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九十七年年報
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本行網址：<http://www.sunnybank.com.tw>
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Stock Registration Office

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TEL:(02) 8722-5800
Website: <http://www.taiwanratings.com/>

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
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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

The international financial environment faced vital changes. The subprime crisis turned into the globe-striking financial tsunami. As Freddie Mac and Fannie Mae suffered from a gigantic deficit and Federal Deposit Insurance Corporation (FDIC) took over IndyMac, a house mortgage institute, the subprime crisis deteriorated further. In September 2008, the U.S. subprime crisis worsened drastically- Lehman Brothers Inc announced its bankruptcy; Merrill Lynch was acquired; Freddie Mac, Fannie Mae and American International Group are under takeover; Washington Mutual filed bankruptcy; Wachovia faced a crisis; problems occurred to financial institutions in Europe one by one; and even some countries, such as Iceland, suffered from national systematic risks. U.S. subprime crisis severely harmed global economic environment and the financial industry. The diffusion effect exceeded expectation and generated extremely negative strike against physical economy. All governments are aggressively implementing various monetary policies and bailout plans and, further, invested huge capital in order to stabilize the financial system and economy. Nevertheless, while the credit squeeze isn't seen any improvement and the international economy remains sluggish, consumption intention turns conservative, which deepens economic recession and social turbulence and elongates the time needed for global economic recovery.

Under the strike by the financial tsunami, the global economy freezes and trading abruptly shrinks. Taiwan is not excluded. Its export slumped and caused the negative growth of product and service output and unclear economic prospect. Therefore, companies demonstrated conservative responses to this economic wave, which triggered drastic shrinkage of private investment. Directorate General of Budget, Accounting and Statistics announced its economic growth of this year to be -2.97%, which is not merely the 2nd negative yearly economic growth of all time, but also the biggest decline in the history. Meanwhile, the ascending unemployment rate weakens private consumption with unexpected influence. The timing of economic recovery will surely be postponed, which places domestic banks in an even harsher environment.

The operation in 2008 and the business plans for 2009 are as follows:

1. The Outcome of the Operation Plans and The Budget Implementation:
The 2008 operation demonstrated fruitful achievement with the balance of outstanding deposit at the end of 2008 as NT\$208.865 billion, which was NT\$ 1.503 billion less than NT\$207.362 billion, the deposit balance at the end of 2007, or annual growth as 0.72%. The balance of outstanding loan was NT\$168.777 billion at the end of 2008, which was NT\$ 6.789 billion less than NT\$ 175.566 billion, the balance at the end of 2008. For asset quality, the non-performing loan ratio is 2.60% and the coverage ratio is 56.43.
2. Status and Profitability Analysis:
The after-tax loss settlement of year 2008 was a loss of NT 2,311,900 thousand dollars and loss per share was 1.89 dollars.
3. Research Development:
 - (1) On September 25th 2008, Taiwan Rating Corporation rated us as "twBBB+" for long-term credit rating and "twA-2" for short-term credit, with outlook rated as Stable.
 - (2) Expanding corporate finance:
Persistently promote Deep Rooting Savings and Easy Business Loan, aggressively boost OBU Export-Import service and provide diverse options according to clients' needs. Meanwhile, broaden the scope for loans to quality franchisers. Evaluate the franchise brands pertaining to their industries, head offices, and the number of franchisees to shield each franchisee against capital concerns.
 - (3) Furnishing quality home loan products:
Products include "Double Plus", "Go and Transfer", "Easy Paid", "Residence", "Non-Residence", the financial and the government home loans, all of which can accompanied by mortgage life insurance to satisfy clients with different needs.

- (4) Consistently launching new financial products and supply diverse finance products: Customize credit loans and wealth management trust for different client segment; plan to introduce new financial products such as privately placement fund, collective management accounts or personal insurance in order to furnish the Bank's clients more options in financial products and meet more needs of clients.
- (5) Advance expertise of financial advisors and provide clients professional financial services:
Target the goal of at least one professional financial advisor per branch. Through the elementary and advance classified training for financial advisors, advance financial advisors' expertise and images and provide more professional financial services to the Bank's clients.
- (6) Furnish customized financial diagnosis (Bull Up Your Portfolio):
Provide clients suggestions on over 1,000 financial products of domestic competitors to meet the all-round needs for clients with different asset value or risk tolerance. In order to shorten the break-even period for clients at loss caused by the financial tsunami, the bank launched customized financial diagnosis. The Bank not only inspects clients' current investment, but also assists them with asset allocation for this short-selling period.
- (7) 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 fields and risk preference and set up individual accounts. The investors can invest through collective investment trust accounts and optimize the asset allocation to minimize investment costs , utilize marketing synergy through person trust and raise the efficiency of exercising trust assets.
- (8) Personal trust- pension-trust:
With the aging population and low fertility rates, exercise and allocation of fund during retirement is receiving more and more attention. 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. Meanwhile, the reduction of the estate and gift taxes does not signify that asset transferring plans are no longer needed. This reduction only symbolizes that these taxes are not the critical concerns for those with high asset value. In the future, six key aspects should be noted for asset transfer- 1. Transfer timing; 2. Sustainable operation; 3. Asset security; 4. The inheritance plan; 5. Property; and 6. Tax management.
- (9) Money claim trust and its secured interest trust:
Creditors with money claim, who pay money as the subject, trusts its money claim rights (those with secured interests will be trusted with secured interests) in the Bank (the trustee). The Bank thus becomes the nominal creditor, conducts the collection, security, management and disposal on their behave and pay the proceeds to trust of beneficiaries.
- (10) 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 2009 Operation Plans, Objectives, Targets and Policies:

- (1) Raise interest spread and fee income:
In Year 2008, under the impact of the financial tsunami, Central Bank lowered the interest rates for several times and thus the interest spread between deposits and savings narrows gradually. The overall operating environment turned harsher. Thus, widening the interest spread is the top mission of the Bank. Meanwhile, in order to raise profit, the Bank will fully implement the collection of service fees to elevate the proportion of the service fees.
- (2) Minimize capital cost and the interest rate risks:
Currently, the Bank's fixed interest rates of the term deposit accounts for 75% and those of loans accounts for 25%. While the market interest rates slides down, the loan interest rates will slide more than deposit interest rates, which narrows interest spread and further affects the Bank's revenue. In order to minimize the capital cost and the interest rate risks, the Bank, in addition to raise the proportion of the demand deposit, should tune the proportions of fixed interest rates of the Bank's term deposits and loans to avoid risks arising from the shifts of the interest rates.
- (3) Minimize the operating cost:
Uplift the Bank's productivity, effectively minimize operating cost and further achieve profit elevation through the adjustment in the optimal operation scale and the staff size and the comprehensive inspect and review on the various operating cost.
- (4) Solidify risk control:
The loss in Year 2008 primarily business loans and bad debt provision for OBU credit link loan increases significantly. Therefore, the Bank will list risk control strengthening as the key task of the year in business expansion and operation. Hence, General Administration of Risk is established for such purpose. Through centralization of risk management units, comprehensive consideration can be conducted on risk management, risk diversification, risk planning and risk retention and risk aversion, all of crediting monitoring mechanism and processes can be advanced. Meanwhile, model and system planning can be introduced to expedite risk management to achieve balance between business expansion and risk control.
- (5) Fortify BIS control:
To conform to the stipulation of Banking Act that the capital adequacy ratio can not be lower than 8%, the Bank will strengthen the management on the proportion for the value of risky asset and raise the Bank's BIS to conform the authority's stipulation.
- (6) Centralize management and appraisal and strengthen monthly and quarterly appraisal:
Make the Bank's appraisal system more reasonable, specific and clear through the centralization of management and appraisal. In addition, the Bank will accord with key business strategies, dynamically adjust sales and staff appraisal, fully implement interim management and fortify monthly and quarterly appraisal so the notions and strategies of the Head Office can be fully executed and thus completely elevate productivity and stimulate the morale.
- (7) Strengthen the collection and management of overdue loans:
Strengthen collection of bad debt; actively contact debtors and successfully collect or negotiate about the debt to minimize the damage, lower allowance and improve asset quality.
- (8) Reinforce functions of electronic and automated channels to raise the overall operation efficiency, utilize the channels of branches, integrate marketing competency and improve the marketing capability of branches to demonstrate the effect of organization's operation and maximize the profit.
- (9) Branch relocation:
Through service locations, the Bank is able to geographically exercise the mutually benefit in sales support and promotion and grasp the share of the regional market and utilize the operation scale in a short period of time.

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”, focus on business development and exploration, further solidly the niche market, strengthen the loan quality and quantity, persistently clear non-performing assets, adjust the deposit structure and raise the proportion of demand deposits to broaden the interest spread. The Bank is planning to achieve cost minimization through effective and reasonable evaluation on expenditure. Meanwhile, the Bank is going to endeavor to raise the capital adequacy ratio, better the financial structure, and fortify operating structure to provide the clients a one-time diverse flexible service and, further, elevate the Bank’s profit through the escalation of all-round service, fortification of organization’s functions, proactive and effective management and the establishment of performance-oriented culture.

Chairman

Chen,

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 capital is expanded to NT\$12.4 billion. The Bank bases its development in Taipei and Kaohsiung and cautiously plans its service locations. We established Lotong branch in September 2007 and broadened our service territory into Eastern Taiwan. Through regional complementary, and channel integration, the Bank will advance its market competitiveness and scale. The Bank plans to, through its service locations, geographically exercise the mutually benefit in sales support and promotion and grasp the share of the regional market and utilize the operation scale in a short period of time.

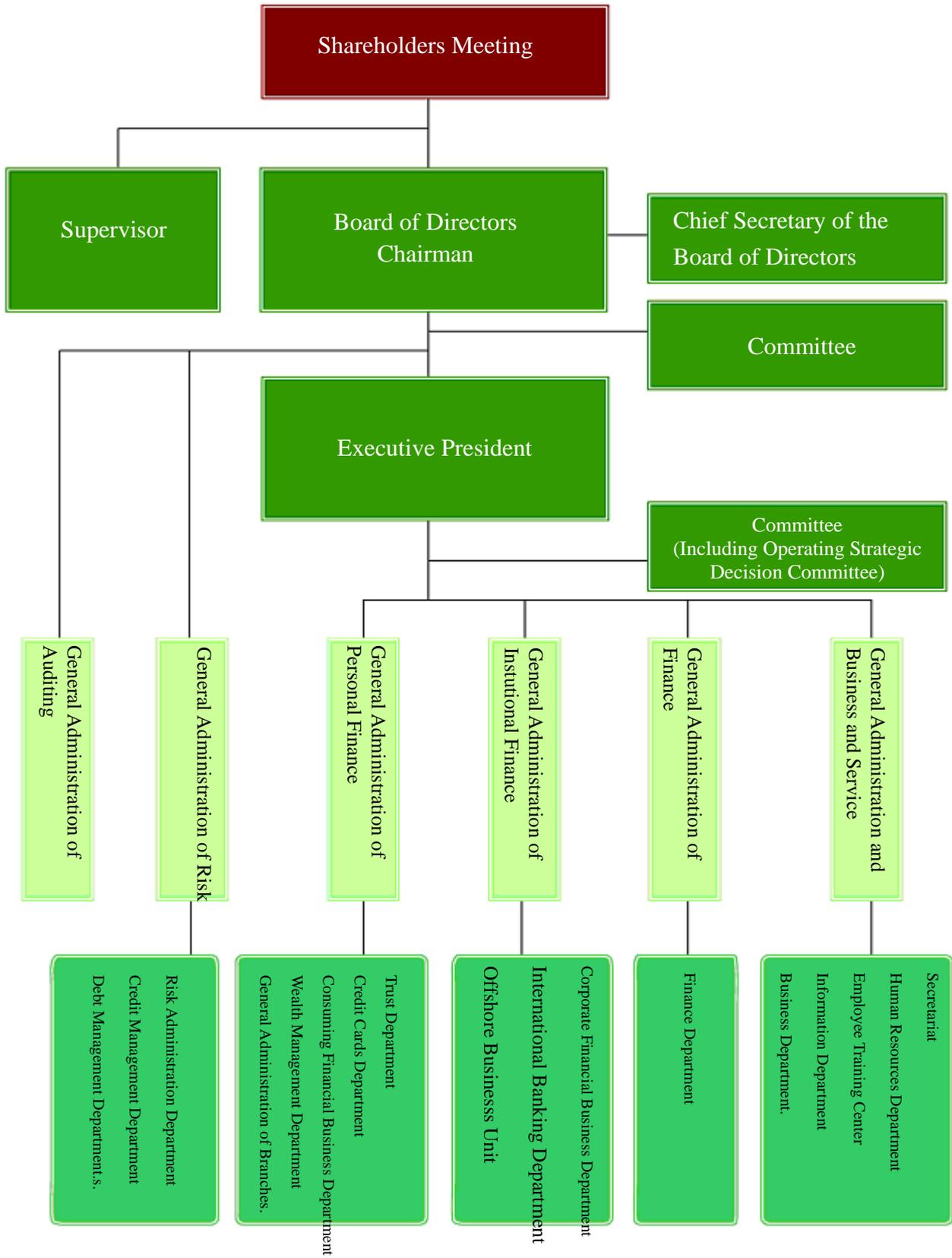
For adapting to the rapid changes in the financial market, the Bank established Risk Administration Department to hasten operation rationalization and enhance service quality and efficiency. AS the finance turns financial liberalization and internationalization, the banking service should not be confined in banking but should broadened into diversified operation. The Bank bettered the operating capital, actively integrated itself into other financial areas and reinvest in Sunny Securities Co., Ltd., Sunny Life Insurance Brokerage Co., Ltd., Sunny Property & Insurance Brokerage Co., Ltd, Sunny Assets Management Co., Ltd and Ontario Securities Investment Trust etc. to 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.

As the financial industry turns more and more fiercely competitive, the Bank is going to persist in its notions sustainable management, proactively develop diverse services and fortify the Bank’s capital structure. In order to provide clients better service quality and continuing the service improvement, the Bank will persist in its diligent and devoting tradition and work together for proactively boosting business and broaden our service scale. With more diverse products, a wider service locations, safer and more convenient automated service channels and consistently enthusiastic services, the Bank also plans to furnish clients a variety of financial services and, as a great partner, satisfy all of our clients for their financial demands in all phases.

III. Company Report

1. Organization of the Bank

Date: April 30, 2009



Head Office has set up General Administration and Business and Service, General Administration of Finance, General Administration of Intuitional Finance, General Administration of Personal Finance, and General Administration of Risk, 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 and Business and Service: In charge of Secretariat, Human Resources Department, Employee Training Center, Information Department, and Business Department.

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.

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.

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.

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.

- (2) General Administration of Finance: In charge of Finance Department.

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

- (3) General Administration of International Finance: In charge of Corporate Financial Business Department, International Banking Department, and Offshore Business Unit.

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 services 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..

- (4) General Administration of Personal Finance: In charge of Trust Department, Credit Cards Department, Consuming Finance Department, Wealth Management Department and General Administration of Branches.

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.

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.

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

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

(5) General Administration of Risk: In charge of Risk Administration Department, Credit Management Department and Debt Management Department.

Risk Administration Department: 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. Submit risk control reports periodically to the board of directors.

Credit Management Department: In charge of the Bank's credit check, review and development and revision of related rules, regulations, procedures, and operating manual.

Debt Management Department: In charge of debt collection, including phone collection, visit collection, letter collection and legal collection of non-performing loan, management, acceptance and penalty of collateral and development and revision of related rules, regulations, procedures, and operating manual for the Bank's credit service and credit card service.

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 is 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.

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

(1) Board of Directors/Supervisors

a. Profiles of Board of Directors/Supervisors

| 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 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 Jh 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 Tzuehang General Market Co., Ltd. Graduated from senior commercial high school | Chairman of Shihpai Tzuehang 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 | 2003-05-19 2006-05-02 | 2,134,140 1,298,704 | 0.17% 0.10% | 82,952,766 3,717,876 | 6.67% 0.30% | — | — | — | — | Lecturer of Chang 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 | 2003-05-19 2003-05-19 | 2,134,140 494,126 | 0.17% 0.04% | 82,952,766 900,049 | 6.67% 0.07% | — | — | 1,297,931 | 0.10% | — | — | 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 |
| 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 Cahy Sound Co. Chairman of Ping An Construction Co., Ltd. | None | None | None | |
| Director | Lin, Cheng-Yu | 2006-05-02 | 3 years | 2006-05-02 | 4,604,609 | 0.37% | 5,387,362 | 0.43% | 420,818 | 0.03% | — | — | Chairman of Kao 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 Kao 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 Yang 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 | Chairman, Dian Sheng Construction Co., Ltd. | 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 | 0.05% | 646,331 | 0.05% | — | — | 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 | |

Date: December 31, 2008

b. Information of Director and Supervisor

Base Date: December 31, 2008

| 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 | | | ✓ | ✓ | | | | | ✓ | ✓ | | ✓ | ✓ | None |
| Wu, Hsi-Hui | | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Liu, Chen-Sheng | | | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang | ✓ | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | None |
| Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung | | | ✓ | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | None |
| Chang, Wu-Ping | | | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Ho, Shun-Cheng | | | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Chen, Chin-Chia | | | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Chen, Chin-Yi | | | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Lin, Cheng-Yu | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Chao, Fu-Tien | | | ✓ | ✓ | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | None |
| Huang, Cheng-Nan | | | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | None |
| Liu, Hsiang-Tun | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Sun, Ping-Yen | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Hsu, Po-Hsiung | | | | ✓ | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | None |
| Chen, Sen-Jung | | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Kao, Ming-Chih | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Tsai, Wen-Hsiung | | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |
| Chiang, Chun-Huai | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | None |

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.

c. Major Shareholders of Corporate Shareholders

(a) Major Shareholders of Corporate Shareholders

December 31, 2008

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

(b) Major Shareholders of Company Comprised of Corporate Shareholders

December 31, 2008

| Corporate Shareholder | Major Shareholder of Corporate Shareholder | Holding Proportion |
|-----------------------|--|--------------------|
| None | None | None |

