1957, and reorganized as a bank on April 28, 1997, following approval by the Ministry of Finance. On September 1 of the same year, the new entity, Sunny Bank Corporation Ltd. officially went into operation. We were among the first group of credit cooperatives to be turned into banks after the Ministry of Finance promulgated decree No. Tai-tsai-jung 84784492 “Standards and Regulations for Reorganizing Credit Cooperatives into Commercial Banks” on December 6, 1995.

On April 16, 1998, the Bank became the first Taiwanese bank to receive ISO-9002 certification for its information and audit systems. Prior to the annual general meeting on June 4 of the same year, the Bank held a press conference to announce the certification and its new corporate motto, “steadiness, proactiveness, professionalism, and enthusiasm”.

In response to government policy on distressed financial institutions, the Bank took over the businesses of Yuanlin Credit Cooperative and Pingtung Second Cooperative on September 15, 2001. The Bank then took over the business of Tainan Fifth Credit Cooperative, bringing the number of our branches to 21. On July 20, 2004, the Bank was given approval to expand its business area and become a nationwide bank. On November 26, 2005, in an attempt to create competitive edge and expand the scale and scope of our operations, we merged with Kao Shin Commercial Bank, which brought the number of our branches from 62 to 96.

To achieve greater channel synergy, the Bank plans its service locations carefully. In September 2007, we set up the Luodong Branch, expanding our service coverage to eastern Taiwan, followed by branches in Zhubei, Chungxin, and Changhua. In 2010, we added the Eastern Taoyuan and Nangang branches; in 2011, the Beitun branch; in 2012, the Tucheng and Keelung branches. With the opening of the Wanhua branch in 2013, we now have a presence in every administrative district in Taipei. In 2014, in line with the Financial Supervisory Commission policy of promoting more balanced urban-rural development and improving access to financial services, we set up new branches in Hualian (June 30), Miaoli (August 25), and Longjing (November 10), bringing the total number of branches across Taiwan to 99 and offering a more complete financial service network. These service points complement each other geographically, and cooperation among them helps boost their business. This regional complementarity and channel integration have strengthened our market competitiveness and enlarged our scale, which will help us enhance our overall market share and operation synergy.

In response to rapid changes in the financial market and as a way of providing customers with more diverse financial services, the Bank has continued to strengthen its working capital and has made a move towards other financial fields. We have reinvested in Sunny Securities Co., Ltd., Sunny Life Insurance Brokerage Co., Ltd., Sunny Property Insurance Brokerage Co., Ltd., Sunny Assets Management Co., Ltd., and Sunny International Leasing Co., Ltd. They offer customers a variety of insurance products, engage in brokerage, trading, and settlement of listed and over-the-counter stocks, and carry out the purchase, valuation, and auctioning of financial claims. We hope to build on our existing customer contacts and regional presence in order to expand our services and satisfy our customers’ diverse needs.

In the future, the Bank will continue to focus on the expansion and growth of our operations, improve the quality and quantity of our loans, and reduce non-performing loans. We will also try to reduce our costs by evaluating all expenses. At the same time, we will strive to increase our capital adequacy ratio and strengthen our financial structure and operations. We hope to reach our goal of sustainable development by creating diverse income sources, enhancing service quality and organizational efficiency, and improving performance management.

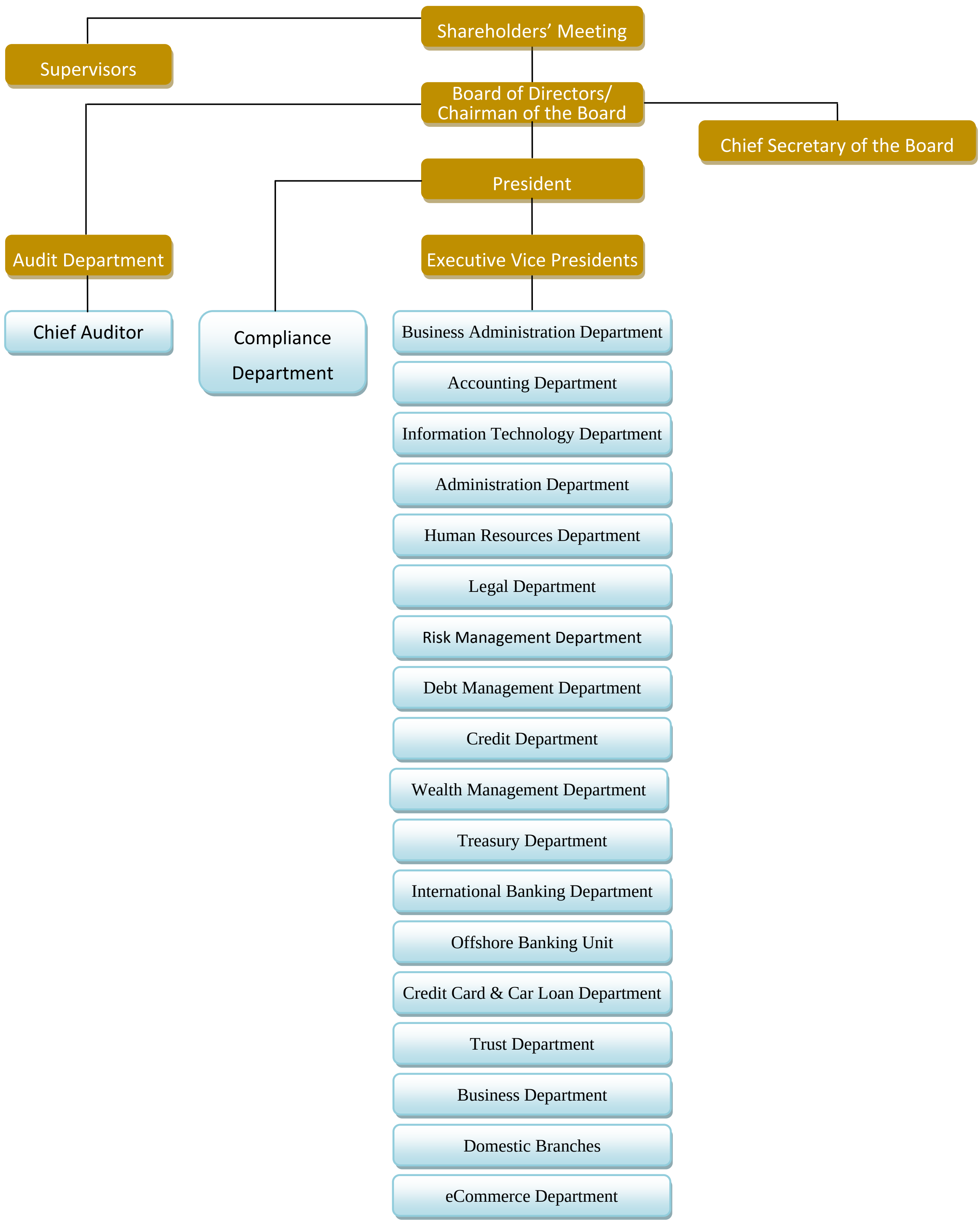
III. Corporate Governance Report

1. Organization
2. Board Directors, Supervisors, President, Vice President, Deputy Executive Vice President, and Heads of Departments
3. Corporate Governance Operations
4. Any Share Transfer and Pledge of Stock Rights by Board Directors, Supervisors, Managers, or Those Who Declare Stock Rights Pursuant to Article 11 of Regulations Governing a Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank in the Most Recent Fiscal Year, at the Time of the Annual Report Going to Press.
5. Information on Related Party, Spouse, or Relatives within Second Degree of Kinship of the Bank's Ten Largest Shareholders
6. Numbers of Shares in the Same Reinvested Enterprises Held by the Bank and its Board Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, Heads of Departments and Branches, and Enterprises Controlled Directly or Indirectly by the Bank, and Percentage of Consolidated Shareholding

1. Organization

(1) Organization Chart

As of February 28, 2015



(2) Responsibilities of Major Departments

The Bank operates a headquarters and branches. The headquarters are supported by the Departments of Business Administration, Accounting, Information, Administrative Management, Human Resources, Risk Management, Debt Management, Credit Management, e-Commerce. Wealth Management, Treasury, International Banking, Credit Card and Car Loans, Trust, and Business Department. The major operations of these departments are described below.

a. Department of Business Administration: The Bank's operational strategy, policies, and overall planning, research and development, and performance evaluation.
b. Department of Accounting: Operating budget compilation, review, approval, allocation, reconciliation, and other accounting-related matters.
c. Department of Information Technology: Planning, set-up, and management of the Bank's IT policy and system.
d. Department of Administrative Management: Word processing, file management, general management, capital expenditure, and construction and repair.
e. Department of Human Resources: Staffing allocation, employee recruitment, hiring, appointment, dismissal, promotion, and relocation. Planning and execution of annual employee training and other related matters.
f. Department of Risk Management: Planning, set-up, and management of the Bank's risk management policy and system and the evaluation, monitoring, and control of overall operating risks.
g. Department of Debt Management: Planning, supervision, and management of debt-related matters such as credit review, non-performing loans, debt claims, and pre-stage consultation.
h. Department of Credit Management: Planning of the Bank's credit policy and supervision and management of credit review.
i. Department of E-Commerce: Operating strategy for e-banking, product development, management of e-banking systems, and marketing.
j. Department of Wealth Management: Planning and management of wealth management operating policies. Research and development and marketing of wealth management products.
k. Department of Treasury: Operation and management of the Bank's New Taiwan Dollar and foreign-currency capital. Financial affairs and investment-related matters.
l. Department of International Banking: Planning, promotion, and management of foreign exchange operations, export import trade finance services, inward outward remittance operation, and international banking related matters.
m. Department of Credit Card and Car Loans: Planning, promotion, and management of credit card products, car loans, and related matters.
n. Department of Trust: Planning, promotion, and management of trust operations.
o. Department of Business: Deposits, foreign exchange & remittance, cashiering services, agency services, credit loans, trade finance, trusts, and asset management.

In addition, the Bank has a Department of Auditing in charge of the auditing of operations, information systems, accounting, and articles in custody. The Department of Auditing and its personnel are supervised by the Chief Auditor. We also have a Department of Compliance, which reports to the president and is in charge of the planning, management, and execution of the Bank's compliance system and the planning and supervision of legal matters.

2. Board Directors, Supervisors, President, Vice President, Deputy Executive Vice President, and Heads of Departments

(1) Board Directors and Supervisors

Title	Name	Career Background	Concurrent Positions
Chairman	Lin, Peng-Lang	President of Land Bank of Taiwan Chairman of The Farmers Bank of China Chairman of Agricultural Bank of Taiwan, Chairman of Financial Asset Service Corporation	None
Managing Director	Chen, Sheng-Hung	Councilor（term 3rd to 7th）of the Taipei City President Director of Yang Ming Shan Credit Union Managing Director（term 1st - 4th）of Sunny Bank Chairman（term 5th）of Sunny Bank Legislator（term 4th & 5th）of the R.O.C.	Shareholder of Chuan Yam Construction Co., Ltd. Chairman of Sunny Foundation
Managing Director	Liu, Chen-Sheng	Chairman of Jih Chien Enterprise Co., Ltd. Supervisor of Yang Ming Shan Credit Union Managing Director (term 1st and the 2nd - 4th) of the Sunny Bank	Chairman of Shihpai Tzuchiang General Market Co., Ltd.
Independent Managing Director	Wu, Wen-Cheng	CPA of Guang Yan CPAs Co. Director of Po Yun Wu Enterprise Co., Ltd.	Supervisor of Young Fast Optoelectronics Co., Ltd. and Provisional Administrator of Taiwan International Securities Corporation
Director	Lin, Cheng-Yu	Director（term 4th and 5th）of Sunny Bank	Director of Guo Zhi Enterprise Co., Ltd., Chairman of Guo Zhi Construction Co., Ltd., Director of Lin Sheng Development Co., Ltd., Director of Jin Jing Chemical Co., Ltd.
Director	Chen, Chin-Chia	Director of Formosa On-line Co., Ltd. Managing Director（term 2nd, 3rd and 5th）of Sunny Bank Director（term 4th）of Sunny Bank	Director of Po Yun Enterprise Co., Ltd.
Director	Ho, Shun-Cheng	Person-in-Charge of Yuan Shun Jewelry Co., Ltd., Director of Yang Ming Shan Credit Union Director（term 1st - 4th）of Sunny Bank	Director of Sunny Life Insurance Brokerage Co., Ltd. Director of Sunny Property & Insurance Brokerage Co., Ltd.
Director	Chen, Chin-Yi	Director of Yang Ming Shan Credit Union Director（term 1st - 5th）of Sunny Bank	Supervisor of Jin Jia Technology Co., Ltd. Director of Yu Suan Co., Ltd., Chairman of Sunny Property Insurance Brokerage Co., Ltd. Chairman of Sunny Life Insurance Agent Co., Ltd.

Director	Chen, Chien-Yang	Lecturer of Ching Kuo Institute of Technology Lecturer of Taipei Chengshih University of Science & Technology General Manager of Yi Lien Co., Ltd. General Manager of Hotel G7 Taipei Director of Fuhau Hotel Director（term 4th and 5th）of Sunny Bank	Director of Fu Hao Garden Hotel Director of Yi Lien Co., Ltd. Director of Pang Ji Development Co., Ltd., Director of Hotel G7 Taipei Co., Ltd. Shareholder of Fu Hau Hotel
Director	Chao, Fu-Tien	Chairman of Kao Shin Bank Supervisor of Yung Chi Paper Manufacturing Co., Ltd. Director（term 4th and 5th）of Sunny Bank	Director of Sunny Life Insurance Agent Co. Ltd. Director of Sunny Property Insurance Brokerage Co., Ltd.
Director	Hsieh, Yi-Tung	General Manager of The First Cooperative Association of Kaohsiung City SVP of Business Department of Kao Shin Bank, Director（term 5th）of Sunny Bank	Senior Vice President of Sunny Bank
Independent Director	Liu, Hsiang-Tun	Judge of District Court Chief of Court Person-in-Charge of Hsiang Chih Law Office Director（term 4th and 5th）of Sunny Bank	Independent Managing Director of Union Plus Technology Co., Ltd.
Independent Director	Chang, Ping-Chung	EVP of Geui-Guan Publishing Co., Ltd. General Manager of Scientific & Technical Publishing Co., Ltd.	Chairman of Scientific & Technical Publishing Co., Ltd.
Resident Supervisor	Chang, Wu-Ping	Director of Yang Ming Shan Credit Union Director（term 1st to 5th）of Sunny Bank	Chairman of Ping An Construction Co., Ltd. and Shareholder of Ka Bi Trading Co., Ltd.
Supervisor	Wu, Ching-Hui	Chairman of Cheng Fa Movie Enterprise Co., Ltd. Chairman of Yang Ming Shan Credit Union Managing Director（term 1st to 5th）of Sunny Bank	Chairman of Yang Ming Shan Gas Co., Ltd.
Supervisor	Tsai, Wen-Hsiung	C.P.A. of Chang Chi Union Accounting Office Supervisor of Yang Ming Shan Credit Union Director of Jui Hsiang Investment Co., Ltd. Supervisor（term 1st to 5th）of Sunny Bank	Director of Jui Hsiang Development Co., Ltd.
Supervisor	Lin, Chin-Lung	General Manager of Trust Dept of Taipei Business Bank General Manager of Business Dept of Taipei Business Bank EVP & President of Sunny Bank Supervisor（term 2nd-5th）of Sunny Bank Chairman of Sunny Security Co., Ltd.	

Supervisor	Hsu, Wen-tung	Director of General Chamber of Commerce of R.O.C., Honor Chairman of Insurance Agency Association of R.O.C., President of Huai De Insurance Agent Co., Ltd. Chairman of Land Bank Insurance Agent Co., Ltd. Chairman of Yangmingshan Tienlai Spring Resort Chairman of Hotel Royal Chiao His Deputy Chairman of Delight Hotel Co., Ltd. Deputy Chairman of Tienlai Development Co., Ltd.	Person-in-Charge of several resort hotels, Person-in-Charge of Chuen Fong Lou Restaurant, Director of Huai De Insurance Agent Co., Ltd., Director of Tienlai Enterprise Co., Ltd Director of Tienlai Development Co., Ltd. Director of Delight Hotel Co., Ltd. Supervisor of Taiwan Styrene Monomer Corp. Director of Hua Wei Investment Co., Ltd. Director of Huai De Investment Co., Ltd. Director of Wan Lin International Development Co.Ltd. Director and Manager of Tien Hsi Development Co., Ltd.,Wu Feng Chih Enterprise Co., Ltd., Deputy Chairman of Yangmingshan Tienlai Spring Resort Director of Yangminghsan Investment Co., Ltd. Director of Taipei World Trade Center International Trade Building Corporation, Supervisor of Sunny Property & Insurance Brokerage Co., Ltd. Supervisor of Sunny Life Insurance Brokerage Co., Ltd. Chairman of Real Link Investment Ltd..

Management Team

Senior Executive Vice President
He, Kun-Tang

Executive Vice President
Lin, Chih-Liang

Executive Vice President
Chou, San-He

Executive Vice President
Chang, Chi-Ming

Executive Vice President
Kuo, Chih-Hung

Chief Auditor
Tseng, Yak-Te

a. Institutional Shareholders

i. Major Institutional Shareholders: N/A

ii. Major Shareholders of Institutional Shareholders: N/A

b. Relevant Experience and Independence of Board Directors and Supervisors

As of December 31, 2014

Qualifications / Name (Note 1)	5 years of experience and one of the following qualifications?			Independence Status (Note)										Number of other listed companies in which the individual is concurrent serving as an independent director
	An instructor or higher position in the field of commerce, law, finance, accounting, or other fields that meet the company's banking needs in a public or private college or university	A judge, public prosecutor, lawyer, certified public accountant, or other professional and technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the company's banking	Previous experience in the area of commerce, law ,finance or accounting, or otherwise necessary for the company's banking	1	2	3	4	5	6	7	8	9	10	
Lin, Peng-Lang			V	V	V	V	V	V	V	V	V	V	V	None
Chen, Sheng-Hung			V	V				V	V	V		V	V	None
Liu, Chen-Sheng				V		V		V	V	V	V	V	V	None
Wu, Wen-Cheng		V	V	V	V	V	V	V	V	V	V	V	V	None
Chen, Chin-Chia				V		V		V	V	V		V	V	None
Ho, Shun-Cheng				V		V		V		V	V	V	V	None
Chen, Chin-Yi				V			V	V		V	V	V	V	None
Lin, Cheng-Yu				V				V	V	V	V	V	V	None
Chen, Chien-Yang	V			V		V	V	V	V	V	V	V	V	None
Chao, Fu-Tien			V	V		V		V		V	V	V	V	None
Hsieh, Yi-Tung					V	V	V	V	V	V	V	V	V	None
Liu, Hsiang-Tun		V	V	V	V	V	V	V	V	V	V	V	V	1
Chang, Ping-Chung				V	V	V	V	V	V	V	V	V	V	None
Chang, Wu-Ping				V			V	V	V	V	V	V	V	None
Wu, Hsi-Hui			V	V		V	V	V	V	V	V	V	V	None
Tsai, Wen-Hsiung		V	V	V			V	V		V	V	V	V	None
Lin, Chin-Lung			V	V		V		V	V	V	V	V	V	None
Hsu, Wen-Tung				V		V	V	V		V	V	V	V	None

Note 1: For institutional shareholders, enter the qualifications of their representatives.

Note 2: Please tick the appropriate box if a board director/supervisor has met the following conditions during the two years prior to his/her election or during his/her term of office.

a. Not an employee of the Bank or any of its affiliates.

b. Not a director or a supervisor of the Bank or any of its affiliates. (This restriction does not apply, however, when the person is an independent director of the Bank, its parent company, or a subsidiary in which the Bank directly or indirectly holds more than 50% of voting shares.)

c. The board director/supervisor, or his or her spouse or minor child, does not hold, in his or her own name or in another name, 1% or more of the Bank's total outstanding shares, nor is he or she one of the Bank's ten largest natural-person shareholders.

d. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a person listed in the three preceding articles.
e. Not a director, supervisor, or employee of an institutional shareholder directly holding 5% or more of the Bank's total outstanding shares, nor a director, supervisor, or employee of any of the five largest institutional shareholders.
f. Not a director, supervisor, manager, or shareholder holding 5% or more of the outstanding shares of a company or institution that has a financial or business relationship with the Bank.
g. Not a professional or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services, or consultation to the Bank or to any of its affiliates, nor a spouse thereof. This restriction, however, does not apply to any member of the compensation committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM.
h. Neither spouse nor relative within the second degree of kinship of another director.
i. In the past, not having met any of the conditions specified in the subparagraphs of Article 30 of the Company Act.
j. Not having been elected as a governmental, judicial person or their representative, as defined in Article 27 of the Company Act.

(2) President, Vice President, Chief Auditor, Chief Secretary

As of Dec 31 2014

Position (note 1)	Name	Date of Appointment	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
			Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship
President	Ting, Wei-Hao	June 22, 2009	185,121	0.01	65,266	---	---	---	Current Chairman of Sunny Bank Former Chairman of Bank of Taiwan Life Insurance Co., Ltd., Acting Chairman and President of Agricultural Bank of Taiwan., Vice President of The Farmers Bank of China., Chief Secretary and Manager of Land Bank of Taiwan Graduated from Department of Banking Insurance, Feng Chia University	---	None	None	None
Senior Executive Vice President	He, Kun-Tang	September 5, 2013	32,400	---	---	---	---	---	Current Senior Vice President of Sunny Bank Former Vice President of Taiwan Cooperative Bank (TCB), Chairman of BNP Paribas TCB Securities Investment Trust Graduated from the Graduate School of Agricultural Economics, National Chung Hsing University	---	None	None	None
Executive Vice President	Chou, San-Ho	June 22, 2009	322,911	0.02	---	---	---	---	Current Vice President of Sunny Bank Former President of Business Administration Management Department Graduated from Department of Economics, National Cheng Chi University	Director of Sunny Securities Co., Ltd.	None	None	None
Executive Vice President	Lin, Chih-Liang	June 22, 2009	619,143	0.04	---	---	---	---	Current Vice President Former Acting President of Finance Management Department of Sunny Bank Graduated from Department of Accounting, Feng Chia University	Director of Sunny Securities Co., Ltd.	None	None	None
Executive Vice President	Chang, Chi-Ming	June 22, 2009	103,013	0.01	114,983	0.01	---	---	Current Vice President Former President of Risk Administration Department of Sunny Bank Graduated from Department of Public Finance, National Cheng Chi University	Director of Sunny Securities Co., Ltd.	None	None	None
Executive Vice President	Kuo, Chih-Hung	June 22, 2009	254,601	0.02	1,475	---	---	---	Current Vice President Former Acting President of Individual Finance Management Department of Sunny Bank Graduated from Department of Business Administration, Tamsui Oxford College	Director of Sunny Securities Co., Ltd., supervisor of Sunny Assets Management Co., Ltd	None	None	None
Chief Auditor	Tseng, Yak-Te	January 2, 2003	456,116	0.03	75,884	---	---	---	Current the auditor general of Sunny Bank Former Manager of Audit Department Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business	Supervisor of Sunny Securities Co., Ltd.	None	None	None
Chief Secretary	Wu, Jui-Hsiang	July 1, 2009	124,608	0.01	---	---	---	---	Current Chief Secretary of Sunny Bank Formerly Researcher of Chairman Office, BankTaiwan Life Insurance Co., Ltd and President Secretary and Acting Auditor-General of Agricultural Bank of Taiwan Graduated from Department of Business Administration, National Chung Hsing University	---	None	None	None

(3) Remuneration Paid to Board Directors, Supervisors, President and Vice Presidents in 2014

a. Remuneration paid to board directors (including independent board directors)

As of December 31, 2014

Unit: NT$ 1,000; %

Position	Name	Remuneration to Directors								Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Remuneration Received by Director Who are also Employees												Ratio of total remuneration (A+B+C+D+E+F+G) to net income after tax (%)		Other Remuneration
		Remuneration (A)		Pension (B)		Supervisor's apportion of surplus (C) (Note 1)		Business Affairs Expense (D)				Compensation, Bonus and Special Disbursement (E)		Pension (F)		Employee Bonus from apportion to surplus (G) (Note 1)				Employee Share Subscription Warrants (H)		Acquiring the number of new restricted employee shares				
		Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	All Companies included in the Financial Statement	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank		All Companies included in the Financial Statement		Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	
																Cash Dividend	Stock Bonuses	Cash Dividend	Stock Bonuses							
Chairman	Lin, Peng-Lang	21,705	23,678	0	0	13,306	13,306	7	277	1.76	1.87	2,552	2,552	0	0	60	0	60	0	0	0	0	0	1.89	2.00	0
Managing Director	Chen, Sheng-Hung																									
Managing Director	Liu, Chen-Sheng																									
Independent Managing Director	Wu, Wen-Cheng																									
Director	Chen, Chin-Chia																									
Director	Chen, Chien-Yang																									
Director	Chen, Chin-Yi																									
Director	Ho, Shun-Cheng																									
Director	Lin, Cheng-Yu																									
Director	Chao, Fu-Tien																									
Director	Hsieh, Yi-Tung																									
Independent Director	Liu, Hsiang-Tun																									
Independent Director	Chang, Ping-Chung																									

Note 1: At the time of this annual report going to press, the planned remuneration for board directors and employees of all companies (excluding the Bank) listed in the financial report has not yet been approved by the Board of Directors. Bonus: Employee bonuses for this year are calculated pro rata based on the previous year's figures.

Note 2: Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act. This table is solely for information disclosure, and not for taxation purposes.

b. Remuneration paid to supervisors

As of December 31 2014
Unit: NT$ 1,000; %

Position	Name	Remuneration to Supervisors: Remuneration (A) – Sunny Bank	Remuneration (A) – All Companies included in the Financial Statement	Pension (B) – Sunny Bank	Pension (B) – All Companies included in the Financial Statement	Supervisor's Apportion of surplus (C) (Note 1) – Sunny Bank	Supervisor's Apportion of surplus (C) (Note 1) – All Companies included in the Financial Statement	Business Affairs Expense (D) – Sunny Bank	Business Affairs Expense (D) – All Companies included in the Financial Statement	Ratio of total remuneration (A+B+C+D) to net Income after tax (%) – Sunny Bank	Ratio of total remuneration (A+B+C+D) to net Income after tax (%) – All Companies included in the Financial Statement	Other Remuneration
Managing supervisor	Chang, Wu-Ping	4,440	4,716	0	0	6,653	6,653	0	160	0.56	0.58	0
Supervisor	Wu, Hsi-Hui											
Supervisor	Tsai, Wen-Hsiung											
Supervisor	Lin, Chin-Lung											
Supervisor	Hsu, Wen-tung											

Note 1: At the time of this annual report going to press, the planned remuneration for supervisors of all companies (excluding the Bank) listed in the financial report has not yet been approved by the Board of Directors.
Note 2: Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act. This table is solely for information disclosure, and not for taxation purposes.

c. Remuneration paid to president and vice presidents

As of December 31, 2014
Unit: NT$ 1,000; %

Position	Name	Remuneration (A) – Sunny Bank	Remuneration (A) – All Companies included in the Financial Statement	Pension(B) – Sunny Bank	Pension(B) – All Companies included in the Financial Statement	Bonus and Special Disbursement (C) – Sunny Bank	Bonus and Special Disbursement (C) – All Companies included in the Financial Statement	Employee bonus from apportion of surplus (D) (Note 1) – Sunny Bank – Cash Dividend	Employee bonus from apportion of surplus (D) (Note 1) – Sunny Bank – Stock Bonuses	Employee bonus from apportion of surplus (D) (Note 1) – All Companies included in the Financial Statement – Cash Dividend	Employee bonus from apportion of surplus (D) (Note 1) – All Companies included in the Financial Statement – Stock Bonuses	Ratio of total remuneration (A+B+C+D) to net income after tax (%) – Sunny Bank	Ratio of total remuneration (A+B+C+D) to net income after tax (%) – All Companies included in the Financial Statement	Acquiring the number of employee stock option certificates – Sunny Bank	Acquiring the number of employee stock option certificates – All Companies included in the Financial Statement	Acquiring the number of new restricted employee shares – Sunny Bank	Acquiring the number of new restricted employee shares – All Companies included in the Financial Statement	Other Remuneration
President	Ting, Wei-Hao	17,251	17,251	0	0	6,866	6,940	788	0	788	0	1.25	1.27	0	0	0	0	0
Senior Vice President	Ho, Kun-Tang																	
Vice President	Lin, Chih-Liang																	
Vice President	Chou, San-Ho																	
Vice President	Chang, Chi-Ming																	
Vice President	Kuo, Chih-Hung																	
General Auditor	Tseng, Yao-Te																	

Note 1: At the time of this annual report going to press, the planned bonuses for employees of all companies (excluding the Bank) listed in the financial report has not yet been approved by the Board of Directors. Employees' bonuses for this year are calculated pro rata based on the previous year's figures.
Note 2: Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act. This table is solely for information disclosure, and not for taxation purposes.

(4) Analysis of the Ratio Between Total Remuneration for the Last Two Years to the Net Income After Tax, the Former Being Paid to Board Directors, Supervisors, President, and Vice Presidents; Description of Remuneration Payment Policy, Criteria, and Packages; Process for Determining Remuneration and Possible Impact on Business Performance and Future Risk.

a. Analysis of the ratio between total remuneration for the last two years to the net income after tax, the former being paid to Board Directors, Supervisors, President, and Vice Presidents.

In 2014, remuneration for board directors, supervisors, the president, and vice presidents by the Bank and all companies listed in the financial report increased owing to improved operational performance. However, the net income after tax, as given on the individual financial statement, increased from the 2013 net income owing to growth in net interest income and net fee income and a reverse increase of bad debt expense and guarantee liability provisions, with all ratios on a downward trend.

Ratio (note) / Position	2014		2013	
	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement
Directors	1.89%	2.00%	3.37%	3.61%
Supervisors	0.56%	0.58%	0.84%	0.88%
President and Vice Presidents	1.25%	1.27%	2.92%	2.92%

Note: In the 2014 and 2013 individual financial statements, net incomes after tax came to NT$1,990,403,000 and NT$860,500,000, respectively.

b. Remuneration payment policy, criteria, and packages; process for determining remuneration and connection to business performance and future risk

The remuneration of Board directors and supervisors is determined by the Board of Directors, which is authorized by the annual general meeting of shareholders and is commensurate with industry payout standards, as stipulated in Article 40 of the Bank's Article of Incorporation. The Board of Directors may determine a fixed amount in remuneration for independent board directors, provided that it does not exceed the highest pay bracket laid down in the Bank manager payout rules. Independent board directors do not receive distribution of Bank earnings. The aforementioned two categories of remuneration and salary for employees of all ranks, from the president down, shall be dispensed regardless of the Bank's profitability.

3. Corporate Governance Operations

(1) Board of Directors

The Board of Directors held seven meetings in 2014. The attendance of board directors and supervisors is detailed below.

Title	Name	Attendance (Presence) in Person	Attendance by Proxy	Attendance (Presence) Rate (%)	Remarks
Chairman	Lin, Peng-Lang	7	---	100%	None
Managing Director	Chen, Sheng-Hung	7	---	100%	None
Managing Director	Liu, Chen-Sheng	4	---	57%	None
Independent Managing Director	Wu, Wen-Cheng	7	---	100%	None
Director	Chen, Chien-Yang	7	---	100%	None
Director	Chen, Chin-Chia	2	---	28%	None
Director	Chen, Chin-Yi	7	---	100%	None
Director	Ho, Shun-Cheng	7	---	100%	None
Director	Lin, Cheng-Yu	7	---	100%	None
Director	Chao, Fu-Tien	7	---	100%	None
Director	Hsieh, Yi-Tung	7	---	100%	None
Independent Director	Liu, Hsiang-Tun	7	---	100%	None
Independent Director	Chang, Ping-Chung	7	---	100%	None
Managing Supervisor	Chang, Wu-Ping	6	---	85%	None
Supervisor	Wu, Hsi-Hui	0	---	0%	None
Supervisor	Tsai, Wen-Hsiung	7	---	100%	None
Supervisor	Lin, Chin-Lung	6	---	85%	None
Supervisor	Hsu, Wen-Tung	5	---	71%	None

(2) Participation of Supervisors in Board Meetings

The attendance of the seven Board meetings is detailed below.

Title	Name	No. of attendances	Actual attendance %	Remark
Managing Supervisor	Chang, Wu-Ping	6	85%	None
Supervisor	Wu, Hsi-Hui	0	0%	None
Supervisor	Tsai, Wen-Hsiung	7	100%	None
Supervisor	Lin, Chin-Lung	6	85%	None
Supervisor	Hsu, Wen-Tung	5	71%	None

(3) Disclosure in Accordance with Corporate Governance Best-Practice Principles for Banks

Please refer to the Bank's official website for further details: http://www.sunnybank.com.tw

4. Any Share Transfer and Pledge of Stock Rights by Board Directors, Supervisors, Managers, or Those Who Declare Stock Rights Pursuant to Article 11 of Regulations Governing a Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank in the Most Recent Fiscal Year, at the Time of the Annual Report Going to Press.

