



陽信銀行
SUNNY BANK

Stock code : 2895

ANNUAL
REPORT 2007



Spokesman

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The Deputy Spokesman

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Head Office and Branch Office

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Taiwan (R.O.C.) TEL: (02) 2820-8166
Website: <http://www.sunnybank.com.tw>
See P.197~P.199 for details on local branch office addresses and telephone numbers.

Stock Registration Office

Sunny Bank General Administration (Shareholders Section)
4F, No. 88, Sec. 1, Shihpai Rd., Beitou District, Taipei City 112,
Taiwan (R.O.C.) TEL: (02) 2820-8166 Ext. 501
Website: <http://www.sunnybank.com.tw>

Certified Public Accountants for Financial Statements

CPA: Shao, Chih-Ming, Kuo, Cheng-Hung
Deloitte & Touche
12F, No. 156, Sec. 3, Minsheng E. Rd., Taipei City 105,
Taiwan (R.O.C.) TEL: (02) 2545-9988
Website: <http://www.deloitte.com.tw>

Credit Rating Agency

Taiwan Rating Corporation
49F, No. 7, Sec. 5, Sinyi Rd., Taipei City 110, Taiwan (R.O.C.) (Taipei 101 Tower)
TEL:(02) 8722-5800
Website: <http://www.taiwanratings.com/>

Names of stock exchanges where foreign securities are listed and enquiry on the information of foreign securities: None

The Bank's url: <http://www.sunnybank.com.tw>

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I. MESSAGE TO SHAREHOLDERS

In review of the global economy in 2007, even under the negative influence of high oil prices and sub-prime mortgage crisis, the global economy still grew stably, driven by the stable recovery of Europe economy and robust emerging markets, such as China. While the global economy turned around and the monetary policies of all countries are kept at ease, plentiful capital dynamics boosted prices of stocks, bonds, raw materials and real estate worldwide, which brought the bull to the financial asset market for 2007.

In Taiwan financial industry, the over-competitive credit card and cash card markets worsened the asset quality of personal unsecured loans and banks thus became cautious. In order to overcome the debt-paying incapability of the unsecured loan debtors, which resulted from the credit expansion, the authority launched “The Debt Restructuring Mechanism” and gradually placed the consumer finance crisis under well control. However, all of banks in Taiwan have recognized significant bad debt as a price to improve non-performing loans ratios.

With the financial environment so fiercely competitive, the Bank will persist in its customer orientation, provide numerous and diverse financial products and operate Sunny Bank in the consistently stable fashion. Nevertheless, the Bank could not exclude itself from the effect of domestic financial environment. In 2007, loss was first seen on the Bank, which basically resulted from not only the bad debt of credit cards and corporate crediting, but also the additional recognition of bad debt allowance in order to raise the asset quality of Sunny Bank. For the sake of profit-boosting, the Bank will keep advancing its efficiency, lowering operational costs, strengthening debt collection and management and launching profitable financial products. The Bank will also strengthen the operation and further globalization by actively raising the capital adequacy ratio and improving its financial structure.

The operation in 2007 and the business plans for 2008 are as follows:

1. The Outcome of The Operation Plans and The Budget Implementation:

The balance of outstanding deposit at the end of 2007 was NT\$207.3 billion, which was NT\$5.7 billion less than NT\$213 billion, the deposit balance at the end of 2006. The balance of outstanding loan was NT\$175.5 billion at the end of 2007, which was NT\$11 billion less than NT\$186.5 billion, the balance at the end of 2007. For asset quality, the non-performing loan ratio is 2.87% and the coverage ratio is 53.11%.

2. Financial Status and Profitability Analysis:

The after-tax settlement of year 2007 was a loss of NT\$ 1,138,152 thousand dollars and the loss per share was 0.93 dollars.

3. Research Development:

- (1) For year 2007, Taiwan Rating Corporation rated us as “twA-“for long-term credit rating and “twA-2” for short-term credit, which signified that our operation results and credit rating have been consistently highly recognized.
- (2) Actively boosted the export/import business of OBU. Based diverse solutions on customers’ need.
- (3) Consistently launching new financial products: Design credit products, wealth management and trust products and personal insurance for different customer segmentation in order to satisfy more customer’s needs.
- (4) Collective investment trust accounts: to satisfy conservative, stable and aggressive investors through different types of investment objectives. The trustees can collectively manage the fund of similar methods and risk preference. The investors can invest through collective investment trust accounts and optimize the asset allocation to minimize investment costs, diversify risks and raise the efficiency of exercising trust assets.
- (5) Personal trust- retirement-trust: With the aging population and low fertility rates, exercise

and allocation of fund after retirement is becoming a hot topic. Through trust contracts with trust enterprises for the exercise of trusted property, trust property accounts can be managed independently and excluded from the effect of the worsening finance or bankruptcy of granters or trusted banks. Inappropriate usage by children can be avoided, which supplies a significant shield for property of the senior.

- (6) Consumption debiting through chip cards: when consumers involve in commodity, service or other kinds of transactions with physical or virtual authorized stores, they can use the chip card issued by the issuer and authorize issuers directly to debit the consumption amount from the specified accounts of the applicant's chip card through controlled personalized passwords. The money will be transferred to the accounts of acquirers or authorized stores.
- (7) Strengthening credit card services: to provide collection of public utility fees, progressive payment of cash advance for quality cardholders, boost the exposure of charity and increase the added value.

4. Guidelines of 2008 Operation Plans, Objectives, Targets and Policies:

- (1) Explore and stabilize deposits:

Deposit is the seed for all services of banks. To explore deposits and stabilize deposit capacity will be listed as the top service for 2008.

- (2) Expand wealth management service:

The traditional deposit and loan services are competitive and capital supply is abundant, the profit margin between deposits and loans are thus reduced. It is necessary to look for "niche" products. Among these products, wealth management, which can elevate the service fee and contains no risks from bad debit, is the simplest and the most effective choice. The asset capacity of the wealth management market has been skyrocketing, which is why the Bank listed it in its annual goals.

- (3) Explore services of International Banking Department and Offshore Banking Unit (OBU):

In order for global economy, serving overseas Taiwan companies and expanding profit sources, the Bank will take expanding foreign exchange services and raising the operational capacity of this service as critical targets and apply for establishing overseas office immediately after strengthening its operation.

- (4) Raising the fee income ratio:

Service-fee products have been gradually viewed as an important drive of income in the industry. The fee income ratio of the Bank in 2007 was 18.27%. In 2008, service fee products will remain a key product to sustain the annual growing ratio of service fee to revenue and minimize the effect of fluctuating interest rates on revenue.

- (5) Strengthen the collection and management of overdue loans:

The allowance in 2007 was NT\$2.118 billion. For better collection of bad debt, the Bank will establish phone collection teams and visiting collection teams. It will thus actively contact debtors and successfully collect or negotiate about the debt to minimize the damage, lower allowance and improve asset quality.

- (6) Advance risk management, hone crediting-monitoring mechanism and processes and minimize the occurrence of overdue loans.

In the future, facing the increasingly competitive financial industry, the bank will persist in its spirit of stable operation and improving operational efficiency. The Bank will also try to lessen the operation costs through simplifying operation process and centralizing operations. Additionally, the Bank plans to introduce external fund to solidify its capital structure. For better quality service to customers, the Bank is also developing electronic

services such as upgrading its on-line banking and on-line ATM functions and establishing the payment system platform, customer service centers and collection of parking fees for all counties. Moreover, the Bank will continue managing customers, perfecting service satisfaction and actively planning to establish overseas offices for globalization in order to balance among operation, better service, profit generation and the maximum benefits of the whole shareholders and customers.

Chairman Chen, Sheng-Hung



II. Background

1. Date of Registration

Registration Date: September 1, 1997

Business Commencement Date: September 1, 1997

2. History of the bank

Previously known as “Yang Ming Shan Credit Cooperative”, the Bank was established on October 2nd, 1957. After 40 years of operation, it was approved and restructured to be a bank by the Ministry of Finance on April 28, 1997. Therefore, “Sunny Bank Corporation Ltd.” formally started its operations on September 1, 1997. Sunny Bank is among the first group of credit cooperatives being restructured to banks in accordance with the “Standards and Regulations for Reforming Credit Cooperatives to Commercial Banks” with an Order issued by the Ministry of Finance dated December 6, 1995 with File No. Tai-tsai-jung No. 84784492.

On April 16, 1998, our bank was accredited of the ISO-9002 information and quality system. We were the first accredited bank. On June 4, 1998, we held a press conference to announce this accreditation and address our quality policies for sustainable operation of “Stability, Prospects, Profession and Enthusiasm”. We have been endeavoring to advance ourselves, expand our services, increase branches to provide services to the public since the commencement of our business. In conformance with the governmental policies to dispose poorly managed financial institutions, Sunny Bank Ltd. undertook the business of Yuan Lin Credit Cooperative, Chang Hua and Ping Tung 2nd Credit Cooperative respectively on September 15, 2001. On August 24, 2002, Sunny Bank Ltd. took over the business of Tainan 5th Credit Cooperative. We successfully increased our branches by 21. On July 20, 2004, Sunny Bank Ltd. was approved to expand its operational region and became a national bank. On November 26, 2005, Sunny Bank Ltd. merged with Kao Shin Commercial Bank so as to integrate business and strengthen our competitiveness in the market by obtaining better competitive advantages, expanding business scale and range. The number of our branches increased from 62 to 96. Our points of service jumped to the leader of non-financial-holding private banks. After capital increase by cash in 2006, our capital is expanded to NT\$12.4 billion. We also established Lotong branch in September 2007 and broaden our service territory into Eastern Taiwan. Through regional complementary, and channel integration, the Bank will advance its market competitiveness and scale, customer service and operation capability for our next landmark.

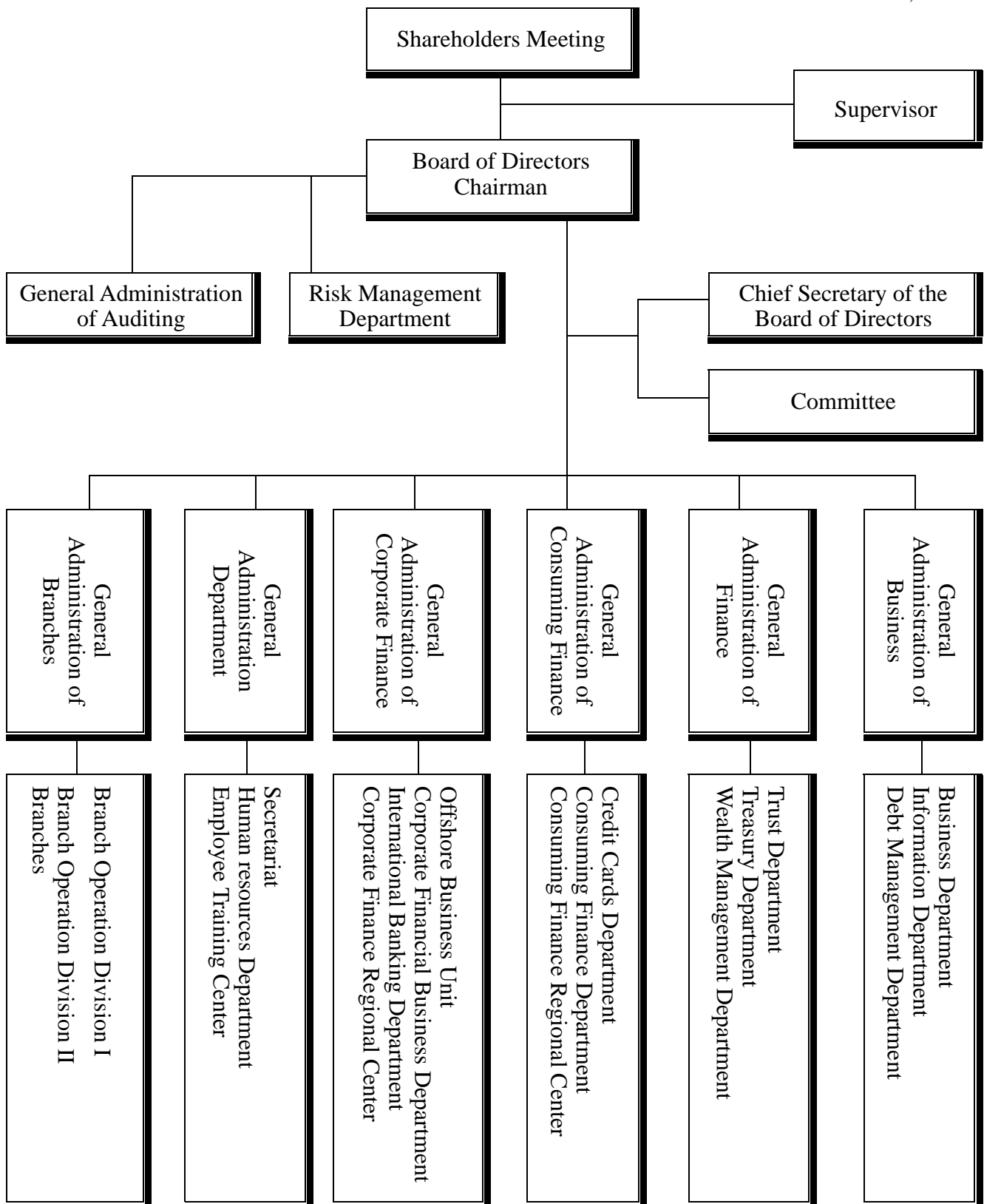
For adapting to the rapid changes in the financial market, Sunny Bank Ltd. started to undertake reorganization in 2003. Our organization is divided, based on functions or services, into seven systems: general finance, corporate finance, consuming finance, branch operations, business operation, and administration and auditing. In May, 2006, The Risk Management Office was set up to hasten reasonable operation, enhance service quality and efficiency. Also Active integration with other financial areas is conducted to reinvest in Sunny Securities Co., Ltd., Sunny Life Insurance Brokerage Co., Ltd., Sunny Property & Insurance Brokerage Co., Ltd and Gold Sunny Assets Management Co., Ltd. etc. and act as an agent for various insurance commodities and engage in brokerage, transaction and delivery of listed and over-the-counter stocks and the purchase, valuation or auction of financial claims. It is expected that we can expand our services, develop diverse business and provide comprehensive financial services on a basis of existing connections and locations.

Looking into the future, Sunny Bank will stand firmly on its diligent and dedicative tradition, stick up for its quality policies of “Stability, Prospects, Profession and Enthusiasm”, work together to uplift its sales and broaden its services. With more diverse products, broader business locations, safer and more convenient automated service channels and consistent warm service, the Bank, as a considerate companion of each of customers in all of their life stages, will provide all kinds of financial services to customers.

III. Company Report

1. Organization of the Bank

Date: December 31, 2007



Head Office has set up General Administration of Business, General Administration of Finance, General Administration of Consuming Finance, General Administration of Corporate Finance, General Administration of Branches, and General Administration Department which are responsible for planning, supervision, and guidance in their respective areas.

Titles and duties of the above divisions under Head Office are as follows:

1. General Administration of Business: Business Dept., Information Department and Debt Management Department.

Business Department:

In charge of systems, organizations, rules, operational planning, annual budget, accounting, and bank operation planning and promotion, performance appraisal management, and compilation of various appraisal information submitted from units under the Head Office as well as the development and revision of related rules, regulations, procedures, operating manual.

Information Department:

Promotion of automated procedures, analysis, design, connection, control, maintenance of software/hardware data, planning, establishment and management of the internal network, and development and revision of related rules, regulations, procedures, operating manual.

Debt Management Department:

In charge of management, acceptance and penalty of non-performing loan, and collateral and development and revision of related rules, regulations, procedures, and operating manual for consumer banking, corporate banking and credit card business.

2. General Administration of Finance: Trust Department, Treasury Department, and Wealth Management Department

Trust Department:

In charge of trust operation planning, product development, marketing, sales promotion, performance auditing management, and related rules, regulations, procedures, and operation manual set up and revision.

Treasury Department:

In charge of bank capital management, investment on short-term securities, long-term equity investment, notes transactions, depository/loan interest rate setting, and development and revision of related rules, regulations, procedures, and operating manual.

Wealth Management Department:

In charge of custody and investment of capital appointed by customers, and related business planning and promotions.

3. General Administration of Consuming Finance: Credit Cards Department, Consuming Finance Department and Consuming Finance Regional Center.

Credit Cards Department:

In charge of bank credit card services planning, product development, marketing, sales promotion, performance appraisal, and development and revision of related rules, regulations, procedures, and operating manual.

Consuming Finance Department:

In charge of crediting projects including small scale credit loans, housing mortgage, and other consumer loans, product development, marketing, sales promotion, approval, performance appraisal management and development and revision of related rules, regulations, procedures, and operating manual.

Consuming Finance Regional Center:

In charge of client marketing and sales promotion for consuming finance credit business and assistance to branch offices.

4. General Administration of Corporate Finance: Corporate Financial Business Department, International Banking Department, Offshore Business Unit, Corporate Finance Regional Center.

Corporate Financial Business Department:

In charge of credit information services and authorization for corporate loans and related planning, product development, marketing, sales promotion, auditing, performance auditing and management and development and revision of related rules, regulations, procedures, and operating manual.

International Banking Department:

In charge of foreign exchange and foreign business planning, product development, marketing, sales promotion, performance appraisal management and development and revision of related rules, regulations, procedures, and operating manual.

Offshore Business Unit:

In charge of Offshore Business Unit and planning for global financial services, product development, marketing, sales promotion, performance appraisal management and development and revision of related rules, regulations, procedures, and operating manual..

Corporate Finance Regional Center:

In charge of corporate finance crediting services and marketing, sales promotion, credit information services, crediting process and management, and assistance and guidance for cases from branches in the respective authorized region.

5. General Administration of Branches: supervises Branch Operation Division I, and Branch Operation Division II.

Branch Operation Division I:

In charge of business and the management and guidance of daily operation in the authorized region or assigned branches.

Branch Operation Division II:

In charge of business and the management and guidance of daily operation in the authorized region or assigned branches.

6. General Administration Department: supervise Human Resources Department, Employee Training Center, and Secretariat.

Human Resources Department:

In charge of human resource planning analysis, recruitment, development, job appointment/dismissal, promotion, job rotation, benefit, retirement, appraisal, reward/penalty and development and revision of related rules, regulations, procedures, and operating manual.

Employee Training Center:

In charge of employee training, planning of training courses, appointment of instructors as well establishment, use, management and maintenance of training centers.

Secretariat:

In charge of confidential affairs, documentary, seals, stock service, public relations, legal affairs, general affairs, cashier, material purchase, procurement, fix, maintenance and management of real estate, and development and revision of related rules, regulations, procedures, and operating manual. as well as affairs not belonging to other departments.

Divisions are set up under the administration of the Head Office. If duties are assigned or reallocated according to the authorized region, it should be Chairman that conducts the evaluation and makes the decision.

General Administration of Auditing and Risk Administration Office are also established in this bank. General Administration of Auditing is responsible for operation, information, account, financial affairs, and goods in custody. The number of the prescribed personnel is based on actual needs. Auditor qualification and appointment and dismissal of auditors above are carried out in compliance with regulations of agency. General administration of auditing and auditor, when implementing the duty, are under supervision of general auditor.

Risk Administration Office of this bank is in charge of bank risk supervision, including Capital Adequacy Ratio (such as: credit risk, market risk, operation risk and other risk), liquidity risk, operation risk management mechanism, large exposure to risk control and computation, bad-debt allowance reporting, information safety protection mechanism, and contingency plan. Risk control reports are periodically submitted to the board of directors. Job vacancies may be assigned for the above operations. The number of staff may be recruited depending on actual needs.

II. Information of Director/Supervisor, President, Vice President, Deputy Executive Vice President, Department and Branch Office Chiefs

- (1) Board of Directors/Supervisors
1. Profiles of Board of Directors/Supervisors

Date: December 31, 2007																	
Position	Name	Date of Employment	Service Tenure	Initial Elected Date	Holding at Selection		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience	Concurrent Positions at our Bank and Other Companies	Other Chief, Director or Supervisor as Spouse, Minors or any other Relatives within the second level relationships		
					Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship
Chairman	Chen, Sheng-Hung	2006-05-02	3 years	1997-09-01	6,905,806	0.56%	7,179,892	0.58%	1,832,655	0.15%	—	—	The 3rd to 7th Taipei City Councilor Chairman of Board of Directors of Yang Ming Shan Credit Union The 1st - 4th Chairman of Sunny Bank The 4th & 5th legislator Graduated from university	Director of Chuan Yam Construction Co., Ltd.	Standing Director	Chen, Chin-Chia	Brother
Standing Director	Wu, Hsi-Hui	2006-05-02	3 years	1997-09-01	2,345,282	0.19%	2,367,364	0.19%	—	—	—	—	Chairman of Yang Ming Shan Gas Co., Ltd. Chairman of Board of Directors of Yang Ming Shan Credit Union The 1st - 4th Standing Director of Sunny Bank Chairman of Cheng Fa Films Co., Ltd. Graduated from primary school	Chairman of Cheng Fa Films Co., Ltd. Chairman of Yang Ming Shan Gas Co., Ltd.	None	None	None
Standing Director	Liu, Chen-Sheng	2006-05-02	3 years	1997-09-01	4,774,766	0.38%	4,964,272	0.40%	942,582	0.08%	—	—	Chairman of Jih Chien Enterprise Co., Ltd. Director & Supervisor of Yang Ming Shan Credit Union The 1st Director and The 2nd - 4th Standing Director of Sunny Bank Chairman of Shihpai Tzuchiang General Market Co., Ltd. Graduated from senior commercial high school	Chairman of Shihpai Tzuchiang General Market Co., Ltd.	Assistant Manager Manager	Liu, Ming-Chieh Chen, Yao-Wen	Father & Son Relatives
Standing Director	Chen, Chin-Chia	2006-05-02	3 years	2000-06-12	3,711,097	0.30%	4,177,407	0.34%	6,894,974	0.55%	—	—	Director of Po Yun Wu Enterprise Co., Ltd. Director of Formosa On-line Co., Ltd. The 2nd - 3rd Director and The 4th Standing Director of Sunny Bank Graduated from university	Director of Po Yun Wu Enterprise Co., Ltd.	Chairman	Chen, Sheng-Hung	Brother
Independent Standing Director	Sun, Ping-Yen	2006-05-02	3 years	2006-05-02	—	—	—	—	—	—	—	—	Standing Director of Taiwan Cooperative Bank Commissioner of Basic Financial Innovation Section, Ministry of Finance, Executive Yuan Commissioner and Director of Higher Examinations, Examination Yuan Adjunct Professor of National Taipei University The 4th Independent Standing Director of Sunny Bank Graduated from doctor	None	None	None	None
Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	2006-05-02	3 years	2006-05-02	41,313,082	3.32%	82,952,766	6.67%	907,439	0.07%	—	—	Lecturer of Ching Kuo Institute of Technology President of Yi Lien Co., Ltd. The 4th Director of Sunny Bank Graduated from master	Director of Fu Hao Garden Hotel Director of Yi Lien Co., Ltd. Director of Pang Ji Development Co., Ltd.	None	None	None
Director	Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung	2006-05-02	3 years	2000-06-12	1,627,872	0.43%	82,952,766	6.67%	575,931	0.05%	—	—	Manager of Trust and Business Department, Taipei Business Bank Vice President and President of Sunny Bank The 2nd Standing Director and The 3rd & 4th Director of Sunny Bank Graduated from university	None	None	None	None
Director	Ho, Shun-Cheng	2006-05-02	3 years	1997-09-01	4,280,833	0.34%	4,450,735	0.36%	5,448,570	0.44%	—	—	Person-in-Charge of Yuan Shun Jewelry Co., Ltd. Director of Yang Ming Shan Credit Union The 1st - 4th Director of Sunny Bank Graduated from senior high school	None	None	None	None
Director	Chang, Wu-Ping	2006-05-02	3 years	1997-09-01	5,946,478	0.48%	6,182,489	0.50%	1,186,638	0.10%	—	—	Director of Yang Ming Shan Credit Union The 1st - 4th Director of Sunny Bank Graduated from senior commercial high school	Shareholder of Caby Sound Co. Chairman of Ping An Construction Co., Ltd.	None	None	None

Position	Name	Date of Employment	Service Tenure	Initial Elected Date	Holding at Selection		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience	Concurrent Positions at our Bank and Other Companies	Other Chief, Director or Supervisor as Spouse, Minors or any other Relatives within the second level relationships		
					Shares	Ratio %	Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship
Director	Lin, Cheng-Yu	2006-05-02	3 years	2006-05-02	4,604,609	0.37%	5,387,362	0.43%	503,993	0.04%	—	—	Chairman of Kuo Chih Construction Co., Ltd. The 4th Director of Sunny Bank Graduated from university	Supervisor of Sheng Tai Construction Co., Ltd. Director of State Glory Enterprises Co., Ltd. Chairman of Kuo Chih Construction Co., Ltd. Director of Ji Lai Development Shareholder of Lin Sheng Construction Co., Ltd.	None	None	None
Director	Chen, Chin-Yi	2006-05-02	3 years	1997-09-01	8,485,015	0.68%	8,821,778	0.71%	—	—	—	—	Director of Yang Ming Shan Credit Union The 1st - 4th Director of Sunny Bank Chairman of Sunny Life Insurance Brokerage Co., Ltd. Graduated from university	Supervisor of Chin Chia Technology Co., Ltd. Chairman of Sunny Property & Insurance Brokerage Co., Ltd. Chairman of Sunny Life Insurance Brokerage Co., Ltd.	None	None	None
Director	Chao, Fu-Tien	2006-05-02	3 years	2006-05-02	2,823,166	0.23%	2,935,215	0.24%	76,133	0.01%	—	—	Chairman of Kao Shin Bank Supervisor of Yung Chi Paper Manufacturing Co., Ltd. The 4th Director of Sunny Bank Graduated from high vocational school	Director of Sunny Life Insurance Brokerage Co., Ltd. Director of Sunny Property & Insurance Brokerage Co., Ltd.	Manager	Chao, Yu-Chin	Father & Son
Director	Huang, Cheng-Nan	2006-05-02	3 years	2006-05-02	3,736,717	0.30%	3,898,907	0.31%	643,589	0.05%	—	—	Honorary Board Chairman of Kao Shin Bank Chairman of Long Da Hotel Co., Ltd. The 4th Director of Sunny Bank Graduated from university	Director of Sunny Property & Insurance Brokerage Co., Ltd. Director of I Cheng Hotel Co., Ltd. Chairman of Long Da Hotel Co., Ltd. Director of Sunny Property & Insurance Brokerage Co., Ltd.	None	None	None
Independent Director	Liu, Hsiang-Tun	2006-05-02	3 years	2006-05-02	—	—	—	—	—	—	—	—	Judge of District Court and Chief of Court Person-in-Charge of Hsiang Chih Law Office The 4th Independent Director of Sunny Bank Graduated from university	None	None	None	None
Standing Supervisor	Hsu, Po-Hsiung	2006-05-02	3 years	1997-09-01	3,743,869	0.30%	3,832,460	0.31%	2,306,716	0.19%	—	—	Chairman of Tung Cheng Ceramics Co., Ltd. Supervisor & Chairman of Yang Ming Shan Credit Union The 1st - 4th Standing Supervisor of Sunny Bank Graduated from senior high school	Chairman of Tung Cheng Ceramics Co., Ltd. Supervisor of Sunny Property & Insurance Brokerage Co., Ltd. Supervisor of Sunny Property & Insurance Brokerage Co., Ltd.	None	None	None
Supervisor	Tsai, Wen-Hsiung	2006-05-02	3 years	1997-09-01	5,762,633	0.46%	7,405,159	0.60%	5,104,014	0.41%	—	—	C.P.A. of Chang Chi Union Accounting Office Supervisor of Yang Ming Shan Credit Union Director of Jui Hsiang Development Co., Ltd. The 1st - 4th Supervisor of Sunny Bank Graduated from graduate school	Director of Jui Hsiang Development Co., Ltd.	None	None	None
Supervisor	Kao, Ming-Chih	2006-05-02	3 years	2000-06-12	733,550	0.06%	762,664	0.06%	1,557,391	0.13%	—	—	Member Representative of Yang Ming Shan Credit Union The 2nd - 4th Supervisor of Sunny Bank Director of Ancient Chinese Pottery Co., Ltd. Graduated from university	Director of Ancient Chinese Pottery Co., Ltd. Director of Tung Ying Construction Co., Ltd.	None	None	None
Supervisor	Chen, Sen-Jung	2006-05-02	3 years	1997-09-01	736,915	0.06%	749,510	0.06%	737,331	0.06%	—	—	Manager of Yang Ming Shan Credit Union The 1st - 4th Supervisor of Sunny Bank Graduated from middle school	None	None	None	None
Independent Supervisor	Chiang, Chun-Huai	2006-05-02	3 years	2006-05-02	—	—	—	—	—	—	—	—	Director of Saving Service Station of Saving Dept., Branch Manager, Director of Overdue Loan Processing Center of Land Bank of Taiwan The 4th Independent Supervisor of Sunny Bank Graduated from university	None	None	None	None

Note: Standing Director Fu Li Yang Investment (Stocks) Co. released the Representative Hsueh, Tsung-Hsien from his position on June 20, 2007 and appointed Director Chen, Chin-Chia as Standing Director through by-election.

2. Information of Director and Supervisor

Base Date: December 31, 2007

Qualification Name	Over 5 years of work experience and the professional qualifications below			Independence (Note)										The number of other public-listed companies where independent direct is served as concurrently
	Commerce, law, finance, accounting, or company operation related public/private school lecturer	Judge, prosecutor, lawyer, accountant, or other professional and technician certified with company required-national examinations	Commerce, law, finance, accounting, or company operation related work experience	1	2	3	4	5	6	7	8	9	10	
Chen, Sheng-Hung			✓	✓	✓				✓	✓		✓	✓	
Wu, Hsi-Hui			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Liu, Chen-Sheng				✓	✓	✓		✓	✓	✓	✓	✓	✓	
Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung			✓		✓	✓		✓	✓	✓	✓	✓	✓	
Chang, Wu-Ping				✓	✓		✓	✓	✓	✓	✓	✓	✓	
Ho, Shun-Cheng				✓	✓	✓		✓	✓	✓	✓	✓	✓	
Chen, Chin-Chia				✓	✓	✓		✓	✓	✓		✓	✓	
Chen, Chin-Yi				✓			✓	✓		✓	✓	✓	✓	
Lin, Cheng-Yu				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Chao, Fu-Tien			✓	✓		✓		✓		✓	✓	✓	✓	
Huang, Cheng-Nan			✓	✓		✓	✓	✓		✓	✓	✓	✓	
Liu, Hsiang-Tun		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sun, Ping-Yen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hsu, Po-Hsiung				✓		✓		✓		✓	✓	✓	✓	
Chen, Sen-Jung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Kao, Ming-Chih				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Tsai, Wen-Hsiung		✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	
Chiang, Chun-Huai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

- Note: Please tick “ ” in the box below for directors and supervisors that meet the following requirements during 2 years prior to job appointment or during term in office.
- (1) Is not hired by the Bank or its affiliates.
 - (2) Is not a director or supervisor in the Bank or its affiliates (this, however, is excepted for independent directors of the Bank, its parent company, or the subsidiary company where the Bank directly or indirectly holds more than 50% share of voting rights)
 - (3) Is not a natural-person shareholder holding more than 1% of the Bank’s total issued stock under the name of one’s own, spouse or minor children, nor is one of the Bank’s top ten natural-person shareholders.
 - (4) Is not the spouse, the relatives within the relation rank 2 or the lineal dependent within the relation rank 5 of other directors.
 - (5) Is not a director, supervisor, manager who directly or indirectly hold more than 5% of the Bank’s total issued stock or a director, supervisor or employee of one of the Bank’s five largest shareholders?
 - (6) Is not a director, supervisor, manager or holder of more than 5% of stock shares in a company or institution that has financial or business dealings with the Bank.
 - (7) Is not the head of, a partner, a director, supervisor, or manager or their respective spouse of a consulting firm, sole investor, partner, company or organization that has provided commercial, legal, financial and accounting services or consultancy to the Bank or its affiliates.
 - (8) Is not the spouse or the relatives within the relation rank 2 of other directors.
 - (9) Has not violated any regulation in Article 30 of Company Act
 - (10) Is not elected as the government, a corporate person or its representative in accordance with Article 27 of Company Act.

3. Major Shareholders of Corporate Shareholders

(1) Major Shareholders of Corporate Shareholders

December 31, 2007

Corporate Shareholder	Major Shareholder of Corporate Shareholder	Holding Proportion
Fu Li Yang Investment Co., Ltd.	Hsueh, Ling	99.73%

(2) Major Shareholders of Company Comprised of Corporate Shareholders

December 31, 2007

Corporate Shareholder	Major Shareholder of Corporate Shareholder	Holding Proportion
None	None	None

(II) Information of President, Vice President, Deputy Executive Vice President, Departments and Branch Office Chiefs

December 31, 2007

Position	Name	Date of Employment	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	Chou, San-Ho	2003-05-19	228,553	0.02	—	—	—	—	Graduated from Department of Economics, National Chengchi University President of Consumption Financial General Management Department, Sunny Bank	—	—	—	—
President	Chang, Chi-Ming	2003-05-19	326,213	0.02	88,166	0.01	—	—	Graduated from Department of Public Finance, National Chengchi University Deputy Executive Vice President of Treasury Department & Trust Department, Sunny Bank	—	—	—	—
President	Yeh, Ching-Tsung	2005-12-01	16,458	—	—	—	—	—	Graduated from Department of Economics, Chinese Culture University Manager of Peimen Branch, Chang Hwa Bank	—	—	—	—
President	Lin, Chih-Liang	2007-01-05	425,307	0.03	—	—	—	—	Graduated from Department of Accounting, Feng Chia University Vice President of Financial General Management Department, Sunny Bank	—	—	—	—
President	Kuo, Chih-Hung	2007-03-14	198,889	0.02	1,419	—	—	—	Graduated from Department of Business Administration, Tamsui Oxford College Vice President of Risk Management Department, Sunny Bank	—	—	—	—
Chief Secretary	Lin, Chin-Hsiung	2007-09-15	360,452	0.03	644	—	—	—	Graduated from Department of Public Finance, National Chengchi University The 2nd & 3rd Director of Sunny Bank Section Chief of the Third Section, Department of Finance, Taipei City Government	—	—	—	—
Vice President	Wang, Ya-Hsun	2007-03-14	467,132	0.04	1,479	—	—	—	Graduated from Department of Accounting & Statistics, Tamsui Oxford College Deputy Executive Vice President of Department of Financial Revenue, Sunny Bank	—	—	—	—
General Auditor	Tseng, Yak-Te	2003-01-02	369,883	0.03	44,120	—	—	—	Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business Manager of Auditing Department, Sunny Bank	—	—	—	—
Deputy Executive Vice President	Chang, Chih-Hung	2000-09-01	119,876	0.01	96,866	0.01	—	—	Graduated from Department of Economics, Fu Jen Catholic University Deputy Executive Vice President, Sunny Bank, Cheng Kung Branch	—	—	—	—
Deputy Executive Vice President	Hsieh, Yi-Tung	2005-11-26	76,583	0.01	1,178,307	0.09	—	—	Graduated from Department of Accounting, Open College of Commerce Deputy Executive Vice President & Manager of Business Department, Kao Shin Bank (former name)	—	—	—	—
Deputy Executive Vice President	Lu, Pie-Lin	2007-03-14	85,939	0.01	—	—	—	—	Graduated from Department of Department of Plant Sciences, Chinese Culture University Manager of Department of Financial Revenue, Sunny Bank	—	—	—	—
Deputy Executive Vice President	Huang, Yen-Chun	2007-03-14	336,100	0.03	21,280	—	—	—	Graduated from Department of Banking, Tamkang University Manager of Information Department, Sunny Bank	—	—	—	—
Deputy Executive Vice President	Liu, Ming-Chieh	2007-03-14	354,222	0.03	231,450	0.02	—	—	Graduated from Department of Applied Commerce, National Taipei College of Business Manager of Financial Revenue, North 1st District, Sunny Bank	—	Manager	Chen, Yao-Wen	Relatives

Position	Name	Date of Employment	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
Deputy Executive Vice President	Chen, Jung-Kuei	2007-03-14	257,132	0.02	5,569	—	—	—	Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School Manager of Sunny Bank, Chien Tan Branch	—	—	—	—
Deputy Executive Vice President	Yu, Shih-Jung	2007-03-14	69,996	0.01	586	—	—	—	Graduated from Department of Commerce, Shih Hsin Professional School of Industry & Commerce Manager of Sunny Bank, Mucha Branch	—	—	—	—
Deputy Executive Vice President	Hu, Tsung-Yi	2007-03-14	328,751	0.03	26,743	—	—	—	Graduated from Department of Business Administration, Open College of Commerce Manager of Financial Revenue, North 2nd District, Sunny Bank	—	—	—	—
Deputy Executive Vice President	Kuo, Ching-Feng	2007-03-14	104,674	0.01	24,034	—	—	—	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce Manager of Financial Revenue Center, Central District and Taichung Branch, Sunny Bank	—	—	—	—
Manager	Wang, Chien-Yi	2006-05-03	—	—	—	—	—	—	Graduated from Department of International Trade, Soochow University Deputy Executive Vice President of Hongkong and Shanghai Banking Corporation Limited, Canada Branch & Vice President of Standard Chartered Bank	—	—	—	—
Manager	Lin, Chi-Kang	2003-04-14	370,259	0.03	28,739	—	—	—	Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School Vice Manager of Sunny Bank, Lungchiang Branch	—	—	—	—
Manager	Kuo, Ching-Hsien	1996-12-01	391,918	0.03	216,596	0.02	—	—	Graduated from Department of Accounting & Statistics, Tai Pei Senior High Commerce Professional School Manager of Sunny Bank, Tatun Branch	—	—	—	—
Manager	Chen, Chih-Meng	2001-04-09	424,539	0.03	22,792	—	—	—	Graduated from Department of Business Administration, , Chih Lee Commercial College Manager of Sunny Bank, Tayeh Mini Branch	—	—	—	—
Manager	Lin, Tein-Szu	2001-12-01	240,610	0.02	21,818	—	—	—	Graduated from Department of Commerce, Provincial Senior High Commerce School Manager of Sunny Bank, Fuhsing Branch	—	—	—	—
Manager	Hsu, Wen-Jung	2001-04-13	176,154	0.01	47,163	—	—	—	Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School Manager of Sunny Bank, Yunggho Branch	—	—	—	—
Manager	Wang, Sheng-Jung	2001-12-10	171,474	0.01	1,328	—	—	—	Graduated from Department of International Trade, Open College of Commerce Manager of Sunny Bank, Huacheng Branch	—	—	—	—
Manager	Tsao, Chun-Jung	1995-06-23	337,409	0.03	244,205	0.02	—	—	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce Manager of Sunny Bank, Tainan Branch	—	—	—	—
Manager	Yang, San-Tai	2002-08-08	312,931	0.03	—	—	—	—	Graduated from Department of Bank Insurance, Feng Chia University Manager of Sunny Bank, Lanya Branch	—	—	—	—
Manager	Lin, Cheng-Ping	2002-05-01	332,599	0.03	168,278	0.01	—	—	MBA of University of South Australia Vice Manager of Sunny Bank, Lanya Branch	—	—	—	—
Manager	Chen, Ming-Wen	2003-05-02	233,046	0.02	3,524	—	—	—	Graduated from Department of Commerce, Chu-Hai High Commercial School Vice Manager of Sunny Bank, Peitou Branch	—	—	—	—

Position	Name	Date of Employment	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
Manager	Kao, Chin-Mu	1998-09-11	259,629	0.02	154,577	0.01	—	—	Graduated from Department of Electronic Engineering, Kuang Wu Junior College of Technology Manager of Sunny Bank, Hsinchuang Branch	—	—	—	—
Manager	Kuo, Huang-Lung	2001-09.11	155,096	0.01	—	—	—	—	Graduated from Department of Business Administration, Open Business College Affiliated with National Taipei College of Business Vice Manager of Sunny Bank, Chengkung Branch	—	—	—	—
Manager	Ho, Jung-Fang	2001-08-15	349,168	0.03	112,128	0.01	—	—	Graduated from Department of Commerce, Provincial Senior High Commerce School Manager of Sunny Bank, Shechung Branch	—	—	—	—
Manager	Chen, Kuo-Hung	2001-09-15	96,511	0.01	2,585	—	—	—	Graduated from Department of Comprehensive Commerce, Yu Da High School of Commerce and Home Economics Manager of Sunny Bank, Pingtung Branch	—	—	—	—
Manager	Yang, Lien-Tse	1999-12-09	340,788	0.03	399,942	0.03	—	—	Graduated from Department of Accounting, Graduate School of Soochow University(On-job Training Courses) Manager of Accounting Section, Business Department, Sunny Bank	—	—	—	—
Manager	Cheng, Pei-Nan	2001-04-09	40,453	—	348,328	0.03	—	—	Graduated from Department of Business Administration, Tamkang University Vice Manager of Sunny Bank, Lungchiang Branch	—	—	—	—
Manager	Chen, Cheng-Feng	2000-09-01	214,406	0.02	—	—	—	—	Graduated from Department of International Trade, Chih Lee Commercial College Manager of Secretary & Personnel Office, Sunny Bank	—	—	—	—
Manager	Kao, Chih-Li	2003-03-01	278,433	0.02	7,059	—	—	—	Graduated from Department of Computer, Tamkang University Manager of Sunny Bank, Tienmu Branch	—	—	—	—
Manager	He, Ping-Cheng	2007-08-20	241,512	0.02	—	—	—	—	Graduated from Department of Information, Chinese Culture University Manager of Huahsing Mini Branch, Sunny Bank	—	—	—	—
Manager	Wu, Chia-Cheng	2002-08-08	267,935	0.02	4,159	—	—	—	Graduated from General Department of Tamkang High School Manager of Sunny Bank, Chienkang Branch	—	—	—	—
Manager	Tsai, Kun-Ti	2001-09-15	167,142	0.01	86,022	0.01	—	—	Graduated from Executive Master of Business Administration, National PingTung University of Science & Technology Manager of Sunny Bank, Tzuyu Branch	—	—	—	—
Manager	Chen, Yi-Huan	1999-04-23	433,357	0.03	53,768	—	—	—	Graduated from Department of Comprehensive Commerce, Chu-Hai High Commercial School Manager of Sunny Bank, Luchou Branch	—	—	—	—
Manager	Yueh, Wen-Chang	1999-05-06	81,794	0.01	5,330	—	—	—	Graduated from Department of Business Administration, National Taipei College of Business Manager of Sunny Bank, Panchiao Branch	—	—	—	—
Manager	Chiu, Chuan-Mao	2002-07-01	152,729	0.01	—	—	—	—	Graduated from Department of Public Finance, National Taipei College of Business Vice Manager of Sunny Bank, Hsichou Branch	—	—	—	—
Manager	Chen, Chi-Chuan	2003-10-16	432,587	0.03	73,600	0.01	—	—	Graduated from Department of Finance, Ming Chuan College Manager of Sunny Bank, Yungho Branch	—	—	—	—

Position	Name	Date of Employment	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
Manager	Chiang, Tung-Sheng	2002-07-01	159,697	0.01	—	—	—	—	Graduated from Department of Business Administration, Takming College Sub-manager of Sunny Bank, Tayeh Branch	—	—	—	—
Manager	Chen, Kuo-Chuan	2001-08-15	241,512	0.02	—	—	—	—	Graduated from Department of Accounting, National Chung Hsing University Vice Manager of Sunny Bank, Luchou Branch	—	—	—	—
Manager	Chien, Chih-Hsin	2002-07-01	113,909	0.01	26,474	—	—	—	Graduated from Department of Economics, Tamkang University Manager of Sunny Bank, Yenchi Branch	—	—	—	—
Manager	Chao, Yu-Chin	2005-11-26	938,632	0.08	—	—	—	—	Graduated from Department of Accounting, Graduate School of George Washington University Manager of Auditing Department, Kuo Shin Bank (Former name)	—	—	—	—
Manager	Wang, Yuan-Hung	2002-07-01	153,860	0.01	98,666	0.01	—	—	Graduated from Department of Statistics, Fu Jen Catholic University Manager of Sunny Bank, Chingmei Branch	—	—	—	—
Manager	Su, Chien-Tsung	2002-08-08	141,501	0.01	—	—	—	—	Graduated from Department of International Trade Feng Chia University Manager of Sunny Bank, Yungho Branch	—	—	—	—
Manager	Lee, Ching-Cheng	2001-08-15	59,413	—	—	—	—	—	Graduated from Department of Business Administration, Fu Jen Catholic University Vice Manager of Trust Department, Sunny Bank	—	—	—	—
Manager	Lin, Kuo-Hung	2003-07-07	133,767	0.01	7,135	—	—	—	Graduated from Department of Business Administration, Feng Chia University Vice Manager of Sunny Bank, Sanchung Branch	—	—	—	—
Manager	Wu, Cheng-Hao	2005-03-14	29,422	—	24,547	—	—	—	Graduated from Department of Business Administration, Fu Jen Catholic University Manager of Sunny Bank, Tainan Branch	—	—	—	—
Manager	Chuang, Yung-Fu	2002-07-01	79,247	0.01	—	—	—	—	Graduated from Department of Accounting, Feng Chia University Manager of Sunny Bank, Panchiao Branch	—	—	—	—
Manager	Lee, Wen-Hui	2001-09-20	153,447	0.01	—	—	—	—	Graduated from Department of Cooperative Economics, Tamkang University Manager of Sunny Bank, Taipei Branch	—	—	—	—
Manager	Chen, Yao-Wen	2002-07-01	24,345	—	221,184	0.02	—	—	Graduated from Department of Information, Graduate School of National Chung Cheng University Vice Manager of Sunny Bank, Lanya Branch	—	Manager	Liu, Ming-Chieh	Relatives
Manager	Lu, Ching-Yu	2005-03-14	93,119	0.01	—	—	—	—	Graduated from Department of Accounting, Feng Chia University Vice Manager of Business Department, Sunny Bank	—	—	—	—
Manager	Lu, Han-Kun	2002-10-01	285,416	0.02	152,583	0.01	—	—	Graduated from Department of Finance, Chinese Culture University Manager of Sunny Bank, Tsuoying Branch	—	—	—	—
Manager	Tseng, Chien-Chia	2002-08-08	131,904	0.01	19,374	—	—	—	Graduated from Department of Economics, Chinese Culture University Manager of Sunny Bank, Hsihua Branch	—	—	—	—

Position	Name	Date of Employment	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
Manager	Tsai, Chien-Li	2005-07-18	90,950	0.01	—	—	—	—	Graduated from Department of Engineering, Tung Hai University Vice Manager of Sunny Bank, Chungho Branch	—	—	—	—
Manager	Lee, Yu-Sheng	2002-07-25	130,871	0.01	—	—	—	—	Graduated from Department of Economics, Chinese Culture University Manager of Sunny Bank, Chingmei Branch	—	—	—	—
Manager	Tang, Ying-Kuei	2003-04-28	114,920	0.01	24,736	—	—	—	Graduated from Department of Chemical Engineering, Lung Hwa Junior College of Technology Manager of Sunny Bank, Lingya Branch	—	—	—	—
Manager	Pan, Kuang-Chu	2004-09-23	42,789	—	25,459	—	—	—	Graduated from Department of Banking, Tamkang University Vice Manager of Sunny Bank, Chengkung Branch	—	—	—	—
Manager	Liu, Yen-Hsing	2003-12-24	42,395	—	65,331	0.01	—	—	Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business Administration Manager of Financial Revenue Center, North 2nd District, Sunny Bank	—	—	—	—
Manager	Huang, Teng-Tsai	2005-11-26	93,033	0.01	905	—	—	—	Graduated from Department of Economics, National Chengchi University Manager of Kao Shin Bank, Chiali Branch (former name)	—	—	—	—
Manager	Tseng, Chieh-Chang	2005-07-18	60,470	—	—	—	—	—	Graduated from Department of Bank Insurance, Open Business College Affiliated with National Taipei College of Business Vice Manager of Sunny Bank, Chiayi Branch, Sanchung Branch and Fuhsing Branch	—	—	—	—
Manager	Hsueh, Chih-Cheng	2005-11-26	111,868	0.01	150,684	0.01	—	—	Graduated from Department of Economics, National Chung Hsing University Manager of Sunny Bank, Liukuei Branch	—	—	—	—
Manager	Chiang, Hsien-Chang	1999-12-09	109,968	0.01	—	—	—	—	Graduated from Department of Cooperative Economics, National Chung Hsing University Manager of Financial Revenue Department, Sunny Bank	—	—	—	—
Manager	Liu, Min-Hsiang	2005-11-26	47,332	—	90,097	0.01	—	—	Graduated from Department of Financial Management, National Chung Shan University Manager of Kao Shin Bank, Tsuoying Branch (former name)	—	—	—	—
Manager	Chang, Ching-Pin	2003-05-08	88,669	0.01	27,247	—	—	—	Graduated from Department of Commerce, National Open University Senior Specialist of Sunny Bank, Huacheng Branch	—	—	—	—
Manager	Kuo, Chiang-Hai	2003-03-01	88,669	0.01	27,247	—	—	—	Graduated from The Air Video College of Continuing Education Affiliated National Taichung Institute of Technology Senior Specialist of Sunny Bank, Huacheng Branch	—	—	—	—
Manager	Kan, Wu-Cheng	2006-12-01	43,936	—	—	—	—	—	Graduated from Department of International Trade, Soochow University Manager of Financial Revenue Center, North 1st District and Chunghsing Branch, Sunny Bank	—	—	—	—
Manager	Chen, Ting-Yi	2005-07-01	69,326	0.01	—	—	—	—	Graduated from Department of International Trade, Feng Chia University Vice Manager of Sunny Bank, Hsinchu Branch	—	—	—	—
Manager	Chen, Cheng-Yi	2005-03-18	66,325	0.01	—	—	—	—	Graduated from Department of Marine Engineering, National Kaohsiung Institute of Marine Technology Vice Manager of Treasury Department, Sunny Bank	—	—	—	—

Position	Name	Date of Employment	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
Manager	Lan, Yu-Lin	2002-08-08	87,202	0.01	—	—	—	—	Graduated from Department of Bank Insurance, National Taipei College of Business Manager of Business Department, Sunny Bank	—	—	—	—
Manager	Yu, Kuang-Lu	2004-05-17	29,946	—	—	—	—	—	Graduated from Department of International Trade, Tamkang University Manager of Hualien Business Bank	—	—	—	—
Manager	Chang, Shun-Han	2004-04-16	54,350	—	22,877	—	—	—	Graduated from Department of German, Soochow University Manager of Taipei Bank	—	—	—	—
Manager	Yao, Hung-Shen	2005-11-26	47,971	—	10,329	—	—	—	Graduated from Department of Mechanical Engineering, Ta Jung Professional School of Industry & Commerce Manager of Kao Shin Bank, Tungkang Branch (former name)	—	—	—	—
Manager	Lin, Jui-Mei	2005-11-26	186,267	0.01	—	—	—	—	Graduated from Department of Kaohsiung Professional School of Commerce Manager of Sunny Bank, Meinung Branch	—	—	—	—
Manager	Wu, Chun-Hui	2005-11-26	162,430	0.01	23,558	—	—	—	Graduated from Department of Commerce, Fu-Hwa Senior High School Manager of Kao Shin Bank, Nantzu Branch (former name)	—	—	—	—
Manager	Pan, Cheng-Jen	2005-11-26	211,603	0.02	243,033	0.02	—	—	Graduated from Department of International Trade, Cheng Shiu University Manager of Kao Shin Bank, Takung Branch (former name)	—	—	—	—
Manager	Chang, Jung-Pin	2006-05-03	58,067	—	551,025	0.04	—	—	Graduated from Department of Machinery, Lienho Junior College of Technology Manager of Sunny Bank, Chaochou Branch	—	—	—	—
Manager	Wu, Kuo-Ho	2005-11-26	15,278	—	—	—	—	—	Graduated from Department of Insurance, Tamkang University Manager of Kao Shin Bank, Kangshan Branch (former name)	—	—	—	—
Manager	Chuang, Ping-Hung	2005-11-26	15,278	—	—	—	—	—	Graduated from Department of Business Administration, Graduate School of National Kaohsiung First University of Science and Technology Manager of Kao Shin Bank, Linyuan Branch (former name)	—	—	—	—
Manager	Yang, Chen-Sheng	2006-11-09	273,460	0.02	168,565	0.01	—	—	Graduated from Department of Comprehensive Commerce, Sung Shan High School of Commerce Vice Manager of Business Department, Sunny Bank, Lanya Branch	—	—	—	—
Manager	Chen, Pao-Yuan	2006-02-23	110,321	0.01	145,444	0.01	—	—	Graduated from Department of Public Finance, National Chung Hsing University Vice Manager of Sunny Bank, Hsinchu Branch	—	—	—	—
Manager	Hsu, Cheng-Kun	2005-11-26	15,130	—	—	—	—	—	Graduated from Department of Business Administration, International Commercial College Manager of Kao Shin Bank, Linyuan Branch (former name)	—	—	—	—
Manager	Liao, Kuo-Hsiung	2006-11-09	89,245	0.01	362,408	0.03	—	—	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce Vice Manager of Sunny Bank, Taichung Branch	—	—	—	—
Manager	Hsu, Chen-Yuan	2005-11-26	15,278	—	—	—	—	—	Graduated from Department of Economics, Feng Chia University Manager of Kao Shin Bank, Hsiaokang Branch (former name)	—	—	—	—