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

December 31, 2008

| 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 (Note) | Chou, San-Ho | 2003/5/19 | 228,553 | 0.02 | — | — | — | — | Graduated from Department of Economics, National Chengchi University, Manager of Administration Department | — | — | — | — |
| President | Chang, Chi-Ming | 2003/5/19 | 326,213 | 0.03 | 88,166 | 0.01 | — | — | Graduated from Department of Public Finance, National Chengchi University, Deputy Executive Vice President of Chunghsing Branch | — | — | — | — |
| President | Kuo, Chih-Hung | 2007/3/14 | 198,889 | 0.02 | 1,419 | — | — | — | Graduated from Department of Business Administration, Tamsui Oxford College, Vice President of Administration Department | — | — | — | — |
| President | Yeh, Ching-Tsung | 2005/12/1 | 16,458 | — | — | — | — | — | Graduated from Department of Economics, Chinese Culture University, Manager of Chang Hwa Bank | — | — | — | — |
| President | Lin, Chih-Liang | 2007/1/5 | 425,307 | 0.03 | — | — | — | — | Graduated from Department of Accounting, Feng Chia University, Vice President of Administration Department | — | — | — | — |
| President | Wang, Ya-Hsun | 2007/3/14 | 467,132 | 0.04 | 1,479 | — | — | — | Graduated from Department of Accounting & Statistics, Tamsui Oxford College, Deputy Executive Vice President of Consuming Finance Department, Sunny Bank | — | — | — | — |
| General Auditor | Tseng, Yak-Te | 2003/1/2 | 369,883 | 0.03 | 44,120 | — | — | — | Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business, Manager of Administration Department, Sunny Bank | — | — | — | — |
| Deputy Executive Vice President | Liu, Ming-Chieh | 2007/3/14 | 354,222 | 0.03 | 231,450 | 0.02 | — | — | Graduated from Department of Applied Business, Open College, National Taipei College of Business, Deputy Executive Vice President of Financial Revenue, North 1st District, Sunny Bank | — | Manager | Chen, Yao-Wen | In-Laws |
| Deputy Executive Vice President | Chen, Jung-Kuei | 2007/3/14 | 157,132 | 0.01 | 5,569 | — | — | — | Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School, Manager of Chien Tan Branch, Sunny Bank, | — | — | — | — |
| Deputy Executive Vice President | Yu, Shih-Jung | 2007/3/14 | 69,996 | 0.01 | 586 | — | — | — | Graduated from Department of Commerce, Shih Hsin Professional School of Industry & Commerce, Manager of Mucha Branch, Sunny Bank | — | — | — | — |
| Deputy Executive Vice President | Hu, Tsung-Yi | 2007/3/14 | 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 | 2007/3/14 | 104,674 | 0.01 | 24,034 | — | — | — | Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce, Deputy Executive Vice President of Financial Revenue Center, Central District and Taichung Branch, Sunny Bank | — | — | — | — |
| 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, Manager of Business Department, Kao Shin Bank | — | — | — | — |
| Deputy Executive Vice President | Lu, Pie-Lin | 2007/3/14 | 85,939 | 0.01 | — | — | — | — | Graduated from Department of Plant Sciences, Chinese Culture University, Manager of Consuming Finance Department, Sunny Bank | — | — | — | — |
| Deputy Executive Vice President | Huang, Yen-Chun | 2007/3/14 | 336,100 | 0.03 | 21,280 | — | — | — | Graduated from Department of Banking, Tamkang University, Manager of Information Department, Sunny Bank | — | — | — | — |
| Deputy Executive Vice President | Chang, Chih-Hung | 2000/9/1 | 119,876 | 0.01 | 76,866 | 0.01 | — | — | Graduated from Department of Economics, Fu Jen Catholic University, Deputy Executive Vice President, Fuhsing Branch, Sunny Bank | — | — | — | — |
| Deputy Executive Vice President | Wang, Chien-Yi | 2008/4/1 | — | — | — | — | — | — | Graduated from Department of International Trade, Soochow University, Deputy Manager of Wealth Management Department | — | — | — | — |
| Manager | Tsao, Chun-Jung | 1995/6/23 | 337,409 | 0.03 | 244,205 | 0.02 | — | — | Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce, Manager of Operation Department, Sunny Bank | — | — | — | — |
| 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 Huacheng Branch, Sunny Bank | — | — | — | — |
| Manager | Kuo, Ching-Hsien | 1996/12/1 | 392,445 | 0.03 | 216,596 | 0.02 | — | — | Graduated from Department of Accounting & Statistics, Tai Pei Senior High Commerce Professional School, Manager of Tatun Branch, Sunny Bank | — | — | — | — |
| Manager | Lin, Chi-Kang | 2003/4/14 | 370,259 | 0.03 | 28,739 | — | — | — | Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School, Assistant Manager of Hsinho Mini-Branch | — | — | — | — |
| Manager | Hsu, Wen-Jung | 2001/4/13 | 176,154 | 0.01 | 47,163 | — | — | — | Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School, Manager of Yungho Branch, Sunny Bank | — | — | — | — |
| Manager | Lin, Cheng-Ping | 2002/5/1 | 332,599 | 0.03 | 168,278 | 0.01 | — | — | MBA of University of South Australia, Vice Manager of Lanya Branch, Sunny Bank, | — | — | — | — |
| Manager | Chen, Ming-Wen | 2003/5/2 | 233,046 | 0.02 | 3,524 | — | — | — | Graduated from Department of Commerce, Chu-Hai High Commercial School, Vice Manager of Sunny Bank, Peitou Branch, Assistant Manager of Taan Mini-Branch, Sunny Bank. | — | — | — | — |
| Manager | Kao, Chin-Mu | 1998/9/11 | 259,629 | 0.02 | 154,577 | 0.01 | — | — | Graduated from Department of Electronic Engineering, Kuang Wu Junior College of Technology, Manager of Hsinchuang Branch, Sunny Bank, | — | — | — | — |
| Manager | Kuo, Huang-Lung | 2001/9/11 | 155,096 | 0.01 | — | — | — | — | Graduated from Department of Business Administration, Open Business College Affiliated with National Taipei College of Business, Vice Manager of Tatun Branch, Sunny Bank | — | — | — | — |
| Manager | Chang, Jung-Pin | 2006/5/3 | 58,067 | — | 516,025 | 0.04 | — | — | Graduated from Department of Machinery, Lienho Junior College of Technology, Manager of , Chaochou Branch, Sunny Bank | — | — | — | — |
| Manager | Chen, Kuo-Hung | 2001/9/15 | 96,511 | 0.01 | 2,585 | — | — | — | Graduated from Department of Comprehensive Commerce, Yu Da High School of Commerce and Home Economics, Manager of Pingtung Branch, 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 | Yang, Chen-Sheng | 2006/11/9 | 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 and Lanya Branch, Sunny Bank | — | — | — | — |
| Manager | Chen, Pao-Yuan | 2006/2/23 | 110,321 | 0.01 | 145,444 | 0.01 | — | — | Graduated from Department of Public Finance, National Chung Hsing University Vice Manager of Hsinhsing Branch, Sunny Bank | — | — | — | — |
| Manager | Yang, Lien-Tse | 1999/12/9 | 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 | 2001/4/9 | 40,453 | — | 348,328 | 0.03 | — | — | Graduated from Department of Business Administration, Tamkang University Vice Manager of Lungchiang Branch, Sunny Bank, | — | — | — | — |
| Manager | Chen, Cheng-Feng | 2000/9/1 | 214,406 | 0.02 | — | — | — | — | Graduated from International Trade Department, Chie Lee College Manager, General Administration of Branches, Sunny Bank | — | — | — | — |
| Manager | Kao, Chih-Li | 2003/3/1 | 278,433 | 0.02 | 7,059 | — | — | — | Studied in Department of Computer, Tamkang University Manager of Sanchung Branch, Sunny Bank | — | — | — | — |
| Manager | Wu, Chia-Cheng | 2002/8/8 | 267,935 | 0.02 | 4,159 | — | — | — | Graduated from General Department of Tamkang High School Manager of Chienkang Branch, Sunny Bank, | — | — | — | — |
| Manager | Tsai, Kun-Ti | 2001/9/15 | 167,142 | 0.01 | 86,022 | 0.01 | — | — | Graduated from Executive Master of Business Administration, National PingTung University of Science & Technology Manager of Tsuoying Branch, Sunny Bank, | — | — | — | — |
| Manager | Chen, Yi-Huan | 1999/4/23 | 433,357 | 0.03 | 53,768 | — | — | — | Graduated from Department of Comprehensive Commerce, Chu-Hai High Commercial School Manager of Human Resources Department and Secretariat | — | — | — | — |
| Manager | Yueh, Wen-Chang | 1999/5/6 | 81,794 | 0.01 | 5,330 | — | — | — | Graduated from Department of Business Administration, National Taipei College of Business Manager of Panchiao Branch, Sunny Bank, | — | — | — | — |
| Manager | Chiu, Chuan-Mao | 2002/7/1 | 152,729 | 0.01 | — | — | — | — | Graduated from Department of Public Finance, National Taipei College of Business Vice Manager of Hsichou Branch, Sunny Bank, | — | — | — | — |
| 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 Yungho Branch, Sunny Bank, | — | — | — | — |
| Manager | Chen, Chih-Hao | 2006/5/3 | 65,511 | 0.01 | 66,289 | 0.01 | — | — | Graduated from Department of Bank Insurance, National Taipei College of Business Vice Manager of Tzuyu Branch, Sunny Bank | — | — | — | — |
| Manager | Chiang, Tung-Sheng | 2002/7/1 | 159,697 | 0.01 | — | — | — | — | Graduated from Department of Business Administration, Takming College Sub-manager of Tayeh Branch, Sunny Bank, | — | — | — | — |
| Manager | Chen, Hui-Ling | 2006/8/11 | 342,883 | 0.03 | — | — | — | — | Graduated from Department of Finance, National Taiwan University Vice Manager of Finance Department, Sunny Bank | — | — | — | — |
| Manager | Chen, Kuo-Chuan | 2001/8/15 | 241,512 | 0.02 | — | — | — | — | Graduated from Department of Accounting, National Chung Hsing University Vice Manager of Luchou Branch, Sunny Bank | — | — | — | — |
| Manager | Chien, Chih-Hsin | 2002/7/1 | 113,909 | 0.01 | 26,474 | — | — | — | Graduated from Department of Economics, Tamkang University Manager of Financial Revenue, North 3 rd District, Sunny Bank | — | — | — | — |
| Manager | Hung, Jung-Tsung | 2006/8/11 | 69,105 | 0.01 | — | — | — | — | Graduated from Department of Accounting, National Chung Hsing University Vice Manager of Corporate Financial Business Department, Sunny Bank | — | — | — | — |
| Manager | Su, Chien-Tsung | 2002/8/8 | 141,501 | 0.01 | — | — | — | — | Graduated from Department of International Trade Feng Chia University Manager of Yungho Branch, Sunny Bank, | — | — | — | — |
| Manager | Lee, Ching-Cheng | 2001/8/15 | 59,413 | — | — | — | — | — | Graduated from Department of Business Administration, Fu Jen Catholic University Manager, Wealth Management Department, Sunny Bank | — | — | — | — |
| Manager | Lin, Kuo-Hung | 2003/7/7 | 133,767 | 0.01 | 7,135 | — | — | — | Graduated from Department of Business Administration, Feng Chia University Vice Manager of Hsinyi Branch, Sunny Bank, | — | — | — | — |
| Manager | Wu, Cheng-Hao | 2005/3/14 | 29,422 | — | 24,547 | — | — | — | Graduated from Department of Business Administration, Fu Jen Catholic University Manager of Tainan Branch, Sunny Bank, | — | — | — | — |
| Manager | Luo, Ching-Yang | 2007/8/30 | 496 | — | 496 | — | — | — | Graduated from Department of Industrial Management, National Taiwan University of Science and Technology Vice Manager of Chingmei Branch, Sunny Bank | — | — | — | — |
| Manager | Chu, Shu-Chun | 2006/8/11 | 68,546 | 0.01 | 37,905 | — | — | — | Graduated from Department of Statistics, National Chengchi University Vice Manager of Chunghsing Branch, Sunny Bank | — | — | — | — |
| Manager | Chuang, Yung-Fu | 2002/7/1 | 79,247 | 0.01 | — | — | — | — | Graduated from Department of Accounting, Feng Chia University Manager of Financial Revenue Center, North 1 st District, Sunny Bank, | — | — | — | — |
| Manager | Lee, Wen-Hui | 2001/9/20 | 153,447 | 0.01 | — | — | — | — | Graduated from Department of Cooperative Economics, Tamkang University Manager of Taipei Branch, Sunny Bank | — | — | — | — |
| Manager | Chen, Yao-Wen | 2002/7/1 | 24,345 | — | 221,184 | 0.02 | — | — | Graduated from Graduate School of Computer Science and Information Engineering, National Chung Cheng University Graduated from Department of Information, Graduate School of National Chung Cheng University Vice Manager of Lanya Branch, Sunny Bank | — | Manager | Liu, Ming-Chieh | In-Laws |
| Manager | Chou, Chih-Wei | 2006/8/11 | 90,383 | 0.01 | 231,176 | 0.02 | — | — | Graduated from Department of Industrial Management, National Taiwan Institute of Technology Vice Manager of Chingnien Branch, Sunny Bank | — | — | — | — |
| 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 Chungcheng Branch, Sunny Bank, | — | — | — | — |
| Manager | Su, Hsin-Yi | 2006/2/23 | 98,060 | 0.01 | 26,895 | — | — | — | Graduated from Department of Management, Lung Hwa Junior College of Technology Vice Manager of Chienchen Branch, Sunny Bank | — | — | — | — |
| Manager | Lu, Ching-Yu | 2005/3/14 | 93,119 | 0.01 | — | — | — | — | Graduated from Department of Accounting, Feng Chia University Vice Manager of Business 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 | Lu, Han-Kun | 2002/10/1 | 285,416 | 0.02 | 152,583 | 0.01 | — | — | Graduated from Graduate School of Finance, National Kaohsiung First University of Science and Technology. Manager, Financial Revenue, South 1st District, Sunny Bank | — | — | — | — |
| Manager | Tseng, Chien-Chia | 2002/8/8 | 131,904 | 0.01 | 19,374 | — | — | — | Graduated from Department of Economics, Chinese Culture University Manager of Sunny Bank, Hsihwa Branch Financial Revenue, South 2nd District, Sunny Bank | — | — | — | — |
| Manager | Tsai, Chien-Li | 2005/7/18 | 90,950 | 0.01 | — | — | — | — | Graduated from Department of Engineering, Tung Hai University Manager of Lingya Branch, Sunny Bank, | — | — | — | — |
| Manager | Chen, Hsien-Chun | 2006/2/23 | 71,416 | 0.01 | — | — | — | — | Graduated from Department of Business Administration, Takming Junior College of Commerce Manager of Taoyuan Branch, Sunny Bank | — | — | — | — |
| Manager | Chang, Wen-Sung | 2001/12/10 | 108,868 | 0.01 | 48,302 | — | — | — | Graduated from Department of Business Administration, Tamkang University Senior Specialist of General Administration of Branches, Sunny Bank | — | — | — | — |
| Manager | Yang, Ying-Chung | 2006/2/23 | 31,698 | — | 89,326 | 0.01 | — | — | Graduated from Department of Accounting, National Chengchi University Manger of Kuanting Mini Branch, Sunny Bank | — | — | — | — |
| Manager | Lee, Yu-Sheng | 2002/7/25 | 130,871 | 0.01 | — | — | — | — | Graduated from Department of Economics, Chinese Culture University Manager of Chingmei Branch, Sunny Bank. | — | — | — | — |
| Manager | Chen, Chu-Wen | 2006/5/3 | 69,299 | 0.01 | — | — | — | — | Graduated from Department of Business Administration, Feng Chia University Manger of Sunny Bank, Chihua Branch | — | — | — | — |
| Manager | Tang, Ying-Kuei | 2003/4/28 | 114,920 | 0.01 | 24,736 | — | — | — | Graduated from Graduate School of Finance, National Central University Manager of Nanking Branch, Sunny Bank, | — | — | — | — |
| Manager | Pan, Kuang-Chu | 2004/9/23 | 42,789 | — | 25,459 | — | — | — | Graduated from Department of Banking, Tamkang University Manager of Chungli Branch, Sunny Bank | — | — | — | — |
| 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 | Kuo, Li-Chung | 2006/2/23 | 105,855 | 0.01 | — | — | — | — | Graduated from Department of Commerce, National Taiwan University, Manger of Chienkuo Branch, Sunny Bank | — | — | — | — |
| Manager | Huang, Shou-Chih | 2006/2/23 | 87,679 | 0.01 | 24,841 | — | — | — | Graduated from Department of Business Administration, Fu Jen Catholic University Vice Manger of Chingwu Branch, Sunny Bank, | — | — | — | — |
| Manager | Huang, Che-Ming | 2007/8/30 | 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 | Tseng, Chieh-Chang | 2005/7/18 | 60,470 | — | — | — | — | — | Graduated from Department of Bank Insurance, Open Business College Affiliated with National Taipei College of Business Manager of Chiayi Branch, Sunny Bank | — | — | — | — |
| Manager | Chu, Chia-Lung | 2006/8/11 | 79,762 | 0.01 | — | — | — | — | Graduated from Department of Cooperative Economics, National Chung Hsing University Vice Manger of Panchiao Branch, Sunny Bank | — | — | — | — |
| Manager | Chen, Chi-Wen | 2007/3/14 | 128,410 | 0.01 | — | — | — | — | Graduated from Department of Naval Architecture Engineering, National Taiwan University Vice Manager of Information Department, Sunny Bank | — | — | — | — |
| Manager | Hu, Chun-Wei | 2006/5/3 | 87,691 | 0.01 | — | — | — | — | Graduated from Department of German, Chinese Culture University Vice Manger of Sanfeng Branch, Sunny Bank | — | — | — | — |
| Manager | Chiang, Hsien-Chang | 1999/12/9 | 109,968 | 0.01 | — | — | — | — | Graduated from Department of Cooperative Economics, National Chung Hsing University Manager of Financial Revenue, North 1st District, Sunny Bank | — | — | — | — |
| Manager | Chang, Ching-Pin | 2003/5/8 | 88,669 | 0.01 | 27,247 | — | — | — | Graduated from Department of Commerce, National Open University Senior Specialist of Huacheng Branch, Sunny Bank | — | — | — | — |
| Manager | Kuo, Chiang-Hai | 2003/3/1 | 88,669 | 0.01 | 27,247 | — | — | — | Graduated from The Air Video College of Continuing Education Affiliated National Taichung Institute of Technology Manager of Sanmin Branch, Sunny Bank | — | — | — | — |
| Manager | Lee, Hsu-Chang | 2007/7/9 | 62,088 | — | 4,618 | — | — | — | Graduated from Yung Ta Institute of Technology Vice Manager of Chungcheng Branch, Sunny Bank. | — | — | — | — |
| Manager | Kan, Wu-Cheng | 2006/12/1 | 43,936 | — | — | — | — | — | Graduated from Department of International Trade, Soochow University Manager of Financial Revenue Center, North 1st District and Chunghsing Branch, Sunny Bank | — | — | — | — |
| Manager | Hsieh, Chin-Chiang | 2006/5/5 | 19,234 | — | — | — | — | — | Graduated from Executive Master of Business Administration, Southern Taiwan University Manger of Chunghua Branch, Sunny Bank | — | — | — | — |
| Manager | Kuo, Chung-Chieh | 2008/3/28 | 52,720 | — | — | — | — | — | Graduated from Dept. of Cooperative Economics, Feng Chia University Manger of Chunghua Branch, Sunny Bank | — | — | — | — |
| Manager | Tsai, Wei-Yung | 2007/7/9 | 32,663 | — | — | — | — | — | Graduated from Department of Accounting, Aletheia University Vice Manager of Kuanghua Branch, Sunny Bank | — | — | — | — |
| Manager | Liu, Wen-Ho | 2006/5/3 | 69,712 | 0.01 | — | — | — | — | Graduated from Department of Accounting, Chinese Culture University Manger of Yungkang Branch, Sunny Bank | — | — | — | — |
| Manager | Chen, Ting-Yi | 2005/7/1 | 69,326 | 0.01 | — | — | — | — | Graduated from Department of International Trade, Feng Chia University Vice Manager of Sunny Bank, Hsinchu Branch | — | — | — | — |
| Manager | Hsu, Chen-Huang | 2006/8/11 | 69,536 | 0.01 | — | — | — | — | Graduated from Department of Business Administration, Tamkang University Vice Manger of Pingteng Branch, Sunny Bank | — | — | — | — |
| Manager | Sung, Ping-Ping | 2007/3/14 | 15,436 | — | — | — | — | — | Graduated from Department of Business Administration, National Taipei College of Business Vice Manager of Consuming Finance Department, Sunny Bank | — | — | — | — |
| Manager | Lan, Yu-Lin | 2002/8/8 | 91,202 | 0.01 | — | — | — | — | Graduated from Department of Bank Insurance, National Taipei College of Business Manager of Business 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 | Chou, Hung-Che | 2007/3/14 | 50,465 | — | — | — | — | — | Graduated from Department of Economics, Soochow University Vice Manager of Finance Revenue Department, Sunny Bank | — | — | — | |
| Manager | Yu, Kuang-Lu | 2004/5/17 | 29,946 | — | — | — | — | — | Graduated from Department of International Trade, Tamkang University Manager of Hualien Business Bank | — | — | — | |
| Manager | Chang, Shun-Han | 2004/4/16 | 54,350 | — | 22,877 | — | — | — | Graduated from Department of German, Soochow University Manager of Taipei Bank | — | — | — | |
| Manager | Chen, Nien-Hui | 2008/3/28 | 61,280 | — | 5,040 | — | — | — | Graduated from Dept. of Applied Commerce, National Tai-Chung Institute of Technology Vice Manager of Hsiangshang Mini-Branch, Sunny 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, Tungkuang Branch (former name) | — | — | — | |
| Manager | Tsai, Che-Ming | 2006/5/3 | 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 | 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 | Liu, Min-Hsiang | 2005/11/26 | 47,332 | — | 90,097 | 0.01 | — | — | Graduated from Department of Finance, National Sun Yat-sen University Manager of Kao Shin Bank (former name) | — | — | — | |
| 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 | 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 | Chao, Yu-Chin | 2005/11/26 | 1,000,632 | 0.08 | 19,518 | — | — | — | Graduated from Department of Accounting, Graduate School of George Washington University Manager of Auditing Department, Kuo Shin Bank (Former name) | — | — | — | |
| Manager | Hsu, Chieh-Sheng | 2005/11/26 | 15,130 | — | — | — | — | — | Graduated from Department of Business Administration, International Commercial College Manager of Kao Shin Bank (former name) | — | — | — | |
| Manager | Hsu, Chen-Yuan | 2005/11/26 | 15,278 | — | — | — | — | — | Graduated from Department of Economics, Feng Chia University Manager of Kao Shin Bank (former name) | — | — | — | |
| Manager | Tsui, Ching-Chih | 2005/11/26 | 15,278 | — | 180 | — | — | — | Graduated from Department of Journalism, Chinese Culture University Manager of Kao Shin Bank (former name) | — | — | — | |
| Manager | Chen, Kuo-Hsiung | 2005/11/26 | 15,278 | — | — | — | — | — | Graduated from Department of Commerce, Fu-Hwa Senior High School Manager of Kao Shin Bank (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 (former name) | — | — | — | |
| Manager | Wu, Kuo-Ho | 2005/11/26 | 15,278 | — | — | — | — | — | Graduated from Department of Insurance, Tamkang University Manager of Kao Shin Bank (former name) | — | — | — | |
| Manager | Liu, Chih-Cheng | 2005/11/26 | 15,352 | — | — | — | — | — | Graduated from General Department, National Chimei Senior High School Manager of Kao Shin Bank (former name) | — | — | — | |
| Manager | Huang, Yao-Kun | 2006/5/8 | 15,130 | — | — | — | — | — | Graduated from Department of Accounting, Feng Chia University Manager of Liwen Branch, Sunny Bank | — | — | — | |
| Manager | Yeh, Ming-Yueh | 2007/3/8 | — | — | — | — | — | — | Graduated from Institute of Business Administration, Santa Clara University, California Vice Manager of Chungbo Branch, Sunny Bank | — | — | — | |
| Manager | Wu, Jung-Chi | 2007/4/9 | — | — | — | — | — | — | Graduated from Department of Economics, Fu Jen Catholic University Branch Manager of The Chinese Bank | — | — | — | |
| Manager | Lung, Wan-Li | 2007/5/10 | — | — | — | — | — | — | Graduated from Department of Business Administration, Soochow University Vice Manager of Minsheng Branch, Sunny Bank | — | — | — | |
| Manager | Huang, Shou-Wen | 2007/8/30 | — | — | — | — | — | — | Graduated from Department of Business Administration, Chung Hua University Vice Manager of Linsen Branch, Sunny Bank | — | — | — | |
| Manager | Shen, You-Hsin | 2008/3/28 | — | — | — | — | — | — | Graduated from Department of International Trade, Tamsui Institute of Business Administration Vice Manager of Chengkung Branch, Sunny Bank | — | — | — | |
| Manager | Ho, Ju-Chun | 2008/3/28 | — | — | — | — | — | — | Graduated from Department of Electronic Information, National Taipei College of Business Vice Management of Chungsin Branch, Sunny Bank | — | — | — | |
| Manager | Chen, Cheng-Yi | 2005/3/18 | 66,325 | 0.01 | — | — | — | — | Graduated from Department of Marine Engineering, National Kaohsiung Institute of Marine Technology Manager, Financial Revenue, Tao-Chu District, Sunny Bank | — | — | — | |
| Manager | Lin, Jui-Mei | 2005/11/26 | 187,573 | 0.02 | — | — | — | — | Graduated from Department of Kaohsiung Professional School of Commerce Manager of Meinung Branch, Sunny Bank | — | — | — | |
| Manager | Chung, Hsu-Jung | 2006/4/3 | 15,130 | — | — | — | — | — | Graduated from Department of Commerce, National Taiwan University Manger of Pingtung Branch, Cathay United Bank | — | — | — | |
| Manager | Yang, Pao-Kue | 2007/8/30 | 52,854 | — | — | — | — | — | Graduated from Department of Applied Chemistry, Chia-Nan Junior College Manager of Chinhua Branch, Sunny Bank | — | — | — | |
| Manager | Chang, Wen-Huang | 2008/5/26 | — | — | — | — | — | — | The Department of Banking and Finance, Tamkang University Vice Sales Manager, Cathay United Bank | — | — | — | |

Note: President Liu, Ming-Chieh substituted Executive President from December 15th 2008.

(III) Remuneration to Chairman (including Independent Directors), Supervisors, Presidents and Vice Presidents and Employee Bonus Apportion

a. Remuneration to Chairman (including Independent Directors)

| Position | Name | Remuneration to Directors | | | | | | | | Remuneration Received as Concurrent Employees | | | | | | | | Total of the Seven (A, B, C, D, E, F and G) to the profit after taxation (%) | | Other Remuneration | | | | |
|-------------------|---|---------------------------|---|-------------|---|---|---|------------------------------|---|--|---|--|---|-------------|---|--|---------------|--|---------------|--------------------|----------|---|----------|---|
| | | Remuneration (A) | | Pension (B) | | Supervisor's apportionment of surplus (C) | | Business Affairs Expense (D) | | Total of the fore to the profit after taxation (%) | | Compensation, Bonus and Special Disbursement (E) | | Pension (F) | | Employee bonus from apportion to surplus (G) | | Stock Option Amount (H) | | | | | | |
| | | 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 | 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 | | The Bank | All Companies included in the consolidated report | The Bank | All Companies included in the consolidated report |
| Chairman | Chen, Sheng-Hung | \$8,916 (Note 1) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Standing Director | Wu, Hsi-Hui | 1,080 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Standing Director | Liu, Chen-Sheng | 1,080 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Standing Director | Sun, Ping-Yen | 1,080 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Standing Director | Chen, Chin-Chia | 1,080 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Chen, Chin-Yi | 840 | 929 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Chang, Wu-Ping | 840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Ho, Shun-Cheng | 840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Chao, Fu-Tien | 840 | 45 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Huang, Cheng-Nan | 840 | 45 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Lin, Cheng-Yu | 840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Liu, Hsiang-Tun | 840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung | 840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Director | Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang | 840 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Note 1: Including the cost of the official vehicle for Chairman, NT\$4,236,000.

Note 2: Net loss after tax of 2008 of the Bank is NT\$ 2,311,900,000. The consolidated Net loss after tax of 2008 of the Bank is NT\$2,312,338,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by "None".

The Remuneration Range Table

| Range of Remuneration to Directors | Director's Name | | | |
|---|---|---|---|---|
| | Total Amount of the First 4 (A+B+C+D) | | Total Amount of the First 7 (A+B+C+D+E+F+G) | |
| | The Bank | All Companies included in the consolidated report | The Bank (Note 9) | All Companies included in the consolidated report |
| Less than NT\$2,000,000 | 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 | - | - | - | - |
| | 20,796 | 1,019 | 20,796 | 1,019 |

b. Remuneration to Supervisors

| Position | Name | Remuneration to Supervisors | | | | | | | | Total of the fore to the profit after taxation (%) | | Other Remuneration |
|---------------------|-------------------|-----------------------------|---|-------------|---|---|---|------------------------------|---|--|---|--------------------|
| | | Remuneration (A) | | Pension (B) | | Supervisor's apportionment of surplus (C) | | Business Affairs Expense (D) | | Total of the fore to the profit after taxation (%) | | |
| | | 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 | |
| Standing Supervisor | Hsu, Po-Hsiung | \$1,080 | 45 | - | - | - | - | - | - | - | - | - |
| Supervisor | Kao, Ming-Chih | 840 | - | - | - | - | - | - | - | - | - | - |
| Supervisor | Tsai, Wen-Hsiung | 840 | - | - | - | - | - | - | - | - | - | - |
| Supervisor | Chen, Sen-Jung | 840 | - | - | - | - | - | - | - | - | - | - |
| Supervisor | Chiang, Chun-Huai | 840 | - | - | - | - | - | - | - | - | - | - |

Note: Net loss after tax of 2008 of the Bank is NT\$2,311,900,000. The consolidated Net loss after tax of 2008 of the Bank is NT\$2,312,338,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by "None".

The Remuneration Range Table

| Range of Remuneration to Directors | Director's Name | |
|---|---------------------------------------|---------------------------------|
| | Total Amount of the First 4 (A+B+C+D) | |
| | The Bank | The Bank |
| 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 | - | - |
| Total | 4,440 | 45 |

c. Remuneration to President and Vice President

| Position | Name | Remuneration (A) | | Pension(B) | | Bonus and Special Disbursement (C) | | Employee bonus from apportion of surplus (D) | | | | 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 | The Bank | All Companies included in the consolidated report | |
| | | | | | | | | Cash Dividend | Stock Dividend | Cash Dividend | Stock Dividend | | | | | |
| Chief Secretary | Lin, Chin-Hsiung | \$2,400 | - | - | - | \$510 | - | - | - | - | - | - | - | - | - | - |
| President | Lin, Chih-Liang | 1,788 | - | - | - | 665 | - | - | - | - | - | - | - | - | - | - |
| President | Yeh, Ching-Tsung | 2,245 | - | - | - | 480 | - | - | - | - | - | - | - | - | - | - |
| President | Chou, San-Ho | 2,280 | - | - | - | 480 | - | - | - | - | - | - | - | - | - | - |
| President | Chang, Chi-Ming | 2,280 | 45 | - | - | 552 | - | - | - | - | - | - | - | - | - | - |
| President | Kuo, Chih-Hung | 1,850 | 4 | - | - | 396 | - | - | - | - | - | - | - | - | - | - |
| Vice President | Wang, Ya-Hsun | 2,081 | - | - | - | 440 | - | - | - | - | - | - | - | - | - | - |
| General Auditor | Tseng, Yao-Te | 1,630 | - | - | - | 486 | - | - | - | - | - | - | - | - | - | - |

Note: Net loss after tax of 2008 of the Bank is NT\$2,311,900,000. The consolidated Net loss after tax of 2008 of the Bank is NT\$2,312,338,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by "None".

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 | - | - |
| Total | 20,563 | 49 |

- (4) Analysis of Remuneration to Directors, Supervisors, President and Vice Presidents
 Remuneration to directors, supervisors, president and vice presidents in 2008 shows little difference from that in 2007. Net loss after tax of the Bank is NT\$2,311,900,000 in 2008 while it is NT\$1,138,152,000 for 2007. Therefore, the percentage of total remuneration over net income after tax is negative. Thus this analysis is not applicable.

3. Corporate Governance Operation

(1) The Operation of Board of Directors:

The Operation of Board of Directors:

During 2008, 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 | 0 | 0 | 0% | |
| Standing Director | Liu, Chen-Sheng | 7 | 0 | 100% | |
| Standing Director | Chen, Chin-Chia | 6 | 0 | 85% | |
| Independent Standing Director | Sun, Ping-Yen | 5 | 1 | 71% | |
| Director | Chang, Wu-Ping | 5 | 0 | 71% | |
| 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.: Chen, Chien-Yang | 7 | 0 | 100% | Fu Li Yang Investment Co., Ltd. Still holds another seat in Board of Directors. After removing the original representation, Fu Li Yang Investment Co., Ltd. has not assigned any new representative. |
| Director | Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung | 7 | 0 | 100% | |
| Director | Huang, Cheng-Nan | 6 | 0 | 85% | |
| Director | Chao, Fu-Tien | 7 | 0 | 100% | |
| Independent Director | Liu, Hsiang-Tun | 7 | 0 | 100% | |
| Standing Supervisor | Hsu, Po-Hsiung | 7 | 0 | 100% | |
| Supervisor | Chen, Sen-Jung | 7 | 0 | 100% | |
| Supervisor | Kao, Ming-Chih | 0 | 0 | 0% | |
| Supervisor | Tsai, Wen-Hsiung | 6 | 0 | 85% | |
| Independent Supervisor | Chiang, Chun-Huai | 7 | 0 | 100% | |

Other Noticeable Particulars :

- 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
- 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 |
|-----------|---|-------------------------------------|---|---|-----------------------------|
| 2008.3.27 | The 11 th Meeting , the 4 th term | Chen, Sheng | 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 |
| 2008.5.8. | The 12 th Meeting , the 4 th term | Chen, Sheng | 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 |
| 2008.8.28 | The 14 th Meeting , 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 33-1 of The Banking Act. | Avoid discussion and voting |
| 2008.12.4 | The 15 th Meeting , the 4 th term | Chen, Chien-Yan g | 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 |

- 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 or the Participation of Supervisors in the Operation of Board of Directors:
- Operation of the Audit Committee: the Company established supervisors but not Audit Committee.
 - the Participation of Supervisors in the Operation of Board of Directors

During 2008, 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 |
|---------------------|-------------------|------------------------------------|-----------------------------------|---------------------------------------|---------|
| Standing Supervisor | Hsu, Po-Hsiung | 7 | 0 | 100% | |
| Supervisor | Chen, Sen-Jung | 7 | 0 | 100% | |
| Supervisor | Kao, Ming-Chih | 0 | 0 | 0% | |
| Supervisor | Tsai, Wen-Hsiung | 6 | 0 | 85% | |
| Supervisor | Chiang, Chun-Huai | 7 | 0 | 100% | |

Note:

- The constitution of supervisors and responsibilities:
 - The communication of supervisors with bank employees and shareholders: shareholders' suggestions acknowledged by employees, shareholders or the Stock Affair Unit can be reported to General Administration of Auditing and transferred to each supervisor.
 - The communication of supervisors with internal auditing supervisors and accountants: the Bank's supervisors audited the Bank's financial and sales documents every month. General Administration of Auditing is in charge of administrative coordination.
- Supervisors attend the Meeting of Board of Directors for statement: None.