(1) Changes in Shareholding

Title	Name	2014		As of February 28, 2015	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Chairman	Lin, Peng-Lang	5,383	---	---	---
Managing Director	◎Chen, Sheng-Hung	287,195	---	---	---
Managing Director	Liu, Cheng-Sheng	200,170	---	53	---
Independent Director	Wu, Wen-Cheng	---	---	---	---
Independent Director	Liu, Hsiang-Tun	---	---	---	---
Independent Director	Chang, Ping-Chung	---	---	---	---
Director	Chen, Chin-Yi	660,604	---	(40,000)	---
Director	Ho, Shun-Cheng	378,029	---	---	---
Director	Lin, Cheng-Yu	349,991	---	---	---
Director	Chao, Fu-Tien	117,408	---	---	---
Director	Hsieh, Yi-Tung (Note 3)	72,184	---	---	---
Director	Chen, Chien-Yang	153,595	---	---	---
Director	◎Chen, Chin-Chia	381,316	---	---	---
Managing Supervisor	Chang, Wu-Ping	355,299	---	---	---
Supervisor	Tsai, Wen-Hsiung	673,606	---	---	---
Supervisor	Lin, Chin-Lung	212,476	---	---	---
Supervisor	Wu, Ching-Hui	102,694	---	---	---
Supervisor	Hsu, Wen-tung	349,839	---	---	---
President	Ting, Wei-Hao	102,271	---	---	---
Senior Vice President	Ho, Kun-Tang	32,400	---	---	---
Vice President	Chou, San-Ho	43,958	---	---	---
Vice President	Lin, Chih-Liang	113,317	---	---	---
Vice President	Chang, Chi-Ming	(93,600)	---	---	---
Vice President	Kuo, Chih-Hung	45,364	---	---	---
Auditor General	Tseng, Yak-Te	43,504	---	---	---
Chief Secretary	Wu, Jui-Hsiang	59,921	---	---	---
Assistant Vice President	Liu, Ming-Chieh	153,346	---	---	---
Assistant Vice President	Yu, Shih-Jung	2,799	---	---	---
Assistant Vice President	Lu, Kun-Fa	71,871	---	---	---
Assistant Vice President	Chen, Yang-Yu	22,282	---	---	---
Assistant Vice President	Hsieh, Yi-Tung (Note 3)	72,184	---	---	---
Assistant Vice President	Huang, Hsien-Chang	40,921	---	---	---
Assistant Vice President	Huang, Yen-Chun	46,907	---	---	---

Title	Name	2014		As of February 28, 2015	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Assistant Vice President	Wang, Ya-Hsun	47,579	---	---	---
Assistant Vice President	Wang, Chien-Yi	19,348	---	---	---
Assistant Vice President	Chen, Cheng-Feng	58,584	---	---	---
Assistant Vice President	Chen, Yi-Huan	54,564	---	---	---
Assistant Vice President	Liu, Yen-Hsing	20,855			
Assistant Vice President	Li, Yu-Sheng	37,647			
Manager	Chen, Kuo-Hung	19,861	---	---	---
Manager	Kuo, Su-Chu	55,978	---	---	---
Manager	Chen, Chi-Chuan	40,205	---	---	---
Manager	Lu, Sheng-Yu	31,992	---	---	---
Manager	Chiang, Tung-Sheng	22,139	---	---	---
Manager	Chen, Yao-Wen	23,070	---	---	---
Manager	Lin, Kuo-Hung	31,099	---	---	---
Manager	Li, Tai-Ju	20,703	---	---	---
Manager	Kao, Chih-Li	47,387	---	---	---
Manager	Shen, Yu-Hsing	25,226	---	---	---
Manager	Sung, Ping-Ping	36,347	---	---	---
Manager	Lung, Wan-Li	56,400	---	---	---
Manager	Liu, Ming-Che	65,074	---	---	---
Manager	Shen, Yao-Ping	27,727	---	---	---
Manager	Hu, Chi-Min	19,762	---	---	---
Manager	Chen, Hsien-Chun	28,337	---	---	---
Manager	Lee, Ching-Cheng	28,608	---	---	---
Manager	Chuang, Yung-Fu	18,921	---	---	---
Manager	Chen, Chih-Hao	22,376	---	---	---
Manager	Chu, Chia-Lung	38,188	---	---	---
Manager	Chiu, Chuan-Mao(Note 1)	29,110	---	---	---
Manager	Huang, Chi-Wei	37,494	---	---	---
Manager	Hu, Chun-Wei	28,026	---	---	---
Manager	Li,Chun-Che	18,663			
Manager	Wei, Chun-Chih	24,723	---	---	---
Manager	Chen, Hui-Ling (Note 3)	(324,775)	---	---	---
Manager	Yang, Yi-Chen	19,457	---	---	---
Manager	Tsai, Chien-Li	29,621	---	---	---
Manager	Liu, Yi-Fang	24,951	---	---	---
Manager	Li, Ting-Tung	43,315	---	---	---
Manager	Hsieh, Yeh-Yang	33,475	---	---	---
Manager	Shih, Bo-Fu	28,251	---	---	---
Manager	Ho, Chun-Liang	39,904	---	---	---
Manager	Tu, Hua-He	30,885	---	---	---
Manager	Ku, Tien-Chie	23,976	---	---	---
Manager	Li, Hsu-Chang	32,559	---	---	---
Manager	Juan, Chien-Chung	17,507	---	---	---
Manager	Yu, Kuang-Lu	25,462	---	---	---
Manager	Hsu, Pao-Yuan	42,156	---	---	---

Title	Name	2014		As of February 28, 2015	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Manager	Chen, Chu-Wen	27,273	---	---	---
Manager	Yang, Ying-Chung	21,331	---	---	---
Manager	Yang, Pao-Kuei	27,536	---	---	---
Manager	Cheng, Yuen-Teh	28,050	---	---	---
Manager	Tseng, Chien-Chia	30,778	---	---	---
Manager	Tu, Yung-Yen	14,216	---	---	---
Manager	Wu, Sheng-Yi	17,996	---	---	---
Manager	Chien, Shih-Yao	25,845	---	---	---
Manager	Wang, Lien-Ta	25,860	---	---	---
Manager	Huang, Cheng-Chin	18,238	---	---	---
Manager	Chien, Chih-Hsin	30,055	---	---	---
Manager	Huang, Shou-Wem	30,710	---	---	---
Manager	Chiu, Ming-Hua	40,710	---	---	---
Manager	Liu, Min-Hsiang	21,888	---	---	---
Manager	Fu, Chia-Ming(Note 1)	19,275	---	---	---
Manager	Tsui, Ching-Chih	26,648	---	---	---
Manager	Hsu, Chen-Huang	14,663	---	---	---
Manager	Pan, Cheng-Jen	43,966	---	---	---
Manager	Lu, Han-Kun	26,912	---	---	---
Manager	Chao, Yu-Chin	314,763	---	---	---
Manager	Chung, Min-Yuan	36,277	---	---	---
Manager	Wu, Pi-Chu	14,959	---	---	---
Manager	Hsu, Chin-Ken	18,209	---	---	---
Manager	Hung, Jung-Tsung	32,265	---	---	---
Manager	Huang, Fu-Chang(Note 1)	266,849	---	---	---
Manager	Chung, Hsu-Jung	17,941	---	---	---
Manager	Chiu, Lai-Fa	38,878	---	---	---
Manager	Hung, Chien-Ming	26,214	---	---	---
Manager	Tsai, Kang-Tsan	22,654	---	---	---
Manager	Shih, Yung-Hsiang	17,029	---	---	---
Manager	Liu, Kuo-I	19,395	---	---	---
Manager	Huang, Po-Luo	22,683	---	---	---
Manager	Kuo, Chien-Yun	51,400	---	---	---
Manager	Huang, Chih-Cheng	19,019	---	---	---
Manager	Pang, Chih-Wen	26,218	---	---	---
Manager	Chen, Lung-Pan	20,955	---	---	---
Manager	Keng, Yu-Chuan	22,862	---	---	---
Manager	Wu, Jung-Chi	25,165	---	---	---
Manager	Chen, Cheng-Yi	30,908	---	---	---
Manager	Pan, Kuang-Chu	55,061	---	---	---
Manager	Chen, Yi-Hsu	23,103	---	---	---
Manager	Tseng, Chie-Chang	16,935	---	---	---
Manager	Lin, Chih-Chiang	32,213	---	---	---

Title	Name	2014		As of February 28, 2015	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Manager	Chou, Chih-Wei	30,286	---	---	---
Manager	Yang, Lien-Tse	30,381	---	---	---
Manager	Kuo, Cheng-Hung	34,403	---	---	---
Manager	Chen, Ya-I	53,567	---	---	---
Manager	Kan, Wu-Cheng	27,975	---	---	---
Manager	Liu, Tsung-Hsun (Note 3)	32,982	---	---	---
Manager	Ho, Li-Wei	103,068	---	---	---
Manager	Li, Wen-Kuang	20,694	---	---	---
Manager	Tseng, Yin-Shih	17,575	---	---	---
Manager	Wang, Chien-Chung	18,068	---	---	---
Manager	Huang, Hsin-Fa	25,228	---	---	---
Manager	Huang, I-Hui	48,341	---	---	---
Manager	CHEN,KUO-CHUAN	18,423			
Manager	SU,CHIEN-TSUNG	28,412			
Manager	CHIU,CHIH-WEI	33,308			
Manager	HUANG,MING-SA	8,000			
Manager	YANG,CHIN-PING	18,111			
Manager	LI,TSUNG-YEN	30,000			
Manager	LO,CHUN-JU	12,000			
Manager	CHEN,SHIH-MING	20,000			
Manager	LU,CHIN-HSING	6,000			
Manager	LI,CHUN-YU	24,985			
Manager	CHENG,YEN-CHING	0			
Manager	CHEN,NIEN-HUI	26,794			
Manager	CHEN,CHENG-HSIEN	13,630			
Manager	WU,JHEN-YUE	0			
Manager	LIN,CHIEN-CHIH	12,654			
Manager	CHOU,PO-CHENG(Note 2)	14,958			
Manager	LIN,YUNG-CHEN(Note 2)	(7,621)			
Manager	KUO,MAO-CHIEN(Note 2)	12,909			
Manager	CHANG,YUNG-MING(Note2)	13,253			
Manager	CHEN,MING-YUEH(Note 2)	15,000			
Manager	SU,PO-NIEN(Note 2)	0	---	---	---
◎ Sunny Culture and Education Foundation		466,519	---	---	---
◎ Chuang Yang Construction Co., Ltd.		2,785,770	---	---	---
◎ Fu Li Yang Investment Co., Ltd.		47,616,062	3,000,000	---	---
◎ Po Yun Enterprise Co., Ltd.		169,053	---	---	---
◎ Hsueh, Ling		129,306	---	---	---
◎ Chen, Chin-Liang		7,949	---	---	---

Title	Name	2014		As of February 28, 2015	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
◎ Chen, Chin-Chung		9,726	---	---	---
◎ Chen, Chin-Fu		56	---	---	---
◎ Chen, Li-Fen		2,933	---	---	---
◎ Hsueh, Tsung-Tai		88	---	---	---
◎ Ho, Li-Wei		103,068	---	---	---
◎ Chen, Ya-Yi		53,567	---	---	---
◎ Ho, Chih-Wei		6,892	---	---	---
◎ Chen, Pei-Yu		26,574	---	---	---
◎ Chen, Yu-Li		8,608	---	---	---

Note 1: Managers Fu Chien-hua and Huang Fu-chang left the Bank on February 11, 2015. Manager Chiu Chuan-mao left the Bank on February 26, 2015.

Note 2: Manager Su Po-nian took office on February 2, 2015. Managers Chou Pai-cheng, Lin Yung-chen, Kuo Mao-chien, Chang Yung-ming, and Chen Ming-yue took office on February 11, 2015.

Note 3: Hsieh Yi-tung is both director and assistant vice president. Chen Hui-ling is both manager and the head of the Department of Treasury. Liu Tsung-hsiun is both manager and the head of the Department of Accounting.

Note 4: Shareholders marked with "◎" are required to file their equity holdings in accordance with Article 11 of the Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank.

(2) Transfer of Shareholdings：None

(3) Pledge of Stock Rights

Unit: NT$

Name (note 1)	Reason for pledge (note 2)	Date of change	The other party of transaction	Relationship between the other party of transaction and directors, supervisors, managers and those who are required to declare shareholdings as per Article 11 of the Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank	No. of shares	Price of pledge (redemption)
Fu Li Yang Investment Co., Ltd.	Redemptione	April 30, 2014	Minsheng Branch, Bank of Panhsin	None	17,000,000	---
Fu Li Yang Investment Co., Ltd.	Pledge	May 7, 2014	Panchiao Branch,Mega Bills Finance Co.,Ltd.	None	20,000,000	---

Note 1: Names of board directors, supervisors, managers, and those who are required to declare shareholdings in accordance with Article 11 of the Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank.

Note 2: Pledge or redemption.

5. Information on Related Party, Spouse, or Relatives within Second Degree of Kinship of the Bank's Ten Largest Shareholders

As of December 31, 2014
Unit: Share, %

Name (Note 1)	Shareholding		Shareholding by Spouse and Minors		Shareholding entitled to other name		10 largest shareholders and related parties as defined under the Statement of Financial Accounting Standards No. 6		Remark
	Share	% (Note 2)	Share	% (Note 2)	Share	% (Note 2)	Title or Name	Relationship	
Fu Li Yang Investment Co., Ltd.	145,784,879	9.18	---	---	---	---	Chuan Yang Construction Co.,Ltd.，Sunny Culture & Education Foundation	Controlled by the same person	None
Chuan Yang Construction Co.,Ltd.	72,430,032	4.56	---	---	---	---	Fu Li Yang Investment Co., Ltd.，Sunny Culture & Education Foundation	Controlled by the same person	None
Hai Wang Printing Co., Ltd.	69,706,509	4.39	---	---	---	---	Jin Chen Investment Co., Ltd.	Controlled by the same person	None
The First Insurance Co., Ltd.	61,802,859	3.89	---	---	---	---	None	None	None
Sheng Yang Construction Co.,Ltd.	43,775,406	2.76	---	---	---	---	None	None	None
Farglory Life Insurance Co., Ltd.	34,672,621	2.18	---	---	---	---	None	None	None
Hua Wei Investment Co., Ltd.	14,604,000	0.92	---	---	---	---	None	None	None
Jin Chen Investment Co., Ltd.	13,518,400	0.85	---	---	---	---	Hai Wang Printing Co., Ltd.	Controlled by the same person	None
Sunny Culture & Education Foundation	12,129,514	0.76	---	---	---	---	Chuan Yang Construction Co.,Ltd.，Fu Li Yang Investment Co., Ltd.	Controlled by the same person	None
TransGlobe Life Insurance Inc.	11,545,080	0.73	---	---	---	---	None	None	None

Note 1: The top ten shareholders should all be listed. For institutional shareholders, list the names of shareholders and their representatives separately.

Note 2: The shareholding percentage is the percentage of shares held under the name of a shareholder, his/her spouse, minor children, or any other names.

Note 3: The relationship between shareholders named in the list (including natural and judicial persons) shall be disclosed, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

6. Numbers of Shares in the Same Reinvested Enterprises Held by the Bank and its Board Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, Heads of Departments and Branches, and Enterprises Controlled Directly or Indirectly by the Bank, and Percentage of Consolidated Shareholding

As of December 31, 2014
Unit: Share, %

1Invested Enterprises (Note)	The Bank's Investment		The Investment Subsidiaries Directly or Indirectly Controlled and by the Bank, its Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, the Heads of Departments and Branches		Omnibus Investment	
	Share	%	Share	%	Share	%
Sunny Securities Co., Ltd.	49,554,943	98.72	645,057	1.28	50,200,000	100.00
Sunny Life Insurance Brokerage Co., Ltd.	2,100,000	39.99	3,150,000	60.00	5,250,000	99.99
Sunny Property Insurance Agent Co., Ltd	121,000	20.00	484,000	80.00	605,000	100.000
Gold Sunny Assets Management Co., Ltd.	5,000,000	100.00	0	0.00	5,000,000	100.00
Sunny International Leasing Co., Ltd.	60,000,000	100.00	0	0.00	60,000,000	100.00
Financial Information Service Co., Ltd.	10,881,000	2.42	0	0.00	10,881,000	2.42
Taiwan Financial Asset Service Corp.	5,000,000	2.94	0	0.00	5,000,000	2.94
Taiwan Depository And Clearing Corp.	974,428	0.29	0	0.00	974,428	0.29
Sunlight Asset Management Ltd.	66.587	1.11	0	0.00	66,587	1.11

Note: Investment pursuant to Article 74 of The Banking Act.

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IV. Capital Raising

Capital and Share

Capital and Share

(1) Sources of Capital

Unit: 1,000 shares, NT$1,000

Year/month	Par value	Authorized Capital Stock		Paid-up Capital		Remark	
		Shares	Amount	Shares	Amount	Sources of Capital Stock	Other
Aug. 2014	NT$ 10	75,000	750,000	1,463,371	14,633,710	Cash capital increase	Note 1
Dec. 2014	NT$ 10	125,000	1,250,000	1,588,371	15,883,710	Cash capital increase	Note 2

Note 1: Approved pursuant to the letter issued by the Financial Supervisory Commission under File No. Chin-kuan-cheng-fa 1030017876, dated June 9, 2014.

Note 2: Approved pursuant to the letter issued by the Financial Supervisory Commission under File No. Chin-kuan-cheng-fa 1030043081, dated November 6, 2014.

Unit: shares

Stock Type	Authorized Capital Stock			Remark
	Outstanding stock (Note)	Un-issued shares	Total	
Common Stock	1,588,371,901	411,628,099	2,000,000,000	Non-Listed & OTC Bank Stock

Note: Including the 420,059 shares of the mother company held by the subsidiary that are considered treasury stocks.

(2) Ownership Structure

As of December 31, 2014

Shareholder Structure	Government Institutions	Financial Institutions	Other Corporations	Individuals	Foreign Institutions & Foreigners	Total
No. of Shareholders	2	1	202	125,640	5	125,850
No of Shareholding	1,129,676	448	548,987,752	1,038,250,606	3,419	1,588,371,901
%	0.07%	0.00%	34.56%	65.37%	0.00%	100.00%

(3) Ownership Distribution

Par value: NT$ 10

As of December 31, 2014

Grades	No. of Shareholders	No. of Shareholdings	Shareholding %
1 to 999	72,370	21,231,453	1.34%
1,000 to 5,000	43,907	94,975,140	5.98%
5,001 to 10,000	2,800	20,127,101	1.27%
10,001 to 15,000	919	11,189,964	0.70%
15,001 to 20,000	728	12,887,731	0.81%
20,001 to 30,000	860	21,972,848	1.38%
30,001 to 50,000	1,237	49,476,539	3.11%
50,001 to 100,000	1,262	94,408,061	5.94%
100,001 to 200,000	877	123,707,683	7.79%
200,001 to 400,000	485	136,840,934	8.62%
400,001 to 600,000	155	75,768,946	4.77%
600,001 to 800,000	68	47,475,080	2.99%
800,001 to 1,000,000	39	35,374,987	2.23%
Over 1,000,001	143	842,935,434	53.07%
Total	125,850	1,588,371,901	100.00%

(4) List of Major Shareholders

As of December 31, 2014

List of Major \ Shareholders	Shareholdings	Shareholding %
Fu Li Yang Investment Co., Ltd.	145,784,879	9.18%
Chuan Yang Construction Co., Ltd.	72,430,032	4.56%
Hai Wang Printing Co., Ltd.	69,706,509	4.39%
The First Insurance Co., Ltd.	61,802,859	3.89%
Sheng Yang Construction Co., Ltd.	43,775,406	2.76%
Farglory Life Insurance Co., Ltd.	34,672,621	2.18%
Hua Wei Investment Co., Ltd.	14,604,000	0.92%
Jin Chen Investment Co., Ltd.	13,518,400	0.85%
Sunny Culture & Education Foundation	12,129,514	0.76%
TransGlobe Life Insurance Co., Ltd.	11,545,080	0.73%

Note: Shareholders who hold 1% or more of shares, or top ten shareholders.

(5) Market Price Per Share, Net Worth, Earnings, and Dividend Data for the Last Two Years

Unit: NT$, 1,000 shares

Item \ Year			2014	2013	As of Feb. 28, 2015 (Note 2)
Price/share	Maximum		Note 1	Note 1	Note 1
	Minimum		Note 1	Note 1	Note 1
	Average		Note 1	Note 1	Note 1
Net worth/share	Before distribution		11.56	10.67	11.88
	After distribution		Note 3	10.26	11.88
Earnings/share	Weighted average no. of shares		1,418,620	1,358,675	1,587,935
	Earnings/share		1.40	0.63	0.31
Dividend/share	Cash dividend		---	---	---
	Free distribution	Earnings distribution	---	---	---
		Capital surplus distribution	---	---	---
	Unpaid dividend		---	---	---
Analysis on investment returns	P/E		Note 1	Note 1	Note 1
	Price/dividend yield		Note 1	Note 1	Note 1
	Cash dividend yield		Note 1	Note 1	Note 1

Note 1: Not applicable because the Bank is not a listed company.
Note 2: The financial data for February 28, 2014, have not been audited and certified by accountants.
Note 3: Distribution of earnings in 2014 will be decided at the 2015 annual general meeting of shareholders.

(6) Dividend Policy and its Execution

a. Dividend policy

In the event of earnings made at the end of the fiscal year, said earnings shall be used to pay taxes and cover losses from previous years, and 30% of after-tax earnings shall be set aside as legal reserve, unless and until the accumulated legal reserve equals the Bank's paid-in capital. In addition to the required legal reserve, we may set aside a special surplus reserve or retain part of the earnings if needed. The remainder shall be distributed as follows.

i. Compensation for board directors and supervisors 1.5%

ii. Bonuses for employees 3%

iii. Dividends for shareholders 95.5%

Unless and until the accumulated legal reserve equals the Bank's paid-in capital, maximum cash payouts shall not exceed 15% of the Bank's paid-in capital.

In order to maintain a sound financial structure and capital adequacy, the Bank will distribute dividends according to its capital budgeting. The Bank follows the principle of retaining capital to distribute stock dividends; however, in the event of a capital budget surplus and a capital adequacy ratio higher than is required by the regulator, cash dividends may be distributed, which cannot be less than 10% of total dividends. Stock dividends may be distributed instead of cash dividends if the latter are no more than NT$0.1 per share.

b. Proposed dividend distribution at the annual general meeting of shareholders

The Bank's proposal for 2014 earnings distribution is a stock dividend of NT$0.60 per share and a cash dividend of NT$0.20 per share.

(7) Effect of the proposed distribution of share dividends on the Bank's operating performance and EPS

The annual general meeting of shareholders proposed a distribution of share dividends worth NT$953,023,000, representing a distribution rate of 6% (60 shares per 1,000 shares). The Bank's basic after-tax EPS in 2014 was NT$1.40, and the imputed after-tax EPS was NT$1.28 after capitalization of retained earnings. This did not have a great impact on the Bank's EPS and has not affected our operating performance.

(8) Bonuses for employees and compensation for board directors and supervisors

a. Percentage or range of employee bonuses and compensation for board directors and supervisors as stipulated in the Bank's articles of incorporation

In the event of earnings made at the end of the fiscal year, said earnings shall be used to pay taxes and cover losses from previous years, and 30% of after-tax earnings shall be set aside as legal reserve, unless and until the accumulated legal reserve equals the Bank's paid-in capital. In addition to the required legal reserve, we may set aside a special surplus reserve or retain part of the earnings if needed. The remainder shall be distributed as follows.

i. Compensation for board directors and supervisors 1.5%

ii. Bonuses for employees 3%

iii. Dividends for shareholders 95.5%

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

Total employee bonuses and compensation for board directors and supervisors in 2014 are estimated at NT$59,876,000. This estimate is based on the probable amount of distribution, based on past experience. If a different amount is decided at the annual general meeting of shareholders, this will be treated as a change in accounting estimates and the amount will be paid within the same fiscal year.

c. Employee bonuses proposed by the Board of Board directors

i. Employee cash bonuses worth NT$39,917,000 and board director/supervisor compensation of NT$19,959,000 are proposed.

ii. The value of proposed distribution of bonus shares to employees and the size of such an amount as a percentage of the after-tax net income presented in the parent company only financial reports or individual financial reports for the current period and total employee bonuses: No information is to be disclosed as the

Bank does not have plans to distribute bonus shares to its employees.

iii. Imputed EPS after any proposed distribution of employee bonuses and board director/supervisor compensation: Not applicable as employee bonuses and board director/supervisor compensation have been listed as expenditures of current years since 2008.

d. Actual distribution of employee bonuses and board director/supervisor compensation in the previous fiscal year (with an indication of the number of shares distributed, value, and share prices). In the event of any discrepancy between the actual distribution and the recognized employee bonuses and board director/supervisor compensation, describe the discrepancy, its cause, and how it will be resolved.

The annual general meeting of shareholders passed a resolution on May 5, 2014, to distribute employee bonuses worth NT$16,775,000 and board director/supervisor compensation of NT$8,387,000, while the recognized employee bonuses and board director/supervisor compensation in the 2013 financial statement were NT$17,604,000 and NT$8,802,000. The discrepancies between the two sets of figures are NT$829,000 and NT$415,000, respectively. The differences arise from accounting estimates and are listed in the profit and loss statement for 2014.

(9) Share buyback by the Bank：None

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V. Operation Overview

1. Contents of Business
2. The Employee Profile
3. Corporate Scoial Responsibility and Ethical Behavior
4. Information Infrastructure
5. Employer-Employee Relationship
6. Transactions of Securitized Commodity

1. Contents of Business

(1) Business Scope

a. Major operations

i. Deposits

As of the end of 2014, total deposits came to NT$286,627,434,000, an increase of NT$28,152,925,000 on the 2013 figure (NT$258,474,509,000). Demand deposits comprised 36.13% of total deposits, and time deposits made up the remaining 63.87%.

Unit: NT$1,000

Item	Balance at the end of 2014	Balance at the end of 2013	Annual growth
Deposits	286,627,434	258,474,509	10.89%

Deposit Balance Comparison

Unit: NT$1,000

Year / Deposit type	2014		2013	
	Balance at the end of year	%	Balance at the end of year	%
Checking deposits	2,821,514	0.99%	2,913,132	1.13%
Demand deposits	30,400,732	10.61%	30,010,783	11.61%
Foreign exchange demand deposits	5,053,942	1.76%	4,692,525	1.81%
Money market deposits	64,557,715	22.52%	63,185,444	24.45%
Employees savings deposits –	722,750	0.25%	698,126	0.27%
Time deposits	63,218,263	22.06%	53,347,215	20.64%
Foreign exchange time deposits	12,702,763	4.43%	6,973,351	2.70%
Negotiable certificates of deposit	7,887,600	2.75%	3,913,800	1.51%
Time savings deposits	99,262,155	34.63%	92,740,133	35.88%
Total	286,627,434	100.00%	258,474,509	100.00%

ii. Lending

As of the end of 2014, total outstanding loans were at NT$217,577,878,000, an increase of NT$12,565,505,000 on the 2013 figure (NT$205,012,373,000).

Unit: NT$1,000

Item	Balance at the end of 2014	Balance at the end of 2013	Annual growth
Loans	217,577,878	205,012,373	6.13%

Loan Balance Comparison

Unit: NT$1,000

Deposit type / Year	2014		2013	
	Balance at the end of year	%	Balance at the end of year	%
Short-term loans	17,723,902	8.15%	19,830,527	9.67%
Short-term secured loans	44,210,957	20.32%	39,372,822	19.21%
Medium-term loans	19,138,170	8.80%	16,060,712	7.83%
Medium-term secured loans	56,246,323	25.85%	45,263,292	22.08%
Long-term loans	2,045,260	0.94%	2,122,076	1.03%
Long-term secured loans	77,694,536	35.70%	81,299,400	39.66%
Non-performing loans	463,293	0.21%	985,307	0.48%
Export Negotiation	55,437	0.03%	78,237	0.04%
total	217,577,878	100.00%	205,012,373	100.00%

iii. Trade Finance and Foreign exchange

Unit: USD1,000

Item	2014	2013	Growth
Foreign Currency Deposit (Balance)	559,829	389,520	43.72%
Foreign Currency Loan (Balance)	317,881	314,828	0.97%
Import/Export Services（Amount Total）	418,986	429,739	(2.50%)
Remittance Services（Amount Total）	2,130,188	2,229,817	(4.47%)
Income from Trade Finance and FX	597,042	136,934	336.01%

iv. Credit Card

Credit card comparison

Unit: cards, NT$1,000

Business / Year	2014	2013
Total number of card issued	527,200	512,986
Total number of valid cards in circulation	37,594	34,781
Total amount of Consumption amount	2,845,041	2,518,865
Year end outstanding balance of revolving line	285,233	324,362

v. E-Commerce

The Bank developed and set up a corporate network banking system in 2014 and submitted to the regulator a business plan on third-party payment services that would enable it to tap into the e-commerce market. In 2014, the number of online banking accounts reached 66,317 and 4,499 account users logged in using our mobile app. The number of fund transfers via our individual online banking platform grew by 11% on 2013.

Product \ Year	2014		2013	
	Total Withdrawal Amount	Total Transfer Transaction	Total Withdrawal Amount	Total Transfer Transaction
Physical ATM transactions	23,610	274,259	23,612	277,348
Telephone banking	0	247,182	0	267,964
Online banking	0	405,657	0	367,199

vi. Wealth Management

Recent sales volumes and income of the Bank's wealth management products are detailed below.

Unit: NT$1,000

Product \ Year	2014		2013	
	Sales	Revenue	Sales	Revenue
Mutual fund	10,419,003	257,957	8,876,740	227,810
Insurance	8,463,503	326,523	10,960,610	278,049
Total	18,882,506	584,480	19,837,350	505,859

vii. Trust

The Bank ended 2014 with a trust balance of NT$51,027,005,000, an increase of NT$11,418,479,000 (or 28.83%) over the 2013 figure of 39,608,526,000.

Unit: NT$1,000

Business \ Year	Balance of 2014	Balance of 2013
Investments in domestic and offshore funds through a non-discretionary trust of money agreement	51,027,005	39,608,526
Other trusts of money	35,109,482	27,659,222
Custody of Securities Investment and Trust Funds	24,802,230	21,483,306
Trust of money (total)	2,409,566	2,541,300
Trust of real estate	7,897,686	3,634,616
Trust of securities	14,675,355	10,512,739
Trust of money claim and guaranteed right of object	0	194,397
Total balance of trusted property (total)	1,242,168	1,242,168
Other affiliated businesses		
Custody of operating bonds	490,000	270,000
Certification	1,418,750	1,439,478

viii. Investment

The Bank's 2014 gain on securities trading amounted to NT$346,475,000, while the figure for 2013 was NT$251,071,000.

Investment Income Comparisons

Unit: NT$1,000

Item	2014	2013	Increase/decrease
Bonds	90,763	56,311	34,452
Stocks	90,832	78,423	12,409
Beneficiary certificates	17,917	(14,266)	32,183
Short-term commercial papers	153,106	112,682	40,424
Unrealized gain or loss	(31,946)	(3,123)	(28,823)
Stock dividends	25,803	21,044	4,759
Total Investment Income	346,475	251,071	95,404

b. Assets of each operation as a percentage of total assets and changes thereto

Unit: NT$1,000

Main Business	2014		2013	
	Amount	Asset %	Amount	Asset %
Total Assets	328,109,630	100.00%	292,405,278	100.00%
Net loan and allowance	215,226,707	65.60%	202,421,259	69.23%
Securities-available for sale	48,668,729	14.83%	4,917,626	1.68%
Due from CBC and Banks	21,393,765	6.52%	47,003,570	16.07%
Total liabilities	309,749,063	94.40%	278,164,383	95.13%
Deposits and Remittances	286,645,020	87.36%	258,493,252	88.40%
Financial Bonds Payable	9,100,000	2.77%	9,304,900	3.18%
Due to CBC & Banks	6,483,606	1.98%	7,096,606	2.43%

c. Net income from operations as a percentage of total net income and changes thereto

Unit: NT$1,000

Item	2014		2013	
	Amount	%	Amount	%
Net Interest Income	3,668,874	71.75%	3,316,235	72.79%
Net Fee Income	890,145	17.41%	789,061	17.32%
Others	554,326	10.84%	450,712	9.89%
Total Net Income	5,113,345	100.00%	4,556,008	100.00%

(2) 2015 Operation Plan

a. Deposit Business

Our total New Taiwan Dollar and foreign-currency deposits are expected to increase to NT$295.5 billion by the end of 2015, with average annual growth of about NT$7.5billion and average business operation volume of NT$288 billion.

b. Loan Business

Following previous year's strategy in offering credit, the loans offered with the rate stated in Article 72-2 of Banking Law will be considered as the main strategy under the guaranteed profitability and protection. Besides, SMEs with good quality, profitability and capacity will be selected and real estate loans will be offered accordingly.

i. Implementation of auditing measures and project undertaking

A. For the auditing on the internal operation and management performance in 2015, the Bank will continue to carry out assessment on revolving loans, SME credit guarantee fund and SME real estate loans for the short- and mid-term of housing loan.

B. The "Joyous 200" and "Personal Credit Loan"– Loan Promotion" will be launched. An incentive program is provided together with this promotion to support branches to develop new clients.

C. To cooperate with the government's policy in "Creative Industry", the Bank has listed loans offered to this industry as the project reward item, which also motivated the branches to carry out relevant projects.

ii. Credit risk control will be intensified. Clients with sufficient credit capability will be selected based on the "principles for the acceptance of small and medium enterprise loan applications." Underwriting , field survey and follow up review will be implemented continually.

iii. The exiting land and construction loan portfolio duration are short. To maintain bank income level, the Bank continues to carry out quality land and construction finance projects pursuant the Land (Mortgage) Regulations of the Central Bank.

c. Foreign Exchange Business

i. Conducting Abroad Loan by Domestic Guarantee or Domestic Loan by Abroad Guarantee

As the cross-strait relationship between the mainland China and Taiwan becomes intensified in recent years, the Bank will search for banks in the Mainland China to sign the MOU, to establish an interbank remittance system with a credit amount in order to fulfill Taiwanese companies' needs in finance. With stand-by letters of credit opened by the banks in the mainland China, the Bank will offer the beneficiary financing guarantees. It is expected that this service will not only increase volume of foreign currency landing and interest income, but also create RMB financial cross-border, such as services, overseas payment and cross-border bill discounts.

ii. The Second Stage of Internet Banking

The internet bank upgrade project, second stage (including OBU) progress now is on the schedule of Information Department. It is expected to add 17 commercial banking function on the second stage including large-amount transfers, scheduled transfers, batch transfers, repetitive transfers, transferring time deposits, payment of inward remittance, opening letter of credit and making amendments. All of these not only fulfill customers' demand, but also reduce labor cost and increase competition of trade finance.

i. To Launch the Internet Bank APP "Mobile Bank"

Regarding the trade finance of the Internet Bank App "Mobile Bank", it planned to offer functions like exchanging foreign currency, LC transfer and balance checking in Apr. of 2015.

iv. Financial Information Companies – The Foreign Currency Settlement Platform "RTGS" (Real-time Gross Settlement)

This interbank settlement platform enables nationwide financial institutions to make interbank settlement including fund transfers and remittance among customers. Services designed for the U.S. dollar has been launched from May 1 of 2013, and the RMB service (domestic and cross-border) has been operated since September 30, 2013. The cross-border settlement for the U.S. dollar has been operated from Feb.2, 2014. Furthermore the JPY and EUR will be launched in 2015.

d. Credit Card Business

Considering the augmentation of SME customers, the Bank aims to increase the bank's credit card holding ratio of the customers of land construction financing and SME in 2014. Branches will promote credit cards to walk-in and exiting customers through marketing activities. Besides, the "VISA Commercial Credit Card Privy Seal Credit Card" was launched in January of 2014 to satisfy the customer demand, to win the quality customer and to expand overall consumption amount, ratio of valid cards and fees income.