Position	Name	Date of Employment	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
Manager	Tsui, Ching-Chih	2005-11-26	15,278	—	180	—	—	—	Graduated from Department of Journalism, Chinese Culture University Manager of Kao Shin Bank, Yuchang Branch (former name)	—	—	—	—
Manager	Chen, Chih-Hao	2006-05-03	65,511	0.01	66,289	0.01	—	—	Graduated from Department of Bank Insurance, National Taipei College of Business Vice Manager of Sunny Bank, Luchou Branch	—	—	—	—
Manager	Chen, Hui-Ling	2006-08-11	342,883	0.03	—	—	—	—	Graduated from Department of Finance, National Taiwan University Vice Manager of Treasury Department, Sunny Bank	—	—	—	—
Manager	Hung, Jung-Tsung	2006-08-11	69,105	0.01	—	—	—	—	Graduated from Department of Accounting, National Chung Hsing University Vice Manager of Finance Revenue Department, Sunny Bank	—	—	—	—
Manager	Chou, Chih-Wei	2006-08-11	90,383	0.01	228,552	0.02	—	—	Graduated from Department of Industrial Management, National Taiwan Institute of Technology Vice Manager of Financial Revenue Center, North 1st District, Sunny Bank	—	—	—	—
Manager	Chen, Kuo-Hsiung	2005-11-26	15,278	—	—	—	—	—	Graduated from Department of Commerce, Fu-Hwa Senior High School Manager of Kao Shin Bank, Tingli Branch (former name)	—	—	—	—
Manager	Huang, Chi-Wei	2005-10-11	74,672	0.01	42,468	—	—	—	Graduated from Department of Public Finance, Tak Ming Junior College of Commerce Manager of Sunny Bank, Chungcheng Branch	—	—	—	—
Manager	Chen, Shou-Tao	2006-03-06	15,130	—	—	—	—	—	Graduated from Department of International Trade, Feng Chia University Manager of Foreign Department and Nanking East Road Branch, Chang Hwa Bank	—	—	—	—
Manager	Su, Hsin-Yi	2006-02-23	98,060	0.01	26,895	—	—	—	Graduated from Department of Management, Lung Hwa Junior College of Technology Vice Manager of Sunny Bank, Taoyuan Branch	—	—	—	—
Manager	Chen, Hsien-Chun	2006-02-23	71,416	0.01	—	—	—	—	Graduated from Department of Business Administration, Takming Junior College of Commerce Vice Manager of Financial Revenue Center, North 1st District, Sunny Bank	—	—	—	—
Manager	Yang, Ying-Chung	2006-02-23	31,698	—	89,326	0.01	—	—	Graduated from Department of Accounting, National Chengchi University Manger of Kuanting Mini Branch, Sunny Bank	—	—	—	—
Manager	Chen, Chu-Wen	2006-05-03	69,299	0.01	—	—	—	—	Graduated from Department of Business Administration, Feng Chia University Manger of Sunny Bank, Chihua Branch	—	—	—	—
Manager	Kuo, Li-Chung	2006-02-23	105,855	0.01	—	—	—	—	Graduated from Department of Commerce, National Taiwan University Vice Manger of Sunny Bank, Chingmei Branch	—	—	—	—
Manager	Huang, Shou-Chih	2006-02-23	87,679	0.01	24,841	—	—	—	Graduated from Department of Business Administration, Fu Jen Catholic University Vice Manger of Sunny Bank, Chingwu Branch	—	—	—	—
Manager	Chung, Hsu-Jung	2006-04-03	15,130	—	—	—	—	—	Graduated from Department of Commerce, National Taiwan University Manger of Cathay United Bank, Pingtung Branch	—	—	—	—

Position	Name	Date of Employment	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
Manager	Chu, Chia-Lung	2006-08-11	79,762	0.01	—	—	—	—	Graduated from Department of Cooperative Economics, National Chung Hsing University Vice Manger of Sunny Bank, Wuku Branch	—	—	—	—
Manager	Hu, Chun-Wei	2006-05-03	87,691	0.01	—	—	—	—	Graduated from Department of German, Chinese Culture University Vice Manger of Sunny Bank, Panchiao Branch	—	—	—	—
Manager	Huang, Yao-Kun	2006-05-08	15,130	—	—	—	—	—	Graduated from Department of Accounting, Feng Chia University Manger of Makoto Bank, Liencheng Road Branch	—	—	—	—
Manager	Hsieh, Chin-Chiang	2006-05-05	19,234	—	—	—	—	—	Graduated from Executive Master of Business Administration, Southern Taiwan University Manger of Tainan Finance Revenue Center, Sunny Bank	—	—	—	—
Manager	Liu, Wen-Ho	2006-05-03	69,712	0.01	—	—	—	—	Graduated from Department of Accounting, Chinese Culture University Vice Manger of Sunny Bank, Hsihua Branch	—	—	—	—
Manager	Hsu, Chen-Huang	2006-08-11	69,536	0.01	—	—	—	—	Graduated from Department of Business Administration, Tamkang University Vice Manger of Sunny Bank, Tsuoyin Branch	—	—	—	—
Manager	Tseng, Chin-Chien	2005-11-26	15,352	—	—	—	—	—	Graduated from Department of Statistics, Tatung College of Commerce Manager of Kao Shin Bank, Jente Branch (former name)	—	—	—	—
Manager	Chu, Shu-Chun	2006-08-11	68,546	0.01	37,905	—	—	—	Graduated from Department of Statistics, National Chengchi University Vice Manager of Financial Revenue Center, North 1st District, Sunny Bank	—	—	—	—
Manager	Liu, Chih-Cheng	2005-11-26	15,352	—	—	—	—	—	Graduated from General Department, National Chimei Senior High School Manager of Kao Shin Bank, Likang Branch (former name)	—	—	—	—
Manager	Tsai, Che-Ming	2006-05-03	489,195	0.04	13,181	—	—	—	Graduated from Department of Accounting, National Chung Hsing University Manager of Business Center of South District, Kao Shin Bank (former name)	—	—	—	—
Manager	Yeh, Ming-Yueh	2007-03-08	15,000	—	—	—	—	—	Graduated from Institute of Business Administration, Santa Clara University, California Vice Manager of Sunny Bank, Chungho Branch and Business Manager of Finance Revenue, Shin Kong Commercial Bank	—	—	—	—
Manager	Sung, Ping-Ping	2007-03-14	15,436	—	—	—	—	—	Graduated from Department of Business Administration, National Taipei College of Business Vice Manager of Finance Revenue Department, Sunny Bank	—	—	—	—
Manager	Chen, Chi-Wen	2007-03-14	128,410	0.01	—	—	—	—	Graduated from Department of Naval Architecture Engineering, National Taiwan University Vice Manager of Information Department, Sunny Bank	—	—	—	—
Manager	Chou, Hung-Che	2007-03-14	50,465	—	—	—	—	—	Graduated from Department of Economics, Soochow University Vice Manager of Finance Revenue Department, Sunny Bank	—	—	—	—
Manager	Lung, Wan-Li	2007-05-10	—	—	—	—	—	—	Graduated from Department of Business Administration, Soochow University Vice Manager of Sunny Bank, Minsheng Branch and Accredited Manager of Shin Kong Commercial Bank	—	—	—	—

Position	Name	Date of Employment	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
Manager	Wu, Jung-Chi	2007-04-09	—	—	—	—	—	—	Graduated from Department of Economics, Fu Jen Catholic University Branch Manager of The Chinese Bank	—	—	—	—
Manager	Lee, Hsu-Chang	2007-07-09	62,088	—	4,618	—	—	—	Graduated from Department of Yung Ta Institute of Technology Vice Manager of Sunny Bank, Chungcheng Branch	—	—	—	—
Manager	Tsai, Wei-Yung	2007-07-09	32,663	—	—	—	—	—	Graduated from Department of Accounting, Aletheia University Vice Manager of Sunny Bank, Chiayi and Kuanghua Branch	—	—	—	—
Manager	Lee, Ming-Yu	2007-08-30	2,510	—	—	—	—	—	Graduated from Department of Electronic Information, National Taipei College of Business Vice Manager of Sunny Bank, Nanking Branch	—	—	—	—
Manager	Luo, Ching-Yang	2007-08-30	496	—	496	—	—	—	Graduated from Department of Industrial Management, National Taiwan University of Science and Technology Vice Manager of Sunny Bank, Hsinyi Branch	—	—	—	—
Manager	Huang, Che-Ming	2007-08-30	72,507	0.01	57,982	—	—	—	Graduated from Department of Accounting, Yu Da College of Business Vice Manager of Hsintien Mini Branch, Sunny Bank	—	—	—	—
Manager	Huang, Shou-Wen	2007-08-30	—	—	—	—	—	—	Graduated from Department of Business Administration, Chung Hua University Vice Manager of Sunny Bank, Linsen Branch	—	—	—	—
Manager	Yang, Pao-Kuei	2007-08-30	52,854	—	—	—	—	—	Graduated from Department of Applied Chemistry, Chia-Nan Junior College Vice Manager of Sunny Bank, Chinhua, Chienkang, Chunghua and Hsihua Branch	—	—	—	—
Manager	Chang, Wen-Sung	2001-12-10	108,868	0.01	48,302	—	—	—	Graduated from Department of Business Administration, Tamkang University Manager of Shetou and Hsiangshang Mini Branches, Sunny Bank	—	—	—	—

(3) Remuneration to Chairman (including Independent Directors), Supervisors, Presidents and Vice Presidents

1. Remuneration to Chairman (including Independent Directors)

Unit: NT\$ Thousands

Position	Name	Remuneration to Directors						Total of the three to the profit after taxation (%)	Remuneration Received as Concurrent Employees						Total of the five (A, B, C, D, E) to the profit after taxation (%)	Other Remuneration		
		Remuneration (A)		Remuneration (A)		Remuneration (A)			Compensation, Bonus and Special Disbursement (D)	Employee bonus from apportion to surplus(E)				Stock Option Amount (F)				
		The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report			The Bank		All Companies included in the consolidated report		The Bank			All Companies included in the consolidated report	
										Cash Dividend	Stock Bonuses	Cash Dividend	Stock Bonuses					
Chairman	Chen, Sheng-Hung	\$21,727 (Note 2)	\$22,890 (Note 2)	-	-	-	-	None (Note 3)	-								None (Note 3)	-
Standing Director	Wu, Hsi-Hui																	
Standing Director	Liu, Chen-Sheng																	
Standing Director	Representative of Fu Li Yang Investment Co., Ltd.: Hsueh, Tsung-Hsien (Note 1)																	
Standing Director	Sun, Ping-Yen																	
Standing Director	Chen, Chin-Chia (Note 1)																	
Director	Chen, Chin-Yi																	
Director	Chang, Wu-Ping																	
Director	Ho, Shun-Cheng																	
Director	Chao, Fu-Tien																	
Director	Huang, Cheng-Nan																	
Director	Lin, Cheng-Yu																	
Director	Liu, Hsiang-Tun																	
Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien- Yang, Lin, Chin- Lung																	

The Remuneration Range Table

Range of Remuneration to Directors	Director's Name			
	Total Amount of the First 3 (A+B+C)		Total Amount of the First 5 (A+B+C+D+E)	
	The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report
Less than NT\$2,000,000	All of directors but Chairman Chen, Sheng-Hung	All of directors but Chairman Chen, Sheng-Hung	All of directors but Chairman Chen, Sheng-Hung	All of directors but Chairman Chen, Sheng-Hung
NT\$2,000,000 (Included) ~ NT\$5,000,000	-	-	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000	Chairman Chen, Sheng-Hung	Chairman Chen, Sheng-Hung	Chairman Chen, Sheng-Hung	Chairman Chen, Sheng-Hung
NT\$10,000,000 (Included) ~ NT\$15,000,000	-	-	-	-
NT\$15,000,000 (Included) ~ NT\$30,000,000	-	-	-	-
NT\$30,000,000 (Included) ~ NT\$50,000,000	-	-	-	-
NT\$50,000,000 (Included) ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-

Note 1 : Standing Director Fu Li Yang Investment Co., Ltd. released the Representative Hsueh, Tsung-Hsien from his position on June 20, 2007 and appointed Director Chen, Chin-Chia as Standing Director through by-election.

Note 2 : Including the cost of the official vehicle for Chairman, NT\$4,236,000.

Note 3 : Net loss after tax of 2007 of the Bank is NT\$1,138,152,000. The consolidated Net loss after tax of 2007 of the Bank is NT\$1,137,707,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by “None”.

2. Remuneration to Supervisors

Unit: NT\$ Thousands

Position	Name	Remuneration to Supervisors						Total of the three to the profit after taxation (%)		Other Remuneration
		Remuneration (A)		Supervisor's apportion of surplus (B)		Business Affairs Expense (C)				
		The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report	
Standing Supervisor	Hsu, Po-Hsiung	\$4,440	\$4,460	-	-	-	-	None (Note 1)	None (Note 1)	-
Supervisor	Kao, Ming-Chih									
Supervisor	Tsai, Wen-Hsiung									
Supervisor	Chen, Sen-Jung									
Supervisor	Chiang, Chun-Huai									

The Remuneration Range Table

Range of Remuneration to Directors	Director's Name	
	Total Amount of the First 3 (A+B+C)	
	The Bank	All Companies included in the consolidated report
Less than NT\$2,000,000	All of supervisors listed above	All of supervisors listed above
NT\$2,000,000 (Included) ~ NT\$5,000,000	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000	-	-
NT\$10,000,000(Included) ~ NT\$15,000,000	-	-
NT\$15,000,000 (Included) ~ NT\$30,000,000	-	-
NT\$30,000,000 (Included) ~ NT\$50,000,000	-	-
NT\$50,000,000 (Included) ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-

Note 1 : Net loss after tax of 2007 of the Bank is NT\$1,138,152,000. The consolidated Net loss after tax of 2007 of the Bank is NT\$1,137,707,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by “None”.

3. Remuneration to President and Vice President

Unit: NT\$ Thousands

Position	Name	Remuneration		Bonus and Special Disbursement		Employee bonus from apportion of surplus						Total of the three		Total to profit after taxation (%)		Stock Option Amount		Other remuneration
		The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report	The Bank			All Companies included in the consolidated report			The Bank	All Companies included in the consolidated report	The Bank	All Companies included in the consolidated report			
						Cash Dividend	Stock Dividend		Cash Dividend	Stock Dividend								
							Number of Shares	Market Value		Amount	Number of Shares					Market Value	Amount	
Chief Secretary	Lin, Chin-Hsiung	\$16,472	\$16,488	\$4,078	-	-	-	-	-	-	-	\$20,550	\$20,566	None (Note 1)	None (Note 1)	-	-	-
President	Lin, Chih-Liang																	
President	Yeh, Ching-Tsung																	
President	Chou, San-Ho																	
President	Chang, Chi-Ming																	
President	Kuo, Chih-Hung																	
Vice President	Wang, Ya-Hsun																	
General Auditor	Tseng, Yao-Te																	

The Remuneration Range Table

Range of Remunerations to Presidents and Vice Presidents	Name of President and Vice President	
	The Bank	All Companies included in the consolidated report D
Less than NT\$2,000,000	-	-
NT\$2,000,000 (Included) ~ NT\$5,000,000	All of presidents and vice presidents listed above.	All of presidents and vice presidents listed above.
NT\$5,000,000 (Included) ~ NT\$10,000,000	-	-
NT\$10,000,000 (Included) ~ NT\$15,000,000	-	-
NT\$15,000,000 (Included) ~ NT\$30,000,000	-	-
NT\$30,000,000 (Included) ~ NT\$50,000,000	-	-
NT\$50,000,000 (Included) ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-

Note 1: Net loss after tax of 2007 of the Bank is NT\$1,138,152,000. The consolidated Net loss after tax of 2007 of the Bank is NT\$1,137,707,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by “None”.

The Table of Remuneration to Directors, Supervisors, President and Vice Presidents

Unit: %

	2007	2006
Directors	None (Note 2)	122.05
Supervisors	None (Note 2)	24.91
President and Vice Presidents	None (Note 2)	78.67

Note 1 : This is the percentage of the remuneration over net income after tax of the year.

Note 2 : Net loss after tax of 2007 of the Bank is NT\$1,138,152,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by “None”.

4. Managers distributed employee bonuses and the distribution: None.

III. Corporate Governance Operation

(1) The Operation of Board of Directors:

During 2007, the Board of Directors held 7 meetings. The attendance of directors and supervisors are as follows:

Title	Name	Frequency of Attendance (Presence)	Frequency of Appointed Attendance	Actual Attendance (Presence) Rate (%)	Remarks
Chairman	Chen, Sheng-Hung	7	0	100%	
Standing Director	Wu, Hsi-Hui	1	0	14%	
Standing Director	Liu, Chen-Sheng	7	0	100%	
Standing Director	Chen, Chin-Chia	7	0	100%	Former Director and elected as Standing Director in the Special Board Meeting on June 20, 2007.
Independent Standing Director	Sun, Ping-Yen	5	0	71%	
Director	Chang, Wu-Ping	7	0	100%	
Director	Ho, Shun-Cheng	7	0	100%	
Director	Chen, Chin-Yi	7	0	100%	
Director	Lin, Cheng-Yu	7	0	100%	
Director	Representative of Fu Li Yang Investment Co., Ltd.: Hsueh, Tsung-Hsien	2	0	67%	This company removed him from his representative position and has not yet re-assigned a new representative. During his term, he had attended three meetings.
Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	6	0	86%	
Director	Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung	7	0	100%	
Director	Huang, Cheng-Nan	6	0	86%	
Director	Chao, Fu-Tien	5	0	71%	
Independent Director	Liu, Hsiang-Tun	6	0	86%	
Standing Supervisor	Hsu, Po-Hsiung	7	0	100%	
Supervisor	Chen, Sen-Jung	7	0	100%	
Supervisor	Kao, Ming-Chih	1	0	14%	
Supervisor	Tsai, Wen-Hsiung	7	0	100%	
Independent Supervisor	Chiang, Chun-Huai	5	0	71%	
Other Noticeable Particulars :					
1. Dates of Board of Directors meetings, the term, content of the resolution, opinions of all independent directors and the responses of the company to opinions should be specified for particulars regulated in Article 14-3 of Securities and Exchange Act and resolutions, in Board of Directors meetings, with opposition or qualified opinions from independent directors: None					
2. For the implementation of the directors’ avoidance from any involving resolution, directors’ names, the content of the resolution, reasons for interest avoidance and the voting participation should be included:					
Date	Term/ Order	Name of Director	Content of the Resolution	Reasons for Avoidance	The voting participation
2007-03-08	The 5 th of the 4 th term	Chen, Sheng-Hung	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Credit granting to interest parties regulated in Article 33-1 of The Banking Act.	Avoid discussion and voting
2007-03-29	The 6 th of the 4 th term	Chen, Sheng-Hung Hsueh, Tsung-Hsien	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Credit granting to interest parties regulated in Article 33	Avoid discussion and voting
2007-07-05	The 8 th of the 4 th term	Chen, Sheng-Hung Chen, Chin-Chia	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Credit granting to interest parties regulated in Article 33	Avoid discussion and voting
2007-11-22	The 10 th of the 4 th term	Chen, Sheng-Hung Chen, Chin-Chia Chen, Chien-Yang	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Credit granting to interest parties regulated in Article 33	Avoid discussion and voting
3. Goals (such as establishing the auditing commissions or raising the information transparency) and execution to strengthen the Board of Directors during the year and the latest year: None.					

- (2) Operation of the Audit Committee:
The Bank sets up no Audit Committee.
- (3) Items of disclosure required by Corporate Governance Best-Practice:
For detail, please refer to the official website: <http://www.sunnybank.com.tw>.
- (4) Differences between Corporate Governance Best-Practice Principles and actual operation and respective reasons:

Item	Operation	The cause and the difference from Corporate Governance Best-Practice Principles
1. Bank equity structure and shareholder right (1) The response of the Bank to shareholder recommendation or dispute (2) The access of the Bank to a list of major shareholders and their ultimate controller. (3) The way that the Bank established the risk control mechanism and the firewall with its affiliated businesses.	(1) Stocks Affairs Section is set up under General Secretariat for shareholder related affairs. The Section is fully responsible for any shareholder recommendation or dispute. Depending on the importance, cases may be forwarded to Secretariat manager, General administration Chief, Board Chief secretary, Chairman, or Board of Standing Directors. (2) Stock Services Section under General Secretariat is in charge of monitoring shareholding of shareholders. (3) Policies and procedures are established.	(1) Bank has designated divisions to process shareholder recommendation, query, and dispute. The said regulation is fully complied. (2) The said regulation is fully complied. (3) The said regulation is fully complied.
2. The formation and the responsibility of the Board (1) The establishment of independent directors (2) Periodic assessment on the independence of certified public accountants	(1) Bank has added 2 independent director positions. (2) Regular annual evaluation	(1) The said regulation is fully complied. (2) The said regulation is fully complied.
3. The formation and the responsibility of the Supervisors (1) The establishment of independent supervisors. (2) The supervisors' communication with bank staff and shareholders	(1) Bank has set up 1 independent supervisor position. (2) Bank supervisors periodically checks financial and operation-related accounts of bank. General Audit Administration Office is responsible for administrative coordination. After staff, shareholder or Stocks Affairs Section accepts shareholder recommendation, they can first report to General Audit Administration Office, which acts as the supervisor's communication channel with staff, shareholder, and Stocks Affairs Section.	(1) The said regulation is fully complied. (2) General Audit Administration Office under the Board serves as communication channel among staff, shareholder, and supervisors. The said regulation is fully complied.
4. Establish a communication channel with stakeholders.	Smooth communication channels have been established as regulated.	The said regulation is fully complied.

Item	Operation	The cause and the difference from Corporate Governance Best-Practice Principles
5. Information disclosure (1) Bank set up a website to disclose financial operation and company operation (2) Other information disclosure methods adopted by the bank (i.e. establishing the English website, collect and disclose bank information by appointed staff, implement the Spokesman system and posing the corporation seminar process on the bank website)	Bank website: http://www.sunnybank.com.tw , which discloses financial operation and company governance information.	The said regulation is fully complied.
6. The establishment of committees, such as Nomination Committee or Remuneration Committee	Nomination Committee or Remuneration Committee has not yet set up.	In the future, the Bank will follow the regulation for corporate governance and establish various committees.
7. Please state the cause and the difference of the corporate governance from Corporate Governance Best-Practice Principles: Complied with Corporate Governance Best-Practice Principles		
8. Please state the system and practices that the Bank adopts for social responsibilities of bank (i.e. human right, worker right, community participation, relation with vendors, supervision and stake etc.) and the implementation: We have been upholding the business ideal of” feedback to the society.” While promoting business performance, we also actively play the role of the “corporate citizen” through the actual donations to express the corporate responsibilities that the Bank should take and contribute to academics and cultures. The Bank also promotes the proper recreational activities and sponsors sporting, cultural, and education activities such as Shihlin College of Commerce Anniversary, Shihpai Elementary School Sports Event, Asian Baseball Championship and Eden Social Welfare Foundation. Also, Sunny Cultural and Education Foundation held chinese chess, drawing, seminars, parent-child summer camps, and scholarship etc. We believe in:” What is taken from society should be used for the society” in order to contribute our effort to academic and cultural activities.		
9. Important information related to Bank operation: (i.e. director and supervisor effort in further studies, director attendance and supervisor attendance, risk management policy, risk measurement standard execution, client protection, and client policy execution, director ‘s avoidance from issues with stake , and the purchase of liability insurance in behalf on directors and supervisors) (1) Attendance of Directors and Supervisions: Other than directors and supervisors that are on-leave on prior notice, the rest attended meeting. Board meeting details are accordingly recorded. (2) The Avoidance of Directors from Cases with Conflict of Interest: Directors all avoided discussion and voting for motion/bill of interest in compliance with relevant laws and regulations. Avoidance is recorded in board meeting records.		
10. In case of the company self-assessment report or report from any other professional institution appointed to assess company operation, self-assessment/appointed evaluation results, deficiencies/recommendations should be stated: None		

(5) The inquiry for corporate governance regulations and policies:
Not Applicable.

(6) Other important information to deepen the understanding the corporate governance of the Bank:
None.

(7) Internal control execution discloses the following:

1. Statement of Internal Control


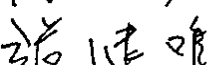

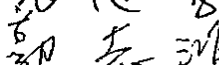





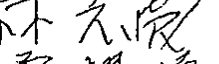

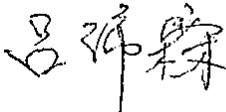

Statement of Internal Control System
Sunny Bank Ltd.

This statement is drafted on behalf of Sunny Bank Ltd. certifying that from January 1, 2007 to December 31, 2007, “Regulations of Bank Internal Control and Audit System Implementations” has been truthfully abided by. Internal control system has been set up and risk management implementations have been carried out. Checking has been executed by unbiased independent Audit Dept. Regular report filing at Board and Supervisor has also been conducted. Following circumspect evaluations, internal control regulations have been truthfully abided by except items listed in attachments. This declaration serves as the main content for Bank Annual Report and Prospectus accessible to the general public. In the event of misconducts such as fraud, and deliberate hiding of truth, legal liabilities shall be assumed in accordance with Article 20, 32, 171, and 174.

Sincerely yours,

Financial Supervisory Commission

Declarer

Chairman	:	Chen, Sheng-Hung			(with seal & signature)
President	:	Chang, Chi-Hung			(with seal & signature)
President	:	Kuo, Chih-Hung			(with seal & signature)
President	:	Chou, San-Ho			(with seal & signature)
President	:	Yeh, Ching-Tsung			(with seal & signature)
President	:	Lin, Chih-Liang			(with seal & signature)
General Auditor	:	Tseng, Yao-Te			(with seal & signature)
Regulation Compliance					
Officer of the Head Office:		Lu, Pei-Lin			(with seal & signature)

Date: March 14, 2008

Practices to be strengthened and corrective procedures in the Internal Control System
Sunny Bank
Base Date: December 31, 2007

Items for Improvement	Improvement Measures	Improvement Deadline
Crediting Management: 1. Crediting document with the authorization code "9600180" was examined and found out lack of the signature or seal of the credit checking staff in the "The Credit Application/ Replication Form "for personal loans. 2. Crediting document with the authorization code "9600557" was examined and found out lack of the loan amount and date in the "Loan (Guarantee) Application Form" for corporate loans. 3. Crediting document with the authorization code "9000465" was examined and found out lack of the application date in the "Loan (Guarantee) Application Form" for security hypothecation loans	Correction has been implemented by relevant staff. Processors have been asked to appended their names or name or seals according to the regulation. Correction has been implemented by relevant staff. Processors have been asked to comply with regulation and have the applicants provide real information. Correction has been implemented by relevant staff. Processors have been asked to comply with regulation and have the applicants provide real information.	Corrected during the examination period Corrected during the examination period Corrected during the examination period
Deposit Service Management: 1. The counterfoil of the certificate of deposit coded "666231" has been examined and found a mistake for its duration, which was miswritten by the processor. 2. The counterfoils of the certificate of deposit coded "666253" and "666258" have been examined and found missing. The noted date, the account number, the interest rate and the amount can not be verified with those on the deposit tickets. Whether the counterfoil of the deposit certificate has been properly authorized, certified and appended with seal on the perforation. 3. After examining the original seal card of the account "1901-81666", in which the seal loss was reported, voidance date was not noted. 4. The new seal card, after replacement, of the account "1901-71522", in which seal loss was reported, was lost. Therefore, whether "New Seal" and the starting effective date had not affixed can not been checked.	Correction has been implemented by relevant staff. Processors have been asked to fill document cautiously. Relevant staff has been asked to keep the counterfoils of the deposit sheets properly. Correction has been made by relevant staff. Processors have been asked to mark out the voidance date on the original seal card after clients reported the loss of and replaced the seal. Processors have been asked to keep client's seal cards properly.	Corrected during the examination period Relevant divisions have been asked for improvement. Corrected during the examination period Relevant divisions have been asked for improvement.

2. Items to be disclosed in the CPA's audit report in relation to the system of internal controls that has been entrusted to the CPA: None

(8) Illegality and punishment during the past two years, major drawbacks and the correction:

1. Prosecution taken by prosecutors due to professional crimes committed by the Bank's responsible person or its employees:

(1) The credit-granting of Wang, Lu-Chen in Hsichou Branch Office: The signature and the seal on the borrower's gurantee document do not match with those on the seal card when a passbook deposit account was opened. Therefore, prosecutors in Banchiao District Prosecutors Office filed an public prosecution.

(2) The credit-granting of Tu, Hsiu-Lan, Wang, Yu-Lan, Tu, Hisu-Li and Lin, Lu-Ying in Taishan, Minsheng, and Yunghe Branch Office: They are suspected to violate the Banking Act and prosecutors in Banchiao District Prosecutors Office thought an public prosecution should be filed against them.

2. Fines imposed by the Executive Yuan's Financial Supervisory Committee for violating laws and regulations:

The Treasury Department of the Bank invested in the stocks issued by the company where the Bank's stakeholders serve as the directors, which violated "Directions Governing Limitations on Types and Amounts of the Securities in which a Commercial Bank May Invest". FSC, according to Article 130 of the Banking Act, fined the Bank NT\$1 million.

3. Major corrections to shortcomings demanded by the Executive Yuan's Financial Supervisory Committee: None
4. Punishments by the Executive Yuan's Financial Supervisory Committee in relation to Article 61-1 of the Banking Law: None
5. Necessary disclosure of nature and amount of loss as a result of fraud, major random incidents (major incidents including fraud, theft, appropriation and theft of assets, falsified transactions, document and security forgery, taking kickbacks, natural disaster loss, loss caused by external forces, hacker attacks, theft of information, and disclosure of business secrets and client information), or failure to comply with the instructions for the Maintenance of Safety by Financial Institutions, as a result of which individual or accumulated losses for the year amounted to NT\$50 million or more: None
6. Other items to be disclosed under the instructions of the Financial Supervisory Commission, Executive Yuan: None
- (9) Important Resolutions of the Shareholders, Meeting and the Board of Directors during the last year and the period up to the annual report publication date:
 1. Important Resolutions in Shareholder's Meeting 2007: None
 2. Important Resolutions in Board of Directors Meetings during 2007 and the period as of the publication date (April 30, 2008):
 [The 8th Meetings of the 4th Board of Directors on July 5, 2007]
 Subject: The sale of the non-performing loans is brought up for discussion.
 Description: (1) In order to hasten the re-selling non-performing loans and the collection of the fund, it is suggested to sell non-performing loans according to "Disposing Non-Performing Loans Procedures" of the Bank.
 (2) The NPL to be sold this time is secured loan amounted NT\$1.27 billion (previously undertook from Yuan Lin Credit Cooperative, Tainan 5th Credit Cooperative and Ping Tung 2nd Credit Cooperative) and unsecured loans amounted NT\$6.597 billion (mortgage, corporate financing, credit loans and overdue accounts from credit cards). The loan claims totals as NT\$7.867 billion.
 (3) Upon the decision of the bidding, the amount of the NPL, confirmed contracts and the contents should be submitted to the Meeting of Standing Directors for approval and Board of Directors for reference.
 Resolution: All of attending directors approved.
- (10) The major content of record of written statements for any dissenting opinions from directors or supervisors regarding important resolutions of the Board in 2007 and the period up to the annual report publication date: None
- (11) Compilation of Resignation and Discharging of People Related to the Financial Report (including Chairman, President, Accounting Supervisors and Auditing Supervisors) during the Last Year and the Current Year up to Publication Date of Annual Reports:

April 30, 2008

Title	Name	Starting date	Discharged Date	Reason for Resignation or Discharging
President of General Administration of Finance	Chang, Yi-Yu	May 19, 2003	January 4, 2007	Resignation
President of Risk Management Department	Chung, Wu-Hu	March 14, 2007	July 5, 2007	Resignation
Accounting Supervisor	Yang, Lien-Tse	May 3, 2006	August 30, 2007	Transferred to Risk Management Department

4. Information of Fees to CPA:

None

5. Information of Changing CPAs:

None

6. Bank's Chairman, President and those Managers responsible for financial and accounting matters who have within the last year held office in the Bank's CPA firm or any of its related enterprises

None

7. Status of shareholding change

(1) Status of changes in shareholdings of directors, supervisors, managers and other individuals mandated for shareholding declaration as per stipulations set forth under the Paragraph 3, Article 25 of the Act

Title	Name	2007		As of April 30, the same year	
		Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares	Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares
Chairman	Chen, Sheng-Hung	0	0	0	0
Standing Director	Wu, Hsi-Hui	0	0	0	0
Standing Director	Liu, Chen-Sheng	0	0	0	0
Standing Director	Chen, Chin-Chia	0	0	0	0
Director (Major Shareholder)	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	0	0	0	0
Director (Major Shareholder)	Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung	0	0	0	0
Director	Ho, Shun-Cheng	0	0	0	0
Director	Chang, Wu-Ping	0	0	0	0
Director	Lin, Cheng-Yu	600,000	0	0	0
Director	Chen, Chin-Yi	0	0	0	0
Director	Chao, Fu-Tien	0	0	0	0
Director	Huang, Cheng-Nan	0	0	0	0
Independent Director	Liu, Hsiang-Tun	0	0	0	0
Independent Standing Director	Sun, Ping-Yen	0	0	0	0
Standing Supervisor	Hsu, Po-Hsiung	0	0	0	0
Supervisor (Major Shareholder)	Tsai, Wen-Hsiung	0	0	0	0
Supervisor	Kao, Ming-Chih	0	0	0	0
Supervisor	Chen, Sen-Jung	0	0	0	0
Independent Supervisor	Chiang, Chun-Huai	0	0	0	0
President	Chang, Chi-Ming	0	0	0	0
President	Chou, San-Ho	0	0	0	0
President	Kuo, Chih-Hung	0	0	0	0
President	Yeh, Ching-Tsung	0	0	0	0
President	Lin, Chih-Liang	0	0	0	0
Chief Secretary	Lin, Chin-Hsiung	70,424	0	0	0
Vice President	Wang, Ya-Hsun	0	0	0	0
General Auditor	Tseng, Yao-Te	0	0	0	0
Deputy Executive Vice President	Liu, Ming-Chieh	0	0	0	0
Deputy Executive Vice President	Chen, Jung-Kuei	-100,000	0	0	0
Deputy Executive Vice President	Yu, Shih-Jung	0	0	0	0
Deputy Executive Vice President	Hu, Tsung-Yi	0	0	0	0
Deputy Executive Vice President	Kuo, Ching-Feng	0	0	0	0
Deputy Executive Vice President	Hsieh, Yi-Tung	0	0	0	0

Title	Name	2007		As of April 30, the same year	
		Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares	Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares
Deputy Executive Vice President	Lu, Pei-Lin	0	0	0	0
Deputy Executive Vice President	Huang, Yen-Chun	0	0	0	0
Deputy Executive Vice President	Chang, Chih-Hung	0	0	0	0
Deputy Executive Vice President	Wang, Chien-Yi	0	0	0	0
Manager	Wu, Chun-Hui	0	0	0	0
Manager	Pan, Cheng-Jen	0	0	0	0
Manager	Liu, Min-Hsiang	0	0	0	0
Manager	Hsu, Wen-Jung	0	0	0	0
Manager	Chen, Chih-Meng	0	0	0	0
Manager	Lin, Cheng-Ping	0	0	0	0
Manager	Chen, Ming-Wen	0	0	0	0
Manager	Kao, Chin-Mu	0	0	0	0
Manager	Hsueh, Chih-Cheng	0	0	0	0
Manager	Kuo, Huang-Lung	0	0	0	0
Manager	Lu, Ching-Yu	0	0	0	0
Manager	Lu, Han-Kun	0	0	0	0
Manager	Tseng, Chien-Chia	0	0	0	0
Manager	Tsai, Chien-Li	0	0	0	0
Manager	Chen, Hsien-Chun	0	0	0	0
Manager	Chang, Wen-Sung	0	0	0	0
Manager	Yang, Ying-Chung	0	0	0	0
Manager	Lee, Yu-Sheng	0	0	0	0
Manager	Chen, Chu-Wen	0	0	0	0
Manager	Lee, Ming-Yu	0	0	0	0
Manager	Tang, Ying-Kuei	0	0	0	0
Manager	Pan, Kuang-Chu	0	0	0	0
Manager	Liu, Yen-Hsing	-40,000	0	0	0
Manager	Kuo, Li-Chung	0	0	0	0
Manager	Huang, Shou-Chih	0	0	0	0
Manager	Huang, Che-Ming	0	0	0	0
Manager	Chung, Hsu-Jung	0	0	0	0
Manager	Tseng, Chieh-Chang	0	0	0	0
Manager	Chu, Chia-Lung	0	0	0	0
Manager	Chen, Chi-Wen	0	0	0	0
Manager	Hu, Chun-Wei	0	0	0	0
Manager	Huang, Yao-Kun	0	0	0	0
Manager	Chiang, Hsien-Chang	0	0	0	0
Manager	Chang, Ching-Pin	0	0	0	0
Manager	Kuo, Chiang-Hai	0	0	0	0

Title	Name	2007		As of April 30, the same year	
		Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares	Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares
Manager	Lee, Hsu-Chang	0	0	0	0
Manager	Liu, Chih-Cheng	0	0	0	0
Manager	Kan, Wu-Cheng	0	0	0	0
Manager	Yang, Pao-Kuei	0	0	0	0
Manager	Hsieh, Chin-Chiang	0	0	0	0
Manager	Tsai, Wei-Yung	0	0	0	0
Manager	Liu, Wen-Ho	0	0	0	0
Manager	Chen, Ting-Yi	0	0	0	0
Manager	Hsu, Chen-Huang	0	0	0	0
Manager	Wu, Kuo-Ho	0	0	0	0
Manager	Chen, Cheng-Yi	0	0	0	0
Manager	Sung, Ping-Ping	0	0	0	0
Manager	Lan, Yu-Lin	0	0	4,000	0
Manager	Chou, Hung-Che	0	0	0	0
Manager	Yu, Kuang-Lu	0	0	0	0
Manager	Chang, Shun-Han	0	0	0	0
Manager	Chuang, Ping-Hung	0	0	0	0
Manager	Chang, Jung-Pin	0	0	0	0
Manager	Lin, Chi-Kang	0	0	0	0
Manager	Chen, Kuo-Hung	0	0	0	0
Manager	Huang, Teng-Tsai	0	0	0	0
Manager	Chao, Yu-Chin	144,442	0	62,000	0
Manager	Yang, Chen-Sheng	0	0	0	0
Manager	Chen, Pao-Yuan	452	0	0	0
Manager	Yang, Lien-Tse	0	0	0	0
Manager	Cheng, Pei-Nan	-90,000	0	0	0
Manager	Chen, Cheng-Feng	0	0	0	0
Manager	Hsu, Chen-Yuan	0	0	0	0
Manager	Kao, Chih-Li	0	0	0	0
Manager	He, Ping-Cheng	0	0	0	0
Manager	Hsu, Cheng-Kun	0	0	0	0
Manager	Kuo, Ching-Hsien	0	0	0	0
Manager	Wu, Chia-Cheng	0	0	0	0
Manager	Tsai, Kun-Ti	0	0	0	0
Manager	Chen, Yi-Huan	0	0	0	0
Manager	Yueh, Wen-Chang	0	0	0	0
Manager	Wang, Sheng-Jung	-150,000	0	0	0
Manager	Chiu, Chuan-Mao	0	0	0	0
Manager	Chen, Chi-Chuan	0	0	0	0

Title	Name	2007		As of April 30, the same year	
		Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares	Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares
Manager	Chen, Chih-Hao	0	0	0	0
Manager	Chiang, Tung-Sheng	0	0	0	0
Manager	Chen, Hui-Ling	0	0	0	0
Manager	Chen, Kuo-Chuan	0	0	0	0
Manager	Chien, Chih-Hsin	0	0	0	0
Manager	Hung, Jung-Tsung	0	0	0	0
Manager	Wang, Yuan-Hung	0	0	0	0
Manager	Su, Chien-Tsung	0	0	0	0
Manager	Lee, Ching-Cheng	-15,000	0	0	0
Manager	Lin, Kuo-Hung	0	0	0	0
Manager	Wu, Cheng-Hao	0	0	0	0
Manager	Luo, Ching-Yang	0	0	0	0
Manager	Chu, Shu-Chun	0	0	0	0
Manager	Chuang, Yung-Fu	0	0	0	0
Manager	Lee, Wen-Hui	0	0	0	0
Manager	Chen, Yao-Wen	0	0	0	0
Manager	Chou, Chih-Wei	0	0	0	0
Manager	Huang, Chi-Wei	0	0	0	0
Manager	Tsao, Chun-Jung	0	0	0	0
Manager	Su, Hsin-Yi	0	0	0	0
Manager	Yeh, Ming-Yueh	15,000	0	0	0
Manager	Chen, Shou-Tao	0	0	0	0
Manager	Chen, Kuo-Hsiung	0	0	0	0
Manager	Yao, Hung-Shen	0	0	0	0
Manager	Lin, Jui-Mei	35,000	0	1,306	0
Manager	Tsui, Ching-Chih	0	0	0	0
Manager	Tsai, Che-Ming	0	0	0	0
Manager	Wu, Jung-Chi	0	0	0	0
Manager	Lin, Tein-Szu (Note 3)	0	0	0	0
Manager	Lung, Wan-Li	0	0	0	0
Manager	Tseng, Chin-Chien (Note 3)	0	0	0	0
Manager	Huang, Shou-Wen	0	0	0	0
Manager	Yang, San-Tai (Note 3)	0	0	0	0
Manager	Liao, Kuo-Hsiung (Note 3)	0	0	0	0
Manager	Ho, Jung-Fang (Note 3)	0	0	0	0

Note 1: Manager Ho, Jung-Fang released on January 1, 2008; Manager Liao, Kuo-Hsiung relieved on March 1, 2008;
Manager Yang, San-Tai relieved on March 13, 2008; Manager Lin, Tein-Szu relieved on March 16, 2008;
Manager Tseng, Chin-Chien relieved on April 1, 2008.

(2) Share Transfer Information

Name	Reasons for Share Transfer	Date	Trading Counterpart	The relationship among trading counterparts and directors, supervisors, and those required to file shareholding pursuant to the Paragraph 3, Article 25 of Bank Act.	Shares	Trading Price
Lin, Cheng-Yu	Transfer	10-03-2007	Kuo Chih Construction	Lin, Cheng-Yu is Person-in-Charge of Kuo Chih Construction	600,000	11.27
Chen, Jung-Kuei	Donation	12-31-2007	Chen, Hui-Ju	Chen, Jung-Kuei's Daughter	(100,000)	10.77
Liu, Yen-Hsing	Donation	11-02-2007	Yang, A-Nuan	Liu, Yen-Hsing's Mother	(40,000)	11.1
Cheng, Pei-Nan	Donation	01-19-2007	Cheng, Luo-I	Cheng, Pei-Nan's Daughter	(90,000)	11.1

(3) Share Pledge Information

None.

(4) Information of the Top 10 largest shareholders who are related parties

December 31 2007
Unit: Share, %

Name	Held shares		Spouse and minor shareholding		Shareholding entitled other name		10 largest shareholders are related parties as defined under the Statement of Financial Accounting Standards No. 6		Remark
	Share	%	Share	%	Share	%	Title or Name	Relation	
Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang Representative: Lin, Chin-Lung	82,952,766	6.67	-	-	-	-	Chuan Yang Construction Co., Ltd.	Controlled by the same person	-
Chuan Yang Construction Co., Ltd.	69,644,262	5.60	-	-	-	-	Fu Li Yang Investment Co., Ltd.	Controlled by the same person	-
The First Insurance Co., Ltd.	25,469,136	2.05	-	-	-	-	-	-	-
Farglory Life Insurance Co., Ltd.	15,900,691	1.28	-	-	-	-	-	-	-
Sheng Yang Construction Co., Ltd.	15,533,936	1.25	-	-	-	-	-	-	-
Yang Shing Cultural and Education Foundation	11,662,995	0.94	-	-	-	-	-	-	-
Kuo, Wen-Tsung	11,485,076	0.92	4,226,400	0.34	-	-	-	-	-
Kuo Hua Life Insurance Co., Ltd.	11,101,039	0.89	-	-	-	-	-	-	-
Chen, Chin-Yi	8,821,778	0.71	-	-	-	-	-	-	-
Yi Lien Co., Ltd.	8,559,740	0.69	-	-	-	-	-	-	-

(5) Omnibus Investment

December 31, 2007
Unit: Share, %

Invested Venture (Note)	The Bank’s Investment		The Investment Subsidiaries Directly or Indirectly Controlled and Managed by the Bank, its Directors, Supervisors, President, Executive Vice President, Deputy EVP, Department Heads and Branch Managers		Omnibus Investment	
	Share	%	Share	%	Share	%
Financial Information Service Co., Ltd.	9,672,000	2.42	0	0.00	9,672,000	2.42
Gold Sunny Assets Management Co., Ltd.	5,000,000	100.00	0	0.00	5,000,000	100.00
Sunny Securities Co., Ltd.	29,500,000	97.68	0	0.00	29,500,000	97.68
Sunny Life Insurance Brokerage Co., Ltd.	600,000	39.99	900,004	60.00	1,500,004	99.99
Sunny Property Insurance Brokerage Co., Ltd.	121,000	20.00	484,000	80.00	605,000	100.00
Taiwan Financial Asset Service Corp.	5,000,000	2.94	0	0.00	5,000,000	2.94
Taiwan Depository And Clearing Corp.	844,870	0.29	0	0.00	844,870	0.29
Sunlight Asset Management Ltd.	66,587	1.11	0	0.00	66,587	1.11

Note: Investment pursuant to Article 74 of Banking Law

IV. Funding

1. Share and dividend

(1) Share sources

Unit: Thousand Shares: Unit: NT\$ Thousands

Year/ Month	Par Value	Authorized Capital Stock		Paid-up Capital		Remark	
		Shares	Amount	Shares	Amount	Sources of Capital Stock	Other
September 1997	\$10	270,000	2,700,000	270,000	2,700,000	Yuan Shin Co-operative money paid for shares	Note 1
November 1998	\$13	30,000	300,000	30,000	300,000	Description 1	Note 2
Novermber 1999	\$13	80,000	800,000	80,000	800,000	Description 2	Note 3
March 2001	\$13	90,000	900,000	90,000	900,000	Description 3	Note 4
October 2001	\$10	65,800	658,000	65,800	658,000	Description 4	Note 5
October 2002	\$10	80,370	803,700	80,370	803,700	Description 5	Note 6
October 2003	\$10	203,830	2,038,300	89,988	899,879	Description 6	Note 7
December 2004	\$10	-	-	113,842	1,138,421	Description 7	Note 8
September 2005	\$10	380,000	3,800,000	71,078	710,783	Description 8	Note 9
November 2005	\$10	-	-	200,448	2,004,482	Description 9	Note 10
July 2006	\$10	800,000	8,000,000	152,401	1,524,016	Description 10	Note 11

- Description 1 : Cash increment 192,060,160 dollars; surplus and employee’s reward recapitalization 107,939,840 dollars.
- Description 2 : Cash increment 290,000,000 dollars; surplus recapitalization 210,000,000 dollars; capital surplus transferred to common stock 300,000,000 dollars.
- Description 3 : Cash increment 216,000,000 dollars; surplus recapitalization 304,000,000 dollars; capital surplus transferred to common stock 380,000,000 dollars.
- Description 4 : Surplus recapitalization 188,000,000 dollars; capital surplus transferred to common stock 470,000,000 dollars.
- Description 5 : Surplus recapitalization 267,900,000 dollars; capital surplus transferred to common stock 535,800,000 dollars.
- Description 6 : Cash increment 300,000,000 dollars; surplus recapitalization (inclusive of employee’s reward recapitalization) 476,644,590 dollars; Capital surplus transferred to common stock 123,234,000 dollars.
- Description 7 : Cash increment 519,331,710 dollars; surplus recapitalization (inclusive of employee’s reward recapitalization) 619,089,700 dollars.
- Description 8 : Surplus recapitalization (inclusive employee’s reward recapitalization) 710,782,970 dollars.
- Description 9 : Kao Shin Bank new stock issuance 2,004,482,070 dollars.
- Description 10 : Cash increment 1,084,734,960 dollars; surplus recapitalization (inclusive of employee’s reward recapitalization) 439,281,340 dollars.

- Note 1 : Approved to change system in accordance with the Letter issued by the Ministry of Finance with File No. (86)-tai-tsai-jung No. 86620211 dated April 28, 1997.
- Note 2 : Approved in accordance with the Letter issued by the Ministry of Finance with File No. (87)-tai-tsai-jung No. 87178088 dated June 17, 1998 and the Letter issued by the Securities & Futures Institute with File No. (87)-tai-tsai-cheng-(I) No. 57355 dated July 18, 1998.
- Note 3 : Approved in accordance with the Letter issued by the Ministry of Finance with File No. (88)-tai-tsai-jung No. 88202536 dated June 14, 1999 and the Letter issued by the Securities & Futures Institute with File No. (88)-tai-tsai-cheng-(I) No. 62206 dated July 7, 1999.
- Note 4 : Approved in accordance with the Letter issued by the Ministry of Finance with File No. Tai-tsai-jung-(III) No. 89748888 dated September 29, 2000 and the Letter issued by the Securities & Futures Institute with File No. (89)-tai-tsai-cheng-(I) No. 83770 dated October 11, 2000.
- Note 5 : Approved in accordance with the Letter issued by the Ministry of Finance with File No. Tai-tsai-jung-(III) No. 90222235 dated June 6, 2001 and the Letter issued by the Securities & Futures Institute with File No. (90)-tai-tsai-cheng-(I) No. 142157 dated July 2, 2001.
- Note 6 : Approved in accordance with the Letter issued by the Ministry of Finance with File No. Tai-tsai-jung-(III) No. 918011284 dated July 16, 2002 and the Letter issued by the Securities & Futures Institute with File No. Tai-tsai-cheng-(I) No. 910143731 dated August 7, 2002.
- Note 7 : Approved in accordance with the Letter issued by the Ministry of Finance with File No. Tai-tsai-jung-(III) No. 928011126 dated July 18, 2003 and the Letter issued by the Securities & Futures Institute with File No. Tai-tsai-cheng-(I) No. 920138589 dated August 24, 2003.
- Note 8 : Approved in accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(III) No. 0938011367 dated August 2, 2004 and the Letter with File No. Chin-kuan-cheng-(I) No. 0930138039 dated August 30, 2004.
- Note 9 : Approved in accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-cheng-(I) No. 0940134178 dated August 26, 2005.
- Note 10 : Approved in accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(III) No. 0943001624 dated November 4, 2005 and the Letter with File No. Chin-kuan-cheng-(I) No. 0940152434 dated November 21, 2005.
- Note 11 : Approved in accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-cheng-(I) No. 0950131432 dated July 26, 2006.

Stock type	Authorized Capital Stock			Note Outstanding stock (Note)
	Outstanding stock (Note)	Un-issued share	Total	
Common Share	1,243,928,134	756,071,866	2,000,000,000	Non-Listed & OTC Bank Stock

Note: including 18,955,153 shares of the treasure stocks purchased, due to the merger, from Kaoshin Bank and 420,059 shares of stocks of the parent companies that were held by the subsidiary. These shares are considered as treasure stocks.

Information about the Shelf Registration System

Current security type	Expected issuance		Actual issuance		Purpose and expected benefit of issued shares	Expected issuance date	Note
	Total No. of shares	Approved amount	No. of shares	Price			
Common share	2,000,000,000	20,000,000,000	1,243,928,134	\$10	Supplement operation fund	-	-

(2) Structure of Shareholders

December 31, 2007

Shareholder Structure Quantity	Government agency	Financial agency	Company corporation	Other corporation	Individual	Foreign agency and foreigner	Total
No. of Persons	2	4	113	34	128,777	5	128,935
No. of Shareholding (Stocks)	1,416,455	52,471,297	201,016,905	34,963,168	954,057,019	3,290	1,243,928,134
Shareholding Percentage (%)	0.11	4.22	16.16	2.81	76.70	0.00	100.00

(3) Equity Distribution

Face amount: \$10/per share

December 31, 2007

Grades	No. of Shareholders (persons)	Shareholdings (shares)	Shareholding Percentage (%)
1 to 999	74,193	20,978,101	1.69
1,000 to 5,000	45,958	94,181,206	7.57
5,001 to 10,000	2,662	18,592,505	1.49
10,001 to 15,000	841	10,483,514	0.84
15,001 to 20,000	658	11,464,242	0.92
20,001 to 30,000	829	21,201,523	1.70
30,001 to 50,000	1,040	41,739,311	3.36
50,001 to 100,000	1,237	91,074,825	7.32

(6) Dividend policy and execution

In the event of earning at the end of fiscal year, the said earning should be used to pay tax and compensate the loss from previous years. Also, 30% of legal reserve is provisioned unless legal reserve has reached total paid-in capital. Special reserve may be retained next according to actual needs. The rest should be distributed as follows:

1. Director, Supervisor reward 3%
2. Employee's reward 3%
3. Shareholder dividend 94%

Cash surplus distribution of the above legal reserve not reaching total paid in capital shall not exceed 15% of total capital. Surplus distribution is carried out by board depending on local/foreign financial positions at the time and future bank dividend distribution criteria. To solidify the financial structure and reach capital adequacy, the Bank will distribute the dividend according to the capital budgeting of the Bank and distribute stock dividends for keeping capital. When surplus is seen according to the capital budgeting and the capital adequacy rate is higher than the requirement of the authority, cash dividends may be distributed partially and can not be lower 10% of the total dividends. If the cash dividends to be distributed are not higher than NT\$0.1, stock dividends may be distributed instead.

(7) Influence of the proposed free distribution on operation results and EPS

Influence of the proposed free distribution on operation results and EPS is negligible.

(8) Employee's reward and Rewards for Directors and Supervisors

1. The amount or criteria of employee's reward and rewards for directors and supervisors according to the Articles of the Bank

According to the Articles of the Bank, 30% of legal reserve will be appropriated after tax and reimbursement of previous loss in case surplus is shown in annual final accounts. The above statement is not applicable when the legal reserve reaches paid-up capital. In addition, the Bank shall make special reserve whenever it is necessary. The rest surplus shall be appropriated according to the following percentages:

- (a) Director/supervisor reward 3%
- (b) Employee's reward 3%
- (c) Shareholder dividend 94%

When the foresaid legal reserve does not reach paid-up capital, the maximum cash surplus distribution shall not exceed 15% of paid-up capital.

2. Employee's reward distribution passed by the Board of Directors
2007 Bank surplus distribution: no Employee stock bonus and director/supervisor reward distribution.
3. Surplus distribution as employee's reward and director/supervisor reward last year
No 2006 Bank surplus distribution.

(9) Shares bought back by the Bank

No shares are bought by the Bank last year.