- (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. Article 19 of the said regulation is fully complied. (2) Article 27 of 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) Article 31 of The said regulation is fully complied. (2) The said regulation is fully complied. |
| 3. Establish a communication channel with stakeholders. | Smooth communication channels have been established as regulated. | The said regulation is fully complied. |
| 4. 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 | Bank website: http://www.sunnybank.com.tw , which discloses financial operation and company governance information. | The said regulation is fully complied. |

| Item | Operation | The cause and the difference from Corporate Governance Best-Practice Principles |
|--|--|---|
| system and posing the corporation seminar process on the bank website) | | |
| 5. 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. |
| 6. Please state the cause and the difference of the corporate governance from Corporate Governance Best-Practice Principles: Complied with Corporate Governance Best-Practice Principles | | |
| 7. Please state the system and practices that the Bank adopts for social responsibilities of bank (i.e. worker right, employee care, stakeholder's rights, director and supervisor effort in further studies, risk management policy, risk measurement standard execution and the purchase of liability insurance in behalf on directors and supervisors) : (1) Worker right: the Bank is a public listed company and fully realizes that, for sustainable management, the Bank shoulders significant social responsibilities, including employee care and protecting worker's human rights. The Head Office also established Labour-management Conciliation Commission and Employees' Welfare Committee to protect employees' welfare. Also, the Bank conforms to the government's policies and executes welfare practices such as the New Labor Pension System so all of employees' rights receive complete protection. (2) Employee care: To echo's government's policy, "Banks support businesses and businesses support employees". The Bank has not conducted any practices such as layoff, salary cut or unpaid leave. Instead, the Bank usually holds training for employees and encourages any advanced studies. (3) Investor's Relations: The Bank has set up a toll-free hotline and an email box on the corporate website. A smooth channel for client communication helps the protection of investors and clients. (4) Stakeholder's rights : The Bank has set up a toll-free hotline and an email box on the corporate website. Appropriate response to stakeholder's rights help the protection of investors' rights. (5) Director and supervisor effort in further studies: the Bank updates the regulations on corporate governance to directors and supervisors. Directors' and supervisors arrange their own further courses. (6) Risk management policy and risk measurement standard execution: the Bank develops stipulations for according risk management policy and risk measurement standards and has established Risk Administration Department to effectively control the risk level and created the management system for BASEL II. (7) Client policy execution: the Bank established units responsible for clients' complaints. The Bank totally respects Fair Trade Act and Consumer Protection Laws and review standard contracts and propaganda to protect consumer rights. (8) The purchase of liability insurance in behalf on directors and supervisors: the Bank has not purchased liability insurance for directors and supervisors. | | |
| 8. 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) Performing social responsibilities:
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 holding big fetes and actual donations to Blind's Welfare Association R.O.C. to express the corporate responsibilities that the Bank should take and contribute to academics and cultures. The Bank also introduce the correct concepts of saving, investment and financial management and promotes the proper recreational activities and sponsors sporting, cultural, and education activities such as Shihlin College of Commerce Anniversary, Shihpai Elementary School Sports Event, 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.
- (6) The inquiry for corporate governance regulations and policies:
Not Applicable.
- (7) Other important information to deepen the understanding the corporate governance of the Bank:
None.

- (8) Internal control execution discloses the following:
a. Statement of Internal Control

Statement of Internal Control System
Sunny Bank Ltd.

The internal control system of Sunny Bank Ltd. from January 1, 2008 to December 31 2008 was established in compliance with the Implementation Rules for Bank Internal Audit and Internal Control System to implement risk management and audited by an independent auditing department which reports to the board of the directors and supervisors regularly (for a bank that operates concurrently securities business, add the following: For bank's securities business, the Bank determines if the design and implementation of the internal control system are effective based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets). After careful evaluation, the Bank believes that except for items enumerated on the attached sheet, the Bank's internal control system and compliance with applicable law and regulations have been effective for the year stated. (For a bank that also operates concurrently securities business or is a publicly issued company, add the following: This Statement shall become a major part of the annual report and prospectus of the Bank and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities & Exchange Act.)

Sincerely yours,

Financial Supervisory Commission

Declarer

Chairman: (with seal & signature)

President: (with seal & signature)

General Auditor: (with seal & signature)

Officer of the Head Office: (with seal & signature)

Date: March 19, 2009

Practices to be strengthened and corrective procedures in the Internal Control System

Sunny Bank

Base Date: December 31, 2008

| Items for Improvement | Measures | Deadline |
|---|---|--|
| (I) Crediting Management: | | |
| <p>(1) After random examining the loan procedure of Offshore Business Unit, it was found that, in some loans, the contracted methods of principal payment were linked to the credit risks in some specific companies. Such transactions differ from other loans and should be divided into host contracts and embedded derivatives. Transactions of derivatives were found failure to follow Statement No.34, Accounting for the Financial Instruments: Recognition and Measurement and properly disclosed on the financial statements.</p> | <p>(1) The derivatives transaction should be properly valued periodically according to Statement No.34, Accounting for the Financial Instruments: Recognition and Measurement and properly disclosed on the financial statements.</p> | <p>(1) Credit Link Loans, according to its transaction features, should be mixed product stipulated in Statement No.34, Accounting for the Financial Instruments: Recognition and Measurement and properly disclosed on the financial statements. Also, they meet the requirements of individual recognition by host contracts or embedded derivatives. Thus, embedded derivatives should be separated from mixed products. The host contract should be processed, with conformity to stipulations of Statement of Financial Accounting Standard, according to whether it is for financial products or non-financial products. The host contract of such transaction belongs to loans. Recognizing it as "Loan" should be unquestionable. Furthermore, such transaction is usually processed as either "Loan" or "Investment". The Bank conducted valuation in the "Loan" procedure, instead of a "derivatives" transaction.</p> <p>However, credit link loan should be recognized with host contract recognized the loan while the linked derivatives should be evaluated. If any loss occurs, such loss should be recognized.</p> <p>At the end of 2008, the Bank, as suggested, evaluated the credit link loans. A total of USD 3,977,500 is recognized as loan loss provision.</p> |
| <p>(2) After the inspection of the Credit Line of Affiliated Enterprises with business loan authorization number "9400132" 97/09/0, it was found that "Unsecured Credit Line" and "Total Credit Line" exceeded the net credit limit. After inquiry on the matter, it was found that the information of the business loan client was not updated, which caused the excess on the reports.</p> | <p>(2) The handling staff should follow the operating procedures and properly advise information of the crediting applicants. Meanwhile, such staff should periodically confirm whether any over crediting happens.</p> | <p>(2) This case is caused by failure to correct the information of the credited accounts. Currently information is updated. Attention will be placed on such matter in the future. The related loans did not exceed the limit.</p> |
| (II) Deposit Service Management: | | |
| <p>(1) For the application for seal replacement and loss with the operating account number "7341-8829", "7341-1260" and "7341-799", the new seal card is not seen the reason for seal replacement.</p> | <p>(1) After the client apply for seal suspension and it's the replacement, the relevant staff should note the reason for replacement on the seal card to avoid any possible future dispute.</p> | <p>(1) The voidance date has been noted on the seal card.</p> |
| <p>(2) For the applications for seal replacement and loss with the operating account numbers "7301-124039", "7301-127243", "7341-8829", "7341-1260" and "7341-799", the cancellation date is not noted on the old seal card.</p> | <p>(2) After the client apply for seal suspension and it's the replacement, the relevant staff should note the reason for replacement on the seal card to avoid any possible future dispute.</p> | <p>(2) The voidance date has been noted on the seal card.</p> |
| <p>(3) For the application for seal replacement and loss with the operating account number "301-76305", the new seal card is not seen the stamp "New Seal Starts Using".</p> | <p>(3) After the client applies for the seal loss and replaces it with the new seal, the handling staff should stamp "New Seal Starts Using" on the original seal card to avoid the future dispute.</p> | <p>(3) The reason for replacement has been noted on the seal card.</p> |
| <p>(4) The client applying for seal replacement and loss with Account "7341-1260" closed the account but the cancelling date is not noted on the new seal card.</p> | <p>(4) When the client applies for the closing, the handling staff should note the cancellation date on the original seal card to avoid the future dispute.</p> | <p>(4) The voidance date has been noted on the seal card.</p> |

- b. 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
- (9) Illegality and punishment during the past two years, major drawbacks and the correction:
- a. Prosecution taken by prosecutors due to professional crimes committed by the Bank's responsible person or its employees:**
The Bank's Taishan Branch, Minsheng Branch, and Yungho Branch processed the Crediting to Hsiu-Lan Tu, Yu-Lan Wang, Hsiu-Li Tu and Lu-Ying Lin and were suspected violating Banking Act. Shihlin District Prosecutors Office viewed public prosecution should be filed against these branches.
- b. Fines imposed by the Executive Yuan's Financial Supervisory Committee for violating laws and regulations:**
The Bank's Chunghua Branch failed to follow the stipulation, confirm clients' identity and record their profiles while processing large payment and delivery transactions. The audit indicated that Paragraph 1 of Article 7 in Money Laundering Control Act and Stipulation 1 of Regulations Regarding Article 8 of

The Money Laundering Control Act.

c. **Major corrections to shortcomings demanded by the Executive Yuan's Financial Supervisory Committee: None**

d. **Punishments by the Executive Yuan's Financial Supervisory Committee in relation to Article 61-1 of the Banking Law: None**

Consuming Finance Regional Center did not establish mature custody records on the information of clients' loan applications. The design and execution of the internal control system is clearly seen on the custody of clients' information and such flaw may damage the bank's soundness. According to Paragraph 1 of Article 61 in the Banking Act, the Bank should be rectified.

e. **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**

f. **Other items to be disclosed under the instructions of the Financial Supervisory Commission, Executive Yuan: None**

(10) 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:

【The 16th Meeting of the 4th term Board of Directors on January 8th 2009】

Important Resolution

Subject: Please kindly discuss the proposal hereby on the appointment of Wei-Hao Ting as the Bank's Executive President.

Description:

(1) According to Article 10 of the Bank's "Organization Charter", "The Bank's employment and discharge of the staff under Vice Manager should be proposed by General Administration and Business and Service to Board of Standing Directors for approval while that of the staff over Manager should follow the Organization Charter and approved by the Board of Directors."

(2) The 15th Meeting of the 4th term Board of Directors on December 4th 2008 resolved to revise the Organization Charter and add the position "Executive President". Now President of General Administration and Business and Service, San-Ho Chou, is temporarily sitting in as the deputy until the inauguration of Executive President.

(3) Today, it is proposed to appoint Wei-hao Ting as the Bank's Executive President. The term lasts from the date of the inauguration to expiration of the 4th term of the Board of Directors.

Resolution: All of attending directors approved.

(11) 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

(12) 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: None.

4. **Information of Fees to CPA:**

Not applicable.

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 | 2008 | | 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) | Fu Li Yang Investment Co., Ltd. | 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 | 0 | 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 Director | Sun, Ping-Yen | 0 | 0 | 0 | 0 |
| Standing Supervisor | Hsu, Po-Hsiung | 0 | 0 | -400,000 | 0 |
| Supervisor (Major Shareholder) | Tsai, Wen-Hsiung | 0 | 0 | 0 | 0 |
| Supervisor | Kao, Ming-Chih | 0 | 0 | 0 | 0 |
| Supervisor | Chen, Sen-Jung | -91,000 | 0 | 0 | 0 |
| Independent Supervisor | Chiang, Chun-Huai | 0 | 0 | 0 | 0 |
| President | Chou, San-Ho | 0 | 0 | 0 | 0 |
| President | Kuo, Chih-Hung | 0 | 0 | 0 | 0 |
| President | Lin, Chih-Liang | 0 | 0 | 0 | 0 |
| President | Chang, Chi-Ming | 0 | 0 | 0 | 0 |
| President | Yeh, Ching-Tsung | 0 | 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 |
| 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 | Pan, Cheng-Jen | 0 | 0 | 0 | 0 |
| Manager | Liu, Min-Hsiang | 0 | 0 | 0 | 0 |
| Manager | Hsu, Wen-Jung | 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 | Tang, Ying-Kuei | 0 | 0 | 0 | 0 |
| Manager | Pan, Kuang-Chu | 0 | 0 | 0 | 0 |
| Manager | Liu, Yen-Hsing | 0 | 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 | 2008 | | 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 | 2,000 | 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 | 4,000 | 0 | 0 | 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 | 62,000 | 0 | 0 | 0 |
| Manager | Yang, Chen-Sheng | 0 | 0 | 0 | 0 |
| Manager | Chen, Pao-Yuan | 0 | 0 | 0 | 0 |
| Manager | Yang, Lien-Tse | 0 | 0 | 0 | 0 |
| Manager | Cheng, Pei-Nan | 0 | 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 | Hsu, Chieh-Sheng | 0 | 0 | 0 | 0 |
| Manager | Kuo, Ching-Hsien | 527 | 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 | 0 | 0 | 0 | 0 |
| Manager | Chiu, Chuan-Mao | 0 | 0 | 0 | 0 |
| Manager | Chen, Chi-Chuan | 0 | 0 | 0 | 0 |
| 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 | Su, Chien-Tsung | 0 | 0 | 0 | 0 |
| Manager | Lee, Ching-Cheng | 0 | 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, Kuo-Hsiung | 0 | 0 | 0 | 0 |
| Manager | Yao, Hung-Shen | 0 | 0 | 0 | 0 |
| Manager | Lin, Jui-Mei | 1,306 | 0 | 0 | 0 |
| Manager | Tsui, Ching-Chih | 0 | 0 | 0 | 0 |
| Manager | Tsai, Che-Ming | 0 | 0 | 0 | 0 |
| Manager | Kuo, Chung-Chieh | 0 | 0 | 0 | 0 |
| Manager | Chen, Nien-Hui | 0 | 0 | 0 | 0 |
| Manager | Shen, You-Hsin | 0 | 0 | 0 | 0 |
| Manager | Ho, Ju-Chun | 0 | 0 | 0 | 0 |
| Manager | Chang, Wen-Huang | 0 | 0 | 0 | 0 |
| Manager | Wu, Jung-Chi | 0 | 0 | 0 | 0 |
| Manager | Lung, Wan-Li | 0 | 0 | 0 | 0 |
| Manager | Huang, Shou-Wen | 0 | 0 | 0 | 0 |

Note: Manager Yu-Lin Lan left his office on February 14 2009. Manager Chin-Chiang Hsieh left office on February 24 2009. Manager Wen-Jung, Hsu, Ching-Hsien Kuo, Chi-Kang Lin, Huang-Lung Kuo, Sheng-Jung Wang, Pao-Yuen Chen and Hung-Shen Yao left office on April 1 2009 and Executive Vice President Lu-Pei Lin left office on April 25 2009.

(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 |
|-----------------|----------------------------|------------|---------------------|--|-----------|---------------|
| Chen, Sen-Jung | Disposal (gift) | 2008.11.27 | Chen, Yueh-Chun | Father and daughter | (91,000) | 9.93 |
| Chen, Jung-Kuei | Disposal (Gift) | 2008.12.25 | Chen, Pao-Ting | Father and Sun | (100,000) | 9.53 |

(3) Share Pledge Information

None.

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

December 31 2008

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 3,717,876 900,049 | 6.67 0.30 0.07 | - 907,439 1,297,931 | - 0.07 0.10 | - - - | - - - | 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 2008

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. | 865,991 | 0.29 | 0 | 0.00 | 865,991 | 0.29 |
| Sunlight Asset Management Ltd. | 66,587 | 1.11 | 0 | 0.00 | 66,587 | 1.11 |
| Ontario Securities Investment Trust | 6,006,000 | 20.02 | 0 | 0.00 | 6,006,000 | 20.02 |

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 |
| November 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, 2008

| Shareholder Structure Quantity | Government agency | Financial agency | Company corporation | Other corporation | Individual | Foreign agency and foreigner | treasury stock | Total |
|-----------------------------------|-------------------|------------------|---------------------|-------------------|-------------|------------------------------|----------------|---------------|
| No. of Persons | 2 | 4 | 113 | 33 | 128,150 | 5 | 1 | 128,308 |
| No. of Shareholding (Stocks) | 1,419,109 | 52,471,297 | 201,061,239 | 18,253,707 | 951,764,339 | 3,290 | 18,955,153 | 1,243,928,134 |
| Shareholding Percentage (%) | 0.11 | 4.22 | 16.17 | 1.47 | 76.51 | 0.00 | 1.52 | 100.00 |

(3) Equity Distribution

Face amount: \$10/per share

December 31, 2008

| Grades | No. of Shareholders (persons) | Shareholdings (shares) | Shareholding Percentage (%) |
|----------------------|-------------------------------|------------------------|-----------------------------|
| 1 to 999 | 74,086 | 20,941,961 | 1.68 |
| 1,000 to 5,000 | 45,623 | 93,496,386 | 7.52 |
| 5,001 to 10,000 | 2,579 | 18,168,371 | 1.46 |
| 10,001 to 15,000 | 798 | 9,949,311 | 0.80 |
| 15,001 to 20,000 | 637 | 11,108,959 | 0.89 |
| 20,001 to 30,000 | 806 | 20,596,514 | 1.66 |
| 30,001 to 50,000 | 1,026 | 41,165,483 | 3.31 |
| 50,001 to 100,000 | 1,233 | 90,641,649 | 7.29 |
| 100,001 to 200,000 | 707 | 100,869,379 | 8.11 |
| 200,001 to 400,000 | 457 | 128,929,312 | 10.36 |
| 400,001 to 600,000 | 137 | 66,494,605 | 5.35 |
| 600,001 to 800,000 | 63 | 43,516,158 | 3.50 |
| 800,001 to 1,000,000 | 33 | 29,772,838 | 2.39 |
| Over 1,000,001 | 123 | 568,277,208 | 45.68 |
| Total | 128,308 | 1,243,928,134 | 100.00 |

(4) List of Major Shareholders

| List of Major Shareholders | Shares | Shareholdings | Shareholding Percentage (%) |
|--|--------|---------------|-----------------------------|
| Fu Li Yang Investment Co., Ltd. | | 82,952,766 | 6.67 |
| Chuan Yang Construction Co., Ltd. | | 69,644,262 | 5.60 |
| 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 |
| 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 |

Note 1 : Any shareholders with over 1% of shares or among top 10 shareholding are listed;

(5) Market price, net value, earning, and dividend data

Unit: NT\$, Thousand Shares

| Item | Year | | 2008 | 2007 | As of April 30, 2009 of the Same Year |
|---|------------------------------------|------------------------------|-----------|-----------|---------------------------------------|
| | Market price per share | Highest | | Note | Note |
| Lowest | | | Note | Note | Note |
| Average | | | Note | Note | Note |
| Net value per share | Before distribution | | 8.68 | 10.32 | 8.36 |
| | After distribution | | 8.68 | 10.32 | 8.36 |
| Earnings per share | Weighted average No. of shares | | 1,224,553 | 1,224,658 | 1,224,553 |
| | Before adjustment | | (1.89) | (0.93) | (0.32) |
| | After adjustment | | (1.89) | (0.93) | (0.32) |
| Dividends per share (Surplus distribution from the previous year) | Cash dividend | | - | - | - |
| | Free distribution | Surplus distribution | - | - | - |
| | | Capital surplus distribution | - | - | - |
| | Unpaid dividend | | - | - | - |
| Investment returns analysis | P/E ratio | | Note | Note | Note |
| | Dividend yield | | Note | Note | Note |
| | Yield to maturity on cash dividend | | Note | Note | Note |

Note 1: It is not applicable since company is not listed or OTC listed.

(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:

- a. Director, Supervisor reward 1.5
- b. Employee's reward 3%
- c. Shareholder dividend 95.5

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

- a. The amount or criteria of employee's reward and rewards for directors and supervisors 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 1.5%
- (b) Employee's reward 3%
- (c) Shareholder dividend 95.5%

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

- b. Employee's reward distribution passed by the Board of Directors
2008 Bank surplus distribution: no Employee stock bonus and director/supervisor reward distribution.
- c. Surplus distribution as employee's reward and director/supervisor reward last year
No 2007 Bank surplus distributions.

- (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 2006 (Private Placement) | The First Type A Bond Subordinated Financial Debentures in 2007 (Private Placement) |
|--|---|---|
| Central authority approval date and number | Letter with File No. Chin-kuan-yin-(III)-tzu No. 0950012639 | Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820 |
| Date of issue | May 16, 2006 | 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\$2,000,000,000 | NT\$1,800,000,000 |
| Interest Rate | At single interest rate of APR 2.55% with annual payment | At single interest rate of APR 3% with annual payment |
| Maturity | 5 years and 6 months, From May 16, 2006 to November 16, 2011 | 7 years From April 9, 2007 to April 9, 2014 |
| Repayment Priority | 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. | 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 | Hua Nan Bills Finance Corporation | Hua Nan Bills Finance Corporation |
| Repayment method | Total payback upon deadline | Total payback upon deadline |
| Unpaid balance | NT\$2,000,000,000 | NT\$1,800,000,000 |
| Paid-In Capital of Previous Year | NT\$10,915,265,040 | NT\$12,439,281,340 |
| Net Worth of Previous Year | NT\$12,892,912,768 | NT13,811,120,055 |
| 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 (%) | 15.51% | 27.51% |
| 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 25, 2008 Grade rating: twBBB+ | Taiwan Rating Co., Ltd. Assessment Date: September 25, 2008 Grade rating: twBBB+ |

| Types of Subordinated Financial Debentures | The First Type B Bond Subordinated Financial Debentures in 2007 (Private Placement) | The Second Type A 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 | April 9, 2007 | November 16, 2007 |
| Par Value | NT\$10,000,000 | 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\$1,100,000,000 | NT\$203,500,000 |
| Interest Rate | 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. | At fixed single interest rate of APR 3.6 % with annual payment |
| Maturity | 7 years, From April 9, 2007 to April 9, 2014 | 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\$1,100,000,000 | NT\$203,500,000 |
| 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 (%) | 35.48% | 36.95% |
| 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 25, 2008 Grade rating: twBBB+ | Taiwan Rating Co., Ltd. Assessment Date: September 25, 2008 Grade rating: twBBB+ |

| Types of Subordinated Financial Debentures | The Second Type B Bond Subordinated Financial Debentures in 2007 | The Third Type A 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 | December 26, 2007 |
| Par Value | NT\$100,000 | NT\$100,000 |
| Site of issue and operations (Note 2) | 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\$101,000,000 | NT\$261,000,000 |
| Interest Rate | 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. | At fixed single interest rate of APR 3.8 % with annual payment |
| Maturity | 5 years and 6 months, From November 16, 2007 to May 16, 2013 | 6 years and 2 months, From December 26, 2007 to February 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 (Note 3) | 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\$101,000,000 | NT\$261,000,000 |
| 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 (Note 4) | 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 (%) | 37.68% | 39.57% |
| 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 25, 2008 Grade rating: twBBB+ | Taiwan Rating Co., Ltd. Assessment Date: September 25, 2008 Grade rating: twBBB+ |

| | |
|--|---|
| Types of Subordinated Financial Debentures | 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 |
| Date of issue | December 26, 2007 |
| Par Value | NT\$100,000 |
| Site of issue and operations (Note 2) | R.O.C |
| Currency | New Taiwan Dollars |
| Offering Price | Issued at the bond par value |
| Total amount | NT\$43,900,000 |
| Interest Rate | 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 February 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. |
| Guarantee agency | None |
| Trustee | None |
| Underwriting agencies | None (Sell by our bank) |
| Certifying lawyers | Hsueh, Sung-Yu |
| CPA | Deloitte & Touche Taiwan C.P.A. Shao, Chih-Ming |
| Certifying Financial Institution | None |
| Repayment method | Total payback upon deadline |
| Unpaid balance | NT\$43,900,000 |
| Paid-In Capital of Previous Year | NT\$12,439,281,340 |
| Net Worth of Previous Year | NT\$13,811,120,055 |
| Compliance cases | None |
| Redemption or prepayment terms | None |
| Conversion and exchange conditions | None |
| Restrictive clauses | 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. |
| Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%) | 39.89% |
| Considered as Qualified Capital and Its Tiers | Tier 2 |
| Credit rating agency names, assessment date and its grade rating (Note 1) | Taiwan Rating Co., Ltd. Assessment Date: September 25, 2008 Grade rating: twBBB+ |

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. **Depository 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

In 2008, the Bank tuned its product strategies to be conservative. The structure notes were asked to be 100% principal guaranteed. The issuers and the guarantors are also asked to stand above a significant level of credit rating and cautiously evaluate and select products. Meanwhile, the Bank basically recommended bond funds with stable dividends. Also, to make financial transactions convenient for customers, the Bank established “Subscribe Funds Online” during the 4th Quarter of 2008. The Bank’s moderate asset allocation and diverse financial services significantly boosted client’s confidence and dependence on the Bank.