Multiple credit card encouragement activities will be arranged on holidays, seasons and specific clients' needs, including:

i. Launch activities to motivate the customers to activate the new card. The Bank also launched the "Using your Credit Card" project for existing card holders, so that the number of valid card will continue to increase.
ii. Provide extra bonus to customers for merchant rewards.
iii. Enhance phone call marketing to offer consumption installment to increase fee income.
iv. Use low-cost electronic media such as SMS, EDM, electronic bills and the CardU website to inform customers various credit card and installment promotions.
v. Join promotional activities offered by international organizations to stimulate spending.
vi. Launch promotional activities for customers who use their credit card to pay for the health insurance.

e. Electronic Banking

Continue to enhance the online banking and network ATM functions and to strengthen the security mechanism. Meanwhile, the Bank launches credit card online payment and establishes the third-party settlement, which enables the customers to enjoy faster and more convenient e-commerce services.

f. Wealth Management Business

The Bank has fully utilized service platform to maximize the benefits of customers' total-assets. The Bank research team offer professional strategies and investment recommendation premarket status. In this way, the Bank will be able to offer our customers a high quality and comprehensive wealth management service.

g. Trust Business

i. Real Estate Trust:
   A. Development Trust: To continue developing the land trust, construction financing trust and other associated business coordinated with land development loans in a variety of real estate development trust business.
   B. Pre-sale home payment trust: as requested by competent authority and for trust clients developed by the Bank, the pre-sale home payment trust is promoted for the protection of clients' interests.
   C. Management Trust: Set up property management account. The tenant deposits go directly into the designated trust account. If the property is the Bank's collateral, the rental can be the payment resource of the loan.
ii. Money Trust
   A. Real Estate Transaction Security Trust: Coordinated with the real estate mortgage business for promoting real estate transaction payment security trust and related peripheral operations.
   B. Prepayment trust: in addition to cash gift voucher trust business, the Bank intends to promote prepaid trust for credit card trading gift vouchers and transfer transaction gift vouchers. Credit card issuing banks, gift voucher issuing firms and voucher issuing system providers are brought together to develop a joint marketing platform for the satisfaction of different trust needs of clients.
   C. Specific money trust: the accounting automation of fund business will be effectively reducing manual operation costs and risks, upgrade trust fund user interface to make customer satisfaction better.

h. Investment Business

i. Expand Investment Portfolio
   A. To increase stock portfolio and investment trader, and to optimize the short- and long-term positions.
   B. To ride the QE interest trend and gradually build up fixed income investment portfolio.
   C. Look for new investment products.
ii. Funds management
   A. Continue to participate in Central Bank's CD deposit; maximize interest income by the allocation of long- and short term cash flow per forecasting rate trend.
   B. Proactively bid higher yield of non-guaranteed commercial papers and increase transactions in secondary market in order to improve income.
   C. To expand the breadth of transaction parties to help bank's fund management efficiency.

(3) Market Analysis

a. Analysis on Area of the Banking Service Operations

The global economy is slowly coming back. However, the domestic financial environment has been suffering overbanking in Taiwan for a very long time and the weak demands for capitals. Plus, the Central Bank tightened its grip on the mortgage policy in the real estate market. All of these compress the room lending of development of banks directly and indirectly. As the financial liberation and internationalization, foreign banks are allowed to establish offices and encouraged to merge local banks. Therefore, local banks are feeling the pressure from these foreign counterparts as they come to Taiwan with their resource and innovation provided by their parent corporations. Their system technology, creative thinking, assist them start building close relation with local clients, while providing local businesses with international financial service based on their offshore offices and platforms across their corporations. The "Plan for the development of financial business with characteristics of China and Taiwan" proposed by Financial Supervisory Commission and the "MOU for monetary clearing between China and Taiwan" proposed by Central Bank, both approved by the Executive Yuan on September 6, 2012, marked a new chapter for the financial society in China and Taiwan and facilitated new business opportunities. As the cross-strait financial institutions will have more contacts and cooperation, domestic banks will proactively promote overseas business and develop Asia-pacific markets.

b. The state of future market supply and demand, and potential growth

i. The Supply Side

According to the CBC statistics, as of the end of December, 2014, the number of financial institutions (including domestic banks, business banks, foreign bank branches in Taiwan, credit cooperatives, credit departments of farmers' and fishermen's associations, Department of Savings & Remittance of Chunghwa Post Co., trust investment companies, and life insurance companies) totaled 435, with5,150 branches.

It is difficult to improve the status of slimmer interest spread as interest rates are still lingering low level, and price competition becomes more intense among homogeneous domestic banks. Domestic government-owned and private financial institutions continue to undertake organizational adjustments, pay more attention to improve the financial structure, strengthen risk management, and launch new product and substantially increase marketing.

ii. The Demand Side

The booming of Internet and development of 3C products (e.g. smart phones and tablet computers) have made e-commerce closely bond with all aspects of business. The important role of cash flow played by banks in the industrial chain of e-commerce helps create greater added values. As a result, the key needs is the services related to electronic banking, ranging from mobile payment, integral investment suggestions, tax planning as well as digital technology, give better interactions and experiences for the customer.

With a steady deregulation in the cross-strait financial policy, there is an opportunity for local banks to expand their presence across the Taiwan Strait by setting up subsidiaries, representative offices, or offshore business units to expand the business exchange. Therefore, it becomes the Bank's need to find appropriate oversea business locations and increase the percentage of offshore profits.

iii.Potential Growth

The bank maintains sustainable strategy. The lending business strategy switches to SME loans, peripheral products (such as trade finance) and personal loans that are more profitable through the widening of interest margin. Those lower the threshold and cost of fund of capital market, which benefit to corporate businesses. For better risk management, the SME loans will be required with real estate as collaterals or credit fund guarantee as second lien or provision of other valuable collaterals. Client screening will be enforced and efforts will be made to find out the exact business operation status of clients in order to secure the payments source and lower the overall lending risks.

c. The Bank Niches

i. The Competitive Niches

A. A network of a total 99 domestic branches, mainly located in metropolitan Taipei and Kaohsiung. Principal counties and cities have established branches with a complete financial service network.

B. Good locations, friendly and efficient services and smooth interaction with customers.
C. Vying for a stable operating foundation, the bank also actively seeks to promote corporate banking, consumer banking, wealth management, foreign exchange, trust, among other services, with which to continue improving its financial structure and excelling its service efficiency.
D. The bank has installed professional financial consultants (FCs) at its branch offices to offer a comprehensive one-stop shopping for a diverse range of professional financial services for maximum synergy in cross marketing.

ii. Outlooks

A. Advantages
   a. The overall financial environment has become more and more sound. The authorities are open to and encouraging research and development of new types of financial products.
   b. The concept of investment has rooted in people's mind and the concept of trust has also formed gradually.
   c. With gradually open cross-strait financial business and internationalization policy, the government continues loosening up limitations on business and regulations, which will help develop the overall structure of financial industry.
   d. As the bank's asset quality continues to improve, operational development will become more sound.
   e. The Bank will continue to plan the establishment and relocation of branch offices in order to expand its financial services and to promote the comprehensive channel value.

B. Disadvantages
   a. With the phenomenon of an over-competing banking industry less likely to eliminate in a short time, sending the sale of a host of financial products to become a price war. The bank, relying primarily on the conventional deposit and lending service, may be kept from expanding the profit differential to excel the operating revenue.
   b. The diversified capital raising modes and a rising weighing on direct financing is likely to suppress the conventional bank's lending business promotion and profitability.
   c. Foreign banks increase their presence in Taiwan and are posing a threat to local banks' wealth management service and the profit niche of the local medium and small businesses' banking market.
   d. When faced with financial holding companies' striking strategic alliance with insurers and securities operators with their economies of scale and distribution advantage, by actively venturing into the cross-strait financial markets and global services through the diverse product contents and the resource-sharing mode, it creates an enormous pressure for medium and small banks to promote their operations.

iii. Solutions

A. By expanding the scope of foreign exchange business and recruiting good hands specialized in international finance to diversify the sources of business income.
B. By continuing to inject resources, stepping up new financial product research and development to offer the client with differentiated quality service in a bid to curtail negative pricing competition.
C. By reshuffling the branch outlets and developing new marketing distribution venues to fully excel the bank's distribution advantage of operating 99 business outlets island-wide.
D. By utilizing the bank's existing operating foundation to actively excel the overall marketing functionalities to deep-root the business banking and foreign exchange service, and by fully expanding into the consumer banking services and wealth management domains.
E. By continuing with organizational reform, and excelling the bank employees' proficiency to strengthen the bank's competitiveness, and by enforcing a service-first philosophy to strength the customer-bank relationship.
F. By improving security codes and system performance of online banking for the transaction security of our clients, developing next generation mobile banking business and promoting the use of electronic forms to increase customers' level of satisfaction and to strengthen the Bank's market competitiveness.

(4) Research of Financial Products and Business Development:

a. Size and profit/loss of major financial products and business units added in the recent two years and the period up to the annual report publication date.

i. Major financial product

Complete upgrade Network Banking on-line system. Install Mobil Bank APP on-line system to promote and enhance the banks competitiveness.

Establish a "New Financial Products Development Council" to strength the bank's research and development capabilities of new financial products.

To satisfy personal, company and institution demand on purchasing the car or on applying for loans with the name of one's car, the Bank has on May 12 of 2013 launched the vehicle loan services. To expand its product line and to increase the overall income, the Bank has categorized its car finance services into three parts: new cars, used cars and original cars.

Besides, to offer a more convenient foreign exchange financial service, the Bank has completed the DBU launch work in all 88 branches (except mini branches). It is expected to conduct an upgrade work in the future to speed up the Bank's development in foreign exchange business. Besides, as the competent authority has opened the RMB services, the Bank has launched the OBU RMB service on December 27 of 2012 and the OBU RMB service on February 6 of 2013. In the future, it will launch regular RMB related financial management products in order to provide customers a more diversified portfolio.

ii. Business units added:

E-Commerce Department,was set up in 2014,operating strategy for e-banking commerce products development, management of e-banking systems, and marketing.

Department of Compliance is in charge of the planning, management, and execution of the Bank's compliance system and the planning and supervision of legal matters.

The Credit Card Business Department in 2012 was renamed Credit Card and Car Loan Department in charge of business planning, development and management of credit card products and car loans.

b. Research and development spending and future research development plan in the recent two years

The existing function of designated foreign currency units are divided into 4 levels for better internal control and business promotion. To improve the foreign currency business capacity of business units, it is planned to start the designated foreign currency unit business in 2013 depending on levels, as to improve the professional ability of staff in foreign currency in a step-by-step manner. Another plan is to request the approval of the Central Bank for upgrade of online banking functions in 2013, including settlement of purchase/sale at NT$500,000 or more, online issuing of L/C, etc., in order to add more human touch in the Bank's foreign currency business and in turn make clients more willing to have business with the Bank.

The e-commerce has bonded closely with all aspects of business. The important role of cash flow played by banks in the industrial chain of e-commerce helps create greater added values. Therefore, in order to improve the market competitiveness and offer customers the brand new e-commerce experience, the Bank has planned to launch the upgrade of the new online bank version, which is expected to launch in the first quarter in 2014; it also continues to plan the installation of the mobile bank (App) and disaster recovery to offer customers a more convenient and secured service; to simplify operating procedures, the Bank has completed the installation of the e-commerce industry chain in the first half year of 2013. Based on this system, the Bank will carry on promoting e-forms in 2014 in order to increase employees' work efficiency and customers' level of satisfaction.

Another target business for the Bank is to launch the third-party payment service (network transaction agent service). It is expected to complete the installation of the third-party payment channels such as credit card acquiring and ATM card payment in the first half year of 2014. Later in quarter 4 of 2014, the service will be launched together with the organization and planning of the system platform.

(5) Long and Short Term Business Development Plans

a. Short-term business development plans

For the short-term plan, to strengthen business physique and improve financial structure is the top priority. The goal is to sustain the fine loan-to-deposit ratio, so deposit and loan can thrive in balance. Through branch relocation and expansion of operation area, and deepening relationship with customers, the Bank plans to urge branches to "Drive Sales By Service" in order to maximize the client base and their contribution.

The Bank is planning to issue subordinated bonds to solidify its operating capital and raise the Bank's self-owned capital adequacy. The Bank plans to lower overdue loan ratios to be below 0.42%, and raise the coverage rate for bad debt allowance to exceed 258%.

b. Mid- and long-term business development plan

From the mid-term perspective, the Bank plans to launch relocation and establishment of branch offices to enhance its overall distribution value, operating performance, and nationwide market shares. In this way, not only the benefits of economic scale will be maximized, but also the Bank's capital structure will be completed and the BIS ratio will be increased to above 10.5%. As for its long-term strategy, the Bank aims to expand its range of financial services, to develop its overseas services (e.g. the Bank is expected to establish a new branch office in Hong Kong in the years to come.), to launch new products, to create diverse income and to strengthen its capital structure in order to increase its competitiveness and profitability.

2. The Employee Profile

Year		2014	2013	As of February 28, 2015
Number of Employees	Executives	123	119	126
	Senior Officers	396	373	392
	Clerks	1,415	1,256	1,460
	Total	1,934	1,748	1,978
Average Age		39.01	39.28	38.74
Average years of service		10.51	10.98	10.28
Education background	Master or above	8.84%	6.98%	9.30%
	College	81.85%	82.78%	81.55%
	High School	9.00%	10.01%	8.75%
	Under high school	0.31%	0.23%	0.40%
Professional licenses held by employees	Basic Proficiency Test for Bank Internal Control	1,166	1,096	1,185
	Proficiency Test for Trust Operations Personnel	1,488	1,361	1,517
	Trust Operations Management Personnel	570	561	566
	Trust Operations Supervisor	10	8	10
	Proficiency Test for Life Insurance Specialist	1,562	1,528	1,580
	Proficiency Test for Investment-oriented Insurance Personnel	732	746	734
	Proficiency Test for Property Insurance Personnel	1,518	1,489	1,529
	Proficiency Test for Financial Planning Personnel	376	358	386
	Basic Proficiency Test for International Banking Personnel	412	395	415
	Basic Proficiency Test for Bank Lending Personnel	705	678	714
	Advanced Proficiency Test for Bank Lending Personnel	23	24	23
	Proficiency Test for Futures Specialist	286	268	291
	Proficiency Test for Securities Specialist	205	182	212
	Proficiency Test for Senior Securities Specialist	188	155	195
	Proficiency Test for Securities Investment Trust and Consulting Professionals	143	129	153
	Proficiency Test for Bill Finance Specialist	62	62	62
	Proficiency Test for Financial Risk Management Personnel	4	4	4
	Proficiency Test for Bank Collateral Appraisal Personnel	17	18	16
	Qualification of Financial Market Knowledge & Professional Ethics Test	1,424	1,325	1,451
	Qualification of Investment Trust and Consulting Regulations Test	906	829	921
	Consultant of Financial Planning (CFP)	4	4	4
	Proficiency Test for Bond Specialist	19	19	21
	Proficiency Test for Securities Investment Analyst	4	5	4
	Proficiency Test for Life Insurance Representative to Sell Foreign Currency Receiving and Paying in Non-Investment Oriented Insurance Products	527	502	531
	Certificate of Completion of Risk Management for Foreign Exchange Derivatives Course	184	190	185

3. Corporate Social Responsibility and Ethical Behavior

As part of our commitment to give back to society, the Bank has been active in charity work in line with our hope to be a responsible “corporate citizen”. In the aftermath of the deadly gas pipeline explosion in Kaohsiung, we donated NT$5 million to the city government’s special fund to help those who were affected. We also donated NT$200,000 to the Liver Disease Prevention & Treatment Research Foundation’s quarterly magazine to help raise awareness and safeguard public health. In addition, for the third year in a row we have organized a campaign to bring much-needed goods to 300 children living in remote areas and to encourage them to pursue their dreams. Lastly, we also donated NT$1.5 million to Yang Shing Cultural and Education Foundation to fund its various charity initiatives.

4. Information Infrastructure

(1) Major information systems and maintenance thereof

1. Tandem Taiwan/foreign currency transaction system.
2. Telephone banking.
3. Online banking.
4. The trust system.
5. The Wealth management system.
6. The auditing management system.
7. The bills and bonds system.
8. RCE
9. ACH
10. The stock affairs management system
11. The treasury system.
12. The Trade Finance system.
13. The collection management system.
14. RPS
15. The online seal system.
16. The Intranet System
17. E-JCIC.
18. The internet ATM system.
19. The Junk Email Spam system.
20. The Intrusion Detection and Network Flow Analysis System
21. Router ACS.
22. Router LMS.
23. The Anti-virus server system.
24. The XML financial payments system.
25. The E-LOAN system.
26. Establishment of the internet management auditing system
27. Establishment of the parking fee collection system
28. E-Billing system
29. Customer Service Center CTI

30. Computerized corporate finance lending system
31. Business customer consignment processing
32. Voice recording system for wealth management
33. Electronic document editing system
34. Asset Management System
35. Email Pre- and Post-Audit System
36. Document Control and Encryption System
37. Electronic Bill Encryption System
38. Database Audit System
39. Prevention from Leaking of Customer Personal Information Through Webpages
40. Prevention from Vulnerability Attacks
41. Prevention from Advanced Persistent Attacks

(2) Plans for system development or procurement

1. Replacement of old passbook printers at branches
2. Information security system update following the enactment of the Personal Information Protection Act
3. Installation of remote back-up system for middleware database
4. Installation of online credit card acquiring networks
5. Installation of online third-party payment systems
6. Internet bandwidth upgrade
7. Information security tests
8. Replacement of outdated personal computers

(3) Emergency back-up and security measures

a. Goal: In times of disaster, our employees, who are regularly drilled in such measures, will use the regular back-ups to restore systems and undertake a recovery plan to maintain banking operations and minimize the impact of computer data loss and the interruption to operations.

b. Scope of business continuity plan

1. System back-up center and task force
2. Evaluation of organization and environment of current IT office
3. Reorganization of system structure and operating system process
4. Setting up of disaster back-up plan
5. Training plans to be carried out where needed
6. Compilation of relevant documents
7. Revision of plans in light of problems

5. Employee-Employer Relationship

(1) Employee benefits, retirement system and its implementation, employee-employer agreements, and measures to protect employee rights

a. Employee benefits

1. Labor insurance, health insurance, group insurance, and employer liability insurance

2. Health check-ups for employees
3. Wide range of benefits provided by works council, including birthday gifts, bonuses for Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival, and subsidies for weddings, funerals, emergencies, disasters, and group events.

b. Retirement system and the implementation thereof

1. Regular Employee Pension Supervisory Committee meetings
2. For employees who started working for the Bank from July 1, 2005, or who opted for the defined contribution retirement plan (new system), the Bank sets aside part of their salaries in a monthly contribution to their retirement accounts according to the applicable regulations. For those who are eligible for the defined benefit retirement plan (old system), the Bank also contributes monthly pension reserve in accordance with the regulations.
3. Pension is paid when employees retire.

c. Employee-employer agreements and measures to protect employee rights

1. Work policy: Revised in accordance with new regulations, employee-employer agreements, or our management system. All changes in work policy are reported to the relevant labor authorities, announced in notices to employees, and published on our internal website for the reference of employees.
2. Regular labor-management meetings.

6. Transactions of Securitized Commodity: None

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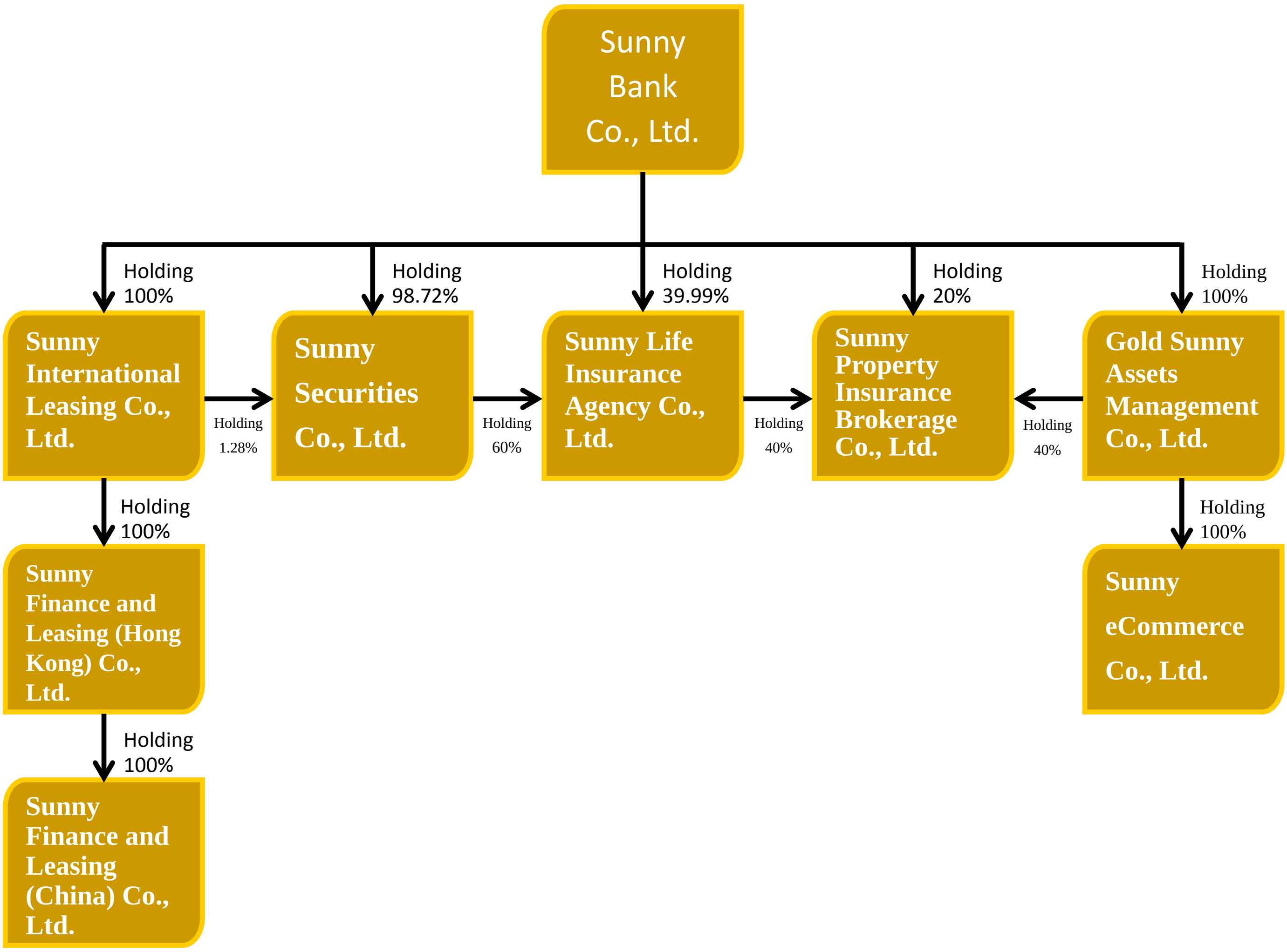
VI. Special Remarks

1. Information of Affiliates
2. Private Placement of Marketable Securities and Financial Debentures during the Most Recent Fiscal Year before publishing the Annual Report
3. Holding or Disposal of the Bank Stocks by Subsidiaries during the Most Recent Fiscal Year before publishing the Annual Report
4. Additional Supplementary Remarks

1. Information of Affiliates

(1) Affiliates' Status

a. Organization Chart of Affiliates　　As of December 31, 2014



b. Basic Information of Affiliates

Unit: NT$ 1,000 excepts those with notes.

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business
Sunny Securities Co., Ltd.	February 4, 1998	No.165 B2, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City	502,000	Marketable Securities Entrusting and Trading in the stock exchange, as well as futures introducing broker business
Sunny Life Insurance Agency Co., Ltd.	February 15, 2001	2F., No.205, Chang'an W. Rd., Datong Dist., Taipei City	52,500	Life Insurance Brokerage
Sunny Property Insurance Brokerage Co., Ltd.	August 14, 2003	2F., No.205, Chang'an W. Rd., Datong Dist., Taipei City	6,050	Property Insurance Brokerage
Gold Sunny Assets Management Co., Ltd.	October 23, 2006	5F., No.255, Zhongzheng Rd., Shilin Dist., Taipei City	50,000	Financial Institution Creditor's Right (Money) Appraisal and Auction
Sunny International Leasing Co., Ltd.	November 28, 2012	6F., No.88, Sec. 1, Shipai Rd., Beitou Dist., Taipei City	600,000	Leasing, installments, debt collection, other financing and leasing related business, and investing on financing and leasing companies in China
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	January 24, 2013	Unit 511, 5/F., Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	USD10 million	Finance lease & investment
Sunny Finance and Leasing (China) Co., Ltd.	May 20, 2013	Unit D, 19th Floor, No. 398, Middle Huaihai Road , Huangpu District, Shanghai, China	USD10 million	Finance lease
Sunny eCommerce Co., Ltd.	August 1, 2014	6F., No.88, Sec. 1, Shipai Rd., Beitou Dist., Taipei City	12,000	eCommerce, Mobil payment operation

b. Hold the same data of shareholders of affiliated companies: None

c. Directors and Supervisors of Affiliated Companies

d. Directors, Supervisors and Vice Presidents of Affiliated Companies

December 31, 2014
Unit: 1,000 shares and %

Company Name	Title	Name	Shareholdings	
			Shares	%
Sunny Securities Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Tsai, Wen-Shone	49,555	98.72
	Director	Sunny Bank Co., Ltd Representative: Chou, San-Ho		
	Director	Sunny Bank Co., Ltd Representative: Chang, Chi-Ming		
	Director	Sunny Bank Co., Ltd Representative: Kuo, Chih-Hung		
	Director	Sunny Bank Co., Ltd Representative: Lin, Chih-Liang		
	Supervisor	Tseng, Yao-Te	---	---
	President	Cheng, Hui Bing	---	---
Sunny Life Insurance Brokerage Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Chen, Chin-Yi	2,100	39.99
	Director	Sunny Bank Co., Ltd Representative: Ho, Hsuen-Cheng		
	Director	Sunny Bank Co., Ltd Representative: Huang, Cheng-Nan		
	Director	Sunny Bank Co., Ltd Representative: Chao, Fu-Tien	3,150	60.00
	Supervisor	Sunny Securities Co., Ltd Representative: Hsu, Wen-Tung		
Sunny Property Insurance Brokerage Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Chen, Chin-Yi	121	20.00
	Director	Sunny Bank Co., Ltd Representative: Ho, Hsuen-Cheng		
	Director	Sunny Life Insurance Brokerage Co., Ltd. Representative: Huang, Cheng-Nan	242	40.00
	Director	Sunny Life Insurance Brokerage Co., Ltd. Representative: Chao, Fu-Tien		
	Supervisor	Gold Sunny Assets Management Co., Ltd. Representative: Hsu, Wen-Tung	242	40.00
Gold Sunny Assets Management Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Li, Yu-Sheng	5,000	100.00
	Director	Sunny Bank Co., Ltd Representative: Wang, Ya-Hsun		
	Director	Sunny Bank Co., Ltd Representative: Chen, Jen-Chiang		
	Supervisor	Sunny Bank Co., Ltd Representative: Kuo, Chih-Hung		
	President	Chen, Lung-Chuan		
Sunny International Leasing Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Lin, I-Tsun	60,000	100.00
	Director	Sunny Bank Co., Ltd Representative: Ho, Li-Wei		
	Director	Sunny Bank Co., Ltd Representative: Kang, Wu-Cheng		
	Supervisor	Sunny Bank Co., Ltd Representative: Liu, Tsung-Hsun		
	President	Liu, Chiung-Sen	---	---
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	Director	Sunny International Leasing Co., Ltd.: Lin, I-Chun	10,000	100.00
Sunny Finance and Leasing (China) Co., Ltd.	Director	Sunny Finance and Leasing (Hong Kong) Co., Ltd. Representative: Liu, Tsung-Hsun	---	100.00
	Supervisor	Sunny Finance and Leasing (Hong Kong) Co., Ltd. Representative: Liu, Tsung-Hsun		
Sunny eCommerce Co., Ltd.	Chairman	Gold Sunny Assets Management Co., Ltd Representative: Wang, Ya-Hsun	1,200	100.00
	Director	Gold Sunny Assets Management Co., Ltd Representative: Song Ping Ping		
	Director	Gold Sunny Assets Management Co., Ltd Representative: Wang Shiou-Yen		
	Supervisor	Gold Sunny Assets Management Co., Ltd Representative: Lin Chia-Jan		

c. Operations of Affiliated Companies

Unit: NT$1,000 except the shares in NT$.

Company	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Income	Current Profit / Loss (After Tax)	Earning Per Share (After Tax)
Sunny Securities Co., Ltd.	502,000	900,626	329,809	570,817	92,877	2,159	27,324	0.54
Sunny Life Insurance Brokerage Co., Ltd.	52,500	176,876	63,219	113,657	460,441	45,804	37,583	7.34
Sunny Property Insurance Brokerage Co., Ltd	6,050	12,367	2,514	9,853	14,928	2,383	2,066	3.40
Gold Sunny Assets Management Co., Ltd	50,000	278,447	190,447	88,000	42,656	31,180	25,036	5.01
Sunny International Leasing Co., Ltd.	600,000	2,153,704	1,504,169	649,535	84,957	53,231	24,929	0.42
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	317,180	315,365	368	314,997	-	(226)	(1,248)	-
Sunny Finance and Leasing (China) Co., Ltd.	317,180	333,921	18,671	315,250	8,924	(4,904)	(1,022)	-
Sunny eCommerce Co., Ltd.	12,000	11,661	162	11,498	-	(505)	(502)	(0.42)

2. Private Placement of Marketable Securities and Financial Debentures during the Most Recent Fiscal Year before publishing the Annual Report: None

3. Holding or Disposal of the Bank Stocks by Subsidiaries during the Most Recent Fiscal Year before publishing the Annual Report

January 31, 2014
Unit: NT1,000; shares; %

Subsidiary	Paid-in Capital	Source of Fund	Shareholdings of the Bank	Date of acquisition or disposal	Shares and Amount Acquired	Shares and Amount Disposed	Profit Loss	Shares and Amount Held as of publication Date of the Annual Report	Pledge Creation	The Bank's Endorsement & Guarantee to Subsidiaries	The Bank's Loans to Subsidiaries
Sunny Securities Co., Ltd.	502,000	Self- owned Capital	98.72	---	---	---	---	---	---	300 million	200 million
Sunny Life Insurance Brokerage Co., Ltd.	52,500	Self- owned Capital	39.99	---	---	---	---	436,861shares $4,369Thousand	---	---	---
Sunny Property Insurance Brokerage Co., Ltd.	6,050	Self- owned Capital	20.00	---	---	---	---	---	---	---	---
Gold Sunny Assets Management Co., Ltd.	50,000	Self- owned Capital	100.00	---	---	---	---	---	---	130 million	---
Sunny International Leasing Co., Ltd.	600,000	Self- owned Capital	100.00	---	---	---	---	---	---	300 million	---

Note: The amounts endorsed by the subsidiaries are the credit amount with implied warranties or support agreements.