2. Financial Debentures

The issuance of Financial Debentures

Types of Subordinated Financial Debentures	The First Subordinated Financial Debentures in 2002 (Private Placement)	The First Subordinated Financial Debentures in 2006 (Private Placement)
Central authority approval date and number	Letter with File No. Tai-tsai-jung-(III)-tzu No. 0910047150 issued by the Ministry of Finance dated October 15, 2002.	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500126390 issued by the Ministry of Finance dated April 6, 2006.
Date of issue	November 13, 2002	May 16, 2006
Par Value	NT\$100,000/NT\$1,000,000/NT\$10,000,000 and NT\$50,000,000	NT\$10,000,000
Site of issue and operations	R.O.C	R.O.C
Currency	New Taiwan Dollars	New Taiwan Dollars
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$1,000,000,000	NT\$2,000,000,000
Interest Rate	At single interest rate of APR 3.85% with semiannual payment	At single interest rate of APR 2.55% with annual payment
Maturity	5 years and 6 months, From November 13, 2002 to May 13, 2008	5 years and 6 months, From May 16, 2006 to November 16, 2011
Repayment Priority	Repayment priority of the bond claims (including principal and interest) is only better than the right of the Bank to distribute residual property and second to the bank's general claims.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (Sell by our bank)	None (Sell by our bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	Deloitte & Touche Taiwan C.P.A. Kuo, Cheng-Hung	Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming
Certifying Financial Institution	Taishin Bills Finance Corporation	Hua Nan Bills Finance Corporation
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$1,000,000,000	NT\$2,000,000,000
Paid-In Capital of Previous Year	NT\$12,439,281,340	NT\$12,439,281,340
Net Worth of Previous Year	NT\$13,811,120,055	NT\$13,811,120,055
Compliance cases	None	None
Redemption or prepayment terms	None	None
Conversion and exchange conditions	None	None
Restrictive clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund operation plan	Access to a stable long-term source of operating funds to improve the bank's capital structure.	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.
Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%)	7.24%	28.96%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its grade rating (Note 1)	Taiwan Rating Co., Ltd. Assessment Date: September 28, 2006 Grade rating: twA-	Taiwan Rating Co., Ltd. Assessment Date: September 28, 2006 Grade rating: twA-

Types of Subordinated Financial Debentures	The First Type A Bond Subordinated Financial Debentures in 2007 (Private Placement)	The First Type B Bond Subordinated Financial Debentures in 2007 (Private Placement)
Central authority approval date and number	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820
Date of issue	April 9, 2007	April 9, 2007
Par Value	NT\$10,000,000	NT\$10,000,000
Site of issue and operations	R.O.C	R.O.C
Currency	New Taiwan Dollars	New Taiwan Dollars
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$1,800,000,000	NT\$1,100,000,000
Interest	At fixed single interest rate of APR 3% with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.60% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years, From April 9, 2007 to April 9, 2014	7 years, From April 9, 2007 to April 9, 2014
Repayment Priority	Repayment priority of the bond claims (including principal and interest) is only better than the right of the Bank to distribute residual property and second to the bank's general claims.	Repayment priority of the bond claims (including principal and interest) is only better than the right of the Bank to distribute residual property and second to the bank's general claims.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (Sell by our bank)	None (Sell by our bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming	Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$1,800,000,000	NT\$1,100,000,000
Paid-In Capital of Previous Year	NT\$12,439,281,340	NT\$12,439,281,340
Net Worth of Previous Year	NT\$13,811,120,055	NT\$13,811,120,055
Compliance cases	None	None
Redemption or prepayment terms	None	None
Conversion and exchange conditions	None	None
Restrictive clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund operation plan	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.
Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%)	42.00%	49.96%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its grade rating (Note 1)	Taiwan Rating Co., Ltd. Assessment Date: September 28, 2006 Grade rating: twA-	Taiwan Rating Co., Ltd. Assessment Date: September 28, 2006 Grade rating: twA-

Types of Subordinated Financial Debentures	The Second Type A Bond Subordinated Financial Debentures in 2007	The Second Type B Bond Subordinated Financial Debentures in 2007
Central authority approval date and number	Letter with File No. Chin-kuan-yin- (III)-tzu No. 09500549820	Letter with File No. Chin-kuan-yin- (III)-tzu No. 09500549820
Date of issue	November 16, 2007	November 16, 2007
Par Value	NT\$100,000	NT\$100,000
Site of issue and operations	R.O.C	R.O.C
Currency	New Taiwan Dollars	New Taiwan Dollars
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$203,500,000	NT\$101,000,000
Interest	At fixed single interest rate of APR 3.6 % with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.75% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	5 years and 6 months, From November 16, 2007 to May 16, 2013	5 years and 6 months, From November 16, 2007 to May 16, 2013
Repayment Priority	Repayment priority of the bond claims (including principal and interest) is only better than the right of the Bank to distribute residual property and second to the bank's general claims.	Repayment priority of the bond claims (including principal and interest) is only better than the right of the Bank to distribute residual property and second to the bank's general claims.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (Sell by our bank)	None (Sell by our bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming	Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$203,500,000	NT\$101,000,000
Paid-In Capital of Previous Year	NT\$12,439,281,340	NT\$12,439,281,340
Net Worth of Previous Year	NT\$13,811,120,055	NT\$13,811,120,055
Compliance cases	None	None
Redemption or prepayment terms	None	None
Conversion and exchange conditions	None	None
Restrictive clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund operation plan	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.
Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%)	51.43%	52.16%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its grade rating (Note 1)	Taiwan Rating Co., Ltd. Assessment Date: August 24, 2007 Grade rating: twA-	Taiwan Rating Co., Ltd. Assessment Date: August 24, 2007 Grade rating: twA-

Types of Subordinated Financial Debentures	The Third Type A Bond Subordinated Financial Debentures in 2007	The Third Type B Bond Subordinated Financial Debentures in 2007
Central authority approval date and number	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820
Date of issue	December 26, 2007	December 26, 2007
Par Value	NT\$100,000	NT\$100,000
Site of issue and operations	R.O.C	R.O.C
Currency	New Taiwan Dollars	New Taiwan Dollars
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$261,000,000	NT\$43,900,000
Interest	At fixed single interest rate of APR 3.8 % with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.95% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	6 years and 2 months, From December 26, 2007 to Febuary 26, 2014	6 years and 2 months, From December 26, 2007 to Febuary 26, 2014
Repayment Priority	Repayment priority of the bond claims (including principal and interest) is only better than the right of the Bank to distribute residual property and second to the bank's general claims.	Repayment priority of the bond claims (including principal and interest) is only better than the right of the Bank to distribute residual property and second to the bank's general claims.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (Sell by our bank)	None (Sell by our bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming	Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$261,000,000	NT\$43,900,000
Paid-In Capital of Previous Year	NT\$12,439,281,340	NT\$12,439,281,340
Net Worth of Previous Year	NT\$13,811,120,055	NT\$13,811,120,055
Compliance cases	None	None
Redemption or prepayment terms	None	None
Conversion and exchange conditions	None	None
Restrictive clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund operation plan	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.
Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%)	46.81%	47.13%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its grade rating (Note 1)	Taiwan Rating Co., Ltd. Assessment Date: August 24, 2007 Grade rating: twA-	Taiwan Rating Co., Ltd. Assessment Date: August 24, 2007 Grade rating: twA-

Note 1 : This is the long term credit rating that Taiwan Credit Company recently granted to our bank.
Note 2 : The balance of financial debentures not paid off can be summarized and listed by the same approval number of the authority.

3. Preferred Shares

None

4. Depositary Receipts

None

5. Employee Stock Option

None

6. Merges & transfers to other financial institutions

None

7. Fund operation plan implementation case:

None

V. Operations Overview

1. Businesses content

(1) Business operations of other major businesses, and the business assets (or) the total income and assets (or) the proportion of the total income and growth and the changes

a. Wealth management business

The major investment products in 2007 are centered on domestic and foreign mutual fund, which accounted for 87%. The rest is structured notes and insurance. In 2008, in harmony with the introduction of core and satellite asset allocation, the Bank adopted “Defensive (such as bond funds)” and “Offensive (dollar-cost averaging stock fund)” strategies and adjust the asset allocation ratio to be 7:2:1 (fund: structured notes: insurance). In 2007, investment service fee income was NT\$330 million or a growth of 60% from the same period in previous year. The average rate of return rose from 1% in 2006 to 1.32%, which indicated that wealth management service is growing stably.

The Major Product Amount

Unit: NT\$100 Millions

Type	2006		2007	
	Amount	Percentage	Amount	Percentage
Domestic Mutual Funds	106.88	50.79%	97.68	39.08%
Oversea Mutual Funds	79.05	37.56%	137.81	55.14%
Structured Notes	5.89	2.80%	4.47	1.79%
Insurance	18.62	8.85%	9.98	3.99%
Subtotal	210.44	100.00%	249.94	100.00%

The Service Revenue from Major Products

Unit: NT\$10 Thousands

Type	2006		2007	
	Amount	Percentage	Amount	Percentage
Domestic Mutual Funds	2,718.40	13.21%	3,736.08	11.30%
Oversea Mutual Funds	14,073.03	68.39%	25,036.48	75.76%
Structured Notes	505.35	2.46%	1,152.29	3.49%
Insurance	3,279.05	15.94%	3,121.54	9.45%
Subtotal	20,575.83	100.00%	33,046.39	100.00%

b. Consuming Finance

- (1) Mortgage: At the end of 2007, the balance of the mortgage, NT\$110.7 billion, was 63.08% of total balance of loan balance of the Bank. With NT\$110.6 billion at the end of 2006, a net increase of NT\$100 million, or the increase by 0.09%, was seen.
- (2) Loan: At the end of 2007, the total balance of loan, NT\$6.2 billion, was 3.53% of total loan balance of the Bank. With NT\$6.5 billion at the end of 2006, a net decrease of NT\$300 million, or the decrease by 4.62%, was seen.
- (3) Credit cards:

Operation Data of Sunny Bank Credit Cards

Unit: NT\$ Thousands; Accounts

Item	2006	2007	Increase/ Decrease
Accumulated Issued Cards	238,247	247,257	9,010
Consumptive Amount	2,304,749	1,815,817	(488,932)
Revolving Credit Balance	2,813,304	1,221,408	(1,591,896)
Service Fee Income	87,448	100,360	12,912
Net Income (Including Allowance)	(486,863)	(1,038,733)	(551,870)

c. Corporate Financing

- (1) The credit granting in NT\$ and other foreign currencies to corporate clients, including loans, overdraft, discount, guarantee and acceptance. The percentage and the growth are as follows:

The Asset Distribution and Growth

NT\$10 Thousands

Major Product Category	2006		2007		Expected growth in 2008	
	Average Amount	Percentage (%)	Average Amount	Percentage (%)	Average Amount	Percentage (%)
Mid-Small Sized Business	2,644,460	42	2,268,472	47	300,000	60
Large Business	3,625,023	58	2,589,530	53	200,000	40
Total	6,269,483	100	4,858,002	100	500,000	100

Revenue Distribution and Growth

NT\$10 Thousands

Major Product Category	2006		2007		Expected growth in 2008	
	Revenue	Percentage (%)	Revenue amount	Percentage (%)	Revenue amount	Percentage (%)
Mid-Small Sized Business	112,903	53	103,846	52	106,575	54
Large Business	98,145	47	96,083	48	90,100	46
Total	211,048	100	199,929	100	196,675	100

- (2) Foreign exchange business of International Banking Dept. in 2007 is seen an obvious growth, compared to 2006. The details are as follows:

- A. Foreign exchange deposit: At the end of 2007, the balance of foreign exchange deposit was US\$226,005,000, which was an increase by US\$89,213,000 or 65% from US\$136,792,000 at the end of 2006.
- B. Foreign exchange loan: foreign exchange loan at the end of 2007 was US\$189,451,000. This is an increase by US\$75,121,000 or 66% (in which an increase of US \$32,984,000 was seen in OBU) from US\$114,330,000 at the end of 2006.

- C. Import/export business: At the end of 2007, the export/import volume reached US\$416,248,000, which was an increase by US\$117,861,000 or 39% from US\$298,387,000 at the end of 2006.
- D. Foreign exchange business: At the end of 2007, the foreign exchange volume reached US\$1,921,083, 000, which was an increase by US\$843,478,000 or 78% from US\$1,077,605,000 at the end of 2006.

Comparison of Foreign Exchange Business between 2007 and 2006

Unit: US\$ Thousands

Item \ Term	2006 A	2007 B	Increase in 2007 C=B-A	Growth in 2007 D=C/A
Foreign exchange deposit	136,792	226,005	89,213	65%
Foreign exchange loan	114,330	189,451	75,121	66%
Import/ export business	298,387	416,248	117,861	39%
Foreign exchange business	1,077,605	1,921,083	843,478	78%

d. E-Banking Business

Unit: NT\$ Thousands: Transaction

Item	2006		2007	
	Total Withdrawal Amount	Total Transfer Transaction	Total Withdrawal Amount	Total Transfer Transaction
Physical ATM	24,912,102	1,514,816	24,767,286	1,543,096
Online ATM	—	27,627		49,148
Internet Banking	—	73,507		94,104
Telephone Banking	—	391,969		405,386
Mobile Banking	—	263		202
XML	—	242		1,696

e. Trust Business

Total Balance for Trusted Asset at the end of 2007 was NT\$24.414 billion or an increase of NT\$8.344 billion from NT\$16.070 billion at the end of 2006. The growth reached as high as 51.92%. The details for trusted assets in 2007 are as follows:

Unit: NT\$100 Millions

Item	2006	2007	Increment	Annual Growth
Trust Business	160.70	244.14	83.44	51.92%
Money Trust	140.21	208.99	68.78	49.05%
Specific Money Trusted in Foreign Securities Investments	138.99	205.01	66.02	47.50%
Other Money Trusts	1.22	3.98	2.76	226.23%
Real Estate Trust	9.85	22.48	12.63	128.22%
Securities Trust	10.64	12.67	2.03	19.08%
Subsidiary Trust Business	517.61	720.44	202.83	39.19%
Custody Business	184.34	247.08	62.74	34.03%
Securities Investment Trust Fund Custody Business	180.00	241.62	61.62	34.23%
Discretionary Custody Business	4.24	5.36	1.12	26.42%
Operation Bond Custody Business	0.10	0.10	-	0.00%
Certifying Business	333.27	473.36	140.09	42.03%

f. Investment Business

Growth and changes of Transaction revenue are as follows:

Security Transaction Classification in 2006 and 2007 (Notes and bills trading)

Unit: NT\$ Thousands			
Items	2006	2007	Increment
Bonds interests (loss)	(16,798)	8,586	25,384
Stock interests (loss)	163,686	2,202	(161,484)
Beneficiary certificates interests (loss)	25,405	28,043	2,638
Short-term bill interests (loss)	(48,965)	32,310	81,275
Evaluation interests (loss)	111,529	89,542	(21,987)
Dividend	15,696	43,593	27,897
Total	250,553	204,276	(46,277)

The table above indicated that the bank profit, from security transaction revenue, NT\$250,553,000 and NT\$204,276,000 in 2006 and 2007 respectively. The details are as follows:

- (1) Bonds interests (loss): Capital gains (loss) on trading government bonds.

Due to the recovery of global economy, the demand for raw materials was robust internationally, which led to the elevated risks of global inflation. Also, America started to raise its interests during the second half of 2004. Central Bank in Taiwan, in order to inhibit inflation, continued to raise the rediscount rates and caused bond rates to rise. A loss of NT\$16,798,000 was thus caused in 2006. In 2007, profit of NT\$8,586,000 was gained.

- (2) Stock interests (loss): Profit gained on trading listed and OTC stocks.

The stock market has been booming since November 2005 and continued to thrive in 2006. The weighted index reached 19.48% for the year and profit was NT\$163,686,000. In 2007, because the growth started to weaken, the annual profit reached NT\$2,202,000.

- (3) Beneficiary certificates interests (loss): profit on fund trading.

Resulted from the boom of the global stock market since 2005. In 2006 and 2007, profit was NT\$25,405,000 and NT\$28,043,000 respectively.

- (4) Short-term bill interests (loss): Profit gain on trading short-term bill (including CP2, NCD, BA, TB and ABCP etc.)

Since Consultation Paper 34 became effective in 2006 and 2007, gain on short-term bills included interest revenue of NT\$484,637,000 and NT\$449,117,000. Interest on Disposal is a loss of NT\$48,965,000 and a profit of NT\$32,310,000. Short-term bill interest increases annually as the certifying business of the Bank thrives annually and RP operation is promoted.

- (5) Evaluation interests (loss): Evaluation interest or loss on evaluation according to the market prices.

After Consultation Paper 34 became effective in 2006 and 2007, evaluation interest was recognized as NT\$111,529,000 and NT\$89,542,000.

- (6) Dividend: cash dividends distributed by listed and OTC companies.

During recent years, listed and OTC companies usually chose to distribute cash dividend to avoid capital growth. As the Bank has been increasing the investment position, cash dividend received has been increasing, too. Cash dividend for 2006 and 2007 was NT\$15,696,000 and NT\$43,593,000 respectively.

In summary: For security transaction revenue, stock and fund profit rose in 2006 because the global stock market had been booming. After the effectiveness of Consultation Paper 34, NT\$111,529,000 was recognized as evaluation interest. Net interest was totalled as NT\$250,553,000. In 2007, NT\$89,542,000 was recognized as evaluation interest. Net interest was totalled as NT\$204,276,000.

(2) The Operation Plan of the Year

a. Wealth Management:

- (1) Human resources: invite experienced financial advisors and executives from other banks into our Bank. Strive for the performance of financial management and boost the average productivity and professionalism of our financial advisors.
- (2) Education and training: In addition to “24 Hours of Education and Training per Year” required by Financial Supervisory Commission. The Bank will also launch elementary, high and advanced training courses and, according to the market situation, various training projects in order to raise the professionalism of our financial advisors.
- (3) Product: Focus on customer demand and tailor financial products for different customer segmentation to promote the long term growth of customer assets. According to the change in the global market, the Bank will adjust the structure of major products, emphasize the uniqueness of products, and create differentiated products. The product planning will be focused on products with guarantee, low risk, easy comprehension, the short period and high turnover.
- (4) Sales Business: Strengthen client relationship and carry out CRM. With an honest attitude, establish the long-lasting trust with clients. Raise customer satisfaction, establish core value, strengthen the attitude for active service, upgrade hardware and effectively internal auditing and control systems.
- (5) Market: collect competitors’ information, understand the development of competitors and strengthen our competency.
- (6) Marketing Strategy: Advance the regional marketing events and multi-functional application of the Internet interface, establish diverse sales channel and hold financial seminars with media marketing to boost our awareness and the market share.

b. Consuming Finance:

- (1) Mortgage: Under the global requirement of financial linearization, and self-owned capital adequacy, the Bank will reasonably allocate risky assets and accurately implement differential pricing strategies in order to maintain the reasonable profit margin and follow the regulation from authority. Additionally, strengthening risk management will be the focus during the development of mortgage business.

A. Strategy and Direction:

- a. Develop case forecast for different customer segmentation and collateral.
- b. Adopt differential pricing and periodic interests.
- c. Raise service fee to make up for profit margin
- d. Reach balance among risk, cost and profit to meet the requirement from the authority.
- e. Refer pricing to Risk weights of Basel Accord.
- f. Adjust the current revolving loan toward our pricing target and the industrial standard.
- g. Land and buildings mortgagee- The relatively higher risk weights, product prices and labor cost should be reflected reasonably on pricing.

- h. Diverse products- In addition to the previous regular, finance and government policy mortgage, the Bank further launched the home mortgage, non-home mortgage and Spring Thunder Project this year to satisfy different customer groups. Interests reduction pairing with “Home Sweet Home” mortgage insurance, were expected to attract new and old mortgage customers and increase service fee income.

B. Risk Management

- a. Investors: Interest rates, Limited parentage on investment
- b. Land financing: Avoid cases involving land of mountainside, and land for agriculture, forest, fishing and herd use.
- c. Batch mortgage: Avoid cases involving remote areas, construction projects with low sale volume and area with over-surplus houses.
- d. Debtors Qualification/ credit granting 5Ps
- e. Area selection - * Focused on ABC area, where many people reside.
* Incorporate circulation and depreciation resistance.

(2) Credit Loan

Currently, affected by Consumer Debt Clearance Regulations and high repudiation against debt negotiation, the Bank will focus on maintain asset quality and place conservative operation and stable growth as the top priority.

A. Credit Loan Products:

- a. Existing Products (Targeting different customer segmentation and segmentation marketing)
New Salary Liquidation: Customers meeting the debt ratio of 22 and desiring transfer and cost-saving.
Mortgage for Full-Time: Anyone who have a stable regular job.
SOHO Mortgage: Anyone who has demand for a small-amount of capital but cannot offer any official proof for its industry.
Loan for government workers, teachers and financial workers: Quality customers working in the government, academy and the financial industry.
- b. The blue ocean strategy: Mortgage to foreign labor (from Indonesia or Thailand): Currently face fewer competitors.
- c. Communicatory Mortgage: Explore current customers.
- d. Other variety coalition: Other projects like EMBA.

B. Risk Management:

- a. Re-establish the investigation process (Separation of Investigation and Sales)
- b. Further supervision over credit products and standards (such as limitation of the debt ratio as 22)
- c. Establish the supervision system and procedures (regular sampling inspection and establishment of the break-even points)
- d. Carry out the differential pricing concept to strengthen the exchange between interest rates and risks.
- e. Refer to Basel Accord to establishing the credit risk model.

(3) Credit Cards:

A. Increase active cards (re-juvenile inactive cards):

- a. Old cardholders: On the list re-examined through six months, customers with higher J10 points but without any usage will be first called out in a caring way. Additional card-swiping gifts or promotion will tempt customers to use their cards.
- b. New Cardholders: The Bank staff will suggest card application rewards and payment plans to boost the card-activation and consumption by cardholders and raise the number of active cards.

B. Raise the consumption amount:

- a. Promote the payment plans and pair it with various activities, such as the lottery “Free Shopping in Sweet May”
- b. Utilize promotion provided by international organizations and encourage cardholders to use their cards by providing messages.
- c. Promote seasonal card consumption around important occasions, such as tax-payment period, Mother’s Day, or Christmas etc.

3. Corporate Financing

- (1) In 2008, the operation will be focused on “qualitative” perfection. Considering proper supervision on three ratios, including Loan to Deposit Ratio, Current Ratio and NPL Ratio, the Bank propose the periodic plan to develop corporate financing business:

A. The first period-Sprint:

Major products: a. small amount, b. self-liquidity, c. security, d. profitability (above-average interest rate), e. being able to expand into other services (mostly on deposits)

B. The second period-Growth:

Major products: a. currency, b. profitability, c. self-liquidity, d. security, e. potential.

C. The third period-Bloom

Major products: a. currency, b. profitability, c. self-liquidity, d. security, e. potential, f. professionalism.

- (2) International Banking Department, and Offshore Business Unit

A. Expand OBU business

a. Proactively promote OBU trade finance

As the industrial structure transforms, Taiwan businesses emigrate mainly to China and Vietnam. However, a great number of regulations hinder Taiwan businesses from borrowing from banks in China. At present, Taiwan businesses operate their capital through “Offshore Companies”, which are set up by their parent companies. This model that features order-receiving offshore and production overseas fully utilizes trade finance offered by OBU as their source of capital for overseas companies. As a result, mastering the investment dynamics of Taiwan businesses and employing OBU to solve the financing predicament that Taiwan businesses face is the turning point for the Bank to expand our OBU service.

b. Proactively participate in international syndicated loan

At the end of 2007, the credit balance of OBU grew to US\$111 million from previous years. In addition to strengthen the trade finance service to Taiwan companies, the Bank, in the future, will persist in seeking crediting targets with better asset quality and rational risk spread in the international finance market. We will also actively participate in international syndicated loan to raise crediting profit, increase cooperation and interaction with domestic and foreign financial sectors to raise the awareness of the Bank and seek potential business opportunity for developing new services in the future.

c. Cultivate international financial talent

In order to expand the territory and hinterland of financial service, international financial service talents should be cultivated in response to the operation strategy of internationalization.

B. Set up foreign exchange units in Tainan area

Since 2006, the Bank has successively set up 3 foreign exchange units in Taipei and Kaohsiung. In order to advance our service to customers and continue promoting foreign exchange business, it is expected to set up foreign exchange units in Tainan area.

C. Better training on foreign exchange.

Better the professionalism of branches in foreign exchange through foreign exchange training, raise the proficiency in processing foreign exchange and guide staff to acquire the basic level of foreign exchange certificate.

4. E-Banking

During recent years, the convenient communication network and information computerization has been replacing the bank operation model and striking the traditional business model of the financial industry. The modern financial operation process, which incorporated the modern technology, broke the restriction on time and space, altered the relationship between the trading parties and created a new operation model. This is a major revolution and challenge that the financial industry is currently facing.

Because the speed of the information serviced and cost management is the competitive niche in the financial industry, E-Banking has become a power weapon for Taiwan banks to advance their competitiveness. Banks should actively promote relevant services and utilize high-tech communication equipment and Internet to supply clients with fast, low-cost and secure services. According to cost-benefit analysis, it demonstrated the lowest operation cost, the most convenient usage and the most maneuverability. In the future, banks should upgrade or expand related equipment and strive to develop E-Banking for improving their customer service and sales.

5. Trust Business

(1) Collective Investment Trust Account: Because conservative, moderate and enthusiastic investors have different investment demand, trustees can set up accounts for capital with the same business field and operation methods in order to collective manage the capital. Investors can, through collective investment trust account, engage in investment, perfect their asset allocation and minimize their investment costs. Paired with the personal trust service, it can utilize synergy and joint marketing and raise the efficiency of trust property usage.

(2) Personal Trust- Personal trust- retirement-trust: With the aging population and low fertility rates, exercise and allocation of fund after retirement is very crucial. Through trust contracts with trust enterprises for the exercise of trusted property, trust property accounts can be managed independently and excluded from the effect of the worsening finance or bankruptcy of granters or trusted banks. Inappropriate usage by children can be avoided, which supplies a significant shield for property of the senior.

6. Investment Business

(1) Bill Operation Strategies

- A. Explore no-guarantee customers and raise the usage of the current no-guarantee customers in order to boost the profit of bill transaction.
- B. Assist branches with their guarantee services, deliberate the proper amount of cases of self-guarantee/ self-purchase short-term bills.
- C. In order to expand business scope of securities, in 2008, the Bank will continue to promote primary market of “Fixed Rate Commercial Promissory Note” (FRCP). It can not only provide long-term source of funds to customers, but also to provide the Bank stability.
- D. Persist in participating in the NCD bidding of Central Bank. Adjust the short and long period of capital allocation depending on the forecast for the future interest rates in order to maximize the profit.
- E. Actively expand operations conditions for sub-customers to obtain lower funding and earn the margin.

- F. As the securitization of financial assets thrives, the Bank has gradually assessed and then bought CLO, RMBS, REAT and REITS commodities, because it uses 6% separation tax to provide better leasing tax incentives. Therefore, in the future, the Bank will continue to assess the purchase of low-risk asset securitization products.

(2) Bond Operation Strategy

The Bank's operation strategy is to establish a long period of low public debt while a larger rebound appears in the market, along with short trading floating debenture, tight control of the break-even mechanism to maintain operating income.

A. Bonds

- a. Expected operating amount for bond: NT\$1,500,000,000.
- b. Interest income: Interest income will be NT\$35,850,000. (The estimated average interest rate will be 2.39%)
- c. Capital gains: NT\$12,000,000. (Interest rates are expected to slowly go up or drop with a limited amount, which is a situation good for short-term hedging. It is calculated with using the average NT\$1.5 billion liabilities to earn an annual return of 0.80%)
- d. Interest expense: NT\$44,880,000. (Intended to acquire NT\$2.2 billion capital through repurchase agreement. The interest rate is expected to be 2.04 %.)

B. Corporate Bonds: expected to invest in NT\$2.2 billion. With an average interest rate as 2.42%, the interest rate income is NT\$53,240,000.

C. Beneficiary Certificate:

- a. Beneficiary Certificate: Expected to own NT\$300,000,000
- b. Interest income: NT\$6,900,000. (Expected rate: 2.3%)

D. Preferred Shares:

- a. Preferred Shares: Expected to have NT\$210,000,000.
- b. Interest income: NT\$9,950,000. (Expected rate 4.738%)

(3) Stock Operation Strategy:

Due to the high-enough base year, even though the cross-strait topic started to take effect in 2008, the growth potential for stocks in Taiwan will still be depressed. The potential growth for the weighted index ranges from 8~15%. The index may reach 10 thousand points. Treasury Department plan to invest in the stock market with average NT\$1 billion during 2008 with focus on both of electronic and traditional industries. The target is to maintain a rate of return as 20% annually. It is expected to generate stock transaction profit as NT\$200,000,000.

(4) The investment strategy for beneficiary certificate (fund)

The prospect for global economy in 2008 is conservative. Investment turns difficult. The fund with global investment plotting will suffer with declining expected profit. In 2008, the fund operating should be proactively planned for 2008.

The plan for New Taiwan Dollars should be focused on global investment. The investment in Taiwan stocks will not exceed 30% basically because the Bank has already invested in Taiwan stocks. This is the limitation against us to avoid over-focused investment. The bond investment will offer protection in the non-optimistic prospect for global economy. This investment will be raised according to the market status. Overall, it is planned to balance the investment. The rate of return for the fund investment calculated in NTD is 8.50%.

Investment in foreign currency is still kept in balance operation. Also, with investment fund needed by domestic fund enterprises, investment targets can be well diversified. The annual rate of return for fund investment calculated in foreign currency will be 13%.

(5) Strategy for Foreign Currency Capital

Currently price competition for foreign exchange financial products is fierce among banks. In foreign exchange market, profit margin for the traditional capital due and call loans and rate difference for foreign exchange can only generate limited profit. To create magnificent performance, objective factors including the overall operation environment and global economy are not enough, proper strategic planning and operation mechanism are also necessary. Hence, Raising flexibility of foreign exchange transaction and enlarge foreign exchange gapping will be the major objectives for foreign currency capital service in 2008.

(6) Strategy for Foreign Exchange Investment

In 2008, the growth of U.S economy and the future monetary policies are not clear. For interest rates, Federal Reserve will continue reducing interest rates very possibly. On the other hand, the skyrocketing prices of international raw materials and the concern of the market over the global financial environment will direct the capital into bonds or fixed-income markets. Therefore, in order to establish long-term foreign exchange investment, and safe and stable interest income, the Bank will select fixed-income products with great credit and profit and hold them for the long run.

(7) Derivative Products

The Bank will develop various derivative products and structured products to offer more investment and risk-averse options for customers.

(III) Market Analysis

1. The Bank Operation

The asset quality of domestic banks has been significantly advanced due to the government persisting on promoting financial reform policies. The overall NPL ratio has decreased from the peak of 8.09% in 2002 to 1.84% at the end of 2007. The coverage rate of allowance for bad debt has also reached 64.82%, which shows that banks have significantly improved their risk management capability. However, reducing the number of financial institutes through merge and acquisition did not achieve an obvious outcome. Too many banks are still being seen. In a fierce competition, the revenues of banks still mainly come from the interest of loans. Income from service fee has not been raised apparently. The banks cannot acquire sufficient interest difference from their traditional loan services. Therefore, they zealously devoted their effort into consuming finance services, which they enjoy larger interest differences, and led to the arguable interest differences between dual cards. Looking to the future, in the trend of financial globalization, Taiwan banks have to face not only competition from major Asian financial institutes, but also the entry of foreign banks to mainland China. If financial institutes in Taiwan can achieve the goals of financial reform, they will be able to enhance their visibility and competency globally, create their development potential worldwide and hopefully correct the over-competitive domestic financial environment. On the other hand, small-sized banks can be encouraged to consistently exercise their own advantages and niche to survive and prosper together with large-sized banks and provide more diverse and quality services to clients.

2. The Future Supply/ Demand and Potential for the Market

(1) The Supply Sector

In order to carry out financial liberalization and internationalization, the fiscal authority successively launched a series of financial reform practices, loosen the restriction against the establishment of branches by foreign banks, and encourage merger and acquisition. These practices made Taiwan financial system more open and active and help to advance financial efficiency and quality in Taiwan. Financial products are thus more diverse. In a more global and liberal financial market, domestic banks will have to shoulder higher competitive pressure from large foreign financial institutes. Domestic financial institutes will continue their merger and product innovation to grasp a higher market share.

- (2) The Demand Sector
- As the financial market is getting liberalized and internationalized, business are enjoying more diverse financing channels. In addition to the traditional indirect finance, companies can also acquire the capital they demand through issuing common stocks, preferred stocks, corporate bonds, convertible or trust certificates in the domestic and foreign capital and momentary markets. As the capital cost through the direct financing is lower than traditional financing, the percentage of direct finance has been elevated. In developed capital markets, such as U.S.A, direct financing stands for about 50%, which shows that domestic business will rely less and less on traditional financing. Regarding personal finance, various financial planning tools have been provided. Personal finance services and wealth management will be needed more and more, which will contribute to the growth of the sales and service fee income for banks.
- (3) The Potential
- To reinforce the international competency of the financial industry in Taiwan, the Government keeps promoting the merge and acquisition of financial institutes to achieve the goals of the 2nd financial reform. Although the financial institutes are still over-saturated in Taiwan, well-managed financial institutes can still discover growth potential, with the principles and policies of government, lenient sale supervision and strict financial management”, through cross-industry marketing, joint promotion and the introduction of new financial products. Large organizations and diverse services can also be achieved through merger and acquisition and the introduction of foreign investment for joint venture.
3. The Competitive Niches, Advantages and Disadvantages for Development and Solutions.
- (1) The Competitive Niches
- Embrace a network totaled as 96 domestic branches, mainly located in Taipei and Kaohsiung metropolis.
 - Good locations, friendly and efficient services and smooth interaction with customers.
 - Eight systems including general finance, corporate finance, consuming finance, branch operation, sales, administration, and auditing and risk management, are divided by functions or characteristics to rationalize the management and operation of the Bank and raise the service quality and efficiency.
 - Establish corporate and consuming finance regional centers. Enhance sales exploration performance and crediting quality through specialized organization structure. With the establishment of operation-processing centers, the manpower of branch logistics can be reduced.
- (2) Advantages and Disadvantages for Development
- Advantages
 - 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.
 - The concept of investment has rooted in people’s mind and the concept of trust has also formed gradually.
 - The economies are still growing slowly and businesses still have strong demand for capital, which benefits banks to promote their services.
 - Disadvantages
 - The financial market opens more and more quickly. Domestic banks therefore face strong competition brought by large international financial groups, which have their preferential advantages in trans-industrial and transnational management experience and integration of financial innovation and technology.
 - The percentage of direct finance keeps rising, which shall suppress the growth and profitability of traditional banking services.
 - Although interest rates have been gradually raised, however, the market is still over competitive. Also, the profit margin between deposits and loans keeps shrinking when domestic banks adopt price competition.

C. Solutions

- (a) Keep on investing resources, strengthen research and development of new financial products, provide customer with differentiated quality services, and avoid malicious price competition.
- (b) Re-plan the locations of branches and develop new marketing channels so as to utilize the network advantages of 96 branches national wide.
- (c) Keep promoting capital increase plans so as to solidify operating capital of Sunny Bank Ltd.

(IV) Research of Financial Products and Business Development:
None

(V) Long and Short Term Business Development Plans

For the short-term plan, to reach financial ratio targets required by the authority is the top priority. During the current and the next two years, the top goal is to improve the operating structure and the financial structure. The Bank plans, through introducing external fund, to upgrade BIS, lower overdue loan ratios to be below 2.5%, and raise the coverage rate for bad debt allowance to exceed 40%.

Starting the next second year, the Bank will, through the acquisition of high quality cooperatives and setting up overseas branches, expand its operating territory. It is expected that, starting from 2013, the Bank will expand related financial business and become a virtual financial holdings through acquisition and merger. The medium and long-term business development plans are as follows:

Year	2009~2010	2010~2012	After 2013
Business Development Plan	To improve the operating structure and the financial structure	To acquire of high quality cooperatives	To acquire insurance companies
	To introduce external fund	To and set up overseas branches	—

2. The Employee Profile

Year		2006	2007	The Period until April 30, 2008
Number of Employees	Executives	548	588	570
	Senior Clerks	1997	1853	1,832
	Clerks	20	18	17
	Total	2565	2459	2419
Sex Ratio	Male	45.03%	45.79%	45.56%
	Female	54.97%	54.21%	54.44%
Average Age		33.58	34.25	34.42
Average Seniority		6.28	6.89	6.94
Education Distribution	PhD	0%	0%	0%
	Master	4.05%	4.55%	4.47%
	College	76.80%	78.04%	77.80%
	Senior High School	18.64%	16.96%	17.36%
	Under Senior High School	0.51%	0.45%	0.37%

Employees with Professional License and Number	2006	2007	As of April 30, 2008 of the Same Year
Basic Proficiency Test for Bank Internal Control	1,217	1,411	1,355
Proficiency Test for Trust Operations Personnel	1,349	1,533	1,519
Trust Operations Personnel	407	456	435
Trust Operations Supervisor	5	6	6
Proficiency Test for Life Insurance Specialist	1,725	1,873	1,817
Proficiency Test for Investment-oriented Insurance Personnel	661	936	921
Proficiency Test for Property Insurance Personnel	1,445	1,641	1,599
Proficiency Test for Financial Planning Personnel	433	460	446
Basic Proficiency Test for International Banking Personnel	349	435	436
Basic Proficiency Test for Bank Lending Personnel	715	842	819
Advanced Proficiency Test for Bank Lending Personnel	20	22	22
Proficiency Test for Futures Specialist	291	341	355
Proficiency Test for Securities Specialist	223	228	217
Proficiency Test for Senior Securities Specialist	152	166	157
Proficiency Test for Securities Investment Trust and Consulting Professionals	117	136	126
Proficiency Test for Bill Finance Specialist	44	45	46
Proficiency Test for Financial Risk Management Personnel	5	4	5
Proficiency Test for Bank Collateral Appraisal Personnel	21	22	24
Qualification of Financial Market Knowledge & Professional Ethics Test	1,260	1,502	1,460
Qualification of Investment Trust and Consulting Regulations Test	573	836	911
Consultant of Financial Planning (CFP)	1	3	4
Proficiency Test for Bond Specialist	15	15	16
Proficiency Test for Securities Investment Analyst	4	3	4
Proficiency Test for Life Insurance Representative to Sell Foreign Currency Receiving and Paying in Non-Investment Oriented Insurance Products	0	102	183
Certificate of Completion of Risk Management for Foreign Exchange Derivatives Course	0	0	151

3. Corporate Responsibility and Ethical Risk

With a strong belief of requiting the society, Sunny Bank Ltd. proactively plays the role of “corporate citizen” while advancing our performance. We express our responsibilities to society by donating to academic and cultural activities. We promote good leisure and sponsor various sports, cultural and educational activities such as the Anniversary of Shih Lin Senior Commercial School, Sports Meets of Shih Pai Elementary School, State Baseball Tournaments, music performances, activities such as Chinese chess, “I-Go” chess, painting, seminars, parent-child summer camp, and scholarships, etc. We endeavor to contribute ourselves to the growth and progress of the academic and cultural activities in society.

4. Information Equipment

(I) The allocation and maintenance of major information system.

1. Tandem Taiwan/foreign currency transaction system.
2. Telephone banking.
3. Mobil banking.
4. Online banking.
5. The trust system.
6. The Wealth management system.
7. The auditing management system.
8. The bills and bonds system.
9. MIS

10. RCE
11. ACH
12. The stock management system.
13. The capital transfer system.
14. The foreign exchange system.
15. The collection management system.
16. RPS
17. The online seal system.
18. The Intranet.
19. E-JCIC.
20. The online ATM system.
21. The Anti-Spam system.
22. The Intrusion Detection and Network Flow Analysis System.
23. Router ACS.
24. Router LMS.
25. The Anti-virus server system.
26. The XML financial payments system.
27. The E-LOAN system.
28. Establishment of the internet management auditing system
29. Establishment of the parking fee collection system

(II) The future development or purchase plan

1. Customer Telephony Integration (CTI)
2. The teleconference system
3. The E-bill system
4. Establishment of credit risk management plan.
5. Corporate financing Crediting computerized system.
6. The strengthening project of information security (data backup) and management automation for project strengthening.
7. The establishment of the computerized real-estate valuation system
8. The upgrade of online banking
9. The upgrade of wealth management system
10. The upgrade of WEB-ATM

(III) Hot back-up and security measure:

1. Purpose: Based on the recovery system, maintain the bank operation in order to minimize the impact brought by information loss and interruption of operations through regular backup and test maneuver.
2. The Disaster Plan Scope:
 - (1) The system backup center and the project team.
 - (2) Evaluation on the organization and the environment of the current information office.
 - (3) Reorganize the structure of systems and operating flows.
 - (4) Make disaster backup plans.
 - (5) Execute necessary training.
 - (6) Compile related documents.
 - (7) Propose revising plans upon encountering problems.

5. Labor-capital Relationship

(I) Current agreements between labor and employer and implementation:

1. Employee Welfare:
 - (1) Labor insurance, health insurance and group insurance.
 - (2) Payment for employee not taking full special leaves due to work.
 - (3) Free health checkup
 - (4) Benefit from “Employee Welfare Committee”: reimbursement for weddings, funerals, disasters and emergencies. Bonus for Chinese New Year, Dragon Boat Festival and Moon Festival. Reimbursement for employee’s birthday and club events.
2. The retirement system and implementation
 - (1) Establish Employee Pension Supervisory Committee.
 - (2) The pension is appropriated monthly, in accordance with related regulations, to a special pension account of each employee starting work for Sunny Bank Ltd. from July 1, 2005 or choosing the new applicable pension system. As to the employees who choose the previous pension system, the pension reserve is appropriated monthly in accordance with related regulations.
 - (3) Offer retirement pension when an employee retires according to the regulations.
3. Agreements between labor and employer, and other rights
 - (1) Work Code: it is revised according to laws and agreements between labor and employer or management systems. Such revision will be submitted to the Department of Labor for approval, announced at offices and distributed to each employee.
 - (2) Re-assignment of Work: for effective use of human resources, a special program has been developed for employees to choose their working place and positions.
 - (3) Periodically hold labor-employer meetings.

- (II) Loss arising from labor-employer disputes in recent years and the period until the publication date: Until the publication date, two disputes are under legal process at the court. Description is as follows:
1. The litigant, an employee who had already retired from Kao Shin Commercial Bank, asked the Bank for retirement fund. If Sunny Bank Ltd. loses the case, it shall pay the above said pension difference and salary from the accounts of listed pension and salary expenditures.
 2. The litigant was a dismissed employee of the Bank and applied for confirming the existence of employment. If the Bank loses the case, it must pay for the lawsuits from the administration fee.

6. Important Contract

Type of Contracts	Counterpart	Period	Content	Condition
Deposit Insurance Policy	Central Deposit Insurance Corp.	Signed on September 2, 1987	The counterpart is liable to domestic currency depositor or beneficiary when the Bank is unable to perform its obligations to pay the deposit or the trust fund beneficiary..	The maximum indemnity for the same depositor is NTD 1.5 million.
Small & Medium Business Credit Guarantee Contract	Small & Medium Business Credit Guarantee Fund	Signed on December 1, 1997	For financing applied for by small and medium businesses, when insufficient or lacking of guarantee was presumed while such a proposal is generally reviewed and accepted, the Bank may apply for a credit guarantee from this Fund for the insufficient part	While the Bank undertakes credit granting services and signs contracts for loans with small and medium businesses, the Bank will follow credit granting regulations in approved by authority and the conditions listed in the letter of guarantee of the Fund.
Credit Rating Agreement	Taiwan Rating Corporation	Signed on December 23, 1999	Provide rating services upon request of the Bank.	The Bank shall provide complete, effective, timely and reliable information.
Bank Comprehensive Insurance Policy	Shinkong Insurance Co.	January 1, 2008 ~ January 1, 2009	The Insurance company shall be liable to the dishonesty of employees, property at operating locations, property in delivery, forgery of bills and securities, forgery of currency, mistakes, of securities or contracts and negligence of shortage of bills.	It is bounded by general conditions, special conditions and other restrictions listed in the letter of approval made by the Insurance company.
Contraction Contract	Chia You Co. Ltd.	Signed on Febuary 26, 2007	Renovation of Chiang-Aan Branch	None
Contraction Contract	Best Knight Enterprise Limited	Signed on June 30, 2007	Renovation of Luotung Branch	None
Contraction Contract	Cheng Jia Interior Deisgn Ltd.	Signed on July 17, 2007	Renovation of Chiayi Branch	None
Contraction Contract	Best Knight Enterprise Limited	Signed on August 22, 2007	Renovation of Lungkiang Branch	None
Contraction Contract	Yuan Bang Enterprise	Signed on September 3, 2007	Renovation of Chupei Branch	None
Contract on Software	Universal EC Inc	Signed on Febuary 12, 2008	Updating and adding new functions for online banking	None
Contract on Software	eService Realm Technology Co. Ltd	Signed on April 21, 2008	Provide online banking updating and adding new function (VMWARE software)	None

7. The process of Securitized Products

None

XI. Financial Status

1. Brief Balance Sheet and Statement of Income

(I) Brief Balance Sheet

Year (Note 2)		Financial Information of Recent 5 Years				
Subject		2007	2006	2005	2004	2003
Cash and Dures from Banks		\$14,612,302	\$16,984,891	\$16,815,172	\$9,855,918	\$9,468,556
Financial Assets at Fair Value through Profit or Loss (Note 3)		34,543,144	29,047,227	31,767,176	21,181,880	15,634,765
Reverse Repurchase Note and Bond Investment		-	-	-	1,625,924	-
Receivables		3,605,712	5,087,618	4,800,369	4,534,525	4,361,587
Discounts and Loans		172,892,491	184,364,343	166,654,215	126,404,592	115,982,754
Available-for-Sale Financial Assets		4,741,885	4,209,951	2,315,849	-	-
Hold-to-maturity Financial Assets		172,091	287,498	315,815	-	-
Equity Investments – Equity Method		273,722	273,157	216,459	237,366	245,943
Financial Assets Carried at Cost		397,261	397,261	446,173	251,495	395,423
Fixed Assets		9,945,617	9,686,166	9,662,124	7,426,864	7,114,017
Intengible Assets		1,181,348	1,366,814	1,355,756	579,447	642,891
Other Assets		2,405,094	2,574,916	1,992,932	812,882	876,895
Total Assets		244,770,667	254,279,842	236,342,040	172,910,893	154,722,831
Call Loans and Due to Banks		14,689,448	10,038,458	8,377,938	9,380,041	8,889,159
Financial Liabilities at Fair Value through Profit or Loss		328	140	-	-	-
Notes and Bonds Issued under Repurchase Agreement		519,960	8,127,593	5,774,401	4,107,736	-
Payables		2,391,122	4,415,896	3,332,613	1,689,740	2,379,545
Deposits and Remittances		207,362,142	213,010,449	202,965,741	146,038,213	133,337,851
Financial Bonds Payable		6,509,400	4,000,000	2,000,000	1,000,000	1,000,000
Reserve for Land Revaluation Increment Tax		261,507	264,110	344,749	145,767	145,767
Other Liabilities		404,703	612,076	640,100	279,390	255,585
Total Liabilities	Before distribution	232,138,610	240,468,722	223,435,542	162,640,887	146,007,907
	After distribution (Note 1)	232,138,610	240,468,722	223,449,128	162,662,870	146,017,334
Capital		12,439,281	12,439,281	10,915,265	8,200,000	7,061,579
Capital Surplus		11,228	11,228	11,228	11,228	11,228
Retained Earnings	Before distribution	417,792	1,555,944	1,980,005	2,058,778	1,642,117
	After distribution (Note 1)	417,792	1,555,944	1,527,138	1,326,012	1,013,600
Unrealized Profit or Loss on Financial Instruments		(15,131)	22,272	-	-	-
Other Shareholders’ Equity		(221,113)	(217,605)	-	-	-
Total Shareholders’ Equity	Before distribution	12,632,057	13,811,120	12,906,498	10,270,006	8,714,924
	After distribution (Note 1)	12,632,057	13,811,120	12,892,912	10,248,023	8,705,497

Note 1: Appropriation of profit or loss for 2007.
Note 2: The financial data for above years have been approved by Independent auditors.
Note 3: Securities and securities purchased from 2003 and 2004 is not planned to be re-classified and are financial assets at fair value through profit or loss.

(II) Brief Income Statement

Unit: NT\$ Thousands except EPS in NT\$

Subject \ Year (Note 1)	Financial Information of Recent 5 Years				
	2007	2006	2005	2004	2003
Net Interest Income	\$3,211,040	\$3,753,822	\$3,389,571	\$3,290,356	\$2,784,776
Other Net Income except Interest	807,177	1,071,283	1,075,724	835,171	539,476
Bad Debt Expenses	2,118,614	1,800,171	1,061,814	339,855	-
Operating Expenses	3,167,755	3,252,810	2,612,488	2,481,494	2,149,923
Net Profit Before Tax of Operating Departments	(1,268,152)	(227,876)	790,993	1,304,178	1,174,329
Net Profit After Tax of Operating Departments	(1,138,152)	(170,271)	653,993	1,045,178	894,329
Income from Discontinued Department (Net After Tax)	-	-	-	-	-
Extraordinary Gain or Loss (Net After Tax)	-	-	-	-	-
Cumulative Effect of Changes in Accounting Principles (Net After Tax)	-	199,077	-	-	-
Current Profit & Loss	(1,138,152)	28,806	653,993	1,045,178	894,329
Earnings per share	(0.93)	0.02	0.69	1.18	1.05

Note 1: The above financial data shown in the last five years have been audited and accredited by accountants.

(III) Audited by CPAs for years and Auditing Opinion

The Bank, from 2002 to 2003, appointed Accountant Kuo, Cheng-Hung and Chen, Ching-Hsiang in Deloitte & Touche for auditing, certifying and issuing an unqualified opinion on the report. In 2004, because of the internal duty adjustment of Deloitte & Touche, certifying accountants became Shao, Chih-Ming and Kuo, Cheng-Hung. The banks had adopted outright purchase/sale for reverse repurchase agreement of notes and bonds. However, since 2004, according to “Regulations Governing the Preparation of Financial Reports by Publicly Held Banks”, the Bank switched to the financial approach. Additionally, the Bank, in 2005, merged with Kao Shin Commercial Bank and adopted the newly announced IAS 35 “Accounting Principles of Asset Impairment”. Therefore, in 2004 to 2005, the Bank received reports with modified unqualified opinion. In 2006, the Bank still appointed Shao, Chih-Ming and Kuo, Cheng-Hung of Deloitte & Touche for certifying for the Bank. The Bank sold NIL to MACS, the loss was deferred and amortized through 5 years according to “Financial Institutions Merger Act”, which is not consistent with GAAP. Also, newly announced IAS 34 “Accounting Principles of Financial Products” and IAS 36 “Financial Instrument: Recognition and Measurement” and other new provisions supplementary in other accounting standards. Hence, qualified opinion report was received.

2. Financial Analysis

(I) Financial Ratio Analysis of the Parent Company

Year (Note 2) Item		Financial Analysis for the Last Five Years				
		2007	2006	2005	2004	2003
Management	Ratio of Loans to Deposits (%)	84.67	87.59	83.17	87.53	87.84
	Ratio of Overdue Loans (%)	2.87	2.65	3.09	2.00	2.88
	Ratio of Interest Expense to Average Deposits	2.02	1.66	1.32	1.30	1.51
	Ratio of Interest Revenue to Average Loans	4.12	4.06	3.84	4.17	3.91
	Total Asset Turnover (times)	0.02	0.02	0.02	0.02	0.02
	Average Operating Revenue Per Employee (In NT thousand)	1,634	1,881	1,705	2,095	1,873
	Average Earnings Per Employee (In NT thousand)	(463)	11	250	531	504
Profitability	Rate of Return on Type-1 Capital (%)	(10.99)	(0.14)	7.60	15.09	16.22
	Return on Assets (%)	(0.46)	0.01	0.32	0.64	0.61
	Rate of Return on Shareholders' Equity (%)	(8.61)	0.22	5.64	11.01	11.01
	Net Income Ratio (%)	(28.32)	0.60	14.65	25.33	26.90
	Earnings Per Share (NT\$) (Note 1)	(0.93)	0.02	0.69	1.18	1.05
Financial Structure (%)	Total Debt Ratio	94.81	94.55	94.52	94.04	94.34
	Fixed Asset to Equity Ratio	78.73	70.13	74.86	72.32	81.63
Growth (%)	Assets Growth Rate	(3.74)	7.59	36.68	11.76	12.53
	Profitability Growth Rate	7,731.00	(102.05)	(39.35)	11.06	31.21
Cash Flow (%)	Cash Flow Ratio	-	-	-	-	9.95
	Cash Flow Adequacy Ratio	-	-	-	-	47.39
	Cash Flow Reinvestment Ratio	-	-	-	-	-
Liquid Reserves Ratio (%)		16.50	10.17	13.76	9.76	9.80
Total Secured Loans of Stakeholders (in NT thousand)		2,633,463	2,505,400	2,607,587	2,317,633	3,199,749
Ratio of Total Secured Loans of Stakeholders to total loans (%)		1.43	1.32	1.51	1.76	2.63
Scope of Operating	Market Share of Assets	0.72	0.76	0.74	0.58	0.55
	Market Share of Net Worth	0.38	0.46	0.46	0.40	0.31
	Market Share of Deposits	1.01	1.00	1.00	0.76	0.74
	Market Share of Loans	0.97	1.06	0.98	0.80	0.81
Description for changes in ratios: 1. Ratio of interest expense to average deposits increased mainly due to the deposit having higher interest rates 2. The decrease in Average earnings per employee, Rate of return on type-1 capital, Return on Assets, Rate of return on shareholders' equity, Net income ratio and Earnings per share resulted from the increase in net loss. 3. The decrease in Assets growth rate mainly resulted from the increase in resale of NPL and the decrease in A/R, discount and loans. 4. Decrease in profitability growth rate was mainly due to the increase in increase in net income and NPL expenses and thus the increase in net loss before tax. 5. Increase in Liquid Reserves Ratio was mainly due to decrease in loans and the issuance of Subordinated Financial Debentures.						