Unit: Million Dollars

| Type | 2008 | | 2007 | | Increment (Note 2) | |
|--------------------------------|--------|---------|--------|---------|---------------------------|-----------------------------|
| | Sales | Revenue | Sales | Revenue | Sales increase (decrease) | Revenue increase (decrease) |
| Domestic Mutual Funds (Note 1) | 1,411 | 10 | 6,574 | 37 | (5,163) | (27) |
| Oversea Mutual Funds | 4,452 | 70 | 13,781 | 250 | (9,329) | (180) |
| Structured Notes | 2,475 | 34 | 447 | 12 | 2,028 | 22 |
| Insurance | 6,027 | 84 | 998 | 31 | 5,029 | 53 |
| Subtotal | 14,365 | 198 | 21,800 | 330 | (7,435) | (132) |

Note 1: “Domestic Mutual Funds” refers to domestic fund sales and domestic fund service fee, excluding bond funds.

Note 2: “Increment” refers to the increment of Year 2008, comparing to 2007 (Formula = Yr 2008-Yr2007)

b. Consuming Finance

- (a) **Mortgage:** At the end of 2008, the balance of the mortgage, NT\$108.4 billion, was 64.22% of total balance of loan balance of the Bank. With NT\$110.7 billion at the end of 2007, a net decrease of NT\$2.3 billion, or the decrease by -2.08%, was seen.
- (b) **Loan:** At the end of 2008, the total balance of loan, NT\$5.4 billion, was 3.20% of total loan balance of the Bank. With NT\$6.2 billion at the end of 2007, a net decrease of NT\$800 million, or the decrease by -12.90%, was seen.

- (c) Credit Card:
- i. Issue: 466,240 cards were issued in 2008, 6,133 cards more than 460,107 cards issued in 2007.
 - ii. Consumption amount: credit card consumption during 2008 amounted to NTD 1.62 billion, a decrease of NTD 196 million from NTD 1.816 billion of credit card consumption during 2007.
 - iii. Revolving Credit Balance: The revolving credit balance at the end of 2008 is NTD 848 million, a decrease of NTD 373 million from NTD 1.221 billion of revolving credit balance at the end of 2009.
- c. Corporate Financing
- (a) The percentage and the growth of the loans in NT\$ and other foreign currencies to corporate clients are as follows:

Loan Balance Distribution and the Growth

Unit: 100 million dollars

| Item | Year 12/31/2008 | | Year 12/31/2007 | |
|--|-----------------|----------------|-----------------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Loan Balance to Big Sized Business | 300 | 56% | 309 | 55% |
| Loan Balance to Mid-Small Sized Business | 231 | 44% | 255 | 45% |
| Total | 531 | 100% | 564 | 100% |

Interest Revenue Distribution and Growth

Unit: Thousand dollars

| Item | Year 2008 | | Year 2007 | |
|--|-----------|----------------|-----------|----------------|
| | Amount | Percentage (%) | Amount | Percentage (%) |
| Interest Revenue from Big Sized Business | 840,483 | 49% | 960,835 | 48% |
| Interest Revenue from Mid-Small Sized Business | 869,693 | 51% | 1,038,456 | 52% |
| Total | 1,710,176 | 100% | 1,999,291 | 100% |

- (b) The comparison of foreign exchange business of International Banking Dept. in 2007 and 2006 is as follows:

Foreign Exchange Business Comparison:

Unit: US\$ Thousands

| Item | 2008 A | 2007 B | Increase in 2008 C=A-B | Growth in 2008 D=C/B |
|------------------------------------|-----------|-----------|---------------------------|-------------------------|
| Foreign exchange deposit (Balance) | 225,898 | 229,774 | (3,876) | -2% |
| Foreign exchange loan (Balance) | 180,116 | 180,699 | (583) | 0% |
| Import/ export business | 334,431 | 416,248 | (81,817) | -20% |
| Foreign exchange business | 1,521,373 | 1,921,083 | (399,710) | -21% |

- d. E-Banking Business

Unit: NT\$ Thousands: Transaction

| Item | Year 2008 | | Year 2007 | |
|-------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | Total Withdrawal Amount | Total Transfer Transaction | Total Withdrawal Amount | Total Transfer Transaction |
| Physical ATM | 18,536,326 | 1,503,092 | 24,767,286 | 1,543,096 |
| Online ATM | - | 53,817 | - | 49,148 |
| Internet Banking | - | 119,062 | - | 94,104 |
| Telephone Banking | - | 381,801 | - | 405,386 |
| Mobile Banking | - | 265 | - | 202 |
| XML | - | 1,331 | - | 1,696 |

e. Trust

Total Balance for Trusted Asset at the end of 2008 was NT\$38.525 billion or an increase of NT\$14.1 billion from NT\$ 24.425 billion at the end of 2007. The growth reached as high as 57.73%. Meanwhile, according to Chung-To-Cha-Tzu Letter No. 0960000810, “The securities investment trust contracts of money trust services, upon the Authority’s approval, takes force at January 1st 2008.” Therefore, securities investment trust fund with trust asset under custody amounted to NT\$ 16.38 billion.

Unit: NT\$100 Millions

| Item | 12/31/2008 | 12/31/2007 | Increment | Annual Growth |
|---|---------------|---------------|----------------|----------------|
| Trust Business | 385.25 | 244.25 | 141.00 | 57.73% |
| Money Trust | 357.06 | 209.10 | 147.96 | 70.76% |
| Specific Money Trusted in Domestic and Foreign Securities Investments | 191.58 | 205.12 | -13.54 | -6.60% |
| Other Money Trusts | 1.68 | 3.98 | -2.30 | -57.79% |
| (Note) Securities Investment Trust Fund Custody Business | 163.80 | — | 163.80 | — |
| Real Estate Trust | 15.80 | 22.48 | -6.68 | -29.72% |
| Securities Trust | 12.39 | 12.67 | -0.28 | -2.21% |
| Subsidiary Trust Business | 46.38 | 720.44 | -674.06 | -93.56% |
| Custody Business | 0.10 | 247.08 | -246.98 | -99.96% |
| (Note) Securities Investment Trust Fund Custody Business | — | 241.62 | -241.62 | — |
| Discretionary Custody Business | 0.00 | 5.36 | -5.36 | -100.00% |
| Operation Bond Custody Business | 0.10 | 0.10 | 0.00 | 0.00% |
| Certifying Business (Operated Amount) | 46.28 | 473.36 | -427.08 | -90.22% |
| Total | 431.63 | 964.69 | -533.06 | -55.26% |

(Note) Chung-To-Cha-Tzu Letter No. 0960000810: The securities investment trust contracts of money trust services, upon the Authority’s approval, takes force at January 1st 2008.

Source: Quarterly Report of Trust Association of R.O.C

f. Investment Business

Growth and changes of Transaction revenue are as follows:

Security Transaction Classification in 2007 and 2008 (Notes and bills trading)

Unit: NT\$ Thousands

| Items | 2007 | 2008 | Increment |
|------------------------------------|------------------|----------------|------------------|
| Bonds interests | 3,748 | 8,586 | (4,838) |
| Stock interests (loss) | (240,664) | 2,202 | (242,866) |
| Beneficiary certificates interests | (34,100) | 28,043 | (62,143) |
| Short-term bill interests (loss) | 12,113 | 32,310 | (20,197) |
| Evaluation interests (loss) | (149,527) | 89,542 | (239,069) |
| Dividend | 60,158 | 43,593 | 16,565 |
| Total | (348,272) | 204,276 | (552,548) |

The table above indicated that the bank profited from security transaction revenue of NT\$204,276,000 in 2007 and suffered from loss of NT\$348,272,000 in 2008. The details are as follows:

(a) Bonds interests:

Capital gains on trading government bonds. Profit of NT\$8,586,000 was gained in 2007 and NT\$ 3,748,000 in 2008. During the last 2 years, bond rates have been in consolidation. The holding position was not seen significant changes and most was available for sale position.

(b) Stock interests (loss):

Profit gained on trading listed and OTC stocks. Profit of NT\$ 2,202,000 was earned in 2007 while loss of NT\$ 240,664,000 was seen in 2008. The loss in Year 2008 arose from the impact of the slump of global stock market.

- (c) Beneficiary certificates interests:
Profit on fund trading. Profit of NT\$ 28,043,000 was earned in 2007 while loss of NT\$ 34,100,000 was seen in 2008. The loss in Year 2008 arose from the impact of the slump of global stock market.
- (d) Short-term bill interests:
Profit gain on trading short-term bill (including CP2, NCD, BA, TB and ABCP etc.) In 2007 and 2008, gain on short-term bills included interest revenue of NT\$449,117,000 and NT\$458,539,000. Interest on Disposal is profit of NT\$32,310,000 and NT\$12,113,000.
- (e) Evaluation interests (loss):
Evaluation interest or loss on evaluation according to the market prices. In 2007, evaluation interest was recognized as NT\$89,542,000 while, due to the slump of the global stock market, evaluation loss was recognized as NT\$ 149,527, 000.
- (f) Dividend:
Cash dividends distributed by listed and OTC companies. Cash dividend for 2007 and 2008 was NT\$43,593, 000 and NT\$60,158,000 respectively. 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.
In summary: For security transaction revenue, stock and fund profit rose in 2006 because the global stock market had been booming. In 2007, NT\$89,542,000 was recognized as evaluation interest. Net interest was totaled as NT\$204,276,000. In 2008, NT\$ 149,527,000 was recognized as evaluation. Net loss was totaled as NT\$ 348,272,000.

(2) The Operation Plan of the Year

a. Wealth Management

- (a) Furnish customized financial diagnosis (Bull Up Your Portfolio): Provide clients suggestions on over 1,000 financial products of domestic competitors to meet the all-round needs for clients with different asset value or risk tolerance. In order to shorten the break-even period for clients at loss caused by the financial tsunami, the bank launched customized financial diagnosis. The Bank not only inspects clients' current investment, but also assists them with asset allocation for this short-selling period.
- (b) Provide diverse financial products: Plan to introduce new financial products such as privately placement fund or collective management accounts in order to furnish the Bank's clients more options in financial products
- (c) Elevate client's service efficiency: Target at customer need and segment clients by the age and regional features to provide differentiated marketing event planning.
- (d) Provide premium service to the Bank's VIPs: to strengthen VIPs' loyalty to the Bank's wealth management.
- (e) Introduce the "Family Group" concept: Plan finance seminars and expand the scope of customers into their relatives and friends to raise the scale of the Bank's customers and raise the Bank's awareness.
- (f) Advance expertise of financial advisors and provide clients professional financial services: target the goal of at least one professional financial advisor per branch. Through the elementary and advance classified training for financial advisors, advance financial advisors' expertise and images and provide more professional financial services to the Bank's clients.

b. Consuming Finance

- (a) Mortgage: With a competitive mortgage market and transparent interest rates,

interest rates for new house loans keep low. On the premises of self-owned capital adequacy for financial liberalization and internationalization and risk management in response to changes in the real estate market, the Bank rationally allocate risky assets and fully execute differential pricing strategies to shield rational interest gap. Currently the Bank has launched various house loans. Those loans include “Double Plus”, “Go and Transfer”, “Easy Paid”, “Residence”, “Non-Residence”, the financial and the government home loans, all of which can accompanied by mortgage life insurance and satisfy clients with different needs to raise fee income.

(b) Credit Loan: under the strike of domestic and international economy, the unemployment rate keeps ascending. Also, the government conducted credit control on credit loans and sales of double cards shrank. Therefore, the credit loan market is in recession. Before the market settles and the regulations turn clear and complete, credit loans will be conservatively managed on the premise of protecting asset quality.

(c) Credit Cards:

- i. Sell insurance and financing products across departments of the whole bank.
- ii. Provide deduction and payment for public utilities to maximize added value.
- iii. Provide credit card holders of the Bank more benefits for card usage.

c. Corporate Financing

(a) Business Goals:

As an era with the sluggish economy and low interest rates is about to come, the Bank is facing a harsh market and relatively high cost. Next year, the business will focus on minimize capital cost, continuously advancing the weight of demand deposits and staff productivity and efficiency and raise the interest gap of mid and small sized business (with an credit amount under NT\$ 30 million) to boost loan and cross-sales fee income. The Bank will also cautiously select its target customers, stay aware of their sources of payment and well perform prior investigation (site assessment) and post management (re-examination)

(b) Growth Strategies

According to the spirit of Basel Accords, the balance of weighted risky assets can be operated to as much as 12.5 times of self-owned capital. With the Bank’s capital of NTD 12.4 billion, the Bank’s balance of weighted risky assets can be operated up to NTD 155 billion.

| Item | Risk Weighted Coefficient | Amount Limit |
|--|---------------------------|--------------------|
| Credit Guarantee Fund (Note) | 20% | -- |
| Time Deposit of Other Banks | 20% | -- |
| Residential Mortgage | 45% | -- |
| Small Credit Loan | 75% | -- |
| Mid/Small Sized (Credit) | 75% | Under \$ 3 million |
| Guarantee (Spot and Forward L/C, loan replace, foreign currencies) | 20% | -- |
| Major Enterprises (Credit) | 100% | -- |

Note: Risk coefficient is 20% for 100% credit guarantee and 47.5% for 50% of guarantee funds.

With limited capital, the Bank should operate business with low risk coefficient in order to utilize the risks that self-owned capital can shoulder. Therefore, the previously great-enterprise based ideology should be totally changed. In the future, the growth strategies for crediting should focus on house loans, small loans and mid and small sized enterprises with an amount under NTD 30 million and credit guaranty. Thus, the growth strategies are explicated as follows:

- i. Sale Volume:
 - (i) Expand the scale of short term credit and reduce mid and long term credit.
 - (ii) Increase secured or self-liquidating credit and decrease credit-related products.
 - (iii) Lower the significant credit and raise the small-amount credit.

- ii. Asset Quality and Profit
 - (i) Risk is the top concern. Do not be impetuous.
 - (ii) Do not hold blind faith in the credit scale. Profit should be the concern.
 - (iii) Fully exercise execution and objective management.
 - (iv) nurture total functional branch talent and deepen the talent development.
- (c) International Banking Department and Offshore Business Unit
 - i. Expanding the financing business for overseas Taiwan enterprises
In response to the industry migration, the Bank will actively solicit Taiwan enterprises in fine finance and credit in the name of offshore companies in the third location and with credit sharing among affiliated businesses. The parent company in Taiwan will offer security and conduct trading financing with the Bank, which will effectively drive business of OBU in import, export, foreign exchange deposit and inward and outward remittance.
 - ii. Use OBU as the platform to supply diverse services:
With the tax-exempt advantage of OBU, the Bank, for the diverse development of its business, will help promoting savings and financing products to clients of OBU,
 - iii. Utilize the functions of key branch staff in foreign exchange business
Strengthen the training of key branch staff in foreign exchange business and assign staff to participate in Foreign Exchange Practice Class held by Taiwan Academy of Banking and Finance and Taiwan External Trade Development Council to advance the expertise of key branches in foreign exchange.
 - iv. Speed up the establishment of Authorized Foreign Exchange Branches’
To expand the Bank’s foreign exchange business, develop operating staff and effectively shorten the operation time of branches in all locations, the Bank established an International Banking Unit in Tainan in 2008.

d. E-Banking

To advance the Bank’s competency and respond to clients’ attributes, the Bank continued to solidify business in electronic channels. AS of the end of December 2008, The number of wire transfers of E-Banking demonstrated significant growth, compared to the end of December 2007 (as the Table) .

| Item | The number of wire transfers in 2008 | The number of wire transfers in 2007 |
|-----------|--------------------------------------|--------------------------------------|
| E-ATM | 53,817 | 49,148 |
| E-Banking | 119,062 | 94,104 |

To furnish clients with more convenient services, the Bank launched, in November 2008, fund transactions on E-Banking. In December, the Bank started foreign exchange transactions in E-Banking, The Bank continues solidifying the functions of E-Banking and E-ATM functions and speed up the construction of the collection platform, boranden the service scope and become clients’ best partner.

e. Trust Business

- (a) 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.
- (b) 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.

- (c) Insurance Trust: A financial service product combining “insurance” and “trust”. The beneficiary of the insurance contracts acts as the trustor and signs an insurance trust contract with the trustee (the trust agency). The benefits paid from the insurance will be trusted. It is agreed that, when claims upon the decease of the insuree or payment of maturity proceeds occur, the insurance company pay the benefits to the trustee and the trustee manages the trust property according to the trust contract or allocates the trust property to the beneficiary according to the agreed manner; or, at the termination or the expiration of the trust period, the trustee turns the remaining asset to the trust beneficiary. Through the independent and professional management by the trust bank, the benefits can be managed, exercised and allocated according to the trust purpose in favor of people incapable of managing property, the senior, the minor and the interdicted in order to take care of the survivors and nurse the elderly, the weak, women and children.
- (d) Real Estate Trading Safety Trust: Work with house loan sales units to collectively promote real estate trading price safety trust to provide a safe and trustworthy trading platform for real estate trading and increase the Bank’s consumer finance business and trust fee income.
- (e) Trust of Loans and Related Security Interests: the trustor trusts the loans to the trustees. Through the security, management and disposal of trust of loans, the trustor trusts the proceeds for beneficiary.
- f. Investment Business
 - (a) Bill Operation Strategies
 - i. Explore no-guarantee customers and raise the usage of the current no-guarantee customers in order to boost the profit of bill transaction.
 - ii. Assist branches with their guarantee services, deliberate the proper amount of cases of self-guarantee/ self-purchase short-term bills.
 - iii. In order to expand business scope of securities, 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.
 - iv. Persist in participating in the bidding CDs 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.
 - v. Actively expand operations conditions for sub-customers to obtain lower funding and earn the margin.
 - vi. As the securitization of financial assets thrives, the Bank has gradually assessed and then bought CLO, RMBS, REAT and REITS commodities. In the future, the Bank will continue to assess the purchase of low-risk asset securitization products.
 - (b) Bond Operation Strategy

The operation strategies were basically that the holding cost was higher than the annual growth rate of CPI forecasted by Directorate General of Budget, Accounting and Statistics. Enter the market at the relatively high points and sell bonds while the interest rates slide.

 - i. Bonds
 - (i) Expected operating amount for bond: NT\$1,000,000,000.
 - (ii) Interest income: Interest income will be NT\$17,000,000. (The estimated average interest rate will be 1.7%)
 - (iii) Capital gains: NT\$7,500,000. (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 billion liabilities to earn an annual return of 0.75%)
 - (iv) 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 %.)
 - ii. Corporate Bonds: expected to invest in NT\$1 billion. With an average interest rate as

- 1.7%, the interest rate income is NT\$17,000,000.
- iii. Beneficiary Certificate:
 - (i) Beneficiary Certificate: Expected to own NT\$300,000,000
 - (ii) Interest income: NT\$4,950,000. (Expected rate: 1.65%)
 - iv. Preferred Shares:
 - (i) Preferred Shares: Expected to have NT\$110,000,000.
 - (ii) Interest income: NT\$4,950,000. (Expected rate 4.50%)
- (c) Stock Operation Strategy:
- i. Take long-term competency, operation stability, low P/E ratio and low P/B ratio as the first priority. The prospect for high tech stocks in the 1st quarter of 2009 should be conservative. Stock prices should be going to rebound moderately. The interest spread of raw materials will risk again. Both are expected to show rebound. Investors should keep holding their stocks, sell high and buy low until better prices for clearance are seen. From the 1st to the 2nd quarter of 2009, investors should wait for the right prices to buy stocks. From the 3rd to the 4th quarter of 2009, raw material and high tech prices are expected to rebound. If any proactive action from China is seen, demand for raw material stocks will be stronger than high tech stocks.
 - ii. In 2009, the average operating position is NTD 1 billion. The estimated annual rate of return is 15%. It is estimated to create profit on trading stocks of NTD 150,000,000.
- (d) The Investment Strategy For Beneficiary Certificate (Fund)
- i. Equity Fund: In 2009, investors will face a bear market but with many rebound opportunities for investment. Capital will be managed more conservatively in 2008. In a weak market, holding position will drop to 20% to 40%. While the market recovers, the holding position will rise to 60% to 80%. The profile will be centered on the balance fund with equity fund as satellite position. The investment region is mainly in mature markets. The timing for investing in or exiting emerging markets depends on the market stances if prices are low enough to justify the purchase.
 - ii. Bond Fund: Currently the after-tax short term inters rates stand around 0.8% while return on quasi money market fund is about 1.2%. Risks of notes and quasi money market fund are equivalent. The return on quasi money market fund is obviously higher than short term interest rates. If the interest spread stays over 25bp, quasi money market fund will be selected as an instrument for short term capital investment.
 - iii. In 2009, the average operating position is NTD 1.2 billion. The estimated annual rate of return is 9%. It is estimated to create profit on trading funds of NTD 1085,000,000.
- (e) Strategy for Foreign Currency Capital
- i. It is estimated that, in 2009, the global economy still cannot walk out of recession. Before the financial crisis ends, the financial market will still stay in fierce fluctuation. Therefore, the Bank will incorporate all of objective factors, including the overall operating environment and international economic state, and develop appropriate strategies and operational mechanism.
 - ii. Nimble adjust the maturity gap and respond to FX SWAP and the money market for risk-free hedging opportunities in order to elevate profits.
 - iii. Solidify the Bank's analytical and predicting capability in the financial market.
 - iv. Minimize the Bank's risk and ensure the profitability. Place more emphasis on short-term trading.
- (f) Strategy for Foreign Exchange Investment
- i. The financial tsunami of Year 2008, arising from the subprime crisis, is predicted to trap the global financial industry into plight. The plight may not turn worse, but it will take a period of time for already weak macro-economy to recover. The financial leverage may go conservative. The credit risk becomes the top concern during making of any investment strategies.
 - ii. Inspect the current foreign currency investment in response to any change in market rates of interest and economic stance.
 - iii. Create new investment positions and seek asset-backed securities with short duration, great rating, full security and interest spread.
 - iv. Risks of the existing invested position are avoided by utilizing characteristics, such as maturity date, implicit interest rates or volatility.
- (g) Derivative Products
- i. the Bank will develop various derivative products and structured products to offer

- more investment and risk-averse options for clients of wealth management.
- ii. Develop models and types for new financial products, including applying for permission of new products from the authority, product design, production of product manual, production of sales confirmation, and transaction operation procedures, to completely meet demand of the Bank and wealth management clients in risk aversion.
- iii. Research the development feasibility of new types of derivatives to supply all-round financial services.
- iv. Improve operational and risk controlling functions of the Bank's front, middle and back end system in order to effectively and timely monitor all risks.

(3) Market Analysis

a. The Bank Operation

The international financial environment faced vital changes. The subprime crisis turned into the globe-striking financial tsunami. The significance of its impact on the global economy and financial industry has far exceeded the market expectation and struck Taiwan financial system. Under such circumstance, domestic banks are facing harsher pressure in competition.

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

(a) The Supply Sector

According to statistics from Financial Supervisory Commission, as of December 31 2008, there are 396 financial institutions, including (domestic banks, medium business banks, the local branches of foreign banks, credit co-operative associations, credit departments of farmers' association, investment and trust companies, bills finance companies and Department of Savings & Remittances, Chunghwa Post Co.) and 5,885 branch institutions. Meanwhile, products on the domestic financial channels share highly similar homogeneity. In order to grasp business from clients, price wars are commonly seen, which further lower profitability.

(b) The Demand Sector

As the advancement of Taiwanese living quality and the increase in its wealth, their demand for financial services and products thus rises, too. Financial institutes must strive to boost the quality of financial services, furnish more diverse products and further client contacts in order to satisfy clients.

Struck by financial tsunami, the government proactively executes investment-encouraging and domestic enterprise- supporting policies. Through banks as financial medium, the government requires banks to maintain regular crediting services and help mid and small sized enterprises with fragile credit foundation acquire operating funds in order to sustain drive for economic recovery. However, banks, in consideration of risk, still remain their caution and conservatism on crediting, which continues the recession of credit business in the banking industry.

(c) The Potential

In preview of 2009, domestic financial institutes still have to face significant challenges against business expansion. Amid the impact of financial tsunami, companies in every industry face much higher operation risks. Banks must execute more proactive operation strategies in responses to changes in domestic economy and markets.

Facing a much harsher operating environment, the financial market takes more rapid steps to liberation. Financial institutes show stronger demand on solidifying revenue from traditional services, creating their niche services and strengthening management of their operation risks. In the current phase, with more and more liberal cross-strait policies of the government, more space for operation and growth is seen on offshore banking and corporate finance.

c. The Competitive Niches, Advantages and Disadvantages for Development and Solutions.

(a) The Competitive Niches

- i. Embrace a network totaled as 96 domestic branches, mainly located in Taipei and Kaohsiung metropolis.
- ii. Good locations, friendly and efficient services and smooth interaction with customers.
- iii. Rational management and operation which expedite maximizing service quality and efficiency and advancing performance of business expansion and crediting quality.
- iv. Strong capability of responding to environmental and market contingency and adjusting market strategies. Astonishing flexibility.

(b) Advantages and Disadvantages for Development

i. Advantages

- (i) 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.
- (ii) The concept of investment has rooted in people's mind and the concept of trust has also formed gradually.
- (iii) The economies are still growing slowly and businesses still have strong demand for capital, which benefits banks to promote their services.
- (iv) Government continues loosening up limitations on business and regulations, which completes financial products and help the elevation of profits.

ii. Disadvantages

- (i) 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.
- (ii) The percentage of direct finance keeps rising, which shall suppress the growth and profitability of traditional banking services.
- (iii) The market stays at low interest rates. The business rivalry among banks is still the same. The interest spread between deposit and loans cannot be effectively raised and profitability has been continuously reduced.
- (iv) The financial institutions continue the consolidation. With financial holdings tend to go larger and larger, their future developments face limitation.

(c) Solutions

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

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

(5) 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 and sustain the fine loan-to-deposit ratio so deposit and loan can thrive in balance. Through branch relocation and expansion of operation area, the Bank plans to urge branches to "Drive Sales By Service" in order to maximize the client base and their contribution.