4. Additional Supplementary Remarks: None

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VII. Service Network

Unit Name	Address		Tel.	
Taipei City				
Head Office	11163	No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02)	2820-8166
Business Department(Note)	11163	No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02)	2882-2330
Shih Lin Branch	11169	No. 82, Tapei Rd., Shihlin Dist., Taipei City	(02)	2882-3660
Chien Tan Branch	11166	No. 131, Tungho St., Shihlin Dist., Taipei City	(02)	2885-4181
She Tzu Branch(Note)	11173	No. 260, Sec. 5, Yenping N. Rd., Shihlin Dist., Taipei City	(02)	2812-1112
Lan Ya Branch	11155	No. 169, Sec. 6, Chungshan N. Rd., Shihlin Dist., Taipei City	(02)	2836-2072
T ien Mu Branch	11153	No. 15, T ienmu E. Rd., Shihlin Dist., Taipei City	(02)	2873-2500
She Chung Branch	11175	No. 220, Shechung St., Shihlin Dist., Taipei City	(02)	2815-1415
Administration Management Department	11271	No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Credit Card Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2822-0122
Trust Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Finance Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Wealth Management Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Shih Pai Branch (Note)	11271	No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2823-8480
Pei Tou Branch	11246	No. 152, Kuangming Rd., Peitou Dist., Taipei City	(02)	2891-7361
Ta Tun Branch	11252	No. 304, Chungho St., Peitou Dist., Taipei City	(02)	2891-9196
Chi Lin Branch	10459	No. 304 Chihlin Rd., Chungshan Dist., Taipei City	(02)	2561-1188
Lung Chiang Branch	10475	No. 49, Lane 356, Lungchiang Rd., Chungshan Dist., Taipei City	(02)	2516-5945
Taipei Branch	10451	No. 43, Sec. 1, Mingsheng E. Rd., Chungshan Dist., Taipei City	(02)	2563-3710
Chung Hsing Branch (Note)	10478	No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City	(02)	2516-5268
Min Sheng Branch	10589	No. 167, Sec. 5, Minsheng E. Rd., Sungshan Dist., Taipei City	(02)	2760-6335
Yen Chi Branch	10558	No. 11, Yenchi St., Sungshan Dist., Taipei City	(02)	2578-6201
Nan king Branch	10553	No. 132, Sec. 4, Nanking Ed., Rd., Sungshan Dist., Taipei City	(02)	2579-0229
Fuh Sing Branch	10547	No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-6166
Offshore Banking Unit	10547	2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-1616
International Banking Department	10547	2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-1616
Cheng Kung Branch(Note)	11489	No.70, Sec. 4, Chengkung Rd., Neihu Dist., Taipei City	(02)	2792-2433
Nei Hu Branch (Note)	11493	No. 250, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	(02)	2658-6698
Mu Cha Branch (Note)	11648	No. 96, Sec. 3, Mucha Rd., Wenshan Dist., Taipei City	(02)	2234-5890
Ching Mei Branch	11669	No. 95-12, Chinghou St., Wenshan Dist., Taipei City	(02)	2930-0202
Ku T ing Branch	10080	No. 40, Sec. 2, T ingchou Rd., Chungcheng Dist., Taipei City	(02)	8369-2288
Hsin Yi Branch	10681	No. 188, Sec. 4, Hsinyi Rd., Taan Dist., Taipei City	(02)	2706-8388
Ta An Branch	11056	No. 225, Sec. 3, Hoping E. Rd., Hsinyi Dist., Taipei City	(02)	2733-7711
Chang An Branch	10350	No. 205, Changan W. Rd., Tatung Dist., Taipei City	(02)	2559-5500
Nan Gang Branch	11578	No.97, Sec. 2, Nangang Rd., Nangang Dist., Taipei City	(02)	2785-1001
New Taipei City				
Pan Chiao Branch (Note)	22063	No. 133, Sec. 1, Szuchuan Rd., Panchiao Dist., New Taipei City	(02)	2955-0008
His Chou Branch	22072	No. 89, Sec. 3, Tuhsing Rd., Panchiao Dist., New Taipei City	(02)	2681-9960
Hsin Pu Branch	22049	No. 245, Szuwei Rd., Panchiao Dist., New Taipei City	(02)	8253-7789

Unit Name	Address		Tel.	
Yung Ho Branch(Note)	23443	No. 188, Sec. 1, Chungshan Rd., Yungho Dist., New Taipei City	(02)	2926-5899
Chung Ho Branch (Note)	23553	No. 245, Chienyi Rd., Chungho Dist., New Taipei City	(02)	2222-5199
Hsin Ho Mini-Branch	23570	No. 89, Huahsin St., Chungho Dist., New Taipei City	(02)	8941-9339
Shuang Ho Branch	23556	No. 722, Chingping Rd., Chungho Dist., New Taipei City	(02)	8242-3919
San Chung Branch	24151	No. 108, Sec. 4, Tzuchiang Rd., Sanchung Dist., New Taipei City	(02)	8981-7171
Chung Hsin Branch	24144	1F, No. 28, Sec. 4, Chunghsin Rd., Sanchung Dist., New Taipei City	(02)	2977-9886
Hsin Chuang Branch	24260	No. 533, Lungan Rd., Hsinchuang Dist., New Taipei City	(02)	8201-9069
Hsin Fu Mini-Branch	24247	No. 800, Hsingfu Rd., Hsinchuang Dist., New Taipei City	(02)	2998-3366
Lu Chou Branch	24747	No. 393, Chihsien Rd., Luchou Dist., New Taipei City	(02)	8282-2068
Hsin T ien Branch	23148	No. 263-5, Chungcheng Rd., HsinT ien Dist., New Taipei City	(02)	8911-7676
Tai Shan Branch	24347	No. 110, Sec. 1, Mingchih Rd., Taishan Dist., New Taipei City	(02)	2297-9797
Wu Ku Branch	24872	No. 12, Sec. 1, Chunghsing Rd., Wuku Dist., New Taipei City	(02)	8976-9000
Tu Cheng Branch	23643	No.2, Ln. 33, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City	(02)	8261-1818
Keelung City				
Kee Lung Branch	20145	No.117, Xin 1st Rd., Xinyi Dist., Keelung City	(02)	2422-2828
Yilan County				
Luo Tung Branch	26548	No. 30, Chungcheng N. Rd., Luotung Town, Yilan County	(03)	957-1259
Taoyuan County				
Ta Yeh Mini-Branch	33049	No. 55, Sec. 1, Tayeh Rd., Taoyuan City, Taoyuan County	(03)	347-8899
Tao Yuan Branch (Note)	33048	No. 32-20, Chungshan E. Rd., Taoyuan City, Taoyuan County	(03)	336-0555
Chung Li Branch	32097	No. 171, Chienhsing Rd., Chungli City, Taoyuan Hsien	(03)	428-2229
East Tao Yuan Branch	33044	No.523, Jingguo Rd., Taoyuan City, Taoyuan County	(03)	316-1859
Hsinchu City				
Hsin Chu Branch	30041	No. 247, Chungyang Rd., East Dist., Hsinchu City	(03)	515-3608
Lin Sen Branch (Note)	30061	No. 109, Hsita Rd., East Dist., Hsinchu City	(03)	610-0189
Hsinchu County				
Chu Pei Branch	30264	No. 232 & 236, East Sec. 1, Kuangming 6th Rd., Chupei City, Hsinchu County	(03)	658-5818
Hua Lien Branch	97342	200 Sec. 2nd, Chun-Hwa Rd., Gi An Villiage, Hua Lien County	(03)	853-9396
Miao Li Branch	36305	205 Ta-Tung Rd., Gon-Guan Villiage, Miao Li County	(037)	222-618
Taichung City				
Taichung Branch (Note)	40354	No. 159, Sec. 1, Taichungkang Rd., West Dist., Taichung City	(04)	2310-9996
Hsiang Shang Branch	40356	No. 166, Sec. 1, Hsiangshang S. Rd., West Dist., Taichung City	(04)	2472-2528
Ching Wu Branch	40147	No. 188, Chingwu E. Rd., East Dist., Taichung City	(04)	2211-2368
Changhua County				
Yuan Lin Branch	51052	No. 12, Chinghsiu Rd., Yuanlin Town, Changhua County	(04)	832-2171
She Tou Mini-Branch	51141	No. 257, Sec. 2, Yuanchi Rd., Shetou Hsiang, Changhua County	(04)	872-1017
Chang Hua Branch	50063	No.187, Siaoyang Rd., Changhua City, Changhua County	(04)	728-9399
Long Gin Branch	43448	256-258 Taiwan 5th Ave., Long-Gin District, Taichun City	(04)	2633-0898
Chiayi City				
Chia Yi Branch	60089	1F & 2F, No. 296 & 298, Chunghsing Rd., West Dist., Chiayi City	(05)	234-2023
Kuang Hua Branch	60045	No. 119, Kuanghua Rd., East Dist., Chiayi City	(05)	228-5830

Unit Name	Address		Tel.	
Tainan City				
Chung Hua Branch (Note)	70168	No. 102, Sec. 3, Chunghua E. Rd., East Dist., Tainan City	(06)	267-0751
Tung Ning Mini-Branch	70160	No. 247, Tungning Rd., East Dist., Tainan City	(06)	237-5141
Tainan Branch	70050	No. 148, Sec. 2, Chungyi Rd., Jhongxi Dist.,Tainan City	(06)	228-2171
Chien Kang Branch	70262	No. 370, Sec. 2, Chienkang Rd., South Dist., Tainan City	(06)	261-2136
An Shun Branch	70941	No. 202, Sec. 1, Anho Rd., Annan Dist., Tainan City	(06)	256-3146
His Hua Branch	70847	No. 359, Sec. 2, Chunghua W. Rd., Anping Dist., Tainan City	(06)	297-9880
Yung Kang Branch	71049	No. 625, Chunghua Rd., Yungkang Dist., Tainan City	(06)	203-6607
Jen Te Branch	71743	No. 273, Sec. 2, Chungcheng Rd., Jente Dist., Tainan City	(06)	270-6361
Kaohsiung City				
Kaohsiung Branch (Note)	80766	No. 192, Chiuju 1st Rd., Sanmin Dist., Kaohsiung City	(07)	384-3163
San Feng Branch	80749	No. 293, Chunghua 3rd Rd., Sanming Dist., Kaohsiung City	(07)	231-5101
Ta Shun Branch	80787	No. 41, Tashun 2nd Rd., Sanmin Dist., Kaohsiung City	(07)	386-1622
Ping Teng Branch	80745	No. 283, Tzuli 1st Rd., Sanmin Dist., Kaohsiung City	(07)	321-4622
T ing Li Branch	80789	No. 142, T ingli Rd., Sanmin Dist., Kaohsiung City	(07)	346-5955
Tsuo Ying Branch	81357	No. 102, Poai 2nd Rd., Tsuoying Dist., Kaohsiung City	(07)	556-0128
Hai Kuang Branch	81346	No. 190, Tsuoyingta Rd., Tsuoying Dist., Kaohsiung City	(07)	582-3511
Li Wen Branch (Note)	81358	No. 75, Liwen Rd., Tsuoying Dist., Kaohsiung City	(07)	558-0711
Ling Ya Branch	80250	No. 22, Fuhsing 2nd Rd., Lingya Dist., Kaohsiung City	(07)	331-0066
Ching Nien Branch	80252	No. 169-1, Chingnien 1st Rd., Lingya Dist., Kaohsiung City	(07)	331-8526
Szu Wei Branch (Note)	80245	No. 159, Chunghua 4th Rd., Lingya Dist., Kaohsiung City	(07)	333-3701
Chien Chen Branch	80266	No. 281, Santuo 2nd Rd., Lingya Dist., Kaohsiung City	(07)	711-0046
Chien Kuo Branch	80289	No. 124, Wumiao Rd., Lingya Dist., Kaohsiung City	(07)	715-3513
Hsin Hsing Branch(Note)	80049	No. 6, Chungcheng 4th Rd., Hsinhsing Dist., Kaohsiung City	(07)	288-4131
Min Tsu Branch	80047	No. 218, Chungcheng 2nd Rd., Hsinhsing Dist., Kaohsiung City	(07)	224-2426
Yu Chang Branch	81156	No. 803, Chiachang Rd., Nantzu Dist., Kaohsiung City	(07)	364-6530
Nan Tzu Branch	81162	No. 55, Nantzu Rd., Nantzu Dist., Kaohsiung City	(07)	353-5513
Ta Kung Branch	80342	No. 40, Takung Rd., Yencheng Dist., Kaohsiung City	(07)	531-5105
Hsiao Gang Branch	81253	No.615, Hongping Rd., Xiaogang Dist., Kaohsiung City	(07)	806-5171
Wu Chia Branch	83084	No. 368, Wuchia 2nd Rd., Fengshan Dist., Kaohsiung City	(07)	726-0801
Kang Shan Branch	82065	No. 16, Tate 1st Rd., Kangshan Dist., Kaohsiung City	(07)	623-6182
Chi Shan Branch	84243	No. 158, Chungshan Rd., Chishan Dist., Kaohsiung City	(07)	661-2081
Mei Nung Mini-Branch	84348	No. 25, Sec. 1, Chungcheng Rd., Meinung Dist., Kaohsiung City	(07)	681-8346
Lin Yuan Mini-Branch	83248	No. 136, Tunglin W. Rd., Linyuan Dist., Kaohsiung City	(07)	643-8141
Pingtung County				
Ping Tung Branch	90074	No. 70, Chungcheng Rd., Pingtung City, Pingtung County	(08)	732-6123
Chung Cheng Mini-Branch	90062	No. 293, Chungcheng Rd., Pingtung City, Pingtung County	(08)	736-0811
Li Gang Branch	90546	No. 43, Ligang Rd., Chunlin Village, Ligang Hsiang, Pingtung County	(08)	775-7735
Tung Gang Mini-Branch	92843	No. 166, Chungcheng Rd., Tunggang Town, Pingtung County	(08)	832-0887

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Sunny Bank Ltd. And Subsidiaries

Consolidated Financial Statements for the Years Ended December 31,2014 and 2013 and Independent Auditor's Report

Sunny Bank Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

SUNNY BANK LTD.

February 6, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Sunny Bank Ltd.

We have audited the accompanying consolidated balance sheets of Sunny Bank Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks, the guidelines issued by the authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Sunny Bank Ltd., as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

February 6, 2015

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 6,778,753	2	$ 4,186,300	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6, 7 and 40)	21,393,765	7	47,003,570	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	18,304,970	6	14,951,049	5
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4, 6 and 9)	110,000	-	1,952,061	1
RECEIVABLES, NET (Notes 4, 5, 10, 11 and 38)	3,043,245	1	2,193,318	1
CURRENT TAX ASSETS (Note 36)	66,357	-	127,302	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11 and 38)	215,691,619	65	202,807,580	69
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 5, 12 and 40)	48,674,027	15	4,924,196	2
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 13 and 40)	1,067,515	-	1,071,615	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 5, 11, 14 and 40)	3,112,418	1	2,210,365	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	9,365,968	3	9,371,836	3
INTANGIBLE ASSETS, NET (Notes 4, 5 and 16)	1,056,420	-	1,048,502	-
DEFERRED TAX ASSETS (Notes 4, 5 and 36)	393,523	-	690,445	-
OTHER ASSETS, NET (Notes 4, 17 and 40)	580,118	-	530,837	-
TOTAL	$ 329,638,698	100	$ 293,068,976	100
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 18)	$ 6,483,606	2	$ 7,096,606	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	7,307	-	9,978	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4, 12, 13 and 19)	3,903,419	1	500,122	-
PAYABLES (Notes 20 and 24)	3,101,169	1	2,511,757	1
CURRENT TAX LIABILITIES (Note 36)	9,751	-	15,256	-
DEPOSITS AND REMITTANCES (Notes 21 and 38)	286,279,355	87	258,220,132	88
BANK DEBENTURES (Note 22)	9,100,000	3	9,301,400	3
SHORT-TERM BORROWINGS	1,521,000	-	412,000	-
OTHER FINANCIAL LIABILITIES	150,055	-	50,027	-
PROVISIONS (Notes 4, 5, 11, 23 and 24)	273,148	-	286,330	-
DEFERRED TAX LIABILITIES (Notes 4 and 36)	141,701	-	141,613	-
OTHER LIABILITIES (Note 25)	307,619	-	275,717	-
Total liabilities	311,278,130	94	278,820,938	95
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Share capital				
Ordinary shares	15,883,719	5	13,349,730	5
Capital surplus	43,950	-	4,500	-
Retain earnings				
Legal reserve	278,433	-	24,879	-
Special reserve	87,810	-	82,988	-
Unappropriated earnings	2,039,001	1	845,180	-
Other equity	31,162	-	(62,874)	-
Treasury shares	(3,508)	-	(3,508)	-
Total equity attributable to owners of the Bank	18,360,567	6	14,240,895	5
NON-CONTROLLING INTERESTS	1	-	7,143	-
Total equity	18,360,568	6	14,248,038	5
TOTAL	$ 329,638,698	100	$ 293,068,976	100

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

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
INTEREST REVENUE	$ 6,387,786	120	$ 5,679,484	120	12
LESS: INTEREST EXPENSE	2,608,819	49	2,328,071	49	12
NET INTEREST (Notes 4, 27 and 38)	3,778,967	71	3,351,413	71	13
NET REVENUES OTHER THAN INTEREST (Note 4)					
Commission and fee revenues, net (Note 28)	987,177	19	902,418	19	9
Gains on financial assets and liabilities at fair value through profit or loss (Note 29)	169,332	3	169,848	4	-
Realized gains on available-for-sale financial assets (Note 30)	44,704	1	11,411	-	292
Foreign exchange gains	89,829	2	78,135	2	15
Reversal of impairment loss on assets (Notes 5 and 31)	16,128	-	27,222	-	(41)
Securities brokerage income	51,270	1	48,036	1	7
Gains on financial assets carried at cost	54,780	1	29,949	1	83
Purchased claim revenue received	42,656	1	56,677	1	(25)
Rental income	54,222	1	55,055	1	(2)
Other noninterest net revenues (Note 32)	16,833	-	14,185	-	19
Total net revenues other than interest	1,526,931	29	1,392,936	29	10
TOTAL NET REVENUES	5,305,898	100	4,744,349	100	12
(REVERSAL OF ALLOWANCE) ALLOWANCE FOR DOUBTFUL ACCOUNTS AND GUARANTEES (Notes 4, 5, 11 and 38)	(202,083)	(4)	778,402	16	(126)

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
OPERATING EXPENSES					
Employee benefits (Notes 4, 24, 33 and 38)	$ 2,045,431	39	$ 1,948,444	41	5
Depreciation and amortization (Notes 4 and 34)	161,556	3	175,693	4	(8)
Others (Note 35)	957,857	18	817,720	17	17
Total operating expenses	3,164,844	60	2,941,857	62	8
INCOME BEFORE INCOME TAX	2,343,137	44	1,024,090	22	129
INCOME TAX EXPENSE (Notes 4, 5 and 36)	352,618	7	163,362	4	116
NET INCOME	1,990,519	37	860,728	18	131
OTHER COMPREHENSIVE INCOME (Note 36)					
Exchange differences on translating foreign operations	28,317	1	12,702	-	123
Unrealized gain on available-for-sale financial assets	67,770	1	6,668	-	916
Actuarial loss arising from defined benefit plans	(4,610)	-	(1,717)	-	168
Income tax relating to the components of other comprehensive income	(1,267)	-	(989)	-	28
Other comprehensive income for the year, net of income tax	90,210	2	16,664	-	441
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,080,729	39	$ 877,392	18	137
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	$ 1,990,403	38	$ 860,500	18	131
Non-controlling interests	116	-	228	-	(49)
	$ 1,990,519	38	$ 860,728	18	131

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 2,080,613	39	$ 877,180	18	137
Non-controlling interests	116	-	212	-	(45)
	$ 2,080,729	39	$ 877,392	18	137
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 37)					
Basic	$1.40		$0.63		
Diluted	$1.40		$0.63		

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

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank											
								Other Equity				
	Share Capital (Note 26)			Retained Earnings (Notes 26 and 39)								
	Shares in Thousand	Ordinary Shares	Capital Surplus (Note 26)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized (Loss) Gain on Available-for-sale Financial Assets (Notes 4 and 26)	Treasury Shares (Note 26)	Non-controlling Interests (Note 26)	Total Equity
BALANCE AT JANUARY 1, 2013	1,274,973	$ 12,749,730	$ -	$ -	$ 24,936	$ 69,021	$ 93,957	$ (4,604)	$ (76,360)	$ (3,508)	$ 6,931	$ 12,766,146
Appropriation of the 2012 earnings												
Legal reserve	-	-	-	24,879	-	(24,879)	-	-	-	-	-	-
Special reserve	-	-	-	-	58,052	(58,052)	-	-	-	-	-	-
Net profit for the year ended December 31, 2013	-	-	-	-	-	860,500	860,500	-	-	-	228	860,728
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	(1,410)	(1,410)	11,421	6,669	-	(16)	16,664
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	859,090	859,090	11,421	6,669	-	212	877,392
Issue of ordinary shares for cash	60,000	600,000	-	-	-	-	-	-	-	-	-	600,000
Share-based payment transactions	-	-	4,500	-	-	-	-	-	-	-	-	4,500
BALANCE AT DECEMBER 31, 2013	1,334,973	13,349,730	4,500	24,879	82,988	845,180	953,047	6,817	(69,691)	(3,508)	7,143	14,248,038
Appropriation of the 2013 earnings												
Legal reserve	-	-	-	253,554	-	(253,554)	-	-	-	-	-	-
Special reserve	-	-	-	-	4,822	(4,822)	-	-	-	-	-	-
Share dividends - common stock	53,399	533,989	-	-	-	(533,989)	(533,989)	-	-	-	-	-
Net profit for the year ended December 31, 2014	-	-	-	-	-	1,990,403	1,990,403	-	-	-	116	1,990,519
Other comprehensive income or the year ended December 31, 2014, net of income tax	-	-	-	-	-	(3,826)	(3,826)	26,266	67,770	-	-	90,210
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	1,986,577	1,986,577	26,266	67,770	-	116	2,080,729
Issue of ordinary shares for cash	200,000	2,000,000	-	-	-	-	-	-	-	-	-	2,000,000
Acquisition of subsidiaries	-	-	-	-	-	(391)	(391)	-	-	-	(7,258)	(7,649)
Share-based payment transactions	-	-	39,450	-	-	-	-	-	-	-	-	39,450
BALANCE AT DECEMBER 31, 2014	1,588,372	$ 15,883,719	$ 43,950	$ 278,433	$ 87,810	$ 2,039,001	$ 2,405,244	$ 33,083	$ (1,921)	$ (3,508)	$ 1	$ 18,360,568

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

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,343,137	$ 1,024,090
Adjustments for:		
Depreciation expenses	149,273	160,619
Amortization expenses	12,283	15,074
(Reversal of allowance) allowance for doubtful accounts and guarantees	(202,083)	778,402
Interest expenses	2,608,819	2,328,071
Interest revenues	(6,387,786)	(5,679,484)
Dividend income	(81,233)	(51,780)
Decrease in provisions	(11,182)	(35,335)
Share-based payments	39,450	4,500
Loss on disposal of property and equipment	40	62
(Gain) loss on disposal of available-for-sale financial assets	(23,720)	8,430
Reversal of impairment loss on financial assets	(16,128)	(27,222)
Loss on disposal of collaterals assumed	-	110
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(5,691,247)	1,729,173
Increase in financial assets at fair value through profit or loss	(3,425,673)	(10,339,009)
Increase in receivables	(676,517)	(694,614)
Increase in discounts and loans	(12,720,123)	(13,616,458)
Decrease in deposits from the Central Bank and banks	(613,000)	(1,069,614)
(Decrease) increase in financial liabilities at fair value through profit or loss	(2,671)	6,054
Increase (decrease) in securities sold under agreements to repurchase	3,403,297	(1,472,704)
Increase (decrease) in payables	520,193	(1,061,038)
Increase in deposits and remittances	28,059,223	29,066,423
Net cash generated from operations	7,284,352	1,073,750
Interest received	6,166,063	5,625,764
Dividends received	98,443	51,780
Interest paid	(2,605,603)	(2,335,609)
Income tax received (paid)	2,667	(38,477)
Net cash generated from operating activities	10,945,922	4,377,208
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(215,413,352)	(5,233,052)
Proceeds from disposal of available-for-sale financial assets	171,948,801	3,111,433
Acquisition of held-to-maturity financial assets	-	(103,210)
Proceeds from repayments of held-to-maturity financial assets	4,100	200,000
Acquisition of property and equipment	(152,515)	(80,778)
Proceeds from disposal of property and equipment	50	122
Acquisition of intangible assets	(7,996)	(6,441)
Proceeds from disposal of collaterals assumed	-	5,214

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Increase in other financial assets	$ (877,939)	$ (1,818,986)
Increase in other assets	(52,620)	(6,149)
Net cash used in investing activities	(44,551,471)	(3,931,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,109,000	412,000
Issue of bank debentures	3,000,000	1,500,000
Repayment of bank debentures on maturity	(3,201,400)	(302,500)
Increase in other financial liabilities	99,025	49,540
Increase in other liabilities	31,902	47,033
Proceeds from issue of ordinary shares	2,000,000	600,000
Acquisition of subsidiary	(7,649)	-
Net cash generated from financing activities	3,030,878	2,306,073
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	24,011	12,258
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(30,550,660)	2,763,692
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	42,411,382	39,647,690
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 11,860,722	$ 42,411,382

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2014 and 2013:

	December 31	
	2014	2013
Cash and cash equivalents in consolidated balance sheets	$ 6,778,753	$ 4,186,300
Due from the Central Bank and call loans to other banks reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	4,971,969	36,273,021
Securities purchased under agreements to resell reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	110,000	1,952,061
Cash and cash equivalents in consolidated statements of cash flows	$ 11,860,722	$ 42,411,382

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunny Bank Ltd. (the "Bank") is a public company that deals with: (1) businesses eligible for commercial banks to operate as stated in the Act of Banking; (2) all kinds of deposit and trust business; (3) other relevant businesses approved by central authorities; (4) planning, management and operating a trust businesses stated in the Act of Banking (Department of Trust), as well as investment of national negotiable securities and trust operations. Until December 31, 2014, the Bank had 99 branches nationwide in total.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 6, 2015.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 and No. 10310006010 issued by the Financial Supervisory Commission (FSC), stipulated that the Bank and its subsidiaries (collectively referred to as the "Group") should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Except for the following, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks have not had any material impact on the Group's accounting policies:

1) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

2) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

   The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

3) Revision to IAS 19 "Employee Benefits"

   Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to deferred net tax assets, defined benefit plan liabilities and retained earnings.

In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The anticipated impact of the initial application of the revised IAS 19 is detailed as follows:

Impact on Assets, Liabilities and Equity	**Carrying Amount**	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount**
December 31, 2014			
Deferred tax assets	$ 393,523	$ (3,801)	$ 389,722
Total effect on assets	$ 393,523	$ (3,801)	$ 389,722
Defined benefit plan liabilities	$ 200,850	$ (22,359)	$ 178,491
Total effect on liabilities	$ 200,850	$ (22,359)	$ 178,491
Retained earnings	$ 2,039,001	$ 18,558	$ 2,057,559
Total effect on equity	$ 2,039,001	$ 18,558	$ 2,057,559
January 1, 2014			
Deferred tax assets	$ 690,445	$ (4,108)	$ 686,337
Total effect on assets	$ 690,445	$ (4,108)	$ 686,337
Defined benefit plan liabilities	$ 196,093	$ (24,166)	$ 171,927
Total effect on liabilities	$ 196,093	$ (24,166)	$ 171,927
Retained earnings	$ 845,180	$ 20,058	$ 865,238
Total effect on equity	$ 845,180	$ 20,058	$ 865,238

Impact on Total Comprehensive Income	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
For the year ended December 31, 2014			
Operating expense	$ 3,164,844	$ 1,807	$ 3,166,651
Income tax expense	352,618	(307)	352,311
Total effect on net profit for the year	3,517,462	1,500	3,518,962
Total effect on total comprehensive income for the year	$ 3,517,462	$ 1,500	$ 3,518,962

4) Amendments to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

In summary, the anticipated impact of the application of the 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks is summarized as below:

Impact on Assets, Liabilities and Equity	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
December 31, 2014			
Deferred tax asset	$ 393,523	$ (3,801)	$ 389,722
Total effect on assets	$ 393,523	$ (3,801)	$ 389,722
Defined benefit plan liabilities	$ 200,850	$ (22,359)	$ 178,491
Total effect on liabilities	$ 200,850	$ (22,359)	$ 178,491
Retained earnings	$ 2,039,001	$ 18,558	$ 2,057,559
Total effect on equity	$ 2,039,001	$ 18,558	$ 2,057,559
January 1, 2014			
Deferred tax asset	$ 690,445	$ (4,108)	$ 686,337
Total effect on assets	$ 690,445	$ (4,108)	$ 686,337
Defined benefit plan liabilities	$ 196,093	$ (24,166)	$ 171,927
Total effect on liabilities	$ 196,093	$ (24,166)	$ 171,927
Retained earnings	$ 845,180	$ 20,058	$ 865,238
Total effect on equity	$ 845,180	$ 20,058	$ 865,238

Impact on Total Comprehensive Income	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
For the year ended December 31, 2014			
Operating expense	$ 3,164,844	$ 1,807	$ 3,166,651
Income tax expense	352,618	(307)	352,311
Total effect on net profit for the year	3,517,462	1,500	3,518,962
Total effect on total comprehensive income for the year	$ 3,517,462	$ 1,500	$ 3,518,962

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 3)
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method.

For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the guidelines issued by the authority, and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Since the operating cycle in the banking industry cannot be reasonably identified, the accounts included in the Group’s financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 43 for the maturity analysis of assets and liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e. its subsidiaries). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Please refer to Note 5.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Bank.

The consolidated entities as of December 31, 2014 and 2013 were as follows:

Investor Company	Subsidiary	Business Nature	Percentage of Shareholding (%) December 31 2014	2013
Sunny Bank Ltd.	Sunny Securities Co., Ltd. (hereinafter shortened as "Sunny Securities Co.")	Accepting orders to sell and purchase negotiable securities in centralized markets and its sales office, and dealing with commodity trading business	98.72	98.72
Sunny Bank Ltd.	King Sunny Assets Management Co., Ltd. (hereinafter shortened as "King Sunny Assets Management Co.")	Business related to the financial institution creditor's right (money) purchase	100.00	100.00
Sunny Bank Ltd.	Sunny Life Insurance Brokerage Co., Ltd. (hereinafter shortened as "Sunny Life Insurance Brokerage Co.")	Life insurance brokerage business	39.99	39.99
Sunny Bank Ltd.	Sunny Property & Insurance Brokerage Co., Ltd. (hereinafter shortened as "Sunny Property & Insurance Co.")	Property and insurance brokerage business	20.00	20.00
Sunny Bank Ltd.	Sunny International Leasing Co. (hereinafter shortened as "Sunny International Leasing Co.")	Financing and leasing business	100.00	100.00
Sunny Securities Co.	Sunny Life Insurance Brokerage Co.	Life insurance brokerage business	60.00	60.00
Sunny Life Insurance Brokerage Co.	Sunny Property & Insurance Co.	Property and insurance brokerage business	40.00	40.00
King Sunny Assets Management Co.	Sunny Property & Insurance Co.	Property and insurance brokerage business	40.00	40.00
Sunny International Leasing Co.	Sunny Securities Co.	Accepting orders to sell and purchase negotiable securities in centralized markets and its sales office, and dealing with commodity trading business	1.28	-
Sunny International Leasing Co.	Sunny Finance Lease (HK) Limited	Financing and leasing business	100.00	100.00
King Sunny Assets Management Co.	Sunny E-Commercial Co., Ltd. (hereinafter shortened as "Sunny E-Commercial Co.")	Internet, software design, information processing and retailing service	100.00	-
Sunny Finance Lease (HK) Limited	Sunny Finance and Leasing (China) Co., Ltd.	Financing and leasing business	100.00	100.00

Foreign Currencies

In preparing the financial statements of each Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income which was attributed to owners of the Bank and non-controlling interests, respectively.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement category

   Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables.

   1) Financial assets at fair value through profit or loss

      Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss. These financial assets shall be stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

      Financial instruments shall be appropriately classified as held for trading if:

      a) Assets are acquired principally for the purpose of sale in the near term.

      b) Upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

      c) Assets that are derivative financial assets, except for derivative financial assets that are financial guarantee contracts or designated and effective hedging instruments.

      A financial asset is designated as at fair value through profit or loss upon initial recognition if:

      a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise without this designation; or

      b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

      c) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

      Fair value is determined in the manner described in Note 42.

2) Available-for-sale financial assets

   Available-for-sale financial assets are non-derivatives that either are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

   Fair value is determined in the manner described in Note 42.

   Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

   The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts on financial instrument acquisition or issue) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

   Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

   Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3) Held-to-maturity investments

   Held-to-maturity investments are nonderivative financial assets with fixed or determinable payments and fixed maturity dates that the Group have the positive intent and ability to hold to maturity other than those that the Group upon initial recognition designate as at fair value through profit or loss, or designate as available for sale, or meet the definition of loans and receivables.

   Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

4) Loans and receivables

   Loans and receivables are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

5) Cash equivalents

   Cash equivalents include demand deposits and investments with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

In determining the allowance for credit losses and provision for losses on guarantees, the Group assesses the collectability of discounts and loans, receivables, and other financial assets, as well as guarantees and acceptances as of the balance sheet date.

Loans and receivables are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the foregoing discounts and loans, receivables, and other financial assets, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Debtors' liabilities are reclassified as overdue on the measurement date.

- Debtors have unpaid interest or overdue capital on the measurement date.

- Those are warned based on the Bank's mechanism of for abnormal or alerting borrower.

- Debtors who have submitted requests to the Bank due to financial difficulties.

- Those who ever participated in debt negotiation (including the 2006 debt negotiation mechanism, individual consistency, pre-negotiation, regeneration and liquidation).

Discounts and loans, receivables, and other financial assets that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of discounts and loans, receivables, and other financial assets could include the Bank's past experience of collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on loans and receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collaterals and guarantees, discounted at the original effective interest rates. The carrying amount of the discounts and loans, receivables, and other financial assets is reduced through the use of an allowance account.

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations"), the Bank evaluates credit losses on the basis of the estimated collectability. In accordance with the Regulations, credit assets are classified as normal assets, assets that require special mentioned, assets with substandard, assets with doubtful collectability, and assets on which there is loss. The Bank evaluates value of collaterals of specified loans and assesses recoverabilities of nonperforming loans.

Based on the above Regulations, the minimum allowance for credit losses and provision for losses on guarantees for assets that are normal excluding claims against ROC government agencies that require special mentioned, assets that are substandard, assets with doubtful collectability, and assets on which there is loss were 1%, 2%, 10%, 50% and 100%, respectively of outstanding.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced through the use of an allowance account, accumulated impairment account, or book value. When those financial assets are considered uncollectible, they are written off against the allowance account and accumulated impairment account. Subsequent recoveries of amounts previously written off are debited against the bad debt expense or credited against the allowance account in according with Regulations Governing the Preparation of Financial Reports by Public Banks.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Group is classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Equity and debt instruments are recognized at the proceeds received, net of direct issue costs.

a. Measurement and recognition

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities are classified as designated as at fair value through profit or loss if:

1) Liabilities that are incurred principally for the purpose of repurchasing them in the near term.

2) Upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

3) Liabilities that are derivative financial liabilities, except for derivative financial liabilities that are financial guarantee contracts or designated and effective hedging instruments.

Fair value is determined in the manner described in Note 42.

Financial guarantee contracts

Financial guarantee contracts issued by the Group is initially recognized at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at amortized cost.