(II) Consolidated Financial Ratio Analysis

Year (Note 2) Item		Financial Analysis for the Last Five Years				
		2007	2006	2005	2004	2003
Management	Ratio of Loans to Deposits (%)	84.77	87.60	83.18	87.53	87.84
	Ratio of Overdue Loans (%)	2.87	2.65	3.09	2.00	2.88
	Ratio of Interest Expense to Average Deposits	2.02	1.66	1.32	1.30	1.51
	Ratio of Interest Revenue to Average Loans	4.12	4.06	3.84	4.17	3.91
	Total Asset Turnover (times)	0.02	0.02	0.02	0.02	0.02
	Average Operating Revenue Per Employee (In NT thousand)	1,620	1,861	1,689	2,095	1,873
	Average Earnings Per Employee (In NT thousand)	(445)	11	243	531	504
Profitability	Rate of Return on Type-1 Capital (%)	(10.80)	(0.13)	7.55	15.09	16.22
	Return on Assets (%)	(0.45)	0.01	0.32	0.64	0.61
	Rate of Return on Shareholders' Equity (%)	(8.60)	0.22	5.64	11.01	11.01
	Net Income Ratio (%)	(27.46)	0.59	14.37	25.33	26.90
	Earnings Per Share (NT\$) (Note 1)	(0.93)	0.02	0.69	1.18	1.05
Financial Structure (%)	Total Debt Ratio	94.82	94.55	94.51	94.04	94.34
	Fixed Asset to Equity Ratio	78.86	70.24	74.92	72.32	81.63
Growth	Assets Growth Rate	(3.50)	7.84	36.72	11.76	12.53
	Profitability Growth Rate	7,871.18	(102.00)	(39.40)	11.06	31.21
Rate Cash Flow (%)	Cash Flow Ratio	-	-	-	-	9.95
	Cash Flow Adequacy Ratio	-	-	-	-	47.39
	Cash Flow Reinvestment Ratio	-	-	-	-	-
Liquid Reserves Ratio (%)		16.50	10.17	13.76	9.76	9.80
Total Secured Loans of Stakeholders (in NT thousand)		2,633,463	2,505,400	2,607,587	2,317,633	3,199,749
Ratio of Total Secured Loans of Stakeholders to Total Loans (%)		1.43	1.32	1.51	1.76	2.63
Scope of Operating	Market Share of Assets	0.72	0.76	0.74	0.58	0.55
	Market Share of Net Worth	0.38	0.46	0.47	0.40	0.31
	Market Share of Deposits	1.01	1.00	1.00	0.76	0.74
	Market Share of Loans	0.97	1.06	0.98	0.80	0.81
Description for Changes in Ratios: Same as Financial Ratio Analysis of the Parent Company						

Note 1 : It is calculated on a basis of the number of shares retroactively adjusted.
Note 2 : The above financial data shown in the last five years have been audited and accredited by accountants

- Description 1: Formula for financial ratios:
- 1. Management
 - (1) Ratio of loans to deposits = Loans/ Deposits
 - (2) Ratio of overdue loans = Overdue loans/ Loans
 - (3) Ratio of interest expense to average deposits = Interest Expense/ Average deposits
 - (4) Ratio of interest revenue to average loans = Interest revenue/ Average loans
 - (5) Total asset turnover=Net income/ Total Asset
 - (6) Average operating revenue per employee (Note 5) = Net income/ Total employees
 - (7) Average earnings per employee = Income after Tax/ Total employees
 - 2. Profitability
 - (1) Rate of return on Tier-1 capital = Income before Tax/ Average Tier-1 capital

- (2) Return on Assets = Income after Tax/ Average Assets
- (3) Rate of return on shareholders' equity = Income after Tax/ Average shareholders' equity
- (4) Net income ratio = Income after Tax/ Net income
- (5) Earnings per share = (Income after Tax- Dividends of Preferred Shares) / Weighted average outstanding shares. (Note 3)
- 3. Financial Structure
 - (1) Total Debt Ratio = Total Liabilities / Total Assets
 - (2) Fixed Assets to Equity Ratio = Net Fixed assets / Net Equity
- 4. Growth Rate
 - (1) Assets growth rate = (Total Assets of the Year - Total Assets of the Previous Year) / Total Assets of the Previous Year
 - (2) Profitability growth rate = (Income before Tax of the Year - Income before Tax of the Year) / Income before Tax of the Year
- 5. Cash Flow (Description 6)
 - (1) Cash Flow Ratio = Net operating cash flow / (due from other banks + commercial paper payable + financial asset at fair value through profit or loss + Bills & Bonds Sold under Repurchase Agreements + payables of maturity within one year)
 - (2) Cash Flow Adequacy Ratio = Net operating cash flow in the last five years/ (capital expenditures + cash dividends) in the last five year
 - (3) Cash Flow Reinvestment Ratio = Cash flow for operation/ cash flow for investment
- 6. Liquid Reserves Ratio = Current assets required by Central Bank/Liabilities allocated for liquid reserve
- 7. Scope of Operating
 - (1) Market Share of Assets = Total Asset / Total Asset of All Financial Institutions Available for Deposits and Loans (Note 4)
 - (2) Market Share of Net worth = Total Net worth / Total net worth of All Financial Institutions Available for Deposits and Loans
 - (3) Market Share of Deposits = Total Deposits / Total net worth of All Financial Institutions Available for Deposits and Loans
 - (4) Market Share of Loans = Total Loans / Total Loans of All Financial Institutions Available for Deposits and Loans

Description 2: Liability is deducted the reserve for guarantee, reserve for securities trading losses, the Reserve for Failed Trade Losses and Contingency Reserve

Description 3: Attention should be paid to for using the above formulas.

1. It is calculated on a basis of weighted average number of shares instead of the number of shares issued at the end of the year.
2. Weighted average numbers of shares shall be calculated with considering the available period for capital surplus transferred to common stock or retained earning transferred to common stock,
3. While calculating annual and semi-annual EPS, it should be retroactively adjusted in proportion of increment without considering the issuance period of such increment upon retain earnings recapitalization or capital surplus recapitalization.
4. In case the preferred shares are non-convertible accumulated preferred shares, the annual dividends (whether distributed or not) shall deducted from net loss after tax or added to net loss after tax.
5. In case preferred shares are not accumulative, the dividends of preferred shares shall be deducted from net income after tax when any net income after tax occurs. When there is loss after tax, adjustment is not necessary.

Description 4 : All financial institutions covering the services of deposit and loans include domestic banks, branches of foreign banks, credit cooperative, credit departments of fishermen's and farmers' association and trust investment companies as well.

Description 5 : Operating revenue refers to the total amount of interest and non-interest revenue.

Description 6 : While cash flow analysis is measured, special attention should be paid to the following matters:

1. Net operating cash flow is cash inflow for operation in the Cash Flow Statement
2. Capital expenditure means cash outflow for annual capital investment.
3. Cash dividend including cash dividend for common stock and Preferred Shares.
4. Fixed asset gross is total fixed assets before the deduction of accumulated depreciation.

(III) Capital Adequacy

Unit: NT\$ Thousands

Analytical items			Year	Capital Adequacy Ratio in the Last Five Years				
			2007	2006	2005	2004	2003	
Own Capital	Tier-1 Capital	Common Stock	12,439,281	12,439,281	10,915,265	8,200,000	7,061,579	
		Perpetual Cumulated Preferred Stock	-	-	-	-	-	
		Subordinated Debts without Maturity Dates	-	-	-	-	-	
		Capital Collected in Advance	-	-	-	-	-	
		Capital Surplus (Except for Property Appraisal Surplus)	11,228	11,228	11,228	11,228	11,228	
		Legal Reserve	1,528,150	1,519,508	1,323,310	1,009,757	741,458	
		Special Reserve	27,794	-	-	-	-	
		Accumulated Reserve	(1,138,152)	36,436	656,695	1,049,021	901,102	
		Minority Interest	-	-	-	-	-	
		Other Shareholders' Equity	(237,006)	(217,833)	-	-	-	
		Minus: Goodwill	1,150,579	1,333,579	1,333,579	544,876	590,031	
		Minus: Unamortized Loss on Sales of Non-performing Loan	164,734	-	-	-	-	
		Minus: Capital Allowance	350,976	335,208	226,316	244,430	320,683	
		Total Tier-1 Capital	10,965,006	12,119,833	11,346,603	9,480,700	7,804,653	
	Tier-2 Capital	Perpetual Cumulated Preferred Stock	-	-	-	-	-	
		Subordinated Debts without Maturity Dates	-	-	-	-	-	
		Property Appraisal Surplus	-	-	-	-	-	
		45% of Unrealized Gains on Financial instruments in Available-for-sale	342	10,124	15,145	122,675	139,134	
		Convertible Bonds	-	-	-	-	-	
		The Operating Reserve and Allowance for Bad Debt	1,759,522	286,484	506,415	427,058	772,522	
		Long-term Subordinated Debts	4,709,400	2,800,000	1,400,000	600,000	800,000	
		Non-perpetual Preferred Stocks	-	-	-	-	-	
		The Sum of Perpetual Cumulated Preferred Stock and Subordinated Debts without Maturity Dates Exceeds 15% of Total Tier 1 Asset	-	-	-	-	-	
		Minus: Capital Allowance	350,976	335,208	226,315	244,430	320,683	
		Total Tier-2 Capital	6,118,288	2,761,400	1,695,245	905,303	1,390,973	
	Tier 3 Capital	Short-term Subordinated Debts	-	-	-	-	-	
		Non-perpetual Preferred Stocks	-	-	-	-	-	
		Total Tier-3 Capital	-	-	-	-	-	
	Self-owned Capital		17,083,294	14,881,233	13,041,848	10,386,003	9,195,626	
Risk-Weighted Assets	Credit Risk	Standardized Approach	151,740,512	152,075,214	138,392,245	100,563,678	93,496,734	
		Internal Ratings-based Approach	-	-	-	-	-	
		Asset Securitization	683,428	-	-	-	-	
	Operational Risk	Basic Indicator Approach	8,415,364	-	-	-	-	
		Standardized Approach / Alternative Standardized Approach	-	-	-	-	-	
		Advanced Measurement Approach	-	-	-	-	-	
	Market Risk	Standardized Approach	12,265,351	17,720,066	15,309,909	10,870,808	6,206,514	
		Internal Model Approach	-	-	-	-	-	
	Risk-Weighted Assets		173,104,655	169,795,280	153,702,154	111,434,486	99,703,248	
Capital Adequacy		9.87	8.76	8.49	9.32	9.22		
Tier 1 Capital to Risk Asset		6.33	7.14	7.38	8.51	7.83		
Tier 2 Capital to Risk Asset		3.54	1.62	1.11	0.81	1.39		
Tier 3 Capital to Risk Asset		0	0	0	0	0		
Total Common Stock to Total Asset		5.08	4.89	4.62	4.74	4.56		

- Note:
1. Self-owned Capital = Tier 1 Capital +Tier II Capital + Tier III Capital
 2. Risk-Weighted Assets = Credit Risk Weighted Risk Asset + Capital Requirement of Operational Risk and Market Risk × 12.5.
 3. Capital Adequacy = Self-owned Capital/ Risk-Weighted Assets
 4. Tier 1 Capital to Risk Asset = Tier I Capital/Risk-Weighted Assets
 5. Tier 2 Capital to Risk Asset = Tier II Capital/Risk-Weighted Assets
 6. Tier 3 Capital to Risk Asset = Capital III Capital/Risk-Weighted Assets
 7. Total Common Stock to Total Asset = Total Common Stock/ Total Asset
 8. The self-owned capital to risk asset ratio of the Bank meets the current regulations.

(IV) Consolidated Capital Adequacy

Unit: NT\$ Thousands

Analytical items			Year	Capital Adequacy Ratio in the Last Five Years				
			2007	2006	2005	2004	2003	
Own Capital	Tier-1 Capital	Common Stock	12,439,281	12,439,281	10,915,265	8,200,000	7,061,579	
		Perpetual Cumulated Preferred Stock	-	-	-	-	-	
		Subordinated Debts without Maturity Dates	-	-	-	-	-	
		Capital Collected in Advance	-	-	-	-	-	
		Capital Surplus (Except for Property Appraisal Surplus)	11,228	11,228	11,228	11,228	11,228	
		Legal Reserve	1,528,150	1,519,508	1,323,310	1,009,757	741,458	
		Special Reserve	27,794	-	-	-	-	
		Accumulated Reserve	(1,137,707)	36,639	656,695	1,049,021	901,102	
		Minority Interest	5,740	6,949	6,746	-	-	
		Other Shareholders' Equity	(237,004)	(217,833)	-	-	-	
		Minus: Goodwill	1,150,579	1,333,579	1,333,579	544,876	590,031	
		Minus: Unamortized Loss on Sales of Non-performing Loan	164,734	-	-	-	-	
		Minus: Capital Allowance	218,848	204,960	123,917	244,430	320,683	
		Total Tier-1 Capital	11,103,321	12,257,233	11,455,748	9,480,700	7,804,653	
	Tier-2 Capital	Perpetual Cumulated Preferred Stock	-	-	-	-	-	
		Subordinated Debts without Maturity Dates	-	-	-	-	-	
		Property Appraisal Surplus	-	-	-	-	-	
		45% of Unrealized Gains on Financial Instruments in Available-for-sale	342	10,125	15,145	122,675	139,134	
		Convertible Bonds	-	-	-	-	-	
		The Operating Reserve and Allowance for Bad Debt	1,759,522	286,484	506,416	427,058	772,522	
		Long-term Subordinated Debts	4,709,400	2,800,000	1,400,000	600,000	800,000	
		Non-perpetual Preferred Stocks	-	-	-	-	-	
		The Sum of Perpetual Cumulated Preferred Stock and Subordinated Debts without Maturity Dates Exceeds 15% of Total Tier 1 Asset	-	-	-	-	-	
		Minus: Capital Allowance	218,848	204,960	123,916	244,430	320,683	
		Total Tier-2 Capital	6,250,416	2,891,649	1,797,645	905,303	1,390,973	
	Tier 3 Capital	Short-term Subordinated Debts	-	-	-	-	-	
		Non-perpetual Preferred Stocks	-	-	-	-	-	
		Total Tier-3 Capital	-	-	-	-	-	
	Self-owned Capital		17,353,737	15,148,882	13,253,393	10,386,003	9,195,626	
Risk-weighted Assets	Credit Risk	Standardized Approach	153,170,021	152,253,470	138,611,137	100,563,678	93,496,734	
		Internal Ratings-based Approach	-	-	-	-	-	
		Asset Securitization	683,428	-	-	-	-	
	Operational Risk	Basic Indicator Approach	8,646,870	-	-	-	-	
		Standardized Approach / Alternative Standardized Approach	-	-	-	-	-	
		Advanced Measurement Approach	-	-	-	-	-	
	Market Risk	Standardized Approach	12,316,349	17,767,421	15,356,846	10,870,808	6,206,514	
		Internal Model Approach	-	-	-	-	-	
	Risk-Weighted Assets		174,816,668	170,020,891	153,967,983	111,434,486	99,703,248	
Capital Adequacy		9.93	8.91	8.61	9.32	9.22		
Tier 1 Capital to Risk Asset		6.35	7.21	7.44	8.51	7.83		
Tier 2 Capital to Risk Asset		3.58	1.70	1.17	0.81	1.39		
Tier 3 Capital to Risk Asset		0	0	0	0	0		
Total Common Stock to Total Asset		5.06	4.88	4.62	4.74	4.56		

Note:
1. Self-owned Capital = Tier 1 Capital +Tier II Capital + Tier III Capital
2. Risk-Weighted Assets = Credit Risk Weighted Risk Asset + Capital Requirement of Operational Risk and Market Risk×12.5.
3. Capital Adequacy = Self-owned Capital/ Risk-Weighted Assets
4. Tier 1 Capital to Risk Asset = Tier I Capital/Risk-Weighted Assets
5. Tier 2 Capital to Risk Asset = Tier II Capital/Risk-Weighted Assets
6. Tier 3 Capital to Risk Asset = Capital III Capital/Risk-Weighted Assets
7. Total Common Stock to Total Asset = Total Common Stock/ Total Asset
8. The self-owned capital to risk asset ratio of the Bank meets the current regulations.

3. Supervisor Auditing Report

Supervisor Auditing Report, Supervisors Sunny Bank Ltd.

It is hereby to approve the 2007 Annual Report, financial statements (Balance Sheet, Income statement, Statement of Changes in Equity, and Cash Flow Statement), index of properties and surplus distribution proposals produced and submitted by the Board of Directors. The Balance Sheet, Income statement, Statement of Changes in Equity and Cash Flow Statement have been audited and certified by CPAs Koop Cheng Hung and Shao Chih Ming of Deloitte & Touche Taiwan. After reviewing the results by supervisors, no unconformity in all statements are found. The Annual Report is thereby prepared according to Article 219 of Corporate Law.

To: 2008 Shareholders' Meeting

Standing Supervisor

Hsu, Po-Hsiung



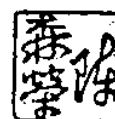
Supervisor

Tsai, Wen-Hsiung



Supervisor

Chen, Sen-Jung



Supervisor

Kao, Ming-Chih



Supervisor

Chiang, Chun-Huai



Date: April 16, 2008

4. Financial Statement

Independent Auditor's Report

To: Sunny Bank Ltd.:

We have audited the accompanied Balance Sheets of : Sunny Bank as of December 31, 2007 and 2006, and the related Income Statement, Statements of Changes in Shareholders' Equity, and Cash Flow Statement for from January 1 to December 31 in 2007 and 2006. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 26 attached to the Financial Statements, Sunny Bank Ltd., with July 25, 2007 and November 30, 2006 as the base day, sold Non-Performing Loans to asset management corporations and thus generated loss of NT\$183,038,000 and NT\$784,846,000 respectively. According to the "Financial Institution Merger Law", the loss could be deferred and amortized through 5 years. Unamortized balance is listed in "Other assets – Loss of non-recognized sale of liability" and thus inconsistent with generally accepted accounting principles. If the sale of the said loss were not deferred, then other assets – Loss of non-recognized sale of liability on December 31 2007 and 2006 should be reduced by NT\$779,531,000 and NT\$771,766,000 respectively. Also, net loss for 2007 and net income for 2006 should be added NT\$7,765,000 and deduced NT\$771,766,000 respectively.

In our opinions, except for Loss of sale of liability not being fully recognized in that year pursuant to GAAP, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sunny Bank as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks and accounting principles generally accepted in the Republic of China.

As described in Note 3 attached to the Financial Statements, Sunny Bank Ltd. has started adopting newly announced IAS 34 of “Accounting Principle of Financial Products” and IAS 36 “and IAS 36 “Financial Instrument: Recognition and Measurement” and provisions supplementary to other accounting standards. Also, in accordance with the revision of IAS 1 “The Structure of Financial Accounting Concepts and The Production of Financial Statements,” IAS 5 “Accounting Principles for Long-term Investment at Equity Approach” and IAS 25 “Business Combination –Accounting for the Purchasing Approach”, the difference between cost of the long-term equity investment and net shareholding is listed in goodwill and consolidated goodwill and will not be amortized from January 1, 2006.

The detailed accounts shown in the 2007 financial statements made by Sunny Bank Ltd. are available for supplementary and analysis and have been audited by us on the process described in the second paragraph. In our opinions, the major aspects of the detailed accounts are consistent with the information shown in the financial statements listed in the first paragraph.

The 2007 Consolidated Financial Statements of Sunny Bank Ltd. and its subsidiaries have been audited by us and the auditing report of the qualified opinion was submitted and filed on February 14, 2008 for reference.

Deloitte & Touche Taiwan
C.P.A. - Shao, Chih-Ming

C.P.A. - Kuo, Cheng-Hung

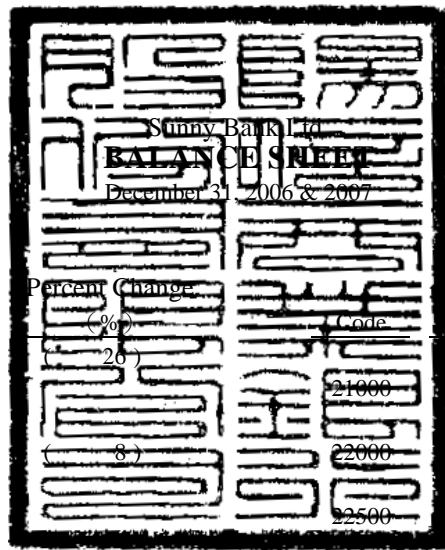
Shao, Chih-Ming
(with signature)

Kuo, Cheng-Hung
(with signature)

Securities And Futures Commission,
Ministry of Finance
Approval File No.: Tai-tsai-tseng-6-tzu-ti
No. 0930128050

Securities And Futures Commission, Ministry
of Finance
Approval File No.:
Tai-tsai-tseng-6-tzu-ti No. 0920123784.

February 14, 2008



Unit: NT\$ Thousands, Except Par Value in NT\$									
		December 31, 2007	December 31, 2006	Percent Change			December 31, 2007	December 31, 2006	Percent Change
Code	Assets	Amount	Amount	(%)	Code	Liabilities and Shareholders' Equity	Amount	Amount	(%)
11000	Cash (Note 4)	\$ 4,292,065	\$ 5,785,872	(26)	21000	Liabilities			
11500	Due from the Central Bank and Other Banks (Note 5)	10,320,237	11,199,019	(8)	22000	Call Loans and Due to Banks (Note 16)	\$ 14,689,448	\$ 10,038,458	46
12000	Financial Assets at Fair Value through Profit or Loss (Note 2, 3, 6, & 27)	34,543,144	29,047,227	19	22500	Financial Liabilities at Fair Value through Profit or Loss (Note 2 & 6)	328	140	134
13000	Accounts Receivable - Net (Note 2, 7 & 26)	3,605,712	5,087,618	(29)	23000	Notes and Bonds Issued under Repurchase Agreement (Note 2)	519,960	8,127,593	(94)
13500	Discounts and Loans - Net (Note 2, 8 & 26)	172,892,491	184,364,343	(6)	23500	Account Payable	2,391,122	4,415,896	(46)
14000	Available-for-Sale Financial Assets (Note 2, 3, 9 & 27)	4,741,885	4,209,951	13	24000	Deposits and Remittances (Note 17 & 26)	207,362,142	213,010,449	(3)
14500	Hold-to-maturity Financial Assets (Note 2 & 10)	172,091	287,498	(40)	29521	Financial Bonds Payable (Note 18)	6,509,400	4,000,000	63
15000	Equity Investments - Equity Method (Note 2 & 11)	273,722	273,157	-	29500	Reserve for Land Revaluation Increment Tax (Note 2 & 13)	261,507	264,110	(1)
15503	Financial Assets Carried at Cost (Note 2 & 12)	397,261	397,261	-	20000	Other Liabilities (Note 2, 19 & 24)	404,703	612,076	(34)
	Fixed Assets (Note 2 & 13)					Total Liabilities	232,138,610	240,468,722	(3)
	Cost					Shareholders' Equity			
18501	Land	7,074,674	6,907,870	2	31001	Shareholders' Equity from Parent Company			
18521	House and Building	2,926,439	2,843,817	3		Capital Stock, Authorized – 2,000,000 Thousand Shares and Issued – 1,243,928 Thousand Shares at NT\$10 Par Value	12,439,281	12,439,281	-
18551	Miscellaneous Equipment	1,298,334	1,118,231	16	31501	Capital Surpluses			
	Total Cost	11,299,447	10,869,918	4	31515	Additional Paid-in Capital	3,646	3,646	-
	Revaluation Increment	183,047	183,047	-	31599	Gain on Disposal of Assets	3,081	3,081	-
	Cost and Revaluation Increment	11,482,494	11,052,965	4	31500	Other	4,501	4,501	-
	Less: Accumulated Depreciation	1,676,830	1,505,764	11		Total Capital Surpluses	11,228	11,228	-
		9,805,664	9,547,201	3		Retained Earnings			
18571	Unfinished Construction and Prepayments For Business Facilities	139,953	138,965	1	32001	Legal Reserve	1,528,150	1,519,508	1
18500	Net Fixed Assets	9,945,617	9,686,166	3	32003	Special Reserve	27,794	-	-
19000	Intangible Assets (Note 2 & 14)	1,181,348	1,366,814	(14)	32011	Un-appropriated Earnings (Accumulated Loss)	(1,138,152)	36,436	(3,224)
19500	Other Assets (Note 2, 15, 21, 26, 27 & 28)	2,405,094	2,574,916	(7)	32000	Net Retained Earnings	417,792	1,555,944	(73)
10000	Total Assets	\$ 244,770,667	\$ 254,279,842	(4)	32523	Unrealized Profit or Loss on Financial Instruments	(15,131)	22,272	(168)
					32542	Treasury Stock – 19,375 Thousand Shares in 2007, 18,955 Thousand Shares in 2006	(221,113)	(217,605)	2
					30000	Total Shareholders' Equity	12,632,057	13,811,120	(9)
						Total Liabilities and Shareholders' Equity	\$ 244,770,667	\$ 254,279,842	(4)

Reference note is part of this Consolidated Financial Statement.
(Please refer to the Audit Statement dated Febuary 14, 2008 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG

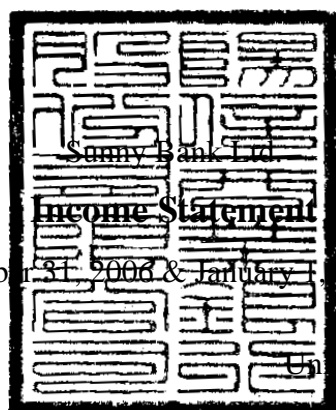


President: CHOU, SAN-HO



Chief Accountant: CHEN, HUI-MIN





January 1, 2006 ~ December 31, 2006 & January 1, 2007 ~ December 31, 2007

Unit: NT\$ Thousands, Except Earnings/
Losses Per Share in NT\$

Code		2007 Amount	2006 Amount	Percent Change (%)
41000	Interest Income (Note 2 & 26)	\$ 7,452,962	\$ 7,208,773	3
51000	Interest Expense (Note 26)	<u>4,241,922</u>	<u>3,454,951</u>	<u>23</u>
	Net Interest Profit	<u>3,211,040</u>	<u>3,753,822</u>	(<u>14</u>)
	Net Non-interest Profit			
49100	Net Commission Profit (Note 2 & 26)	734,303	597,337	23
49200	Financial Net Assets & Liabilities at Fair Value through Profit or Loss (Note 6 & 26)	217,264	303,390	(28)
49500	Investment Net Profit on Equity-Method Investees (Note 2 & 21)	2,527	7,719	(67)
49600	Exchanged Net Profit (Loss)	5,839	(39,318)	115
49880	Asset Impairment Loss (Note 2 & 14)	(183,000)	-	-
48005	Financial Assets Measured at Cost (Note 2)	17,267	25,173	(31)
48051	Rent Income (Note 26)	37,708	47,199	(20)
48063	Net Profit on Property Exchange	115,167	101,620	13
58021	NPL Disposal Loss (Note 26)	(175,273)	(13,080)	1,240
49800	Other Non-interest Net Profit	<u>35,375</u>	<u>41,243</u>	(<u>14</u>)
	Total Non-interest Net Profit	<u>807,177</u>	<u>1,071,283</u>	(<u>25</u>)
	Net Profit	<u>4,018,217</u>	<u>4,825,105</u>	(<u>17</u>)
51500	Bad Debt Expense	<u>2,118,614</u>	<u>1,800,171</u>	<u>18</u>
	Operating Expense (Note 22)			
58500	Personnel Expenses	2,058,135	2,114,968	(3)

(continued)

(Brought Forward)

Code		2007	2006		Percent Change (%)
		Amount	Amount		
59000	Depreciation & Amorization Other Operating & Management Expenses Total Operating Expenses	\$ 204,640	\$ 218,264		(6)
59500		904,980	919,578		(2)
		3,167,755	3,252,810		(3)
61001	Net Loss before Tax of Operating Departments	(1,268,152)	(227,876)		457
61003	Income Tax Profit (Note 2 & 21)	130,000	57,605		126
61000	Net Loss before Cumulative Effect of Changes in Accounting Principle	(1,138,152)	(170,271)		568
63500	Cumulative Effect of Changes in Accounting Principle (Net Amount after deducted Income Tax NT\$12,605,000) (Note 3 & 21)	-	199,077		(100)
69000	Net Profit (Loss)	(\$ 1,138,152)	\$ 28,806		(4,051)
Code		Before Tax	After Tax	Before Tax	After Tax
69500	Earnings Per Share (Losses) (Note 23)				
	Basic Earnings Per Share (Losses)				
69501	Net Loss before Cumulative Effect of Changes in Accounting Principle	(\$ 1.04)	(\$ 0.93)	(\$ 0.20)	(\$ 0.15)
69507	Cumulative Effect of Changes in Accounting Principle	-	-	0.18	0.17
		(\$ 1.04)	(\$ 0.93)	(\$ 0.02)	\$ 0.02

The after-tax developed material for investment when subsidiaries hold stocks of the parent companies not as treasury stocks (Note 2 & 25):

	2007
Net Loss on Operating Departments	(\$ 1,138,152)
Net Loss	(\$ 1,138,152)
Basic Losses Per Share	(\$ 0.93)

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated February 14, 2008 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG

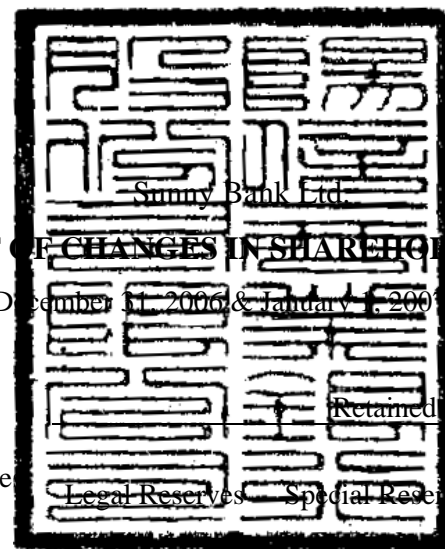


President: CHOU, SAN



Chief Accountant: CHEN, HUI-MIN





Sunny Bank Ltd.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

January 1, 2006 ~ December 31, 2006 & January 1, 2007 ~ December 31, 2007

Unit: NT\$ Thousands

	Issued Shares		Capital Reserve (Note 20)	Legal Reserves		Special Reserves	Retained Earnings (Note 20)		Financial Instruments Unrealized Gain or Loss (Note 2 & 3)	Treasury Stock (Note 2 & 25)	Net Shareholders' Equity
	1,000 shares	Amount					Unappropriated Earnings (Accumulated Loss)	Net Amount			
Balance as of January 1, 2006	1,091,526	\$ 10,915,265	\$ 11,228	\$ 1,323,310	\$ -	\$ -	\$ 656,695	\$ 1,980,005	\$ -	\$ -	\$ 12,906,498
Shareholders' Equity Adjusted Subjects for First Issued and Revied Statements on Financial & Accounting Standards	-	-	-	-	-	-	-	-	(7,191)	-	(7,191)
Earnings Appropriated in 2005											
Legal Reserve	-	-	-	196,198	-	-	(196,198)	-	-	-	-
Rewards of Director & Supervisor	-	-	-	-	-	-	(13,586)	(13,586)	-	-	(13,586)
Employees' Bonus	1,358	13,586	-	-	-	-	(13,586)	(13,586)	-	-	-
Stock Dividend— 3.9%	42,570	425,695	-	-	-	-	(425,695)	(425,695)	-	-	-
Capital Increase by Cash in October 2006	108,474	1,084,735	-	-	-	-	-	-	-	-	1,084,735
Net Profit in 2006	-	-	-	-	-	-	28,806	28,806	-	-	28,806
Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets	-	-	-	-	-	-	-	-	29,463	-	29,463
Treasury Stock Repurchased	-	-	-	-	-	-	-	-	-	(217,605)	(217,605)
Balance as of December 31, 2006	1,243,928	12,439,281	11,228	1,519,508	-	-	36,436	1,555,944	22,272	(217,605)	13,811,120
Earnings Appropriated in 2006											
Legal Reserve	-	-	-	8,642	-	-	(8,642)	-	-	-	-
Special Reserve	-	-	-	-	27,794	-	(27,794)	-	-	-	-
Net Loss in 2007	-	-	-	-	-	-	(1,138,152)	(1,138,152)	-	-	(1,138,152)
Subsidiary Holding in Parent Stocks	-	-	-	-	-	-	-	-	-	(3,508)	(3,508)
Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets	-	-	-	-	-	-	-	-	(37,403)	-	(37,403)
Balance as of December 31, 2007	<u>1,243,928</u>	<u>\$ 12,439,281</u>	<u>\$ 11,228</u>	<u>\$ 1,528,150</u>	<u>\$ 27,794</u>	<u>\$ -</u>	<u>(\$ 1,138,152)</u>	<u>\$ 417,792</u>	<u>(\$ 15,131)</u>	<u>(\$ 221,113)</u>	<u>\$ 12,632,057</u>

Reference note is part of this Consolidated Financial Statement.
(Please refer to the Audit Statement dated Febuary 14, 2008 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG

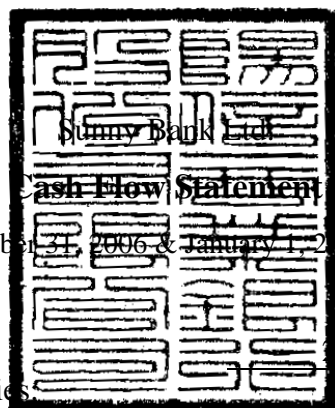


President: CHOU, SAN-HO



Chief Accountant: CHEN, HUI-MIN





January 1, 2006 ~ December 31, 2006 & January 1, 2007 ~ December 31, 2007

Unit: NT\$ Thousands




	2007	2006
Cash Inflows from Operating Activities:		
Net Profit (Loss)	(\$ 1,138,152)	\$ 28,806
Cumulative Effect of Changes in Accounting Principle	-	(199,077)
Bad Debt Expense	2,118,614	1,800,171
Loss on Impairment of Assets	183,000	-
Loss on Selling of Non-performing Loans	175,273	13,080
Depreciation	181,939	195,455
Amorization	22,701	22,809
Investment Income on Equity-Method Investees	(2,527)	(7,719)
Investee Company's Cash Dividends under Equity Method	-	1,021
Net Loss (Profit) on Disposal of Fixed Assets	(100,511)	4,024
Profits on Disposal of Foreclosed Collateral	(14,656)	(105,644)
Financial Assets Valuation Gains at Fair Value through Profit or Loss	(89,543)	(111,530)
Realized Gains on Available-for-sale Financial Assets	(3,408)	(5,450)
Deferred Income Tax	(256,577)	(139,344)
Increase/Decrease in Trading Financial Assets	(5,406,186)	3,030,696
Increase in Receivables	(96,714)	(1,020,250)
Increase/Decrease in Payables	(2,024,774)	1,083,283
Net Cash Inflow (Outflow) Generated from Operating Activities	(6,451,521)	4,590,331
Cash Inflows from Investing Activities:		
Increase in Available-for-sale Financial Assets	(1,974,791)	(3,133,785)
Disposal of Available-for-sale Financial Assets Price	1,408,862	1,267,405
Decrease in Held-to-maturity Financial Assets	115,407	28,317
Decrease in Financial Assets Measured at Cost	-	48,912
Increase in Equity Investment under Equity Method	(1,546)	(50,000)
Decrease in Due from the Central Bank and Other Banks	878,782	66,722
Decrease/Increase in Discounts and Loans	9,922,777	(20,173,697)
Purchasing Fixed Assets	(542,534)	(224,914)
Disposal of Fixed Assets Price	473,422	1,393
Disposal of Foreclosed Collateral Price	136,302	322,168
Selling of Non-performing Loans Price	858,000	610,000

(Continued)

(Brought Forward)

	2007	2006
Increase in Intangible Assets	(\$ 15,747)	(\$ 25,175)
Increase in Other Assets	<u>36,263</u>	<u>103,910</u>
Cash Inflows (Outflows) from Investing Activities:	<u>11,295,197</u>	(<u>21,158,744</u>)
Cash Inflows from Financial Activities:		
Decrease/Increase in Notes and Bonds Issued under Repurchase Agreement	(7,607,633)	2,353,192
Increase in Call Loans and Due to Banks	4,650,990	1,660,520
Decrease/Increase in Deposits and Remittances	(5,648,307)	10,044,708
Increase in Financial Bonds Payable	2,509,400	2,000,000
Decrease in Other Liabilities	(241,933)	(107,110)
Capital Increase by Cash	-	1,084,735
Rewards of Director & Supervisor	-	(13,586)
Treasury Stock Repurchased	<u>-</u>	(<u>217,605</u>)
Cash Inflows (Outflows) from Financial Activities	(<u>6,337,483</u>)	<u>16,804,854</u>
Net Increase/Decrease in Cash	(1,493,807)	236,441
Balance at Beginning Year	<u>5,785,872</u>	<u>5,549,431</u>
Balance at Ending Year	<u>\$ 4,292,065</u>	<u>\$ 5,785,872</u>
Complementary Declaration of Cash Flow Information:		
Paying Interest	<u>\$ 4,149,933</u>	<u>\$ 3,342,781</u>
Paying Income Tax	<u>\$ 125,937</u>	<u>\$ 139,891</u>

Reference note is part of this Consolidated Financial Statement.
(Please refer to the Audit Statement dated Febuary 14, 2008 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG  President: CHOU, SAN-HO  Chief Accountant: CHEN, HUI-MIN 

Sunny Bank Ltd.
Notes to Financial Statements
For Years 2007 and 2006

(Unless otherwise specified, all amounts are in NT thousand)

Company History and Operation Scope

The Bank is a public-listed company with business in: services of commercial banks approved by the Banking Law, savings and trust services and other related services approved by the authority. The Bank owns a network of 96 operating units in Taiwan by the end of 2007.

The Trust Department of Sunny Bank Ltd. undertakes planning, management and operations of trust investment services regulated by the Banking Law and trust services in investment of domestic securities and funds.

The numbers of employees at the end of 2007 and 2006 were 2,459 and 2,565 respectively

Summary of Important Accounting Policies

The accompanying financial statements have been prepared in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China. In preparing financial statements in conformity with these criteria, guidelines and principles, the Bank is required to make certain estimates and assumptions that could affect the amounts of the allowances for possible losses, reserve for losses on guarantees, depreciation, loss on asset impairment, pension, income tax and losses on a suspended lawsuit (lawsuit losses do not include any adjustments that might be required when related contingent liabilities become probable or determinable in the future), etc. Actual results could differ from these estimates.

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the Bank's financial statements were not classified as current or non-current. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by liquidity. The maturity analysis of assets and liabilities is shown in Note 29. The Bank's significant accounting policies are summarized as follows:

Basis of Financial Statements

The accompanying financial statements include the accounts of the Head Office, OBU and all branches. All interoffice transactions and balances have been eliminated.

Financial Instruments at Fair Value through Profit or Loss

Changes in the fair value of interest include loss of financial commodity's purpose of the transaction, which is financial asset or financial debts. The view from the original series, designated to measure the fair value and changes in fair value loss is recognized that financial interests or financial asset debt's original recognition, fair value is measured, and continued after the evaluation to measure the fair value and changes in fair value recognized year loss benefits. According to the examples, the purchase or sale of financial products is under the delivery date method.

Derivative products failed to meet hedge accounting; classification is the purpose of the transaction financial asset or financial debts. Fair value is positive, as a financial asset; fair value is negative, as financial debts.

Fair value: The listing of securities is the balance sheet day ending price, beneficial certificates is the balance sheet day net assets value, domestic bonds is the Taiwan securities service balance sheet day reference price, other markets financial products use evaluation method to estimate the fair value.

Overdue Receivables

In accordance with the "Regulations of Reserve for Evaluated Banking Assets Loss and Collections for Non-performing Loans" by the Executive Yuan's Financial Supervisory Commission BPK the overdue loans and other authorized credit accounts are due and haven't been paid off and have been approved by the Board, as collection accounts together with estimated interest receivable.

Transfer from loans to allowance for doubtful accounts listed in the discount and loan accounts, if they are non-listed in transfer from loans to allowance for doubtful accounts then list in other assets.

Allowance for Loan Losses and Reserve for Guarantees

Allowances for bad debts and losses on guarantees are estimated according to the risk of uncollectible specific loans, receivables, delinquent loans, other financial assets and guarantees as well as the uncollectible risk of overall credit portfolio referred to above.

The Bank assesses the collective possibility of credit portfolio based on the borrowers' /clients' delinquent status and financial condition in accordance with regulations issued by the Ministry of Finance ("MOF"). These rules state that, if loans, receivables, delinquent loans, and other financial assets are deemed uncollectible, full provisions should be made and recognized as current expense. If the possibility of collection is deemed low, provisions of at least 50% of the credit should be made and the loss should be recognized as an expense currently. The regulations were revised in July 2005 to reclassify deteriorating loans into "Special Mention," "Substandard," "Doubtful," and "Uncollectible" categories. Provisions should be made at 2%, 10%, 50%, and 100% respectively, for each loan category, as the minimum standard of the allowance for bad loans and guarantee.

Unrecoverable portions of delinquent loans are written off upon approval of board of directors.

Available-for-Sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are re-measured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. The regular way purchases or sales of stocks and mutual funds are recognized and derecognized on a trade date basis. Besides, settlement date basis are applied to all other financial assets.

The basis of the fair value: bonds are valued at prices quoted by the Taiwan GreTai Securities Market on balance sheet date. The fair value of financial assets and financial liabilities without quoted prices in an active market are valued on valuation techniques.

Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. The difference between the initial cost of a debt instrument and its maturity amount is amortized using the effective interest method, with the amortized interest recognized in profit or loss. An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss of an equity instrument classified as availablefor- sale is recognized directly in equity. If the fair value of a debt instrument classified as available-for-sale subsequently increases as a result of an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to profit.

Held-to-Maturity Financial Assets

Held-to-maturity financial assets are carried at amortized cost using the effective interest method. Held-to-maturity financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. Profit or loss is recognized when the financial assets are derecognized, impaired, or amortized. The regular way purchases or sales of stocks and mutual funds are accounted for using a trade date basis. Besides, settlement date basis are applied to all other financial assets.

An impairment loss is recognized when there is objective evidence that the investment is impaired. The impairment loss is reversed if an increase in the investment's recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the investment may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years.

Equity Investments - Equity Method

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee. Distributions received from an investee reduce the carrying amount. The total number of shares subsequent to the increase is used for recalculation of cost per share. Under this method, the investments are carried at cost on the acquisition date. The excess of the costs over the fair value of identifiable net assets, representing goodwill, are no longer amortized. The impairment test is held every year and whenever specific items or environment show that goodwill might have been impaired. When specific incident or any change in the environment indicates any possible impairment against goodwill, an impairment test should be conducted, too. If, through

the evaluation with the recoverable amount, significant impairment occurs, the impaired section can be recognized as loss.

Cash dividend distributed by invested companies will not be recognized gains on investment and will be only recoded as an increase in shares held.

The Company shares held by a subsidiary will be re-classified as treasury stock at equity approach.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is not allowed.

Fixed Asset

Properties are stated at cost less accumulated depreciation. Major betterments and renewals are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is calculated by the straight-line method over service lives initially estimated as follows: office equipment, 3 to 5 years; transportation equipment, 5 years; and computer equipment, 3 years. Leasehold improvements are amortized over 5 years. For assets still in use beyond their original estimated service lives, further depreciation is calculated on the basis of any remaining salvage value and the estimated additional service lives.

While re-evaluating fixed assets, net amount will be credited to capital reserve in addition to adding the increment of re-evaluated assets and reserve for land value-added tax. The depreciation is calculated based on durable years remained upon the re-evaluation.

Sunny Bank Ltd. and its subsidiaries determine the cash generating unit which fixed assets and goodwill belong to. The evaluations on impairment loss will be made based on the above said cash generating unit. If there is a major impairment loss arising from such assets after evaluating the carrying value based on related amount receivable, a reduction on the carrying value shall be made from the goodwill listed in the cash generating unit first. Then, the rest impairment loss will be amortized proportionally shall be made from the carrying values of other assets listed in the cash generating unit.

Upon sales or other disposal of properties, their cost and related accumulated depreciation are removed from the accounts. The resulting gain (loss) is credited (charged) to current income.

Intangible Asset

Goodwill generated due to merger and partial undertaking will not be amortized. However, the annual loss undergoes regular testing.

If the goodwill and its relevant recoverable amount account value have significant loss, recognize the loss from its lost part. Subsequently if the recoverable amount of goodwill increased, the loss cannot be rotated. Computer software adopts the line method over an average of three years of amortization.

Computer software is amortized over 3 years.

Other Assets

Assumed collaterals and residuals are recorded at cost. These are stated at the lower of cost or realizable value on the balance sheet date. An impairment loss is recognized when future recoverable values of assumed collaterals and residuals are less than their carrying values. The loss is reversed and a gain is recognized when future recoverable values of these assumed collaterals and residuals recover afterward. The reversed book value should be less than the book value if no impairment has happened.

Bonds or Securities Purchased/Sold under Specific Agreements

Bonds or securities sold under repurchase agreement are recorded at sale price. Interest revenues and expenses are recorded on accrual basis.

Pensions

Pension cost under a defined benefit plan is determined by actuarial valuations. Unlisted temporary net payment of asset and the balance of pension will be amortized in linear approach on a basis of 22 years. The payment of pension shall be made from pension reserve and then offset against pension liability.

Contributions made under a defined contribution plan are recognized as pension cost during the years in which employees render services.

Interest Income and Fee Income Recognition

Loans are recorded at outstanding principal amounts. The interest income on loans is recognized on an accrual basis. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent accounts, and the accrual of interest income ceases. The Bank will recognize a gain when the delinquent interest is collected. The interest income on loans is recognized on an accrual basis. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts, and the accrual of interest income is ceased. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected.

Fee income is recognized when income is received and main service is completed.

Treasury Stock

The reacquisition of issued stock is accounted for by the cost method. Under this method, the reacquisition cost is debited to the treasury stock account.

The stocks of the parent company that are held by a subsidiary are reclassified from investments in shares of stock to treasury stock. The amount reclassified is equivalent to the carrying value of the investments in shares of stock shown in the books of the subsidiary .

Income Tax

The Bank applies intra-year and inter-year allocations for its income tax. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized.

Tax credits for certain acquisitions of equipment or technology, research and development expenditure, personnel training expenditure and equity investments acquisition, are recognized as reduction of current income tax.

Adjustments of prior years' tax liabilities are accounted for as part of income tax expense of the current year.

An additional tax at 10% of un-appropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

If the minimum tax that applicable to Alternative Minimum Tax Act is higher than the income tax payable for regular income, the additional tax payable should be recorded as the income tax expense for the year.

Commitments and Contingencies

If losses on commitments and contingencies are considered probable and can be reasonably estimated, the losses are recorded in the statement of income for the current period. If the amount could not be evaluated reasonably, the facts should be disclosed.

Foreign Currency Transactions

Foreign exchange is listed into the accounts in original currency transacted. Foreign currency accounts of loss and profit are converted to New Taiwan Dollars based on the exchange rates announced by the Central Bank and transferred to NTD accounts at end of every month. The foreign currency accounts of assets and liabilities which are not generated from forward exchange transaction contracts are converted to New Taiwan Dollars based on the exchange rates on Balance Sheet date. The difference arising from such conversion will be recorded as exchange loss and profit of the current year.

Reclassifications

Certain accounts of the financial statements for the years ended 2006 have been reclassified to conform to the presentation of financial statements as of and for the year ended 2007.

Reasons and Effects of Changes in Accounting Principles

On January 1, 2006, the Bank adopted the newly released IAS. 34, "Financial Instruments: Recognition and Measurement", IAS 36, "Financial Instruments: Disclosure and Presentation" and provision in other accounting standards revised according.

The Bank categorized its financial assets and financial liabilities upon initial adoption of these newly released IASs. The adjustments made to the carrying amounts of the financial instruments categorized as financial assets or financial liabilities at FVTPL and derivatives designated for fair value hedges were included in the cumulative effect of changes in accounting principles, and the adjustments made to the carrying amounts of those categorized as available-for-sale financial assets and derivatives designated for cash flow hedges or hedges of net investments in foreign operations were recognized as adjustments to shareholders' equity.

The effects of adoption of the above IAS on financial reports of January 1, 2006 were summarized as follows:

	Cumulative Effect of Changes in Accounting Principle (After Tax)	Shareholders' Equity Adjusted Subjects (After Tax)
Financial Liabilities at Fair Value through Profit or Loss	\$199,077	\$ -
Available-for-Sale Financial Assets	-	(7,191)
	<u>\$199,077</u>	<u>(\$ 7,191)</u>

Cash

	December 31, 2007	December 31, 2006
Cash on Hand	\$ 3,408,427	\$ 2,725,492
Checks for Clearance	642,755	2,522,365
Due from banks	240,883	538,015
	<u>\$ 4,292,065</u>	<u>\$ 5,785,872</u>

Due from the Central Bank and Other Banks

	December 31, 2007	December 31, 2006
Deposit Reserve	\$ 6,458,163	\$ 7,971,011
Call Loan to Banks	3,510,144	2,847,816
Due from the Central Bank	351,930	380,192
	<u>\$ 10,320,237</u>	<u>\$ 11,199,019</u>

Deposit reserve is appropriated to the deposit reserve account at the Central Bank at legal reserve rate and based on the monthly average balance of deposits. At the end of 2007 and 2006, NT\$ 5,284,452,000 and NT\$5,556,666,000 are respectively shown in the deposit reserve account. Such deposit reserve cannot be used before the monthly adjustment.

Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
<u>Trading Financial Assets</u>		
Commercial Paper II	\$ 18,280,627	\$ 14,209,250
Negotiable Certificate of Deposit	15,154,415	12,050,737
Listed/OTC Common Stock	660,680	456,191
Beneficiary Certificate	293,493	729,260
Government Bond	117,686	197,423
Asset-Backed Commercial Paper	-	1,244,645
Interest Spread Bond	-	97,950
Others	<u>36,243</u>	<u>61,771</u>
	<u>\$ 34,543,144</u>	<u>\$ 29,047,227</u>
<u>Trading Financial Liabilities</u>		
Exchange Swap	<u>\$ 328</u>	<u>\$ 140</u>

The main purpose of directing the transactions of derivative financial products, in 2007 and 2006 is to correspond with the customer demands and the foreign exchange fund adjustment and risk management.

Until the end of 2007 and 2006, the non-expired derivative financial commodity contract amount (principal) is as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
<u>Trading Purpose</u>		
Exchange Swap	\$ 1,666,011	\$ 618,683
Interest Spread Bond	-	97,950
Assets Exchange	-	32,650

In 2007 and 2006, net income of the Bank generated by financial assets for transaction was NT\$239,927,000 and NT\$304,696,000. In 2007 and 2006, net loss of the Bank generated by financial liability for transaction was NT\$22,663,000 and NT\$1,306,000.

Net Receivables

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Credit Card Payment Receivable	\$ 1,378,493	\$ 2,977,335
Selling of Non-performing Loans Receivable	1,328,873	590,000
Interest Receivable	468,747	535,778
Spot Foreign Exchange Remittance Receivable	196,753	637,632
Income Tax Refund Receivable	124,626	164,182
Acceptance Bill Receivable	108,289	125,529
Others	<u>239,951</u>	<u>257,778</u>
	3,845,732	5,288,234
Less: Allowance for Doubtful Accounts	<u>240,020</u>	<u>200,616</u>
	<u>\$ 3,605,712</u>	<u>\$ 5,087,618</u>

Net Discounts and Loans

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Short-term Loan	\$ 12,967,602	\$ 17,884,848
Short-term Loan Secured	19,589,681	21,386,065
Mid-term Loan	21,166,137	24,536,446
Mid-term Loan Secured	13,470,869	16,717,705
Long-term Loan	7,943,385	8,584,486
Long-term Loan Secured	95,950,163	93,386,661
Receivables on Demand	4,392,305	3,988,903
Export Finance	<u>85,676</u>	<u>90,021</u>
	175,565,818	186,575,135
Less: Allowance for Doubtful Accounts	<u>2,673,327</u>	<u>2,210,792</u>
	<u>\$ 172,892,491</u>	<u>\$ 184,364,343</u>

As of December 31, 2007 and 2006, the balance of loans and credits for which accrual of interest revenues was discontinued amounted to NT\$4,392,305,000 and NT\$3,988,903,000 respectively. The unrecognized interest revenues on these loans and credits amounted to NT\$ 158,437,000 and NT\$156,223,000 for the years ended 2007 and 2006 respectively.

Details and changes for Allowance for Doubtful Accounts are as follows:

	2007		
	Unable to Take Back Risk in Specific Creditors' Right	Potential Risk in Whole Creditor's Right Combination	Total
Balance in Beginning Year	\$2,004,680	\$ 206,112	\$2,210,792
Prov-Bad Debt	1,539,276	9,780	1,549,056
Written-off Loans	(1,345,997)	-	(1,345,997)
Recovery of Written-off Loans	259,476	-	259,476
Balance in Ending Year	<u>\$2,457,435</u>	<u>\$ 215,892</u>	<u>\$2,673,327</u>

	2006		
	Unable to Take Back Risk in Specific Creditors' Right	Potential Risk in Whole Creditor's Right Combination	Total
Balance in Beginning Year	\$2,005,290	\$ 155,726	\$2,161,016
Prov-Bad Debt	1,017,003	50,417	1,067,420
Account Closing Adjustment	-	(31)	(31)
Written-off Loans	(1,536,219)	-	(1,536,219)
Recovery of Written-off Loans	518,606	-	518,606
Balance in Ending Year	<u>\$2,004,680</u>	<u>\$ 206,112</u>	<u>\$2,210,792</u>

Available-for-Sale Financial Assets

	December 31, 2007	December 31, 2006
Commercial Paper II	\$ 1,428,524	\$ 1,079,191
Asset-Backed Commercial Paper	1,277,645	1,292,600
Corporate Bond	978,072	234,205
Government Bond	930,812	1,600,918
Beneficial Securities	48,916	-
Others	77,916	3,037
	<u>\$ 4,741,885</u>	<u>\$ 4,209,951</u>

Hold-to-maturity Financial Assets

	December 31, 2007	December 31, 2006
Beneficial Securities	<u>\$172,091</u>	<u>\$287,498</u>

Beneficiary securities invested by the Bank on December 31, 2007 and 2006 were both mature in July 2011. The effective interest rate is 1.62-2.7%.

Equity Investments – Equity Method

	December 31, 2007		December 31, 2006	
	Amount	Stock Holding %	Amount	Stock Holding %
Unlisted Corporation				
Sunny Securities Co., Ltd.	\$226,428	97.68	\$211,391	97.02
Gold Sunny Assets Management Co., Ltd.	37,484	100.00	49,106	100.00
Sunny Life Insurance Brokerage Co., Ltd. (Former name: Yin Lien Life Insurance Brokerage Co., Ltd.)	8,033	39.99	10,934	39.99
Sunny Property Insurance Brokerage Co., Ltd. (Former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	<u>1,777</u>	20.00	<u>1,726</u>	20.00
	<u>\$273,722</u>		<u>\$273,157</u>	

Equity investments and related investment loss/gain at equity approach is calculated according to financial statements audited by accountants.

Since 2007, the Bank and its subsidiaries has held 50% of and acquired the control over Sunny Life Insurance Brokerage Co., Ltd. and Sunny Property & Insurance Brokerage Co., Ltd. All the accounts of subsidiaries have been incorporated into the preparation of the merger 2007.

Financial Assets Carried at Cost

	December 31, 2007	December 31, 2006
Unlisted Common Stock		
Financial Information Service Co., Ltd.	\$115,771	\$ 115,771
Taiwan Financial Asset Service Corp.	50,000	50,000
Taiwan Depository And Clearing Corp.	21,490	21,490
Unlisted Preferred Stock		
Bank of Panhsin	110,000	110,000
Farglory Life Insurance Co., Ltd.	<u>100,000</u>	<u>100,000</u>
	<u>\$397,261</u>	<u>\$ 397,261</u>

The investments are carried at cost because they have no active market quotation and the fair value can not be measured reliably.

Fixed Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Incremental Value from Revaluation:		
Land	\$ 161,211	\$ 161,211
House and Building	<u>21,836</u>	<u>21,836</u>
	<u>\$ 183,047</u>	<u>\$ 183,047</u>
Accumulative Depreciation:		
House and Building	\$ 731,506	\$ 662,717
Miscellaneous Equipment	<u>945,324</u>	<u>843,047</u>
	<u>\$ 1,676,830</u>	<u>\$ 1,505,764</u>

According the regulation, the Bank re-evaluated its land in 1982, 1991 and 1993 and its asset other than the land in 1982.