The Bank is planning to issue subordinated bonds to solidify its operating capital and raise the Bank's self-owned capital adequacy. The Bank plans, 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, strive to satisfy Taiwan enterprises and 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 | | 2007 | 2008 | The Period until April 30, 2009 |
|------------------------|--------------------------|--------|--------|---------------------------------|
| Number of Employees | Executives | 588 | 547 | 515 |
| | Senior Clerks | 1853 | 1629 | 1532 |
| | Clerks | 18 | 13 | 9 |
| | Total | 2459 | 2189 | 2056 |
| Sex Ratio | Male | 45.79% | 44.77% | 44.07% |
| | Female | 54.21% | 55.23% | 55.93% |
| Average Age | | 34.25 | 35.25 | 35.31 |
| Average Seniority | | 6.89 | 7.86 | 7.86 |
| Education Distribution | PhD | 0% | 0% | 0% |
| | Master | 4.55% | 4.52% | 4.91% |
| | College | 78.04% | 78.94% | 79.86% |
| | Senior High School | 16.96% | 16.22% | 15.03% |
| | Under Senior High School | 0.45% | 0.32% | 0.20% |

| Employees with Professional License and Number | 2007 | 2008 | The Period until April 30, 2009 |
|--|------|------|---------------------------------|
| Basic Proficiency Test for Bank Internal Control | 1411 | 1291 | 1235 |
| Proficiency Test for Trust Operations Personnel | 1533 | 1479 | 1435 |
| Trust Operations Personnel | 456 | 431 | 401 |
| Trust Operations Supervisor | 6 | 6 | 5 |
| Proficiency Test for Life Insurance Specialist | 1873 | 1769 | 1693 |
| Proficiency Test for Investment-oriented Insurance Personnel | 936 | 928 | 898 |
| Proficiency Test for Property Insurance Personnel | 1641 | 1611 | 1591 |
| Proficiency Test for Financial Planning Personnel | 460 | 416 | 400 |
| Basic Proficiency Test for International Banking Personnel | 435 | 420 | 404 |
| Basic Proficiency Test for Bank Lending Personnel | 842 | 784 | 756 |
| Advanced Proficiency Test for Bank Lending Personnel | 22 | 23 | 22 |
| Proficiency Test for Futures Specialist | 341 | 343 | 335 |
| Proficiency Test for Securities Specialist | 228 | 202 | 197 |
| Proficiency Test for Senior Securities Specialist | 166 | 163 | 161 |
| Proficiency Test for Securities Investment Trust and Consulting Professionals | 136 | 123 | 122 |
| Proficiency Test for Bill Finance Specialist | 45 | 47 | 47 |
| Proficiency Test for Financial Risk Management Personnel | 4 | 4 | 4 |
| Proficiency Test for Bank Collateral Appraisal Personnel | 22 | 23 | 21 |
| Qualification of Financial Market Knowledge & Professional Ethics Test | 1502 | 1536 | 1474 |
| Qualification of Investment Trust and Consulting Regulations Test | 836 | 923 | 887 |
| Consultant of Financial Planning (CFP) | 3 | 4 | 4 |
| Proficiency Test for Bond Specialist | 15 | 14 | 13 |
| Proficiency Test for Securities Investment Analyst | 3 | 6 | 6 |
| Proficiency Test for Life Insurance Representative to Sell Foreign Currency Receiving and Paying in Non-Investment Oriented Insurance Products | 102 | 420 | 413 |
| Certificate of Completion of Risk Management for Foreign | 0 | 0 | 0 |

| | | | |
|--|------|------|---------------------------------|
| Employees with Professional License and Number | 2007 | 2008 | The Period until April 30, 2009 |
| Exchange Derivatives Course | | | |

3. Corporate Responsibility and Ethical Risk

The Bank has established excellent risk management mechanisms and joined Central Deposit Insurance Corporation to protect the public's savings. 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 holding big fetes and actual donations to Blind's Welfare Association R.O.C. to express the corporate responsibilities that the Bank should take and contribute to academics and cultures. The Bank also introduce the correct concepts of saving, investment and financial management and promotes the proper recreational activities and sponsors sporting, cultural, and education activities such as Shihlin College of Commerce Anniversary, Shihpai Elementary School Sports Event, 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.

4. Information Equipment

- (1) 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
 30. E-Billing system

- (2) The future development or purchase plan
 - a. Total inspection on software for the hundredth R.O.C Year.
 - b. Data Back-Up for the Enabling System
 - c. The Restoration of Taipei Data Center
 - d. Customer Telephony Integration (CTI)
 - e. Corporate financing Crediting computerized system.
 - f. Business Collection Services.
- (3) Hot back-up and security measure:
 - a. 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.
 - b. The Disaster Plan Scope:
 - (a) The system backup center and the project team.
 - (b) Evaluation on the organization and the environment of the current information office.
 - (c) Reorganize the structure of systems and operating flows.
 - (d) Make disaster backup plans.
 - (e) Execute necessary training.
 - (f) Compile related documents.
 - (g) Propose revising plans upon encountering problems.

5. Labor-capital Relationship

- (1) Current agreements between labor and employer and implementation:
 - a. Employee Welfare:
 - (a) Labor insurance, health insurance and group insurance.
 - (b) Free health checkup
 - (c) 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.
 - (d) Payment for employee not taking full special leaves due to work
 - b. The retirement system and implementation
 - (a) Establish Employee Pension Supervisory Committee.
 - (b) 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.
 - (c) Offer retirement pension when an employee retires according to the regulations.
 - c. Agreements between labor and employer, and other rights
 - (a) 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.
 - (b) 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.
 - (c) Periodically hold labor-employer meetings.
- (2) 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:
 - a. 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.

- b. 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, from the administration fee, for the lawsuits and salary, NTD 57,526, which should be paid at the 4th of every month from September 25th 2008 to the reactive date and from the next day after the payable date to the payment date, with the annual interest rate of 5%.
- c. The litigant was a dismissed employee of the Bank and applied for redundancy payment. If the Bank loses the case, it must pay, from the administration fee, for the lawsuits and redundancy, NTD 1,617,200, starting from the next day upon the arrival of the copy of the complaints to the payment date with the annual interest rate of 5%.
- d. The litigant was a dismissed employee of the Bank and applied for redundancy payment. If the Bank loses the case, it must pay, from the administration fee, for the lawsuits and the monthly salary of NTD 35,100, from December 25, 2008 to December 25, 2009, and the fourth of the corresponding month to the payment with the annual interest rate of 5%.
- e. The litigant was a dismissed employee of the Bank and applied for payment of holiday bonus and annual performance bonus. If the Bank loses the case, it must pay, from the administration fee, for the lawsuits, holiday bonus NTD 10,953 and new year bonus NTD 36,550.

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, 2009 ~ January 1, 2010 | 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. |
| Development Contract | ITSower | Signed on September 02, 2008 | Develop the collection platform of Sunny Bank | None |
| Construction Contract | Chen Jia Interior Design, Co. Ltd. | Signed on May 10 th 2008 | Interior Design on the new location of Changhua Branch. | None |

7. The process of Securitized Products

None

XI. Financial Status

1. Brief Balance Sheet and Statement of Income

(1) Brief Balance Sheet

Unit: NT\$ Thousands

| Year (Note 2) Subject | | Financial Information of Recent 5 Years | | | | |
|--|-----------------------------|---|-------------|-------------|-------------|-------------|
| | | 2008 | 2007 | 2006 | 2005 | 2004 |
| Cash and Dues from Banks | | 39,979,517 | 14,612,302 | 16,984,891 | 16,815,172 | 9,855,918 |
| Financial Assets at Fair Value through Profit or Loss (Note 3) | | 9,443,723 | 34,543,144 | 29,047,227 | 31,767,176 | 21,181,880 |
| Reverse Repurchase Note and Bond Investment | | - | - | - | - | 1,625,924 |
| Receivables | | 4,636,477 | 3,605,712 | 5,087,618 | 4,800,369 | 4,534,525 |
| Discounts and Loans | | 166,298,395 | 172,892,491 | 184,364,343 | 166,654,215 | 126,404,592 |
| Available-for-Sale Financial Assets | | 3,978,337 | 4,741,885 | 4,209,951 | 2,315,849 | - |
| Hold-to-maturity Financial Assets | | 117,673 | 172,091 | 287,498 | 315,815 | - |
| Equity Investments – Equity Method | | 277,322 | 273,722 | 273,157 | 216,459 | 237,366 |
| Other Financial Assets | | 313,648 | 397,261 | 397,261 | 446,173 | 251,495 |
| Fixed Assets | | 9,369,343 | 9,500,231 | 9,686,166 | 9,662,124 | 7,426,864 |
| Intangible Assets | | 1,071,830 | 1,181,348 | 1,366,814 | 1,355,756 | 579,447 |
| Other Assets | | 2,725,407 | 2,850,480 | 2,574,916 | 1,992,932 | 812,882 |
| Total Assets | | 238,211,672 | 244,770,667 | 254,279,842 | 236,342,040 | 172,910,893 |
| Call Loans and Due to Banks | | 5,985,843 | 14,689,448 | 10,038,458 | 8,377,938 | 9,380,041 |
| Financial Liabilities at Fair Value through Profit or Loss | | 134,602 | 328 | 140 | - | - |
| Notes and Bonds Issued under Repurchase Agreement | | 1,689,706 | 519,960 | 8,127,593 | 5,774,401 | 4,107,736 |
| Payables | | 4,828,760 | 2,391,122 | 4,415,896 | 3,332,613 | 1,689,740 |
| Deposits and Remittances | | 208,865,235 | 207,362,142 | 213,010,449 | 202,965,741 | 146,038,213 |
| Financial Bonds Payable | | 5,509,400 | 6,509,400 | 4,000,000 | 2,000,000 | 1,000,000 |
| Reserve for Land Revaluation Increment Tax | | 133,726 | 261,507 | 264,110 | 344,749 | 145,767 |
| Other Liabilities | | 434,871 | 404,703 | 612,076 | 640,100 | 279,390 |
| Total Liabilities | Before distribution | 227,582,143 | 232,138,610 | 240,468,722 | 223,435,542 | 162,640,887 |
| | After distribution (Note 1) | 227,582,143 | 232,138,610 | 240,468,722 | 223,449,128 | 162,662,870 |
| Capital | | 12,439,281 | 12,439,281 | 12,439,281 | 10,915,265 | 8,200,000 |
| Capital Surplus | | 11,228 | 11,228 | 11,228 | 11,228 | 11,228 |
| Retained Earnings | Before distribution | (1,894,108) | 417,792 | 1,555,944 | 1,980,005 | 2,058,778 |
| | After distribution (Note 1) | (1,894,108) | 417,792 | 1,555,944 | 1,527,138 | 1,326,012 |
| Unrealized Revaluation Increment of Land | | 256,642 | - | - | - | - |
| Unrealized Profit or Loss on Financial Instruments | | 37,599 | (15,131) | 22,272 | - | - |
| Other Shareholders' Equity | | (221,113) | (221,113) | (217,605) | - | - |
| Total Shareholders' Equity | Before distribution | 10,629,529 | 12,632,057 | 13,811,120 | 12,906,498 | 10,270,006 |
| | After distribution (Note 1) | 10,629,529 | 12,632,057 | 13,811,120 | 12,892,912 | 10,248,023 |

Note 1: Appropriation of profit or loss for 2008.

Note 2: The financial data for above years have been approved by Independent auditors.

Note 3: Securities and securities purchased from 2004 is not planned to be re-classified and are financial assets at fair value through profit or loss.

(2) Brief Income Statement

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

| Year (Note 1) Subject | | Financial Information of Recent 5 Years | | | | |
|--------------------------|--|---|-------------|-------------|-------------|-------------|
| | | 2008 | 2007 | 2006 | 2005 | 2004 |
| Net Interest Income | | \$2,657,185 | \$3,211,040 | \$3,753,822 | \$3,389,571 | \$3,290,356 |
| Other Net Income (Loss) | | (297,750) | 807,177 | 1,071,283 | 1,075,724 | 835,171 |

| | | | | | |
|---|-------------|-------------|-----------|-----------|-----------|
| except Interest | | | | | |
| Bad Debt Expenses | 1,942,246 | 2,118,614 | 1,800,171 | 1,061,814 | 339,855 |
| Operating Expenses | 2,889,089 | 3,167,755 | 3,252,810 | 2,612,488 | 2,481,494 |
| Net profit Before Tax of Operating Departments | (2,471,900) | (1,268,152) | (227,876) | 790,993 | 1,304,178 |
| Net profit After Tax of Operating Departments | (2,311,900) | (1,138,152) | (170,271) | 653,993 | 1,045,178 |
| 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 | (2,311,900) | (1,138,152) | 28,806 | 653,993 | 1,045,178 |
| Earnings (Loss) per share | (1.89) | (0.93) | 0.02 | 0.69 | 1.18 |

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

(3) Audited by CPAs for years and Auditing Opinion

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. From 2006 to 2008, 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

(1) Financial Ratio Analysis of the Parent Company

| Year (Note 2) Item | | Financial Analysis for the Last Five Years | | | | |
|--|---|--|-----------|-----------|-----------|-----------|
| | | 2008 | 2007 | 2006 | 2005 | 2004 |
| Management | Ratio of Loans to Deposits (%) | 80.81 | 84.67 | 87.59 | 83.17 | 87.53 |
| | Ratio of Overdue Loans (%) | 2.60 | 2.87 | 2.65 | 3.09 | 2.00 |
| | Ratio of Interest Expense to Average Deposits | 2.24 | 2.02 | 1.66 | 1.32 | 1.30 |
| | Ratio of Interest Revenue to Average Loans | 4.25 | 4.12 | 4.06 | 3.84 | 4.17 |
| | Total Asset Turnover (times) | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 |
| | Average Operating Revenue Per Employee (In NT thousand) | 1,078 | 1,634 | 1,881 | 1,705 | 2,095 |
| | Average Earnings Per Employee (In NT thousand) | (1,056) | (463) | 11 | 250 | 531 |
| Profitability | Rate of Return on Tier-1 Capital (%) | (24.91) | (10.99) | (0.14) | 7.60 | 15.09 |
| | Return on Assets (%) | (0.96) | (0.46) | 0.01 | 0.32 | 0.64 |
| | Return on Shareholders' Equity (%) | (19.88) | (8.61) | 0.22 | 5.64 | 11.01 |
| | Net Income Ratio (%) | (97.99) | (28.32) | 0.60 | 14.65 | 25.33 |
| | Earnings Per Share (NT\$) (Note 1) | (1.89) | (0.93) | 0.02 | 0.69 | 1.18 |
| Financial Structure (%) | Total Debt Ratio | 95.51 | 94.81 | 94.55 | 94.52 | 94.04 |
| | Fixed Asset to Equity Ratio | 88.14 | 75.21 | 70.13 | 74.86 | 72.32 |
| Growth (%) | Assets Growth Rate | (2.68) | (3.74) | 7.59 | 36.68 | 11.76 |
| | Profitability Growth Rate | 94.92 | 7,731.00 | (102.05) | (39.35) | 11.06 |
| Cash Flow (%) | Cash Flow Ratio | 204.44 | (36.28) | 20.16 | (6) | (44.88) |
| | Cash Flow Adequacy Ratio | 1,014.11 | (316.61) | 4.57 | (264.59) | (142.64) |
| | Cash Flow Reinvestment Ratio | (138.60) | (57.12) | (21.69) | 11.23 | 35.07 |
| Liquid Reserves Ratio (%) | | 18.04 | 16.50 | 10.17 | 13.76 | 9.76 |
| Total Secured Loans of Stakeholders (in NT thousand) | | 2,571,981 | 2,633,463 | 2,505,400 | 2,607,587 | 2,317,633 |
| Ratio of Total Secured Loans of Stakeholders to total loans (%) | | 1.47 | 1.43 | 1.32 | 1.51 | 1.76 |
| Scope of Operating | Market Share of Assets | 0.66 | 0.72 | 0.76 | 0.74 | 0.58 |
| | Market Share of Net Worth | 0.31 | 0.38 | 0.46 | 0.46 | 0.40 |
| | Market Share of Deposits | 0.94 | 1.01 | 1.00 | 1.00 | 0.76 |
| | Market Share of Loans | 0.91 | 0.97 | 1.06 | 0.98 | 0.80 |
| Description for changes in ratios: | | | | | | |
| <ol style="list-style-type: none"> The decrease in Total Asset Turnover, Average Operating Revenue Per Employee, Average Earnings Per Employee, Rate of Return on Tier-1 Capital, Return on Assets, Net Income Ratio, Earnings Per Share and Profitability Growth Rate arose because the narrowed interest spread and higher loss on Financial Instruments at Fair Value through Profit or Loss caused lower net income and higher net loss. The decrease in Assets growth rate mainly resulted from the decrease in discount and loans. Cash Flow Ratio and Cash Flow Adequacy Ratio rose because of higher net cash inflow of 2008 operating activities. Cash Flow Reinvestment Ratios are lower because the increment of net cash inflow of 2008 operating activities is larger than net cash outflow of 2008 investment. | | | | | | |

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) 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.

(2) Capital Adequacy

Unit: NT\$ Thousands

| Analytical items | Year | Capital Adequacy Ratio in the Last Five Years | | | | | Capital Adequacy Ratio As of April 30, 2009 | |
|-----------------------------------|------------------|--|-------------|-------------|-------------|-------------|---|--------------|
| | | 2008 | 2007 | 2006 | 2005 | 2004 | | |
| Own Capital | Tier-1 Capital | Common Stock | 12,439,281 | 12,439,281 | 12,439,281 | 10,915,265 | 8,200,000 | N/A (Note 2) |
| | | 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 | 389,998 | 1,528,150 | 1,519,508 | 1,323,310 | 1,009,757 | |
| | | Special Reserve | 27,794 | 27,794 | - | - | - | |
| | | Accumulated Reserve | (2,311,900) | (1,138,152) | 36,436 | 656,695 | 1,049,021 | |
| | | Minority Interest | - | - | - | - | - | |
| | | Other Shareholders' Equity | (225,907) | (237,006) | (217,833) | - | - | |
| | | Minus: Goodwill | 1,034,579 | 1,150,579 | 1,333,579 | 1,333,579 | 544,876 | |
| | | Minus: Unamortized Loss on Sales of Non-performing Loan | 128,126 | 164,734 | - | - | - | |
| | | Minus: Capital Allowance | 287,291 | 350,976 | 335,208 | 226,316 | 244,430 | |
| Total Tier-1 Capital | 8,880,498 | 10,965,006 | 12,119,833 | 11,346,603 | 9,480,700 | | | |
| Own Capital | Tier-2 Capital | Perpetual Cumulated Preferred Stock | - | - | - | - | - | |
| | | Subordinated Debts without Maturity Dates | - | - | - | - | - | |
| | | Property Appraisal Surplus | 256,642 | - | - | - | - | |
| | | 45% of Unrealized Gains on Financial instruments in Available-for-sale | 19,076 | 342 | 10,124 | 15,145 | 122,675 | |
| | | Convertible Bonds | - | - | - | - | - | |
| | | The Operating Reserve and Allowance for Bad Debt | 1,449,645 | 1,759,522 | 286,484 | 506,415 | 427,058 | |
| | | Long-term Subordinated Debts | 4,248,500 | 4,709,400 | 2,800,000 | 1,400,000 | 600,000 | |
| | | 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 | 287,291 | 350,976 | 335,208 | 226,315 | 244,430 | |
| Total Tier-2 Capital | 5,686,572 | 6,118,288 | 2,761,400 | 1,695,245 | 905,303 | | | |
| Own Capital | Tier 3 Capital | Short-term Subordinated Debts | - | - | - | - | - | |
| | | Non-perpetual Preferred Stocks | - | - | - | - | - | |
| | | Total Tier-3 Capital | - | - | - | - | - | |
| Self-owned Capital | | 14,567,070 | 17,083,294 | 14,881,233 | 13,041,848 | 10,386,003 | | |
| Risk-Weighted Assets | Credit Risk | Standardized Approach | 146,260,054 | 151,740,512 | 152,075,214 | 138,392,245 | 100,563,678 | |
| | | Internal Ratings-based Approach | - | - | - | - | - | |
| | | Asset Securitization | 23,535 | 683,428 | - | - | - | |
| | Operational Risk | Basic Indicator Approach | 7,311,468 | 8,415,364 | - | - | - | |
| | | Standardized Approach / Alternative Standardized Approach | - | - | - | - | - | |
| | | Advanced Measurement Approach | - | - | - | - | - | |
| | Market Risk | Standardized Approach | 9,105,429 | 12,265,351 | 17,720,066 | 15,309,909 | 10,870,808 | |
| | | Internal Model Approach | - | - | - | - | - | |
| Risk-Weighted Assets | | 162,700,486 | 173,104,655 | 169,795,280 | 153,702,154 | 111,434,486 | | |
| Capital Adequacy | | | 9.87 | 8.76 | 8.49 | 9.32 | | |
| Tier 1 Capital to Risk Asset | | | 6.33 | 7.14 | 7.38 | 8.51 | | |
| Tier 2 Capital to Risk Asset | | | 3.54 | 1.62 | 1.11 | 0.81 | | |
| Tier 3 Capital to Risk Asset | | | 0 | 0 | 0 | 0 | | |
| Total Common Stock to Total Asset | | | 5.08 | 4.89 | 4.62 | 4.74 | | |

Note 1:

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.

Note 2: Not Applicable because the Bank is not a public listed or OTC listed company.

3. Supervisor Auditing Report

Supervisor Auditing Report, Supervisors Sunny Bank Ltd.

It is hereby to approve the 2007 Annual Report, financial statements, consolidated financial statements and surplus distribution proposals produced and submitted by the Board of Directors. The financial statements and consolidated financial statements 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: 2009 Shareholders' Meeting

Standing Supervisor

Hsu, Po-Hsiung

Supervisor

Tsai, Wen-Hsiung

Supervisor

Chen, Sen-Jung

Supervisor

Kao, Ming-Chih

Supervisor

Chiang, Chun-Huai

Date: March 26, 2009

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, 2008 and 2007, and the related Income Statement, Statements of Changes in Shareholders' Equity, and Cash Flow Statement for from January 1 to December 31 in 2008 and 2007. 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., in 2007 and 2006, sold Non-Performing Loans to asset management corporations and thus generated loss of NT\$967,884,000. 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 2008 and 2007 should be reduced by NT\$585,954,000 and NT\$779,531,000 respectively. Also, net loss for 2008 and 2007 should be deducted NT\$193,577,000 and added NT\$ 7,765,000 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, 2008 and 2007, 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.

The detailed accounts shown in the 2008 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 2008 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 March 12, 2009 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.

March 12, 2009

Sunny Bank Ltd.
BALANCE SHEET
December 31, 2008 & 2007

Unit: NT\$ Thousands, Except Par Value in NT\$

| Code | Assets | December 31, 2008 Amount | December 31, 2007 Amount | Percent Change (%) |
|-------|---|-----------------------------|-----------------------------|--------------------------|
| 11000 | Cash (Note 4) | \$ 4,607,347 | \$ 4,292,065 | 7 |
| 11500 | Due from the Central Bank and Other Banks (Note 5) | 35,372,170 | 10,320,237 | 243 |
| 12000 | Financial Assets at Fair Value through Profit or Loss (Note 2, 3, 6, & 27) | 9,443,723 | 34,543,144 | (73) |
| 13000 | Accounts Receivable - Net (Note 2, 7 & 26) | 4,636,477 | 3,605,712 | 29 |
| 13500 | Discounts and Loans - Net (Note 2, 8 & 26) | 166,298,395 | 172,892,491 | (4) |
| 14000 | Available-for-Sale Financial Assets (Note 2, 9 & 27) | 3,978,337 | 4,741,885 | (16) |
| 14500 | Hold-to-maturity Financial Assets (Note 2 & 10) | 117,673 | 172,091 | (32) |
| 15000 | Equity Investments - Equity Method (Note 2 & 11) | 277,322 | 273,722 | 1 |
| 15500 | Other Financial Asset –Net (Note 2 and 12) | 313,648 | 397,261 | (21) |
| | Fixed Asset (Note 2 and 13) | | | |
| | Cost | | | |
| 18501 | Land | 6,636,369 | 6,705,460 | (1) |
| 18521 | House and Building | 2,859,779 | 2,837,183 | 1 |
| 18551 | Miscellaneous Equipment | <u>1,326,147</u> | <u>1,298,334</u> | 2 |
| | Total Cost | 10,822,295 | 10,840,977 | - |
| | Revaluation Increment | <u>302,032</u> | <u>183,047</u> | 65 |
| | Cost and Revaluation Increment | <u>11,124,327</u> | <u>11,024,024</u> | 1 |
| | Less: Accumulated Depreciation | <u>1,798,942</u> | <u>1,663,746</u> | 8 |
| | | 9,325,385 | 9,360,278 | - |
| 18571 | Unfinished Construction and Prepayments For Business Facilities | <u>43,958</u> | <u>139,953</u> | (69) |
| 18500 | Net Fixed Assets | <u>9,369,343</u> | <u>9,500,231</u> | (1) |
| 19000 | Intangible Assets (Note 2 & 14) | <u>1,071,830</u> | <u>1,181,348</u> | (9) |
| 19500 | Other Assets (Note 2, 15, 21, 26, 27 & 28) | <u>2,725,407</u> | <u>2,850,480</u> | (4) |
| 10000 | Total Assets | <u>\$ 238,211,672</u> | <u>\$ 244,770,667</u> | (3) |

| Code | Liabilities and Shareholders' Equity | December 31, 2008 Amount | December 31, 2007 Amount | Percent Change (%) |
|--|--|-----------------------------|-----------------------------|--------------------------|
| Liabilities | | | | |
| 21000 | Call Loans and Due to Banks (Note 16) | \$ 5,985,843 | \$ 14,689,448 | (59) |
| 22000 | Financial Liabilities at Fair Value through Profit or Loss (Note 2 & 6) | 134,602 | 328 | 40,937 |
| 22500 | Notes and Bonds Issued under Repurchase Agreement (Note 2 and 28) | 1,689,706 | 519,960 | 225 |
| 23000 | Account Payable | 4,828,760 | 2,391,122 | 102 |
| 23500 | Deposits and Remittances (Note 17 & 26) | 208,865,235 | 207,362,142 | 1 |
| 24000 | Financial Bonds Payable (Note 18 and 26) | 5,509,400 | 6,509,400 | (15) |
| 29521 | Reserve for Land Revaluation Increment Tax (Note 2 & 13) | 133,726 | 261,507 | (49) |
| 29500 | Other Liabilities (Note 2, 19 & 24) | 434,871 | 404,703 | 7 |
| 20000 | Total Liabilities | <u>227,582,143</u> | <u>232,138,610</u> | (2) |
| Shareholders' Equity | | | | |
| 31001 | Capital Stock, Authorized – 2,000,000 Thousand Shares and Issued – 1,243,928 Thousand Shares at NT\$10 Par Value | <u>12,439,281</u> | <u>12,439,281</u> | - |
| Capital Surpluses | | | | |
| 31501 | Additional Paid-in Capital | 3,646 | 3,646 | - |
| 31515 | Gain on Disposal of Assets | 3,081 | 3,081 | - |
| 31599 | Other | 4,501 | 4,501 | - |
| 31500 | Total Capital Surpluses | <u>11,228</u> | <u>11,228</u> | - |
| Retained Earnings | | | | |
| 32001 | Legal Reserve | 389,998 | 1,528,150 | (74) |
| 32003 | Special Reserve | 27,794 | 27,794 | - |
| 32011 | Un-appropriated Earnings (Accumulated Loss) | (<u>2,311,900</u>) | (<u>1,138,152</u>) | 103 |
| 32000 | Net Retained Earnings | (<u>1,894,108</u>) | (<u>417,792</u>) | (553) |
| 32501 | Unrealized Revaluation Increment of Land | <u>256,642</u> | - | - |
| 32523 | Unrealized Profit or Loss on Financial Instruments | <u>37,599</u> | (<u>15,131</u>) | 348 |
| 32542 | Treasury Stock – 19,375 Thousand | (<u>221,113</u>) | (<u>221,113</u>) | - |
| 30000 | Total Shareholders' Equity | <u>10,629,529</u> | <u>12,632,057</u> | (16) |
| Total Liabilities and Shareholders' Equity | | <u>\$ 238,211,672</u> | <u>\$ 244,770,667</u> | (3) |