If obligation of a financial guarantee contract will most likely to be paid, it will be measured at the higher of the best estimate or the amortized amount of the obligation under the contract.

b. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative Financial Instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Repurchase and Reverse Repurchase Transactions

Securities purchased under agreements to resell (reverse repurchase) agreements and securities sold under agreements to repurchase are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

Margin Loans and Stock Loans

Margin loans pertain to the provision of funds to customers for them to buy securities. The securities bought by customers are used to secure these loans and are recorded through memo entries as “collateral securities.” The collateral securities are returned when the loans are repaid.

Stock loans are securities lent to customers for short sales. The deposits received from customers on securities lent out are credited to “deposits on short sale.” The securities sold short are recorded as “stock loans” using memo entries. The proceeds of the sales of securities lent to customers less any dealer’s commission, financing charges and securities exchange tax are recorded under “short sales proceeds payable.” When the customers return the stock certificates to Sunny Securities Co., Sunny Securities Co. gives back to customers the deposits received and the proceeds of the sales of securities.

“Refinancing borrowings” refer to borrowings obtained from the Bank by securities finance corporations when they have insufficient securities for margin loan purchases and short sale of securities. Guarantee deposits or collaterals are recorded as refinancing guarantee deposit. Payments collected from the clients in short sales and guarantee deposits from securities finance corporations are recorded as “short sales proceeds payable” and “refinancing deposits receivable,” respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Assets are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Intangible assets acquired in a business combination

   Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss, on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

   Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combinations.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Collaterals Assumed

Collaterals assumed are recorded at cost and revalued at the lower of cost or net fair value as of the balance sheet date.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions, including those arising from contractual obligation specified in service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee Benefits

a. Retirement benefit costs

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

   For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

   The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

   Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

b. Preferential interest on employees' deposits

   The Group offers preferential interest rate to its current employees and retired employees for their deposits within a prescribed amount. The preferential rate in excess of market interest rate is considered employees benefits.

   Under Article 28 of the Regulations Governing the Preparation of Financial Reports by Public Banks, if the Bank's preferential deposit interest rate for as stated in the employment contract exceeds the market interest rate, the excess will be subject to IAS 19 "Employee Benefits" upon the employee's retirement. The actuarial valuation assumptions and parameters are based on those announced by authority, if any.

Revenue Recognition

a. Interest income and expense

   Transaction costs and all other premium or discounts associated with the loans and receivables are adjusted to the carrying amount of the loans and receivables. The calculation of effective interest rate includes transaction costs and all other premium or discounts paid or received by the Bank that is an integral part of the effective interest rate.

   Interest should not be accrued for loans that are transferred to nonperforming loans. The interest revenue on those loans/credits is recognized upon collection.

Under Ministry of Finance (MOF) regulations, the interest revenue on structured loans is recognized upon collection.

Interest income on revolving credit card receivables and cash advance is recognized on an accrual basis.

b. Commission revenue

Commission fee revenue and expenses are recognized when loans or other services are provided. Service fees on significant projects are recognized when the project has been completed, for instance, loans syndicated fees are recognized over the period during which the service is performed, or as an adjustment to the effective interest rate on the loan and receivables.

Annual fee income is the membership fee received from card members and is recognized when card members fail to meet the criteria for annual fee exemption.

c. Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Share-based Payment Arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense immediately in fully at the grant date when the share options granted vest.

Income Tax

Income tax expense represents the sum of the currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment loss on loans and receivables

The Group reviews loan portfolios to assess impairment periodically. In determining whether an impairment loss should be recorded, the Group makes judgments on whether there are any observable data indicating that impairment. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers (e.g., payment delinquency or default), or economic conditions that correlate with defaults on assets. To assess impairment, the management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to decrease the difference between estimated loss and actual loss.

Impairment losses on loans and receivables are shown in Note 11.

b. Fair value of financial instruments

As described in Note 42, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments with no quoted market prices in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are based on quoted market rates adjusted for specific features of the instruments. Other financial instruments were valued using a discounted cash flow analysis that includes assumptions based on quoted market prices or rates (if available). The measurement of the fair value of unlisted equity investments includes assumptions not based on observable market prices or rates. Note 42 provides information on the key assumptions used determining the fair value of financial instruments. The Group's management believes that the chosen valuation techniques and assumption used are appropriate in determining the fair value of financial instruments.

c. Impairment of goodwill

Determining goodwill impairment requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and to use a suitable discount rate to calculate the present value of these cash flows. When the actual future cash flows are less than expected, a material impairment loss may arise.

Impairment of goodwill is shown in Note 16.

d. Income tax

As of December 31, 2014 and 2013, the carrying amounts of deferred income tax assets were $393,523 and $690,445, respectively. The realizability of the deferred income tax assets mainly depend on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a material reversal of deferred income tax assets may arise, which would be recognized in profit or loss for the period in which reversal takes place.

e. Employee benefit obligation reserve

The present value of defined benefit obligation and preferential interest on employees' deposits are based on several actuarial assumptions. Any changes on these assumptions will influence the fair value of the employee benefit obligations.

One of the assumptions used to determine net pension cost (income) pertains to the discount rate. The Group determines the appropriate discount rate at the end of each year, and uses the rate to calculate the present value of future cash flows on the estimated payment of employee benefit obligation.

The employee benefit obligation reserve is shown in Note 24.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand	$ 2,891,189	$ 2,793,573
Checks for clearing	1,229,796	648,182
Bank deposits and due from other banks	2,657,768	744,545
	$ 6,778,753	$ 4,186,300

Cash and cash equivalents as of December 31, 2014 and 2013 as shown in the consolidated statement of cash flow can be reconciled to the related items in the consolidated balance sheets as follows:

	December 31	
	2014	2013
Cash and cash equivalents in consolidated balance sheets	$ 6,778,753	$ 4,186,300
Due from the Central Bank and call loans to other banks that meet the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	4,971,969	36,273,021
Securities purchased under agreement to resell that meet the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	110,000	1,952,061
Cash and cash equivalents listed in the consolidated statements of cash flows	$ 11,860,722	$ 42,411,382

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	December 31	
	2014	2013
Deposit reserve - checking accounts	$ 8,837,012	$ 3,733,968
Deposit reserve - demand accounts	7,565,850	6,984,393
Deposit reserve - foreign currencies	18,934	12,188
Deposits transferred to Central Bank	-	35,300,000
Call loans and overdraft to banks	4,567,392	569,050
Due from the Central Bank - interbank settlement funds	404,577	403,971
	$ 21,393,765	$ 47,003,570

Under a directive issued by the Central Bank of the ROC, Deposit reserves of Bank are determined monthly at prescribed rates based on average balances of customers' deposits. Except for deposit reserve - demand account should not be used, except for adjusting the deposit reserve amount monthly. Other deposit reserves can be withdrawn momentarily anytime at no interest.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Held-for-trading financial assets		
Commercial papers	$ 17,754,973	$ 13,793,719
Beneficial certificates	266,013	577,888
Government bonds	151,203	52,164
Stocks	17,087	324,588
Currency swap contracts	12,184	1,022
Forward contracts	110	-
Negotiable certificates of deposits	-	201,668
	18,201,570	14,951,049
Financial assets designated at fair value through profit or loss		
Convertible corporate bonds	103,400	-
	$ 18,304,970	$ 14,951,049

(Continued)

	December 31	
	2014	2013
Held-for-trading financial liabilities		
Currency swap contracts	$ 6,974	$ 9,500
Forward contracts	333	478
	$ 7,307	$ 9,978

(Concluded)

The Group engages in derivative transactions mainly to accommodate customers' needs, control their capital movement and manage their own risk.

Outstanding derivative contracts as of December 31, 2014 and 2013 are shown as follows:

	December 31	
	2014	2013
Currency swap contracts	$ 1,593,306	$ 1,670,479
Forward contracts	15,407	25,814
Convertible corporate bonds with interest rate swap contracts	103,000	-

9. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	December 31	
	2014	2013
Corporate bonds	$ 55,000	$ 5,000
Government bonds	55,000	-
Commercial paper	-	1,947,061
	$ 110,000	$ 1,952,061
Amounts of resell agreements	$ 110,023	$ 1,952,874
Dates of resell agreements	2015.1.8-3.9	2014.1.9-2.24

Securities purchased under agreement to resell are not underlying for agreements to repurchase.

10. RECEIVABLES, NET

	December 31	
	2014	2013
Lease receivables	$ 1,666,607	$ 601,034
Credit card receivables	535,994	541,132
Interest receivables	469,824	354,881
Purchased claim receivables	257,467	298,737
Acceptances	168,897	149,160
Account receivable - settlement	110,276	242,629
Account receivables	98,269	197,488

(Continued)

	December 31	
	2014	2013
Settlement receivables	$ 10,749	$ 130,140
Other receivables	232,578	268,362
	3,550,661	2,783,563
Less: Allowance for credit losses (Note 11)	507,416	590,245
Net amount	$ 3,043,245	$ 2,193,318
Minimum lease payments receivables	$ 1,806,330	$ 666,817
Less: Unearned finance income	139,723	65,783
Present value of minimum lease payment	$ 1,666,607	$ 601,034

(Concluded)

11. DISCOUNTS AND LOANS, NET

	December 31	
	2014	2013
Export negotiation	$ 55,437	$ 78,237
Short-term loans	17,723,902	19,830,527
Secured short-term loans	44,210,957	39,372,822
Margin loan receivables	464,912	386,321
Medium-term loans	19,138,170	16,060,712
Secured medium-term loans	56,246,323	45,263,292
Long-term loans	2,045,260	2,122,076
Secured long-term loans	77,694,536	81,299,400
Nonperforming loans transferred from loans	463,293	985,307
	218,042,790	205,398,694
Less: Premium or discount on discounts and loans	5,525	10,991
Less: Allowance for credit losses	2,345,646	2,580,123
Net amount	$ 215,691,619	$ 202,807,580

Please refer to Note 43 for the analysis of impairment loss on receivables, and discounts and loans.

The Group assessed the collectability of discounts and loans, and receivables to determine the required allowance and to appropriately provide for guarantee liability. Movements of the allowance of discounts and loans, receivables, nonperforming loans transferred from other than loans and guarantee liabilities are shown as follows:

	2014						
	Discounts and Loans				Non-performing Loans Transferred from Other than Loans	Provision for Guarantee Liability	
	Specific Risk	General Risk	Subtotal	Receivables			Total
Balance, January 1	$ 491,543	$ 2,088,580	$ 2,580,123	$ 590,245	$ 1,995	$ 29,026	$ 3,201,389
Provisions (reversal)	101,204	(207,295)	(106,091)	(88,932)	-	(7,060)	(202,083)
Write-off	(475,756)	-	(475,756)	(618)	(13,011)	-	(489,385)
Recovery of written-off credits	346,302	-	346,302	-	19,522	-	365,824
Reclassification	-	-	-	6,691	(6,691)	-	-
Effect of exchange rate charges	1,068	-	1,068	30	-	-	1,098
Balance, December 31	$ 464,361	$ 1,881,285	$ 2,345,646	$ 507,416	$ 1,815	$ 21,966	$ 2,876,843

	2013						
	Discounts and Loans				Non-performing Loans Transferred from Other than Loans	Provision for Guarantee Liability	
	Specific Risk	General Risk	Subtotal	Receivables			Total
Balance, January 1	$ 453,656	$ 1,441,624	$ 1,895,280	$ 631,615	$ 2,178	$ 22,395	$ 2,551,468
Provisions (reversal)	158,457	646,956	805,413	(33,772)	130	6,631	778,402
Write-off	(311,280)	-	(311,280)	(14,004)	(17,111)	-	(342,395)
Recovery of written-off credits	190,198	-	190,198	4,336	18,868	-	213,402
Reclassification	-	-	-	2,070	(2,070)	-	-
Effect of exchange rate charges	512	-	512	-	-	-	512
Balance, December 31	$ 491,543	$ 2,088,580	$ 2,580,123	$ 590,245	$ 1,995	$ 29,026	$ 3,201,389

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Negotiable certificates of deposits	$ 38,801,011	$ -
Government bonds	7,927,818	3,740,339
Corporate bonds	1,201,650	448,011
Commercial papers	738,250	439,165
Stocks	5,298	296,681
	$ 48,674,027	$ 4,924,196

As of December 31, 2014 and 2013, the principal of bond investments amounting to $3,600,000 and $0, had been sold under repurchase agreements, respectively.

Please refer to Note 40 for information on available-for-sale financial assets pledged as security.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2014	2013
Government bonds	$ 1,067,515	$ 1,071,615

As of December 31 2014 and 2013, the principal of bond investments amounting to $300,000 and $500,000, had been sold under repurchase agreements, respectively.

Please refer to Note 40 for information relating to held-to-maturity financial assets pledged as security.

14. OTHER FINANCIAL ASSETS, NET

	December 31	
	2014	2013
Financial assets carried at cost		
Unlisted common stocks		
Financial Information Service Co., Ltd.	$ 115,771	$ 115,771
Taiwan Financial Asset Service Co., Ltd.	50,000	50,000
Taiwan Depository and Clearing Co., Ltd.	21,490	21,490

(Continued)

	December 31	
	2014	2013
Protop Technology Co., Ltd.	$ 10,782	$ 10,782
Taiwan Mobile Payment Co., Ltd.	6,000	-
Sunny Real Estate Management Co., Ltd.	3,000	3,000
Unlisted preferred stock		
Farglory Life Co., Ltd.	-	100,000
	207,043	301,043
Less: Accumulated impairment loss	10,782	10,782
	196,261	290,261
Debt instruments with no active markets		
Time deposits not qualifying as cash and cash equivalents	2,862,783	1,858,944
Structured time deposit	84,443	104,544
PPE trust beneficial right	30,000	30,000
Less: Accumulated impairment loss	63,333	75,742
	2,913,893	1,917,746
Other financial assets		
Nonperforming loans transferred from other than loans	4,079	4,353
Less: Allowance for credit losses (Note 11)	1,815	1,995
	2,264	2,358
	$ 3,112,418	$ 2,210,365

(Concluded)

The above financial assets carried at cost held by the Group have no active market and whose fair value cannot be reliably measured; therefore they were measured at cost less impairment at the end of reporting period.

The fair value of the debt instruments with no active markets held by the Group was determined by valuation approach.

Please refer to Note 40 for information relating to other financial asset pledged as security.

15. PROPERTY AND EQUIPMENT, NET

	December 31, 2014			
	Cost	Accumulated Depreciation	Accumulated Impairment Loss	Carrying Amount
Land	$ 7,341,110	$ -	$ 10,000	$ 7,331,110
Buildings	2,931,866	1,178,645	-	1,753,221
Machinery equipment	865,087	774,273	-	90,814
Transportation equipment	43,502	28,692	-	14,810
Other equipment	734,492	625,978	-	108,514
Leasehold improvement	30,153	27,245	-	2,908
Prepayments for equipment and construction in progress	64,417	-	-	64,417
Lease assets	262	88	-	174
	$ 12,010,889	$ 2,634,921	$ 10,000	$ 9,365,968

	December 31, 2013			
	Cost	Accumulated Depreciation	Accumulated Impairment Loss	Carrying Amount
Land	$ 7,341,110	$ -	$ 10,000	$ 7,331,110
Buildings	2,931,866	1,111,885	-	1,819,981
Machinery equipment	810,892	744,126	-	66,766
Transportation equipment	35,824	24,649	-	11,175
Other equipment	683,165	601,024	-	82,141
Leasehold improvement	29,723	24,171	-	5,552
Prepayments for equipment and construction in progress	54,972	-	-	54,972
Lease assets	145	6	-	139
	$ 11,887,697	$ 2,505,861	$ 10,000	$ 9,371,836

The movements of property and equipment for the years ended December 31, 2014 and 2013 are summarized as follows:

	For the Year Ended December 31, 2014								
	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Lease Assets	Total
Cost									
Balance, January 1	$ 7,341,110	$ 2,931,866	$ 810,892	$ 35,824	$ 683,165	$ 29,723	$ 54,972	$ 145	$ 11,887,697
Additions	-	-	56,474	7,729	63,000	450	24,584	117	152,354
Disposals	-	-	(4,169)	(51)	(16,067)	(20)	-	-	(20,307)
Reclassification	-	-	1,890	-	4,383	-	(15,139)	-	(8,866)
Effect of foreign currency exchange differences	-	-	-	-	11	-	-	-	11
Balance, December 31	7,341,110	2,931,866	865,087	43,502	734,492	30,153	64,417	262	12,010,889
Accumulated depreciation									
Balance, January 1	-	1,111,885	744,126	24,649	601,024	24,171	-	6	2,505,861
Depreciation	-	66,760	34,316	4,094	40,929	3,092	-	82	149,273
Disposals	-	-	(4,169)	(51)	(15,979)	(18)	-	-	(20,217)
Effect of foreign currency exchange differences	-	-	-	-	4	-	-	-	4
Balance, December 31	-	1,178,645	774,273	28,692	625,978	27,245	-	88	2,634,921
Accumulated impairment loss									
Balance, January 1	10,000	-	-	-	-	-	-	-	10,000
Balance, December 31	10,000	-	-	-	-	-	-	-	10,000
Net amount									
Balance, December 31	$ 7,331,110	$ 1,753,221	$ 90,814	$ 14,810	$ 108,514	$ 2,908	$ 64,417	$ 174	$ 9,365,968

	For the Year Ended December 31, 2013								
	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Lease Assets	Total
Cost									
Balance, January 1	$ 7,341,110	$ 2,931,866	$ 815,641	$ 33,412	$ 668,818	$ 29,588	$ 49,113	$ -	$ 11,869,548
Additions	-	-	26,290	3,410	29,101	285	22,226	145	81,457
Disposals	-	-	(38,812)	(998)	(20,716)	(150)	-	-	(60,676)
Reclassification	-	-	7,773	-	5,962	-	(16,367)	-	(2,632)
Balance, December 31	7,341,110	2,931,866	810,892	35,824	683,165	29,723	54,972	145	11,887,697
Accumulated depreciation									
Balance, January 1	-	1,044,989	740,316	22,030	577,552	20,847	-	-	2,405,734
Depreciation	-	66,896	42,556	3,617	44,116	3,428	-	6	160,619
Disposals	-	-	(38,746)	(998)	(20,644)	(104)	-	-	(60,492)
Balance, December 31	-	1,111,885	744,126	24,649	601,024	24,171	-	6	2,505,861
Accumulated impairment loss									
Balance, January 1	10,000	-	-	-	-	-	-	-	10,000
Balance, December 31	10,000	-	-	-	-	-	-	-	10,000
Net amount									
Balance, December 31	$ 7,331,110	$ 1,819,981	$ 66,766	$ 11,175	$ 82,141	$ 5,552	$ 54,972	$ 139	$ 9,371,836

The above items of property and equipment were depreciated on a straight-line basis at the following estimated lives:

Items	Years
Buildings	7 to 61 years
Machinery equipment	3 to 9 years
Transportation equipment	3 to 21 years
Other equipment	3 to 21 years
Leasehold improvement	25 years, depreciates over the lease period if below 25 years
Lease assets	2 years

The Group does not have property and equipment pledged as security.

16. INTANGIBLE ASSETS, NET

	December 31	
	2014	**2013**
Goodwill	$ 1,034,579	$ 1,034,579
Computer software	21,841	13,923
	$ 1,056,420	$ 1,048,502

The movements of intangible assets are shown as follows:

	For the Year Ended December 31	
	2014	**2013**
Balance, January 1	$ 1,048,502	$ 1,051,971
Additions	7,996	6,441
Amortization	(8,944)	(12,542)
Reclassifications	8,866	2,632
Balance, December 31	$ 1,056,420	$ 1,048,502

The Group takes impairment review of goodwill annually or more frequently if events or changes in circumstance indicate goodwill impairment. After assessment, the Group found no objective evidence that goodwill had been impaired.

The above items of intangible assets with definite life were amortized on a straight line basis over the following years.

Item	Years
Computer software	3-5 years

17. OTHER ASSETS, NET

	December 31	
	2014	**2013**
Collaterals assumed		
Cost	$ 20,859	$ 20,859
Less: Accumulated impairment loss	6,367	6,367
Collaterals assumed, net	14,492	14,492
Refundable deposits	207,549	214,313
Operating deposits, clearing and settlement fund	177,280	175,795
Prepayments	75,542	52,748
Others	105,255	73,489
	$ 580,118	$ 530,837

18. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2014	**2013**
Due to banks	$ 4,585,000	$ 5,201,000
Call loans from banks	600,000	500,000
Deposits from Chunghwa Post Co., Ltd.	1,298,606	1,395,606
	$ 6,483,606	$ 7,096,606

19. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	December 31	
	2014	**2013**
Government bonds	$ 3,903,419	$ -
Bills	-	500,122
	$ 3,903,419	$ 500,122
Agreed-upon repurchase price	$ 3,907,360	$ 500,867
Maturity date	2015.1.05-3.25	2014.1.23-3.24

20. PAYABLES

	December 31	
	2014	**2013**
Notes and checks in clearing	$ 1,229,796	$ 648,182
Accrued expenses	518,670	380,847
Interest payables	373,009	370,747
Bill for collection	288,118	314,025
Acceptances payable	168,611	150,899
Accounts payable for settlement	119,883	361,121
Other payables	403,082	285,936
	$ 3,101,169	$ 2,511,757

21. DEPOSITS AND REMITTANCES

	December 31	
	2014	2013
Checking	$ 2,819,971	$ 2,905,330
Demand	35,301,552	34,507,990
Time deposits	83,597,626	64,164,366
Savings	164,542,620	156,623,703
Remittances	17,586	18,743
	$ 286,279,355	$ 258,220,132

22. BANK DEBENTURES

To raise capital for its financial operation and increase its capital adequacy ratio, the Bank obtained approval to issue bank debentures, as follows:

	Maturity Date	Rates	December 31 2014	December 31 2013
First subordinated bank debentures issued in 2007 (A)	2007.04.09-2014.04.09 Principal is repayable on maturity date.	Fixed interest rate of 3.00%. Interest is paid annually.	$ -	$ 1,800,000
First subordinated bank debentures issued in 2007 (B)	2007.04.09-2014.04.09 Principal is repayable on maturity date.	Variable interest rate plus 0.60%. Interest is paid annually.	-	1,100,000
Third subordinated bank debentures issued in 2007 (A)	2007.12.26-2014.02.26 Principal is repayable on maturity date.	Fixed interest rate of 3.80%. Interest is paid annually.	-	257,500
Third subordinated bank debentures issued in 2007 (B)	2007.12.26-2014.02.26 Principal is repayable on maturity date.	Variable interest rate plus 0.95%. Interest is paid annually.	-	43,900
First subordinated bank debentures issued in 2009	2009.06.15-2015.01.15 Principal is repayable on maturity date.	Fixed interest rate of 3.00%. Interest is paid annually.	500,000	500,000
First subordinated bank debentures issued in 2010 (A)	2010.04.30-2017.04.30 Principal is repayable on maturity date.	Fixed interest rate of 3.25%. Interest is paid annually.	570,000	570,000
First subordinated bank debentures issued in 2010 (B)	2010.04.30-2017.04.30 Principal is repayable on maturity date.	Variable interest rate plus 1.83%. Interest is paid annually.	230,000	230,000
Second subordinated bank debentures issued in 2010 (A)	2010.10.29-2017.10.29 Principal is repayable on maturity date.	Fixed interest rate of 3.25%. Interest is paid annually.	500,000	500,000
Second subordinated bank debentures issued in 2010 (B)	2010.10.29-2017.10.29 Principal is repayable on maturity date.	Variable interest rate plus 1.71%. Interest is paid annually.	300,000	300,000
Third subordinated bank debentures issued in 2010	2010.11.11-2017.10.11 Principal is repayable on maturity date.	Fixed interest rate of 3.25%. Interest is paid annually.	400,000	400,000
First subordinated bank debentures issued in 2011 (A)	2011.06.27-2018.06.27 Principal is repayable on maturity date.	Fixed interest rate of 2.85%. Interest is paid annually.	100,000	100,000
First subordinated bank debentures issued in 2011 (B)	2011.06.27-2018.06.27 Principal is repayable on maturity date.	Fixed interest rate of 1.25%. Interest is paid annually.	500,000	500,000
Second subordinated bank debentures issued in 2011	2011.09.30-2018.09.30 Principal is repayable on maturity date.	Variable interest rate plus 1.17%. Interest is paid annually.	200,000	200,000
First subordinated bank debentures issued in 2012 (A)	2012.05.30-2019.05.30 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	500,000	500,000
First subordinated bank debentures issued in 2012 (B)	2012.05.30-2019.05.30 Principal is repayable on maturity date.	Variable interest rate plus 0.97%. Interest is paid annually.	600,000	600,000
Second subordinated bank debentures issued in 2012	2012.06.29-2019.05.29 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	200,000	200,000
First subordinated bank debentures issued in 2013 (A)	2013.04.30-2020.04.30 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	1,450,000	1,450,000
First subordinated bank debentures issued in 2012 (B)	2013.04.30-2020.04.30 Principal is repayable on maturity date	Variable interest rate plus 0.77%. Interest is paid annually.	50,000	50,000
First subordinated bank debentures issued in 2014 (A)	2014.03.31-2021.03.31 Principal is repayable on maturity date.	Fixed interest rate of 2.35%. Interest is paid annually.	1,450,000	-
First subordinated bank debentures issued in 2014 (B)	2014.03.31-2021.03.31 Principal is repayable on maturity date.	Variable interest rate plus 0.67%. Interest is paid annually.	50,000	-
Second subordinated bank debentures issued in 2014	2014.08.26-2021.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.35%. Interest is paid annually.	700,000	-
Third subordinated bank debentures issued in 2014	2014.12.30-2021.12.30 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	800,000	-
			$ 9,100,000	$ 9,301,400

23. PROVISIONS

	December 31	
	2014	2013
Provisions for employee benefits (Note 24)	$ 204,786	$ 200,153
Provisions for claims	38,795	49,980
Provisions for guarantee liabilities (Note 11)	21,966	29,026
Provisions for decommissioning liabilities	7,601	7,171
	$ 273,148	$ 286,330

24. PROVISIONS FOR EMPLOYEE BENEFITS

	December 31	
	2014	2013
Recognized in consolidated balance sheets (accounts payable and provisions)		
Defined contribution plans	$ 13,464	$ 9,785
Defined benefit plans	200,850	196,093
Preferential interest rate plan for employees' deposits	3,936	4,060
	$ 218,250	$ 209,938

a. Defined contribution plans

The Bank, Sunny Securities Co., King Sunny Asset Management Co., Sunny Life Insurance Brokerage Co., Sunny Property & Insurance Co., Sunny International Leasing Co. and Sunny E-Commercial Co. of the Group, adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the years ended December 31, 2014 and 2013 was $64,879 and $60,248, respectively, which represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

The Bank and Sunny Securities Co. adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. They each contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2014	**2013**
Discount rates	2.125%	2.000%
Expected return on plan assets	1.750%	2.000%
Expected rates of salary increase	2.125%-2.250%	2.125%-2.500%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2014	**2013**
Current service cost	$ 9,945	$ 10,976
Interest cost	13,613	11,093
Expected return on plan assets	(10,297)	(8,930)
Past service cost	(1,807)	(1,807)
	$ 11,454	$ 11,332

Actuarial losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013 were $3,826 and $1,410, respectively. The cumulative actuarial losses recognized in other comprehensive income as of December 31, 2014 and 2013 were $28,084 and $24,258, respectively.

The amounts included in the consolidated balance sheets on the defined benefit obligations of the Bank and Sunny Securities were as follows:

	December 31	
	2014	**2013**
Present value of funded defined benefit obligation	$ 689,384	$ 692,980
Fair value of plan assets	(510,893)	(521,053)
Deficit	178,491	171,927
Past service cost not yet recognized	22,359	24,166
Provision for defined benefit plans	$ 200,850	$ 196,093

The movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2014	**2013**
Opening defined benefit obligation	$ 692,980	$ 695,662
Current service cost	9,945	10,976
Interest cost	13,613	11,093
Actuarial losses (gains)	400	(2,145)
Benefits paid	(27,554)	(22,606)
Closing defined benefit obligation	$ 689,384	$ 692,980

The movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2014	**2013**
Opening fair value of plan assets	$ 521,053	$ 476,606
Expected return on plan assets	10,297	8,930
Loss on plan assets	(7,113)	(6,508)
Contributions	11,307	61,983
Benefits paid	(27,554)	(22,606)
Adjustment of other gains	2,903	2,648
Closing fair value of plan assets	$ 510,893	$ 521,053

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $3,184 and $2,422, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31	
	2014	**2013**
Cash	19.12	22.86
Short-term bills	1.98	4.10
Bonds and securities	11.92	9.37
Securities and beneficiary certificate investments (including futures)	12.15	8.41
Fixed-income instruments	14.46	18.11
Equity instruments	19.20	15.41
Domestic delegated management	18.34	20.95
Others	2.83	0.79
	100.00	100.00

The Group chose to disclose prospectively the history of experience adjustments as the amounts determined for each accounting period from the date of transition to IFRSs (January 1, 2012):

	December 31, 2014	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**
Present value of defined benefit obligation	$ 689,384	$ 692,980	$ 695,662	$ 673,869
Fair value of plan assets	$ (510,893)	$ (521,053)	$ (476,606)	$ (470,883)
Deficit	$ 178,491	$ 171,927	$ 219,056	$ 202,986
Experience adjustments on plan liabilities	$ 400	$ 1,250	$ 30,141	$ -
Experience adjustments on plan assets	$ 4,210	$ (36,217)	$ 18,320	$ -

The Group expects to make a contribution of $13,240 and $12,300 to the defined benefit plans for the years ended December 31, 2015 and 2014, respectively.

c. Preferential interest on employees' deposits

The Bank offers preferential interest on employees' deposits to both current and retired employees.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at December 31	
	2014	2013
Discount rate	4.00%	4.00%
Expected return on employees' deposits	2.00%	2.00%
Withdrawal percentage of preferential deposits	1.00%	1.00%
The probability of preferential interest on employees' deposits is canceled within ten years	50.00%	50.00%

The amounts included in the consolidated balance sheets on the Bank's obligations on the preferential interest on employees' deposits were as follows:

	December 31	
	2014	2013
Present value of preferential interest on employees' deposits	$ 3,936	$ 4,060
Fair value of plan assets	-	-
Provision of preferential interest on employees' deposits	$ 3,936	$ 4,060

The Bank expects to make a contribution of $0 to the preferential interest on employees' deposits for the years ended December 31, 2015 and 2014.

25. OTHER LIABILITIES

	December 31	
	2014	2013
Advance receipts	$ 171,109	$ 161,072
Guarantee deposits received	114,162	92,010
Others	22,348	22,635
	$ 307,619	$ 275,717

26. EQUITY

Common Shares

In their meeting on May 5, 2014, the Bank's stockholders resolved to issue 53,399 thousand shares by earnings reallocated as capital, with a par value of NT$10 each, which increased the share capital issued and fully paid to $13,883,719. The above transaction was approved by authorities, and the record date of earnings capitalization was August 8, 2014.

To increase the Bank's cash and operating capital, raise its capital adequacy ratio, the Bank's board of directors resolved to issue 75,000 thousand and 125,000 thousand ordinary shares with par value of $10 each on August 8 and December 30, 2014, respectively, which increased the issued and paid up capital by $750,000 and $1,250,000, respectively.

To increase the Bank's cash and operating capital, raise its capital adequacy ratio, the Bank's board of directors resolved to issue 60,000 thousand ordinary shares with par value of $10 each on June 28, 2013 which increased the issued and paid up capital by $600,000.

The shares of the capital issued for a cash increase were reserved for the Bank's employees in accordance with Company's Act article 267. The grand date was the date that the employees' subscribed and the fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense and capital surplus - employee share options. Related compensation cost of employee share options recognized for the years ended December 31, 2014 and 2013 were $39,450 and $4,500, respectively.

In 2014 and 2013 the compensation cost calculated based on employees' subscription of new shares reserved and issued for capital increased by cash were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	The Second Subscription in 2014 (Base Date: December 30, 2014)	**The First Subscription in 2014 (Base Date: August 8, 2014)**	**The First Subscription in 2013 (Base Date: June 28, 2013)**
Grant-date share price	$11.38	$11.18	$10.35
Exercise price	$10	$10	$10
Expected volatility	14.01%	10.03%	18.51%
Expected life (years)	0.14	0.15	0.15
Expected dividend yield	-	-	-
Risk-free interest rate	0.46%	0.43%	0.58%

The volatility was based on average annualized standard daily return rate of interbank, and refer to expected duration reversing back with grant-date.

The capital increase in 2014 was approved by FSC on June 9, 2014 and November 6, 2014, respectively, and completed modification of paid-in capital registration on August 27, 2014 and January 16, 2015. The capital increase in 2013 was approved by FSC on May 9, 2013 and completed modification of paid-in capital registration on July 19, 2013.

Capital Surplus

The capital surplus from issuance of common stock, conversion of bonds and treasury share transactions or donation may be used to offset a deficit, in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Bank's capital surplus and once a year).

Capital surplus arising from investment accounted for using the equity-method and from employee share options and share warrants may not be used for any purpose.

Retained Earnings and Dividend Policy

The Bank's Articles of Incorporation provide that annual net income should be appropriated after it has:

a. Deducted any deficit of prior years;

b. Paid all outstanding taxes;

c. Set aside 30% of remaining earnings as legal reserve;

d. Set aside any special reserve or retained earnings allocated at its options;

e. Allocated the remaining earnings 1.5% to directors and supervisors, 3% to employee bonus and 95.5% to stockholders' dividend.

For the years ended December 31, 2014 and 2013, the Bank accrued bonus to employees and the remuneration to directors and supervisors of $59,876 and $26,406, respectively. The bonus to employees and the remuneration to directors and supervisors recognized were estimated on the basis of the Bank's Articles of Incorporation and past experience. Material differences between such estimated amounts and amounts proposed by the board of directors in the following year are retroactively adjusted for in the current year. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. For the calculation of the number of shares, the fair value of the shares refer to the amount determined by valuation technique applicable to emerging market shares without market price.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Bank should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

For the Bank's sound financial structure and capital adequacy, appropriations from earnings are mainly in the form of share dividends based on the capital budget plan. Earnings may be appropriated in cash if the Bank has no deficit and the legal reserve meets the standard set by the authorities. Cash dividends should not be less than 10% of the total dividends distributed and if cash dividends falls below NT$0.1 per share, stock dividends should be distributed instead.