Intangible Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Goodwill	\$ 1,150,579	\$ 1,333,579
Computer Software	<u>30,769</u>	<u>33,235</u>
	<u>\$ 1,181,348</u>	<u>\$ 1,366,814</u>

In 2007, the Bank evaluated the recoverable amount of its goodwill and recognized its impairment of NT\$183,000,000 in branches in South Taiwan and Kaohsiung and Pingtung area. The recoverable amount is based on its usable value. The discount rate adopted for evaluation of usable value was 11.27%.

Other Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
NPL Disposal Unrecognized Loss	\$ 779,531	\$ 771,766
Collateral — Less: Net Allowance for		
Reduction \$326,282,000 in 2007		
and \$657,537,000 in 2006	681,986	1,075,399
Net Deferred Income Tax Assets	637,430	380,853
Refundable Deposit	257,234	304,480
Other	<u>48,913</u>	<u>42,418</u>
	<u>\$ 2,405,094</u>	<u>\$ 2,574,916</u>

Call Loans and Due to Banks

	December 31, 2007	December 31, 2006
Due to Banks	\$ 13,664,113	\$ 5,002,591
Call Loan to Banks	1,025,335	5,035,867
	<u>\$ 14,689,448</u>	<u>\$ 10,038,458</u>

Deposits and Remittances

	December 31, 2007	December 31, 2006
Savings Deposit	\$ 126,233,474	\$ 149,525,553
Time Deposit	62,991,354	44,471,049
Current Deposit	15,788,351	15,657,581
Check Deposit	2,028,815	3,057,171
Treasury Deposit	301,420	239,598
Remittances	18,728	59,497
	<u>\$ 207,362,142</u>	<u>\$ 213,010,449</u>

Financial Bonds Payable

Interest rates carried by subordinated financial debentures are 2.55-3.85%. The interest is paid semiannually or annually. The principal will be paid at one sum lump at maturity and paid off in April 2014.

Other Liabilities

	December 31, 2007	December 31, 2006
Advance Receipts	\$ 181,487	\$ 192,824
Deposits Received	85,084	91,630
Reserve for Guarantees	73,462	41,505
Accrued Pension Liabilities	-	208,737
Others	64,670	77,380
	<u>\$ 404,703</u>	<u>\$ 612,076</u>

Shareholders' Equity

The capital reserve generated from the disposal of assets premium cannot be used other than reimbursing loss in accordance with related regulations. The premium derived from issuing of stocks at a price exceeding face value and the capital reserve generated from donation can be appropriated to the account of capital and such increased new shares will be distributed to shareholders in proportion of shareholdings. The capital stock appropriated from capital reserve shall be at a limited ratio every year.

In accordance with the Article of Incorporation, the Banking Law and other related regulations, any annual earnings should first be used for paying tax and making up previous losses, if any, and then the Bank will appropriate 30% of the remaining surplus as a legal reserve except that the legal reserve has reached the amount of total paid-in capital. Then Sunny Bank Ltd. will make special reserve or retain surplus based on our needs. The final remained surplus will be distributed as follows:

- (1) Rewards for Directors and Supervisors: 3%
- (2) Employee bonus: 3%
- (3) Stock dividends: 94%

When the previously mentioned legal reserve does not reach the amount of total capital, the maximum cash surplus distribution shall not exceed 15% of total capital.

When the bank allocates surplus, it must conform to the regulations and recognize special reserve from after-taxed earnings of the current year and the unallocated earnings of the previous years for the deduction of shareholders' earnings (such as unrealized income of financial products) and unamortized balance of the loss on sale of non-performing loans. Subsequently, if the deduction of shareholder's equity is reverse or the loss on sale of non-performing loans is amortized, earnings should be distributed for the reversed amount or amortized amount.

For a sound financial structure and balance capital adequacy, dividend payment is based on the bank capital budget planning, stock dividend distributed to retain the principle of the necessary funds. If the budget surplus is acquired and capital adequacy rate is higher than the required standard by authority, part of the surplus can be distributed as cash dividend, and shall not be less than 10% of total dividend. If the distributed cash dividend per share is less than NT\$0.1, stock dividend can be distributed instead.

The distribution of surplus shall be approved at the Shareholders' Meeting convened and listed into accounts the following year.

The 2007 surplus distribution has not been decided by the Board of Directors by the date of auditing statement by CPAs. Please visit "Public Information Service" for related approval and details.

The 2006 and 2005 surplus distribution proposed by the Board of Directors and approved at the Shareholders' Meeting of Sunny Bank Ltd. in June 2007 and May 2006 and the dividend per share are as follows:

	Earnings Distribution		Dividend Per Share (NT\$)
	2006	2005	2005
Legal Reserve	\$ 8,642	\$ 196,198	
Special Reserve	27,794	-	
Rewards of Directors & Supervisor	-	13,586	
Employees' Stock Dividend	-	13,586	
Stock Dividend	-	425,695	\$ 0.39

If the rewards for directors and supervisors and employee bonus in 2006 and 2005 are recorded as expenses, the changes in dividend per share are as follows:

	Year 2006	Year 2005
(I) EPS after Tax Completion	<u>\$ 0.02</u>	<u>\$ 0.69</u>
(II) EPS after Tax Imputation	<u>\$ 0.02</u>	<u>\$ 0.66</u>

According to the Company Act, legal reserve shall be continuously appropriated until it reaches the amount of stock capital. Legal reserve can be used to reimburse loss. If its balance reaches 50% of the paid-in capita, half of the balance can be appropriated to stock capital.

While making surplus distribution, the tax deductions for shareholders except those who are the residents of R.O.C. can be calculated according to the rate of tax deduction on dividend distribution date.

Income Tax

The alternative minimum tax ("AMT") imposed under the Alternative Minimum Tax Act ("AMT" Act) is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the income that is exempted from income tax under various laws and statutes. The Bank has considered the impact of the AMT Act in the determination of its tax liabilities.

The structure of income tax profits is as follows:

	Year 2007	Year 2006
Deferred Income Tax	\$256,577	\$139,344
Separately Taxed Short-term Notes	(125,937)	(94,073)
Undistributed Earnings Settlement of the Surtax	-	(493)
Prior Year Income Tax Adjustment	(640)	222
	130,000	45,000
Cumulative Effect of Changes in Accounting Principles		
Allocation Income Tax Expense	-	12,605
Income Tax Profit before Cumulative Effect of Changes in Accounting Principles	<u>\$130,000</u>	<u>\$ 57,605</u>

Net deferred income tax assets (listed other assets) are as follows:

	December 31, 2007	December 31, 2006
Losses Deductible	\$553,074	\$211,136
Allowance for credit loss over limit	317,150	161,795
Others	4,706	7,922
	874,930	380,853
Less: Valuation Allowances	237,500	-
	<u>\$637,430</u>	<u>\$380,853</u>

As of the end of 2007, the yearly tax payable after deducted at our bank is as follows:

Yearly Loss	Amount Deductible	Balance Undeductible	Final Deductible Year
2005	\$103,969	\$ 15,867	2010
2006	195,269	195,269	2011
2007	341,938	341,938	2012
	<u>\$641,176</u>	<u>\$553,074</u>	

The tax rate for deferred income tax adopted by Sunny Bank Ltd. is 25%.

The balances of tax deductible accounts are NT\$113,224,000 in 2007 and NT\$66,287,000 in 2006 respectively.

The tax-deducting rate for actual surplus distribution in 2006 is 33.33%

The income tax applications made by Sunny Bank Ltd. by 2004 have been reviewed and approved by the taxation office. In income tax applications of 2005 and 2006, the tax deduction derived from medium interest of bonds is totaled NT\$1,396,000. The tax deduction derived from medium interest of bonds which have not been declared totals NT\$989,000 in 2007.

Personnel, Depreciation and Amorization Costs

	Year 2007	Year 2006
Personnel Cost		
Salary and Reward	\$ 1,779,073	\$ 1,804,871
Pension	93,437	119,643
Insurance Premium	126,799	131,519
Others	58,826	58,935
	<u>\$ 2,058,135</u>	<u>\$ 2,114,968</u>
Depreciation	<u>\$ 181,939</u>	<u>\$ 195,455</u>
Amorization	<u>\$ 22,701</u>	<u>\$ 22,809</u>

Earnings (Losses) Per Share

	Year 2007		Year 2006	
	Before Tax	After Tax	Before Tax	After Tax
Basic Earnings (Losses) Per Share				
Net Loss from Continuing Operations	(\$ 1.04)	(\$ 0.93)	(\$ 0.20)	(\$ 0.15)
Cumulative Effect of Changes in Accounting Principles	-	-	0.18	0.17
Net Profit (Loss) of This Year	<u>(\$ 1.04)</u>	<u>(\$ 0.93)</u>	<u>(\$ 0.02)</u>	<u>\$ 0.02</u>

Disclosure for numerator and denominator of basic earnings (losses) per share is as follows:

	Amount (Numerator)		1,000 shares	Earnings (Losses) Per Share (NT\$)	
	Before Tax	After Tax	(Denominator)	Before Tax	After Tax
<u>2007</u>					
Basic Losses Per Share	<u>(\$ 1,268,152)</u>	<u>(\$ 1,138,152)</u>	<u>1,224,658</u>	<u>(\$ 1.04)</u>	<u>(\$ 0.93)</u>
<u>2006</u>					
Basic Earnings (Losses) Per Share	<u>(\$ 16,194)</u>	<u>\$ 28,806</u>	<u>1,149,671</u>	<u>(\$ 0.02)</u>	<u>\$ 0.02</u>

Pension

Retirement policies are available for formal employees. According to the policy, pension for retired employees will be paid on a basis of seniority and the average monthly salary during six months before retirement.

3.76% of monthly salary of an employee is appropriated as pension reserve. Such reserve will be handed to our Pension Reserve Supervisory Committee and deposited at Bank of Taiwan (previously Central Trust of China, acquired by Bank of Taiwan in 2007) under the name of this Committee.

The pension plan under the LPA is a defined contribution plan. Based on the LPA, the Bank makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were \$66,360 thousand and \$62,744 thousand for the years ended December 31, 2007 and 2006, respectively.

Information about the defined benefit plan was as follows:

Net Pension Cost

	Year 2007	Year 2006
Service Cost	\$ 26,868	\$ 41,464
Interest Cost	18,320	28,716
Expected Return from Pension Fund Assets	(14,000)	(15,916)
Amortisation	(4,111)	2,635
Net Pension Cost	<u>\$ 27,077</u>	<u>\$ 56,899</u>

Pension Funded Status and Assets & Liabilities Declared Amount Adjustment

	December 31, 2007	December 31, 2006
Pension Benefit Obligations		
Vested Benefit Obligation	\$232,084	\$265,125
Non-vested Benefit Obligation	<u>308,812</u>	<u>298,579</u>
Accumulated Benefit Obligation	540,896	563,704
Add. Benef.-Future	<u>170,966</u>	<u>183,655</u>
Projected Benefit Obligation	711,862	747,359
Fair Value-Pension	(684,448)	(515,250)
Fund Status	27,414	232,109
Unrecognized Net Assets	57,606	62,407
Unrecognized Pension Gain/Loss	(85,264)	(85,779)
Accrued Pension Liabilities (Prepaid Pension)	(\$ 244)	<u>\$208,737</u>
Vested Benefit in accordance with the Measures of Employee Pension Retirement	<u>\$290,572</u>	<u>\$329,124</u>
Assumptions of Pension Benefit Obligation		
Discount Rate	3%	2.75%
Future Salary Growth Rate	2.5%	2.5%
Pension Fund Assets Expected Rate of Return	3%	3%

Pension Reserve Appropriation and Payment Status

	Year 2007	Year 2006
Appropriation	\$ 236,058	\$ 55,809
Payment	\$ 100,250	\$ 173,555

Treasury Stock

The Bank purchased 18,955,000 stocks back from the shareholders who have dissents against the merger of Kao-Hsin bank at the price of NT\$11.48 per share in August 2006. Also, Sunny Life Insurance Brokerage Co., Ltd. (previously Bank Union Life Insurance Agency Corp., Ltd) became one subsidiary of the Bank in March 2007. The 420,000 shares of the Bank stock that it held were re-recorded as treasury stock from equity investment at equity approach. The book value per share is NT\$8.35. These treasury stocks had not experienced any change up to the end of 2007.

The Company is prohibited from pledging treasury shares and exercising stockholder's rights on these shares before their transfer. However, under the Company Law, the subsidiaries holding the Company's shares are excluded from the right to participate in a capital increase and right to vote

Related-Party Transactions

Related parties and their relationships with the Bank:

Name	Relationship with our Bank
Sunny Securities Co., Ltd. (Sunny Securities)	Subsidiary
Gold Sunny Assets Management Co., Ltd. (Gold Sunny)	Subsidiary
Sunny Property Insurance Brokerage Co., Ltd. (Sunny Property Insurance, former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	Subsidiary (Valuating Investee Company under Equity Method in 2006)
Sunny Life Insurance Brokerage Co., Ltd. (Sunny Life Insurance, former name Yin Lien Life Insurance Brokerage Co., Ltd.)	Subsidiary (Valuating Investee Company under Equity Method in 2006)
Other Parties	Our bank's directors, supervisors, managers, and chairman and president's Relatives within the second level relationships

Significant Transactions with Company-Related Parties

Accounts Receivable

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Sunny Life Insurance Agent Co., Ltd.	\$ 2,091	0.1	\$ 624	-
Sunny Property Insurance Brokerage Co., Ltd.	2,007	-	-	-
Gold Sunny Assets Management Co., Ltd.	1,250	-	-	-
	<u>\$ 5,348</u>	<u>0.1</u>	<u>\$ 624</u>	<u>-</u>

Deposit

	December 31, 2007			December 31, 2006		
	Balance	Subject Ratio (%)	Annual Percentage Rate (%)	Balance	Subject Ratio (%)	Annual Percentage Rate (%)
Other Parties	\$ 379,189	0.2	0-9	\$ 356,730	0.2	0-9
Gold Sunny	212,497	0.1	0-0.2	29,533	-	0.2
Sunny Life Insurance	16,688	-	0-1.82	17,441	-	0.2
Sunny Property Insurance	9,777	-	0-0.2	4,447	-	0.2
Sunny Securities	8,273	-	0-0.2	2,456	-	0.2
	<u>\$ 626,424</u>	<u>0.3</u>		<u>\$ 410,607</u>	<u>0.2</u>	

Loan

Year 2007

Type	Accounts Number & Party's Name	Highest Balance This Year	Year Ending Balance	Performing Status		Collateral	Transaction Condition with Non-parties
				Normal Loan	Overdue Loan		
Consuming Loan	57	\$ 27,266	\$ 18,623	\$ 18,623	-	—	None
Private Housing Secured Loan	42	535,624	286,123	286,123	-	—	None
Other Loan	Chuan Yang Construction	520,000	365,000	365,000	-	—	None
	Po Yun Enterprise	100,200	-	-	-	—	None
	Ho, Li-Wei	95,000	15,000	15,000	-	Land & Building	None
	Liu, Hsiang-Tun	20,000	19,402	19,402	-	Land & Building	None
	Chen, Jung-Kuei	17,766	-	-	-	—	None
	Wang, Ya-Hsun	6,700	6,400	6,400	-	Farmland	None
	Wu, Hsi-Hui	5,000	-	-	-	—	None
	Chen, Chin-Yi	4,200	-	-	-	—	None
	Lin, Jui-Mei	3,000	-	-	-	—	None
	Liu, Min-Hsiang	1,250	-	-	-	—	None
	Chou, Chih-Wei	1,200	-	-	-	—	None
	Yang, Ying-Chung	600	600	600	-	—	None
	Yao, Hung-Shen	300	-	-	-	—	None
	Tseng, Yao-Te	200	-	-	-	—	None

Year 2006

Type	Accounts Number & Party's Name	Highest Balance This Year	Year Ending Balance	Performing Status		Collateral	Transaction Condition with Non-parties
				Normal Loan	Overdue Loan		
Consuming Loan	51	\$ 20,987	\$ 14,321	\$ 14,321	\$	—	None
Private Housing Secured Loan	43	385,168	313,754	313,754		—	None
Other Loans	Sunny Securities	751,919	-	-		Government Guaranty	None
	Chuan Yang Construction	730,000	420,000	420,000		Land & Building	None
	Po Yun Enterprise	115,146	100,200	100,200		—	None
	Ho, Li-Wei	70,000	-	-		Land & Building	None
	Hsueh, Tsung-Hsien	25,586	12,441	12,441		Vacant Lot	None
	Liu, Hsiang-Tun	20,000	20,000	20,000		Land & Building	None
	Chen, Chien-Yang	18,000	-	-		—	None
	Hsueh, Tsung-Tai	14,500	-	-		—	None
	Chen, Chin-Yi	11,200	4,200	4,200		—	None
	Wang, Ya-Hsun	7,200	6,700	6,700		Farmland	None
	Wu, Hsi-Hui	5,000	5,000	5,000		—	None
	Yang, Lien-Tse	5,000	-	-		—	None
	Chen, Jung-Kuei	4,600	-	-		—	None
	Yeh, Chin-Hung	4,200	-	-		—	None
	Tsai, Che-Ming	3,000	-	-		—	None
	Chen, Sheng-Chang	2,892	1,096	1,096		—	None
	Chen, Chi-Chuan	2,842	-	-		—	None
	Lin, Ching-Feng	2,159	2,091	2,091		—	None
	Kuo, Ching-Hsien	2,000	-	-		—	None
	Chao, Yu-Chin	990	-	-		—	None
	Liu, Ching- Hsiang	950	950	950		—	None

Interest Income

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Other Parties	<u>\$ 28,745</u>	<u>0.4</u>	<u>\$ 37,811</u>	<u>0.5</u>

Net Commission Profit

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Sunny Life Insurance	\$ 32,730	4.5	\$ 52,502	8.8
Sunny Property Insurance	9,531	1.3	-	-
Gold Sunny	<u>3,768</u>	<u>0.5</u>	<u>-</u>	<u>-</u>
	<u>\$ 46,029</u>	<u>6.3</u>	<u>\$ 52,502</u>	<u>8.8</u>

Interest Expenses

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Other Parties	\$ 9,114	0.2	\$ 8,818	0.3
Others	188	-	101	-
	<u>\$ 9,302</u>	<u>0.2</u>	<u>\$ 8,919</u>	<u>0.3</u>

Brokers Charges (the deduction for net income for financial assets and liabilities at fair value through profit or loss)

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Sunny Securities	<u>\$ 21,822</u>	<u>10.0</u>	<u>\$ 13,707</u>	<u>4.5</u>

Rent

The rented operating places between our bank and subsidiary are as follows:

Lessee	Due Date	Receiving Method	Deposit in Security	Rent Income	
				2007	2006
Sunny Property Insurance	Dec. 14, 2009	Monthly Receiving	\$ 800	\$ 9,069	\$ 9,561
Sunny Life Insurance	July 31, 2009	Monthly Receiving	-	870	870
Gold Sunny	Dec. 14, 2009	Monthly Receiving	12	72	6

For the lease between the Bank and related parties, market prices are referred to for rent negotiation. The lease is carried out on general payment term.

Sale of Non-Performing Loans

The bank, through open tender, sold 41,272 and 2,327 accounts of non-performing loans, amounted NT\$1,041,038,000 and NT\$1,394,846,000, to Gold Sunny Assets Management in 2007 and 2006 respectively. The base dates are July 25, 2007 and November 30, 2006 and the transaction prices are NT\$858,000,000 and NT\$610,000,000 dollars. The entrusted proceeds will be paid in installment starting from the date of signature to July 31, 2010 and December 26, 2009 respectively.

In accordance with contract provisions, the Bank, starting from the base date, will transfer current and future rights, benefits, and the contention of lawsuits to Sunny Assets Management Co. Loss on sale of NPL were NT\$183,038,000 and NT\$784,846,000. According to “Financial Institution Merger Act” the loss will be deferred and amortized over five years. The unamortized balance will be recorded as other assets. Its changes are as follows:

	2007	2006
Balance in Beginning Year	\$ 771,766	\$ -
Increasing This Year	183,038	784,846
Amortization This Year	<u>175,273</u>	<u>13,080</u>
Balance in Ending Year	<u>\$ 779,531</u>	<u>\$ 771,766</u>

Until the end of 2007 and 2006, the balances of account receivable for sales are NT\$1,328,873,000 and NT\$590,000,000 and recorded as accounts receivables. The details for sale of non-performing loans:

Year 2007

Contents of Right of Claim			Gross Loans	Carry Value	Amortized Price
Corporate	Secured		\$ -	\$ -	-
	Unsecured		1,467,104	-	44,330
Individual	Secured	Residential Mortgage Loans	1,270,872	-	378,000
		Auto Loans	-	-	-
		Others	-	-	-
	Unsecured	Credit Card	1,826,215	1,041,038	379,360
		Cash Card	64,919	-	2,620
		Small Amount of Credit Loans	564,296	-	22,770
		Others	1,023,290	-	30,920
Total			6,216,696	1,041,038	858,000

Year 2006

Contents of Right of Claim			Gross Loans	Carry Value	Amortized Price
Corporate	Secured		\$ 510,035	\$ 510,029	\$ 353,847
	Unsecured		-	-	-
Individual	Secured	Residential Mortgage Loans	-	-	-
		Auto Loans	-	-	-
		Others	447,982	385,363	224,153
	Unsecured	Credit Card	-	-	-
		Cash Card	-	-	-
		Small Amount of Credit Loans	500,056	499,454	32,000
		Others	-	-	-
Total		1,458,073	1,394,846	610,000	

Subordinated Debentures Payable

At the end of 2007, the book value of subordinated debentures issued by the Bank and held by Sunny Life Insurance Brokerage Co., Ltd. valued NT\$2,000,000.

The terms and conditions of transaction between the banks and related parties are equivalent as those with non-related parties, except that the bank employees are given premium interest rates within the regulated limits.

Pledged Assets

The assets offered as guarantees by our Bank are as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Financial Assets at Fair Value through Profit or Loss	\$ 62,500	\$ 2,077,900
Available-for-Sale Financial Assets	146,800	-
Other Assets - Refundable Deposit	<u>257,234</u>	<u>304,480</u>
	<u>\$ 466,534</u>	<u>\$ 2,382,380</u>

The aforementioned pledged assets are offered and deposited at the court as the deposit for performing provisional seizure against obligors, deposit for lease, reserve for credit card payment, reserve for reimbursement required by the Trust Department, savings deposit of bill providers and guarantees as for central bank remittance system. In addition, negotiable C/Ds are also provided as guarantee against daily overdraw for central bank real-time total clearing mechanism. The quota for such guarantee is subject to change from time to time and the quota remained at the end of the day can be taken as current reserve.

Contingent Liabilities and Commitments

In addition to those mentioned in notes, the Bank had the following contingent liabilities and commitments as of December 31, 2007 :

The lease of places rented by the Bank for operating units will expire by April 2012. The refundable deposit totals NT\$113,857,000 (listed in other assets). The rental totals NT\$ 43,760,000 in 2007.

The contracted rental payable in the next five years is as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 36,148
2009	28,241
2010	7,173
2011	3,485
2012	1,764

Financial Instruments Related Information

Fair Value Information

	December 31, 2007		December 31, 2006	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial Assets</u>				
Financial Assets at Book Value Equals to Fair Value	\$ 18,475,248	\$ 18,475,248	\$ 22,376,989	\$ 22,376,989
Financial Assets at Fair Value through Profit or Loss	34,543,144	34,543,144	29,047,227	29,047,227
Available-for-Sale Financial Assets	4,741,885	4,741,885	4,209,951	4,209,951
Discounts and Loans	172,892,491	172,892,491	184,364,343	184,364,343
Hold-to-maturity Financial Assets	172,091	172,091	287,498	287,498
<u>Financial Liabilities</u>				
Financial Liabilities at Book Value Equals to Fair Value	225,047,756	225,047,756	235,684,026	235,684,026
Financial Liabilities at Fair Value through Profit or Loss	328	328	140	140
Financial Bonds Payable	6,509,400	6,509,400	4,000,000	4,000,000

Methods and assumptions used to estimate the fair values of financial instruments were as follows:

The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: due from the Central Bank and call loans from banks, bonds purchased under resell agreements, receivables, other financial assets, due to banks and the Central Bank, bonds and securities sold under repurchase agreements, payables and remittances.

Fair values of financial instruments at FVTPL and availablefor-sale or held-to-maturity financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

Loans and deposits are interest-bearing financial assets and liabilities and their carrying values approach to their fair values. The carrying amount of delinquent loans is the estimated collectable amount which is the book value less allowance for bad debt. Therefore, the fair value of loans and deposits is determined at their carrying value.

Investments accounted for by the equity method and financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.

The fair values of financial bonds are calculated at the discount value of expected cash flow. The discount rate is on a basis of the bond interest rates which Sunny Bank Ltd. can obtain (with similar mature date).

Since it is not necessary to list the fair values for part of our financial products and non-financial products, the above listed total fair value does not represent the total value of Sunny Bank Ltd.

Fair values of financial assets and liabilities using based on quoted market prices or valuation techniques were as follows:

	Amount decided by Public		Amount decided by Evaluation	
	Quotation		Method	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Financial Assets at Fair Value through Profit or Loss	\$1,071,859	\$12,018,611	\$33,471,285	\$17,028,616
Available-for-Sale Financial Assets	1,912,180	1,838,160	2,829,705	2,371,791

Valuation losses/gains arising from changes in fair value of financial instruments at FVTPL using quoted market prices and valuation techniques were NT\$89,871,000 and NT\$111,689,000 for the years ended December 31, 2007 and 2006, respectively.

The financial assets with fair value risk from interest rate exposure on December 31, 2007 and 2006 were NT\$38,385,776,000 and NT\$32,260,558,000 respectively. The financial assets with the cash flow risk from interest rate exposure were NT\$90,705,000 and NT\$98,667,000.

The interest income associated with financial assets or liabilities other than at FVTPL were NT\$7,054,864,000 and NT\$6,730,741,000 respectively. Unrealized gain from available-for-sale financial assets amounted to NT\$37,403 thousand and NT\$29,463 thousand for the years ended December 31, 2007 and 2006, respectively, is classified as adjustments to shareholders' equity.

Financial Risks

Credit Risk

A great amount of credit occurs due to the operations of loans and credit cards services. Generally, the terms of these instruments range from one to three years. The interest rates for loans ranged from 0% to 19.94% in 2007 and 0% to 19.73% in 2006, and the highest interest rate for credit cards was 19.71%. Sunny Bank Ltd. also offers guarantee for customer performance to the third party. The said guarantee agreement usually lasts for one year. The maturity dates for the guarantee agreements vary from each other.

The maximum credit risk exposures of various financial assets are the same as carrying values. Please refer to accompanying financial statements. The contract amounts of financial assets with off -balance-sheet credit risks held by the Bank as of December 31, 2007 and 2006 were as follows:

	<u>December 31,2007</u>	<u>December 31,2006</u>
Loan Commitments	\$ 3,662,824	\$ 3,883,602
Guarantees and Master L/C	9,974,181	4,555,709
Credit Card Commitment	639,956	939,665

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

Strict credit evaluation will be conducted while offering loans, guarantees and master L/C by our Bank. We will request specific customers to provide proper guarantees before we appropriate the approved loans to them. The ratios of loans with guarantees to total loans are 75.07% in 2007 and 71.83% in 2006. The guaranty against loans, guarantee and master L/C usually requested could be real estate, C.D, current securities or other properties. When customers breach the agreement, our Bank will be forced to execute its obligations on such guaranty.

No guaranty is required for using credit cards. Periodical evaluation on the credit of card holders will be conducted. Credit quota will be adjusted if necessary.

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The Bank has not engaged in transactions that involved a prominent concentration of one client or one transaction party.

The prominent concentration of credit risk is detailed as follows by transaction parties, industries and regions:

<u>Object</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Natural Person	\$ 120,286,285	\$ 121,306,707
Private Enterprise	46,994,084	56,705,282
Government Agency	<u>3,622,822</u>	<u>3,874,600</u>
	<u>\$ 170,903,191</u>	<u>\$ 181,886,589</u>

<u>Industrial Type</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Manufacturing Business	\$ 14,279,694	\$ 18,949,669
Wholesales & Retail Business	9,452,694	10,430,844
Construction Business	<u>5,133,053</u>	<u>9,740,111</u>
	<u>\$ 28,865,441</u>	<u>\$ 39,120,624</u>

<u>Area</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Domestic Area	\$ 171,923,168	\$ 184,615,325
Europe	1,332,379	621,043
Asia	935,810	575,028
Other Areas	<u>1,374,461</u>	<u>763,739</u>
	<u>\$ 175,565,818</u>	<u>\$ 186,575,135</u>

Liquidity Risk

The Bank's ratio of liquidity reserve is 16.50% and 10.17% in 2007 and 2006 respectively. Since the capital and operating funds are deemed sufficient to meet the cash flow arising from the performance of all the contracted obligations. Therefore, liquidity risk is not considered to be significant

Basic management policies adopted by the Bank for financial instruments are to match maturity and interest rate of financial assets and liabilities and to control unmatched gap. Because of uncertainty of transaction terms and different kinds, maturity and interest rate of financial assets and liabilities always can not match perfectly, and this kind of gap may cause potential gain or loss.

The Bank does the maturity analysis of financial assets and liabilities according to their characteristic in order to analyze their liquidity. The maturity analysis was as follows:

Unit: NT\$ Thousands

December 31, 2007							
	Overdue within 1 month	Over 1 ~3 months	Over 3 ~6 months	Over 6 months ~ 1 year	Over 1 year ~ 7 years	Over 7 years	Total
Assets							
Cash	\$ 4,292,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,292,065
Due from the Central Bank and Other Banks	10,320,237	-	-	-	-	-	10,320,237
Financial Assets at Fair Value through Profit or Loss	22,819,250	7,011,591	4,522,663	71,954	117,686	-	34,543,144
Total Receivables	3,845,732	-	-	-	-	-	3,845,732
Total Discounts and Loans	15,243,201	8,998,567	12,432,107	10,031,484	36,163,740	92,696,719	175,565,818
Available-for-Sale Financial Assets	397,532	2,358,620	199,829	398,878	1,196,817	190,209	4,741,885
Hold-to-maturity Financial Assets	-	-	-	-	172,091	-	172,091
Total Assets	<u>\$ 56,918,017</u>	<u>\$ 18,368,778</u>	<u>\$ 17,154,599</u>	<u>\$ 10,502,316</u>	<u>\$ 37,650,334</u>	<u>\$ 92,886,928</u>	<u>\$ 233,480,972</u>
Liabilities							
Call Loans and Due to Banks	\$ 14,689,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,689,448
Notes and Bonds Issued under Repurchase Agreement	519,960	-	-	-	-	-	519,960
Payables	2,391,122	-	-	-	-	-	2,391,122
Deposits and Remittances	87,864,136	32,399,609	31,071,465	39,406,788	16,620,144	-	207,362,142
Financial Bonds Payable	-	-	1,000,000	-	5,509,400	-	6,509,400
Total Liabilities	<u>\$ 105,464,666</u>	<u>\$ 32,399,609</u>	<u>\$ 32,071,465</u>	<u>\$ 39,406,788</u>	<u>\$ 22,129,544</u>	<u>\$ -</u>	<u>\$ 231,472,072</u>
December 31, 2006							
	Overdue within 1 month	Over 1 ~3 months	Over 3 ~6 months	Over 6 months ~ 1 year	Over 1 year ~ 7 years	Over 7 years	Total
Assets							
Cash	\$ 5,785,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,785,872
Due from the Central Bank and Other Banks	11,199,019	-	-	-	-	-	11,199,019
Financial Assets at Fair Value through Profit or Loss	17,124,522	3,452,485	7,819,025	495,434	155,761	-	29,047,227
Total Receivables	5,288,234	-	-	-	-	-	5,288,234
Total Discounts and Loans	12,644,535	9,749,293	10,091,626	13,153,292	42,121,386	98,815,003	186,575,135
Available-for-Sale Financial Assets	230,469	2,141,322	-	653,370	1,062,162	122,628	4,209,951
Hold-to-maturity Financial Assets	-	-	-	100,000	187,498	-	287,498
Total Assets	<u>\$ 52,272,651</u>	<u>\$ 15,343,100</u>	<u>\$ 17,910,651</u>	<u>\$ 14,402,096</u>	<u>\$ 43,526,807</u>	<u>\$ 98,937,631</u>	<u>\$ 242,392,936</u>
Liabilities							
Call Loans and Due to Banks	\$ 10,038,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,038,458
Notes and Bonds Issued under Repurchase Agreement	8,127,593	-	-	-	-	-	8,127,593
Payables	4,415,896	-	-	-	-	-	4,415,896
Deposits and Remittances	94,955,135	25,071,863	32,559,928	55,002,094	5,421,429	-	213,010,449
Financial Bonds Payable	-	-	-	4,000,000	-	-	4,000,000
Total Liabilities	<u>\$ 117,537,082</u>	<u>\$ 25,071,863</u>	<u>\$ 32,559,928</u>	<u>\$ 59,002,094</u>	<u>\$ 5,421,429</u>	<u>\$ -</u>	<u>\$ 239,592,396</u>

Capital Adequacy Ratio

The Banking Law and related regulations require that the Bank maintain a capital adequacy ratio (CAR) of at least 8%. Thus, if the Bank's CAR falls below 8%, the authority may impose certain restrictions on its earning distribution.

Unit: NT\$ Thousands, %

Analytical Items \ Year			December 31 2007	December 31 2006
Own Capital	Tier-1 capital		\$ 10,965,006	\$ 12,119,833
	Tier-2 capital		6,118,288	2,761,400
	Tier 3 Capital		-	-
	Own Capital		17,083,294	14,881,233
Risk-Weighted Assets	Credit Risk	Standardized Approach	\$ 151,740,512	\$ 152,075,214
		Internal Ratings-based Approach	-	-
		Asset Securitization	683,428	-
	Operational Risk	Basic Indicator Approach	8,415,364	-
		Standardized Approach / Alternative Standardized Approach	-	-
		Advanced Measurement Approach	-	-
	Market Risk	Standardized Approach	12,265,351	17,720,066
		Internal Model Approach	-	-
	Risk-Weighted Assets		173,104,655	169,795,280
	Capital Adequacy			9.87%
Tier 1 Capital to Risk Asset			6.33%	7.14%
Tier 2 Capital to Risk Asset			3.54%	1.62%
Tier 3 Capital to Risk Asset			-	-
Total Common Stock to Total Asset			5.08%	4.89%

Self-owned Capital

= Tier 1 Capital +Tier II Capital + Tier III Capital

Risk-Weighted Assets

= Credit Risk Weighted Risk Asset + Capital Requirement of Operational Risk and Market Risk × 12.5

Capital Adequacy

= Self-owned Capital/ Risk-Weighted Assets

Tier 1 Capital to Risk Asset

= Tier I Capital/Risk-Weighted Assets

Tier 2 Capital to Risk Asset

= Tier II Capital/Risk-Weighted Assets

Tier 3 Capital to Risk Asset

= Capital III Capital/Risk-Weighted Assets

Total Common Stock to Total Asset

= Total Common Stock/ Total Assets

Average Value and Average Rate of Yield Assets and Interest Payment Liabilities:

	Year 2007		Year 2006	
	Average Value	Average Rate %	Average Value	Average Rate %
<u>Assets</u>				
Cash - Due from Banks	\$ 419,741	0.24	\$ 430,481	0.41
Due from the Central Bank and Other Banks	11,514,425	1.30	9,997,096	1.98
Financial Assets at Fair Value through Profit or Loss	21,576,677	1.85	28,998,335	1.65
Available-for-Sale Financial Assets	4,670,479	2.14	2,984,572	1.88
Hold-to-maturity Financial Assets	249,911	2.28	292,977	2.11
Receivables	2,208,924	8.16	3,485,258	8.31
Discounts and Loans	188,996,420	3.50	176,555,747	3.51
<u>Liabilities</u>				
Notes and Bonds Issued under Repurchase Agreement	4,416,852	1.62	6,984,995	1.33
Funds Borrowed from Central Bank and Banks	459,171	3.50	-	-
Call Loans and Due to Banks	14,720,632	2.16	9,647,391	1.68
Current Deposit	14,355,880	0.34	13,368,433	0.29
Current Savings Deposit	46,912,529	0.67	50,487,966	0.67
Time Deposit	44,143,405	2.44	31,346,132	1.96
Time Savings Deposit	91,143,193	2.24	96,638,244	1.96
Treasury Deposit	206,637	1.12	188,320	0.98
Negotiable Certificate of Deposit	7,940,510	1.95	10,056,076	1.63
Financial Bonds Payable	6,115,901	3.21	3,252,688	3.51

Loan assets quality, concentration of crediting risk, sensitive information of interest rates, profitability and structure analysis of the maturation of NTD

Loan Assets Quality

Unit: NT\$ Thousands, %

Month / Year			December 31, 2007					December 31, 2006				
Business / Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	overage ratio (%) (Note 3)	Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	overage ratio (%) (Note 3)
Corporate Banking	Secured loans		1,073,096	25,042,205	4.29%	355,591	33.14%	679,052	27,470,999	2.47%	116,660	17.18%
	Unsecured loans		1,374,035	31,386,840	4.38%	1,355,567	98.66%	1,180,608	39,470,765	2.99%	1,099,685	93.15%
Consumer banking	Residential mortgage loans (Note 4)		986,996	54,346,734	1.82%	229,128	23.21%	1,210,224	58,800,235	2.06%	208,248	17.21%
	Cash card services		-	-	-	-	-	3,826	76,047	5.03%	2,006	52.43%
	Small amount of credit loans (Note 5)		350,530	6,485,236	5.41%	359,177	102.47%	392,683	6,678,038	5.88%	359,512	91.55%
	Others (Note 6)	Secured loans	1,142,517	54,692,802	2.09%	280,710	24.57%	1,359,591	50,467,183	2.69%	329,871	24.26%
		Unsecured loans	106,455	3,612,001	2.95%	93,154	87.51%	121,054	3,611,868	3.35%	94,810	78.32%
Gross loan business			5,033,629	175,565,818	2.87%	2,673,327	53.11%	4,947,038	186,575,135	2.65%	2,210,792	44.69%
			Amount of overdue accounts	Balance of accounts receivableOverdue account ratio (%)	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivableOverdue account ratio (%)	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			38,042	1,378,493	2.76%	77,084	202.63%	78,976	2,977,335	2.65%	50,747	64.26%
Without recourse factoring (Note 7)			-	-	-	-	-	-	-	-	-	-

- Note 1: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Nonperforming Loans and Bad Debts issued by Ministry of Finance. Non-performing loans of credit cards are defined in the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(IV) No. 0944000378 dated July 6, 2005.
- Note 2: $\text{Non performing loans ratio} = \text{Nonperforming loan} \div \text{Loans}$
 $\text{Nonperforming loans of credit card ratio} = \text{Nonperforming loans of credit cards} \div \text{Accounts receivable}$
- Note 3: $\text{Coverage ratio of allowances for loan losses} = \text{Allowances for loan losses} \div \text{Nonperforming loans}$
 $\text{Coverage ratio of allowance for loan losses of credit card} = \text{Allowance for loan losses of credit card} \div \text{Nonperforming loans of credit cards}$
- Note 4: Mortgage loans are for borrowers to build or repair buildings, providing the borrowers, spouse or minor children to fully collateralize their buildings and install the right on mortgage to financial institutions.
- Note 5: Credit loans are to fit in the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(IV) No. 09440010950 dated December 19, 2005, excluding credit loans of credit cards and cash cards.
- Note 6: The other consumer financial businesses are defined as secured or unsecured consumer financial businesses, excluding mortgage loans, cash cards, credit loans and credit cards.
- Note 7: In accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(V) No. 094000494 dated July 19, 2005 non-recourse receivable factorings are not defined as non-performing loans until compensation from factors or insurance companies are ascertained to be non-recoverable.

Concentration of Crediting Risk

December. 31, 2007

Top 10 (Note 1)	Company Name (Note 2)	Total Accredited Balance (Note 3)	Net Value Proportion (%)
1	Chinatrust Financial Holding Co., Ltd.	\$ 1,952,089	15.45
2	Evergreen Marine Corporation	1,865,944	14.77
3	Qisda Corporation	1,654,369	13.10
4	Tatung Co.	1,297,800	10.27
5	Uni-President Enterprises Corp.	1,279,420	10.13
6	Far Eastern Textile Ltd.	1,194,000	9.45
7	Formosa Plastics Corporation	1,072,905	8.49
8	Walsin Lihwa Corporation	1,046,271	8.28
9	Yuen Foong Yu Paper Mfg. Co., Ltd.	1,039,000	8.23
10	Taiwan Cement Corporation	1,038,000	8.22

December. 31, 2006

Top 10 (Note 1)	Company Name (Note 2)	Total Accredited Balance (Note 3)	Net Value Proportion (%)
1	Uni-President Enterprises Corp.	\$ 1,618,315	11.72
2	Evergreen Marine Corporation	1,502,159	10.88
3	Tatung Co.	1,238,600	8.97
4	Formosa Plastics Corporation	1,179,705	8.54
5	BENQ Corporation	1,145,000	8.29
6	Walsin Lihwa Corporation	1,100,582	7.97
7	Chinatrust Financial Holding Co., Ltd.	1,053,550	7.63
8	Taiwan Cement Corporation	953,000	6.90
9	Shin Kong Financial Holding Co.,Ltd.	798,257	5.78
10	Taiwan Kolin Co., Ltd.	754,747	5.46

Note 1 : Sort by the balance of loans on December 31, 2007, excluding government or state-run business.

Note 2 : Transaction party is in accordance with the article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3 : Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Sensitive Information of Interest Rates

Sensitivity Analysis of Interest Rate for Assets and Liabilities (NTD)

December 31, 2007

(Expressed in NT\$ Thousands, %)

Items	1-90 days	91-180 days	181-1 year	Over 1 year	Total
Interest-rate-sensitive Assets	\$175,054,542	\$10,948,270	\$ 1,204,194	\$22,926,565	\$210,133,571
Interest-rate-sensitive Liabilities	95,914,881	80,411,515	24,749,223	17,668,424	218,744,043
Interest-rate-sensitive Gap	79,139,661	(69,463,245)	(23,545,029)	5,258,141	(8,610,472)
Total Shareholders' Equity					12,605,355
Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%)					96.06%
Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%)					(68.31%)

Note: The amounts listed above include accounts in NT dollars only (i.e., excluding foreign currency) for both head office and domestic and foreign branches.

Interest-sensitive assets and liabilities are interest-earning assets and interest bearing liabilities with income or cost affected by interest rate fluctuations.

Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Ratio of interest-sensitive assets to interest-sensitive liabilities = (Interest-sensitive assets/ Interest-sensitive liabilities)

Sensitivity Analysis of Interest Rate for Assets and Liabilities (USD)

December 31, 2007

(Expressed in US\$ Thousands, %)

Items	1-90 days	91-180 days	181-1 year	Over 1 year	Total
Interest-rate-sensitive Assets	\$ 260,323	\$ 64,885	\$ 1,247	\$ 1,756	\$ 328,211
Interest-rate-sensitive Liabilities	200,547	86,749	23,236	14	310,546
Interest-rate-sensitive Gap	59,776	(21,864)	(21,989)	1,742	17,665
Total Shareholders' Equity					822
Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%)					105.69%
Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%)					2,149.03%

Note: The amounts listed above include accounts in US dollars for both head office, domestic branches, OBU and foreign branches, excluding contingent asset and contingent liabilities.

Interest-sensitive assets and liabilities are interest-earning assets and interest bearing liabilities with income or cost affected by interest rate fluctuations.

Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Ratio of interest-sensitive assets to interest-sensitive liabilities = (Interest-sensitive assets/ Interest-sensitive liabilities)

Profitability

Items		December 31, 2007	December 31, 2006
Return on Total Assets (%)	Before Tax	(0.51)	(0.01)
	After Tax	(0.46)	0.01
Return on Shareholders' Equity (%)	Before Tax	(9.59)	(0.12)
	After Tax	(8.61)	0.22
Net Profit Margin Ratio (%)		(28.32)	0.60

Note: Return on total assets = Income before (after) income tax/average total assets.

Return on shareholders' equity = Income before (after) income tax/average shareholders' equity.

Net profit margin ratio = Income after income tax / total operating revenues.

Analysis of Assets and Liability of Time to Maturity

Structure Analysis of The Maturation of NTD

December 31, 2007

(Expressed in NT\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$237,211,215	\$51,754,295	\$6,769,751	\$8,667,451	\$8,792,311	\$161,227,407
Primary Funds Outflow Upon Maturity	250,613,501	37,855,142	39,618,082	40,567,568	43,624,808	88,947,901
Capital Gap	(13,402,286)	13,899,153	(32,848,331)	(31,900,117)	(34,832,497)	72,279,506

December 31, 2006

(Expressed in NT\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$247,769,000	\$55,917,000	\$8,471,000	\$8,265,000	\$12,785,000	\$162,331,000
Primary Funds Outflow Upon Maturity	308,239,000	42,964,000	31,485,000	39,672,000	75,312,000	118,806,000
Capital Gap	(60,470,000)	12,953,000	(23,014,000)	(31,407,000)	(62,527,000)	43,525,000

Note: The amounts listed above include accounts in NT dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Structure Analysis of The Maturation of USD

December 31, 2007

(Expressed in USD\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$338,002	\$132,247	\$ 50,983	\$ 64,885	\$ 4,247	\$ 85,640
Primary Funds Outflow Upon Maturity	313,358	199,177	41,382	48,601	23,236	962
Capital Gap	24,644	(66,930)	9,601	16,284	(18,989)	84,678

December 31, 2006

(Expressed in USD\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$195,602	\$ 56,934	\$ 32,538	\$ 64,237	\$ 5,255	\$ 36,638
Primary Funds Outflow Upon Maturity	165,143	100,738	26,803	15,548	22,054	-
Capital Gap	30,459	(43,804)	5,735	48,689	(16,799)	36,638

Note 1 : The table includes only assets and liabilities denominated in USD held in head quarter, the domestic branches and OBU. Unless otherwise specified, please report at the book value. Un-recorded sections does not require reporting (such as planned issuance of convertible C.D, bonds or stocks)

Note 2 : If offshore assets account for more than 10% of total assets of the Bank, supplementary disclosure should be provided.

The Content and Amount of Trust Services Engaged in According to Trust Enterprise Act

Trust Balance Sheet

December 31, 2007

Trust Assets		Trust Liabilities	
Bank Deposit	\$ 410,931	Other Liabilities	\$ -
Short-term Investment		Trust Capital	
Fund Investment	19,007,895	Money Trust	21,213,375
Bond Investment	1,495,915	Real Estate Trust	2,307,402
Stock Investment	1,267,403	Negotiable Securities	1,267,403
Real Estate -		Trust	
Land	<u>2,232,985</u>	Accumulated Profit or Loss	
		Principal Accumulated	(1,718,311)
		Profit or Loss	
		Profit/Loss This Year	<u>1,345,260</u>
	<u>\$ 24,415,129</u>		<u>\$ 24,415,129</u>

Trust Property Catalogue

December. 31, 2007

Investment Item	Accounting Amount	
Bank Deposit		
Due from our Bank	\$	410,931
Short-term Investment -		
Fund Investment - NTD Trust	\$	13,429,587
- Foreign Currency Trust		5,575,308
- Pre-need Contract Trust		3,000
Bond Investment - NTD Trust		501,157
- Foreign Currency Trust		994,758
Stock Investment	<u>1,267,403</u>	21,771,213
Real Estate - Land		<u>2,232,985</u>
		<u>\$ 24,415,129</u>

Trust Income Statement

Year 2007

Investment Item	Accounting Amount	
Trust Income		
Interest	\$	3,685
Rent		67,682
Dividend		655,582
Gain on Sale of Properties		901,543
Realized capital gain	<u>59,773</u>	\$ 1,688,265
Trust Expenses		
Administrative Expenses		95,540
Tax		38,678
Interest		715
Commission		6,102
Loss on Sale of Properties		192,552
Income Tax		498
Other Expenses	<u>8,920</u>	<u>343,005</u>
		<u>\$ 1,345,260</u>

Note: The above Income Statement represents the income of trusted assets in Trust Department of the Bank and is not included in income of the Bank.

Trust Balance Sheet

December 31, 2006

Trust Assets		Trust Liabilities	
Bank Deposit	\$ 118,214	Other Liabilities	\$ 5
Short-term Investment		Trust Capital	
Fund Investment	11,411,848	Money Trust	14,250,197
Bond Investment	2,499,263	Real Estate Trust	1,002,728
Stock Investment	1,064,285	Negotiable	1,064,285
		Securities Trust	
Real Estate - Land	<u>980,020</u>	Accumulated Profit or Loss	
		Principal	(524,063)
		Accumulated Profit or Loss	
		Profit/Loss This Year	<u>280,478</u>
	<u>\$ 16,073,630</u>		<u>\$ 16,073,630</u>

Trust Property Catalogue

December. 31, 2006

Investment Item	Accounting Amount	
Bank Deposit		
Due from our Bank		\$ 118,214
Short-term Investment -		
Fund Investment - NTD Trust	\$ 3,339,446	
- Foreign Currency Trust	8,061,420	
- Pre-need Contract Trust	10,982	
Bond Investment - NTD Trust	251,816	
- Foreign Currency Trust	2,247,447	
Stock Investment	<u>1,064,285</u>	14,975,396
Real Estate - Land		<u>980,020</u>
		<u>\$ 16,073,630</u>

Trust Income Statement
Year 2006

Investment Item	Accounting Amount	
Trust Income		
Interest	\$ 418	
Dividend	185,917	
Gain on Sale of Properties	311,189	
Realized capital gain	<u>42,733</u>	\$ 540,257
Trust Expenses		
Administrative Expenses	129,905	
Tax	35,274	
Commission	2,432	
Loss on Sale of Properties	81,847	
Income Tax	85	
Other Expenses	<u>10,236</u>	<u>259,779</u>
		<u>\$ 280,478</u>

Note: The above Income Statement represents the income of trusted assets in Trust Department of the Bank and is not included in income of the Bank.

Disclosures Under Statutory Requirements

Other than Table 1-3, no other information should be disclosed.

Financial Information by Department

Industry information

The business which Sunny Bank Ltd. operates belongs to single industry in accordance with the Banking Law.

Distinction between information

Until the end of 2007, The Bank has not established overseas operating departments.

Admission to export information

Until the end of 2007, the bank doesn't have export admission.

Major customers

The banks do not have net income exceeds Admission Interests of over 10% from a single client.

Sunny Bank Ltd.

Related Information for Investee Company with Significant Effect and Control Force

Year 2007

Table 1

Unit: NT\$ Thousands

Invested Company	Investee Company	Location	Major Business Items	Starting Invested Capital		Holding at the Ending Year			Yearly Income for Investee Company	Yearly Recognized Invested Income	Remark
				Ending Year	Beginning Year	Share (1,000)	Ratio (%)	Par Value			
Our Bank	Sunny Securities Co., Ltd.	Taipei City	Securities Investment	\$ 277,820	\$ 276,274	29,500	97.68	\$ 226,428	\$ 13,835	\$ 13,491	Subsidiaries
	Gold Sunny Assets Management Co., Ltd.	Taipei City	Financial Institution	50,000	50,000	5,000	100.00	37,484	(11,622)	(11,622)	Subsidiaries
	Sunny Life Insurance Agent Co., Ltd. (former name: Yin Lien Life Insurance Brokerage Co., Ltd.)	Taipei City	Creditor's Right (Money) Appraisal and Auction Life Insurance Brokerage	6,000	6,000	600	39.99	8,033	350	607 (Note)	Subsidiaries
	Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	Taipei City	Property Insurance Brokerage	1,000	1,000	121	20.00	1,777	256	51	Subsidiaries

Note: Including investment gains at NT\$140,000, the amortization of the difference between investment cost and net equity at NT\$467,000.

Sunny Bank Ltd.
Account Receivables for Related Parties reached NT\$300 millions or Collected Capital over 10%
December 31, 2007

Unit: NT\$ Thousands

Table 2

Company of Account Receivables	Trading Company	Relationship	Balance of Account Receivables for Related Parties	Turnover Rate	Overdue Receivables for Related Parties		Final Repurchased Amount of Receivables for Related Parties	Prov-Bad Debt Reserve Amount
					Amount	Processing Method		
Sunny Bank Ltd.	Gold Sunny Assets Management Co., Ltd.	Subsidiaries	\$ 1,328,873	Not Applicable for Financial Business	None	Not Applicable	None	None

Note: Represents accounts receivable for sale of NPL to Sunny Assets Management Co.

Sunny Bank Ltd.
List of Sale of NPLS
Year 2007

Table 3

Unit: NT\$ Thousands

Date	Counterpart	Composition of NPLs	Book Value	Price	Gains of Disposal	Supplementary Terms	Relationship with the Bank
Jul. 31, 2007	Gold Sunny Assets Management Co., Ltd.	Housing-Mortgage loans, credit cards, cash cards, consumption loans, insufficient mortgage payment, and unsecured corporate financing cases.	\$ 1,041,038	\$ 858,000	(\$ 183,038)	If the collected amount exceeds the factoring one. 30% of the excess will be given to Parent Company.	Subsidiaries

Note: Please refer to disclosure of note 26 for information about Sale of NPLS to related parties.