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 12, 2009 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG

President: CHOU, SAN-HO

Chief Accountant: CHEN, HUI-MIN

Sunny Bank Ltd.
Income Statement

January 1, 2007 ~ December 31, 2007 & January 1, 2008 ~ December 31, 2008

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

| Code | 2008 | 2007 | Percent |
|---|-------------------------|-------------------------|------------|
| | Amount | Amount | Change (%) |
| 41000 Interest Income (Note 2 & 26) | \$ 7,309,640 | \$ 7,452,962 | (2) |
| 51000 Interest Expense (Note 26) | <u>4,652,455</u> | <u>4,241,922</u> | 10 |
| Net Interest Profit | <u>2,657,185</u> | <u>3,211,040</u> | (17) |
| Net Non-interest Profit (Loss) | | | |
| 49100 Net Commission Profit (Note 2 & 26) | 546,718 | 734,303 | (26) |
| 49200 Financial Net Assets & Liabilities at Fair Value through Profit or Loss (Note 6 & 26) | (547,151) | 217,264 | (352) |
| 49500 Investment Net profit on Equity-Method Investees (Note 2 & 21) | (33,151) | 2,527 | (1,412) |
| 49600 Exchanged Net profit (Loss) | (16,675) | 5,839 | (386) |
| 49880 Asset Impairment Loss (Note 2, 12, 14 & 15) | (273,483) | (183,000) | 49 |
| 48005 Financial Assets Measured at Cost (Note 2) | 25,620 | 17,267 | 48 |
| 48051 Rent Income (Note 26) | 32,267 | 37,708 | (14) |
| 48063 Net profit on Property Exchange | 115,109 | 115,167 | - |
| 58021 NPL Disposal Loss (Note 26) | (193,577) | (175,273) | 10 |
| 49800 Other Non-interest Net profit | <u>46,573</u> | <u>35,375</u> | 32 |
| Total Non-interest Net profit (Loss) | (<u>297,750</u>) | <u>807,177</u> | (137) |
| Net profit | <u>2,359,435</u> | <u>4,018,217</u> | (41) |
| 51500 Bad Debt Expense | <u>1,942,246</u> | <u>2,118,614</u> | (8) |
| Operating Expense (Note 22 and 26) | | | |
| 58500 Personnel Expenses | 1,836,645 | 2,058,135 | (11) |
| 59000 Depreciation & Amortization | 214,915 | 204,640 | 5 |
| 59500 Other Operating & Management Expenses | <u>837,529</u> | <u>904,980</u> | (7) |
| Total Operating Expenses | <u>2,889,089</u> | <u>3,167,755</u> | (9) |
| 61001 Net Loss before Tax of Operating Departments | (<u>2,471,900</u>) | (<u>1,268,152</u>) | 95 |
| 61003 Income Tax Profit (Note 2 & 21) | <u>160,000</u> | <u>130,000</u> | 23 |
| 69000 Net Loss | (<u>\$ 2,311,900</u>) | (<u>\$ 1,138,152</u>) | 103 |

Code

| | | | | |
|--------------------------------|------------------|-----------------|-----------------|------------------|
| 69500 Loss Per Share (Note 23) | Before Tax | After Tax | Before Tax | After Tax |
| Basic Losses Per Share | <u>(\$ 2.02)</u> | <u>(\$1.89)</u> | <u>(\$1.04)</u> | <u>(\$ 0.93)</u> |

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

| | | | | |
|------------------------|-----------------------|--|-----------------------|--|
| | 2008 | | 2007 | |
| Net Loss | <u>(\$ 2,311,900)</u> | | <u>(\$ 1,138,152)</u> | |
| Basic Losses Per Share | <u>(\$ 1.89)</u> | | <u>(\$ 0.93)</u> | |

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 12, 2009 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG

President: CHOU, SAN-HO

Chief Accountant: CHEN, HUI-MIN

Sunny Bank Ltd.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 January 1, 2007 ~ December 31, 2007 & January 1, 2008 ~ December 31, 2008

Unit: NT\$ Thousands

| | Issued Shares | | Capital Reserves (Note 20) | Retained Earning (Accumulated Loss) (Note 20) | | | | Unrealized Revaluation Increment of Land (Note 2 and 13) | Financial Instruments Unrealized Gain or Loss (Note 2) | Treasury Stock (Note 2 & 25) | Net Shareholders' Equity |
|--|---------------|---------------|----------------------------|---|------------------|------------------|------------------|--|--|------------------------------|--------------------------|
| | 1,000 shares | Amount | | Legal Reserves | Special Reserves | Accumulated Loss | Net Amount | | | | |
| Balance as of January 1, 2007 | 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, 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 | 1,243,928 | 12,439,281 | 11,228 | 1,528,150 | 27,794 | (1,138,152) | 417,792 | — | (15,131) | (221,113) | 12,632,057 |
| Loss Cover by legal reserve | — | — | — | (1,138,152) | — | 1,138,152 | — | — | — | — | — |
| Net loss, 2008 | — | — | — | — | — | (2,311,900) | (2,311,900) | — | — | — | (2,311,900) |
| Revaluation Increment of Land | — | — | — | — | — | — | — | 256,642 | — | — | 256,642 |
| Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets | — | — | — | — | — | — | — | — | 52,730 | — | 52,730 |
| Balance as of December 31, 2008 | 1,243,928 | \$ 12,439,281 | \$ 11,228 | \$ 389,998 | \$ 27,794 | (\$ 2,311,900) | (\$ 1,894,108) | \$ 256,642 | \$ 37,599 | (\$ 221,113) | \$ 10,629,529 |

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 12, 2009 issued by Deloitte & Touch)

Chairman: CHEN, SHENG-HUNG

President: CHOU, SAN-HO

Chief Accountant: CHEN, HUI-MIN

Sunny Bank Ltd.
Cash Flow Statement

January 1, 2008 ~ December 31, 2008 & January 1, 2007 ~ December 31, 2007

Unit: NT\$ Thousands

| | 2 | 0 | 0 | 8 | 2 | 0 | 0 | 7 |
|--|------|---------------------|---|---|------|---------------------|---|---|
| Cash Inflows from Operating Activities: | | | | | | | | |
| Net Loss | (\$ | 2,311,900 | | | (\$ | 1,138,152 | | |
| Bad Debt Expense | | 1,942,246 | | | | 2,118,614 | | |
| Loss on Impairment of Assets | | 273,483 | | | | 183,000 | | |
| Loss on Selling of Non-performing Loans | | 193,577 | | | | 175,273 | | |
| Depreciation | | 193,011 | | | | 181,939 | | |
| Amortization | | 21,904 | | | | 22,701 | | |
| Investment Income (Loss) on Equity-Method Investees | | 33,151 | | | (| 2,527 | | |
| Net profit on Disposal of Assets | (| 22,367 | | | (| 100,511 | | |
| Profits on Disposal of Foreclosed Collateral | (| 92,742 | | | (| 14,656 | | |
| Financial Assets Valuation Gains (Loss) at Fair Value through Profit or Loss | | 225,682 | | | (| 89,543 | | |
| Realized Gains on Available-for-sale Financial Assets | (| 2,066 | | | (| 3,408 | | |
| Deferred Income Tax | (| 254,961 | | | (| 256,577 | | |
| Changes in Financial Instruments at Fair Value through Profit or Loss | | 25,008,013 | | | (| 5,406,186 | | |
| Increase in Receivables | (| 1,355,488 | | | (| 96,714 | | |
| Increase/Decrease in Payables | | <u>2,437,638</u> | | | (| <u>2,024,774</u> | | |
| Net Cash Inflow (Outflow) Generated from Operating Activities | | <u>26,289,181</u> | | | (| <u>6,451,521</u> | | |
| Cash Inflows from Investing Activities: | | | | | | | | |
| Increase in Available-for-sale Financial Assets | (| 240,547 | | | (| 1,974,791 | | |
| Proceeds from Disposal of Available-for-sale Financial Assets | | 1,060,902 | | | | 1,408,862 | | |
| Decrease in Held-to-maturity Financial Assets | | 54,418 | | | | 115,407 | | |
| Increase in other financial assets | (| 63,870 | | | | - | | |
| Increase in Equity Investment under Equity Method | (| 38,762 | | | (| 1,546 | | |
| Decrease (Increase) in Due from the Central Bank and Other Banks | (| 25,051,933 | | | | 878,782 | | |
| Decrease in Discounts and Loans | | 4,976,573 | | | | 9,922,777 | | |
| Purchasing Fixed Assets | (| 88,629 | | | (| 542,534 | | |
| Proceeds from Disposal of Assets | | 106,635 | | | | 473,422 | | |
| Proceeds from Disposal of Foreclosed Collateral | | 327,099 | | | | 136,302 | | |
| Proceeds from Selling of Non-performing Loans | | - | | | | 858,000 | | |
| Increase in Intangible Assets | (| 25,552 | | | (| 15,747 | | |
| Increase in Other Assets | | <u>15,884</u> | | | | <u>36,263</u> | | |
| Cash Inflows (Outflows) from Investing Activities | (| <u>18,967,782</u> | | | | <u>11,295,197</u> | | |
| Cash Inflows from Financial Activities: | | | | | | | | |
| Decrease/Increase in Notes and Bonds Issued under Repurchase Agreement | | 1,169,746 | | | (| 7,607,633 | | |
| Increase (Decrease) in Call Loans and Due to Banks | (| 8,703,605 | | | | 4,650,990 | | |
| Increase (Decrease) in Deposits and Remittances | | 1,503,093 | | | (| 5,648,307 | | |
| Increase (Decrease) in Financial Bonds Payable | (| 1,000,000 | | | | 2,509,400 | | |
| Increase (Decrease) in Other Liabilities | | <u>24,649</u> | | | (| <u>241,933</u> | | |
| Cash Outflows from Financial Activities | (| <u>7,006,117</u> | | | (| <u>6,337,483</u> | | |
| Net Increase (Decrease) in Cash | | 315,282 | | | | (1,493,807 | | |
| Balance at Year Beginning | | <u>4,292,065</u> | | | | <u>5,785,872</u> | | |
| Balance at Year End | | <u>\$ 4,607,347</u> | | | | <u>\$ 4,292,065</u> | | |
| Complementary Declaration of Cash Flow Information: | | | | | | | | |
| Paying Interest | | <u>\$ 4,546,700</u> | | | | <u>\$ 4,149,933</u> | | |
| Paying Income Tax | | <u>\$ 94,961</u> | | | | <u>\$ 125,937</u> | | |
| Non-cash Investing and Financing Activities | | | | | | | | |
| Fixed asset re-classified as idle asset | | <u>\$ 148,084</u> | | | | <u>\$ -</u> | | |
| Revaluation Increment of Land | | <u>\$ 139,520</u> | | | | <u>\$ -</u> | | |
| Rental asset re-classified as idle asset | | <u>\$ 58,400</u> | | | | <u>\$ -</u> | | |

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 12, 2009 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 2008 and 2007
(Unless otherwise specified, all amounts are in NT thousand)

1. 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 business units in Taiwan by the end of 2008.

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 2008 and 2007 were 2,189 and 2,459 respectively

2. 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 guidelines, criteria and principles, the Bank is required to make certain estimates and assumptions that could affect the amounts of valuation of some financial instruments, 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 Bad Debts listed in the discount and loan accounts, if they are non-listed in transfer from loans to allowance for Bad Debts 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 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

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.

Other Financial Instruments

Investments in equity instruments, including unlisted stocks, with no quoted market prices in an active market or with fair values that cannot be reliably measured are recognized at cost. If evidence shows these financial assets are impaired, losses are recognized. However, the reversal of impairment losses is prohibited.

Debt instruments with no quoted market prices in active markets but with fixed or the amount received can be decidable are carried at amortized cost. Its accounting procedures are similar to those financial instruments held to maturity. However, the disposal timing is not limited.

If evidence shows these financial assets are impaired, losses are recognized immediately. If impairment losses are reversed clearly because of events occurring after the recognition of impairment losses, impairment losses can be reversed. However, the reversal should not result in the carrying amount of financial assets exceeding the amortized cost that would have been determined had no impairment loss been recognized.

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.

Computer software is amortized over 3 years at straight-line method.

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.

Rental and idle assets are valued at Lower Of Cost Less Accumulated Depreciation Or Fair Value. Depreciation is calculated by the straight-line method over service lives of 3 to 50 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.

Asset Impairment

Sunny Bank Ltd. and its subsidiaries determine the cash generating unit which Equity Investment under Equity Method, fixed asset, goodwill and idle assets 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. If the recoverable amount of the assets increases, the reversal of impairment loss is credited to current income. However, loss reversal should not be more than the carrying amount (net of amortization) had the impairment not been recognized.

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 2007 have been reclassified to conform to the presentation of financial statements as of and for the year ended 2008.

3.Reasons and Effects of Changes in Accounting Principles

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses to employees and remunerations to directors and supervisors as compensation expenses from January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change had no significant impact on the financial statements for 2008.

4.Cash

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|----------------------|--------------------------|--------------------------|
| Cash on Hand | \$ 3,006,512 | \$ 3,408,427 |
| Checks for Clearance | 1,233,600 | 642,755 |
| Due from banks | <u>367,235</u> | <u>240,883</u> |
| | <u>\$ 4,607,347</u> | <u>\$ 4,292,065</u> |

5.Due from the Central Bank and Other Banks

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---------------------------|--------------------------|--------------------------|
| Due from the Central Bank | \$ 27,650,039 | \$ 351,930 |
| Deposit Reserve | 5,491,299 | 6,458,163 |
| Call Loan to Banks | <u>2,230,832</u> | <u>3,510,144</u> |
| | <u>\$ 35,372,170</u> | <u>\$ 10,320,237</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 2008 and 2007, NT\$ 5,339,771,000 and NT\$5,284,452,000 are respectively shown in the deposit reserve account. Such deposit reserve cannot be used before the monthly adjustment.

6. Financial Instruments at Fair Value through Profit or Loss

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--------------------------------------|--------------------------|--------------------------|
| <u>Trading Financial Assets</u> | | |
| Commercial Paper II | \$ 7,637,814 | \$ 18,280,627 |
| Beneficiary Certificate | 1,321,331 | 293,493 |
| Listed/OTC Common Stock | 291,746 | 660,680 |
| Government Bond | 116,112 | 117,686 |
| Negotiable Certificate of Deposit | 6,351 | 15,154,415 |
| Others | <u>70,369</u> | <u>36,243</u> |
| | <u>\$ 9,443,723</u> | <u>\$ 34,543,144</u> |
| <u>Trading Financial Liabilities</u> | | |
| Credit Default Swaps | \$ 130,359 | \$ - |
| Exchange Swap | <u>4,243</u> | <u>328</u> |
| | <u>\$ 134,602</u> | <u>\$ 328</u> |

The main purpose of directing the transactions of derivative financial products, in 2008 and 2007 is to correspond with the customer demands and the foreign exchange fun adjustment and risk management.

Until the end of 2008 and 2007, the non-expired derivative financial commodity contract amount (principal) is as follows:

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|------------------------|--------------------------|--------------------------|
| <u>Trading Purpose</u> | | |
| Credit Default Swaps | \$ 1,179,864 | \$ - |
| Exchange Swap | 1,842,901 | 1,666,011 |

In 2008 and 2007, net income of the Bank generated by financial assets for transaction was NT\$205,522,000 and NT\$239,927,000. Net loss of the Bank generated by financial liability for transaction was NT\$341,629,000 and NT\$22,663,000.

7. Net Receivables

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---|--------------------------|--------------------------|
| Spot Foreign Exchange | \$ 2,209,463 | \$ 196,753 |
| Remittance Receivable | | |
| Credit Card Payment Receivable | 988,141 | 1,378,493 |
| Selling of Non-performing Loans Receivable | 970,857 | 1,328,873 |

(Cont'd)

(Cont'd)

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-------------------------------|--------------------------|--------------------------|
| Interest Receivable | \$ 407,593 | \$ 468,747 |
| Others | <u>298,503</u> | <u>472,866</u> |
| | 4,874,557 | 3,845,732 |
| Less: Allowance for Bad Debts | <u>238,080</u> | <u>240,020</u> |
| | <u>\$ 4,636,477</u> | <u>\$ 3,605,712</u> |

8. Net Discounts and Loans

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-------------------------------|--------------------------|--------------------------|
| Short-term Loan | \$ 16,459,569 | \$ 12,967,602 |
| Short-term Loan Secured | 19,866,343 | 19,589,681 |
| Mid-term Loan | 17,745,454 | 21,166,137 |
| Mid-term Loan Secured | 9,506,370 | 13,470,869 |
| Long-term Loan | 6,661,209 | 7,943,385 |
| Long-term Loan Secured | 94,537,680 | 95,950,163 |
| Receivables on Demand | 3,960,967 | 4,392,305 |
| Export Finance | <u>39,519</u> | <u>85,676</u> |
| | 168,777,111 | 175,565,818 |
| Less: Allowance for Bad Debts | <u>2,478,716</u> | <u>2,673,327</u> |
| | <u>\$ 166,298,395</u> | <u>\$ 172,892,491</u> |

As of December 31, 2008 and 2007, the balance of loans and credits for which accrual of interest revenues was discontinued amounted to NT\$3,960,967,000 and NT\$4,392,305,000 respectively. The unrecognized interest revenues on these loans and credits amounted to NT\$ 148,421,000 and NT\$158,437,000 for the years ended 2008 and 2007 respectively.

Details and changes for Allowance for Bad Debts are as follows:

| | <u>2008</u> | | |
|----------------------------------|--|---|--------------------|
| | <u>Unable to Take Back Risk in Specific Creditors' Right</u> | <u>Potential Risk in Whole Creditor's Right Combination</u> | <u>Total</u> |
| Balance at Year | | | |
| Beginning | \$2,457,435 | \$ 215,892 | \$2,673,327 |
| Prov-Bad Debt | 1,062,441 | 555,082 | 1,617,523 |
| Written-off Loans | (2,004,743) | - | (2,004,743) |
| Recovery of Written-off Loans | <u>192,609</u> | <u>-</u> | <u>192,609</u> |
| Balance in Year End | <u>\$1,707,742</u> | <u>\$ 770,974</u> | <u>\$2,478,716</u> |

| | 2007 | | |
|-------------------------------|--|---|--------------------|
| | Unable to Take Back Risk in Specific Creditors' Right | Potential Risk in Whole Creditor's Right Combination | Total |
| Balance at Year Beginning | \$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 Year End | <u>\$2,457,435</u> | <u>\$ 215,892</u> | <u>\$2,673,327</u> |

9. Available-for-Sale Financial Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-------------------------------|--------------------------|--------------------------|
| Commercial Paper II | \$ 1,383,238 | \$ 1,428,524 |
| Asset-Backed Commercial Paper | 1,212,869 | 1,277,645 |
| Corporate Bond | 781,567 | 978,072 |
| Government Bond | 495,895 | 930,812 |
| Beneficial Securities | 50,028 | 48,916 |
| Others | 54,740 | 77,916 |
| | <u>\$ 3,978,337</u> | <u>\$ 4,741,885</u> |

10. Hold-to-maturity Financial Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-----------------------|--------------------------|--------------------------|
| Beneficial Securities | <u>\$ 117,673</u> | <u>\$ 172,091</u> |

Beneficiary securities invested by the Bank on December 31, 2008 and 2007 were both mature in July 2011. The effective interest rate is 1.62-2.7%.

11. Equity Investments – Equity Method

| | <u>December 31, 2008</u> | | <u>December 31, 2007</u> | |
|---|--------------------------|-----------------------|--------------------------|-----------------------|
| | Amount | Stock Holding % | Amount | Stock Holding % |
| Unlisted Corporation | | | | |
| Sunny Securities Co., Ltd | \$ 207,517 | 97.7 | \$ 226,428 | 97.7 |
| Ontario Securities Investment Trust | 38,762 | 20.0 | - | - |
| Gold Sunny Assets Management Co., Ltd. | 19,258 | 100.0 | 37,484 | 100.0 |
| Sunny Life Insurance Brokerage Co., Ltd. | 10,228 | 39.9 | 8,033 | 39.9 |
| Sunny Property Insurance Brokerage Co., Ltd. | 1,557 | 20.0 | 1,777 | 20.0 |
| | <u>\$ 277,322</u> | | <u>\$ 273,722</u> | |

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

The Bank and its subsidiaries hold 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 consolidated financial statements of 2008 and 2007.

12. Other Financial Instruments

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---|--------------------------|--------------------------|
| <u>Financial Assets Carried at Cost</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>-</u> | <u>100,000</u> |
| | <u>297,261</u> | <u>397,261</u> |
| Non-active Market Debt | | |
| Instruments | | |
| Structured Deposit | 163,870 | - |
| Accumulated Impairment | <u>147,483</u> | <u>-</u> |
| | <u>16,387</u> | <u>-</u> |
| | <u>\$313,648</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.

13. Fixed Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|----------------------------|--------------------------|--------------------------|
| Incremental Value from | | |
| Revaluation: | | |
| Land | \$ 281,856 | \$ 161,211 |
| House and Building | <u>20,176</u> | <u>21,836</u> |
| | <u>\$ 302,032</u> | <u>\$ 183,047</u> |
| Accumulative Depreciation: | | |
| House and Building | \$ 769,783 | \$ 718,422 |
| Miscellaneous Equipment | <u>1,029,159</u> | <u>945,324</u> |
| | <u>\$ 1,798,942</u> | <u>\$ 1,663,746</u> |

According to the regulation, the Bank re-evaluated its land in 1982, 1991, 1993 and 2008 and its asset other than the land in 1982.

14. Intangible Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-------------------|--------------------------|--------------------------|
| Goodwill | \$ 1,034,579 | \$ 1,150,579 |
| Computer Software | <u>37,251</u> | <u>30,769</u> |
| | <u>\$ 1,071,830</u> | <u>\$ 1,181,348</u> |

In 2008 and 2007, the Bank evaluated the recoverable amount of its goodwill and recognized its impairment of NT\$ 116,000,000 and NT\$183,000,000, respectively, in branches in South Taiwan and Kaohsiung and Pingtung area. The recoverable amount is based on its usable value. The discount rates adopted for evaluation of usable value were 7.67% and 11.27% respectively.

15. Other Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--|--------------------------|--------------------------|
| Deferred Tax Asset | \$ 892,391 | \$ 637,430 |
| Unrecognized Loss on NPL Disposal | 585,954 | 779,531 |
| Collateral – Less: Net Allowance for Reduction \$241,668,000 in 2008 and \$326,282,000 in 2007. | 447,629 | 681,986 |
| Rental Assets-Less: Net Accumulated Depreciation \$ 10,742,000 for 2008 and \$ 13,084,000 for 2007 | 315,881 | 445,386 |
| Refundable Deposit | 250,213 | 257,234 |
| Idle Assets-Less: Net Accumulated Depreciation \$ 15,303,000 and Accumulated Impairment \$ 10,000,000. | 196,123 | - |
| Other | <u>37,216</u> | <u>48,913</u> |
| | <u>\$ 2,725,407</u> | <u>\$ 2,850,480</u> |

16. Call Loans and Due to Banks

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--------------------|--------------------------|--------------------------|
| Due to Banks | \$ 5,585,843 | \$ 13,664,113 |
| Call Loan to Banks | <u>400,000</u> | <u>1,025,335</u> |
| | <u>\$ 5,985,843</u> | <u>\$ 14,689,448</u> |

17. Deposits and Remittances

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|------------------|--------------------------|--------------------------|
| Savings Deposit | \$ 129,282,081 | \$ 126,233,474 |
| Time Deposit | 63,408,000 | 62,991,354 |
| Current Deposit | 14,015,352 | 15,788,351 |
| Check Deposit | 1,884,115 | 2,028,815 |
| Treasury Deposit | 258,119 | 301,420 |
| Remittances | <u>17,568</u> | <u>18,728</u> |
| | <u>\$ 208,865,235</u> | <u>\$ 207,362,142</u> |

18. Financial Bonds Payable

At the end of 2008 and 2007, the interest rates carried by subordinated financial debentures are 2.51-3.80% and 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.

19. Other Liabilities

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-----------------------|--------------------------|--------------------------|
| Advance Receipts | \$ 219,898 | \$ 181,487 |
| Deposits Received | 79,661 | 85,084 |
| Reserve for Guarantee | 73,462 | 73,462 |
| Other | <u>61,850</u> | <u>64,670</u> |
| | <u>\$ 434,871</u> | <u>\$ 404,703</u> |

20. 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: 1.5%
- (2) Employee bonus: 3%
- (3) Stock dividends: 95.5%

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 appropriation of profit or loss for 2007 and surplus distribution for 2006 proposed by the Board of Directors and approved at the Shareholders' Meeting of Sunny Bank Ltd. in June 2008 and 2007 and the dividend per share are as follows:

| | 2007 Appropriation Of Profit Or Loss | 2006 Surplus Distribution |
|-----------------|--|---------------------------------|
| Legal Reserve | \$ 1,138,152 | \$ 8,642 |
| Special Reserve | - | 27,794 |

The 2008 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.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Bank's paid-in capital. This reserve should only be used to offset a deficit. When the reserve reaches 50% of the Bank's paid-in capital, the amount over 50% of the Bank's paid-in capital may be declared as dividends or bonus if the Bank has no earnings.