The appropriations from the 2013 and 2012 earnings were proposed in the shareholders' meetings on May 5, 2014 and May 13, 2013, respectively. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2013	**2012**	**2013**	**2012**
Net income	$ 860,500	$ 1,229,865		
Offset of deficit	(13,910)	(1,146,934)		
Adjustment of actuarial loss on defined benefit plans	(1,410)	-		
Legal reserve	(253,554)	(24,879)		
Special reserve	(4,822)	(58,052)		
Share dividends	(533,989)	-	$ 0.40	$ -
	$ 52,815	$ -		

On May 5, 2014 and May 13, 2013, the stockholders' meeting resolved the 2013 and 2012 bonus to employees, and the remuneration to directors and supervisors, as follows:

	2013		2012	
	Bonus to Employees	**Remuneration of Directors and Supervisors**	**Bonus to Employees**	**Remuneration of Directors and Supervisors**
Amounts approved in shareholders' meeting	$ 16,775	$ 8,387	$ -	$ -
Amounts recognized in respective financial statements	17,604	8,802	-	-
	$ (829)	$ (415)	$ -	$ -

The differences were adjusted to profit and loss for the year ended December 31, 2014.

The appropriation of the 2014 earnings for 2014 was proposed by the Bank's board of directors on February 6, 2015. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Retained earnings beginning at January 1	$ 52,815	
Adjustment of actuarial loss arising from defined benefit plans	(6,860)	
Adjustments of investments accounted for by the equity method	2,643	
Adjusted retained earnings	48,598	
Net income of 2014	1,990,403	
Legal reserve	(595,856)	
	1,443,145	
Share dividends	(953,023)	$ 0.6
Cash dividends	(317,674)	0.2
Retained earnings balance at December 31	$ 172,448	

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 15, 2015.

The information on the proposed and approved of the bonus to employees, and the remuneration to directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Legal reserve should be appropriated until it equals the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, based on the Banking Act, cash dividends should not exceed 15% of the Bank's paid-in capital if the legal reserve has not yet equaled the Bank's paid-in capital.

Except for non-ROC resident shareholders, all shareholders are allowed a tax credit on their dividends, which is equal to their proportionate share of the income tax paid by the Bank.

Special Reserve

On first-time adoption of IFRSs, the increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Bank appropriated for special reserve an amount of $15,600 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

Others Equity Items

a. Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ 6,817	$ (4,604)
Exchange differences arising on translating the financial statements of foreign operations	28,317	12,702
Income tax related to gains arising on translating the financial statements of foreign operations	(2,051)	(1,281)
Balance at December 31	$ 33,083	$ 6,817

b. Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ (69,691)	$ (76,360)
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	91,490	(1,761)
Realized gain (loss) arising on revaluation of available-for-sale financial assets	(23,720)	8,430
Balance at December 31	$ (1,921)	$ (69,691)

Non-controlling Interests

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ 7,143	$ 6,931
Attributable to non-controlling interests:		
Share of profit for the year	116	228
Unrealized loss on available-for-sale financial assets	-	(1)
Actuarial loss on defined benefit plans	-	(15)
Non-controlling interest arising from acquisition of subsidiaries (Note 39)	(7,258)	-
Balance at December 31	$ 1	$ 7,143

Treasury Shares

The Bank's shares held by its subsidiaries at the end of the reporting periods were 437 thousands of shares, and transferred to treasury share from investment by the equity method with book value $8.03 per share.

Under the Securities and Exchange Act, the Bank shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. It is the same for subsidiaries hold the Bank's stock and furthermore cannot participate in any share issuance for cash and vote.

27. NET INTEREST

	For the Year Ended December 31	
	2014	2013
Interest revenue		
Discounts and loans	$ 5,630,906	$ 5,189,798
Due from banks and call loans to banks	394,851	367,057
Others	362,029	122,629
	6,387,786	5,679,484
Interest expense		
Deposits	2,251,385	1,957,264
Bank debentures	222,798	246,396
Others	134,636	124,411
	2,608,819	2,328,071
	$ 3,778,967	$ 3,351,413

28. COMMISSION AND FEE REVENUE, NET

	For the Year Ended December 31	
	2014	2013
Commission and fee revenue		
Agency service	$ 482,116	$ 446,205
Trust and related business	337,068	293,274
Loan services	131,717	125,497
Credit card business	42,844	40,368
Others	146,770	133,237
	1,140,515	1,038,581
Commission and fee expense		
Agency service	70,452	62,956
Credit card business	28,389	24,509
Stock transaction	15,629	9,026
Interbank services	14,478	14,119
Trust and related business	6,789	6,785
Remittance business	6,397	5,866
Others	11,204	12,902
	153,338	136,163
	$ 987,177	$ 902,418

29. GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31	
	2014	2013
Interest revenue	$ 101,769	$ 75,394
Dividend income	5,469	1,990
Disposal profit		
Stocks	67,358	65,664
Beneficial certificates	17,917	7,656
Commercial paper	4,005	5,802
Bonds	470	(28)
Convertible corporate bonds with interest rate swap contracts	48	-
Derivative financial instruments		
Currency swap contracts	(4,419)	32,335
Forward contracts	(2,878)	1,520
	82,501	112,949
Loss on valuation		
Beneficial certificates	2,737	(14,566)
Commercial paper	980	(1,714)
Convertible corporate bonds with interest rate swap contracts	400	-
Negotiable certificates of deposits	11	(11)
Stocks	(37,750)	17,039
Bonds	(727)	(842)
Derivative financial instruments		
Currency swap contracts	13,687	(18,454)
Forward contracts	255	(1,937)
	(20,407)	(20,485)
	$ 169,332	$ 169,848

30. REALIZED GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Year Ended December 31	
	2014	2013
Dividend income	$ 20,984	$ 19,841
Gains from disposal of stocks	23,474	13,199
Gains from disposal of commercial paper	235	105
Gains from disposal of bonds	11	188
Losses from disposal of beneficial certificates	-	(21,922)
	$ 44,704	$ 11,411

31. REVERSAL OF IMPAIRMENT LOSS ON ASSETS

	For the Year Ended December 31	
	2014	2013
Other financial assets	$ 16,128	$ 27,222

32. OTHER NONINTEREST REVENUES

	For the Year Ended December 31	
	2014	2013
Reversal of allowance (allowance) for lawsuit compensation liabilities	$ 11,186	$ (16,748)
Government grants income	-	14,540
Compensation income	-	8,432
Others	5,647	7,961
	$ 16,833	$ 14,185

33. EMPLOYEE BENEFIT EXPENSE

	For the Year Ended December 31	
	2014	2013
Salaries and wages	$ 1,701,268	$ 1,640,571
Labor insurance, national health insurance and group life insurance	131,906	128,790
Pension costs	76,333	71,580
Other employee benefits expense	135,924	107,503
	$ 2,045,431	$ 1,948,444

34. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2014	2013
Depreciation expense		
Property and equipment	$ 149,273	$ 160,619
Amortization expense	12,283	15,074
	$ 161,556	$ 175,693

35. OTHER OPERATING EXPENSES

	For the Year Ended December 31	
	2014	2013
Taxation	$ 349,057	$ 226,641
Insurance	140,859	135,725
Rent	64,119	59,111
Repairs	60,445	63,231
Public utilities	50,237	47,974
Postage	48,933	46,585
Others	244,207	238,453
	$ 957,857	$ 817,720

36. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 57,133	$ 24,496
Others	(258)	58
	56,875	24,554
Deferred tax		
In respect of the current year	295,743	138,808
Income tax expense recognized in profit or loss	$ 352,618	$ 163,362

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2014	2013
Profit before tax	$ 2,343,137	$ 1,024,090
Income tax expense calculated at the statutory rate (17%)	$ 398,333	$ 174,095
Permanent differences	(92,688)	(22,319)
Deductible temporary differences	8,510	8,752
Additional income tax under the Alternative Minimum Tax Act	31,181	520
Income tax on unappropriated earnings	7,224	2,063
Effect of different tax rate of Group entities operating in other jurisdictions	316	193
Others	(258)	58
Income tax expense recognized in profit or loss	$ 352,618	$ 163,362

As the status of 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Deferred tax		
In respect of the current year:		
Actuarial gains on defined benefit plan	$ 784	$ 292
Translation of foreign operations	(2,051)	(1,281)
	$ (1,267)	$ (989)

c. Current tax assets and liabilities

	December 31 2014	December 31 2013
Current tax assets		
Tax refund receivable	$ 66,357	$ 127,302
Current tax liabilities		
Income tax payable	$ 9,751	$ 15,256

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for credit losses	$ 171,783	$ (73,767)	$ -	$ 98,016
Defined benefit obligation	33,942	(13)	784	34,713
Provisions	9,300	(1,685)	-	7,615
Preferential interest deposits for employees	690	(21)	-	669
Deferred revenue	987	(36)	-	951
Unrealized expense	610	(610)	-	-
	217,312	(76,132)	784	141,964
Loss carryforwards	473,133	(221,574)	-	251,559
	$ 690,445	$ (297,706)	$ 784	$ 393,523
Deferred tax liabilities				
Temporary differences				
Land value increment tax	$ 133,325	$ -	$ -	$ 133,325
Unrealized gain (loss) on foreign exchange	6,719	(1,751)	-	4,968
Unrealized gain (loss) on investments accounted for using the equity method	288	(212)	-	76
Translation of foreign operations	1,281	-	2,051	3,332
	$ 141,613	$ (1,963)	$ 2,051	$ 141,701

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for credit losses	$ 100,323	$ 71,460	$ -	$ 171,783
Defined benefit obligation	46,983	(13,333)	292	33,942
Provisions	6,194	3,106	-	9,300
Preferential interest deposits for employees	1,136	(446)	-	690
Deferred revenue	-	987	-	987
Unrealized expense	-	610	-	610
Unrealized gain (loss) on foreign exchange	5,124	(5,124)	-	-
	159,760	57,260	292	217,312
Loss carryforwards	661,602	(188,469)	-	473,133
Investment credits	822	(822)	-	-
	$ 822,184	$ (132,031)	$ 292	$ 690,445
Deferred tax liabilities				
Temporary differences				
Land value increment tax	$ 133,325	$ -	$ -	$ 133,325
Unrealized gain on foreign exchange	-	6,719	-	6,719
Unrealized gain on investments accounted for using the equity method	-	288	-	288
Translation of foreign operations	-	-	1,281	1,281
Deferred revenue	230	(230)	-	-
	$ 133,555	$ 6,777	$ 1,281	$ 141,613

e. Information about unused loss carryforward

Loss carryforward as of December 31, 2014 comprised of:

Unused Amount	**Expiry Year**
$ 627,787	2018
842,187	2019
$ 1,469,974	

Loss carryforward of Sunny Securities Co. as of December 31, 2014 comprised:

Unused Amount	Expiry Year
$ 5,347	2022
3,244	2023
$ 8,591	

Loss carryforward of Sunny E-Commercial Co. as of December 31, 2014 comprised:

Unused Amount	Expiry Year
$ 502	2024

f. The information on the integrated income tax system is as follows:

1) The Bank and its subsidiary do not have unappropriated earnings generated before January 1, 1998.

2) The information on the imputation credit account is as follows:

	December 31	
	2014	**2013**
The Bank	$ 139,493	$ 277,155
Sunny Securities Co.	38,791	32,027
King Sunny Assets Management Co.	19,482	9,189
Sunny Life Insurance Brokerage Co.	6,941	12,054
Sunny Property & Insurance Co.	791	3,338
Sunny International Leasing Co.	2,436	346

3) Creditable tax ratio

	The Excepted Creditable Tax Ratio Generated in 2014 (%)	**The Actual Creditable Tax Ratio Generated in 2013 (%)**
The Bank	6.84	20.48
Sunny Securities Co.	20.48	22.80
King Sunny Assets Management Co.	31.23	20.48
Sunny Life Insurance Brokerage Co.	20.48	24.70
Sunny Property & Insurance Co.	20.48	36.46
Sunny International Leasing Co.	4.08	2.96

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Bank was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Bank was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

g. Income tax assessments

	Examined Year
The Bank	2012
Sunny Securities Co.	2012
King Sunny Assets Management Co.	2012
Sunny Life Insurance Brokerage Co.	2012
Sunny Property & Insurance Co.	2012
Sunny International Leasing Co.	2012

37. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2014	**2013**
Profit for the year attributable to owners of the Bank	$ 1,990,403	$ 860,500

Shares

(In Thousand Shares)

	For the Year Ended December 31	
	2014	**2013**
Weighted average number of ordinary shares in computation of basic earnings per share	1,418,620	1,358,675
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	3,967	1,650
Weighted average number of ordinary shares used in the computation of diluted earnings per share	1,422,587	1,360,325

	For the Year Ended December 31	
	2014	**2013**
Basic earnings per share	$ 1.40	$ 0.63
Diluted earnings per share	$ 1.40	$ 0.63

The Bank assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

Subsidiaries holding the Bank’s stock for investing purposes and not for stock buyback would not have significant influence on the Bank’s earnings per share.

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares. This adjustment caused the basic and diluted after-tax earnings per share for the year ended December 31, 2013 to decrease both from $0.66 to $0.63.

38. TRANSACTIONS WITH RELATED PARTIES

In addition to the disclosed in other notes to the consolidated financial statement, relationships with the Group and significant transactions, as well as the Bank and related party are summarized as follows:

a. Related parties

Name	Relationship with the Bank and Subsidiaries
King Sunny Assets Management Co. (King Sunny)	Subsidiary of the Bank
Rising Sun Publishing Co., Ltd.	Related party in substance
Cherng Yang Printing Co., Ltd.	Related party in substance
Chang Feng Engineering Co., Ltd.	Related party in substance
Chuan Yang Construction Co., Ltd.	Related party in substance
Hai Wong Printing Co., Ltd.	Related party in substance
Cooperation Star Enterprise Co., Ltd. (CSE)	Related party in substance
Yung Chi Paper Manufacturing Co., Ltd.	Related party in substance
Other related persons	• Directors, supervisors, managers and their relatives within the second degree of consanguinity • The subsidiaries' directors supervisors managers

1) Loans

Category	December 31, 2014							
	Number of Accounts or Name of Related Party	Highest Balance	Average Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length?
Consumer loans for employees	16	$ 6,701	$ 3,705	$ 4,032	$ 4,032	$ -	-	Yes
Housing mortgage loans	94	666,467	554,139	503,244	503,244	-	Land and building for residential use	Yes
Others:	Rising Sun Publishing Co., Ltd.	91,662	64,913	41,169	41,169	-	Land and building for commercial use	Yes
	Cherng Yang Printing Co., Ltd.	252,638	199,167	252,638	252,638	-	Vacant land	Yes
	Chang Feng Engineering Co., Ltd.	2,870	2,748	2,559	2,559	-	The Bank's certificates of deposit pledge of security	Yes
	Chuan Yang Construction Co., Ltd.	520,000	358,014	416,000	416,000	-	Land and building for commercial use	Yes
	Hai Wong Printing Co., Ltd.	675,808	532,552	601,938	601,938	-	Land and plant	Yes
	Cooperation Star Enterprise Co., Ltd. (CSE)	5,000	21	-	-	-	Farmland	Yes
	Yung Chi Paper Manufacturing Co., Ltd.	22,220	22,191	22,019	22,019	-	Land and plant	Yes
	17	291,240	207,001	258,738	258,738	-	Land and plant Land and building for commercial use Vacant land Vehicles from land	Yes

Category	December 31, 2013							
	Number of Accounts or Name of Related Party	Highest Balance	Average Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length?
Consumer loans for employees	23	$ 7,624	$ 4,741	$ 3,476	$ 3,476	$ -	-	Yes
Household mortgage loans	103	707,613	591,492	589,965	589,965	-	Land and building for residential use	Yes
Others:	Rising Sun Publishing Co., Ltd.	92,143	91,908	91,662	91,662	-	Land and building for commercial use	Yes
	Cherng Yang Printing Co., Ltd.	171,638	171,638	171,638	171,638	-	Vacant land	Yes
	Chang Feng Engineering Co., Ltd.	4,900	3,046	2,870	-	2,870	The Bank's certificates of deposit/pledge of security	Yes
	Chuan Yang Construction Co., Ltd.	520,000	344,310	520,000	520,000	-	Land and building for commercial use	Yes
	Hai Wong Printing Co., Ltd.	575,006	547,531	497,216	497,216	-	Land and plant	Yes
	Yung Chi Paper Manufacturing Co., Ltd.	27,220	22,261	27,220	27,220	-	Land, plant and farmland	Yes
	12	252,730	159,974	204,191	204,191	-	Land and building for commercial use Cervicitis of deposit Real estate (except building) Farm land	

2) Deposits

	December 31, 2014		
	Ending Balance	% of the Account Balance	Annual Interest Rates (%)
Others	$ 1,783,711	1	0-4.5

	December 31, 2013		
	Ending Balance	% of the Account Balance	Annual Interest Rates (%)
Others	$ 1,735,285	1	0-4.5

3) Interest revenue

	For the Year Ended December 31			
	2014		2013	
	Amount	%	Amount	%
Others	$ 44,714	1	$ 43,565	1

4) Interest expense

	For the Year Ended December 31			
	2014		2013	
	Amount	%	Amount	%
Others	$ 16,769	1	$ 13,295	1

5) Sale of nonperforming loans

On the record date of July 25, 2007, the Bank sold 41,272 accounts of nonperforming loans that worth $1,041,038 to King Sunny in a public tender bid for $858,000, which was agreed to be paid in installments and expiring on July 31, 2010. However the time of payment had expired and supplementary contract was signed to extend the expiry date to 2012, which had been extended again to July 31, 2015. The Bank had transferred all rights, benefits and action for recourse onto King Sunny in accordance with the provisions of contract.

Factored trade receivables for the years ended December 31, 2014 and 2013 were as follows:

	For the Year Ended December 31	
	2014	**2013**
Factored trade receivables (included in receivables, net)	$ 185,865	$ 267,433
Less: Allowance for credit losses	185,865	267,433
	$ -	$ -

For the years ended December 31, 2014 and 2013, such gain on reversal of bad debt were $81,568 and $66,902, respectively.

Transactions between the Bank and its subsidiaries and related parties were at arm's length, except for the preferential interest rates offered to employees for their savings and loans of up to certain amounts.

b. Compensation of key management personnel

	For the Year Ended December 31	
	2014	**2013**
Short-term employee benefits	$ 83,021	$ 63,132
Post-employment benefits	1,966	1,352
Termination benefits	68	-
	$ 85,055	$ 64,484

39. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In 2014, the Group acquired of 645 thousand shares of Sunny Securities Co., and its percentage of ownership was 1.28%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Sunny Securities Co.
Cash consideration paid	$ (7,649)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	7,258
Differences arising from equity transaction	$ (391)

(Continued)

	Sunny Securities Co.
Line items adjusted for equity transaction	
Retained earnings	$ (391)

(Concluded)

40. PLEDGED OR MORTGAGED ASSETS

In addition to those disclosed in other Notes, the following assets had been provided as refundable deposits:

	December 31	
	2014	2013
Due from the Central Bank	$ -	$ 1,200,000
Available-for-sale financial assets	3,486,500	100,700
Held-to-maturity financial assets	165,700	112,700
Other financial assets, net	71,442	-
Other asset - guarantee deposits	207,549	214,313
- operating guarantee deposits	177,280	175,795
- pledge deposits	36,000	36,000
- specialized discharge account	63,758	20,006

The above pledge assets are mainly for 1) the deposit of enforcing provisional seizure asset of debtor, deposit of tenanting operating office, reserve of credit card payment, compensation reserve of trust department, deposit of notes dealers‘ reserve, operating deposits of securities dealers, bond payment settlement reserves for the electronic bond trading system, deposits of connecting remittance system service, deposits for collections of tax and loan commitments providing for financial institutions; 2) Implementing real-time gross settlement to comply CBC Interbank Funds Transfer System; therefore, providing deposits for secured daily overdrafts. The line of secured may be changed at any time and unused amount may qualify as liquid reserves; 3) providing authorities cash, government bond or bank debentures as operating guarantee deposits according to Regulations Governing Securities Firms and Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms; 4) providing Insurance Bureau of Financial Supervisory Commission as deposits of insurance agent.

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2014 and 2013 were as follows:

	December 31	
	2014	2013
Receipts under custody	$ 392,169	$ 311,939
Travelers’ checks consigned-in	47,670	45,214
Securities under custody	14,962,991	14,306,612
Trust assets	51,027,005	39,608,526

42. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

a. Fair value information of financial instruments

	December 31			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents, net	$ 6,778,753	$ 6,778,753	$ 4,186,300	$ 4,186,300
Due from the Central Bank and call loans to other banks	21,393,765	21,393,765	47,003,570	47,003,570
Financial assets at fair value through profit or loss	18,304,970	18,304,970	14,951,049	14,951,049
Securities purchased under agreements to resell	110,000	110,000	1,952,061	1,952,061
Receivables, net	3,043,245	3,043,245	2,193,318	2,193,318
Discounts and loans, net	215,691,619	215,691,619	202,807,580	202,807,580
Available-for-sale financial assets	48,674,027	48,674,027	4,924,196	4,924,196
Held-to-maturity financial assets	1,067,515	1,013,460	1,071,615	1,014,578
Other financial assets - financial assets carried at cost	196,261	-	290,261	-
Other financial assets - other	2,916,157	2,916,157	1,920,104	1,920,104
Other assets - guarantee deposits	207,549	207,549	214,313	214,313
Other assets - operation deposits, clearing and settlement fund	177,280	177,280	175,795	175,795
Other assets - pledge deposit	36,000	36,000	36,000	36,000
Other assets - specialized discharge account	63,758	63,758	20,006	20,006
Financial liabilities				
Deposits to the Central Bank and other banks	6,483,606	6,483,606	7,096,606	7,096,606
Financial liabilities at fair value through profit or loss	7,307	7,307	9,978	9,978
Securities sold under agreement to repurchase	3,903,419	3,903,419	500,122	500,122
Payables	3,029,027	3,029,027	2,473,406	2,473,406
Deposits and remittances	286,279,355	286,279,355	258,220,132	258,220,132
Bank debentures	9,100,000	9,100,000	9,301,400	9,301,400
Short-term borrowings	1,521,000	1,521,000	412,000	412,000
Other financial liabilities	150,055	150,055	50,027	50,027
Other liabilities - guarantee deposits received	114,162	114,162	92,010	92,010

b. Fair value estimation of financial instruments not carried at fair value

Methods and assumptions applied in estimating the fair values of financial instruments not carried at fair value are as follows:

1) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and other banks, securities purchased under agreement to resell, refundable deposits, operating deposits and clearing and settlement fund, pledge deposits, receivables, due to the Central Bank and other banks, securities sold under agreement to repurchased, payables (excluded tax payables), guarantee deposits received, short-term borrowings approximate its fair value because of the short maturity or the similarity of the carrying amount and future price.

2) Discounts and loans (include nonperforming loans): The Group usually uses base rate (floating rate) as loan rate because it can reflect market rate. Thus, using its carrying amount to consider the probability of repossession and estimate its fair value is reasonable. Long-term loans with fixed rate should estimate its fair value by its discounted value of expected cash flow. Because this kind of loans is not significant in this item, using its carrying amount to consider the probability of repossession and estimate its fair value should be reasonable.

3) Held-to-maturity financial assets: Held-to-maturity financial assets with quoted price in an active market are using market price as fair value; held-to-maturity financial assets with no quoted price in an active market are estimated using valuation methods or the counterparty's price.

   a) New Taiwan Dollar Central Government Bond: The fair values of subordinated government bonds as determined by the GreTai Securities Market are used as basis for valuation.

   b) New Taiwan dollar corporate bonds and financial debentures: Future cash flows are discounted using the applicable yield curve provided by the GreTai Securities Market to gauge the present value of these cash flows.

4) Deposits and remittances: Considering banking industry's characteristic, since deposits have one year maturity and measured by market rate (market value), using carrying value to assess fair value is reasonable. Because deposits with three years maturity are measured by discounted cash flow, using carrying value to assess fair value is reasonable.

5) Bank debentures: The coupon rate of the debentures issued by the Bank is comparable to market rates; thus, the discounted value of expected future cash flows reasonably reflect their fair value.

6) Other financial asset - financial carried at cost: The fair value of financial carried at cost cannot be reliably measured because it has no quoted price in an active market, the variability interval of fair value measurements is significant or the probability of the estimations in the variability interval cannot be reasonably assessed. Hence, the fair value is not disclosed.

7) Other financial asset - debt investments without active market: Debt investments without active market using transaction price as fair value if there is quoted price; debt investments without quoted price are estimated by valuation methods. The valuation methods are measured by discounted cash flow.

c. Financial instruments measured at fair value

Fair value is the price at which two informed parties are willing to sell an asset or pay for a liability.

Financial assets and financial liabilities are initially measured at fair value, usually the transaction value. Apart from some financial instruments carried at amortized cost, all other subsequent measurements are at fair value. The best evidence for fair value is the quoted market price in an active market. But if this quoted market price is not available because there is no active market for the financial instrument, the fair value is determined using valuation models, the quote system of Reuters, and/or quotations provided by counterparties.

The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in active markets, including government bonds, are their quoted market prices.

In an active market, price quotations from stock exchanges, brokers, underwriters, industry associations, pricing service agencies and/or other responsible authorities are readily available and can be obtained timely, the price is representative of the actual and frequently traded financial instruments. Otherwise, a market is inactive. Generally, unusually wide bid-ask spreads, large price movements and a small volume of transactions are indications of an inactive market.

The financial instruments with an active market as well as the basis of their fair value are as follows:

1) Listed or GreTai Securities Market stock: Closing price as of the balance sheet date;

2) Beneficial certificate: Net asset declared by an investment trust company;

3) Government bond: Settlement price or theoretical price published by the GreTai Securities Market as of the balance sheet date multiplied by 100

4) Corporate bonds: Result of valuation using the interest rate published by the GreTai Securities Market;

5) Commercial paper:

   a) 1-180 day days - result of valuation using the secondary market interest rate published by Reuters as of the balance sheet date;

   b) 181-360 days - result of valuation based on the average bid rate used for the most recently auctioned 364-day certificate of deposits.

6) Cross-currency swap contract: Result of the valuation of the financial instrument at maturity based on swap points published by Reuters and then discounted at TAIBOR.

For financial instruments with no active market, their fair value is estimated using valuation models or quotations provided by the counterparty. Valuation models involve cross-referencing with financial instruments whose nature or condition is similar to those of the no-active-market financial instrument, using discounted cash flow analysis and other valuation models. For these models, market information on the consolidated balance sheet date is used (for example the applicable yield curve and the average interest rate quotation by Reuters for commercial paper).

Fair values of nonstandard financial instruments with low complexities, such as interest rate swaps and derivative instruments without quoted market prices, are based on estimates using valuation models widely used by market participants, such as discounted cash flow techniques, Black-Scholes model, binomial pricing or Monet Carlo simulation.

Fair values of financial instruments with high complexities such as derivative instruments and securitization products are based on estimates used industry-wide or on self-designed valuation models. Some of the parameters used in these models are not directly observable from the market and might require management to rely on carefully made assumptions.

For valuation models, the Group uses the appropriate hypothesized parameters, which the Group believes will help it to determine the fair value of the financial instrument shown in the Group's balance sheet. The pricing information and parameters used during the valuation process are carefully selected, and are properly adjusted depending on market conditions.

The fair values of derivative financial instruments are based on estimates using valuation models widely accepted by market participants, such as discounted cash flow analysis. For forward contracts, fair values are estimated on the basis of the current foreign exchange rates.

d. Hierarchy information of fair value of financial instruments

1) The definition of the hierarchy is listed below:

a) Level one

Level 1 financial instruments are traded in active market and have the identical price for the same financial instruments. "Active market" should fit the following characteristics:

i. All financial instruments in the market are homogeneous;

ii. Willing buyers and sellers exist in the market all the time;

iii. The public can access the price information easily.

b) Level two

The products categorized in this level have the prices that can be inferred from either direct or indirect observable inputs other than the active market's prices.

c) Level three

The fair prices of the products in this level are based on the inputs other than the direct market data.

2) Hierarchy information of fair value of financial instruments

Financial Instruments Measured at Fair Value	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 17,087	$ 17,087	$ -	$ -
Bonds	151,203	99,181	52,022	-
Others	18,020,986	266,013	17,754,973	-
Financial assets designated at fair value through profit or loss	103,400	-	103,400	-
Available-for-sale financial assets				
Stocks	5,298	5,298	-	-
Bonds	9,129,468	399,651	8,729,817	-
Others	39,539,261	-	39,539,261	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	12,294	-	12,294	-
Liabilities				
Financial liabilities at fair value through profit or loss	7,307	-	7,307	-

Financial Instruments Measured at Fair Value	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 324,588	$ 324,588	$ -	$ -
Bonds	52,164	-	52,164	-
Others	14,573,275	577,888	13,995,387	-
Available-for-sale financial assets				
Stocks	296,681	296,681	-	-
Bonds	4,188,350	448,011	3,740,339	-
Others	439,165	-	439,165	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	1,022	-	1,022	-
Liabilities				
Financial liabilities at fair value through profit or loss	9,978	-	9,978	-

3) Transfers between Level 1 and Level 2

The Group transferred some New Taiwan dollar-denominated Central Government bonds and corporate bonds Level 1 to Level 2 because the Group determined that these investments were not in an active market.

43. FINANCIAL RISK MANAGEMENT

a. Overview

The Group has risk management policies to maintain the asset secured and ensure the asset and the quality of financial statements are comply with related regulations. The main risks the Group facing are including credit risks, market risks, operating risks, liquid risks, interest rate risks and other related risks.

Risk management policies and procedures are documented and approved by the board of directors for identify, valuate, monitor, report and control above risks.

b. Risk management framework

Risk management of the Group is exercised by risk management department with risk management policies approved by the board of directors. The risk management structures of the Bank are included the board of directors, risk management committee, assets and liabilities management committee, management level, internal audit, risk management department and other operating units. Sunny Securities Co. has set up a risk management committee independent from other operating units and directly reports to the board of directors. The risk management structures of Sunny Securities are included the board of directors, risk management committee and other operating units.

c. Credit risk

1) Sources and definitions of credit risk

a) The Bank

Credit risk is the risk of financial loss if a borrower, issuer or counterparty fails to meet an obligation under a contract. It arises principally from lending, trade finance, treasury and credit derivatives. The issuer's credit risk should be considered as part of the market risk when the investment target is securities in an active market.

b) Sunny Securities Co.

Credit risk is the primary risk faced by Sunny Securities Co., and it mainly comes from c issuer's credit risk and counterparty's credit risk.

i. Issuer's credit risk is the risk of financial loss if issuer fails to meet an obligation under a contract due to bankruptcy or liquidation;

ii. Counterparty's credit risk is the risk of financial loss if counterparty fails to meet an obligation to fulfill delivery or payment for financial instruments.

2) Policies and strategies

To identify existing and potential credit risks and ensure credit risks are under control, the Group has stipulated in its standards that business reporting units should make a detailed analysis of its current products and services, including all transactions recorded in banking books, trading books, and balance sheets and all those off balance sheet items. Before proposing new products and services, business reporting units should set proper control guidelines based on the different levels of risk and the nature of the credit or other business transactions to determine the required risk management procedures.

3) Procedures of credit risk management

For the prevention of over-concentration of credit risks, credit guidelines specify credit limits for individual trading counterparties and for groups of counterparties.

In addition, credit limits are set for different geographical areas, industries and countries, and these limits are reported timely to the Risk Management Committee and the Board of Directors.

4) Credit risk hedge or mitigation policies

For mitigation credit exposures, the Group has set up several policies covering such areas as collateral valuation; otherwise, make a clear definition of it may take any kind of deposits as an offset when the debtor's credit depreciated. For those small and medium enterprises with insufficient collateral, the Group may strengthen claim right through transfer to Small and Medium Enterprise Credit Guarantee Fund of Taiwan.

5) The maximum credit exposure of the financial instruments held by the Group

a) The Bank

Maximum credit exposures of assets on balance sheet (excluding collaterals and other credit enhancement instruments) are almost equivalent to its carrying value. The maximum credit exposures (excluding collaterals, other credit enhancement instruments and undrawn maximum exposure) off balance sheet are shown as follows:

Off-Balance Sheet Items	**The Maximum Credit Exposure December 31**	
	2014	**2013**
Undrawn loan commitments	$ 6,457,557	$ 7,346,401
Undrawn credit card commitments	7,036,914	6,280,916
Standby letters of credit	772,518	671,615
Guarantees	2,196,328	2,560,014
Total	$ 16,463,617	$ 16,858,946

The Bank has a strict evaluation procedure and reviews the evaluation results regularly to control and minimize off-balance sheet credit risk exposures.

b) Sunny Securities Co.

The amounts of the maximum credit exposures of assets in the balance sheet (excluding collaterals and other credit enhancement instruments) are almost equal to their carrying values. The amounts of the maximum credit exposures of Sunny Securities Co. are because cash deposit in financial institutions like banks, held debt securities issued or guarantee by banks and margin loans receivables those mainly in Taiwan. The explanations of credit risks of financial assets are as follow:

i. Cash and cash equivalent are mainly includes time deposits, demand deposits and check deposits in domestic financial institutions.

ii. Margin loans receivables pertain to the provision of funds to customers for them to buy securities. Margin loans receivables represents the amount given to customers. The securities bought by customers are used to secure these loans and keep the margin maintenance ratio at 120% for complying Operating Rules for Securities Firms Handling Margin Purchases and Short Sales of Securities.

iii. Accounts receivables are creditor's right derived from the business operated by securities dealers including closing price receivable, interest receivable of financing from credit transactions and receivables generated from consignment trading of securities. As accounts receivables of Sunny Securities Co. mainly derived from consignment operations, the trading settlements are trading with stock exchanges and OTC with low credit risks.

iv. Other current assets are the cash provided for pledge or other restricted usage. The counterparties of Sunny Securities Co. belong to good reputation domestic banks with low credit risks.

v. Other non-current assets are mainly included operating deposits, clearing and settlement fund and refundable deposits. Operating deposits are saving in good reputation domestic banks and clearing and settlement fund is saving in stock exchange for compensation use if any side of securities transaction counterparty fails to fulfill the obligation, both of two institutions are with low credit risks. Refundable deposits are cash or other assets preserve out of Sunny Securities Co. as guarantee at good reputation banks or plenty of counterparties with few amounts for each, therefore, the credit risks being diversified and keep the risk exposures in low degree.