Sunny Bank Ltd.
Cash Detail Sheet
December 31, 2007

Table 1 Unit: NT\$ Thousands, except extra notes

Item	Annual Interest Rate (%)	Amount
New Taiwan Dollars Deposit		\$ 3,140,996
Post-dated Notes for Clearance		642,755
Due from Banks	0-0.325	240,883
Foreign Currency Deposit (Note)		<u>267,431</u>
		<u>\$ 4,292,065</u>

Note: Foreign currency and exchange rate are as follows:

Currency	Original Amount (Thousand)	Exchange Rate
YEN	\$208,178	\$ 0.2899
USD	3,748	32.4840
HKD	9,510	4.1640
EURO	956	47.8700

Sunny Bank Ltd.
Detail Sheet of Financial Instruments at Fair Value through Profit or Loss
December 31, 2007

Table 2

Unit: NT\$ Thousands

Financial Instruments	Financial Instruments Name	Due Date	Total Book Value	Rates (%)	Acquisition Cost	Fair Value (Note 2)
Financial Assets at Fair value through Profit or Loss						
Trading Assets						
Financing Commercial Paper	Yuanta Securities Finance	Jan. 2, 2008 ~ Feb. 26, 2008	\$ 1,200,000	2.51-2.58	\$ 1,195,920	\$ 1,196,252
	Veterans Project	Jan. 10, 2008 ~ Jan. 30, 2008	1,000,000	3.03-3.04	997,135	997,500
	Mega Securities	Jan. 4, 2008 ~ Jan. 22, 2008	730,000	2.05-2.34	728,959	729,000
	President Securities	Jan. 4, 2008 ~ Jan. 16, 2008	500,000	2.51-2.75	498,659	498,700
	Sinopac Cards	Jan. 11, 2008 ~ Jan. 22, 2008	500,000	2.02-2.05	499,230	499,219
	Global Securities Finance Corporation	Jan. 21, 2008 ~ Feb. 14, 2008	390,000	3.11-3.21	388,720	389,002
	Others (Note1)	Jan. 2, 2008 ~ Jun. 6, 2008	13,994,300	2.00-2.69	<u>13,970,636</u>	<u>13,970,954</u>
					<u>18,279,259</u>	<u>18,280,627</u>
Negotiable Certificates of Deposits	Central Bank	Jan. 2, 2008 ~ Jun. 27, 2008	14,900,000	1.98-2.23	14,900,000	14,895,998
	Far Eastern International Bank Business Department	Jan. 7, 2008 ~ Jan. 8, 2008	172,000	2.03-2.05	172,924	172,923
	Others (Note1)	Feb. 26, 2008 ~ Aug. 1, 2008	85,400	2.41-3.30	<u>85,412</u>	<u>85,494</u>
					<u>15,158,336</u>	<u>15,154,415</u>
Beneficiary Certificates (Note 1)					<u>273,849</u>	<u>293,493</u>
Listed/OTC Common Stock (Note 1)					<u>610,373</u>	<u>660,680</u>
Government Bonds (Note 1 & 3)		Dec. 17, 2009 ~ May 30, 2011	110,000	4.62-8.00	<u>121,687</u>	<u>117,686</u>
Others (Note 1)					<u>9,769</u>	<u>36,243</u>
					<u>\$ 34,453,273</u>	<u>\$ 34,543,144</u>
Financial Liabilities at Fair value through Profit or Loss						
Financial Liabilities						
Foreign Exchange Swap					\$ -	\$ 328

Note 1: There was no balance reaching 5% of the amount of all account headings

Note 2: Bonds are at the reference prices of each period on balance sheet date of Taiwan Securities Service. Beneficiary certificates is the net value on December 31 2007. Common stocks are at closing market price.

Note 3: A total of NT\$62,500,000 of government bonds have been provided guarantee.

Note 4: Gains (losses) on financial assets and liabilities at fair value through profit or loss include disposal interests NT\$84,128,000, evaluation interests NT\$89,543,000 and dividend of NT\$43,593,000.

Sunny Bank Ltd.
Detail Sheet of Available-for-sale Financial Asset
December 31, 2007

Table 3

Unit: Apart from price is NTD, others are in NT\$ Thousands

Financial Instruments	Name of Financial InstrumentsName	Abstract		Book Value	Rates (%)	Acquisition Cost	Evaluation Adjustment	Fair Value (Note 2)		Note
		Value Date	Due date					Unit Price	Total Amount	
Government Bonds	Central Government Bonds A – June 2003 (Note 3)	Jul. 15	Jul. 15, 2008	\$ 400,000	1.50	\$ 399,781	(\$ 904)	\$99.0103	\$ 398,877	
	Central Government Bonds A – Jan. 2006 (Note 3)	Jan. 6	Jan. 6, 2011	200,000	1.75	200,052	(3,903)	96.8850	196,149	
	Central Government Bonds A – Jun. 2001	Aug. 7	Aug. 7, 2016	100,000	3.75	112,819	(4,471)	108.5426	108,348	
	Central Government Bonds B – Jan. 1998 (Note 3)	Feb. 20	Feb. 20, 2013	100,000	6.88	113,413	7,425	122.4246	120,838	
	Others		Jan. 17, 2008 ~ Jan. 22, 2019	105,800	1.63-5.25	<u>106,071</u>	<u>529</u>		<u>106,600</u>	(Note 1)
Asset-Backed Commercial Paper Commercial Paper II	Special Purpose Trust of Taishin Bond Assets		Feb. 13, 2008 ~ Feb. 25, 2008	1,286,000	2.24-2.45	<u>932,136</u> <u>1,278,452</u>	(<u>1,324</u>) (<u>807</u>)		<u>930,812</u> <u>1,277,645</u>	
	Asia Cement		Mar. 11, 2008	300,000	2.35	298,317	1,106		299,423	
	GEM Terminal Industry		Mar. 28, 2008	250,000	1.92-2.01	248,795	(2,132)		246,663	
	Taiwan Securities		Mar. 21, 2008	200,000	2.31	198,894	44		198,938	
	Fortune Motors		Jan. 17, 2008	200,000	1.93-2.23	198,957	(818)		198,139	
			Jan. 7, 2008 ~	490,000	1.91-2.57	<u>487,396</u>	(<u>2,035</u>)		<u>485,361</u>	(Note 1)
	Others		Mar. 28, 2008			<u>1,432,359</u>	(<u>3,835</u>)		<u>1,428,524</u>	
						33,434	(1)		33,433	
Corporate Bonds	Yangming Marine Transportation	Nov. 23	Nov. 23, 2012	30,000	6.02	100,024	(1,896)		98,128	
	Yangming Marine	Oct. 23	Oct. 23, 2011	100,000	2.09	199,867	(4,412)		195,455	
	2006 Formosa Petrochemical 4	Oct. 20	Oct. 20, 2011	200,000	2.09	49,954	84		50,038	
	2006 Inotera Memories, Inc. 2	Jan. 5	Jan. 5, 2012	50,000	2.23	150,331	(746)		149,585	
	2005 Nan Ya Technology 3	Dec. 19	Dec. 19, 2010	150,000	2.25	49,915	(16)		49,899	
	2007 Nan Ya Technology 1	May 31	May 31, 2012	50,000	2.29	199,838	(10)		199,828	
	2003 Taishin International Bank 1B	Jun. 26	Jun. 26, 2008	200,000	1.85	<u>201,741</u>	(<u>35</u>)		<u>201,706</u>	
	2004 Yangming 2B	Oct. 11	Oct. 11, 2011	200,000	3.30	<u>985,104</u>	(<u>7,032</u>)		<u>978,072</u>	
Beneficiary Securities Others	Sungchiang Real Estate Trust of Shin Kong Life Insurance	Aug. 8	Aug. 8, 2013	50,000	2.21	<u>48,915</u>	<u>1</u>		<u>48,916</u>	
						<u>80,050</u>	(<u>2,134</u>)		<u>77,916</u>	(Note 1)
						<u>\$ 4,757,016</u>	(<u>\$ 15,131</u>)		<u>\$ 4,741,885</u>	

Note 1: There was no balance reaching 5% of the amount of all account headings.

Note 2: Bonds are at the reference prices of each period of Taiwan Securities Service on December 31 2007.

Note 3: A total NT\$146,800,000 of government bonds have been provided guarantee.

Sunny Bank Ltd.
Detail Sheet of Equity Investment - Equity Method
Year 2007

Table 4

Unit: NT\$1,000

Name of Investee Company	Beginning Balance		Increasing This Year		Investment Income Recognized under Equity Method (Note 1)	Adjusted Items of Shareholders' Equity (Note 2)	Ending Balance		
	1,000 Shares	Amount	1,000 Shares	Amount			1,000 Shares	Holding Share %	Amount (Note 3)
Sunny Securities Co., Ltd.	29,300	\$ 211,391	200	\$ 1,546	\$ 13,491	\$ -	29,500	97.68	\$ 226,428
Gold Sunny Assets Management Co., Ltd.	5,000	49,106	-	-	(11,622)	-	5,000	100.00	37,484
Sunny Life Insurance Brokerage Co., Ltd. (former name Yin Lien Life Insurance Agent Co., Ltd.)	600	10,934	-	-	607	(3,508)	600	39.99	8,033
Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	121	<u>1,726</u>	-	<u>-</u>	<u>51</u>	<u>-</u>	121	20.00	<u>1,777</u>
		<u>\$ 273,157</u>		<u>\$ 1,546</u>	<u>\$ 2,527</u>	<u>(\$ 3,508)</u>			<u>\$ 273,722</u>

Note 1: Calculated according to the financial statements of the same period audited by CPAs for invested companies.

Note 2: Stocks of the Bank held by subsidiaries are considered as treasury stocks.

Note 3: Not provided as pledge or collateral.

Sunny Bank Ltd.
Detail Sheet of Fixed Assets Change
Year 2007

Table 5

Unit: NT\$ Thousands

Item	Beginning Balance	Year Changes		Ending Balance
		Increasing	Decreasing	
Cost				
Land	\$ 6,907,870	\$ 500,688	\$ 333,884	\$ 7,074,674
House and Building	2,843,817	123,092	40,470	2,926,439
Miscellaneous	<u>1,118,231</u>	<u>189,533</u>	<u>9,430</u>	<u>1,298,334</u>
Equipment	<u>10,869,918</u>	<u>813,313</u>	<u>383,784</u>	<u>11,299,447</u>
Revaluation Increment				
Land	161,211	-	-	161,211
House and Building	<u>21,836</u>	<u>-</u>	<u>-</u>	<u>21,836</u>
	<u>183,047</u>	<u>-</u>	<u>-</u>	<u>183,047</u>
Cost and Revaluation Increment	<u>11,052,965</u>	<u>\$ 813,313</u>	<u>\$ 383,784</u>	<u>11,482,494</u>
Less: Accumulated Depreciation				
House and Building	662,717	\$ 70,546	\$ 1,757	731,506
Miscellaneous	<u>843,047</u>	<u>111,393</u>	<u>9,116</u>	<u>945,324</u>
Equipment	<u>1,505,764</u>	<u>\$ 181,939</u>	<u>\$ 10,873</u>	<u>1,676,830</u>
	9,547,201			9,805,664
Construction in Process	<u>138,965</u>	<u>\$ 528,110</u>	<u>\$ 527,122</u>	<u>139,953</u>
	<u>\$ 9,686,166</u>			<u>\$ 9,945,617</u>

Sunny Bank Ltd.
Detail Sheet of Payables
December 31, 2007

Table 6

Unit: NT\$ Thousands

Item	Amount
Interest Payable	\$ 693,584
Post-dated Notes for Clearance Payable	642,755
Expense Payable	213,831
Spot Exchange Payable	196,480
Others (Note)	<u>644,472</u>
	<u>\$ 2,391,122</u>

Note: There was no balance reaching 5% of the amount of all account headings.

Sunny Bank Ltd.
Detail Sheet of Deposits and Remittances
December 31, 2007

Table 7

Unit: NT\$ Thousands

Item	Amount
Savings Deposit	
Withdrawals of Interest Savings Deposit	\$ 61,210,321
Current Savings Deposit	41,091,210
Round-amount Savings Deposit	22,930,092
Employees' Current Savings Deposit	882,609
Regular Savings Deposit	<u>119,242</u>
	<u>126,233,474</u>
Time Deposit	
Time Deposit	51,125,819
Foreign Exchange Time Deposit	6,224,835
Negotiable Certificate of Deposit	<u>5,640,700</u>
	<u>62,991,354</u>
Current Deposit	
Current Deposit	14,549,157
Foreign Exchange Current Deposit	<u>1,239,194</u>
	<u>15,788,351</u>
Check Deposit	
Check Deposit	1,899,576
Cashier's Check	<u>129,239</u>
	<u>2,028,815</u>
Treasury Deposit	<u>301,420</u>
Remittance	<u>18,728</u>
	<u><u>\$ 207,362,142</u></u>

Sunny Bank Ltd.
Detail Sheet of Financial bonds Payable
December 31, 2007

Table 8

Unit: NT\$ Thousands

Title	Issuance Period	Term of principal repayment	Interest Rates (%)	Total Issued Amount
The First Subordinated Financial Debentures in 2002	From Nov. 13, 2002 to May 13, 2008	Total payback at maturity. Semiannual payment of interest at the single interest rate.	3.85	\$ 1,000,000
The First Subordinated Financial Debentures in 2006	From May 16, 2006 to Nov. 16, 2011	Total payback at maturity. Annual payment of interest at the single interest rate.	2.55	2,000,000
The First Type A Bond Subordinated Financial Debentures in 2007	From Apr. 9, 2007 to Apr. 9, 2014	Total payback at maturity. Annual payment of interest at the single interest rate	3.00	1,800,000
The First Type B Bond Subordinated Financial Debentures in 2007	From Apr. 9, 2007 to Apr. 9, 2014	Total payback at maturity . Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan with a quarterly resetting and annual interest payment.	3.12	1,100,000
The Second Type A Bond Subordinated Financial Debentures in 2007	From Nov. 16, 2007 to May. 16, 2013	Total payback at maturity. Annual payment of interest at the single interest rate	3.60	203,500
The Second Type B Bond Subordinated Financial Debentures in 2007	From Nov. 16, 2007 to May. 16, 2013	Total payback at maturity . Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan with a quarterly resetting and annual interest payment.	3.27	101,000
The Third Type A Bond Subordinated Financial Debentures in 2007	From Dec. 26, 2007 to Feb. 26, 2014	Total payback at maturity. Annual payment of interest at the single interest rate	3.80	261,000
The Third Type B Bond Subordinated Financial Debentures in 2007	From Dec. 26, 2007 to Feb. 26, 2014	Total payback at maturity . Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan with a quarterly resetting and annual interest payment.	3.47	<u>43,900</u>
				<u>\$ 6,509,400</u>

Sunny Bank Ltd.
Detail Sheet of Interest Income
Year 2007

Table 9

Unit: NT\$ Thousands

Item	Amount
Loan Interest	
Short-term	\$ 1,055,665
Middle-term	1,651,275
Long-term	3,357,576
Overdraft Interest	<u>134,830</u>
	<u>6,199,346</u>
Financial Assets Interest	<u>503,629</u>
Credit Card Revolving Interest	<u>180,211</u>
Inter-bank Offered Interest	
Reserve Interest	83,535
Interbank Interest	66,192
Deposit Interest	<u>33</u>
	<u>149,760</u>
Foreign Exchange Interest	<u>325,305</u>
Others	<u>94,711</u>
	<u><u>\$ 7,452,962</u></u>

Sunny Bank Ltd.
Detail Sheet of Interest Expense
Year 2007

Table 10

Unit: NT\$ Thousands

Item	Amount
Deposit Interest	
Withdrawals of Interest Savings Deposit	\$ 1,502,359
Time Deposit	1,078,630
Round-amount & Regular Savings Deposit	538,204
Current Savings Deposit	241,842
Negotiable Certificate of Deposit	153,164
Employees' Current Savings Deposit	74,653
Current Deposit	48,523
Treasury Deposit	2,319
	<u>3,639,694</u>
Inter-bank Offered Interest	
Deposit Transfers	78,507
Call Loans from Banks	52,675
Due to Banks	186,104
	<u>317,286</u>
Financial Bond Deposit	<u>196,181</u>
Notes and Bonds Issued under Repurchase Agreement	<u>71,752</u>
Others	<u>17,009</u>
	<u>\$ 4,241,922</u>

Sunny Bank Ltd.
Detail Sheet of Commission Net Profit
Year 2007

Table11

Unit: NT\$ Thousands

Item	Amount
Commission Interest	
Trust Business	\$365,248
Loan Business	152,395
Credit Card Business	97,892
Agency Business	53,744
Inter-bank Business	34,217
Guaranty Fee	31,957
Other (Note)	<u>79,614</u>
	<u>815,067</u>
Commission Expenditure	
Credit Card Business	36,168
Inter-bank Business	15,390
Loan Business	10,633
Other (Note)	<u>18,573</u>
	<u>80,764</u>
Commission Net Profit	<u><u>\$734,303</u></u>

Note: There was no balance reaching 5% of the amount of all account headings.

Sunny Bank Ltd.
Detail Sheet of Operating Expense
Year 2007

Table 12

Unit: NT\$ Thousands

Item	Amount
Payroll and Bonus	\$ 1,779,073
Tax	252,926
Depreciation	181,939
Insurance Premium	126,799
Pension	93,437
Amortization	22,701
Others (Note)	<u>710,880</u>
	<u>\$ 3,167,755</u>

Note: There was no balance reaching 5% of the amount of its according account headings.

5. Consolidated Financial Statement of Recent Year

Representation of Consolidated Financial Statement

The consolidated entities within the Consolidated Financial Statement of Affiliated Enterprises in accordance with the Criteria Governing Preparation of Affiliation Report, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to the entities within the consolidated financial statement in accordance with Statement of IAS 7 “Consolidated Financial Statements”. All information should be disclosed in the Consolidated Financial Statement of Affiliated Enterprises is disclosed in the consolidated financial statement in accordance with IAS 7 “Consolidated Financial Statements”. Consequently, Sunny Bank Ltd. would not prepare the Consolidated Financial Statement of Affiliated Enterprises separately.

Sunny Bank Ltd.

Chairman Chen , Sheng - Hung



February 14, 2008

Independent Auditor's Report

To: Sunny Bank Ltd.:

We have audited the accompanied Consolidated Balance Sheet of Sunny Bank and its affiliated enterprises as of December 31, 2007 and 2006, and the related Consolidated Income Statement, Consolidated Statements of Changes in Shareholders' Equity, and Consolidated Cash Flow Statement for from January 1 to December 31 in 2007 and 2006. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 and the report of the other auditor provide a reasonable basis for our opinion.

As described in Note 26 attached to the Financial Statements, Sunny Bank Ltd., with July 25, 2007 and November 30 2006 as the base day, sold Non-Performing Loans to asset management corporations and thus generated loss of NT\$183,038,000 and NT\$784,846,000 respectively. According to the "Financial Institution Merger Law", the loss could be deferred and amortized through 5 years. Unamortized balance is listed in "Other assets – Loss of non-recognized sale of liability" and thus inconsistent with generally accepted accounting principles. If the sale of the said loss were not deferred, then other assets – Loss of non-recognized sale of liability on December 31, 2007 and 2006 should be reduced by NT\$779,531,000 and NT\$771,766,000 respectively. Also, net loss for 2007 and net income for 2007 should be added NT\$7,765,000 and deduced NT\$771,766,000 respectively.

In our opinions, except for Loss of sale of liability not being fully recognized in that year pursuant to GAAP, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sunny Bank and its subsidiaries as of December 31, 2007 and 2006, and the results of its consolidated operations and cash flows for the years then ended, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks and accounting principles generally accepted in the Republic of China.

As described in Note 3 attached to the Financial Statements, Sunny Bank Ltd. and its subsidiaries have started adopting newly announced IAS 34 of “Accounting Principle of Financial Products” and IAS 36 of “Financial Instrument: Recognition and Measurement” and provisions supplementary to other accounting standards. Also, in accordance with the revision of IAS 1 of “The Structure of Financial Accounting Concepts and The Production of Financial Statements,” IAS 5 of “Accounting Principles for Long-term Investment at Equity Approach” and IAS 25 of “Business Combination –Accounting for the Purchasing Approach”, the difference between cost of the long-term equity investment and net shareholding is listed in goodwill and consolidated goodwill and will not be amortized from January 1, 2006.

Deloitte & Touche Taiwan
C.P.A. - Shao, Chih-Ming

C.P.A. - Kuo, Cheng-Hung

Shao, Chih-Ming (with signature)

Kuo, Cheng-Hung (with signature)

Securities And Futures Commission,
Ministry of Finance
Approval File No.:
Tai-tsai-tseng-6-tzu-ti No. 0930128050

Securities And Futures Commission,
Ministry of Finance
Approval File No.:
Tai-tsai-tseng-6-tzu-ti No. 0920123784

February 14, 2008

Sun Life Bank Ltd. and Related Subsidiary Companies

CONSOLIDATED BALANCE SHEET
December 31, 2007 & 2006

Unit: NT\$ Thousands, Except Par Value											
		December 31, 2007	December 31, 2006	Percent Change (%)			December 31, 2007	December 31, 2006	Percent Change (%)		
Code	Assets	Amount	Amount		Code	Liabilities and Shareholders' Equity	Amount	Amount			
11000	Cash (Note 4)	\$ 4,335,387	\$ 5,844,517	(26)	21000	Liabilities					
11500	Due from the Central Bank and Other Banks (Note 5)	10,320,237	11,199,019	(8)	22000	Call Loans and Due to Banks (Note 16)	\$ 14,689,448	\$ 10,038,458	46		
					22500	Financial Liabilities at Fair Value through Profit or Loss (Note 2 & 6)	328	140	134		
12000	Financial Assets at Fair Value through Profit or Loss (Note 2, 3, 6, & 27)	34,576,840	29,070,905	19	23000	Notes and Bonds Issued under Repurchase Agreement (Note 2)	519,960	8,127,593	(94)		
					23500	Account Payable	3,726,371	5,031,539	(26)		
13000	Accounts Receivable - Net (Note 2, 7 & 26)	4,830,433	5,699,440	(15)	24000	Deposits and Remittances (Note 17 & 26)	207,114,907	212,978,459	(3)		
					24000	Financial Bonds Payable (Note 18)	6,507,400	4,000,000	63		
13500	Discounts and Loans - Net (Note 2, 8 & 26)	172,892,491	184,364,343	(6)	29521	Reserve for Land Revaluation Increment Tax (Note 2 & 13)	261,507	264,110	(1)		
					29500	Other Liabilities (Note 2, 19 & 24)	544,840	659,932	(17)		
14000	Available-for-Sale Financial Assets (Note 2, 3, 9 & 27)	4,741,885	4,209,951	13	20000	Total Liabilities	233,364,761	241,100,231	(3)		
						Shareholders' Equity					
14500	Hold-to-maturity Financial Assets (Note 2 & 10)	172,091	287,498	(40)	31001	Shareholders' Equity from Parent Company					
15000	Equity Investments - Equity Method (Note 2 & 11)	-	12,660	(100)		Capital Stock, Authorized – 2,000,000 Thousand Shares and Issued – 1,243,928 Thousand Shares at NT\$10 Par Value	12,439,281	12,439,281	-		
15503	Financial Assets Carried at Cost (Note 2 & 12)	397,261	397,261	-	31501	Capital Surpluses					
	Fixed Assets (Note 2 & 13)					Additional Paid-in Capital	3,646	3,646	-		
	Cost				31515	Gain on Disposal of Assets	3,081	3,081	-		
18501	Land	7,076,880	6,907,870	2	31599	Other	4,501	4,501	-		
18521	House and Building	2,950,908	2,872,869	3	31500	Total Capital Surpluses	11,228	11,228	-		
18551	Miscellaneous Equipment	1,335,197	1,170,909	14		Retained Earnings					
	Total Cost	11,362,985	10,951,648	4	32001	Legal Reserve	1,528,150	1,519,508	1		
	Revaluation Increment	183,047	183,047	-	32003	Special Reserve	27,794	-	-		
	Cost and Revaluation Increment	11,546,032	11,134,695	4	32011	Un-appropriated Earnings (Accumulated Loss)	(1,138,152)	36,436	(3,224)		
	Less: Accumulated Depreciation	1,719,525	1,568,470	10	32000	Net Retained Earnings	417,792	1,555,944	(73)		
					32523	Unrealized Profit or Loss on Financial Instruments	(15,131)	22,272	(168)		
					32542	Treasury Stock – 19,375 Thousand Shares in 2007, 18,955 Thousand Shares in 2006	(221,113)	(217,605)	2		
18571	Unfinished Construction and Prepayments For Business Facilities	139,953	138,965	1		Net Shareholders' Equity from Parent Company	12,632,057	13,811,120	(9)		
18500	Net Fixed Assets	9,966,460	9,705,190	3	38101	Minority Interest	5,740	6,949	(17)		
19000	Intangible Assets (Note 2 & 14)	1,181,348	1,366,814	(14)	30000	Total Shareholders' Equity	12,637,797	13,818,069	(9)		
19500	Other Assets (Note 2, 15, 21, 26, 27 & 28)	2,588,125	2,760,702	(6)							
10000	Total Assets	\$ 246,002,558	\$ 254,918,300	(3)		Total Liabilities and Shareholders' Equity	\$ 246,002,558	\$ 254,918,300	(3)		

Sunny Bank Ltd. and Related Subsidiary Companies

CONSOLIDATED INCOME STATEMENTS

January to December 31, 2006 & 2007






		Unit: NT\$ Thousands, Except Earnings/ Losses Per Share in NT\$		
Code		Year 2007 Amount	Year 2006 Amount	Percent Change (%)
41000	Interest Income (Note 2 & 26)	\$ 7,452,962	\$ 7,208,762	3
51000	Interest Expense (Note 26)	<u>4,241,734</u>	<u>3,454,924</u>	23
	Net Interest Profit	<u>3,211,228</u>	<u>3,753,838</u>	(14)
	Net Non-interest Profit			
49100	Net Commission Profit (Note 2)	783,267	676,390	16
49200	Financial Net Assets & Liabilities at Fair Value through Profit or Loss (Note 6)	241,231	318,547	(24)
49500	Investment Net Profit on Equity- Method Investees (Note 2 & 21)	-	2,021	(100)
49600	Exchanged Net Profit (Loss)	5,839	(39,318)	115
48005	Financial Assets Measured at Cost (Note 2)	17,267	25,173	(31)
48051	Rent Income	27,697	37,632	(26)
48063	Net Profit on Property Exchange	111,184	101,620	9
55000	Asset Impairment Loss (Note 2 & 14)	(183,000)	-	-
58021	NPL Disposal Loss (Note 26)	(175,273)	(13,080)	1,240
49800	Other Non-interest Net Profit	<u>103,726</u>	<u>48,051</u>	116
	Total Non-interest Net Profit	<u>931,938</u>	<u>1,157,036</u>	(19)
	Net Profit	<u>4,143,166</u>	<u>4,910,874</u>	(16)
51500	Bad Debt Expense	<u>2,118,614</u>	<u>1,800,171</u>	18

(Continued)

(Brought Forward)

Code		Year 2007 Amount	Year 2006 Amount	Percent Change (%)	
	Operating Expense (Note 22)				
58500	Personnel Expenses	\$ 2,132,279	\$ 2,158,482	(1)	
59000	Depreciation and Amortization	209,155	226,762	(8)	
59500	Other Operating & Management Expenses	<u>944,717</u>	<u>954,377</u>	(1)	
	Total Operating Expenses	<u>3,286,151</u>	<u>3,339,621</u>	(2)	
61001	Net Loss before Tax of Operating Departments	(1,261,599)	(228,918)	451	
61003	Income Tax Profit (Note 2 & 21)	<u>123,892</u>	<u>57,441</u>	116	
61000	Net Loss before Cumulative Effect of Changes in Accounting Principle	(1,137,707)	(171,477)	563	
63500	Cumulative Effect of Changes in Accounting Principle (Net Amount after deducted Income Tax NT\$12,605,000) (Note 3 & 21)	<u>-</u>	<u>200,486</u>	(100)	
69000	Consolidated Net Profit (Loss)	(<u>\$ 1,137,707</u>)	<u>\$ 29,009</u>	(4,022)	
	Attributed to:				
69601	Shareholders from Parent Company	(\$ 1,138,152)	\$ 28,806	(4,051)	
69603	Minority Shareholders' Interest	<u>445</u>	<u>203</u>	119	
69600		(<u>\$ 1,137,707</u>)	<u>\$ 29,009</u>	(4,022)	
Code		Before Tax	After Tax	Before Tax	After Tax
69500	Earnings Per Share (Losses) (Note 23)				
	Basic Earnings Per Share (Losses)				
69501	Net Loss before Cumulative Effect of Changes in Accounting Principle	(\$ 1.04)	(\$ 0.93)	(\$ 0.20)	(\$ 0.15)
69507	Cumulative Effect of Changes in Accounting Principle	<u>-</u>	<u>-</u>	<u>0.18</u>	<u>0.17</u>
		(<u>\$ 1.04</u>)	(<u>\$ 0.93</u>)	(<u>\$ 0.02</u>)	<u>\$ 0.02</u>

Reference note is part of this Consolidated Financial Statement.
(Please refer to the Audit Statement dated February 14, 2008 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG  President: CHOU, SAN-HO  Chief Accountant: CHEN, HUI-MIN 

Sunny Bank Ltd. and Related Subsidiary Companies
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 January 1 to December 31, 2006 & 2007

Unit: NT\$ Thousands

	Issued Shares		Capital Reserves (Note 20)	Retained Earnings (Note 20)			Financial Instruments Unrealized Gain or Loss (Note 2 & 3)	Treasury Stock (Note 2 & 25)	Minority Interest	Total Shareholders' Equity
	1,000 shares	Amount		Legal Reserves	Special Reserves	Unappropriated Earnings (Accumulated Loss)				
Balance as of Jan. 1, 2006	1,091,526	\$10,915,265	\$ 11,228	\$ 1,323,310	\$ -	\$ 656,695	\$ -	\$ -	\$ 6,746	\$12,913,244
Shareholders' Equity Adjusted Subjects for First Issued and Revised Statements on Financial & Accounting Standards	-	-	-	-	-	-	(7,191)	-	-	(7,191)
Earnings Appropriated in 2005										
Legal Reserve	-	-	-	196,198	-	(196,198)	-	-	-	-
Rewards of Director & Supervisor	-	-	-	-	-	(13,586)	-	-	-	(13,586)
Employees' Bonus	1,358	13,586	-	-	-	(13,586)	-	-	-	-
Stock Dividend—3.9%	42,570	425,695	-	-	-	(425,695)	-	-	-	-
Capital Increase by Cash in October 2006	108,474	1,084,735	-	-	-	-	-	-	-	1,084,735
Consolidated Total Net Profit in 2006	-	-	-	-	-	28,806	-	-	203	29,009
Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets	-	-	-	-	-	-	29,463	-	-	29,463
Treasury Stock Repurchased	-	-	-	-	-	-	-	(217,605)	-	(217,605)
Balance as of Dec. 31, 2006	1,243,928	12,439,281	11,228	1,519,508	-	36,436	22,272	(217,605)	6,949	13,818,069
Earnings Appropriated in 2006										
Legal Reserve	-	-	-	8,642	-	(8,642)	-	-	-	-
Special Reserve	-	-	-	-	27,794	(27,794)	-	-	-	-
Subsidiary Holding in Parent Stocks	-	-	-	-	-	-	-	(3,508)	-	(3,508)
Changes in Minority Shareholders' Interest	-	-	-	-	-	-	-	-	(1,654)	(1,654)
Consolidated Total Net Loss in 2007	-	-	-	-	-	(1,138,152)	-	-	445	(1,137,707)
Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets	-	-	-	-	-	-	(37,403)	-	-	(37,403)
Balance as of Dec. 31, 2007	<u>1,243,928</u>	<u>\$12,439,281</u>	<u>\$ 11,228</u>	<u>\$ 1,528,150</u>	<u>\$ 27,794</u>	<u>(\$ 1,138,152)</u>	<u>(\$ 15,131)</u>	<u>(\$ 221,113)</u>	<u>\$ 5,740</u>	<u>\$12,637,797</u>

Reference note is part of this Consolidated Financial Statement.
 (Please refer to the Audit Statement dated February 14, 2008 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG



President: CHOU, SAN-HO



Chief Accountant: CHEN, HUI-MIN



Sunny Bank Ltd. and Related Subsidiary Companies

CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, 2006 & 2007

Unit: NT\$ Thousands




	Year 2007	Year 2006
Cash Inflows from Operating Activities:		
Net Profit (Loss)	(\$ 1,137,707)	\$ 29,009
Cumulative Effect of Changes in Accounting Principle	-	(200,486)
Bad Debt Expense	2,118,614	1,800,171
Loss on Impairment of Assets	183,000	-
Loss on Selling of Non-performing Loans	175,273	13,080
Depreciation	186,388	203,953
Amorization	22,767	22,809
Investment Income on Equity-Method Investees	-	(2,021)
Investee Company's Cash Dividends under Equity Method	-	1,021
Financial Assets Valuation Gains at Fair Value through Profit or Loss	(83,729)	(112,981)
Realized Gains on Available-for-sale Financial Assets	(3,408)	(5,450)
Prov-Default Loss Reserves	3,152	2,481
Net Loss (Profit) on Disposal of Fixed Assets	(96,528)	4,024
Profits on Disposal of Foreclosed Collateral	(14,656)	(105,644)
Deferred Income Tax	(256,542)	(139,168)
Increase/Decrease in Trading Financial Assets	(5,416,356)	3,033,505
Increase in Receivables	(723,373)	(1,621,990)
Increase/Decrease in Payables	(1,312,521)	1,686,739
Net Cash Inflow (Outflow) Generated from Operating Activities	(6,355,626)	4,609,052
Cash Inflows from Investing Activities:		
Increase in Available-for-sale Financial Assets	(1,974,791)	(3,133,785)
Disposal of Available-for-sale Financial Assets Price	1,408,862	1,267,405
Decrease in Held-to-maturity Financial Assets	115,407	28,317
Decrease in Financial Assets Measured at Cost	-	48,912
Decrease in Due from the Central Bank and Other Banks	878,782	66,722
Decrease/Increase in Discounts and Loans	9,922,777	(20,173,697)
Purchasing Fixed Assets	(549,791)	(225,467)
Disposal of Fixed Assets Price	473,422	1,393
Selling of Non-performing Loans Price	858,000	610,000
Disposal of Foreclosed Collateral Price	136,302	322,168

(Continued)

(Brought Forward)

	Year 2007	Year 2006
Increase in Intangible Assets	(\$ 15,747)	(\$ 25,175)
Increase in Other Assets	<u>39,307</u>	<u>87,681</u>
Cash Inflows (Outflows) from Investing Activities	<u>11,292,530</u>	(<u>21,125,526</u>)
Cash Inflows from Financial Activities:		
Decrease/Increase in Notes and Bonds Issued under Repurchase Agreement	(7,607,633)	2,353,192
Increase in Call Loans and Due to Banks	4,650,990	1,660,520
Decrease/Increase in Deposits and Remittances	(5,863,552)	10,017,561
Increase in Financial Bonds Payable	2,507,400	2,000,000
Decrease in Other Liabilities	(154,148)	(96,913)
Decrease in Minority Shareholders' Interest	(1,654)	-
Capital Increase by Cash	-	1,084,735
Rewards of Director & Supervisor	-	(13,586)
Treasury Stock Repurchased	<u>-</u>	(<u>217,605</u>)
Cash Inflows (Outflows) from Financial Activities	(<u>6,468,597</u>)	<u>16,787,904</u>
First Combined into Effect from Subsidiaries	<u>22,563</u>	<u>-</u>
Net Increase/Decrease in Cash	(1,509,130)	271,430
Balance at Beginning Year	<u>5,844,517</u>	<u>5,573,087</u>
Balance at Ending Year	<u>\$ 4,335,387</u>	<u>\$ 5,844,517</u>
Complementary Declaration of Cash Flow Information:		
Paying Interest	<u>\$ 4,149,940</u>	<u>\$ 3,342,781</u>
Paying Income Tax	<u>\$ 128,872</u>	<u>\$ 140,116</u>

Reference note is part of this Consolidated Financial Statement.
(Please refer to the Audit Statement dated Febuary 14, 2008 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG  President: CHOU, SAN-HO  Chief Accountant: CHEN, HU 

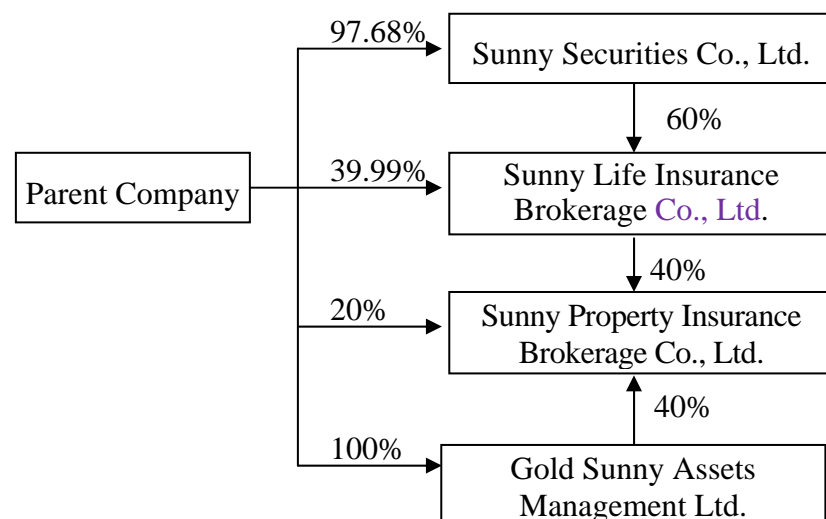
Sunny Bank Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For Years 2007 and 2006

(Unless otherwise specified, all amounts are in NT thousand)

Company History and Operation Scope

Sunny Bank Cord Ltd. (Parent Company) is a public-listed company with business in: services of commercial banks approved by the Banking Law, savings and trust services and other related services approved by the authority. The Trust Department of Sunny Bank Ltd. undertakes planning, management and operations of trust investment services regulated by the Banking Law and trust services in investment of domestic securities and funds. The Bank owns a network of 96 operating units in Taiwan by the end of 2007.

Investment relationships and shareholdings between Parent Company and subsidiaries whose consolidated financial statements were produced at the end of 2007 are as follows:



Major business of subsidiaries is as follows:

Subsidiaries	Major business
Sunny Securities Co., Ltd.	Entrusted with securities services in TSEC Market and its branches and acting as a futures introducing broker
Gold Sunny Assets Management Co., Ltd.	Financial Institution Creditor's Right (Money) Appraisal and Auction
Sunny Life Insurance Brokerage Co., Ltd. (former name Yin Lien Life Insurance Brokerage Co., Ltd.)	Life Insurance Brokerage
Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	Property Insurance Brokerage

The numbers of employees in Parent Company and subsidiaries at the end of 2007 and 2006 were 2,558 and 2,639 respectively

Summary of Important Accounting Policies

The accompanying consolidated financial statements have been prepared in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China. In preparing financial statements in conformity with these criteria, guidelines and principles, the Bank is required to make certain estimates and assumptions that could affect the amounts of the allowances for possible losses, reserve for losses on guarantees, depreciation, loss on asset impairment, pension, income tax and losses on a suspended lawsuit (lawsuit losses do not include any adjustments that might be required when related contingent liabilities become probable or determinable in the future), etc. Actual results could differ from these estimates.

The main body of this consolidated financial report is focused on the banking industry. Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the Bank's financial statements were not classified as current or non-current. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by liquidity. The maturity analysis of assets and liabilities is shown in Note 29. The Bank's significant accounting policies are summarized as follows:

Criteria for Preparation of Consolidated Financial Reports

The accounts of all subsidiaries that Parent Company directly or indirectly owned over 50% of the voting stocks and less than 50% of the voting stocks but with controlling power is consolidated. All significant intercompany balances and transactions have been eliminated upon consolidation. However, loss arising from sale of non-performing loans to Sunny Assets Management Ltd, according to Financial Institutions Merger Law, can be amortized over 5 years and is inconsistent with GAAP. Such loss is thus not eliminated.

The consolidated financial statements include the accounts of the Parent Company, Sunny Securities Ltd, Gold Sunny Assets Management Ltd, Sunny Life Insurance Brokerage Co., Ltd., and Sunny Property & Insurance Brokerage Co., Ltd. However, since March 2007, Parent Company has directly and indirectly owned over 50% of shares of Gold Sunny Assets Management Ltd and Sunny Life Insurance Brokerage Co., Ltd. Therefore, they are not included into consolidated financial reports of 2006.

Basis of Financial Statements

The accompanying financial statements include the accounts of the Head Office, OBUs and subsidiaries. All interoffice transactions and balances have been eliminated.

Financial Assets and Liabilities at Fair Value through Profit or Loss

Changes in the fair value of interest include loss of financial commodity's purpose of the transaction, which is financial asset or financial debts. The view from the original series, designated to measure the fair value and changes in fair value loss is recognized that financial interests or financial asset debt's original recognition, fair value is measured and continued after the evaluation to measure the fair value and changes in fair value recognized year loss benefits. According to the examples, the purchase or sale of financial products is under the delivery date method.

Derivative products failed to meet hedge accounting; classification is the purpose of the transaction financial asset or financial debts. Fair value is positive, as a financial asset; fair value is negative, as financial debts.

Fair value: The listing of securities is the balance sheet day ending price, beneficial certificates is the balance sheet day net assets value, domestic bonds is the Taiwan securities service balance sheet day reference price, other markets financial products use evaluation method to estimate the fair value.

Purchased Loans Receivables

Non-performing loans that Sunny Assets Management Ltd. purchased from financial institutions are recorded at cost. After these loans are collected, the according cost to purchase the loans will be written off at the cost recovery method. Upon the full recovery of acquisition cost, profit will be recognized.

Upon the acquisition of loans, the amount of total payment and other necessary cost should be taken as the initial evaluation basis for loan acquisition. According to the relative fair value, cost of each loan should be recorded as purchased loans receivables. Any expenditure for participating in bidding should be recorded as expense.

Marketing and processing expenses from purchase to sale of these loans should be recognized as expenses. If debtors are incapable of paying debt off and the court implements seizure and injunction, the implementation expenses, such as court-ruling application fee, collateral auction ruling fee and field appraisal fee, should be recorded as operation expense.

Overdue Receivables

In accordance with the "Regulations of Reserve for Evaluated Banking Assets Loss and Collections for non-performing Loans" by the Executive Yuan's Financial Supervisory Commission BPK the overdue loans and other authorized credit accounts are due and haven't been paid off and have been approved by the Board, as collection accounts together with estimated interest receivable. Transfer from loans to allowance for doubtful accounts listed in the discount and loan accounts, if they are non-listed in transfer from loans to allowance for doubtful accounts then list in other assets.

Allowance for Loan Losses and Reserve for Guarantees

Allowances for bad debts and losses on guarantees are estimated according to the risk of uncollectible specific loans, receivables, delinquent loans, other financial assets and guarantees as well as the uncollectible risk of overall credit portfolio referred to above.

The Parent Company assesses the collective possibility of credit portfolio based on the borrowers' /clients' delinquent status and financial condition in accordance with regulations issued by the Ministry of Finance ("MOF"). These rules state that, if loans, receivables, delinquent loans, and other financial assets are deemed uncollectible, full provisions should be made and recognized as current expense. If the possibility of collection is deemed low, provisions of at least 50% of the credit should be made and the loss should be recognized as an expense currently. The regulations were revised in July 2005 to reclassify deteriorating loans into "special mention," "substandard," "doubtful," and "uncollectible" categories. Provisions should be made at 2%, 10%, 50%, and 100%, respectively, for each loan category, as the minimum standard of the allowance for bad loans and guarantee.

Unrecoverable portions of delinquent loans are written off upon approval of board of directors.

Gold Sunny Assets Management Ltd should evaluate possible loss and recognize allowance for bad debt for the balance of purchased loans receivables on the date of Balance Sheet.

Available-for-Sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are re-measured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. The regular way purchases or sales of stocks and mutual funds are recognized and derecognized on a trade date basis. Besides, settlement date basis are applied to all other financial assets.

The basis of the fair value: bonds are valued at prices quoted by the Taiwan GreTai Securities Market on balance sheet date. The fair value of financial assets and financial liabilities without quoted prices in an active market are valued on valuation techniques.

Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. The difference between the initial cost of a debt instrument and its maturity amount is amortized using the effective interest method, with the amortized interest recognized in profit or loss. An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss of an equity instrument classified as available for- sale is recognized directly in equity. If the fair value of a debt instrument classified as available-for-sale subsequently increases as a result of an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to profit.

Held-to-Maturity Financial Assets

Held-to-maturity financial assets are carried at amortized cost using the effective interest method. Held-to-maturity financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. Profit or loss is recognized when the financial assets are derecognized, impaired, or amortized. The regular way purchases or sales of stocks and mutual funds are accounted for using a trade date basis. Besides, settlement date basis are applied to all other financial assets.

An impairment loss is recognized when there is objective evidence that the investment is impaired. The impairment loss is reversed if an increase in the investment's recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the investment may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years.

Equity Investments - Equity Method

Investments in which the Bank holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee. Distributions received from an investee reduce the carrying amount. The total number of shares subsequent to the increase is used for recalculation of cost per share. Under this method, the investments are carried at cost on the acquisition date. The excess of the costs over the fair value of identifiable net assets, representing goodwill, are no longer amortized. The impairment test is held every year and whenever specific items or environment show that goodwill might have been impaired. When specific incident or any change in the environment indicates any possible impairment against goodwill, an impairment test should be conducted, too.

If, through the evaluation with the recoverable amount, significant impairment occurs, the impaired section can be recognized as loss.

Cash dividend distributed by invested companies will not be recognized gains on investment and will be only recoded as an increase in shares held.

The Company shares held by a subsidiary will be re-classified as treasury stock at equity approach.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is not allowed.

Fixed Asset

Properties are stated at cost less accumulated depreciation. Major betterments and renewals are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is calculated by the straight-line method over service lives initially estimated as follows: office equipment, 3 to 5 years; transportation equipment, 5 years; and computer equipment, 3 years. Leasehold improvements are amortized over 5 years. For assets still in use beyond their original estimated service lives, further depreciation is calculated on the basis of any remaining salvage value and the estimated additional service lives.

While re-evaluating fixed assets, net amount will be credited to capital reserve in addition to adding the increment of re-evaluated assets and reserve for land value-added tax. The depreciation is calculated based on durable years remained upon the re-evaluation.

Sunny Bank Ltd. and its subsidiaries determine the cash generating unit which fixed assets and goodwill belong to. The evaluations on impairment loss will be made based on the above said cash generating unit. If there is a major impairment loss arising from such assets after evaluating the carrying value based on related amount receivable, a reduction on the carrying value shall be made from the goodwill listed in the cash generating unit first. Then, the rest impairment loss will be amortized proportionally shall be made from the carrying values of other assets listed in the cash generating unit.

Upon sales or other disposal of properties, their cost and related accumulated depreciation are removed from the accounts. The resulting gain (loss) is credited (charged) to current income.

Intangible Asset

Goodwill generated due to merger and partial undertaking will not be amortized. However, the annual loss undergoes regular testing.

If the goodwill and its relevant recoverable amount account value have significant loss, recognize the loss from its lost part. Subsequently if the recoverable amount of goodwill increased, the loss cannot be rotated. Computer software adopts the line method over an average of three years of amortization.

Computer software is amortized averagely over 3 years.

Other Assets

Assumed collaterals and residuals are recorded at cost. These are stated at the lower of cost or realizable value on the balance sheet date. An impairment loss is recognized when future recoverable values of assumed collaterals and residuals are less than their carrying values. The loss is reversed and a gain is recognized when future recoverable values of these assumed collaterals and residuals recover afterward. The reversed book value should be less than the book value if no impairment has happened.

Bonds or Securities Purchased/Sold under Specific Agreements

Bonds or securities sold under repurchase agreement are recorded at sale price. Interest revenues and expenses are recorded on accrual basis.

Pension

Pension cost under a defined benefit plan is determined by actuarial valuations. Unlisted temporary net payment of asset and the balance of pension will be amortized in linear approach on a basis of 22 years. The payment of pension shall be made from pension reserve and then offset against pension liability.

Contributions made under a defined contribution plan are recognized as pension cost during the years in which employees render services.

Interest Income and Fee Income Recognition

Loans are recorded at outstanding principal amounts. The interest income on loans is recognized on an accrual basis. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent accounts, and the accrual of interest income ceases. The Bank will recognize a gain when the delinquent interest is collected. The interest income on loans is recognized on an accrual basis. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts, and the accrual of interest income is ceased. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected.

Fee income is recognized when income is received and main service is completed.

Treasury Stock

The reacquisition of issued stock is accounted for by the cost method. Under this method, the reacquisition cost is debited to the treasury stock account.

The stocks of the parent company that are held by a subsidiary are reclassified from investments in shares of stock to treasury stock. The amount reclassified is equivalent to the carrying value of the investments in shares of stock shown in the books of the subsidiary.

Income Tax

The Bank applies intra-year and inter-year allocations for its income tax. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carry forward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized.

Tax credits for certain acquisitions of equipment or technology, research and development expenditure, personnel training expenditure and equity investments acquisition, are recognized as reduction of current income tax.

Adjustments of prior years' tax liabilities are accounted for as part of income tax expense of the current year.

An additional tax at 10% of un-appropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

If the minimum tax that applicable to Alternative Minimum Tax Act is higher than the income tax payable for regular income, the additional tax payable should be recorded as the income tax expense for the year.

Commitments and Contingencies

If losses on commitments and contingencies are considered probable and can be reasonably estimated, the losses are recorded in the statement of income for the current period. If the amount could not be evaluated reasonably, the facts should be disclosed.

Foreign Currency Transactions

Foreign exchange is listed into the accounts in original currency transacted. Foreign currency accounts of loss and profit are converted to New Taiwan Dollars based on the exchange rates announced by the Central Bank and transferred to NTD accounts at end of every month. The foreign currency accounts of assets and liabilities which are not generated from forward exchange transaction contracts are converted to New Taiwan Dollars based on the exchange rates on Balance Sheet date. The difference arising from such conversion will be recorded as exchange loss and profit of the current year.

Reclassifications

Certain accounts of the financial statements for the year ended 2006 have been reclassified to conform to the presentation of financial statements as of and for the year ended 2007.

Reasons and Effects of Changes in Accounting Principles

On January 1, 2006, the Parent Company and its subsidiaries adopted the newly released IAS. 34, "Financial Instruments: Recognition and Measurement", IAS 36, "Financial Instruments: Disclosure and Presentation" and provision in other accounting standards revised according.

The Parent Company and Subsidiaries categorized its financial assets and financial liabilities upon initial adoption of these newly released IASs. The adjustments made to the carrying amounts of the financial instruments categorized as financial assets or financial liabilities at FVTPL and derivatives designated for fair value hedges were included in the cumulative effect of changes in accounting principles, and the adjustments made to the carrying amounts of those categorized as available-for-sale financial assets and derivatives designated for cash flow hedges or hedges of net investments in foreign operations were recognized as adjustments to shareholders' equity.

The effects of adoption of the above IAS on financial reports of January 1 2006 were summarized as follows:

	Cumulative Effect of Changes in Accounting Principle (After Tax)	Shareholders' Equity Adjusted Subjects (After Tax)
Financial Assets at Fair Value through Profit or Loss	\$ 200,486	\$ -
Available-for-Sale Financial Assets	-	(7,191)
	<u>\$ 200,486</u>	<u>(\$ 7,191)</u>

Cash

	December 31, 2007	December 31, 2006
Cash on Hand	\$ 3,408,556	\$ 2,725,501
Checks for Clearance	642,755	2,522,365
Due from banks	284,076	596,651
	<u>\$ 4,335,387</u>	<u>\$ 5,844,517</u>

Due from the Central Bank and Other Banks

	December 31, 2007	December 31, 2006
Deposit Reserve	\$ 6,458,163	\$ 7,971,011
Call Loan to Banks	3,510,144	2,847,816
Due from the Central Bank	351,930	380,192
	<u>\$ 10,320,237</u>	<u>\$ 11,199,019</u>

Deposit reserve is appropriated to the deposit reserve account at the Central Bank at legal reserve rate and based on the monthly average balance of deposits. At the end of 2007 and 2006, NT\$5,284,452,000 and NT\$5,556,666,000 are respectively shown in the deposit reserve account. Such deposit reserve cannot be used before the monthly adjustment.

Financial Instruments at Fair Value through Profit or Loss

	December 31, 2007	December 31, 2006
<u>Trading Financial Assets</u>		
Commercial Paper II	\$ 18,280,627	\$ 14,209,250
Negotiable Certificate of Deposit	15,154,415	12,050,737
Listed/OTC Common Stock	694,376	479,869
Beneficiary Certificate	293,493	729,260

(Continued)

(Brought Forward)

	December 31, 2007	December 31, 2006
Government Bond	\$ 117,686	\$ 197,423
Asset-Backed Commercial Paper	-	1,244,645
Interest Spread Bond	-	97,950
Others	<u>36,243</u>	<u>61,771</u>
	<u>\$ 34,576,840</u>	<u>\$ 29,070,905</u>
<u>Trading Financial Liabilities</u>		
Exchange Swap	<u>\$ 328</u>	<u>\$ 140</u>

The main purpose of directing the transactions of derivative financial products, on 2007 and 2006 is to correspond with the customer demands and the foreign exchange fun adjustment and risk management.

Until the end of 2007 and 2006, the non-expired derivative financial commodity contract amount (principal) is as follows:

	December 31, 2007	December 31, 2006
<u>Trading Purpose</u>		
Exchange Swap	\$ 1,666,011	\$ 618,683
Interest Spread Bond	-	97,950
Assets Exchange	-	32,650

In 2007 and 2006, net income of the Bank generated by financial assets for transaction was NT\$263,894,000 and NT\$319,853,000. In 2007 and 2006, net loss of the Bank generated by financial liability for transaction was NT\$22,663,000 and NT\$1,306,000.

Net Receivables

	December 31, 2007	December 31, 2006
Credit Card Payment Receivable	\$ 1,378,493	\$ 2,977,335
Selling of Non-performing Loans Receivable	1,328,873	590,000
Buying Creditor's Right Receivable	1,224,794	610,000
Interest Receivable	468,747	535,778
Spot Foreign Exchange Remittance Receivable	196,753	637,632
Income Tax Refund Receivable	124,626	164,182
Acceptance Bill Receivable	108,289	125,529
Others	<u>239,878</u>	<u>259,600</u>
	<u>5,070,453</u>	<u>5,900,056</u>
Less: Allowance for Doubtful Accounts	<u>240,020</u>	<u>200,616</u>
	<u>\$ 4,830,433</u>	<u>\$ 5,699,440</u>

Net Discounts and Loans

	December 31, 2007	December 31, 2006
Short-term Loan	\$ 12,967,602	\$ 17,884,848
Short-term Loan Secured	19,589,681	21,386,065
Mid-term Loan	21,166,137	24,536,446
Mid-term Loan Secured	13,470,869	16,717,705
Long-term Loan	7,943,385	8,584,486
Long-term Loan Secured	95,950,163	93,386,661
Receivables on Demand	4,392,305	3,988,903
Export Finance	85,676	90,021
	<u>175,565,818</u>	<u>186,575,135</u>
Less: Allowance for Doubtful Accounts	<u>2,673,327</u>	<u>2,210,792</u>
	<u>\$ 172,892,491</u>	<u>\$ 184,364,343</u>

As of the the years ended 2007 and 2006, the balance of loans and credits for which accrual of interest revenues was discontinued amounted to NT\$4,392,305,000 and NT\$3,988,903,000 respectively. The unrecognized interest revenues on these loans and credits amounted to NT\$158,437,000 and NT\$156,223,000 for the years ended 2007 and 2006, respectively.