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.

21. Income Tax

The structure of income tax profits is as follows:

| | <u>2008</u> | <u>2007</u> |
|--------------------------------------|------------------|------------------|
| Deferred Income Tax | \$254,961 | \$256,577 |
| Separately Taxed Short-term Notes | (94,961) | (125,937) |
| Prior Year Income Tax Adjustment | <u>-</u> | <u>(640)</u> |
| Income Tax Profits | <u>\$160,000</u> | <u>\$130,000</u> |

On January 6, 2009, the Legislative Yuan of the Republic of China passed the amendment of Article 39 of the Income Tax Law to extend the carry forward period for operating losses from 5 to 10 years. The Bank thus accordingly recalculated deferred tax assets on the basis of this amendment and recorded the resulting difference as a deferred income tax benefit.

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

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---|--------------------------|--------------------------|
| Losses Deductible | \$ 1,300,214 | \$723,515 |
| Allowance for credit loss over limit | 119,394 | 317,150 |
| Others | <u>15,283</u> | <u>4,706</u> |
| | 1,434,891 | 1,045,371 |
| Less: Valuation Allowances | <u>542,500</u> | <u>407,941</u> |
| | <u>\$ 892,391</u> | <u>\$ 637,430</u> |

As of the end of 2008, the yearly tax payable after deducted at our bank is as follows:

| <u>Yearly Loss</u> | <u>Amount Deductible</u> | <u>Balance Undeductible</u> | <u>Final Deductible Year</u> |
|--------------------|--------------------------|-----------------------------|------------------------------|
| 2005 | \$ 103,969 | \$ 15,867 | 2015 |
| 2006 | 365,710 | 365,710 | 2016 |
| 2007 | 337,281 | 337,281 | 2017 |
| 2008 | <u>581,356</u> | <u>581,356</u> | 2018 |
| | <u>\$ 1,388,316</u> | <u>\$ 1,300,214</u> | |

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

The balances of tax deductible accounts are NT\$446,480,000 in 2008 and NT\$113,224,000 in 2007 respectively.

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 2007, the tax deduction derived from medium interest of bonds is totaled NT\$1,109,000. The tax deduction derived from medium interest of bonds which have not been declared totals NT\$8,000 in 2008.

22. Personnel, Depreciation and Amortization Costs

| | <u>2008</u> | <u>2007</u> |
|-------------------|---------------------|---------------------|
| Personnel Cost | | |
| Salary and Reward | \$ 1,581,602 | \$ 1,779,073 |
| Pension | 84,511 | 93,437 |
| Insurance Premium | 113,628 | 126,799 |
| Others | 56,904 | 58,826 |
| | <u>\$ 1,836,645</u> | <u>\$ 2,058,135</u> |
| Depreciation | <u>\$ 193,011</u> | <u>\$ 181,939</u> |
| Amortization | <u>\$ 21,904</u> | <u>\$ 22,701</u> |

23. Losses Per Share

The calculation of the numerator and the denominator for Basic Loss Per Share is disclosed below:

| | <u>Amount (Numerator)</u> | | 1000 Shares (Denominator) | <u>Earnings Per Share (NTD)</u> | |
|----------------------|---------------------------|------------------------|------------------------------|-------------------------------------|-------------------|
| | <u>Before Tax</u> | <u>After Tax</u> | | <u>Before Tax</u> | <u>After Tax</u> |
| <u>2008</u> | | | | | |
| Basic Loss Per Share | (<u>\$2,471,900</u>) | (<u>\$2,311,900</u>) | <u>1,224,553</u> | (<u>\$2.02</u>) | (<u>\$1.89</u>) |
| <u>2007</u> | | | | | |
| Basic Loss 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>) |

24. 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 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 \$67,200 thousand and \$66,360 thousand for the years ended December 31, 2008 and 2007, respectively.

Information about the defined benefit plan was as follows:

(1)Net Pension Cost

| | <u>2008</u> | <u>2007</u> |
|------------------------------|------------------|------------------|
| Service Cost | \$ 22,937 | \$ 26,868 |
| Interest Cost | 19,732 | 18,320 |
| Expected Return from Pension | | |
| Fund Assets | (20,308) | (14,000) |
| Amortization | (<u>5,050</u>) | (<u>4,111</u>) |
| Net Pension Cost | <u>\$ 17,311</u> | <u>\$ 27,077</u> |

(2)Pension Funded Status and Assets & Liabilities Declared Amount Adjustment

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---------------------------------|--------------------------|--------------------------|
| Pension Benefit Obligations | | |
| Vested Benefit Obligation | \$214,523 | \$232,084 |
| Non-vested Benefit Obligation | <u>311,579</u> | <u>308,812</u> |
| Accumulated Benefit | | |
| Obligation | 526,102 | 540,896 |
| Add. Benefit.-Future | <u>218,278</u> | <u>170,966</u> |
| Projected Benefit Obligation | 744,380 | 711,862 |
| Fair Value-Pension | (<u>616,648</u>) | (<u>684,448</u>) |
| Fund Status | 127,732 | 27,414 |
| Unrecognized Net Assets | 52,805 | 57,606 |
| Unrecognized Prior Service Cost | 33,201 | - |
| Unrecognized Pension Gain/Loss | (<u>204,798</u>) | (<u>85,264</u>) |
| Accrued Pension Liabilities | | |
| (Prepaid Pension) | <u>\$ 8,940</u> | (<u>\$ 244</u>) |

(3)Vested Benefit in accordance with the Measures of Employee Pension Retirement

| | |
|------------------|------------------|
| <u>\$288,796</u> | <u>\$290,572</u> |
|------------------|------------------|

(4)Assumptions of Pension Benefit Obligation

| | | |
|------------------------------|-------|------|
| Discount Rate | 2.25% | 3% |
| Future Salary Growth Rate | 2.5% | 2.5% |
| Pension Fund Assets Expected | | |
| Rate of Return | 2.25% | 3% |

(5)Pension Reserve Appropriation and Payment Status

| | <u>2008</u> | <u>2007</u> |
|---------------|------------------|------------------|
| Appropriation | <u>\$ 8,127</u> | <u>\$236,058</u> |
| Payment | <u>\$ 94,710</u> | <u>\$100,250</u> |

25. 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. 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 2008.

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

26. Related-Party Transactions

(1) Related parties and their relationships with the Bank:

| <u>Name</u> | <u>Relationship with our Bank</u> |
|---|---|
| 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) | Subsidiary |
| Sunny Life Insurance Brokerage Co., Ltd. (Sunny Life Insurance.) | Subsidiary |
| Ontario Securities Investment Trust (Ontario Securities) | The invested company valued at the equity method. |
| Other Parties | Our bank's directors, supervisors, managers, and chairman and president's Relatives within the second level relationships |

(2) Significant Transactions with Company-Related Parties

a. Accounts Receivable

| | <u>2008</u> | | <u>2007</u> | |
|--|------------------|--------------------------|-----------------|--------------------------|
| | <u>Amount</u> | <u>Subject Ratio (%)</u> | <u>Amount</u> | <u>Subject Ratio (%)</u> |
| Sunny Life Insurance Agent Co., Ltd. | \$ 22,320 | 0.5 | \$ 2,091 | 0.1 |
| Sunny Property Insurance Brokerage Co., Ltd. | 3,010 | - | 2,007 | - |
| Gold Sunny Assets Management Co., Ltd. | 455 | - | 1,250 | - |
| | <u>\$ 25,785</u> | <u>0.5</u> | <u>\$ 5,348</u> | <u>0.1</u> |

b.Loan

2008

| 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 | 46 | \$ 19,966 | \$ 9,890 | \$ 9,890 | \$ - | — | None |
| Private Housing Secured Loan | 41 | 336,979 | 289,217 | 289,217 | - | — | None |
| Other Loan | Chuan Yang Construction | 491,000 | 491,000 | 491,000 | - | Land & Building | None |
| | Liu, Hsiang-Tun | 19,402 | 18,624 | 18,624 | - | Land & Building | None |
| | Ho, Li-Wei | 16,000 | 16,000 | 16,000 | - | Land & Building | None |
| | Hsueh, Tsung-Hsien | 12,500 | 12,380 | 12,380 | - | Building Land | None |
| | Wang, Ya-Hsun | 7,900 | 6,900 | 6,900 | - | Farmland | None |
| | Hsueh, Tsung-Tai | 5,800 | - | - | - | — | None |
| | Chen, Li-Fen | 4,827 | - | - | - | — | None |
| | Chu, Chia-Lung | 3,449 | - | - | - | — | None |
| | Yang, Ying-Chung | 3,000 | - | - | - | — | None |
| | Kao, Chih-Li | 2,300 | 2,000 | 2,000 | - | — | None |
| | Liu, Chen-Sheng | 1,000 | - | - | - | — | None |
| | Yao, Hung-Shen | 800 | - | - | - | — | None |
| | Wu, Yueh-Chiao | 759 | - | - | - | — | None |
| | Chiu, Chuan-Mao | 551 | 551 | 551 | - | — | None |
| | Hsieh, I-Tung | 300 | 300 | 300 | - | — | None |
| Huang, Yen-Chun | 179 | - | - | - | — | None | |

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 | |

c. Deposit

| | December 31, 2008 | | | December 31, 2007 | | |
|---------------------------------|-------------------|-------------------|----------------------------|-------------------|-------------------|----------------------------|
| | Balance | Subject Ratio (%) | Annual Percentage Rate (%) | Balance | Subject Ratio (%) | Annual Percentage Rate (%) |
| Other Parties | \$ 497,529 | 0.3 | 0-9 | \$ 379,189 | 0.2 | 0-9 |
| Ontario Securities | 47,903 | - | 0.2-1.25 | - | - | - |
| Gold Sunny Sunny Life Insurance | 35,197 | - | 0.2 | 212,497 | 0.1 | 0-0.2 |
| Sunny Property Insurance | 23,513 | - | 0-0.2 | 16,688 | - | 0-1.82 |
| Sunny Securities | 21,241 | - | 0.2-1.77 | 8,273 | - | 0.2 |
| | 9,304 | - | 0-0.2 | 9,777 | - | 0-0.2 |
| | <u>\$ 634,687</u> | <u>0.3</u> | | <u>\$ 626,424</u> | <u>0.3</u> | |

d. Interest Income

| | 2008 | | 2007 | |
|---------------|------------------|-------------------|------------------|-------------------|
| | Amount | Subject Ratio (%) | Amount | Subject Ratio (%) |
| Other Parties | <u>\$ 28,071</u> | <u>0.4</u> | <u>\$ 28,745</u> | <u>0.4</u> |

e. Interest Expenses

| | 2008 | | 2007 | |
|---------------|------------------|-------------------|-----------------|-------------------|
| | Amount | Subject Ratio (%) | Amount | Subject Ratio (%) |
| Other Parties | \$ 9,622 | 0.2 | \$ 9,114 | 0.2 |
| Others | 418 | - | 188 | - |
| | <u>\$ 10,040</u> | <u>0.2</u> | <u>\$ 9,302</u> | <u>0.2</u> |

f. Net Commission Profit

| | 2008 | | 2007 | |
|--------------------------|-------------------|-------------------|------------------|-------------------|
| | Amount | Subject Ratio (%) | Amount | Subject Ratio (%) |
| Sunny Life Insurance | \$ 73,183 | 13.4 | \$ 32,730 | 4.5 |
| Gold Sunny | 14,837 | 2.7 | 3,768 | 0.5 |
| Sunny Property Insurance | 14,648 | 2.7 | 9,531 | 1.3 |
| | <u>\$ 102,668</u> | <u>18.8</u> | <u>\$ 46,029</u> | <u>6.3</u> |

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

| | 2008 | | 2007 | |
|------------------|------------------|-------------------|------------------|-------------------|
| | Amount | Subject Ratio (%) | Amount | Subject Ratio (%) |
| Sunny Securities | <u>\$ 23,552</u> | <u>4.3</u> | <u>\$ 21,822</u> | <u>10.0</u> |

h.Rent

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

| Lessee | Due Date | Receiving Method | Deposit in Security | Rent Income | |
|----------------------|----------------|-------------------|---------------------|-------------|----------|
| | | | | 2008 | 2007 |
| Sunny Securities | September 2112 | Monthly Receiving | \$ 800 | \$ 10,038 | \$ 9,069 |
| Sunny Life Insurance | July 2009 | Monthly Receiving | - | 870 | 870 |
| Gold Sunny | November 2009 | Monthly Receiving | 12 | 72 | 72 |

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.

i.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 and NT\$1,394,846,000, to 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 ware 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:

| | 2008 | 2007 |
|-------------------------------|------------------|------------------|
| Balance at Year Beginning | \$779,531 | \$771,766 |
| Increase During This Year | - | 183,038 |
| Amortization During This Year | <u>193,577</u> | <u>175,273</u> |
| Balance at Year End | <u>\$585,954</u> | <u>\$779,531</u> |

Until the end of 2008 and 2007, the balances of account receivable for sales are NT\$970,857,000 and NT\$1,328,873,000 and recorded as accounts receivables. The details for sale of non-performing loans in 2007 are as follows:

| 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 | |

j. Subordinated Debentures Payable

At the end of 2008 and 2007, the book value of subordinated debentures issued by the Bank and held by Sunny Life Insurance Brokerage Co., Ltd. valued NT\$ 5,500,000 and 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.

(3) Compensation of Directors, Supervisors and Executives:

| | 2008 | 2007 |
|--------|------------------|------------------|
| Salary | \$ 37,554 | \$ 38,403 |
| Bonus | 4,009 | 4,078 |
| Other | 4,236 | 4,236 |
| | <u>\$ 45,799</u> | <u>\$ 46,717</u> |

27. Pledged Assets

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

| | December 31, 2008 | December 31, 2007 |
|---|---------------------|-------------------|
| Due from Central Bank | \$ 1,500,000 | \$ - |
| Financial Assets at Fair Value through Profit or Loss | 9,000 | 62,500 |
| Available-for-Sale Financial Assets | 310,300 | 146,800 |
| Other Assets - Refundable Deposit | 250,213 | 257,234 |
| | <u>\$ 2,069,513</u> | <u>\$ 466,534</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, operation bond of bond dealers and 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.

28. Contingent Liabilities and Commitments

(1) In addition to those mentioned in notes, the Bank had the following contingent liabilities and commitments as of December 31, 2008:

At the end of 2008, bonds and notes with repurchase agreement amounted NT\$ 1,689,706,000 and, under agreement, should be repurchased successively with NT\$ 1,690,270,000 before January 10, 2009.

As of the end of 2008, the Bank has sold, with repurchase agreement, NT\$ 1,490,627,000 for Financial Liabilities at Fair Value through Profit or Loss and NT\$ 199,079,000 for Available-for-Sale Financial Assets.

(2) The lease of places rented by the Bank for business units will expire by the end of March 2013. The refundable deposit totals NT\$109,947 (listed in other assets). The rental totals NT\$ 38,310,000 in 2008.

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2009 | \$ 32,411 |
| 2010 | 11,717 |
| 2011 | 8,477 |
| 2012 | 6,756 |
| 2013 | 1,672 |

29. Financial Instruments Related Information

(1) Fair Value Information

| | December 31, 2008 | | December 31, 2007 | |
|-------------------------------|-------------------|---------------|-------------------|---------------|
| | Book Value | Fair Value | Book Value | Fair Value |
| <u>Financial Assets</u> | | | | |
| Financial Assets Book | | | | |
| Value of Which Equals to | | | | |
| Fair Value | \$ 44,833,767 | \$ 44,833,767 | \$ 18,350,622 | \$ 18,350,622 |
| Financial Assets at Fair | | | | |
| Value through Profit or | | | | |
| Loss | 9,443,723 | 9,443,723 | 34,543,144 | 34,543,144 |
| Available-for-Sale Financial | | | | |
| Assets | 3,978,337 | 3,978,337 | 4,741,885 | 4,741,885 |
| Discounts and Loans | 166,298,395 | 166,298,395 | 172,892,491 | 172,892,491 |
| Hold-to-maturity Financial | | | | |
| Assets | 117,673 | 117,673 | 172,091 | 172,091 |
| Non-active Market Debt | | | | |
| Instruments | 16,387 | 16,387 | - | - |
| <u>Financial Liabilities</u> | | | | |
| Financial Liabilities Book | | | | |
| Value of Which Equals to | | | | |
| Fair Value | 221,449,205 | 221,449,205 | 225,047,756 | 225,047,756 |
| Financial Liabilities at Fair | | | | |
| Value through Profit or | | | | |
| Loss | 134,602 | 134,602 | 328 | 328 |
| Financial Bonds Payable | 5,509,400 | 5,509,400 | 6,509,400 | 6,509,400 |

(2) 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 (excluding Tax Refund Receivable), 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.

Discounts, loans and deposits are interest-bearing financial assets 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.

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

| | Amount decided by Public Quotation | | Amount decided by Evaluation Method | |
|--|------------------------------------|----------------------|-------------------------------------|----------------------|
| | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 |
| Financial Assets at Fair Value through Profit or Loss | \$ 1,731,323 | \$ 1,071,859 | \$ 7,712,400 | \$ 33,471,285 |
| Available-for-Sale Financial Assets | 1,280,941 | 1,912,180 | 2,697,396 | 2,829,705 |
| Financial Liabilities at Fair Value through Profit or Loss | - | - | 134,602 | 328 |

(4) Valuation losses/gains arising from changes in fair value of financial instruments at FVTPL using quoted market prices and valuation techniques were NT\$225,682,000 of loss and NT\$89,543,000 of gain for the years ended December 31, 2008 and 2007, respectively.

(5) The financial assets with fair value risk from interest rate exposure on December 31, 2008 and 2007 were NT\$11,822,344,000 and NT\$38,385,776,000 respectively. The financial assets with the cash flow risk from interest rate exposure were NT\$43,732,000 and NT\$90,705,000.

(6) The interest income associated with financial assets or liabilities other than at FVTPL in 2008 and 2007 were NT\$6,905,595,000 and NT\$7,054,864,000 respectively. Unrealized gain from available-for-sale financial assets amounted to NT\$54,741 thousand and NT\$37,403 thousand for the years ended December 31, 2008 and 2007, respectively, is classified as adjustments to shareholders' equity.

(7)Financial Risks

a.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 19.61% in 2008 and 0% to 19.94% in 2007, 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, 2008 and 2007 were as follows:

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---------------------------|--------------------------|--------------------------|
| Loan Commitments | \$ 10,302,671 | \$ 11,642,869 |
| Guarantees and Master L/C | 6,124,936 | 9,974,181 |
| Credit Card Commitment | 600,397 | 639,956 |

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 75.04% in 2008 and 95.07% in 2007. 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 (Top 3 ratio of the credit amount to total credit amount are listed below):

| <u>Object</u> | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--------------------|--------------------------|--------------------------|
| Natural Person | \$ 116,223,356 | \$ 120,286,285 |
| Private Enterprise | 44,326,353 | 46,994,084 |
| Government Agency | <u>2,631,482</u> | <u>3,622,822</u> |
| | <u>\$ 163,181,191</u> | <u>\$ 170,903,191</u> |

| <u>Industrial Type</u> | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|------------------------------|--------------------------|--------------------------|
| Manufacturing Business | \$ 13,035,336 | \$ 14,279,694 |
| Wholesales & Retail Business | 7,509,283 | 9,452,694 |
| Service Business | <u>5,468,461</u> | <u>4,787,119</u> |
| | <u>\$ 26,013,080</u> | <u>\$ 28,519,507</u> |

| <u>Area</u> | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---------------|--------------------------|--------------------------|
| Domestic Area | \$ 164,212,809 | \$ 171,923,168 |
| Europe | 1,563,364 | 1,332,379 |
| Asia | 1,390,205 | 935,810 |
| Other Areas | <u>1,610,733</u> | <u>1,374,461</u> |
| | <u>\$ 168,777,111</u> | <u>\$ 175,565,818</u> |

b.Liquidity Risk

The Bank's ratio of liquidity reserve is 18.04% and 16.50% in 2008 and 2007 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:

December 31 2008

| | 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 | \$4,607,347 | \$ - | \$ - | \$ - | \$ - | \$ - | \$4,607,347 |
| Due from the Central Bank and Other Banks | 35,372,170 | - | - | - | - | - | 35,372,170 |
| Financial Assets at Fair Value through Profit or Loss | 7,653,151 | 1,668,582 | 4,975 | 53,326 | 63,689 | - | 9,443,723 |
| Total Receivables | 4,874,557 | - | - | - | - | - | 4,874,557 |
| Total Discounts and Loans | 14,994,233 | 12,438,881 | 11,538,249 | 11,014,366 | 26,067,148 | 92,724,234 | 168,777,111 |
| Available-for-Sale Financial Assets | 492,642 | 2,103,464 | - | - | 1,208,621 | 173,610 | 3,978,337 |
| Hold-to-maturity Financial Assets | - | - | - | - | 117,673 | - | 117,673 |
| Total Non-active Market Debt Instruments | - | - | - | - | 163,870 | - | 163,870 |
| Total Assets | <u>\$67,994,100</u> | <u>\$16,210,927</u> | <u>\$11,543,224</u> | <u>\$11,067,692</u> | <u>\$27,621,001</u> | <u>\$92,897,844</u> | <u>\$227,334,788</u> |
| Liabilities | | | | | | | |
| Financial Liabilities at Fair Value through Profit or Loss | \$ 8,864 | \$ - | \$ 16,387 | \$ 71,775 | \$ 37,576 | \$ - | \$ 134,602 |
| Call Loans and Due to Banks | 5,985,843 | - | - | - | - | - | 5,985,843 |
| Notes and Bonds Issued under Repurchase Agreement | 1,689,706 | - | - | - | - | - | 1,689,706 |
| Payables | 4,828,760 | - | - | - | - | - | 4,828,760 |
| Deposits and Remittances | 86,981,724 | 36,331,429 | 28,994,042 | 41,712,998 | 14,845,042 | - | 208,865,235 |
| Financial Bonds Payable | - | - | - | - | 5,509,400 | - | 5,509,400 |
| Total Liabilities | <u>\$99,494,897</u> | <u>\$36,331,429</u> | <u>\$29,010,429</u> | <u>\$41,784,773</u> | <u>\$20,392,018</u> | <u>\$ -</u> | <u>\$227,013,546</u> |

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 | | | | | | | |
| Financial Liabilities at Fair Value through Profit or Loss | \$ 328 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 328 |
| 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>\$105,464,994</u> | <u>\$32,399,609</u> | <u>\$32,071,465</u> | <u>\$39,406,788</u> | <u>\$22,129,544</u> | <u>\$ -</u> | <u>\$231,472,400</u> |

30.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.

| Analytical Items | | Year | | |
|-----------------------------------|----------------------|---|---------------|-------------|
| | | 12/31/2008 | 12/31/2007 | |
| Own Capital | Tier-1 capital | \$ 8,880,498 | \$ 10,965,006 | |
| | Tier-2 capital | 5,686,572 | 6,118,288 | |
| | Tier 3 Capital | - | - | |
| | Own Capital | 14,567,070 | 17,083,294 | |
| Risk-Weighted Assets | Credit Risk | Standardized Approach | 146,260,054 | 151,740,512 |
| | | Internal Ratings-based Approach | - | - |
| | | Asset Securitization | 23,535 | 683,428 |
| | Operational Risk | Basic Indicator Approach | 7,311,468 | 8,415,364 |
| | | Standardized Approach / Alternative Standardized Approach | - | - |
| | | Advanced Measurement Approach | - | - |
| | Market Risk | Standardized Approach | 9,105,429 | 12,265,351 |
| | | Internal Model Approach | - | - |
| | Risk-Weighted Assets | | 162,700,486 | 173,104,655 |
| | Capital Adequacy | | 8.95% | 9.87% |
| Tier 1 Capital to Risk Asset | | 5.46% | 6.33% | |
| Tier 2 Capital to Risk Asset | | 3.49% | 3.54% | |
| Tier 3 Capital to Risk Asset | | - | - | |
| Total Common Stock to Total Asset | | 5.22% | 5.08% | |

| | | |
|-----------------------------------|---|--|
| 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 |

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

| | Year 2008 | | Year 2007 | |
|---|---------------|----------------|---------------|----------------|
| | Average Value | Average Rate % | Average Value | Average Rate % |
| Assets | | | | |
| Cash - Due from Banks | \$ 318,917 | 0.48 | \$ 419,741 | 0.24 |
| Reverse Repurchase Note and Bond Investment | 10,936 | 1.13 | - | - |
| Due from the Central Bank and Other Banks | 20,765,127 | 1.81 | 11,514,425 | 1.30 |
| Financial Assets at Fair Value through Profit or Loss | 18,558,277 | 2.18 | 21,576,677 | 1.85 |
| Available-for-Sale Financial Assets | 4,237,278 | 2.33 | 4,670,479 | 2.14 |
| Hold-to-maturity Financial Assets | 155,949 | 2.48 | 249,911 | 2.28 |
| Non-active Market Debt Instruments | 237,296 | 4.76 | - | - |
| Receivables | 1,310,881 | 9.23 | 2,208,924 | 8.16 |
| Discounts and Loans | 171,031,926 | 3.67 | 188,996,420 | 3.50 |
| Liabilities | | | | |
| Notes and Bonds Issued under Repurchase Agreement | | | | |
| | 1,790,573 | 1.98 | 4,416,852 | 1.62 |
| Funds Borrowed from Central Bank and Banks | - | - | 459,171 | 3.50 |
| Call Loans and Due to Banks | 9,243,030 | 2.44 | 14,720,632 | 2.16 |
| Current Deposit | 13,303,846 | 0.28 | 14,355,880 | 0.34 |
| Current Savings Deposit | 39,551,490 | 0.63 | 46,912,529 | 0.67 |
| Time Deposit | 59,837,625 | 2.70 | 44,143,405 | 2.44 |
| Time Savings Deposit | 85,160,030 | 2.64 | 91,143,193 | 2.24 |
| Treasury Deposit | 212,223 | 0.95 | 206,637 | 1.12 |
| Negotiable Certificate of Deposit | 2,696,438 | 2.24 | 7,940,510 | 1.95 |
| Financial Bonds Payable | 5,874,991 | 3.02 | 6,115,901 | 3.21 |