6) Credit risk concentration of the Bank

When financial instruments transactions concentrated on counter-party, which engaged in similar business activities, had similar economic characteristics and abilities to execute contracts, the credit risk concentration arises.

Credit risk concentrations can arise in the Bank’s assets, liabilities or off-balance sheet items through the execution or processing of transactions (either product or service) or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to banks, investment, receivables and derivatives. The Bank maintains a diversified portfolio, limits its exposure to any one geographic region, country or individual creditor and monitors its exposures continually. The Bank’s most significant concentrations of credit risk is summarized by industry, region and collateral as follows:

a) By industry

By Industry	December 31			
	2014		2013	
	Amount	%	Amount	%
Private enterprise	$ 89,082,643	40.94	$ 80,327,971	39.18
Government organization	6,194,830	2.85	4,280,939	2.09
Foreign organization	7,882,148	3.62	7,349,347	3.58
Non-profit organization	40,539	0.02	607,221	0.30
Natural person	114,376,347	52.57	112,379,839	54.82
Financial institution	1,371	-	67,056	0.03
Total	$ 217,577,878	100.00	$ 205,012,373	100.00

b) By geographical area

The Group’s operations are mainly in Taiwan.

c) By collateral

By Collaterals	December 31			
	2014		2013	
	Amount	%	Amount	%
Unsecured	$ 25,112,492	11.42	$ 28,261,349	13.61
Secured				
Stocks	3,746,707	1.70	2,914,646	1.40
Bonds	1,625,113	0.74	1,194,750	0.57
Real estate	179,046,562	81.41	165,554,329	79.70
Movable properties	4,320,490	1.96	3,050,027	1.47
Notes receivable	38,535	0.02	39,044	0.02
Guarantees	5,356,965	2.44	5,979,624	2.88
Others	696,538	0.31	727,778	0.35
Total	$ 219,943,402	100.00	$ 207,721,547	100.00

7) Credit quality and impairment assessment

Some financial assets such as cash and cash equivalents, due from Central Bank and call loans to other banks, financial asset at fair value through profit or loss, securities purchased under agreement to resell, refundable deposits, operating deposits and clearing and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

Except for the analysis above, other financial assets’ analyses are summarized as follows:

a) Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

b) Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.

c) Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

a) Discounts and loans and receivables

December 31, 2014	Neither Overdue Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Group 1	Group 2	Group 3	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables (Notes 1 and 2)										
Credit card receivables	$ 241,358	$ 21,742	$ 128,440	$ 391,540	$ 147,033	$ 1,306	$ 539,879	$ 36,319	$ 1,922	$ 501,638
Others	2,400,347	114,507	16,117	2,530,971	11,709	471,735	3,014,415	450,771	20,219	2,543,425
Discounts and loans	147,280,696	57,940,310	8,527,564	213,748,570	2,719,872	1,574,348	218,042,790	173,324	2,172,322	215,697,144

December 31, 2013	Neither Overdue Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Group 1	Group 2	Group 3	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables (Notes 1 and 2)										
Credit card receivables	$ 188,470	$ 70,635	$ 107,894	$ 366,999	$ 175,465	$ 2,827	$ 545,291	$ 43,383	$ 3,728	$ 498,180
Others	1,594,396	94,972	16,536	1,705,904	12,561	524,159	2,242,624	539,485	5,644	1,697,495
Discounts and loans	135,063,396	55,107,499	8,766,150	198,937,045	3,960,296	2,501,353	205,398,694	622,793	1,957,330	202,818,571

Note 1: Receivables included nonperforming loans transferred from other than loans.
Note 2: The receivables as of December 31, 2014 and 2013 excluded spot exchange transactions receivables amounting to $446 and $1, respectively.

b) Credit analysis by customer type for discounts and loans neither overdue nor impaired are as follows:

December 31, 2014	Neither Overdue Nor Impaired			
	Low	Medium	High	Total
Consumer banking				
Mortgage	$ 74,183,053	$ 28,314,388	$ 4,664,635	$ 107,162,076
Microcredit	160,999	15,598	203,389	379,986
Car loan	1,286,260	1,083,775	824,247	3,194,282
Corporate banking				
Major enterprises	14,195,068	8,812,982	2,666,867	25,674,917
SMEs	56,990,404	19,713,567	168,426	76,872,397
Margin operations	464,912	-	-	464,912
Total	$ 147,280,696	$ 57,940,310	$ 8,527,564	$ 213,748,570

December 31, 2013	Neither Overdue Nor Impaired			
	Low	Medium	High	Total
Consumer banking				
Mortgage	$ 73,857,672	$ 28,010,170	$ 3,718,278	$ 105,586,120
Microcredit	209,203	21,613	350,449	581,265
Car loan	714,010	551,256	443,005	1,708,271
Corporate banking				
Major enterprises	15,500,652	8,614,010	3,969,341	28,084,003
SMEs	44,395,538	17,910,450	285,077	62,591,065
Margin operations	386,321	-	-	386,321
Total	$ 135,063,396	$ 55,107,499	$ 8,766,150	$ 198,937,045

c) Credit analysis for marketable securities

December 31, 2014	Neither Overdue Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Low	Medium	High	Total (A)					
Available-for-sale financial assets (Note 1)									
Investment in bonds	$ 8,127,928	$ 1,001,540	$ -	$ 9,129,468	$ -	$ -	$ 9,129,468	$ -	$ 9,129,468
Others	38,801,011	439,052	299,198	39,539,261	-	-	39,539,261	-	39,539,261
Held-to-maturity financial assets									
Investment in bonds	1,067,515	-	-	1,067,515	-	-	1,067,515	-	1,067,515
Other financial assets (Note 2)									
Investment in stocks	-	-	-	-	-	10,782	10,782	10,782	-
Others	-	2,862,783	30,000	2,892,783	-	84,443	2,977,226	63,333	2,913,893

Note 1: Available-for-sale financial assets excluded equity investments whose original cost amounted to $4,438, and valuation adjustment amounted to $860.

Note 2: Other financial assets excluded equity investment of financial assets carried at cost, whose original cost was $196,261.

December 31, 2013	Neither Overdue Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Low	Medium	High	Total (A)					
Available-for-sale financial assets (Note 1)									
Investment in bonds	$ 3,740,339	$ 448,011	$ -	$ 4,188,350	$ -	$ -	$ 4,188,350	$ -	$ 4,188,350
Others	-	439,165	-	439,165	-	-	439,165	-	439,165
Held-to-maturity financial assets									
Investment in bonds	1,071,615	-	-	1,071,615	-	-	1,071,615	-	1,071,615
Other financial assets (Note 2)									
Investment in stocks	-	-	-	-	-	10,782	10,782	10,782	-
Others	-	1,858,944	30,000	1,888,944	-	104,544	1,993,488	75,742	1,917,746

Note 1: Available-for-sale financial assets excluded equity investments whose original cost amounted to $320,762, and valuation adjustment amounted to $(24,081).

Note 2: Other financial assets excluded equity investment of financial assets carried at cost, whose original cost was $290,261.

8) Aging analysis of overdue but unimpaired financial assets

Delayed procedures by borrowers and other administrative reasons could result in financial assets becoming overdue but not impaired. According to the Group's internal risk management policies, financial assets overdue within 90 days are not considered impaired unless other evidence proves otherwise.

Aging analysis of overdue but unimpaired financial assets is as follows:

Item	December 31, 2014		
	Overdue by Less Than One Month	Overdue by One to Three Months	Total
Accounts receivable			
Credit card	$ 136,824	$ 10,209	$ 147,033

	Overdue by Less Than 120 Days	Overdue by 120 to 149 Days	Overdue by 150 to 180 Days	Overdue by 181 Days	Total
Receivables - others	$ 5,624	$ 774	$ 686	$ 4,625	$ 11,709
Discounts and loans					
Consumer banking					
Mortgage	1,742,254	29,064	20,983	155,511	1,947,812
Microcredit	178,716	424	775	870	180,785
Car loan	10,111	-	-	-	10,111
Corporate banking					
Major enterprises	106,068	-	-	-	106,068
SMEs	271,824	15,812	15,149	172,311	475,096

Item	December 31, 2013		
	Overdue by Less Than One Month	Overdue by One to Three Months	Total
Accounts receivable			
Credit card	$ 162,475	$ 12,990	$ 175,465

	Overdue by Less Than 120 Days	Overdue by 120 to 149 Days	Overdue by 150 to 180 Days	Overdue by 181 Days	Total
Receivables - others	$ 6,952	$ 577	$ 259	$ 4,773	$ 12,561
Discounts and loans					
Consumer banking					
Mortgage	2,333,754	38,648	10,636	176,074	2,559,112
Microcredit	238,298	1,196	1,199	5,850	246,543
Car loan	2,520	-	-	-	2,520
Corporate banking					
Major enterprises	363,210	-	-	23,675	386,885
SMEs	668,001	1,240	1,144	94,851	765,236

9) Analysis of financial asset impairment

Lehman structured notes that had been recorded as debt instruments with no active market were assessed as impaired because of the drop in the issuer's credit; hence, the Group recognized accumulated impairment losses of $63,333 and $75,742 as of December 31, 2014 and 2013, respectively.

Analysis of the impairment of discounts and loans and receivables is summarized as follows:

Item		Discounts and Loans		Allowance for Credit Losses	
		December 31		December 31	
		2014	2013	2014	2013
With objective evidence of impairment	Individually assessed	$ 1,574,348	$ 2,501,353	$ 35,134	$ 440,177
	Collectively assessed	2,719,872	3,960,296	138,190	182,616
With no objective evidence of impairment	Collectively assessed	213,748,570	198,937,045	2,172,322	1,957,330

Item		Receivables		Allowance for Credit Losses	
		December 31		December 31	
		2014	2013	2014	2013
With objective evidence of impairment (Note)	Individually assessed	$ 468,507	$ 522,487	$ 444,307	$ 534,147
	Collectively assessed	152,275	179,648	42,783	48,721
With no objective evidence of impairment	Collectively assessed	2,933,512	2,085,780	22,141	9,372

Note: The receivables as of December 31, 2014 and 2013 exclude the amount of the spot exchange transaction receivables amounting to $446 and $1, respectively.

10) Management policies of collaterals assumed

The Group's collaterals assumed are all real estate and securities as of December 31, 2013 and 2014. Related information is shown in Note 17.

Collaterals assumed are classified as other assets. The Bank may dispose of collaterals whenever it available to sell, the trading amounts are used to net off the payable.

11) Disclosures prepared in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks

a) Overdue loans and receivables

Date			December 31, 2014				
Item			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 310,678	$ 72,698,950	0.43%	$ 789,803	254.22%
	Unsecured		85,483	31,914,211	0.27%	316,806	370.61%
Consumer loan	Mortgage (Note 4)		162,045	37,217,789	0.44%	409,133	252.48%
	Cash card		-	-	-	-	-
	Microcredit (Note 5)		3,699	560,771	0.66%	17,767	480.32%
	Others (Note 6)	Secured	152,809	69,135,837	0.22%	745,276	487.72%
		Unsecured	3,154	6,050,320	0.05%	66,861	2,119.88%
Total			717,868	217,577,878	0.33%	2,345,646	326.75%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			1,306	539,879	0.24%	38,241	2,928.10%
Accounts receivable - factoring with no recourse (Note 7)			-	-	-	-	-

Date			December 31, 2013				
Items			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 634,892	$ 61,934,113	1.03%	$ 1,002,329	157.87%
	Unsecured		117,334	32,154,358	0.36%	369,781	315.15%
Consumer loan	Mortgage (Note 4)		202,817	40,986,330	0.49%	441,486	217.68%
	Cash card		-	-	-	-	-
	Microcredit (Note 5)		11,446	827,808	1.38%	27,565	240.83%
	Others (Note 6)	Secured	226,797	64,525,516	0.35%	678,501	299.17%
		Unsecured	15,759	4,584,248	0.34%	60,461	383.66%
Total			1,209,045	205,012,373	0.59%	2,580,123	213.40%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			2,827	545,291	0.52%	47,111	1,666.47%
Accounts receivable - factoring with no recourse (Note 7)			-	-	-	-	-

Note 1: For loan business: Overdue loans represent the amounts of overdue loans reported in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans".

For Credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL ratio = NPL/Total loans.

For Credit card business: Delinquency ratio = Overdue receivable/Account receivables.

Note 3: For loan business: Coverage ratio = LLR/NPL

For credit card business: Coverage ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage loan is a financing to be used by a borrower to buy, build, or fix a dwelling, and the dwelling owned by the borrower, spouse, or children is used to fully secure the loan.

Note 5: Micro credit is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Others in consumer loans refers to secured or unsecured loans excluding mortgage, cash card, micro credit, and credit cards.

Note 7: For account receivables - factoring with no recourse, as required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 094000494), and allowance for bad debts is recognized once no compensation is made from factoring or insurance within three months.

b) Excluded NPLs and excluded overdue receivables

Date	December 31			
	2014		2013	
Item	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreements (Note 1)	$ 7,624	$ -	$ 10,281	$ -
As a result of consumer debt clearance (Note 2)	9,703	2,432	11,775	2,883

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

c) Concentration of credit extensions

Year	December 31, 2014		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	Group A (water transportation)	$ 3,309,461	18.02
2	Group B (smelting and refining of iron and steel)	2,452,312	13.36
3	Group C (other financial brokers)	1,766,750	9.62
4	Group D (real estate developments)	1,635,799	8.91
5	Group E (real estate developments)	1,446,000	7.88
6	Group F (real estate developments)	1,412,719	7.69
7	Group G (investments and consultants)	1,350,000	7.35
8	Group H (constructions)	984,000	5.36
9	Company I (short-term accommodation services)	953,000	5.19
10	Company J (manufacture of industrial plastic)	837,574	4.56

Year	December 31, 2013		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	Group A (water transportation)	$ 1,903,520	13.37
2	Group B (smelting and refining of iron and steel)	1,831,882	12.86
3	Group C (real estate developments)	1,334,640	9.37
4	Group D (other financial brokers)	1,200,000	8.43
5	Group E (real estate developments)	1,058,467	7.43
6	Group F (other complex products retailers)	967,997	6.80
7	Group G (real estate rentals)	903,080	6.34
8	Group H (short-term accommodation services)	880,000	6.18
9	Group I (real estate rentals)	791,300	5.56
10	Group J (real estate developments)	735,760	5.17

Note 1: Ranking of top 10 groups (excluding government or state - owned utilities) whose total credit consists of loans.

Note 2: Groups were those as defined in Articles 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation's Rules for Review of Securities Listings Law.

Note 3: Total credit is the sum of all loans (including import and export bills negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and nonperforming loans), exchange bills negotiated, account receivables factored without recourse, acceptances receivable, and guarantee deposit issued.

d. Liquidity risk management

1) Definition of liquidity risk

a) The Bank

Liquidity risk means the risk the Bank cannot realize asset or obtain financing to provide capital to fulfill obligation then suffer loss. It may cut down the cash resource from loan operations, transactions and investing activities. Under some extreme situations, insufficient liquidity may cause possibility of overall balance sheet positions goes downward, sell the assets and fail to perform the loan commitments.

b) Sunny Securities Co.

Liquidity risk refers to an enterprise's inability to convert an asset or security into cash to meet obligations as they become due (also called capital risks). Market risk refers to the Group's difficulty in transacting its open positions resulting from market fluctuations due to a lack of market depth or due to market confusion.

2) Policies of liquidity risk management

a) The Bank

The procedures of liquidity risk managements perform individually and monitor by independent risk management departments. The monitoring procedures are summarized as follows:

i. Monitoring future cash flows to ensure daily capital mobility would able to meet to needs.

ii. Maintaining adequate realizable high liquidity assets for any unexpected accidents.

iii. Monitoring the liquidity ratio with internal management purpose and external supervisors' regulations.

iv. Managing bond due dates

The monitoring and reporting procedures for estimating future cash flows are applied daily, weekly and monthly. The estimates are based on an analysis of the maturity dates of the financial liabilities and the dates when expected financial assets can be turned into cash. Related information is reported timely to the Bank's Risk Management Committee and Board of Directors.

b) Sunny Securities Co.

Sunny Securities Co. maintains the need of cash and cash equivalent, high mobility securities and sufficient financing line of banks to ensure financial flexibility. Bank loan is a main resource of liquidity for Sunny Securities Co., the unutilized of bank loan are $530,000 and $578,000, respectively as of December 31, 2014 and 2013.

3) Maturity analysis of financial assets and non-derivative financial liabilities held to manage liquidity risk

a) Financial assets held to manage liquidity risk

The Group holds cash and premium interest-generating assets with high liquidity to fulfill payment obligations and meet any potential urgent capital needs. The financial assets the Bank holds to manage liquidity risks include cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, held-to-maturity investments, and debt instruments with no active markets.

b) Maturity analysis of non-derivative financial liabilities

Cash outflow analysis of non-derivative financial liabilities of the Group is summarized in the following tables. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheet.

Maturity analysis of operating lease commitments is summarized as follows:

December 31, 2014	Less Than 30 Days	31-90 Days	91-180 Days	181 Days -1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 731,029	$ 2,310,555	$ 1,283,404	$ 2,170,203	$ -	$ 6,495,191
Securities sold under agreements to repurchase	1,803,073	2,104,287	-	-	-	3,907,360
Payables	2,656,018	-	-	-	-	2,656,018
Deposits and remittances	135,316,618	32,306,152	37,903,159	73,941,790	7,053,492	286,521,211
Bank debentures	500,000	26,541	76,679	13,467	8,600,000	9,216,687
Short-term borrowings	351,250	351,000	690,000	130,000	-	1,522,250
Other financial liabilities	100,012	49,899	33	62	52	150,058

December 31, 2013	Less Than 30 Days	31-90 Days	91-180 Days	181 Days -1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 731,073	$ 2,968,668	$ 933,271	$ 2,476,566	$ -	$ 7,109,578
Securities sold under agreements to repurchase	100,268	400,599	-	-	-	500,867
Payables	2,141,010	-	-	-	-	2,141,010
Deposits and remittances	129,864,504	30,095,750	29,503,259	64,431,566	4,542,649	258,437,728
Bank debentures	-	301,400	3,023,787	15,986	6,100,000	9,441,173
Short-term borrowings	62,238	140,000	170,000	40,000	-	412,238
Other financial liabilities	5	49,893	17	35	77	50,027

4) Maturity analysis of derivative financial liabilities

Derivative instruments of total clearing and settlement

The Group's derivative instruments of total clearing and settlement are mainly forward contracts and currency swap contracts. Derivative instrument of total clearing and settlement of the Group is summarized in the following tables. The table disclosures with cash flow base and may not be matched with consolidated balance sheet. Maturity analysis of derivative instruments of total clearing and settlement are as follow:

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Derivative instruments of exchange rates						
Cash outflow	$ 538,901	$ 3,436	$ 6,608	$ -	$ -	$ 548,945
Cash inflow	532,147	3,332	6,532	-	-	542,011
Cash outflow	538,901	3,436	6,608	-	-	548,945
Cash inflow	532,147	3,332	6,532	-	-	542,011
Net cash flow	(6,754)	(104)	(76)	-	-	(6,934)

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Derivative instruments of exchange rates						
Cash outflow	$ 824,844	$ 224,646	$ 18,445	$ -	$ -	$ 1,067,935
Cash inflow	816,998	224,466	18,096	-	-	1,059,560
Cash outflow	824,844	224,646	18,445	-	-	1,067,935
Cash inflow	816,998	224,466	18,096	-	-	1,059,560
Net cash flow	(7,846)	(180)	(349)	-	-	(8,375)

5) Maturity analysis of off balance sheet items

According to the greatest amount of obligation might be asked to fulfill to list in following table. The table disclosures with cash flow base and may not be matched with consolidated balance sheet.

December 31, 2014	Under 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	$ 2,533,769	$ 3,699,518	$ 224,270	$ 6,457,557
Undrawn credit card commitments	244,945	5,540,950	1,251,019	7,036,914
Standby letters of credit	772,518	-	-	772,518
Guarantees	1,530,709	655,919	10,000	2,196,628
Total	5,081,941	9,896,387	1,485,289	16,463,617

December 31, 2013	Under 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	$ 2,487,491	$ 4,186,775	$ 672,135	$ 7,346,401
Undrawn credit card commitments	1,238,888	4,298,670	743,358	6,280,916
Standby letters of credit	671,615	-	-	671,615
Guarantees	2,038,367	511,647	10,000	2,560,014
Total	6,436,361	8,997,092	1,425,493	16,858,946

6) Maturity analysis of lease commitments

Lease commitment is the minimum lease payment when the Group is lessee or lessor with non-cancelling condition.

Maturity analysis of lease commitments is summarized as follows:

December 31, 2014	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Operating lease commitments				
Operating lease expense (lessee)	$ 47,179	$ 103,350	$ 5,374	$ 155,903
Financial lease expense (lessee)	142	52	-	194
Operating lease income (lessor)	51,385	153,441	84,192	289,018
Financial lease income (lessor)	1,062,275	522,562	17,330	1,602,167

December 31, 2013	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Operating lease commitments				
Operating lease expense (lessee)	$ 57,098	$ 100,227	$ 2,618	$ 159,943
Financial lease expense (lessee)	74	71	-	145
Operating lease income (lessor)	50,269	150,627	114,553	315,449
Financial lease income (lessor)	249,206	379,668	-	628,874

7) Disclosures prepared in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities of the Bank (New Taiwan dollars)

	December 31, 2014					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 309,359,497	$ 83,324,887	$ 16,915,177	$ 28,907,868	$ 45,205,243	$ 135,006,322
Main capital outflow on maturity	361,513,207	43,676,450	45,768,616	56,512,082	114,601,557	100,954,502
Gap	(52,153,710)	39,648,437	(28,853,439)	(27,604,214)	(69,396,314)	34,051,820

	December 31, 2013					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 280,228,272	$ 71,354,604	$ 22,963,592	$ 24,609,604	$ 44,897,066	$ 116,403,406
Main capital outflow on maturity	325,480,163	35,826,440	44,305,380	50,753,459	103,785,561	90,809,323
Gap	(45,251,891)	35,528,164	(21,341,788)	(26,143,855)	(58,888,495)	25,594,083

Note: The amounts shown in this table are the Bank's position denominated in NTD.

b) Maturity analysis of assets and liabilities of the Bank (U.S. dollars)

	December 31, 2014					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 668,151	$ 307,255	$ 127,503	$ 64,781	$ 26,701	$ 141,911
Main capital outflow on maturity	638,542	303,874	98,008	89,798	131,841	15,021
Gap	29,609	3,381	24,495	(25,017)	(105,140)	126,890

	December 31, 2013					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	$ 489,914	$ 189,370	$ 65,439	$ 58,994	$ 25,599	$ 150,512
Main capital outflow on maturity	463,890	262,510	93,141	52,940	55,872	(573)
Gap	26,024	(73,140)	(27,702)	6,054	(30,273)	151,085

Note: The amounts shown in this table are the Bank's position denominated in USD.

e. Market risk

1) The Bank

a) Definition of market risk

Market risk arises from market changes (such as those referring to interest rates, exchange rates, equity securities and commodity prices) which may cause the fluctuation of a financial instrument's fair value or future cash flow. The Bank's net revenue and investment portfolio value may fluctuate when risk factors above change.

b) Management strategies

In accordance with the risk management limit approved by the board of directors, the Bank supervises every loss limit and position at risk such as credit, profit valuation and operation stress testing, and reporting to risk management committee and the board then for reference to management decision making.

c) Management procedures

i. Identification and measurement

The operating and risk management department should identify the resources and risk factors of market risks with operation analysis and production analysis periodically. Setting appropriate market risk valuation methods for different risk factors included principle limit, bond limit, securities limit, PVBP and duration. Managers of operating department should valuate market risk exposures including position line, stop loss line and concentration market risk.

ii. Supervision and reporting

The Bank's market risk management department prepares risk management reports such as those on daily market valuations, value at risk and risk limits. If the risk is over the limit, the department should report this situation to the transaction department and appropriate managers in the risk management department. The department should also collect and organize bank market risk exposure information, risk value, risk limit rules, and information on situations in which limits are exceeded, analyze security investments, and submit regularly to the board of directors reports on the collected information and security investment analysis.

d) Trading book risk management policies

i. Identification and measurement

The trading book is an accounting book of the financial instruments and physical commodities held for trading or hedged by the Bank. Held-for-trading position refers to revenues earned from practical or impractical trading differences. Positions that should not be recorded in the trading book are recorded in the banking book.

ii. Procedures

Traders may autonomously operate and manage positions within the range of authorized limits and the approved trading strategy. The market risk management department supervises trading positions based on market information and evaluates market information which is calculated into the pricing model.

e) Trading book interest rate risk management

Interest rate risk refers to a decrease in earnings and value of financial instruments due to adverse interest rate fluctuations. Major instruments with interest rate risk include securities and derivative instruments.

i. Strategies

Interest rate risk management enhances resilience of the Bank, preventing to suffer loss from change in interest rate.

ii. Procedures

The Bank has an interest rate index monitoring system based on management strategy and market conditions; monitoring interest rate risk limits have been approved by the board of directors.

f) Exchange rate risk management

i. Definitions

Exchange rate risk refers to the incurrence of loss from the exchange of currencies in different timing. The Bank's major financial instruments exposed to exchange rate risk spot contract and forward contracts.

ii. Policies, procedures and measurements

To control the exchange rate risk, the Bank sets trading limit and stop-loss limit and requires the dealing room, dealers, etc., to observe these limits.

g) Equity risk management

i. Definitions

Market risk of equity securities is the risk that stock or stock index prices and/or their implied volatility will change (specific risk) or that the general market will give rise to conditions that will negatively affect security prices.

ii. Purposes

To avoid the price of equity securities suffering severe fluctuations results the Bank's financial position and profit getting worse, and enhance the operating efficiency and strengthen the business.

iii. Procedures

To control equity risk, the Bank sets investment position limits and stop-loss limits. The limits are approved by the board of directors. Within the limit of authority, The Bank sets investment position limits and stop-loss limits for each dealer.

h) Market risk measurement technique

i. Stress testing

The Bank uses stress testing to measure its investment portfolio risk and uses several hypotheses about market conditions to measure market risk and expected maximum loss of holding positions. The Bank's stress testing included risk factors, emerging markets and temporary markets, the result of testing would be report to management and some of the resting would be minute adjusted by different sectors, and usually performing with scenario analysis.

ii. Sensitivity analysis

Interest risks

Under the assumption that other variants remain the same, if the yield interest curve of December 31, 2014 and 2013 move 100 basis points upwards, the Bank's income before tax will have a decrease of $28,148 and $15,318, respectively, whereas its other comprehensive income will have a decrease of $387,825 and $221,103, respectively. If the yield interest curves of December 31, 2014 and 2013 move 100 basis points downwards, the Bank's income before tax will have an increase of $28,366 and $15,510, whereas its other comprehensive income will have an increase of $526,521 and $239,092, respectively.

Exchange rate risks

Under the assumption that other variants remain the same, if the exchange rate of December 31, 2014 and 2013 depreciate 3% for USD/NTD and EUR/NTD, and 5% for JPY/NTD and other currencies/NTD also depreciate 5%, the Bank's income before tax will have a decrease of $28,354 and $20,637.

Under the assumption that other variants remain the same, if the exchange rate of December 31, 2014 and 2013 appreciate 3% for USD/NTD and EUR/NTD, and 5% for JPY/NTD and other currencies/NTD also appreciate 5%, the Bank's income before tax will have a increase of $28,354 and $20,637.

Equity securities price risks

Under the assumption that other variants remain the same, if the price of domestic equity securities of December 31, 2014 and 2013 increase 15%, and the price of foreign equity securities also increase 20%, the Bank's income before tax will have an increase of $40,448 and $132,994, and its other comprehensive income will also have an increase of $0 and $43,517.

Under the assumption that other variants remain the same, if the price of domestic equity securities of December 31, 2014 and 2013 drop 15%, and the price of foreign equity securities also drop 20%, the Bank's income before tax will have a decrease of $40,448 and $132,994, and its other comprehensive income will also have a decrease of $0 and $43,517.

Above analyses are based on the assumption that the trends and historical data of all equity instruments are the same.

Summarized of sensitivity analysis as shown below:

December 31, 2014			
Main Risks	**Variation**	**Effected Amount**	
		Equity	**Profit**
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD increased 3%	$ -	$ 27,415
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD decreased 3%	-	(27,415)
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD increased 5%	-	939
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD dropped 5%	-	(939)
Interest rate risks	Yield curve increased 100 BPS	(387,825)	(28,148)
Interest rate risks	Yield curve decreased 100 BPS	526,521	28,366
Equity securities price risks	Domestic equity securities price increase 15%	-	40,448
Equity securities price risks	Foreign equity securities price increase 20%	-	-
Equity securities price risks	Domestic equity securities price decrease 15%	-	(40,448)
Equity securities price risks	Foreign equity securities price decrease 20%	-	-

December 31, 2013			
Main Risks	**Variation**	**Effected Amount**	
		Equity	**Profit**
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD increased 3%	$ -	$ 20,389
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD decreased 3%	-	(20,389)
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD increased 5%	-	248
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD dropped 5%	-	(248)
Interest rate risks	Yield curve increased 100 BPS	(221,103)	(15,318)
Interest rate risks	Yield curve decreased 100 BPS	239,092	15,510
Equity securities price risks	Domestic equity securities price increase 15%	43,517	132,994
Equity securities price risks	Foreign equity securities price increase 20%	-	-
Equity securities price risks	Domestic equity securities price decrease 15%	(43,517)	(132,994)
Equity securities price risks	Foreign equity securities price decrease 20%	-	-

i) Exchange rate risks

Exchange rate risks of holding net positions in foreign currencies are shown as below:

	December 31					
	2014			2013		
	Foreign Currency	**Exchange Rate**	**Converted to NTD**	**Foreign Currency**	**Exchange Rate**	**Converted to NTD**
Financial assets						
USD	$ 477,413	31.718	$ 15,142,589	$ 345,534	29.950	$ 10,348,752
RMB	654,367	5.103	3,339,233	475,579	4.944	2,351,262
HKD	82,202	4.090	336,206	51,943	3.863	200,657
EUR	16,710	38.550	644,174	4,761	41.290	196,572
JPY	712,464	0.265	188,803	198,620	0.2853	56,666
Financial liabilities						
USD	430,060	31.718	13,640,634	304,854	29.950	9,130,368
RMB	616,391	5.103	3,145,443	344,974	4.944	1,705,552
AUD	23,277	25.970	604,514	17,930	26.710	478,911
ZAR	111,366	2.740	305,142	111,472	2.860	318,811
HKD	26,326	4.090	107,673	44,711	3.863	172,719
NZD	2,676	24.857	66,522	4,662	24.601	114,689
EUR	3,494	38.550	134,690	2,611	41.290	107,812
JPY	705,425	0.265	186,938	349,867	0.2853	99,817

j) Disclosures prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks

i. Interest rate sensitivity information (New Taiwan dollars)

December 31, 2014

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 247,374,890	$ 16,825,013	$ 346,404	$ 18,971,702	$ 283,518,009
Interest rate-sensitive liabilities	138,482,543	107,542,254	27,496,477	12,014,965	285,536,239
Interest rate-sensitive gap	108,892,347	(90,717,241)	(27,150,073)	6,956,737	(2,018,230)
Net worth					18,181,166
Ratio of interest rate-sensitive assets to liabilities (%)					99.29%
Ratio of interest rate-sensitive gap to net worth (%)					(11.10%)

December 31, 2013

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 235,191,833	$ 10,719,636	$ 1,272,631	$ 11,349,756	$ 258,533,856
Interest rate-sensitive liabilities	121,477,995	105,573,374	25,336,534	8,409,227	260,797,130
Interest rate-sensitive gap	113,713,838	(94,853,738)	(24,063,903)	2,940,529	(2,263,274)
Net worth					14,261,860
Ratio of interest rate-sensitive assets to liabilities (%)					99.13%
Ratio of interest rate-sensitive gap to net worth (%)					(15.87%)

Note 1: The above amounts include only New Taiwan dollars held by the Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

ii. Interest rate sensitivity information (U.S. dollars)

December 31, 2014

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 530,737	$ 50,158	$ 4,110	$ 7,984	$ 592,989
Interest rate-sensitive liabilities	336,583	89,415	131,746	2,085	559,829
Interest rate-sensitive gap	194,154	(39,257)	(127,636)	5,899	33,160
Net worth					12,112
Ratio of interest rate-sensitive assets to liabilities (%)					105.92%
Ratio of interest rate-sensitive gap to net worth (%)					273.78%

December 31, 2013

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 348,595	$ 53,191	$ 2,729	$ 5,187	$ 409,702
Interest rate-sensitive liabilities	281,508	52,182	55,830	-	389,520
Interest rate-sensitive gap	67,087	1,009	(53,101)	5,187	20,182
Net worth					(700)
Ratio of interest rate-sensitive assets to liabilities (%)					105.18%
Ratio of interest rate-sensitive gap to net worth (%)					(2,883.14%)

Note 1: The above amounts include only USD held by the Bank and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities are affected by interest-rate changes.

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

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

2) Sunny Securities Co.

Market risk refers to the possible loss due to the change in market price of a financial product as a result of change in such factors as market interest rates, exchange rates, share prices and consumer goods.