Detail and change of the allowances for loan losses are as follows:

	Year 2007		
	Unable to Take Back Risk in Specific Creditors' Right	Potential Risk in Whole Creditor's Right Combination	Total
Balance in Beginning Year	\$2,004,680	\$ 206,112	\$2,210,792
Prov-Bad Debt	1,539,276	9,780	1,549,056
Written-off Loans	(1,345,997)	-	(1,345,997)
Recovery of Written-off Loans	259,476	-	259,476
Balance in Ending Year	<u>\$2,457,435</u>	<u>\$ 215,892</u>	<u>\$2,673,327</u>

	Year 2006		
	Unable to Take Back Risk in Specific Creditors' Right	Potential Risk in Whole Creditor's Right Combination	Total
Balance in Beginning Year	\$2,005,290	\$ 155,726	\$2,161,016
Prov-Bad Debt	1,017,003	50,417	1,067,420
Account Closing Adjustment	-	(31)	(31)
Written-off Loans	(1,536,219)	-	(1,536,219)
Recovery of Written-off Loans	518,606	-	518,606
Balance in Ending Year	<u>\$2,004,680</u>	<u>\$ 206,112</u>	<u>\$2,210,792</u>

Available-for-Sale Financial Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Commercial Paper II	\$ 1,428,524	\$ 1,079,191
Asset-Backed Commercial Paper	1,277,645	1,292,600
Corporate Bond	978,072	234,205
Government Bond	930,812	1,600,918
Beneficial Securities	48,916	-
Others	<u>77,916</u>	<u>3,037</u>
	<u>\$ 4,741,885</u>	<u>\$ 4,209,951</u>

Hole-to-maturity Financial Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Beneficial Securities	<u>\$172,091</u>	<u>\$287,498</u>

Beneficiary securities invested by Parent Company and subsidiaries on December 31, 2007 and 2006 were both mature at July 2011. The effective interest rate is 1.62-2.7%.

Equity Investments-Equity Method

	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	Amount	Stock Holding %	Amount	Stock Holding %
Unlisted Corporation				
Sunny Life Insurance Agent Co., Ltd. (former name Yin Lien Life Insurance Brokerage Co., Ltd.)	\$ -	-	\$ 10,934	39.99
Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property	<u>-</u>	-	<u>1,726</u>	20.00
	<u>\$ -</u>		<u>\$ 12,660</u>	

Equity investments and related investment loss/gain at equity approach is calculated according to financial statements audited by accountants.

Financial Assets Carried at Cost

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Unlisted Common Stock		
Financial Information Service Co., Ltd.	\$115,771	\$115,771
Taiwan Financial Asset Service Corp.	50,000	50,000
Taiwan Depository And Clearing Corp.	21,490	21,490
Unlisted Preferred Stock		
Bank of Panhsin	110,000	110,000
Farglory Life Insurance Co., Ltd.	<u>100,000</u>	<u>100,000</u>
	<u>\$397,261</u>	<u>\$397,261</u>

The investments are carried at cost because they have no active market quotation and the fair value can not be measured reliably.

Fixed Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Incremental Value from Revaluation:		
Land	\$ 161,211	\$ 161,211
House and Building	<u>21,836</u>	<u>21,836</u>
	<u>\$ 183,047</u>	<u>\$ 183,047</u>
Accumulative Depreciation:		
House and Building	\$ 743,165	\$ 682,391
Miscellaneous Equipment	<u>976,360</u>	<u>886,079</u>
	<u>\$ 1,719,525</u>	<u>\$ 1,568,470</u>

According the regulation, Parent Company re-evaluated its land in 1982, 1991 and 1993 and its asset other than the land in 1982.

Intangible Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Goodwill	\$ 1,150,579	\$ 1,333,579
Computer Software	<u>30,769</u>	<u>33,235</u>
	<u>\$ 1,181,348</u>	<u>\$ 1,366,814</u>

In 2007, Parent Company evaluated the recoverable amount of its goodwill and recognized its impairment of NT\$183,000,000 in branches in South Taiwan and Kaohsiung and Pingtung area. The recoverable amount is based on its usable value. The discount rate adopted for evaluation of usable value was 11.27%.

Other Assets

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
NPL Disposal Unrecognized Loss	\$ 779,531	\$ 771,766
Collateral – Less: Net Allowance for Reduction \$326,282,000 in 2007 and \$657,537,000 in 2006	681,986	1,075,399
Net Deferred Income Tax Assets	644,964	388,422
Refundable Deposit	258,485	306,052
Operating Deposit	90,000	90,000
Pledged Certificate of Time Deposit	60,000	60,000
Settlement/Clearance Fund	20,613	20,555
Others	52,546	48,508
	<u>\$ 2,588,125</u>	<u>\$ 2,760,702</u>

Call Loans and Due to Banks

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Due to Banks	\$ 13,664,113	\$ 5,002,591
Call Loan to Banks	1,025,335	5,035,867
	<u>\$ 14,689,448</u>	<u>\$ 10,038,458</u>

Deposits and Remittances

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Savings Deposit	\$ 126,233,474	\$ 149,525,553
Time Deposit	62,991,354	44,471,049
Current Deposit	15,541,116	15,625,591
Check Deposit	2,028,815	3,057,171
Treasury Deposit	301,420	239,598
Remittances	18,728	59,497
	<u>\$ 207,114,907</u>	<u>\$ 212,978,459</u>

Financial bonds Payable

Interest rates carried by subordinated financial debentures are 2.55-3.85%. The interest is paid semiannually or annually. The principal will be paid at one sum lump at maturity and paid off in April 2014.

Other Liabilities

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Advance Receipts	\$ 254,581	\$ 193,763
Deposits Received	84,270	90,830
Reserve for Guarantees	73,462	41,505
Reserve for Contract-Breaking Loss	21,309	18,283
Accrued Pension Liabilities	2,909	212,331
Reserve for Bad Debt	9,563	9,563
Others	98,746	93,657
	<u>\$ 544,840</u>	<u>\$ 659,932</u>

Shareholders' Equity

The capital reserve generated from the disposal of assets premium cannot be used other than reimbursing loss in accordance with related regulations. The premium derived from issuing of stocks at a price exceeding face value and the capital reserve generated from donation can be appropriated to the account of capital and such increased new shares will be distributed to shareholders in proportion of shareholdings. The capital stock appropriated from capital reserve shall be at a limited ratio every year.

In accordance with the Article of Incorporation, the Banking Law and other related regulations, any annual earnings should first be used for paying tax and making up previous losses, if any, and then Parent Company will appropriate 30% of the remaining surplus as a legal reserve except that the legal reserve has reached the amount of total paid-in capital. Then Sunny Bank Ltd. will make special reserve or retain surplus based on our needs. The final remained surplus will be distributed as follows:

- (1) Rewards for Directors and Supervisors: 3%
- (2) Employee bonus: 3%
- (3) Stock dividends: 94%

When the previously mentioned legal reserve does not reach the amount of total capital, the maximum cash surplus distribution shall not exceed 15% of total capital.

When Parent Company allocates surplus, it must conform to the regulations and recognize special reserve from after-taxed earnings of the current year and the unallocated earnings of the previous years for the deduction of shareholders' earnings (such as unrealized income of financial products) and unamortized balance of the loss on sale of non-performing loans. Subsequently, if the deduction of shareholder's equity is reverse or the loss on sale of non-performing loans is amortized, earnings should be distributed for the reversed amount or amortized amount.

For a sound financial structure and balance capital adequacy, dividend payment is based on capital budget planning of Parent Company, stock dividend distributed to retain the principle of the necessary funds. If the budget surplus is acquired and capital adequacy rate is higher than the required standard by authority, part of the surplus can be distributed as cash dividend, and shall not be less than 10% of total dividend. If the distributed cash dividend per share is less than NT\$0.1, stock dividend can be distributed instead.

The distribution of surplus shall be approved at the Shareholders' Meeting convened and listed into accounts the following year.

The 2007 surplus distribution has not been decided by the Board of Directors by the date of auditing statement by CPAs. Please visit "Public Information Service" for related approval and details.

The 2006 and 2005 surplus distribution proposed by the Board of Directors and approved at the Shareholders' Meeting of Sunny Bank Ltd. in June 2007 and May 2006 and the dividend per share are as follows:

	Earnings Distribution		Dividend Per Share (NT\$)
	Year 2006	Year 2005	Year 2005
Legal Reserve	\$ 8,642	\$ 196,198	
Special Reserve	27,794	-	
Rewards of Directors & Supervisor	-	13,586	
Employees' Stock Dividend	-	13,586	
Stock Dividend	-	425,695	\$ 0.39

If the rewards for directors and supervisors and employee bonus in 2006 and 2005 are recorded as expenses, the changes in dividend per share are as follows:

	Year 2006	Year 2005
(I) EPS after Tax Completion	<u>\$ 0.02</u>	<u>\$ 0.69</u>
(II) EPS after Tax Imputation	<u>\$ 0.02</u>	<u>\$ 0.66</u>

According to the Company Act, legal reserve shall be continuously appropriated until it reaches the amount of stock capital. Legal reserve can be used to reimburse loss. If its balance reaches 50% of the paid-in capita, half of the balance can be appropriated to stock capital.

While making surplus distribution, the tax deductions for shareholders except those who are the residents of R.O.C. can be calculated according to the rate of tax deduction on dividend distribution date.

Income Tax

The alternative minimum tax ("AMT") imposed under the Alternative Minimum Tax Act ("AMT" Act) is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the income that is exempted from income tax under various laws and statutes. The Bank has considered the impact of the AMT Act in the determination of its tax liabilities.

The composition of income interests is as follows:

	Year 2007	Year 2006
Income Tax Payable	(\$ 5,645)	\$ -
Deferred Income Tax	256,542	139,168
Separately Taxed Short-term Notes	(125,937)	(94,073)
Undistributed Earnings Settlement of the Surtax	(418)	(493)
Prior Year Income Tax Adjustment	(650)	234
	123,892	44,836
Cumulative Effect of Changes in Accounting Principles		
Allocation Income Tax Expense	-	12,605
Income Tax Profit before Cumulative Effect of Changes in Accounting Principles	<u>\$123,892</u>	<u>\$ 57,441</u>

Net deferred income tax assets (listed other assets) are as follows:

	December 31, 2007	December 31, 2006
Losses Deductible	\$556,256	\$211,567
Allowance for credit loss over limit	317,150	161,795
Others	13,761	16,254
	887,167	389,616
Less: Valuation Allowances	242,203	1,194
	<u>\$644,964</u>	<u>\$388,422</u>

As of the end of 2007, the yearly tax payable after deducted at our bank is as follows:

Yearly Loss	Amount Deductible	Balance Undeductible	Final Deductible Year
2005	\$103,969	\$ 15,867	2010
2006	195,492	195,492	2011
2007	<u>344,897</u>	<u>344,897</u>	2012
	<u>\$644,358</u>	<u>\$556,256</u>	

The tax rate for deferred income tax adopted by Parent Company and subsidiaries is 25%.

Information about integrated income tax was as follows:

Balance of tax credit accounts:

Company Name	December 31, 2007	December 31, 2006
Parent Company	\$113,224	\$ 66,287
Sunny Securities Co., Ltd.	4,522	4,311
Sunny Life Insurance Brokerage Co., Ltd.	8,265	6,585
Sunny Property Insurance Brokerage Co., Ltd.	1,024	501

Tax credit rates:

Company Name	Year 2007 (%)	Year 2006 Realized (%)
Parent Company	-	33.33
Sunny Life Insurance Brokerage Co., Ltd.	47.76 (estimated)	44.54
Sunny Property Insurance Brokerage Co., Ltd.	42.69 (estimated)	36.22

The tax credits allocable to shareholders of subsidiaries are based on the balance of the ICA on the dividend distribution date. Therefore, expected tax credits rate for 2007 earning distribution may need adjustment due to the difference between the possible and the actual expected tax credits.

The income tax applications made by Parent Company by 2004 have been reviewed and approved by the taxation office. In income tax applications of 2005 and 2006, the tax deduction derived from medium interest of bonds is totaled NT\$1,396,000. The tax deduction derived from medium interest of bonds which have not been declared totals NT\$989,000 in 2007.

Personnel, Depreciation and Amorization Costs

	Year 2007	Year 2006
Personnel Cost		
Salary and Reward	\$ 1,845,307	\$ 1,843,526
Insurance Premium	130,804	134,183
Pension	96,998	121,838
Others	59,170	58,935
	<u>\$ 2,132,279</u>	<u>\$ 2,158,482</u>
Depreciation	<u>\$ 186,388</u>	<u>\$ 203,953</u>
Amorization	<u>\$ 22,767</u>	<u>\$ 22,809</u>

Earnings (Losses) Per Share

	2007		2006	
	Before Tax	After Tax	Before Tax	After Tax
Basic Earnings (Losses) Per Share				
Net Loss from Continuing Operations	(\$ 1.04)	(\$ 0.93)	(\$ 0.20)	(\$ 0.15)
Cumulative Effect of Changes in Accounting Principles	-	-	0.18	0.17
Net Profit (Loss) of This Year	(\$ 1.04)	(\$ 0.93)	(\$ 0.02)	\$ 0.02

Disclosure for numerator and denominator of basic earnings (losses) per share is as follows:

	Amount (Numerator)		1,000 shares (Denominator)	Earnings (Losses) Per Share (NT\$)	
	Before Tax	After Tax		Before Tax	After Tax
<u>2007</u>					
Basic Losses Per Share	(\$ 1,268,152)	(\$ 1,138,152)	1,224,658	(\$ 1.04)	(\$ 0.93)
<u>2006</u>					
Basic Earnings (Losses) Per Share	(\$ 16,194)	\$ 28,806	1,149,671	(\$ 0.02)	\$ 0.02

Pension

Retirement policies are available for formal employees of Parent Company and subsidiaries according to the policy, pension for retired employees will be paid on a basis of seniority and the average monthly salary during six months before retirement.

The pension plan that Parent Company and subsidiaries developed is a defined benefit plan under the Labor Standards Act. 2-3.76% of monthly salary of an employee is appropriated as pension reserve. Such reserve will be handed to our Pension Reserve Supervisory Committee and deposited at Bank of Taiwan (previously Central Trust of China, acquired by Bank of Taiwan in 2007) under the name of this Committee.

The pension plan under the LPA is a defined contribution plan. Based on the LPA, Parent Company and subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were NT\$69,521,000 and NT\$64,830,000 for the years ended December 31, 2007 and 2006, respectively.

Information about the defined benefit plan of Parent Company and subsidiaries was as follows:

Net Pension Cost

	Year 2007	Year 2006
Service Cost	\$ 27,147	\$ 41,599
Interest Cost	18,589	28,944
Expected Return from Pension Fund Assets	(14,148)	(16,041)
Amortisation	(4,168)	2,506
Net Pension Cost	\$ 27,420	\$ 57,008

Adjustment of Pension Appropriation and Accounts of Balance Sheet

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Pension Benefit Obligations		
Vested Benefit Obligation	\$232,479	\$265,521
Non-vested Benefit Obligation	<u>318,183</u>	<u>304,190</u>
Accumulated Benefit Obligation	550,662	569,711
Add. Benef.-Future	<u>173,696</u>	<u>185,412</u>
Projected Benefit Obligation	724,358	755,123
Fair Value-Pension	(<u>691,326</u>)	(<u>520,931</u>)
Fund Status	33,032	234,192
Unrecognized Net Assets	57,606	62,407
Unrecognized Pension Gain/Loss	(<u>87,973</u>)	(<u>84,268</u>)
Accrued Pension Liabilities (Prepaid Pension)	<u>\$ 2,665</u>	<u>\$212,331</u>
Vested Benefit in accordance with the Measures of Employee Pension Retirement	<u>\$291,012</u>	<u>\$329,553</u>
Assumptions of Pension Benefit Obligation		
Discount Rate	3-3.5%	2.75-3.5%
Future Salary Growth Rate	2-2.5%	2-2.5%
Pension Fund Assets Expected Rate of Return	2.5-3%	2.5-3%

Pension Reserve Appropriation and Payment Status

	<u>Year 2007</u>	<u>Year 2006</u>
Appropriation	<u>\$237,144</u>	<u>\$ 55,918</u>
Payment	<u>\$100,250</u>	<u>\$174,399</u>

Treasury Stock

Parent Company purchased 18,955,000 stocks back from the shareholders who have dissents against the merger of Kao-Hsin bank at the price of \$ 11.48 per share in August 2006. Also, Sunny Life Insurance Brokerage Co., Ltd. (previously Bank Union Life Insurance Agency Corp., Ltd) became one subsidiary of Parent Company in March 2007. The 420,000 shares of Parent Company stock that it held were re-recorded as treasury stock from equity investment at equity approach. The book value per share is \$ 8.35. These treasury stocks had not experienced any change up to the end of 2007.

Parent Company is prohibited from pledging treasury shares and exercising stockholder's rights on these shares before their transfer. However, under the Company Law, the subsidiaries holding shares of Parent Company are excluded from the right to participate in a capital increase and right to vote.

Related-Party Transactions

Related parties and their relationships with the Bank:	
Name	Relationship with Related Parties
Gold Sunny Assets Management Co., Ltd	Subsidiaries
Sunny Life Insurance Agent Co., Ltd. (former name Yin Lien Life Insurance Brokerage Co., Ltd.)	Valuating Investee Company under Equity Metihod in 2006
Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	Valuating Investee Company under Equity Metihod in 2006

Significant Transactions with Company-Related Parties

	December 31, 2007			December 31, 2006		
	Balance	Subject Ratio (%)	Annual Percentage Rate (%)	Balance	Subject Ratio (%)	Annual Percentage Rate (%)
Other Parties	\$ 379,189	0.2	0-9	\$ 356,730	0.2	0-9
Sunny Life Insurance Agent Co., Ltd.	-	-	-	17,441	-	0.2
Sunny Property Insurance Brokerage Co., Ltd.	-	-	-	4,447	-	0.2
	<u>\$ 379,189</u>	<u>0.2</u>		<u>\$ 378,618</u>	<u>0.2</u>	

Loan

Year 2007							
Type	Accounts Number & Party's Name	Highest Balance This Year	Year Ending Balance	Performing Status		Collateral	Transaction Condition with Non-parties
				Normal Loan	Overdue Loan		
Consuming Loan	57	\$ 27,266	\$ 18,623	\$ 18,623	-	—	None
Private Housing Secured Loan	42	535,624	286,123	286,123	-	—	None
Other Loan	Chuan Yang Construction	520,000	365,000	365,000	-	—	None
	Po Yun Enterprise	100,200	-	-	-	—	None
	Ho, Li-Wei	95,000	15,000	15,000	-	Land and Building	None
	Liu, Hsiang-Tun	20,000	19,402	19,402	-	Land and Building	None
	Chen, Jung-Kuei	17,766	-	-	-	—	None
	Wang, Ya-Hsun	6,700	6,400	6,400	-	Farmland	None
	Wu, Hsi-Hui	5,000	-	-	-	—	None
	Chen, Chin-Yi	4,200	-	-	-	—	None
	Lin, Jui-Mei	3,000	-	-	-	—	None
	Liu, Min-Hsiang	1,250	-	-	-	—	None
	Chou, Chih-Wei	1,200	-	-	-	—	None
	Yang, Ying-Chung	600	600	600	-	—	None
	Yao, Hung-Shen	300	-	-	-	—	None
	Tseng, Yao-Te	200	-	-	-	—	None

Year 2006

Type	Accounts Number & Party's Name	Highest Balance This Year	Year Ending Balance	Performing Status		Collateral	Transaction Condition with Non-parties
				Normal Loan	Overdue Loan		
Consuming Loan	51	\$ 20,987	\$ 14,321	\$ 14,321	\$ -	—	None
Private Housing Secured Loan	43	385,168	313,754	313,754	-	—	None
Other Loans	Sunny Securities	751,919	-	-	-	Government Guaranty	None
	Chuan Yang Construction	730,000	420,000	420,000	-	Land & Building	None
	Po Yun Enterprise	115,146	100,200	100,200	-	—	None
	Ho, Li-Wei	70,000	-	-	-	Land & Building	None
	Hsueh, Tsung-Hsien	25,586	12,441	12,441	-	Vacant Lot	None
	Liu, Hsiang-Tun	20,000	20,000	20,000	-	Land & Building	None
	Chen, Chien-Yang	18,000	-	-	-	—	None
	Hsueh, Tsung-Tai	14,500	-	-	-	—	None
	Chen, Chin-Yi	11,200	4,200	4,200	-	—	None
	Wang, Ya-Hsun	7,200	6,700	6,700	-	Farmland	None
	Wu, Hsi-Hui	5,000	5,000	5,000	-	—	None
	Yang, Lien-Tse	5,000	-	-	-	—	None
	Chen, Jung-Kuei	4,600	-	-	-	—	None
	Yeh, Chin-Hung	4,200	-	-	-	—	None
	Tsai, Che-Ming	3,000	-	-	-	—	None
	Chen, Sheng-Chang	2,892	1,096	1,096	-	—	None
	Chen, Chi-Chuan	2,842	-	-	-	—	None
	Lin, Ching-Feng	2,159	2,091	2,091	-	—	None
	Kuo, Ching-Hsien	2,000	-	-	-	—	None
	Chao, Yu-Chin	990	-	-	-	—	None
	Liu, Min-Hsiang	950	950	950	-	—	None

Interest Income

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Other Parties	<u>\$ 28,745</u>	<u>0.4</u>	<u>\$ 37,811</u>	<u>0.5</u>

Interest Expenses

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Other Parties	<u>\$ 9,114</u>	<u>0.2</u>	<u>\$ 8,818</u>	<u>0.3</u>
Others	<u>-</u>	<u>-</u>	<u>74</u>	<u>-</u>
	<u>\$ 9,114</u>	<u>0.2</u>	<u>\$ 8,892</u>	<u>0.3</u>

Net Commission Profit

	Year 2007		Year 2006	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Sunny Life Insurance Agent Co., Ltd.	<u>\$ -</u>	<u>-</u>	<u>\$ 52,502</u>	<u>7.8</u>

Sale of Non-Performing Loans

Parent Company, through open tender, sold 41,272 and 2,327 accounts of non-performing loans, amounted NT\$1,041,038,000 and NT\$1,394,846,000 to Gold Sunny Assets Management in 2007 and 2006 respectively. The base dates are July 25, 2007 and November 30, 2006 and the transaction prices are NT\$858,000,000 and NT\$610,000,000 dollars. The entrusted proceeds will be paid in installment starting from the date of signature to July 31, 2010 to December 26, 2009 respectively. In accordance with contract provisions, Parent Company, starting from the base date, will transfer current and future rights, benefits, and the contention of lawsuits to Sunny Assets Management Co. Loss on sale of NPL were NT\$183,038,000 and NT\$784,846,000. According to “Financial Institution Merger Act”, the loss will be deferred and amortized over five years. The unamortized balance will be recorded as other assets. Its changes are as follows:

	Year 2007	Year 2006
Balance in Beginning Year	\$ 771,766	\$ -
Increasing This Year	183,038	784,846
Amortization This Year	<u>175,273</u>	<u>13,080</u>
Balance in Ending Year	<u>\$ 779,531</u>	<u>\$ 771,766</u>

Until the end of 2007 and 2006, the balances of account receivable for sales are NT\$1,328,873,000 and NT\$590,000,000 and recorded as accounts receivables. The details for sale of non-performing loans:

Year 2007

Contents of Right of Claim			Gross Loans	Carry Value	Amortized Price
Corporate	Secured		\$ -	\$ -	\$ -
	Unsecured		1,467,104	-	44,330
Individual	Secured	Residential Mortgage Loans	1,270,872	-	378,000
		Auto Loans	-	-	-
		Others	-	-	-
	Unsecured	Credit Card	1,826,215	1,041,038	379,360
		Cash Card	64,919	-	2,620
		Small Amount of Credit Loans	564,296	-	22,770
		Others	1,023,290	-	30,920
Total			6,216,696	1,041,038	858,000

Year 2006

Contents of Right of Claim			Gross Loans	Carry Value	Amortized Price
Corporate	Secured		\$ 510,035	\$ 510,029	\$ 353,847
	Unsecured		-	-	-
Individual	Secured	Residential Mortgage Loans	-	-	-
		Auto Loans	-	-	-
		Others	447,982	385,363	224,153
	Unsecured	Credit Card	-	-	-
		Cash Card	-	-	-
		Small Amount of Credit Loans	500,056	499,454	32,000
		Others	-	-	-
		Total	1,458,073	1,394,846	610,000

The terms and conditions of transaction between Parent Company and related parties are equivalent as those with non-related parties, except that the bank employees are given premium interest rates within the regulated limits.

Pledged Assets

The assets offered as guarantees by Parent Company are as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Financial Assets at Fair Value through Profit or Loss	\$ 62,500	\$ 2,077,900
Available-for- Sale Financial Assets	146,800	-
Other Assets - Refundable Deposit	258,485	306,052
- Pledged Certificate of Time Deposit	<u>60,000</u>	<u>60,000</u>
	<u>\$ 527,785</u>	<u>\$ 2,443,952</u>

The aforementioned pledged assets are offered and deposited at the court as the deposit for performing provisional seizure against obligors, deposit for lease, reserve for credit card payment, reserve for reimbursement required by the Trust Department, savings deposit of bill providers and guarantees as for central bank remittance system. In addition, negotiable C/Ds are also provided as guarantee against daily overdraw for central bank real-time total clearing mechanism. The quota for such guarantee is subject to change from time to time and the quota remained at the end of the day can be taken as current reserve.

Contingent Liabilities and Commitments

In addition to those mentioned in notes, Parent Company and subsidiaries had the following contingent liabilities and commitments as of December 31, 2007:

The lease of places rented by Parent Company and subsidiaries for operating units will expire by April 2012. The refundable deposit totals NT\$114,157,000 (listed in other assets). The rental totals NT\$46,506,000 in 2007.

The contracted rental payable in the next five years is as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 36,148
2009	28,241
2010	7,173
2011	3,485
2012	1,764

Financial Product Information

Fair Value Information

	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
<u>Financial Assets</u>				
Financial Assets at Book Value Equals to Fair Value	\$ 19,915,155	\$ 18,805,361	\$ 23,219,583	\$ 23,219,583
Financial Assets at Fair Value through Profit or Loss	34,576,840	34,576,840	29,070,905	29,070,905
Available-for-Sale Financial Assets	4,741,885	4,741,885	4,209,951	4,209,951
Discounts and Loans	172,892,491	172,892,491	184,364,343	184,364,343
Hold-to-maturity Financial Assets	172,091	172,091	287,498	287,498
<u>Financial Liabilities</u>				
Financial Liabilities at Book Value Equals to Fair Value	226,134,956	226,134,956	236,266,879	236,266,879
Financial Liabilities at Fair Value through Profit or Loss	328	328	140	140
Financial Bonds Payable	6,507,400	6,507,400	4,000,000	4,000,000

Methods and assumptions used to estimate the fair values of financial instruments were as follows:

The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: due from the Central Bank and call loans from banks, bonds purchased under resell agreements, mortgage C/D, the operating guarantee fund, delivery and settlement fund, receivables, other financial assets, due to banks and the Central Bank, bonds and securities sold under repurchase agreements, payables and remittances.

Fair values of financial instruments at FVTPL and available for-sale or held-to-maturity financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

Loans and deposits are interest-bearing financial assets and liabilities and their carrying values approach to their fair values. The carrying amount of delinquent loans is the estimated collectable amount which is the book value less allowance for bad debt. Therefore, the fair value of loans and deposits is determined at their carrying value.

Investments accounted for by the equity method and financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.

The fair values of financial bonds are calculated at the discount value of expected cash flow. The discount rate is on a basis of the bond interest rates which Parent Company can obtain (with similar mature date).

Since it is not necessary to list the fair values for part of our financial products and non-financial products, the above listed total fair value does not represent the total value of Parent Company.

Fair values of financial assets and liabilities using based on quoted market prices or valuation techniques were as follows:

	Amount at Quoted Market Price		Amount at Valuation Techniques	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Financial Assets at Fair Value through Profit or Loss	\$ 1,105,555	\$ 12,042,289	\$ 33,471,285	\$ 17,028,616
Available-for-Sale Financial Assets	1,912,180	1,838,160	2,829,705	2,371,791

Valuation losses/gains arising from changes in fair value of financial instruments at FVTPL using quoted market prices and valuation techniques were NT\$84,057,000 and NT\$113,140,000 for the years ended December 31, 2007 and 2006, respectively.

The financial assets with fair value risk from interest rate exposure on December 31, 2007 and 2006 were NT\$38,385,776,000 and NT\$32,260,558,000 respectively. The financial assets with the cash flow risk from interest rate exposure were NT\$90,705,000 and NT\$98,667,000.

The interest income associated with financial assets or liabilities other than at FVTPL were NT\$7,054,864,000 and NT\$6,730,741,000 respectively. Unrealized gain from available-for-sale financial assets amounted to NT\$37,403,000 and NT\$29,463,000 for the years ended December 31, 2007 and 2006, respectively, is classified as adjustments to shareholders' equity.

Financial Risks

Credit Risk

A great amount of credit occurs due to the operations of loans and credit cards services.

Generally, the terms of these instruments range are over seven years. The interest rates for loans ranged from 0% to 19.94% in 2007 and 0% to 19.73% in 2006, and the highest interest rate for credit cards was 19.71%. Parent Company also offers guarantee for customer performance to the third party. The said guarantee agreement usually lasts for one year. The maturity dates for the guarantee agreements vary from each other.

The maximum credit risk exposures of various financial assets are the same as carrying values. Please refer to accompanying financial statements. The contract amounts of financial assets with off -balance-sheet credit risks held by Parent Company as of December 31, 2007 and 2006 were as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Loan Commitments	\$ 3,662,824	\$ 3,883,602
Guarantees and Master L/C	9,974,181	4,555,709
Credit Card Commitment	639,956	939,665

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

Strict credit evaluation will be conducted while offering loans, guarantees and master L/C by Parent Company. We will request specific customers to provide proper guarantees before we appropriate the approved loans to them. The ratios of loans with guarantees to total loans are 75.07% in 2007 and 71.83% in 2006. The guaranty against loans, guarantee and master L/C usually requested could be real estate, C.D, current securities or other properties. When customers breach the agreement, Parent Company will be forced to execute its obligations on such guaranty.

No guaranty is required for using credit cards. Periodical evaluation on the credit of card holders will be conducted. Credit quota will be adjusted if necessary.

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. Parent Company has not engaged in transactions that involved a prominent concentration of one client or one transaction party.

The prominent concentration of credit risk is detailed as follows by transaction parties, industries and regions:

Object	December 31, 2007	December 31, 2006
Natural Person	\$ 120,286,285	\$ 121,306,707
Private Enterprise	46,994,084	56,705,282
Government Agency	<u>3,622,822</u>	<u>3,874,600</u>
	<u>\$ 170,903,191</u>	<u>\$ 181,886,589</u>

Industrial Type	December 31, 2007	December 31, 2006
Manufacturing Business	\$ 14,279,694	\$ 18,949,669
Wholesales & Retail Business	9,452,694	10,430,844
Construction Business	<u>5,133,053</u>	<u>9,740,111</u>
	<u>\$ 28,865,441</u>	<u>\$ 39,120,624</u>

District	December 31, 2007	December 31, 2006
Domestic Area	\$ 171,923,168	\$ 184,615,325
Europe	1,332,379	621,043
Asia	935,810	575,028
Other Areas	<u>1,374,461</u>	<u>763,739</u>
	<u>\$ 175,565,818</u>	<u>\$ 186,575,135</u>

Liquidity Risk

The ratio of liquidity reserve for Parent Company is 16.50% and 10.17% as of 2007 and 2006, respectively. Since the capital and operating funds are deemed sufficient to meet the cash flow arising from the performance of all the contracted obligations. Therefore, liquidity risk is not considered to be significant.

Basic management policies adopted by Parent Company for financial instruments are to match maturity and interest rate of financial assets and liabilities and to control unmatched gap. Because of uncertainty of transaction terms and different kinds, maturity and interest rate of financial assets and liabilities always can not match perfectly, and this kind of gap may cause potential gain or loss. Parent Company does the maturity analysis of financial assets and liabilities according to their characteristic in order to analyze their liquidity. The maturity analysis was as follows:

Unit: NT\$ Thousands

		December 31, 2007					
		Overdue within 1 month	Over 1 ~3 months	Over 3 ~6 months	Over 6 months ~ 1 year	Over 1 year ~ 7 years	Over 7 years
		Total					
<u>Assets</u>							
Cash	\$ 4,292,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,292,065
Due from the Central Bank and Other Banks	10,320,237	-	-	-	-	-	10,320,237
Financial Assets at Fair Value through Profit or Loss	22,819,250	7,011,591	4,522,663	71,954	117,686	-	34,543,144
Total Receivables	3,845,732	-	-	-	-	-	3,845,732
Total Discounts and Loans	15,243,201	8,998,567	12,432,107	10,031,484	36,163,740	92,696,719	175,565,818
Available-for-Sale Financial Assets	397,532	2,358,620	199,829	398,878	1,196,817	190,209	4,741,885
Hold-to-maturity Financial Assets	-	-	-	-	172,091	-	172,091
Total Assets	<u>\$ 56,918,017</u>	<u>\$ 18,368,778</u>	<u>\$ 17,154,599</u>	<u>\$ 10,502,316</u>	<u>\$ 37,650,334</u>	<u>\$ 92,886,928</u>	<u>\$ 233,480,972</u>
<u>Liabilities</u>							
Call Loans and Due to Banks	\$ 14,689,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,689,448
Notes and Bonds Issued under Repurchase Agreement	519,960	-	-	-	-	-	519,960
Payables	2,391,122	-	-	-	-	-	2,391,122
Deposits and Remittances	87,864,136	32,399,609	31,071,465	39,406,788	16,620,144	-	207,362,142
Financial Bonds Payable	-	-	1,000,000	-	5,509,400	-	6,509,400
Total Liabilities	<u>\$ 105,464,666</u>	<u>\$ 32,399,609</u>	<u>\$ 32,071,465</u>	<u>\$ 39,406,788</u>	<u>\$ 22,129,544</u>	<u>\$ -</u>	<u>\$ 231,472,072</u>

		December 31, 2006					
		Overdue within 1 month	Over 1 ~3 months	Over 3 ~6 months	Over 6 months ~ 1 year	Over 1 year ~ 7 years	Over 7 years
		Total					
<u>Assets</u>							
Cash	\$ 5,785,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,785,872
Due from the Central Bank and Other Banks	11,199,019	-	-	-	-	-	11,199,019
Financial Assets at Fair Value through Profit or Loss	17,124,522	3,452,485	7,819,025	495,434	155,761	-	29,047,227
Total Receivables	5,288,234	-	-	-	-	-	5,288,234
Total Discounts and Loans	12,644,535	9,749,293	10,091,626	13,153,292	42,121,386	98,815,003	186,575,135
Available-for-Sale Financial Assets	230,469	2,141,322	-	653,370	1,062,162	122,628	4,209,951
Hold-to-maturity Financial Assets	-	-	-	100,000	187,498	-	287,498
Total Assets	<u>\$ 52,272,651</u>	<u>\$ 15,343,100</u>	<u>\$ 17,910,651</u>	<u>\$ 14,402,096</u>	<u>\$ 43,526,807</u>	<u>\$ 98,937,631</u>	<u>\$ 242,392,936</u>
<u>Liabilities</u>							
Call Loans and Due to Banks	\$ 10,038,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,038,458
Notes and Bonds Issued under Repurchase Agreement	8,127,593	-	-	-	-	-	8,127,593
Payables	4,415,896	-	-	-	-	-	4,415,896
Deposits and Remittances	94,955,135	25,071,863	32,559,928	55,002,094	5,421,429	-	213,010,449
Financial Bonds Payable	-	-	-	4,000,000	-	-	4,000,000
Total Liabilities	<u>\$ 117,537,082</u>	<u>\$ 25,071,863</u>	<u>\$ 32,559,928</u>	<u>\$ 59,002,094</u>	<u>\$ 5,421,429</u>	<u>\$ -</u>	<u>\$ 239,592,396</u>

Capital Adequacy Ratio

The Banking Law and related regulations require that Parent Company maintain a capital adequacy ratio (CAR) of at least 8%. Thus, if CAR of Parent Company falls below 8%, the authority may impose certain restrictions on its earning distribution.

Unit: NT\$ Thousands, %

Analytical Items		Year	December 31, 2007	December 31, 2006
Own Capital	Tier-1 Capital		\$ 11,103,321	\$ 12,257,233
	Tier-2 Capital		6,250,416	2,891,649
	Tier 3 Capital		-	-
	Own Capital		17,353,737	15,148,882

(Continued)

(Brought Forward)

Analytical Items			Year	December 31, 2007	December 31, 2006
Risk-Weighted Assets	Credit Risk	Standardized Approach	\$ 153,170,021	\$ 152,253,470	
		Internal Ratings-based Approach	-	-	
		Asset Securitization	683,428	-	
	Operational Risk	Basic Indicator Approach	8,646,870	-	
		Standardized Approach / Alternative Standardized Approach	-	-	
		Advanced Measurement Approach	-	-	
	Market Risk	Standardized Approach	12,316,349	17,767,421	
		Internal Model Approach	-	-	
	Credit risk		174,816,668	170,020,891	
Capital Adequacy			9.93%	8.91%	
Tier 1 Capital to Risk Asset			6.35%	7.21%	
Tier 2 Capital to Risk Asset			3.58%	1.70%	
Tier 3 Capital to Risk Asset			-	-	
Total Common Stock to Total Asset			5.06%	4.88%	

Self-owned Capital	=	Tier 1 Capital +Tier II Capital + Tier III Capital
Risk-Weighted Assets	=	Credit Risk Weighted Risk Asset + Capital Requirement of Operational Risk and Market Riskx 12.5
Capital Adequacy	=	Self-owned Capital/ Risk-Weighted Assets
Tier 1 Capital to Risk Asset	=	Tier I Capital/Risk-Weighted Assets
Tier 2 Capital to Risk Asset	=	Tier II Capital/Risk-Weighted Assets
Tier 3 Capital to Risk Asset	=	Capital III Capital/Risk-Weighted Assets
Total Common Stock to Total Asset	=	Total Common Stock/ Total Assets

Average Value and Average Rate of Yield Assets and Interest Payment Liabilities:

	Year 2007		Year 2006	
	Average Value	Average Rate %	Average Value	Average Rate %
<u>Assets</u>				
Cash - Due from Banks	\$ 419,741	0.24	\$ 430,481	0.41
Due from the Central Bank and Other Banks	11,514,425	1.30	9,997,096	1.98
Financial Assets at Fair Value through Profit or Loss	21,576,677	1.85	28,998,335	1.65
Available-for-Sale Financial Assets	4,670,479	2.14	2,984,572	1.88
Hold-to-maturity Financial Assets	249,911	2.28	292,977	2.11
Receivables	2,208,924	8.16	3,485,258	8.31
Discounts and Loans	188,996,420	3.50	176,555,747	3.51
<u>Liabilities</u>				
Notes and Bonds Issued under Repurchase Agreement	4,416,852	1.62	6,984,995	1.33
Funds Borrowed from Central Bank and Banks	459,171	3.50	-	-
Call Loans and Due to Banks	14,720,632	2.16	9,647,391	1.68
Current Deposit	14,355,880	0.34	13,368,433	0.29
Current Savings Deposit	46,912,529	0.67	50,487,966	0.67
Time Deposit	44,143,405	2.44	31,346,132	1.96
Time Savings Deposit	91,143,193	2.24	96,638,244	1.96
Treasury Deposit	206,637	1.12	188,320	0.98
Negotiable Certificate of Deposit	7,940,510	1.95	10,056,076	1.63
Financial Bonds Payable	6,115,901	3.21	3,252,688	3.51

Loan assets quality, concentration of crediting risk, sensitive information of interest rates, profitability and structure analysis of the maturation of NTD

Loan Assets Quality

Unit: NT\$ Thousands, %

Month / Year			December 31, 2007					December 31, 2006				
Business / Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	overage ratio (%) (Note 3)	Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	overage ratio (%) (Note 3)
Corporate Banking	Secured loans		1,073,096	25,042,205	4.29%	355,591	33.14%	679,052	27,470,999	2.47%	116,660	17.18%
	Unsecured loans		1,374,035	31,386,840	4.38%	1,355,567	98.66%	1,180,608	39,470,765	2.99%	1,099,685	93.15%
Consumer banking	Residential mortgage loans (Note 4)		986,996	54,346,734	1.82%	229,128	23.21%	1,210,224	58,800,235	2.06%	208,248	17.21%
	Cash card services		-	-	-	-	-	3,826	76,047	5.03%	2,006	52.43%
	Small amount of credit loans (Note 5)		350,530	6,485,236	5.41%	359,177	102.47%	392,683	6,678,038	5.88%	359,512	91.55%
	Others (Note 6)	Secured loans	1,142,517	54,692,802	2.09%	280,710	24.57%	1,359,591	50,467,183	2.69%	329,871	24.26%
		Unsecured loans	106,455	3,612,001	2.95%	93,154	87.51%	121,054	3,611,868	3.35%	94,810	78.32%
Gross loan business			5,033,629	175,565,818	2.87%	2,673,327	53.11%	4,947,038	186,575,135	2.65%	2,210,792	44.69%
			Amount of overdue accounts	Balance of accounts receivableOverdue account ratio (%)	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivableOverdue account ratio (%)	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
			Credit card services		38,042	1,378,493	2.76%	77,084	202.63%	78,976	2,977,335	2.65%
Without recourse factoring (Note 7)			-	-	-	-	-	-	-	-	-	-

- Note 1: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Nonperforming Loans and Bad Debts issued by Ministry of Finance. Non-performing loans of credit cards are defined in the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(IV) No. 0944000378 dated July 6, 2005.
- Note 2: $\text{Non performing loans ratio} = \text{Nonperforming loan} \div \text{Loans}$ $\text{Nonperforming loans of credit card ratio} = \text{Nonperforming loans of credit cards} \div \text{Accounts receivable}$
- Note 3: $\text{Coverage ratio of allowances for loan losses} = \text{Allowances for loan losses} \div \text{Nonperforming loans}$ $\text{Coverage ratio of allowance for loan losses of credit card} = \text{Allowance for loan losses of credit card} \div \text{Nonperforming loans of credit cards}$
- Note 4: Mortgage loans are for borrowers to build or repair buildings, providing the borrowers, spouse or minor children to fully collateralize their buildings and install the right on mortgage to financial institutions.
- Note 5: Credit loans are to fit in the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(IV) No. 09440010950 dated December 19, 2005, excluding credit loans of credit cards and cash cards.
- Note 6: The other consumer financial businesses are defined as secured or unsecured consumer financial businesses, excluding mortgage loans, cash cards, credit loans and credit cards.
- Note 7: In accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-(V) No. 094000494 dated July 19, 2005 non-recourse receivable factorings are not defined as non-performing loans until compensation from factors or insurance companies are ascertained to be non-recoverable.

Concentration Status of Credit Risk

December 31, 2007

Top 10 (Note 1)	Company Name (Note 2)	Total Accredited Balance (Note 3)	Net Value Proportion (%)
1	Chinatrust Financial Holding Co., Ltd.	\$ 1,952,089	15.45
2	Evergreen Marine Corporation	1,865,944	14.76
3	Qisda Corporation	1,654,369	13.09
4	Tatung Co.	1,297,800	10.27
5	Uni-President Enterprises Corp.	1,279,420	10.12
6	Far Eastern Textile Ltd.	1,194,000	9.45
7	Formosa Plastics Corporation	1,072,905	8.49
8	Walsin Lihwa Corporation	1,046,271	8.28
9	Yuen Foong Yu Paper Mfg. Co., Ltd.	1,039,000	8.22
10	Taiwan Cement Corporation	1,038,000	8.21

December 31, 2006

Top 10 (Note 1)	Company Name (Note 2)	Total Accredited Balance (Note 3)	Net Value Proportion (%)
1	Uni-President Enterprises Corp.	\$ 1,618,315	11.71
2	Evergreen Marine Corporation	1,502,159	10.87
3	Tatung Co.	1,238,600	8.96
4	Formosa Plastics Corporation	1,179,705	8.54
5	BENQ Corporation	1,145,000	8.29
6	Walsin Lihwa Corporation	1,100,582	7.96
7	Chinatrust Financial Holding Co., Ltd.	1,053,550	7.62
8	Taiwan Cement Corporation	953,000	6.90
9	Shin Kong Financial Holding Co.,Ltd.	798,257	5.78
10	Taiwan Kolin Co., Ltd.	754,747	5.46

Note 1 : Sort by the balance of loans on December 31, 2007, excluding government or state-run business.

Note 2 : Transaction party is in accordance with the article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3 : Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Sensitive Information of Interest Rates

Sensitivity Analysis of Interest Rate for Assets and Liabilities (NTD)

December 31, 2007

(Expressed in NT\$ Thousands, %)

Items	1-90 days	91-180 days	181-1 year	Over 1 year	Total
Interest-rate-sensitive Assets	\$175,054,542	\$10,948,270	\$ 1,204,194	\$22,926,565	\$210,133,571
Interest-rate-sensitive Liabilities	95,914,881	80,411,515	24,749,223	17,668,424	218,744,043
Interest-rate-sensitive Gap	79,139,661	(69,463,245)	(23,545,029)	5,258,141	(8,610,472)
Total Shareholders' Equity					12,605,355
Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%)					96.06%
Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%)					(68.31%)

Note: The amounts listed above include accounts in NT dollars only (i.e., excluding foreign currency) for both head office and domestic and foreign branches.

Interest-sensitive assets and liabilities are interest-earning assets and interest bearing liabilities with income or cost affected by interest rate fluctuations.

Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Ratio of interest-sensitive assets to interest-sensitive liabilities = (Interest-sensitive assets/ Interest-sensitive liabilities)

Sensitivity Analysis of Interest Rate for Assets and Liabilities (USD)

December 31, 2007

(Expressed in US\$ Thousands, %)

Items	1-90 days	91-180 days	181-1 year	Over 1 year	Total
Interest-rate-sensitive Assets	\$ 260,323	\$ 64,885	\$ 1,247	\$ 1,756	\$ 328,211
Interest-rate-sensitive Liabilities	200,547	86,749	23,236	14	310,546
Interest-rate-sensitive Gap	59,776	(21,864)	(21,989)	1,742	17,665
Total Shareholders' Equity					822
Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%)					105.69%
Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%)					2,149.03%

Note : Note: The amounts listed above include accounts in NT dollars only (i.e., excluding foreign currency) for both head office and domestic branches of Parent Company.

Interest-sensitive assets and liabilities are interest-earning assets and interest bearing liabilities with income or cost affected by interest rate fluctuations.

Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Ratio of interest-sensitive assets to interest-sensitive liabilities

= (Interest-sensitive assets/ Interest-sensitive liabilities)

Profitability

Items		Year 2007	Year 2006
Return on Total Assets (%)	Before Tax	(0.50)	(0.01)
	After Tax	(0.45)	0.01
Return on Shareholders' Equity (%)	Before Tax	(9.54)	(0.12)
	After Tax	(8.60)	0.22
Net Profit Margin Ratio (%)		(27.46)	0.59

Note: Return on total assets = Income before (after) income tax/average total assets.

Return on shareholders' equity = Income before (after) income tax / average shareholders' equity.

Net profit margin ratio = Income after income tax / total operating revenues.

Analysis of Assets and Liability of Time to Maturity

Structure Analysis of The Maturation of NTD

December 31, 2007

(Expressed in NT\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$237,211,215	\$51,754,295	\$6,769,751	\$8,667,451	\$8,792,311	\$161,227,407
Primary Funds Outflow Upon Maturity	250,613,501	37,855,142	39,618,082	40,567,568	43,624,808	88,947,901
Gap	(13,402,286)	13,899,153	(32,848,331)	(31,900,117)	(34,832,497)	72,279,506

December 31, 2006

(Expressed in NT\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$247,769,000	\$55,917,000	\$8,471,000	\$8,265,000	\$12,785,000	\$162,331,000
Primary Funds Outflow Upon Maturity	308,239,000	42,964,000	31,485,000	39,672,000	75,312,000	118,806,000
Gap	(60,470,000)	12,953,000	(23,014,000)	(31,407,000)	(62,527,000)	43,525,000

Note: The amounts listed above include accounts in NT dollars only (i.e., excluding foreign currency) for both head office and domestic branches of Parent Company.

Structure Analysis of The Maturation of USD

December 31, 2007

(Expressed in USD\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$338,002	\$132,247	\$ 50,983	\$ 64,885	\$ 4,247	\$ 85,640
Primary Funds Outflow Upon Maturity	313,358	199,177	41,382	48,601	23,236	962
Gap	24,644	(66,930)	9,601	16,284	(18,989)	84,678

December 31, 2006

(Expressed in USD\$ Thousands)

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow Upon Maturity	\$195,602	\$ 56,934	\$ 32,538	\$ 64,237	\$ 5,255	\$ 36,638
Primary Funds Outflow Upon Maturity	165,143	100,738	26,803	15,548	22,054	-
Gap	30,459	(43,804)	5,735	48,689	(16,799)	36,638

Note 1 : The table includes only assets and liabilities denominated in USD held in head quarter, the domestic branches and OBU. Unless otherwise specified, please report at the book value. Un-recorded sections does not require reporting (such as planned issuance of convertible C.D, bonds or stocks)

Note 2 : If offshore assets account for more than 10% of total assets of the Bank, supplementary disclosure should be provided.

The Content and Amount of Trust Services Engaged in According to Trust Enterprise Act

Trust Balance Sheet

December 31, 2007

Trust Assets		Trust Liabilities	
Bank Deposit	\$ 410,931	Other Liabilities	\$ -
Short-term Investment		Trust Capital	
Fund Investment	19,007,895	Money Trust	21,213,375
Bond Investment	1,495,915	Real Estate Trust	2,307,402
Stock Investment	1,267,403	Negotiable Securities	1,267,403
Real Estate -		Trust	
Land	<u>2,232,985</u>	Accumulated Profit or Loss	
		Principal Accumulated	(1,718,311)
		Profit or Loss	
		Profit/Loss This Year	<u>1,345,260</u>
	<u>\$ 24,415,129</u>		<u>\$ 24,415,129</u>

Trust Property Catalogue

December 31, 2007

Investment Item	Accounting Amount	
Bank Deposit		
Due from our Bank		\$ 410,931
Short-term Investment -		
Fund Investment - NTD Trust	\$ 13,429,587	
- Foreign Currency Trust	5,575,308	
- Pre-need Contract Trust	3,000	
Bond Investment - NTD Trust	501,157	
- Foreign Currency Trust	994,758	
Stock Investment	<u>1,267,403</u>	21,771,213
Real Estate - Land		<u>2,232,985</u>
		<u>\$ 24,415,129</u>

Trust Income Statement

Year 2007

Investment Item	Accounting Amount	
Trust Income		
Interest	\$ 3,685	
Rent	67,682	
Dividend	655,582	
Gain on Sale of Properties	901,543	
Realized capital gain	<u>59,773</u>	\$ 1,688,265
Trust Expenses		
Administrative Expenses	95,540	
Tax	38,678	
Interest	715	
Commission	6,102	
Loss on Sale of Properties	192,552	
Income Tax	498	
Other Expenses	<u>8,920</u>	<u>343,005</u>
		<u>\$ 1,345,260</u>

Note: The above Income Statement represents the income of trusted assets in Trust Department of Parent Company and is not included in income of Parent Company.

Trust Balance Sheet

December 31, 2006

Trust Assets		Trust Liabilities	
Bank Deposit	\$ 118,214	Other Liabilities	\$ 5
Short-term Investment		Trust Capital	
Fund Investment	11,411,848	Money Trust	14,250,197
Bond Investment	2,499,263	Real Estate Trust	1,002,728
Stock Investment	1,064,285	Negotiable	1,064,285
		Securities Trust	
Real Estate - Land	<u>980,020</u>	Accumulated Profit or Loss	
		Principal	(524,063)
		Accumulated Profit or Loss	
		Profit/Loss This Year	<u>280,478</u>
	<u>\$ 16,073,630</u>		<u>\$ 16,073,630</u>

Trust Property Catalogue

December 31, 2006

Investment Item	Accounting Amount	
Bank Deposit		
Due from our Bank		\$ 118,214
Short-term Investment -		
Fund Investment - NTD Trust	\$ 3,339,446	
- Foreign Currency Trust	8,061,420	
- Pre-need Contract Trust	10,982	
Bond Investment - NTD Trust	251,816	
- Foreign Currency Trust	2,247,447	
Stock Investment	<u>1,064,285</u>	14,975,396
Real Estate - Land		<u>980,020</u>
		<u>\$ 16,073,630</u>

Trust Income Statement
Year 2006

Investment Item	Accounting Amount	
Trust Income		
Interest	\$ 418	
Dividend	185,917	
Gain on Sale of Properties	311,189	
Realized capital gain	<u>42,733</u>	\$ 540,257
Trust Expenses		
Administrative Expenses	129,905	
Tax	35,274	
Commission	2,432	
Loss on Sale of Properties	81,847	
Income Tax	85	
Other Expenses	<u>10,236</u>	<u>259,779</u>
		<u>\$ 280,478</u>

Note: The above Income Statement represents the income of trusted assets in Trust Department of Parent Company and is not included in income of Parent Company

Disclosures Under Statutory Requirements

Other than Table 1-4, no other information should be disclosed.

Financial Information by Department

Industry information

The main businesses that Parent Company and subsidiaries that engaged in are all commercial banking operations allowed legally. However, the revenue, income/loss and recognizable assets of the department should account for over 90% of totaled according items of industrial departments.

Distinction between information

Until the end of 2007, Parent Company and subsidiaries has not established overseas operating departments.

Admission to export information

Until the end of 2007, Parent Company and subsidiaries doesn't have export admission.

Major customers

Parent Company and subsidiaries do not have net income exceeds Admission Interests of over 10% from a single client.

Sunny Bank Ltd.

Related Information for Investee Company with Significant Effect and Control Force

Year 2007

Table 1

Unit: NT\$ Thousands

Invested Company	Investee Company	Location	Major Business Items	Starting Invested Capital		Holding at the Ending Year			Yearly Income for Investee Company	Yearly Recognized Invested Income	Remark
				Ending Year	Beginning Year	Share (1,000)	Ration (%)	Par Value			
Our Bank	Sunny Securities Co., Ltd.	Taipei City	Securities Investment	\$ 277,820	\$ 276,274	29,500	97.68	\$ 226,428	\$ 13,835	\$ 13,491	Subsidiaries (Note 2)
	Gold Sunny Assets Management Co., Ltd.	Taipei City	Financial Institution Creditor's Right (Money) Appraisal and Auction	50,000	50,000	5,000	100.00	37,484	(11,622)	(11,622)	Subsidiaries (Note 2)
	Sunny Life Insurance Agent Co., Ltd. (former name Yin Lien Life Insurance Brokerage Co., Ltd.)	Taipei City	Life Insurance Brokerage	6,000	6,000	600	39.99	8,033	350	607 (Note)	Subsidiaries (Note 2)
	Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	Taipei City	Property Insurance Brokerage	1,000	1,000	121	20.00	1,777	256	51	Subsidiaries (Note 2)

Note 1: Including investment gains at NT\$140,000, the amortization of the difference between investment cost and net equity at NT\$467,000.

Note 2: Related content is written off during the production of consolidated financial reports.

Sunny Bank Ltd.
Account Receivables for Related Parties Reached NT\$300 Millions or Collected Capital over 10%
December 31, 2007

Unit: NT\$ Thousands

Table 2

Company of Account Receivables	Trading Company	Relationship	Balance of Account Receivables for Related Parties	Turnover Rate	Overdue Receivables for Related Parties		Final Repurchased Amount of Receivables for Related Parties	Prov-Bad Debt Reserve Amount
					Amount	Processing Method		
Sunny Bank Ltd.	Gold Sunny Assets Management Co., Ltd.	Subsidiaries	\$ 1,328,873	Not Applicable for Financial Business	None	Not Applicable	None	None

Note: Represents accounts receivable for sale of NPL to Sunny Assets Management Co.

Sunny Bank Ltd.
List of Sale of NPLS
Year 2007

Table 3

Unit: NT\$ Thousands

Date	Counterpart	Composition of NPLs	Book Value	Price	Gains of Disposal	Supplementary Terms	Relationship with the Bank
Jul. 31, 2007	Gold Sunny Assets Management Co., Ltd.	Housing-mortgage loans, credit cards, cash cards, consumption loans, insufficient mortgage payment, and unsecured corporate financing cases.	\$ 1,041,038	\$ 858,000	(\$ 183,038)	If the collected amount exceeds the factoring one. 30% of the excess will be given to Parent Company.	Subsidiaries

Note: Please refer to disclosure of note 26 for information about Sale of NPLS to related parties.

Sunny Bank Ltd. and Subsidiaries
Business Relationships and Important Transactions between Parent Company and Subsidiaries
Year 2007 & 2006

Table 4

Unit: NT\$ Thousands

No.	Name of Trader	Trading Object	Relationship with Trader	Transaction Details			
				Subject	Amount	Trading Conditions	Percentage over Consolidated Net Income or Total Asset (%)
0	<u>2007</u> Sunny Bank	Sunny Securities	Parent & Subsidiary Companies	Deposit & Remittance	\$ 8,273	Interest calculated at APR 0.2% of demand deposit	-
				Other Liabilities	800	Deposit for Sunny Securities operating sites	-
				Rent Income	9,069	NT\$723,000 as monthly rent from January to August for Sunny Securities operating sites and NT\$837,000 per month from September. Collected by month.	0.22
		Gold Sunny Assets Management	Parent & Subsidiary Companies	Brokerage Commission Expense (Note)	21,822	1.425‰ paid according to the deal amount for trading securities.	0.53
				Deposit & Remittance	212,497	Interest calculated at APR 0.2% of Demand deposit	0.09
				Commission Income	3,768	10% as collection fee collected according to the contract	0.09
				Miscellaneous Income	500	Collected according to the terms of the contract	0.01
		Sunny Life Insurance (former name: Yin Lien Life Insurance)	Parent & Subsidiary Companies	Deposit & Remittance	16,688	Interest calculated at APR 0.2% of demand deposit	0.01
				Rent Income	870	NT\$73,000 paid as one month rent for the Sunny Insurance operating sites.	0.02
				Commission Income	32,730	Collect 0.29-28.75% as service fee according to the contract	0.79
				Receivables	2,091	Collect 0.29-28.75% as service fee according to the contract	-
		Sunny Property Insurance (former name: Yin Lien Property Insurance)	Parent & Subsidiary Companies	Deposit & Remittance	9,777	Interest calculated at APR 0.2% of Demand deposit	-
				Commission Income	9,531	Compensated by case-NT\$ 260-1,105 as service fee per case.	0.23
				Receivables	2,007	Compensated by case-NT\$ 260-1,105 as service fee per case.	-
1	Sunny Securities	Sunny Bank	Parent & Subsidiary Companies	Cash	8,273	Interest calculated at APR 0.2% of Demand deposit	-
				Other Assets	800	Deposit for Sunny Securities operating sites	-
				Operating Expense	9,069	NT\$723,000 as monthly rent from January to August for Sunny Securities operating sites and NT\$837,000 per month from September. Collected by month.	0.22
2	Gold Sunny Assets	Sunny Bank	Parent & Subsidiary Companies	Brokerage Commission Income	21,822	1.425‰ paid according to the deal amount for trading securities.	0.53
			Parent & Subsidiary Companies	Cash	212,497	Interest calculated at APR 0.2% of Demand deposit	0.09
				Operating Expense	3,768	10% as collection fee collected according to the contract	0.09
				Non-operating Expenditure	500	Paid according to the contract	0.01

(Continued)

(Brought Forward)

No.	Name of Trader	Trading Object	Relationship with Trader	Transaction Details			
				Subject	Amount	Trading Conditions	Percentage over Consolidated Net Income or Total Asset (%)
3	Sunny Life Insurance (former name: Yin Lien Life Insurance)	Sunny Bank	Parent & Subsidiary Companies	Cash	\$ 16,688	Interest calculated at APR 0.2% of demand deposit	0.01
				Operating Expense	870	NT\$73,000 paid as one month rent for the Sunny Insurance operating sites.	0.02
				Commission Expense	32,730	Collect 0.29-28.75% as service fee according to the contract	0.79
				Payables	2,091	Collect 0.29-28.75% as service fee according to the contract	-
4	Sunny Property Insurance (former name: Yin Lien Property Insurance)	Sunny Bank	Parent & Subsidiary Companies	Cash	9,777	Interest calculated at APR 0.2% of Demand deposit	-
				Commission Expense	9,531	Compensated by case-NT\$ 260-1,105 as service fee per case.	0.23
				Payables	2,007	Compensated by case-NT\$ 260-1,105 as service fee per case.	-
0	<u>2006</u> Sunny Bank	Sunny Securities	Parent & Subsidiary Companies	Deposit & Remittance	2,456	Interest calculated at APR 0.2% of Demand deposit	-
				Other Liabilities	800	Deposit for Sunny Securities operating sites	-
				Rent Income	9,561	NT\$800,000 as monthly rent from January to November for Sunny Securities operating sites and NT\$723,000 per month from December. Collected by month.	0.19
				Brokerage Commission Expense (Note)	13,707	1.425‰ paid according to the deal amount for trading securities.	0.28
				Deposit & Remittance	29,533	Interest calculated at APR 0.2% of Demand deposit	0.01
1	Sunny Securities	Sunny Bank	Parent & Subsidiary Companies	Cash	2,456	Interest calculated at APR 0.2% of Demand deposit	-
				Other Assets	800	Deposit for Sunny Securities operating sites	-
				Operating Expense	9,561	NT\$800,000 as monthly rent from January to November for Sunny Securities operating sites and NT\$723,000 per month from December. Collected by month.	0.19
				Brokerage Commission Income	13,707	1.425‰ paid according to the deal amount for trading securities.	0.28
2	Gold Sunny Assets	Sunny Bank	Parent & Subsidiary Companies	Cash	29,533	Interest calculated at APR 0.2% of Demand deposit	0.01

Note: The deduction for net income for financial assets and liabilities at fair value through profit or loss.

6. Effects of Financial Difficulties Experienced by the Bank and Related Enterprises on the Bank Financial Status in Most Recent Year and to the Annual Report Publication Date:
None

VII. REVIEW OF FINANCIAL POSITION AND OPERATION RESULTS/ ANALYSIS AND ASSESSMENT

1. Financial Position Analysis

Year		Unit: NT\$ Thousands		
		2007	2006	Difference
Item				Amount %
Cash, Due from Central Bank and Other Banks	\$	14,612,302	\$ 16,984,891	(\$ 2,372,589) (14)
Financial Assets at Fair Value through Profit or Loss		34,543,144	29,047,227	5,495,917 19
Receivables		3,605,712	5,087,618	(1,481,906) (29)
Discounts and Loans		172,892,491	184,364,343	(11,471,852) (6)
Available-for-Sale Financial Assets		4,741,885	4,209,951	531,934 13
Hold-to-maturity Financial Assets		172,091	287,498	(115,407) (40)
Equity Investments – Equity Method		273,722	273,157	565 -
Financial Assets Carried at Cost		397,261	397,261	- -
Fixed Assets		9,945,617	9,686,166	259,451 3
Intangible Assets		1,181,348	1,366,814	(185,466) (14)
Other Assets		2,405,094	2,574,916	(169,822) (7)
Total Assets		244,770,667	254,279,842	(9,509,175) (4)
Call Loans and Due to Banks		14,689,448	10,038,458	4,650,990 46
Financial Liabilities at Fair Value through Profit or Loss		328	140	188 134
Notes and Bonds Issued under Repurchase Agreement		519,960	8,127,593	(7,607,633) (94)
Payables		2,391,122	4,415,896	(2,024,774) (46)
Deposits and Remittances		207,362,142	213,010,449	(5,648,307) (3)
Financial Bonds Payable		6,509,400	4,000,000	2,509,400 63
Reserve for Land Revaluation Increment Tax		261,507	264,110	(2,603) (1)
Other Liabilities		404,703	612,076	(207,373) (34)
Total Liabilities		232,138,610	240,468,722	(8,330,112) (3)
Capital		12,439,281	12,439,281	- -
Capital Surpluses		11,228	11,228	- -
Retained Earnings		417,792	1,555,944	(1,138,152) (73)
Unrealized Profit or Loss on Financial Instruments		(15,131)	22,272	(37,403) (168)
Treasury Stock		(221,113)	(217,605)	(3,508) 2
Total Shareholders' Equity		12,632,057	13,811,120	(1,179,063) (9)
Description for changes in percentage of increment:				
1. Decrease in accounts payable results mainly from decrease in receivable credit card proceeds. 2. Decrease in financial assets held to maturity mainly results from the redemption of beneficiary certificates of counterparts according to the contracts. 3. Increase in due to Central Bank and other banks mainly results from the increase in due to other banks. 4. Increase in financial liabilities at fair value through profit or loss mainly results from increase in evaluation loss for currency exchange. 5. Decrease in bills & bonds sold under repurchase agreements mainly results from the decrease in arbitrage. 6. Decrease in accounts payable mainly results from decrease in Foreign remittances and notes of other banks payable and exchange accounts. 7. Decrease in financial bonds payable mainly results from issuance of subordinated financial debentures. 8. Decrease in other liabilities mainly results from decrease in accrual pension liabilities. 9. Decrease in retained earnings mainly results from increase in net loss arising from increase in net profit and non-performing loans. 10. Decreases in unrealized gain on financial products mainly results from increase in evaluation loss on bonds of available-for-sale financial assets and Financing commercial paper.				

2. Operation Results Analysis

Unit: NT\$ Thousands				
Item \ Year	Year 2007	Year 2006	Changes	
			Amount	%
Net Interest Profits	\$ 3,211,040	\$ 3,753,822	(\$ 542,782)	(14)
Non-Interest Net Profits	<u>807,177</u>	<u>1,071,283</u>	<u>(264,106)</u>	(25)
Net Profits	4,018,217	4,825,105	(806,888)	(17)
Bad Debt Expenses	2,118,614	1,800,171	318,443	18
Operating Expenses	<u>3,167,755</u>	<u>3,252,810</u>	<u>(85,055)</u>	(3)
Net Loss Before Tax	(1,268,152)	(227,876)	(1,040,276)	457
Income Tax Profits	<u>130,000</u>	<u>57,605</u>	<u>72,395</u>	126
Cumulative Effect of Changes in Accounting Principles (After Tax)	-	<u>199,077</u>	<u>(199,077)</u>	(100)
Net Profits (Losses)	<u>(\$1,138,152)</u>	<u>\$ 28,806</u>	<u>(\$1,166,958)</u>	(4,051)
Description for changes in percentage of increment: 1. Decrease in net profit other than interest mainly results from increase in net loss on assets and amortized loss on non-performing loss. 2. Increase in before-tax net loss, income tax revenue and net loss mainly results from increase in accumulated loss due to increase in net profit and decrease in non-performing loss expenses. 3. Decrease in cumulative effects of changes in accounting principles mainly results from the initial application of IAS 34 “Accounting for Financial Instruments” in 2006.				

3. Cash Flow Analysis

- (1) Liquidity analysis for the latest year
- The 2007 operating activities and the net cash flow in recent five years show negative figures.
- (2) Liquidity analysis for the next year:

Unit: NT\$ Thousands					
Cash Balance at the Start of the Period	Expected Net Operating Cash Flow for the Whole Year	Expected Cash Outflow for the Whole Year	Expected Cash Surplus (Deficit) + -	Remediation Measures Against expected Cash Flow Deficit	
				Investment	Financing
\$4,292,065	(\$535,533)	(\$12,054,936)	(\$8,298,404)	\$ -	\$12,571,784
1. Change in cash flow of the year: (1) Operation Activities: Net cash outflow resulted from increase in financial assets held for trading. (2) Investment: Net cash outflow resulted from increase in loans and purchase of fixed assets. (3) Financing: Net cash outflow resulted from increase in expected deposits. 2. Strategies for redeeming estimated cash shortage and liquidity analysis: Estimated cash shortage for operating and investing activities will be redeemed from expected deposit increase.					

4. Influence Imposed by Major Capital Expenditures

Unit: NT\$ Thousands								
Planning Items	Actual/Expected Capital Resources	Actual/Expected Date of Completion	Required Capital	Actual/Expected Capital Performing Status				
				2005	2006	2007	2008	2009-2012
Land, House and Building	Self-owned Fund	2005-2008	3,053,536	2,264,495	0	420,410	368,631	
Other Equipment	Self-owned Fund	2005-2008	687,854	199,686	242,402	139,766	106,000	

5. Reinvestment Policies

None

6. Analysis and Evaluation Risk Management

(1) A Series of Qualitative and Quantitative Requirements For Risk Management :

A. Credit Risk Management System and Accrued Capital

2007 Credit Risk Management System	
Disclosure Item	Content
1. Credit risk strategies, objectives, policy and process	In order to effectively implement credit risk management to minimize loss on credit risks, “Principles of Credit Risk Management” was developed. Risk Management Dept was established to manage credit risks. Through risk recognition, evaluation, mitigation, supervision and reporting, The Bank expects to maintain the possible risks under bearable level and reach balance between risk and rewards and further elevate shareholders’ value.
2. Credit risk management organization and structure	The Bank established Risk Management Department, which is independent and directly supervised under Board of Directors, as “The planning unit for credit risk management.”
3. The scope and characteristics of the credit risk reporting and measurement system	If risk executives, during supervision, discover any drawback in risk management and could not respond due to authority limits or any other situations, Risk Management Dept. and other related units should be instantly reported to and take any necessary steps and propose improving procedures for the drawback.
4. The scope and characteristics of the credit risk reporting and measurement system	Each unit conducts analysis in response to credit risk events and evaluate pros and cons of each risk solutions. In addition to qualify internal control procedures, risks will be mitigated in the following ways: (1) Requires collateral or guarantee. (2) Utilize insurance or credit derivatives. (3) Credit-Guarantee fund. (4) Develop deposit-mitigation agreement.
5. Approach adopted for the regulatory reserve	The Standardized approach

Exposure after Risk Mitigation and Accrued Capital of the Credit Risk Standardized Approach

December 31 2007 (Unit: NT\$ Thousands)		
Type	Exposure after Risk Mitigation	Accrued Capital
Sovereigns	0	0
Non-central Government Public Sector Entities	461,403	36,912
Banks (included multilateral development banks, MDBS)	751,197	60,096
Corporate (included securities and insurance firms)	48,752,914	3,900,233
Claims on Retail	64,584,276	5,166,742
Residential Property	23,552,543	1,884,203
Equity Security Investments	0	0
Other Assets	13,638,179	1,091,054
Total	151,740,512	12,139,240

B. Asset Securitization Risk Management System, Exposure and Accrued Capital

Asset Securitization Risk Management System, Exposure and Accrued Capital 2007

Disclosure item	Content
1. Asset securitization management strategies and process	In order to effectively implement risk management for investment in asset securitization products and the issuance of asset securitization products as initiation institutions, “Principles of Asset Securitization Risk Management” was developed. Risk Management Dept was established to manage asset securitization risk. Through risk recognition, evaluation, mitigation, supervision and reporting, The Bank expects to maintain the possible risks under bearable level and reach balance between risk and rewards and further elevate shareholders’ value.
2. Asset securitization management organization and structure	The Bank established Risk Management Department, which is independent and directly supervised under Board of Directors, as “The planning unit for risks management of asset securitization.”
3. The scope and characteristics of the Asset Securitization risk reporting and measurement system	If risk executives of asset securitization management, during supervision, discover any drawback in risk management and could not respond due to authority limits or any other situations, Risk Management Dept. and other related units should be instantly reported to and take any necessary steps and propose improving procedures for the drawback.
4. Policies of hedging or mitigating asset securitization. Also policies and processes to ensure the effectiveness of the tools used to hedge and mitigate risk.	Conform to regulations for risk-mitigating tools in “Methods for Calculating Bank’s Regulatory Capital and Risk-Weighted Assets”
5. Approach adopted for the regulatory reserve	Standard Approach.

Asset Securitization Exposure and Accrued Capital

December 31, 2007Unit: NT\$ Thousands

Type	Non-Originating Bank		Originating Bank					
	Buy Or Hold Securitization Exposures	Accrued Capital	Exposure					Accrued Capital Before Securitization
			Non Asset-Backed Commercial Paper				Asset-Backed Commercial Paper	
			Traditional		Synthetic			
			Hold Positions	Not Hold Position	Hold Positions	Not Hold Position		
Real Estate	81,386	1,302						
Corporate Bonds, Financial Bonds	90,705	1,451						
Total	172,091	2,753						

Note: The above table represents exposure to asset securitization in the Bank.

C. Operational Risk Management System and Accrued Capital

2007 Operational Risk Management System

Disclosure item	Content
1. Operational risk strategies and process	In order to effectively implement risk management to minimize the frequency and financial and non-financial loss for the operation risk events, “Principles of Operation Risk Management” was developed. Risk Management Dept was established to manage operation risk. Through risk recognition, evaluation, mitigation, supervision and reporting, the Bank expects to maintain the possible risks under the bearable level and reach balance between risk and rewards and further elevate shareholders’ value.
2. Operational risk management organization and structure	The Bank established Risk Management Department, which is independent and directly supervised under Board of Directors, as “The planning unit for operation risk management.”
3. The scope and characteristics of the operational risk reporting and measurement system	1. Each unit conducts impact analysis in response to operation risk events, instantly implement corrective measures, follow up and data collection, analyze its impacts and fill-in The Event Notification Sheet to report the event according to the operation risk events. 2. If risk executives, during supervision, discover any drawback in risk management, in addition to reporting the event according to the regulations of authority and the Bank, Risk Management Dept. should be instantly reported to.
4. Policies of hedging or mitigating asset securitization. Also policies and processes to ensure the effectiveness of the tools used to hedge and mitigate risk.	Conduct analysis according to the probability of the damage events and severity and evaluate pros and cons of each risk solutions. Other than qualifying internal control procedures, outsourcing or insurance is also allowed for risk mitigation.
5. Approach adopted for the regulatory reserve	Basic Indicator approach

Operational Risk Capital Requirement

December 31, 2007 (Unit: NT\$ Thousands)

Year	Gross Operating Profits	Capital Requirement
2005	4,475,554	
2006	4,731,115	
2007	4,257,914	
Total	13,464,583	673,229

D. Market Risk Management System and Accrued Capital

2007 Market Risk Management System

Disclosure item	Content
1. Market risk management strategies and process	In order to effectively manage market risk to minimize loss on market risks, “Principles of Market Risks Management” was developed. Risk Management Dept was established to manage market risks. Through risk recognition, evaluation, mitigation, supervision and reporting, The Bank expects to maintain the possible risks under bearable level and reach balance between risk and rewards and further elevate shareholders’ value.
2. Market risk management organization and structure Market risk management organization and structure	The Bank established Risk Management Department, which is independent and directly supervised under Board of Directors, as “The planning unit for market risk management.”
3. The scope and characteristics of the Market risk reporting and measurement system	If risk executives, during supervision, discover any drawback in risk management and could not respond due to authority limits or any other situations, Risk Management Dept. and other related units should be instantly reported to and take necessary steps and propose improving procedures for the drawback.
4. Policies of hedging or mitigating asset securitization. Also policies and processes to ensure the effectiveness of the tools used to hedge and mitigate risk.	According to its according holding positions, each unit refer to market interest rates, stock prices and the exchange rate trend to select proper risk-averse vehicle to protect proceeds or minimize loss.
5. Approach adopted for the regulatory reserve	Standardized Approach

Market Risk Capital Requirement

December 31, 2007

(Unit: NT\$ Thousands)

Item	Capital Requirement
Rate Risk	706,167
Foreign Exchange Risk	147,620
Equity Investments Risk	127,440
Instruments Risk	—
Total	981,227

E. Liquidity Risk

- (1) Set limits for periodic liquidity positions and examine it regularly.
- (2) Establish proper information system to evaluate, supervise and report liquidity risks and periodically report it to Board of Directors, Balance Sheet Management. Committee and other related parties.
- (3) Establish and maintain relations with debtors to strengthen capabilities of debt diversification and emergent allocation.
- (4) Establish a proper internal control system for liquidity risk management procedures for the effectiveness of periodic independent examination and evaluation of previous risk management.

Structure Analysis of The Maturation of NTD
December 31, 2007

Unit: NT\$ Thousands

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow upon Maturity	\$237,211,215	\$51,754,295	\$6,769,751	\$8,667,451	\$8,792,311	\$161,227,407
Primary Funds Outflow upon Maturity	250,613,501	37,855,142	39,618,082	40,567,568	43,624,808	88,947,901
Capital Gap	(13,402,286)	13,899,153	(32,848,331)	(31,900,117)	(34,832,497)	72,279,506

Structure Analysis of The Maturation of USD
December 31, 2007

Unit: US\$ Thousands

	Total	Remaining Period to Maturity				
		1-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Assets	\$338,002	\$132,247	\$50,983	\$64,885	\$4,247	\$85,640
Liabilities	313,358	199,177	41,382	48,601	23,236	962
Gap	24,644	(66,930)	9,601	16,284	(18,989)	84,678
Cumulative Gap	24,644	(66,930)	(57,329)	(41,045)	(60,034)	24,644

(2) The Influence of Domestic and Foreign Major Policies and Law Amendment Exerting on the Bank's Financial Structure and Responding Measures

A. Domestic and Foreign Major Policies and Law Amendment

- (a) In accordance with “International Convergence of Capital Measurement and Capital Standards; Basel II”, released by Basel Committee on Banking Supervision of Bank for International Settlements in June 2004, and the following amendment, Financial Supervisory Commission of Executive Yuan revised “Regulations Governing the Capital Adequacy Ratio of Banks” on January 14, 2007 in order to qualify domestic banks for capital adequacy management and risk management capabilities for the international standards.
- (b) In order to achieve goals of fractional approval for branch establishment and merger of mini branches and consolidate simplified regulations for the compliance by financial institutions, Financial Supervisory Commission of Executive Yuan announced “Regulations Governing the Establishment, Relocation, or Closure of Domestic Branches” on January 11, 2007.
- (c) In order to maintain financial stability and strengthen risk management for deposit insurance, “The Statute for Deposit Insurance “was revised, announced and initiated for implementation on January 18, 2007.

- (d) In order to strengthen the disclosure for corporate governance information, and conform to revision, regarding regulated disclosure related to capital adequacy, of “Regulations Governing the Capital Adequacy Ratio of Banks and its calculation”, Financial Supervisory Commission of Executive Yuan revised part of provisions in “Principles of Item Required to publish in Bank’s Annual Reports.”
- (e) In order to rapidly clear debts of consumers, protect its living rights and look after obligees’ interests to maintain economic order and calm the society, Legislative Yuan developed and passed “Consumer Debt Clearance Regulations”, which was announced on July 11 2007 and initially implemented 9 months after the announcement.
- (f) Banks has been undertaking derivative products. With market development and diverse customer needs, transaction types and risks become more complicated, too. In order to adjust part of current supervision policies, perfect transaction order and protect consumers’ right, Financial Supervisory Commission revised and announced “Regulations Governing Financial Derivatives Activities Conducted by Banks” on November 6 2007.

B. Since the bank learned domestic and foreign major policies and law amendment and expected its influence on the financial structures, the Bank has notified related units, developed responsive procedures and engaged in employee education and training. If internal articles or procedures are not consistent with new regulations, responsible units will revise the according articles or procedures.

(3) Influence of Changes in Technology and Industries on Banking Financial Operations and Related Measures.

Information technology is rapidly advancing and widely used globally. The Bank will persist

on exercising all kinds of electronic vehicles, such as computer systems and Internet, for security investment management, including bills and bonds, stocks, beneficiary certificates and mutual fund, bill and bond delivery and capital allocation, in order to smooth the operation of Treasury Department and raise efficiency of capital use.

The Bank has purchased industry and economics database for staff to enquire the latest industrial news on computer. Not only the quality of credit investigation and granting can be raised and credit-granting risk can be lowered, but also profit of short-term and long-term stock investment can be elevated and the risks can be avoided. Meanwhile, in order to strengthen risk management, the Bank has set investment limit according to the industries and group enterprises in order to diversify the investment risks on the Bank due to technological and industrial changes.

(4) Influence of Change in Image on Sunny Bank Ltd. and Relative Measures Sunny Bank Ltd. has been holding quality policies of “stability, prospects, professionalism and enthusiasm” to achieve sustainable operations since its establishment. The assessment on the image of Sunny Bank Ltd. from customers is positive.

(5) Expected effects and possible risks for merging:

A. Anticipated Effectiveness

- (a) Effectively enlarge market share and increase the number of customers.
- (b) Enhance market recognition and effectively raise brand value.
- (c) Lift the overall operation value of Sunny Bank Ltd.
- (d) Raise the function of price negotiation to lower cost or increase revenue.
- (e) Generate the effectiveness of economic scale.

B. Possible Risks

- (a) The functions of Headquarters should be reinforced accordingly so as to handle the expansion of management and avoid branches from ineffective operations and negligent management.
 - (b) There should a complete plan for information transmission and communication system so as to effectively transmit company policies.
- (6) Expected effects and possible risks of expansion of branches
- The anticipated effectiveness is the same as that described in the previous paragraph. The risks arising from management and operations of Sunny Bank Ltd. may be increased after the expansion of branches; such risks will be lowered as much as possible through the professional and humane management.
- (7) Risks arising from centralized business: None
- (8) Influence and Risk of Changes in Operational Rights: None
- (9) Significant Lawsuit or non-suit events or administrative litigation
- A. Lawsuit or non-suit events arising from collection cases:
 - (a) Corporate Financing and consumer housing mortgages: 2,863 cases
 - (b) Small amount loan: 1,405 cases
 - (c) Credit card: 1,595 cases
 - B. In 2007 and by April 30, 2008 , major lawsuits, non-suits or administrative litigation which have been verdict or in proceedings may result in great influence on depositors, shareholders' equity or security prices, cases with over NT\$3,000,000 are shown as follows:
 - (a) The 1st Case: Request to confirm the inexistence of the debt on mortgage and discharge of mortgage registration
 - i. Lawsuit commencing from: December 9, 2004
 - ii. Major Parties: Plaintiff – Lai, Chun-Feng and Chung, Yu-Chen; Defendant – Sunny Bank Ltd.
 - iii. Dispute: the plaintiff request against Sunny Bank Ltd. to confirm the inexistence of debt on mortgage and discharge of mortgage registration
 - iv. Target Amount: NT\$15,600,000.
 - v. Resulted by April 30, 2008:
 - (i) Sunny Bank Ltd. lost the case in the 1st verdict: The Bank won one and lose one in the 2nd instance.
 - (ii) The Bank appealed on January 24, 2008
 - (b) The 2nd Case: A lawsuit in relating to confirm the inexistence of the debt arising from promissory notes.
 - i. Lawsuit commencing from: April 6, 2005
 - ii. Major Parties: Plaintiff – LLai, Chun-Feng and Chung, Yu-Chen; Defendant: Sunny Bank Ltd.
 - iii. Dispute: the plaintiffs claim against Sunny Bank Ltd. for the confirmation of the inexistence of the debt arising from the related promissory notes since Sunny Bank Ltd. claims to the court for determining that the promissory notes are fabricated.
 - iv. Target Amount: NT\$10,000,000.
 - v. Resulted by April 30, 2008.
 - (i) The Bank lost the case in the 1st instance and appealed on January 24, 2008.
 - (ii) This case and the previous 1st case involve the same credit-granting loans.

- (c) The 3rd Case: lawsuit in connection with return of deposit
- i. Lawsuit commencing from: April 14, 2005
 - ii. Major Parties: Plaintiffs – Chao, Tung-Hsin and Wang, Hui-Chun; Defendant: Sunny Bank Ltd.
 - iii. Dispute: the plaintiffs claim that Sunny Bank Ltd. does not fulfill its obligations in management in a careful manner which leads to their deposit withdrawn illegally by the third party. Therefore, a lawsuit is made against Sunny Bank Ltd. for the return of their deposit.
 - iv. Target Amount: NT\$25,000,000 plus interest at an annual rate of 5% commencing from the next day after the copy of pleading arrives at the court till the date of redemption.
 - v. Resulted by April 30, 2008:
 - (i) The Bank won the case in the 1st and 2nd instance.
 - (ii) The counterpart filed an appeal and the Supreme Court dismissed it. The judgment is finalized.
- (d) The 4th Case: lawsuit in connection with the confirmation of the non-existence of debt.
- i. Lawsuit commencing from: November 30, 2006
 - ii. Major parties: Plaintiff: Wang, Lu-Chen; Defendant: Sunny Bank Ltd.
 - iii. Dispute: the plaintiff requested to confirm the debt obligation not existed.
 - iv. Requirement: NT\$20,000,000
 - v. Resulted by April 30, 2008:
 - (i) The Bank lost the case in the 1st instance.
 - (ii) The Bank filed an appeal, which is currently put on trial in the Taiwan High Court.
- (e) The 5th Case: lawsuit in connection with the requirement of loss compensation.
- i. Lawsuit commencing from: February 5, 2007
 - ii. Major parties: Plaintiff: Sunny Bank Ltd.; Defendant: Tsao, Po-Yu (whose real name: Tsao, Chang-Jung)
 - iii. Dispute: requested the plaintiff to be responsible for the loss compensation.
 - iv. Requirement: NT\$10,000,000 plus interest at an annual rate of 5% commencing from February 23, 2004 till the date of redemption.
 - v. Resulted by April 30, 2008: The case is finalized with the Bank winning the case. (The Bank received Court's Final Verdict on July 17, 2007)
- (f) The 6th Case: lawsuit involving difference in pension.
- i. Lawsuit commencing from: February 9, 2006
 - ii. Major Parties: Plaintiff: 8 people including Hu, Chin-Fu; Defendant: Sunny Bank Ltd.
 - iii. Dispute: requested paying the pension difference.
 - iv. Requirement: NT\$4,496,189.
 - v. Resulted by April 30, 2008: The Bank won the case in the 1st and 2nd instance.
- (g) The 7th Case: Request for indemnification of damages
- i. Lawsuit commencing from: February 21, 2008
 - ii. Major parties: Plaintiff: Sunny Bank Ltd.; Defendant: Wang, Chuan-Hsuan

- iii. Dispute: request the defendant to take the responsibility for the damage indemnification.
- iv. Requirement: NT\$18,000,000 and interest at APR 5% starting from January 6, 2006 to the payment date.
- v. Resulted by April 30, 2008: The Bank won the case in the 1st instance.

C. In 2007 and by April 30, 2008, major lawsuits, non-suits or administrative litigation which involves directors, supervisors, presidents, or any major shareholders with more than 1% of shares and subsidiaries, and have been verdict or in proceedings, may result in great influence on depositors, shareholders' equity or security prices:

Main Points: Violation of Banking Laws

- (a) Lawsuit commencing from: August 17, 2007
- (b) Major Parties: Plaintiff: Chen, Sheng-Hung etc.
- (c) Summary of Lawsuits: The prosecutor indicted Chen, Sheng-Hung etc. for violation of Banking Laws.
- (d) Resulted by April 30, 2008: This case is currently on trial in Taiwan Shihlin District Court.

(10) Other important risks and correspondent measures : None

7. Crisis Management Mechanism

“Disaster Contingency Policies” and “Emergent Financing and Related Procedures” are set to deal with crisis.

(1) Disaster Contingency Policies

- A. Targets: establish major crisis management and contingency procedures, improve the understanding of employees for disaster contingency policies and strengthen precautions in order to reduce damage, effectively raise financing on disaster, restore normal operations, stabilize customers' lives after disaster, recover social and economic orders as well as achieve a peaceful society.
- B. Contingency Policies:
 - (a) Precautions: A. holds educational trainings and practices. B. Strengthen protection and inspection for facilities.
 - (b) Actions: the contingency team shall actively gather at the Management Department of the Head Office and coordinate each unit to deal with such emergency.
 - (c) Actions after stabilizing disaster: A. the emergency contact person of each suffered unit shall check each branch or administrative office upon disaster or after disaster being stabilized and report the facts to the chief executive director of the contingency team. B. Measures for controlling the consequences caused by disasters. C. Confirmation on the safety of employees and customers. D. Make announcements to customers to avoid customer panic and negative influence on customers' rights. E. Confirmation of loss and evaluation on capital requirements.

(2) Emergent Financing and Related Procedures

A. Purpose: the contingency plans are made in accordance with the “Regulations of Liquidity Risks” so as to tackle the great loss of deposit in the emergent period and further to make capital financing upon major accidents.

B. Related Contingency Procedures:

- (a) The chief of the Treasury Department shall suggest Chairman to call for an emergent Assets and Liabilities Management Committee Meeting to: ① evaluate market influence and trend; ② examine current liquid positions; ③ plan sources of capital financing and ④ decide the procedures against the disaster.
- (b) Actions immediately taken: ① list cash liquid position of all currencies; ② dispose the investment positions of bills, bonds and securities; ③ obtain other banks capital in fixed period; ④ Extend the expiry dates for liabilities of Sunny Bank Ltd. and avoid centralized expiry dates; ⑤ Reduce liquid position gap; ⑥ discuss if it is necessary to raise NCD and other interest rates for deposits for financing capital and ⑦ temporarily cease large amount of corporate loans and general credit loans.

C. Steps of Financing:

- (a) Confirm the capital able to be used at Sunny Bank Ltd. and capital financing sources (including Type A of reserve at the Central Bank, Type B of reserve at the Central Bank, Capital center, deposits at other banks, financial bonds, securities, etc.)
- (b) Dumping of investment positions: ① confirm the investment positions owned; ② review the market for liquid assets ready to sell out and ③ calculate market prices and profit or loss after dumping.
- (c) Dumping of foreign exchange positions: dump foreign positions in all currencies.
- (d) Obtain other banks loans: ① confirm loans required; ② take the advantage of the relationships established to obtain other banks support and ③ obtain long-term other banks financial support under the persuasion by authoritative units.
- (e) Expand bills and bonds with RP conditions: ① confirm RP position; ② take the advantage of the relationships established to persuade customers or other banks support.
- (f) Keep depositors of Sunny Bank Ltd.: ① confirm sources of deposits; ② take the advantage of relationships established to keep our customers from disengagement.
- (g) Rediscount and financing services by the Central Bank: review qualified securities for rediscount and make financing in accordance with the “Regulations of Financing Banks by the Central Bank”.

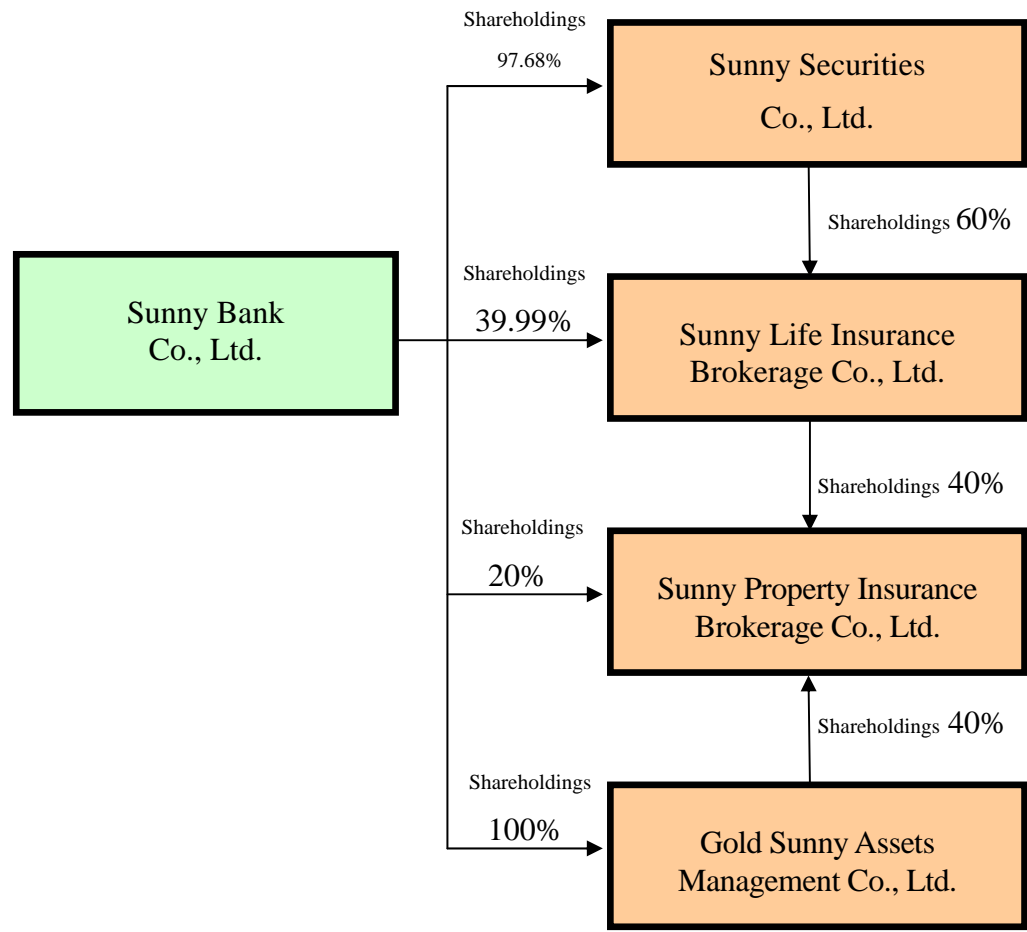
8. Other important events: None

VIII. Special Notes

1. Information of Related Enterprised

A. Related Enterprises’ Status

(1) Organization Chart of Related Enterprised



(2) Basic Information of Related Enterprises

Unit: NT\$ Thousands

Company Name	Sunny Securities Co., Ltd.	Gold Sunny Assets Management Co., Ltd.
Date of Establishment	June 9, 1998	October 16, 2006
Address	B1, No. 167, Sec. 5, MinSheng E. Rd., Taipei City	2F, No. 88, Sec. 1, ShihPai Rd., Taipei City
Collected Capital	NT\$302,000	NT\$50,000
Major Operating Item	Marketable Securities Entrusting and Trading	Financial Institution Creditor's Right (Money) Appraisal and Auction
Company Name	Sunny Life Insurance Brokerage Co., Ltd.	Sunny Property Insurance Brokerage Co., Ltd.
Date of Establishment	February 15, 2001	August 14, 2003
Address	2F, No. 205, ChangAn W. Rd., Tatung Dist., Taipei City	2F, No. 205, ChangAn W. Rd., Tatung Dist., Taipei City
Collected Capital	NT\$15,000	NT\$6,050
Major Operating Item	Life Insurance Brokerage	Property Insurance Brokerage

(3) Hold the same data of shareholders of affiliated companies: None

(4) Directors and Supervisors of Affiliated Companies

Company Name	Title	Name	Holding Share	
			Stock (1,000)	Proportion
Sunny Securities Co., Ltd.	Chairman	Chen, Yung-Chun	29,500	97.68%
	Director	Chen, Hui-Ling	29,500	
	Director	Hsu, Chih-Jung	29,500	
	Director	Chen, Hui-Min	29,500	
	Director	Lee, Wen-Kuang	29,500	
	Supervisor	Hsu, Yueh-Fang	29,500	
Gold Sunny Assets Management Co., Ltd.	Chairman	Lin, Ming-Cheng	5,000	100%
	Director	Lan, Yu-Lin	5,000	
	Director	Lin, Chin-Yu	5,000	
	Supervisor	Kuo, Chih-Hung	5,000	
Sunny Life Insurance Brokerage Co., Ltd.	Chairman	Chen, Chin-Yi	600	99.99%
	Director	Chang, Chi-Ming	600	
	Director	Huang, Cheng-Nan	0.002	
	Director	Chao, Fu-Tien	900	
	Supervisor	Hsu, Po-Hsiung	900	
Sunny Property Insurance Brokerage Co., Ltd.	Chairman	Chen, Chin-Yi	121	100%
	Director	Chang, Chi-Ming	121	
	Director	Huang, Cheng-Nan	242	
	Director	Chao, Fu-Tien	242	
	Supervisor	Hsu, Po-Hsiung	242	

2. Related Enterprises’ Operation Status:

Unit: NT\$ Thousands except EPS in NT\$

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Profit/Loss This Term (After Tax)	EPS (After Tax)
Sunny Securities Co., Ltd.	\$302,000	\$298,395	\$51,100	\$247,295	\$125,029	\$13,835	\$0.46
Gold Sunny Assets Management Co., Ltd.	\$50,000	\$1,443,025	\$1,405,541	\$37,484	\$4,523	-\$11,622	-2.32
Sunny Life Insurance Brokerage Co., Ltd.	\$15,000	\$37,682	\$5,418	\$32,264	\$55,769	\$350	\$0.23
Sunny Property Insurance Brokerage Co., Ltd.	\$6,050	\$12,164	\$3,278	\$8,886	\$16,176	\$256	\$0.42

B. Private Security Placement and Financial Debentures:

None

C. Holding or disposal of the Bank stocks by subsidiaries

Subsidiary	Holding Share
Sunny Life Insurance Brokerage Co., Ltd.	420,059

IX. Head Office and Branches

Unit Name		Address	Tel.
	Head Office	111 No. 255, Chungcheng Rd., Shihlin Diest., Taipei City	(02) 2820-8166
04	Management Department	112 No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2820-8166
01	Operation Department	111 No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02) 2882-2330
02	Shihpai Branch	112 No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2823-8480
03	Peitou Branch	112 No. 152, Kuangming Rd., Peitou Dist., Taipei City	(02) 2891-7361
05	Shihlin Branch	111 No. 82, Tapei Rd., Shihlin Dist., Taipei City	(02) 2882-3660
06	Tatun Branch	112 No. 304, Chungho St., Peitou Dist., Taipei City	(02) 2891-9196
07	Chientan Branch	111 No. 131, Tungho St., Shihlin Dist., Taipei City	(02) 2885-4181
08	Shetzu Branch	111 No. 260, Sec. 5, Yenping N. Rd., Shihlin Dist., Taipei City	(02) 2812-1112
09	Lanya Branch	111 No. 169, Sec. 6, Chungshan N. Rd., Shihlin Dist., Taipei City	(02) 2836-2072
10	Tienmu Branch	111 No. 15, Tienmu E. Rd., Shihlin Dist., Taipei City	(02) 2873-2500
11	Shechung Branch	111 No. 220, Shechung St., Shihlin Dist., Taipei City	(02) 2815-1415
12	ChiLin Mini-Branch	104 No. 304 Chinlin Rd., Chungshan Dist., Taipei City	(02) 2561-1188
13	Chengkung Branch	114 No. 70, Sec. 4, Chengkung Rd., Neihsu Dist., Taipei City	(02) 2792-2433
14	Credit Cards Business Department	112 No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2822-0122
15	Minsheng Branch	105 No. 167, Sec. 5, Minsheng E. Rd., Sungshan Dist., Taipei City	(02) 2760-6335
16	Yenchi Branch	105 No. 11, Yenchi St., Sungshan Dist., Taipei City	(02) 2578-6201
17	Mucha Branch	116 No. 96, Sec. 3, Mucha Rd., Wenshan Dist., Taipei City	(02) 2234-5890
18	Lungchiang Branch	104 No. 49, Lane 356, Lungchiang Rd., Chungshan Dist., Taipei City	(02) 2516-5945
19	Nanking Branch	105 No. 132, Sec. 4, Nanking Ed., Rd., Sungshan Dist., Taipei City	(02) 2579-0229
20	Chingmei Branch	116 No. 95-12, Chinghou St., Wenshan Dist., Taipei City	(02) 2930-0202
21	Chunghsing Branch	104 No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City	(02) 2516-5268
22	Hsinyi Branch	106 No. 188, Sec. 4, Hsinyi Rd., Taan Dist., Taipei City	(02) 2706-8388
23	Chungho Branch	235 No. 245, Chienyi Rd., Chungho City, Taipei County	(02) 2222-5199
24	Trust Department	104 2F, No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City	(02) 2517-5608
25	Yungho Branch	234 No. 188, Sec. 1, Chungshan Rd., Yungho City, Taipei County	(02) 2926-5899
26	Luchou Branch	247 No. 393, Chihsien Rd., Luchou City, Taipei County	(02) 8282-2068
27	Panchiao Branch	220 No. 133, Sec. 1, Szuchuan Rd., Panchiao City, Taipei County	(02) 2955-0008
28	Taishan Branch	243 No. 110, Sec. 1, Mingchih Rd., Taishan Village, Taipei County	(02) 2297-9797
29	Hsinho Mini-Branch	235 No. 89, Huahsin St., Chungho City, Taipei County	(02) 8941-9339
30	Hsichou Branch	220 No. 89, Sec. 3, Tuhsing Rd., Panchiao City, Taipei County	(02) 2681-9960
31	Kuting Branch	100 No. 40, Sec. 2, Tingchou Rd., Chungcheng Dist., Taipei City	(02) 8369-2288
32	Hsinchuang Branch	242 No. 533, Lungan Rd., Hsinchuang City, Taipei County	(02) 8201-9069
33	Sanchung Branch	241 No. 108, Sec. 4, Tzuchiang Rd., Sanchung City, Taipei County	(02) 8981-7171
34	Treasury Department	112 No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2820-8166
35	Shuangho Branch	235 No. 722, Chingping Rd., Chungho City, Taipei County	(02) 8242-3919
36	Tayeh Mini-Branch	330 No. 55, Sec. 1, Tale Rd., Taoyuan City, Taoyuan County	(03) 347-8899
37	Fuhsing Branch	105 No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02) 2719-6166
38	Taoyuan Branch	330 No. 32-20, Chungshan E. Rd., Taoyuan City, Taoyuan County	(03) 336-0555
39	Taan Branch	110 No. 225, Sec. 3, Hoping E. Rd., Hsinyi Dist., Taipei City	(02) 2733-7711

	Unit Name	Address	Tel.
50	International Banking Department	105 2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02) 2719-1616
51	Hsintien Mini-Branch	231 No. 263-5, Chungcheng Rd., HsinTien City, Taipei County	(02) 8911-7676
52	Hsinfu Mini-Branch	242 No. 800, Hsingfu Rd., Hsinchuang City, Taipei County	(02) 2998-3366
53	Huacheng Branch	510 No. 12, Chinghsiu Rd., Yuanlin Town, Changhua County	(04) 832-2171
55	Sanmin Branch	510 No. 38, Sanmin St., Yuanlin Town, Changhua County	(04) 832-2160
56	Shetou Mini-Branch	511 No. 257, Sec. 2, Yuanchi Rd., Shetou Village, Changhua County	(04) 872-1017
57	Pingtung Branch	900 No. 70, Chungcheng Rd., Pingtung City, Pingtung County	(08) 732-6123
58	Chungcheng Branch	900 No. 293, Chungcheng Rd., Pingtung City, Pingtung County	(08) 736-0811
59	Tzuyu Branch	900 No. 114, West Sec., Tzuyu Rd., Pingtung City, Pingtung County	(08) 753-9224
60	Hsinpu Branch	220 No. 245, Szuwei Rd., Panchiao City, Taipei County	(02) 8253-7789
61	Kaohsiung Branch	849 No. 192, Chiuju 1st Rd., Sanmin Dist., Kaohsiung City	(07) 384-3163
62	Chunghua Branch	701 No. 102, Sec. 3, Chunghua E. Rd., East Dist. Tainan City	(06) 267-0751
63	Chiayi Branch	600 1F & 2F, No. 296 & 298, Chunghsing Rd., Chiayi City	(05) 234-2023
65	Tainan Branch	700 No. 148, Sec. 2, Chungyi Rd., Tainan City	(06) 228-2171
66	Chienkang Branch	702 No. 370, Sec. 2, Chienkang Rd., Tainan City	(06) 261-2136
67	Tungning Branch	701 No. 247, Tungning Rd., Tainan City	(06) 237-5141
68	Anshun Branch	709 No. 202, Sec. 1, Anho Rd., Tainan City	(06) 256-3146
69	Hsihua Branch	708 No. 359, Sec. 2, Chunghua W. Rd., Tainan City	(06) 297-9880
70	Offshore Businese Unit	105 2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02) 2719-1616
71	Hsinchu Branch	300 No. 247, Chungyang Rd., Hsinchu City	(03) 515-3608
72	Chingwu Branch	401 No. 188, Chingwu E. Rd., East Dist., Taichung City	(04) 2211-2368
73	Tsuoying Branch	813 No. 102, Poai 2nd Rd., Tsuoying Dist., Kaohsiung City	(07) 556-0128
75	Lingya Branch	802 No. 22, Fuhsing 2nd Rd., Lingya Dist., Kaohsiung City	(07) 331-0066
76	Taichung Branch	403 No. 159, Sec. 1, Taichungkang Rd., West Dist., Taichung City	(04) 2310-9996
77	Hsiangshang Mini-Branch	403 No. 166, Sec. 1, Hsiangshang S. Rd., West Dist., Taichung City	(04) 2472-2528
78	Neihu Branch	114 No. 250, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	(02) 2658-6698
79	Chungli Branch	330 No. 171, Chienhsing Rd., Chungli City, Taoyuan County	(03) 428-2229
80	Wuku Branch	248 No. 12, Sec. 1, Chunghsing Rd., Wuku Village, Taipei County	(02) 8976-9000
81	Linsen Branch	300 1F, No. 196, Linsen Rd., East Dist., Hsinchu City	(03) 610-0189
82	Hsinhsing Branch	800 No. 6, Chungcheng 4th Rd., Hsinhsing Dist., Kaohsiung City	(07) 288-4131
83	Chingnien Branch	802 No. 169-1, Chingnien 1st Rd., Lingya Dist., Kaohsiung City	(07) 331-8526
85	Sanfeng Branch	849 No. 293, Chunghua 3rd Rd., Sanming Dist., Kaohsiung City	(07) 231-5101
86	Szuwei Branch	802 No. 159, Chunghua 4th Rd., Lingya Dist., Kaohsiung City	(07) 333-3701
87	Takung Branch	803 No. 40, Takung Rd., Yencheng Dist., Kaohsiung City	(07) 531-5105
88	Tashun Branch	849 No. 41, Tashun 2nd Rd., Sanmin Dist., Kaohsiung City	(07) 386-1622
89	Haikuang Branch	813 No. 190, Tsuoyingta Rd., Tsuoying Dist., Kaohsiung City	(07) 582-3511
90	Chienchen Branch	802 No. 281, Santuo 2nd Rd., Lingya Dist., Kaohsiung City	(07) 711-0046
91	Pingteng Branch	849 No. 283, Tzuli 1st Rd., Sanmin Dist., Kaohsiung City	(07) 321-4622
92	Mintsu Branch	802 No. 218, Chungcheng 2nd Rd., Hsinhsing Dist., Kaohsiung City	(07) 224-2426
93	Hsiaokang Branch	812 No. 178-1, Kangchuang Rd., Hsiaokang Dist., Kaohsiung City	(07) 806-5171
95	Liwen Branch	813 No. 75, Liwen Rd., Tsuoying Dist., Kaohsiung City	(07) 558-0711

	Unit Name	Address	Tel.
96	Yuchang Branch	811 No. 803, Chiachang Rd., Nantzu Dist., Kaohsiung City	(07) 364-6530
97	Chienkuo Branch	802 No. 124, Wumiao Rd., Lingya Dist., Kaohsiung City	(07) 715-3513
98	Wuchia Branch	830 No. 368, Wuchia 2nd Rd., Fengshan City, Kaohsiung County	(07) 726-0801
99	Tingli Branch	849 No. 142, Tingli Rd., Sanmin Dist., Kaohsiung City	(07) 346-5955
100	Nantzu Branch	811 No. 55, Nantzu Rd., Nantzu Dist., Kaohsiung City	(07) 353-5513
101	Chishan Branch	842 No. 158, Chungshan Rd., Chishan Town, Kaohsiung County	(07) 661-2081
102	Liukuei Mini-Branch	844 No. 94, Kuangfu Rd., Yipao Village, Liukuei Village, Kaohsiung County	(07) 689-2741
103	Meinung Mini-Branch	843 No. 25, Sec. 1, Chungcheng Rd., Meinung Town, Kaohsiung County	(07) 681-8346
107	Linyuan Branch	832 No. 136, Linhsi Rd., Linyuan Village, Kaohsiung County	(07) 643-8141
108	Kangshan Branch	820 No. 339, Kangshan Rd., Kangshan Town, Kaohsiung County	(07) 623-6182
109	Chungshan Branch	900 1F, No. 187, Chungshan Rd., Pingtung City, Pingtung County	(08) 733-1053
110	Likang Branch	905 No. 43, Likang Rd., Chunlin Village, Likang Village, Pingtung County	(08) 775-7735
111	Tungskang Branch	928 No. 166, Chungcheng Rd., Tungkang Town, Pingtung County	(08) 832-0887
113	Chiali Branch	722 No. 277, Hsinsheng Rd., Chiennan Li, Chili Town, Tainan County	(06) 721-7398
115	Yungkang Branch	710 No. 625, Chunghua Rd., Yungkang City, Tainan County	(06) 203-6607
117	Jente Branch	717 No. 273, Sec. 2, Chungcheng Rd., Jente Village, Tainan County	(06) 270-6361
118	Kuanghua Branch	600 No. 119, Kuanghua Rd., East Dist., Chiayi City	(05) 228-5830
119	Taipei Branch	104 No. 43, Sec. 1, Mingsheng E. Rd., Chungshan Dist., Taipei City	(02) 2563-3710
120	Changan Branch	103 No. 205, Changan W. Rd., Tatung Dist., Taipei City	(02) 2559-5500
121	Luotung Branch	265 No. 30, Chungcheng N. Rd., Luotung Town, Ilan County	(03) 957-1259
122	Chupei Branch	302 No. 232 & 236, East Sec. 1, Kuangming 6th Rd., Chupei City, Hsinchu County	(03) 658-5818
123	Chunghsin Branch	241 1F, No. 28, Sec. 4, Chunghsin Rd., Sanchung City, Taipei County	(02) 2977-9886
891	Wealth Management Department	114 1F, No. 252, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	(02) 2797-3689

陽信商業銀行股份有限公司



董事長 陳勝宏