Sunny Securities Co. is mainly exposed to the market risk of equity instruments price. Complying with Regulations Governing Securities Firms, Sunny Securities Co. sets up related concentration controls and stop-loss point systems. Sunny Securities Co. does not use derivative instruments to manage related risks.

44. CAPITAL MANAGEMENT

a. Overview

The Group's capital management goals are as follows:

As a basic target, the Group's eligible capital should be sufficient to meet their operation need, and higher than minimum requirements of the capital adequacy ratio. Eligible capital and legal capital are calculated under the regulations announced by the authority.

The Group should have adequacy capital to bear the risks, measure capital demand according to risk combination and risk characteristics, fulfill the optimization of resource and capital allocation by risk management.

b. Capital management procedures

The Group's capital is managed by the planning department in the administrative division under the Bank's Capital Adequacy Management Policy. Regulatory capital is calculated according to "Regulations Governing the Capital Adequacy and Capital Category of Banks," and reported to the authority quarterly. Regulatory capital is classified into net Tier 1 Capital (the aggregate amount of net common equity Tier 1 and net additional Tier 1 Capital) and net Tier 2 Capital.

1) Net Tier 1 capital

a) Net common equity Tier 1 capital: Common equity mainly includes common shares, capital surplus, retained earnings, other equity and non-controlling interests, with the total less the following items: Intangible assets, unrealized gains on available-for-sale financial assets, material investments of financial institutions, deferred tax assets and other deductive items of Net Tier 1 and Tier 2 capitals.

b) Net additional Tier 1 capital: Additional items included perpetual cumulative preferred shares and no due date of non-cumulative subordinated bonds

2) Net Tier 2 capital

This capital base comprises perpetual cumulative preferred shares, no due date of non-cumulative subordinated bonds, revaluation gain, convertible bonds, operation reserves and allowance for accounts receivable.

The Bank performs the evaluation of capital adequacy quarterly, and also evaluates the demand of capital in the future, and raises the capital if needed to maintain capital adequacy.

c. Statement of capital adequacy

Analysis Items		Year	December 31			
			2014		2013	
			Standalone	Consolidation	Standalone	Consolidation
Eligible capital	Ordinary shares equity		$ 16,422,205	$ 17,079,636	$ 12,311,870	$ 12,952,072
	Other Tier 1 capital		-	-	-	-
	Tier 2 capital		7,506,936	8,171,841	5,399,500	6,033,823
	Eligible capital		23,929,141	25,251,477	17,711,370	18,985,895
Risk-weighted assets	Credit risk	Standardized approach	202,910,155	205,749,475	188,899,918	190,158,441
		Internal rating - based approach	-	-	-	-
		Securitization	-	-	-	-
	Operational risk	Basic indicator approach	8,424,881	8,665,326	7,573,503	7,825,867
		Standardized approach/alternative standardized approach	-	-	-	-
		Advanced measurement approach	-	-	-	-
	Market risk	Standardized approach	3,738,110	3,775,728	4,755,955	4,800,687
		Internal model approach	-	-	-	-
	Total risk-weighted assets		215,073,146	218,190,529	201,229,376	202,784,995
Capital adequacy ratio			11.13%	11.57%	8.80%	9.36%
Ordinary shares equity risk-based capital ratio			7.64%	7.83%	6.12%	6.39%
Tier 1 risk-based capital ratio			7.64%	7.83%	6.12%	6.39%
Leverage ratio			4.83%	4.89%	4.38%	4.44%

Note 1: These tables were filled according to "Regulations Governing the Capital Adequacy Ratio of Banks" and related calculation tables.

Note 2: The Bank shall disclose the capital adequacy ratio for the current and previous period in annual financial reports. For semiannual financial report, the Bank shall disclose the capital adequacy ratio for the current period, previous period, and previous year end.

Note 3: The formula is as follows:

1) Eligible capital = Ordinary shares equity + Other Tier 1 capital + Tier 2 capital.

2) Total risk - weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5.

3) Ratio of capital adequacy = Eligible capital/Total risk - weighted assets.

4) Ordinary shares equity risk - based capital ratio = Common shares equity/Total risk - weighted assets.

5) Tier 1 risk - based capital ratio = (Common shares equity + Other Tier 1 capital)/Total risk - weighted assets.

6) Leverage ratio = Tier 1 capital/Total exposure risk.

45. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheets of Trust Accounts
December 31, 2014 and 2013

	2014	2013
Trust assets		
Cash and bank deposits	$ 4,126,357	$ 4,327,177
Funds	24,670,422	21,379,365
Bonds	136,808	108,941
Stocks	-	194,397
Real estate		
Land	14,195,024	9,963,037
Buildings	708	993
Securities under custody	7,897,686	3,634,616
	$ 51,027,005	$ 39,608,526
Trust liabilities		
Payable on securities under custody	$ 7,897,686	$ 3,634,616
Trust capital		
Money	27,673,665	24,416,767
Real estate	14,716,622	10,551,449
Securities	-	194,397
Monetary bonds and collaterals	1,242,168	1,242,168
Accumulated loss	(1,390,967)	(1,089,966)
Profit for current year	887,831	659,095
	$ 51,027,005	$ 39,608,526

Trust Properties of Trust Accounts
December 31, 2014 and 2013

Investment Portfolio	2014	2013
Cash and bank deposits	$ 4,126,357	$ 4,327,177
Short term investments		
Funds - NTD	12,558,172	11,311,003
- other currencies	12,112,250	10,068,362
Bonds - NTD	-	7,470
- other currencies	136,808	101,471
Stocks	-	194,397
Real estate		
Land	14,195,024	9,963,037
Buildings	708	993
Securities under custody	7,897,686	3,634,616
	$ 51,027,005	$ 39,608,526

Income Statements of Trust Accounts
Years Ended December 31, 2014 and 2013

	2014	2013
Trust income		
Interest income	$ 2,960	$ 3,108
Dividends	972,924	773,874
Gains from properties trading	289,817	306,042
Realized capital gains	464	128
	1,266,165	1,083,152
Trust expense		
Trust administrative expenses	17,439	19,107
Tax expenses	62,766	2,354
Fee	12,396	10,613
Loss from property trading	285,733	391,983
	378,334	424,057
	$ 887,831	$ 659,095

Note: The above income statement of trust account is not included in consolidated income statement.

46. PROFITABILITY

Items		December 31	
		2014	2013
Return on total assets	Before income tax	0.75%	0.36%
	After income tax	0.64%	0.31%
Return on net worth	Before income tax	14.24%	7.41%
	After income tax	12.21%	6.37%
Profit margin		38.93%	18.89%

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on net worth = Income before (after) income tax/Average net worth.

Note 3: Profit margin = Income after income tax/Total net revenues.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2014 and 2013.

47. ADDITIONAL DISCLOSURES

There are no other additional disclosures except for Table 1 to Table 5.

48. OPERATING SEGMENTS

Based on IFRS 8 "Operating Segments" approved by the Financial Supervisory Commission (FSC), the operating results of the operating segments should be approved by the Group's Board of Directors (those charged with governance) and from the basis for resource allocation and performance evaluation decisions. All of the Group's operating segments meet the definition under IFRS 8.

The Group's operating segments are identified on the basis of their industry characteristics, and consist of the Banking, Insurance, Securities, and Other Segments.

Other operations of the Group, including the management of funds and trusts, do not fall under the IFRS 8 definition of an individual reportable segment.

The major revenue streams of the Group's operating segments come from interest revenue, and the Group's Board of Directors evaluates the operating segments' performance based on net interest. The operating results of all operating segments are expressed at their net amounts, i.e., total interest revenue less total interest expense.

Adjustments of internal pricing and transfer pricing have been reflected in the segments' performance evaluation. Revenues generated from external customers are amortized on a reasonable basis as agreed upon by all segments.

Transactions between operating segments are treated as regular transactions. Revenues generated from external customers submitted to and approved by the Board of Directors are measured on the same basis as that used for the consolidated statement of comprehensive income.

The Group's internal management report is based on net operating profit, which includes net interest, allowance for doubtful accounts and guarantees, commission and other fee revenues, net gains (losses) on financial products and other operating profit (loss). The evaluation excludes nonrecurring items such as litigation expenses.

Intersegment analysis is prepared on the basis of internal management reports provided to and approved by the Board of on segment profit (loss) and segment assets, liabilities and information.

Operating assets and liabilities refer to all operating departments are the main components of the consolidated balance sheet. However, some items such as the tax expenses are excluded from this balance sheet.

a. Segment revenue and operating results

	2014					
	Banking	Insurance	Securities	Other	Internal Elimination	Total
Net interest	$ 3,668,874	$ 735	$ 27,190	$ 82,168	$ -	$ 3,778,967
Commission and fee revenues, net	890,145	87,982	-	320	8,730	987,177
Other noninterest net revenues	554,326	203	84,392	43,683	(142,850)	539,754
Net revenues	5,113,345	88,920	111,582	126,171	(134,120)	5,305,898
(Reversal of allowance) allowance for doubtful accounts and guarantees	(221,857)	-	-	19,774	-	(202,083)
Operating expenses	3,013,356	39,795	83,701	45,060	(17,068)	3,164,844
Income before income tax	$ 2,321,846	$ 49,125	$ 27,881	$ 61,337	$ (117,052)	$ 2,343,137

	2013					
	Banking	Insurance	Securities	Other	Internal Elimination	Total
Net interest	$ 3,316,235	$ 828	$ 15,002	$ 19,348	$ -	$ 3,351,413
Commission and fee revenues, net	789,061	95,525	-	14,631	3,201	902,418
Other noninterest net revenues	450,712	5,101	88,393	68,207	(121,895)	490,518
Net revenues	4,556,008	101,454	103,395	102,186	(118,694)	4,744,349
Allowance for doubtful accounts and guarantees	747,965	-	130	30,307	-	778,402
Operating expenses	2,807,459	30,769	85,467	32,071	(13,909)	2,941,857
Income before income tax	$ 1,000,584	$ 70,685	$ 17,798	$ 39,808	$ (104,785)	$ 1,024,090

Segments incomes are included capital transfer pricing between segments and are distributed the expenses and costs by adequate cost drivers but not considered income tax expense.

b. Segment assets and liabilities

Segments assets and liabilities are disclosure as $0 due to the Group evaluates the amount with deposits and loans and financial assets and liabilities equally.

c. Segment information

	2014				
Item	Domestic and Others	Hong Kong and Macau	China	Elimination	Total
External revenue	$ 5,292,691	$ (18)	$ 13,225	$ -	$ 5,305,898
Internal revenue	133,108	(1,022)	-	(132,086)	-
Net revenue	$ 5,425,799	$ (1,040)	$ 13,225	$ (132,086)	$ 5,305,898
Income before income tax	$ 2,344,714	$ (226)	$ (1,351)	$ -	$ 2,343,137
Identifiable assets	$ 329,304,491	$ 105	$ 334,102	$ -	$ 329,638,698

d. Main customers information

There is no revenue form single customer meet 10% of net revenue in 2014 and 2013.

SUNNY BANK AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars or Shares)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Amount	Investment Gain	Consolidated Investment (Note 1)				Note
						Shares (Thousands)	Imitated Shares (Thousands)	Total		
								Shares (Thousands)	Percentage of Ownership	
Sunny Securities Co.	Taipei	Investment securities business	98.72	$ 548,351	$ 26,973	50,200	-	50,200	100.00	Subsidiary, Note 2
King Sunny Assets Management Co.	Taipei	Evaluating, auctioning and managing for financial institutions' loan	100.00	87,999	25,036	5,000	-	5,000	100.00	Subsidiary, Note 2
Sunny Life Insurance Brokerage Co.	Taipei	Life insurance agency	39.99	41,953	15,420	5,250	-	5,250	99.99	Subsidiary, Note 2
Sunny Property & Insurance Co.	Taipei	Property insurance agency	20.00	1,971	413	605	-	605	100.00	Subsidiary, Note 2
Sunny International Leasing Co.	Taipei	Leasing business	100.00	649,535	24,929	60,000	-	60,000	100.00	Subsidiary, Note 2
Financial Information Service Co., Ltd.	Taipei	Planning and developing the information system of across banking institution and managing the information web system	2.42	115,771	30,467	10,881	-	10,881	2.42	Note 3
Taiwan Financial Asset Service Co., Ltd.	Taipei	Auction	2.94	50,000	-	5,000	-	5,000	2.94	
Taiwan Depository and Clearing Co., Ltd.	Taipei	Computerizing book-entry operation for securities	0.29	21,490	1,188	974	-	974	0.29	Note 3
Sunny Asset Management Corp.	Taipei	Purchasing for financial institutions' loan assets	1.11	-	103	67	-	67	1.11	Note 3
Taiwan Mobile Payment Co., Ltd.	Taipei	Mobile payment and business	1.10	6,000	-	600	-	600	1.10	

Note 1: All of the existing shares of investees or fictional shareholdings which are held by the Bank and subsidiaries' directors, supervisors, managers and affiliates which conform to definition of Company Act have been reckoned.

Note 2: The transactions and balances above had been eliminated when preparing consolidated financial statement.

Note 3: The investment gain (loss) was the cash dividends recognized for the year ended December 31, 2014. Gains on financial assets carried at cost contains cash dividends of Taichung Machinery $147 and dividends that redeemed preferred stock of Farglory Life Co., Ltd. $22,875.

TABLE 2

SUNNY BANK AND SUBSIDIARIES

TRADING INFORMATION - SALE OF NONPERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Date	Counter-party	Loan	Carrying Amount	Selling Price	Gain or (Loss) on Disposal	Attachment	Relationship
January 29, 2014	Company A	Loan	$ 15,431	$ 121,520	$ 106,089	-	None

TABLE 3

SUNNY BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars or Shares)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Sunny Securities Co.	Stock							
	Sunny Life Insurance Brokerage Co.	Subsidiary	Investments accounted for using the equity method	3,150,000	$ 68,194	60.00	$ 68,194	Note 1
King Sunny Assets Management Co.	Stock							
	Sunny Property & Insurance Co.	-	Investments accounted for using the equity method	242,000	3,941	40.00	3,941	Note 1
	Sunny E-Commercial Co.	Subsidiary	Investments accounted for using the equity method	1,200,000	11,498	100.00	11,498	Note 1
	Sunny Real Estate Management Co., Ltd.	-	Financial assets carried at cost	300,000	3,000	10.00	3,000	
Sunny Life Insurance Brokerage Co.	Stock							
	Yulon Motors Co., Ltd.	-	Financial assets at fair value through profit or loss	105,839	4,922	-	4,922	
	Hung Sheng Constructions Co.	-	Financial assets at fair value through profit or loss	418,000	8,526	-	8,526	
	Farglory Land Development Co., Ltd.	-	Available-for-sale financial assets	60,000	2,265	-	2,265	
	Sunny Bank	Parent company	Financial assets carried at cost	436,861	3,508		3,508	Note 2
	Protop Technology Co., Ltd.	-	Financial assets carried at cost	301,840	-	-	-	Investment $10,782 and accumulated impairment of $10,782 recognized
	Sunny Property & Insurance Co.	-	Investments accounted for using the equity method	242,000	3,941	40.00	3,941	Note 1
	Bond							
	Central government construction bonds 100 Ninth Annual CPI	-	Refundable deposits	-	997	-	997	Provided as a guarantee
Sunny Property & Insurance Co.	Stock							
	Yulon Motors Co., Ltd.	-	Available-for-sale financial assets	50,745	2,360	-	2,360	
	Hung Sheng Constructions Co.	-	Available-for-sale financial assets	33,000	673	-	673	
Sunny International Leasing Co.	Stock							
	Sunny Securities Co.	-	Investments accounted for using the equity method	645,057	7,335	1.28	7,335	Note 1
	Sunny Finance Lease (HK) Limited	Subsidiary	Investments accounted for using the equity method	10,000,000	314,997	100.00	314,997	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Sunny Finance Lease (HK) Limited	Debt commodity of real estate trust beneficial interest							
	Xie Ding Constructions Co.	-	Financial assets carried at cost	-	$ 30,000	-	$ 30,000	
	Stock							
	Sunny Finance and Leasing (China) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	315,250	100.00	315,250	Note 1

Note 1: The transactions had been eliminated when preparing consolidated financial statements.

Note 2: Recognized as treasury shares in the consolidated financial statements

(Concluded)

SUNNY BANK AND SUBSIDIARIES

INFORMATION ON THE INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars and Thousands of Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014 (Note 2)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2014 (Note 2)	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2014	Accumulated Repatriation of Investment Income as of December 31, 2014
					Outward (Note 1)	Inward						
Sunny Finance and Leasing (China) Co., Ltd.	Leasing	$ 317,180 (US$ 10,000)	Investment in Mainland China companies through an existing company established in a third region.	$ 317,180 (US$ 10,000)	$ -	$ -	$ 317,180 (US$ 10,000)	$ (1,022) (RMB 208)	100	$ (1,022) (RMB 208)	$ 315,250	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2014 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Limit on the Amount of Investment, as Stipulated by the Investment Commission, MOEA
$317,180 (US$10,000)	$317,180 (US$10,000)	$389,721

Note 1: Based on Rule No. 102000005490 approved by the Investment commission, MOEA on January 18, 2013, the authorized investment amount is US$10,000.

Note 2: Foreign currencies are converted into New Taiwan dollars at the exchange rate as of the balance sheet date.

TABLE 5

SUNNY BANK LTD. AND SUBSIDIARIES

RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

No.	Transaction Company	Counter-party	Flow of Transaction	Description of Transactions			Percentage to Consolidated Revenue/Assets
				Financial Statement Account	Transaction Amount	Transaction Item	
0	Sunny Bank Ltd. (“Parent company” or “Sunny Bank”)	Sunny Securities Co.	From parent company to subsidiary	Deposits and remittances	$ 168,610	Interest is calculated based on annual deposit interest rate from 0% to 1.34%.	
				Rent revenue	8,760	The lease contract of Suuny Securities Co. (Shipai) is from December 15, 2012 to December 14, 2015 with a monthly rental of $500; the lease contract of Suuny Securities Co. (Mingshen) is from January 1, 2014 to December 31, 2016 with a monthly rental of $130; the lease contract of Suuny Securities Co. (Jingmei) is from October 1, 2010 to September 30, 2015 with a monthly rental of $100.	-
				Agent fee revenue	12,457	1.425‰ of the trading securities turnover.	0.01
		King Sunny Assets Management Co.	From parent company to subsidiary	Deposits and remittances	17,564	Interest is calculated based on annual deposit interest rate from 0% to 0.06%.	-
				Commission and fee revenue	3,728	10% contractual collection service fee was charged	-
		Sunny Life Insurance Brokerage Co.	From parent company to revenue	Deposits and remittances	120,019	Interest is calculated based on annual deposit interest rate from 0% to 1.34%.	-
				Commission and fee revenue	317,508	10% contractual transaction fee was charged.	0.16
				Accounts receivables	37,249	0.7% to 33.6% contractual transaction fee was charged.	-
		Sunny Property & Insurance Co.	From parent company to subsidiary	Deposits and remittances	7,905	Interest is calculated based on annual deposit interest rate from 0% to 0.88%.	-
				Commission and fee revenue	9,922	6% to 8.9% contractual transaction fee was charged as the residence and earthquake insurances; 0% to 20% contractual transaction fee was charged as the commercial-line fire insurance; $100 to $1,430 transaction fee was charged per case.	-
				Accounts receivables	1,284	6% to 8.9% contractual transaction fee was charged as the residence and earthquake insurances; 0% to 20% contractual transaction fee was charged as the commercial-line fire insurance; $100 to $1,430 transaction fee was charged per case.	-
		Sunny International Leasing Co.	From parent company to subsidiary	Deposits and remittances	41,783	Interest is calculated based on annual deposit interest rate from 0.06% to 1.50%.	-
		Sunny E-Commercial Co.	From parent company to Subsidiary	Deposits and remittances	9,784	Interest is calculated based on annual deposit interest rate from 0% to 0.06%.	-
1	Sunny Securities Co.	Sunny Bank	From subsidiary to parent company	Cash	168,610	Interest is calculated based on annual deposit interest rate from 0% to 1.34%.	-
				Operating expenses	8,760	The lease contract of Suuny Securities Co. (Shipai) is from December 15, 2012 to December 14, 2015 with a monthly rental of $500; the lease contract of Suuny Securities Co. (Mingshen) is from January 1, 2014 to December 31, 2016 with a monthly rental of $130; the lease contract of Suuny Securities Co. (Jingmei) is from October 1, 2010 to September 30, 2015 with a monthly rental of $100.	-

(Continued)

No.	Transaction Company	Counter-party	Flow of Transaction	Description of Transactions			Percentage to Consolidated Revenue/Assets
				Financial Statement Account	Transaction Amount	Transaction Item	
				Agent fee revenue	$ 12,457	1.425‰ of the trading securities turnover.	0.01
2	King Sunny Assets Management Co.	Sunny Bank	From subsidiary to parent company	Cash	17,564	Interest is calculated based on annual deposit interest rate from 0% to 0.06%.	-
				Operating expenses	3,728	10% contractual collection service fee was charged.	-
3	Sunny Life Insurance Brokerage Co.	Sunny Bank	From subsidiary to parent company	Cash	120,019	Interest is calculated based on annual deposit interest rate from 0% to 1.34%.	-
				Commission and fee expense	317,508	1.11% to 69.5% contractual transaction fee was charged.	0.16
				Accounts payable	37,249	0.7% to 33.6% contractual transaction fee was charged.	-
4	Sunny Property & Insurance Co.	Sunny Bank	From subsidiary to parent company	Cash	7,905	Interest is calculated based on annual deposit interest rate from 0% to 0.88%.	-
				Commission and fee expense	9,922	6% to 8.9% contractual transaction fee was charged as the residence and earthquake insurances; 0% to 20% contractual transaction fee was charged as the commercial-line fire insurance; $100 to $1,430 transaction fee was charged per case.	-
				Accounts payable	1,284	6% to 8.9% contractual transaction fee was charged as the residence and earthquake insurances; 0% to 20% contractual transaction fee was charged as the commercial-line fire insurance; $100 to $1,430 transaction fee was charged per case.	-
5	Sunny International Leasing Co.	Sunny Bank	From subsidiary to parent company	Cash	41,783	Interest is calculated based on annual deposit interest rate from 0.06% to 1.50%.	-
6	Sunny E-Commercial Co.	Sunny Bank	From subsidiary to parent company	Cash	9,784	Interest is calculated based on annual deposit interest rate from 0% to 0.06%.	-

(Concluded)

II

Sunny Bank Ltd.

Financial Statements for the Years Ended December 31,2014 and 2013 and Independent Auditor's Report

Sunny Bank Ltd.

Financial Statements for the
Years Ended December 31, 2014 and 2013 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Sunny Bank Ltd.

We have audited the accompanying balance sheets of Sunny Bank Ltd. (the "Bank") as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended, in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks, and the guidelines issued by the authority.

The accompanying schedules of major accounting items of the Bank as of and for the year ended December 31, 2014 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

February 6, 2015

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SUNNY BANK LTD.

BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 6,644,840	2	$ 3,932,346	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6, 7 and 41)	21,393,765	7	47,003,570	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	18,291,522	6	14,935,197	5
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4, 6 and 9)	-	-	1,947,061	1
RECEIVABLES, NET (Notes 4, 5, 10, 11 and 39)	1,253,411	-	1,241,239	1
CURRENT TAX ASSETS (Note 37)	65,843	-	126,913	-
DISCOUNT AND LOANS, NET (Notes 4, 5, 11 and 39)	215,226,707	66	202,421,259	69
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 5, 12 and 41)	48,668,729	15	4,917,626	2
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 13 and 41)	1,066,518	-	1,070,618	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Noes 4 and 14)	1,329,809	-	1,271,647	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 5, 11, 15 and 41)	3,079,354	1	2,177,301	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 16)	9,347,420	3	9,347,187	3
INTANGIBLE ASSETS, NET (Notes 4, 5 and 17)	1,049,592	-	1,047,238	-
DEFERRED TAX ASSETS (Notes 4, 5 and 37)	391,646	-	686,970	-
OTHER ASSETS, NET (Notes 4, 18 and 41)	300,474	-	279,106	-
TOTAL	$ 328,109,630	100	$ 292,405,278	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Note 19)	$ 6,483,606	2	$ 7,096,606	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	7,307	-	9,978	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4, 12, 13 and 20)	3,903,419	1	500,122	-
PAYABLES (Notes 21 and 25)	2,927,590	1	2,080,148	1
DEPOSITS AND REMITTANCES (Notes 22 and 39)	286,645,020	87	258,493,252	88
BANK DEBENTURES (Notes 23 and 39)	9,100,000	3	9,304,900	3
PROVISIONS (Notes 4, 5, 11, 24 and 25)	276,869	-	286,255	-
DEFERRED TAX LIABILITIES (Notes 4 and 37)	138,293	-	140,041	-
OTHER LIABILITIES (Notes 26 and 39)	266,959	-	253,081	-
Total liabilities	309,749,063	94	278,164,383	95
EQUITY				
Share capital				
Ordinary shares	15,883,719	5	13,349,730	5
Capital surplus	43,950	-	4,500	-
Retain earnings				
Legal reserve	278,433	-	24,879	-
Special reserve	87,810	-	82,988	-
Unappropriated earnings	2,039,001	1	845,180	-
Other equity	31,162	-	(62,874)	-
Treasury shares	(3,508)	-	(3,508)	-
Total equity	18,360,567	6	14,240,895	5
TOTAL	$ 328,109,630	100	$ 292,405,278	100

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

SUNNY BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
INTEREST REVENUE	$ 6,252,883	122	$ 5,641,293	124	11
LESS: INTEREST EXPENSE	2,584,009	50	2,325,058	51	11
NET INTEREST (Notes 4, 28 and 39)	3,668,874	72	3,316,235	73	11
NET REVENUES OTHER THAN INTEREST (Note 4)					
Commission and fee revenues, net (Notes 2 and 39)	890,145	17	789,061	17	13
Gains on financial assets and liabilities at fair value through profit or loss (Note 30)	171,243	3	165,876	4	3
Realized gains on available-for-sale financial assets (Note 31)	44,546	1	11,127	-	300
Foreign exchange gains	89,140	2	82,239	2	8
Reversal of impairment loss on assets (Notes 5 and 32)	16,128	-	27,222	1	(41)
Share of profit of subsidiaries	92,771	2	69,460	1	34
Gains on financial assets carried at cost	54,780	1	29,949	1	83
Rental income (Note 39)	64,142	1	64,914	1	(1)
Other noninterest net revenues (loss) (Note 33)	21,576	1	(75)	-	28,868
Total net revenues other than interest	1,444,471	28	1,239,773	27	17
TOTAL NET REVENUES	5,113,345	100	4,556,008	100	12
(REVERSAL OF ALLOWANCE) ALLOWANCE FOR DOUBTFUL ACCOUNTS AND GUARANTEES (Notes 4, 5, 11 and 39)	(221,857)	(4)	747,965	16	(130)

(Continued)

SUNNY BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
OPERATING EXPENSES					
Employee benefits (Notes 4, 25, 34 and 39)	$ 1,963,353	38	$ 1,870,041	41	5
Depreciation and amortization (Notes 4 and 35)	151,917	3	168,373	4	(10)
Others (Note 36)	898,086	18	769,045	17	17
Total operating expenses	3,013,356	59	2,807,459	62	7
INCOME BEFORE INCOME TAX	2,321,846	45	1,000,584	22	132
INCOME TAX EXPENSE (Notes 4, 5 and 37)	331,443	6	140,084	3	137
NET INCOME	1,990,403	39	860,500	19	131
OTHER COMPREHENSIVE INCOME (Note 37)					
Exchange differences on translating foreign operations	16,251	-	5,169	-	214
Unrealized gain on available-for-sale financial assets	69,043	2	6,568	-	951
Actuarial loss arising from defined benefit plans	(8,265)	-	(371)	-	2,128
Share of other comprehensive profit of subsidiaries	14,448	-	6,303	-	129
Income tax relating to the components of other comprehensive income	(1,267)	-	(989)	-	28
Other comprehensive income for the year, net of income tax	90,210	2	16,680	-	441
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,080,613	41	$ 877,180	19	137
EARNINGS PER SHARE (New Taiwan dollars; Note 38)					
Basic	$ 1.40		$ 0.63		
Diluted	$ 1.40		$ 0.63		

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

SUNNY BANK LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 27)			Retained Earnings (Notes 27 and 40)				Other Equity			
	Shares in Thousand	Ordinary Shares	Capital Surplus (Note 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations (Notes 4 and 27)	Unrealized (Loss) Gain on Available-for-sale Financial Assets (Notes 4 and 27)	Treasury Shares (Note 27)	Total Equity
BALANCE AT JANUARY 1, 2013	1,274,973	$ 12,749,730	$ -	$ -	$ 24,936	$ 69,021	$ 93,957	$ (4,604)	$ (76,360)	$ (3,508)	$ 12,759,215
Appropriation of the 2012 earnings											
Legal reserve	-	-	-	24,879	-	(24,879)	-	-	-	-	-
Special reserve	-	-	-	-	58,052	(58,052)	-	-	-	-	-
Net profit for the year ended December 31, 2013	-	-	-	-	-	860,500	860,500	-	-	-	860,500
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	(1,410)	(1,410)	11,421	6,669	-	16,680
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	859,090	859,090	11,421	6,669	-	877,180
Issue of ordinary shares for cash	60,000	600,000	-	-	-	-	-	-	-	-	600,000
Share-based payment transactions	-	-	4,500	-	-	-	-	-	-	-	4,500
BALANCE AT DECEMBER 31, 2013	1,334,973	13,349,730	4,500	24,879	82,988	845,180	953,047	6,817	(69,691)	(3,508)	14,240,895
Appropriation of the 2013 earnings											
Legal reserve	-	-	-	253,554	-	(253,554)	-	-	-	-	-
Special reserve	-	-	-	-	4,822	(4,822)	-	-	-	-	-
Share dividends - common stock	53,399	533,989	-	-	-	(533,989)	(533,989)	-	-	-	-
Net profit for the year ended December 31, 2014	-	-	-	-	-	1,990,403	1,990,403	-	-	-	1,990,403
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	(3,826)	(3,826)	26,266	67,770	-	90,210
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	1,986,577	1,986,577	26,266	67,770	-	2,080,613
Issue of ordinary shares for cash	200,000	2,000,000	-	-	-	-	-	-	-	-	2,000,000
Acquisition of subsidiaries	-	-	-	-	-	(391)	(391)	-	-	-	(391)
Share-based payment transactions	-	-	39,450	-	-	-	-	-	-	-	39,450
BALANCE AT DECEMBER 31, 2014	1,588,372	$ 15,883,719	$ 43,950	$ 278,433	$ 87,810	$ 2,039,001	$ 2,405,244	$ 33,083	$ (1,921)	$ (3,508)	$ 18,360,567

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

SUNNY BANK LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,321,846	$ 1,000,584
Adjustments for:		
Depreciation expenses	142,987	154,657
Amortization expenses	8,930	13,716
(Reversal of allowance) allowance for doubtful accounts and guarantees	(221,857)	747,965
Interest expenses	2,584,009	2,325,058
Interest revenues	(6,252,883)	(5,641,293)
Dividend income	(80,583)	(50,993)
Decrease in provisions	(11,041)	(34,727)
Share-based payments	39,450	4,500
Share of profit of subsidiaries	(92,771)	(69,460)
Loss on disposal of property and equipment	1	62
(Gain) loss on disposal of available-for-sale financial assets	(23,720)	8,430
Reversal of impairment loss on financial assets	(16,128)	(27,222)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(5,691,247)	1,729,173
Increase in financial assets at fair value through profit or loss	(3,428,077)	(10,341,830)
Decrease in receivables	76,081	70,642
Increase in discounts and loans	(12,641,532)	(13,230,137)
Decrease in deposits from the central bank and banks	(613,000)	(1,069,614)
(Decrease) increase in financial liabilities at fair value through profit or loss	(2,671)	6,054
Increase (decrease) in securities sold under agreements to repurchase	3,403,297	(1,472,704)
Increase (decrease) in payables	778,234	(1,251,695)
Increase in deposits and remittances	28,151,768	28,918,464
Net cash generated from operations	8,431,093	1,789,630
Interest received	6,136,121	5,610,442
Dividends received	143,787	59,695
Interest paid	(2,582,719)	(2,333,309)
Income tax received (paid)	24,608	(15,822)
Net cash generated from operating activities	12,152,890	5,110,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(215,413,351)	(5,233,052)
Proceeds from disposal of available-for-sale financial assets	171,948,801	3,111,433
Acquisition of held-to-maturity financial assets	-	(103,210)
Proceeds from repayment of held-to-maturity financial assets	4,100	200,000
Acquisition of property and equipment	(144,739)	(72,567)
Proceeds from disposal of property and equipment	3	122
Acquisition of intangible assets	(7,191)	(5,819)

(Continued)

SUNNY BANK LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Increase in other financial assets	$ (877,939)	$ (1,821,792)
Increase in other assets	(23,195)	-
Decrease in other assets	-	45,577
Net cash used in investing activities	(44,513,511)	(3,879,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued of bank debentures	3,000,000	1,500,000
Repayment of bank debentures on maturity	(3,204,900)	(304,500)
Increase in other liabilities	13,878	38,632
Proceeds from issue of ordinary shares	2,000,000	600,000
Net cash generated from financing activities	1,808,978	1,834,132
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	16,024	4,716
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(30,535,619)	3,070,176
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	42,152,428	39,082,252
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 11,616,809	$ 42,152,428

Reconciliation of the amounts in the statement of cash flows with the equivalent items reported in the balance sheets at December 31, 2014 and 2013:

	December 31	
	2014	2013
Cash and cash equivalents in balance sheets	$ 6,644,840	$ 3,932,346
Due from the Central Bank and call loans to other banks reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	4,971,969	36,273,021
Securities purchased under agreements to resell reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	-	1,947,061
Cash and cash equivalents in statements of cash flows	$ 11,616,809	$ 42,152,428

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

Sunny Bank Co., Ltd

Chairman: LIN, PENG-LANG

陽信銀行
SUNNY BANK