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

Loan Assets Quality

| Month / Year | December 31, 2008 | | | | | | December 31, 2007 | | | | | |
|--|---------------------------------------|---|--|--|---------------------------------|----------------------------|---|--|--|---------------------------------|----------------------------|--|
| | Business / Items | Amount of non-performing loans (Note 1) | Gross loans | Non-performing loan ratio (%) (Note 2) | Allowance for doubtful accounts | Average ratio (%) (Note 3) | Amount of non-performing loans (Note 1) | Gross loans | Non-performing loan ratio (%) (Note 2) | Allowance for doubtful accounts | Average ratio (%) (Note 3) | |
| Corporate Banking | Secured loans | 1,120,922 | 21,212,405 | 5.28% | 278,901 | 24.88% | 1,073,096 | 25,042,205 | 4.29% | 355,591 | 33.14% | |
| | Unsecured loans | 1,028,617 | 31,872,045 | 3.23% | 1,540,256 | 149.74% | 1,374,035 | 31,386,840 | 4.38% | 1,355,567 | 98.66% | |
| Consumer banking | Residential mortgage loans (Note 4) | 858,036 | 50,697,592 | 1.69% | 233,567 | 27.22% | 986,996 | 54,346,734 | 1.82% | 229,128 | 23.21% | |
| | Cash card services | - | - | - | - | - | - | - | - | - | - | |
| | Small amount of credit loans (Note 5) | 160,704 | 5,463,586 | 2.94% | 94,322 | 58.69% | 350,530 | 6,485,236 | 5.41% | 359,177 | 102.47% | |
| Others (Note 6) | Secured loans | 1,120,962 | 56,520,922 | 1.98% | 250,989 | 22.39% | 1,142,517 | 54,692,802 | 2.09% | 280,710 | 24.57% | |
| | Unsecured loans | 103,105 | 3,010,561 | 3.42% | 80,681 | 78.25% | 106,455 | 3,612,001 | 2.95% | 93,154 | 87.51% | |
| Gross loan business | | 4,392,346 | 168,777,111 | 2.60% | 2,478,716 | 56.43% | 5,033,629 | 175,565,818 | 2.87% | 2,673,327 | 53.11% | |
| | | Amount of overdue accounts | Balance of accounts Receivable Overdue account ratio (%) | Overdue account ratio (%) | Allowance for doubtful accounts | Coverage ratio | Amount of overdue accounts | Balance of accounts Receivable Overdue account ratio (%) | Overdue account ratio (%) | Allowance for doubtful accounts | Coverage ratio | |
| Credit card services | | 25,402 | 988,141 | 2.57% | 23,474 | 92.41% | 38,042 | 1,378,493 | 2.76% | 77,084 | 202.63% | |
| Without recourse factoring (Note 7) | | - | - | - | - | - | - | - | - | - | - | |
| Overdue loans with debt negotiated terms which have been performed and exempted from reporting as non-performing loan (Note 8) | | 59,377 | | | | 91,013 | | | | | | |
| Overdue receivables with debt negotiated terms which have been performed and exempted from reporting as non-performing loan (Note 8) | | 372,141 | | | | 548,674 | | | | | | |
| Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables (Note 9) | | 25,175 | | | | - | | | | | | |

- 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: Non performing loans ratio = Nonperforming loan ÷ Loans
Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable
- Note 3: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ 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.
- Note 8: Overdue loans and receivables with debt negotiated terms which have been performed are exempted from reporting as non-performing loan under the requirement issued by the Banking Bureau dated April 25, 2006 (Ref. No. 09510001270)\
- Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940)

Concentration of Crediting Risk

12/31/2008

| Top 10 (Note 1) | Company Name (Note 2) | Total Accredited Balance (Note 3) | Net Value Proportion (%) |
|--------------------|---------------------------------|--------------------------------------|-----------------------------|
| 1 | China Trust Financial Holding | \$ 1,555,228 | 14.63 |
| 2 | Evergreen Marine Corporation | 1,360,033 | 12.79 |
| 3 | Uni-President Enterprises Corp. | 1,167,123 | 10.98 |
| 4 | Formosa Plastics Corporation | 1,091,001 | 10.26 |
| 5 | Tatung Co. | 916,614 | 8.62 |
| 6 | Taiwan Cement Corporation | 749,760 | 7.05 |
| 7 | Far Eastern Textile Ltd. | 746,000 | 7.02 |
| 8 | China Airline | 709,999 | 6.68 |
| 9 | China Steel | 689,428 | 6.49 |
| 10 | Shin Kong Financial Holding | 595,313 | 5.60 |

December 31, 2007

| Top 10 (Note 1) | Company Name (Note 2) | Total Accredited Balance (Note 3) | Net Value Proportion (%) |
|--------------------|---|--------------------------------------|-----------------------------|
| 1 | China Trust 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 |

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, 2008

Expressed
in NT\$ Thousands, %

| Items | 1-90 days | 91-180 days | 181-1 year | Over 1 year | Total |
|--|----------------|---------------|---------------|---------------|----------------|
| Interest-rate-sensitive Assets | \$ 165,215,183 | \$ 14,421,286 | \$ 5,741,179 | \$ 17,534,862 | \$ 202,912,510 |
| Interest-rate-sensitive Liabilities | 89,251,828 | 71,972,149 | 32,400,186 | 19,120,827 | 212,744,990 |
| Interest-rate-sensitive Gap | 75,963,355 | (57,550,863) | (26,659,007) | (1,585,965) | (9,832,480) |
| Net Value | | | | | 11,818,242 |
| Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%) | | | | | 95.38% |
| Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%) | | | | | (83.20%) |

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) |
| Net Value | | | | | 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, 2008

(Expressed in US\$ Thousands, %)

| Items | 1-90 days | 91-180 days | 181-1 year | Over 1 year | Total |
|--|------------|-------------|------------|-------------|------------|
| Interest-rate-sensitive Assets | \$ 186,685 | \$ 28,930 | \$ 2,284 | \$ - | \$ 217,899 |
| Interest-rate-sensitive Liabilities | 151,622 | 48,286 | 25,991 | - | 225,899 |
| Interest-rate-sensitive Gap | 35,063 | (19,356) | (23,707) | - | (8,000) |
| Net Value | | | | | (36,270) |
| Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%) | | | | | 96.46% |
| Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%) | | | | | 22.06% |

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 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, 2008 | December 31, 2007 |
|------------------------------------|------------|-------------------|-------------------|
| Return on Total Assets (%) | Before Tax | (1.02) | (0.51) |
| | After Tax | (0.96) | (0.46) |
| Return on Shareholders' Equity (%) | Before Tax | (21.25) | (9.59) |
| | After Tax | (19.88) | (8.61) |
| Net profit Margin Ratio (%) | | | (28.32) |

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, 2008

(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 | \$ 228,213,813 | \$ 41,181,989 | \$ 25,627,611 | \$ 22,981,537 | \$ 29,621,620 | \$ 108,801,056 |
| Primary Funds Outflow Upon Maturity | 268,800,657 | 37,497,102 | 47,064,253 | 43,128,486 | 71,112,383 | 69,998,433 |
| Capital Gap | (40,586,844) | 3,684,887 | (21,436,642) | (20,146,949) | (41,490,763) | 38,802,623 |

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 |

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, 2008

(Expressed in UST\$ 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 | \$312,565 | \$182,918 | \$29,252 | \$23,746 | \$13,719 | \$62,930 |
| Primary Funds Outflow Upon Maturity | 290,481 | 192,902 | 55,469 | 48,286 | 25,991 | (32,167) |
| Capital Gap | 22,084 | (9,984) | (26,217) | (24,540) | (12,272) | 95,097 |

December 31, 2007

(Expressed in US\$ 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 |

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, 2008

| Trust Assets | | Trust Liabilities | |
|-----------------------|----------------------|-----------------------|----------------------|
| | \$ 186,159 | Securities Under | \$ 16,379,493 |
| Bank Deposit | | Custody For | |
| | | Customers Payable | |
| Short-term Investment | | Trust Capital | |
| Fund Investment | 17,073,903 | Money Trust | 19,660,154 |
| Bond Investment | 2,097,313 | Real Estate Trust | 1,692,265 |
| Stock Investment | 1,239,303 | Negotiable | 1,239,303 |
| | | Securities Trust | |
| Real Estate - | | Accumulated Profit or | |
| Land | 1,549,672 | Loss | |
| | | Principal | 168,660 |
| | | Accumulated | |
| | | Profit or Loss | |
| Securities Under | <u>16,379,493</u> | Profit/Loss This Year | (<u>614,032</u>) |
| Custody For | | | |
| Customers | | | |
| | <u>\$ 38,525,843</u> | | <u>\$ 38,525,843</u> |

Trust Property Catalogue

December 31, 2008

| Investment Item | Accounting Amount | |
|------------------------------|-------------------|----------------------|
| Bank Deposit | | |
| Due from our Bank | | \$ 186,159 |
| Short-term Investment - | | |
| Fund Investment - NTD Trust | \$ 12,063,883 | |
| - Foreign | 4,997,020 | |
| Currency | | |
| Trust | | |
| - Pre-need | 13,000 | |
| Contract Trust | | |
| Bond Investment - NTD Trust | 115,755 | |
| - Foreign | 1,981,558 | |
| Currency | | |
| Trust | | |
| Stock Investment | <u>1,239,303</u> | 20,410,519 |
| Real Estate - Land | | 1,549,672 |
| Securities Under Custody For | | <u>16,379,493</u> |
| Customers | | |
| | | <u>\$ 38,525,843</u> |

Trust Income Statement

Year 2008

| Investment Item | Accounting Amount | |
|----------------------------|-------------------|-----------------------|
| Trust Income | | |
| Interest | \$ 4,130 | |
| Dividend | 713,556 | |
| Gain on Sale of Properties | 179,468 | |
| Realized capital gain | <u>41,673</u> | \$ 938,827 |
| Trust Expenses | | |
| Administrative Expenses | 9,756 | |
| Tax | 71,153 | |
| Interest | 113 | |
| Commission | 5,965 | |
| Loss on Sale of Properties | 1,465,657 | |
| Realized Exchange Loss | <u>215</u> | <u>1,552,859</u> |
| | | (<u>\$ 614,032</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, 2007

| Trust Assets | | Trust Liabilities | |
|-----------------------|----------------------|--------------------------------------|----------------------|
| Bank Deposit | \$ 410,931 | Other Liabilities | \$ - |
| Short-term Investment | | Trust Capital | |
| Fund Investment | 19,017,640 | Money Trust | 21,223,149 |
| Bond Investment | 1,495,915 | Real Estate Trust | 2,307,402 |
| Stock Investment | 1,267,403 | Negotiable Securities Trust | 1,267,403 |
| Real Estate- | | Accumulated Profit or Loss | |
| Land | <u>2,232,985</u> | Principal Accumulated Profit or Loss | (1,718,754) |
| | <u>\$ 24,424,874</u> | Profit/Loss This Year | <u>1,345,674</u> |
| | | | <u>\$ 24,424,874</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 | 5,585,053 | |
| Currency | | |
| Trust | | |
| - Pre-need | 3,000 | |
| Contract Trust | | |
| Bond Investment - NTD Trust | 501,157 | |
| - Foreign | 994,758 | |
| Currency | | |
| Trust | | |
| Stock Investment | <u>1,267,403</u> | 21,780,958 |
| Real Estate - Land | | <u>2,232,985</u> |
| | | <u>\$ 24,424,874</u> |

Trust Income Statement

Year 2007

| Investment Item | Accounting Amount | |
|----------------------------|-------------------|---------------------|
| Trust Income | | |
| Interest | \$ 3,685 | |
| Rent | 67,682 | |
| Dividend | 656,025 | |
| Gain on Sale of Properties | 901,543 | |
| Realized capital gain | <u>59,773</u> | \$ 1,688,708 |
| Trust Expenses | | |
| Administrative Expenses | 95,569 | |
| 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>343,034</u> |
| | | <u>\$ 1,345,674</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.

34. Disclosures Under Statutory Requirements

Other than Table 1-2, no other information should be disclosed.

35.Financial Information by Department

Industry information

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

Regional information

Until the end of 2008, The Bank has not established overseas operating departments.

Admission to export information

Until the end of 2008, 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.
Information on Invested Enterprises
Year 2008

Table 1

Unit: NT\$ Thousands

| Invested Company | Investee Company | Location | Major Business Items | Holding at the Year End (%) | Par Value | Yearly Income for Investee Company | Yearly Recognized Invested Income | Consolidated Holdings by the Bank and Affiliated Enterprises (Note 2) | | | | Remark |
|------------------|--|-------------|--|-----------------------------|-----------|------------------------------------|-----------------------------------|---|--|-----------------------|----------------|-----------------------------------|
| | | | | | | | | Current Share Holding (1,000 shares) | Conjectural share holding (1,000 shares) | Total | | |
| | | | | | | | | | | Shares (1,000 shares) | Percentage (%) | |
| Our Bank | Sunny Securities Co., Ltd. | Taipei City | Securities Investment | 97.7 | \$207,517 | (\$18,903) | (\$18,465) | 29,500 | - | 29,500 | 97.7 | Subsidiaries |
| | Gold Sunny Assets Management Co., Ltd. | Taipei City | Financial Institution Creditor's Right (Money) Appraisal and Auction | 100.0 | 19,258 | (17,386) | (17,386) | 5,000 | - | 5,000 | 100.0 | Subsidiaries |
| | Sunny Life Insurance Agent Co., Ltd. | Taipei City | Life Insurance Brokerage | 39.9 | 10,228 | 5,085 | 2,500 (Note 1) | 1,500 | - | 1,500 | 99.9 | Subsidiaries |
| | Sunny Property Insurance Brokerage Co., Ltd. | Taipei City | Property Insurance Brokerage | 20.0 | 1,557 | 1,000 | 200 | 605 | - | 605 | 100.0 | Subsidiaries |
| | Ontario Securities Investment Trust | Taipei City | Securities Investment Trust Services | 20.0 | 38,762 | (31,748) | - | 6,006 | - | 6,006 | 20.0 | Company Invested at Equity Method |

Note 1: Including investment gains at NT\$2,033,000, the amortization of the difference between investment cost and net equity at NT\$467,000.

Note 2: Current or Conjectural share holdings of invested enterprises by the Bank, directors, supervisors, presidents, vice presidents and affiliated enterprises in conformity of the definition of Company Law are incorporated.

Sunny Bank Ltd.

**Account Receivables for Related Parties reached NT\$300 millions or Collected Capital over
10%**

December 31, 2008

Table 2

Unit: NT\$ Thousands

| 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 | \$ 970,857 | Not Applicable for Financial Business | None | Not Applicable | \$ 11,635 | \$ 70,029 |

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

Sunny Bank Ltd.
Cash Detail Sheet
December 31, 2008

Table 1

Unit: NT\$ Thousands, except extra notes

| <u>Item</u> | <u>Annual Interest Rate (%)</u> | <u>Amount</u> |
|---------------------------------|---------------------------------|---------------------|
| New Taiwan Dollars Deposit | | \$ 2,906,542 |
| Post-dated Notes for Clearance | | 1,233,600 |
| Due from Banks | 0-0.325 | 367,235 |
| Foreign Currency Deposit (Note) | | <u>99,970</u> |
| | | <u>\$ 4,607,347</u> |

Note: Foreign currency and exchange rate are as follows:

| <u>Currency</u> | <u>Original Amount (Thousand)</u> | <u>Exchange Rate</u> |
|-----------------|-----------------------------------|----------------------|
| YEN | \$ 87,872 | \$ 0.3625 |
| HKD | 2,108 | 4.2290 |
| USD | 1,458 | 32.7740 |
| RMB | 687 | 4.7960 |
| EURO | 176 | 46.2400 |

Sunny Bank Ltd.

Detail Sheet of Financial Instruments at Fair Value through Profit or Loss

December 31, 2008

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 | Taiwan Power Company | 2009.01.23-2009.03.27 | \$1,750,000 | 1.07-1.64 | \$ 1,744,986 | \$1,745,651 |
| | Yuanta Financial Holding | 2009.01.08 | 600,000 | 1.92 | 599,085 | 599,170 |
| | CPC Corporation, Taiwan | 2009.02.25 | 500,000 | 1.10 | 499,020 | 499,056 |
| | Boss Group | 2009.01.20-2009.01.21 | 335,000 | 0.85-0.87 | 334,756 | 334,736 |
| | Yun Peng Constructions | 2009.01.20 | 300,000 | 0.87 | 299,779 | 299,763 |
| | Others (Note 1) | 2009.01.05-2009.02.24 | <u>4,163,000</u> | 0.81-1.90 | <u>4,159,399</u> | <u>4,159,438</u> |
| | | | <u>7,648,000</u> | | <u>7,637,025</u> | <u>7,637,814</u> |
| Beneficiary Certificates (Note 1) | | | - | | <u>1,402,267</u> | <u>1,321,331</u> |
| Listed/OTC Common Stock (Note 1) | | | - | | <u>357,740</u> | <u>291,746</u> |
| Government Bonds (Note 1 & 3) | | 2009.12.17-2011.05.30 | <u>110,000</u> | 4.62-8.00 | <u>121,687</u> | <u>116,112</u> |
| Foreign Exchange Swap | | | - | | - | <u>58,446</u> |
| Acceptance Draft (Note 1) | | 2009.01.07-2009.06.22 | <u>9,989</u> | 4.08-5.15 | <u>9,758</u> | <u>9,789</u> |
| Negotiable Certificates of Deposits (Note 1) | | | <u>6,300</u> | 2.50-2.71 | <u>6,326</u> | <u>6,351</u> |
| Others (Note 1) | | | - | | - | <u>2,134</u> |
| | | | <u>\$ 7,774,289</u> | | <u>\$ 9,534,803</u> | <u>\$ 9,443,723</u> |
| Financial Liabilities at Fair value through Profit or Loss | | | | | | |
| Financial Liabilities | | | | | | |
| Credit Default Swaps | | | | | \$ - | \$ 130,359 |
| Foreign Exchange Swap | | | | | - | <u>4,243</u> |
| | | | | | <u>\$ -</u> | <u>\$ 134,602</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 on balance sheet date of Taiwan Securities Service. Beneficiary certificates are the net value on December 31 2008. Common stocks are at closing market price.

Note 3: A total of NT\$9,000,000 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\$381,627,000, evaluation interests NT\$225,682,000 and dividend of NT\$60,158,000.

Sunny Bank Ltd.

Detail Sheet of Available-for-sale Financial Asset

December 31, 2008

Table 3

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

| Financial Instruments | Name of Financial Instruments | Abstract | | Book Value | Rates (%) | Acquisition Cost | Evaluation Adjustment | Fair Value (Note 2) | | Note |
|---------------------------|--|------------------|-----------------------|--------------------|------------------|--------------------|-----------------------|---------------------|--------------------|------------------|
| | | Value Date | Due date | | | | | Unit Price | Total Amount | |
| Commercial Paper II | Asia Cement | | 2009.03.11 | \$300,000 | 1.87 | \$298,592 | \$347 | | \$298,939 | |
| | GEM Terminal Industry | | 2009.03.27 | 250,000 | 1.92-2.01 | 248,809 | 2,671 | | 251,480 | |
| | Far Eastern Department Store | | 2009.01.23 | 200,000 | 2.00 | 199,079 | 2,395 | | 201,474 | |
| | Fortune Motors President | | 2009.01.16 | 140,000 | 2.09-2.23 | 139,241 | 1,850 | | 141,091 | |
| | Securities Hanping Electronics | | 2009.01.05-2009.02.23 | 450,000 | 1.12-2.50 | 448,520 | 1,033 | | 449,553 | |
| | | | 2009.03.23 | 40,000 | 2.03 | 39,802 | 899 | | 40,701 | |
| | | | | | <u>1,380,000</u> | | <u>1,374,043</u> | <u>9,195</u> | | <u>1,383,238</u> |
| Commercial Paper II | Special Purpose Trust of Taishin Bond Assets | | 2009.02.13-2009.02.24 | <u>1,207,000</u> | 2.02-2.24 | <u>1,200,617</u> | <u>12,252</u> | | <u>1,212,869</u> | |
| Corporate Bonds | 2004 Yangming 2B | 10.11 | 2011.10.11 | 200,000 | 3.30 | 201,294 | (27) | | 201,267 | |
| | 2006 Formosa Petrochemical 4 | 10.20 | 2011.10.20 | 200,000 | 2.09 | 199,904 | 936 | | 200,840 | |
| | 2005 Nan Ya Technology 3 | 12.19 | 2010.12.19 | 150,000 | 2.25 | 150,198 | (448) | | 149,750 | |
| | Yangming Marine (The 13 th in 2006) | 10.23 | 2011.10.23 | 100,000 | 2.09 | 100,014 | (1,426) | | 98,588 | |
| | 2007 Nan Ya Technology 1 | 05.31 | 2012.05.31 | 50,000 | 2.29 | 49,939 | (649) | | 49,290 | |
| | 2006 Inotera Memories, Inc. 2 | 01.05 | 2012.01.05 | 50,000 | 2.23 | 49,965 | (763) | | 49,202 | |
| | Yangming Marine Transportation | 11.23 | 2012.11.23 | 30,000 | 6.02 | 32,631 | (1) | | 32,630 | |
| | | | | | <u>780,000</u> | | <u>783,945</u> | <u>(2,378)</u> | | <u>781,567</u> |
| Government Bonds (Note 3) | Central Government Bonds A – Jan. 2006 | 01.06 | 2011.01.06 | 200,000 | 1.75 | 200,035 | 2,140 | \$101.0891 | 202,175 | |
| | Central Government Bonds B – Jan. 1998 (Note 3) | 02.20 | 2013.02.20 | 100,000 | 6.88 | 111,002 | 9,607 | 120.6221 | 120,609 | |
| | Central Government Bonds A – Jun. 2001 | 08.07 | 2016.08.07 | 100,000 | 3.75 | 111,441 | 3,895 | 115.3413 | 115,336 | |
| | Central Government Bonds A – Jun. 2005 | 07.20 | 2010.07.20 | 50,000 | 2.00 | 50,187 | 576 | 101.5279 | 50,763 | |
| | Others | 01.22 | 2019.01.22 | 5,800 | 5.25 | 5,768 | 1,244 | 120.9082 | 7,012 | Note 1 |
| | | | | <u>455,800</u> | | <u>478,433</u> | <u>17,462</u> | | <u>495,895</u> | |
| | | | | | | | | | | |
| Beneficiary Securities | Sungchiang Real Estate Trust of Shin Kong Life Insurance | 08.08 ; 02.08 | 2013.08.08 | 46,745 | 2.21 | 46,745 | 3,283 | | 50,028 | |
| Others | | | | = | | 54,944 | (204) | | 54,740 | Note 1 |
| | | | | <u>\$3,869,545</u> | | <u>\$3,938,727</u> | <u>\$39,610</u> | | <u>\$3,978,337</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 2008.

Note 3: A total NT\$310,300,000 of government bonds have been provided guarantee.

Sunny Bank Ltd.
Detail Sheet of Equity Investment - Equity Method
Year 2008

Unit: NT\$ Thousands

Table 4

| Name of Investee Company | Beginning Balance | | Increase During 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. | 29,500 | \$ 226,428 | - | \$ - | (\$ 18,465) | (\$ 446) | 29,500 | 97.7 | \$ 207,517 |
| Ontario Securities Investment Trust | - | - | 6,006 | 38,762 | - | - | 6,006 | 20.0 | 38,762 |
| Gold Sunny Assets Management Co., Ltd. | 5,000 | 37,484 | - | - | (17,386) | (840) | 5,000 | 100.0 | 19,258 |
| Sunny Life Insurance Brokerage Co., Ltd. (former name Yin Lien Life Insurance Agent Co., Ltd.) | 600 | 8,033 | - | - | 2,500 | (305) | 600 | 39.9 | 10,228 |
| Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property Insurance Brokerage Co., Ltd.) | 121 | <u>1,777</u> | - | - | <u>200</u> | <u>(420)</u> | 121 | 20.0 | <u>1,557</u> |
| | | <u>\$ 273,722</u> | | <u>\$ 38,762</u> | <u>(\$ 33,151)</u> | <u>(\$ 2,011)</u> | | | <u>\$ 277,322</u> |

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

Note 2: Unrealized loss for Available for Sale Financial Asset

Note 3: Not provided as pledge or collateral.

Sunny Bank Ltd.
Detail Sheet of Fixed Assets Change
Year 2008

Table 5

Unit: NT\$ Thousands

| Item | Beginning Balance | Increasing | Decreasing | Reclassification (Note) | Ending Balance |
|-----------------------------------|---------------------|-------------------|------------------|----------------------------|---------------------|
| Cost | | | | | |
| Land | \$ 6,705,460 | \$ - | \$ 18 | (\$ 69,073) | \$ 6,636,369 |
| House and Building | 2,837,183 | - | 1,514 | 24,110 | 2,859,779 |
| Miscellaneous | | | | | |
| Equipment | <u>1,298,334</u> | <u>15,479</u> | <u>39,780</u> | <u>52,114</u> | <u>1,326,147</u> |
| | <u>10,840,977</u> | <u>15,479</u> | <u>41,312</u> | <u>7,151</u> | <u>10,822,295</u> |
| Revaluation Increment | | | | | |
| Land | 161,211 | 139,520 | 18,875 | - | 281,856 |
| House and Building | <u>21,836</u> | <u>-</u> | <u>1,660</u> | <u>-</u> | <u>20,176</u> |
| | <u>183,047</u> | <u>139,520</u> | <u>20,535</u> | <u>-</u> | <u>302,032</u> |
| Cost and Revaluation Increment | <u>11,024,024</u> | <u>\$ 154,999</u> | <u>\$ 61,847</u> | <u>\$ 7,151</u> | <u>11,124,327</u> |
| Less: Accumulated Depreciation | | | | | |
| House and Building | 718,422 | \$ 68,247 | \$ 2,976 | (\$ 13,910) | 769,783 |
| Miscellaneous | | | | | |
| Equipment | <u>945,324</u> | <u>123,020</u> | <u>39,185</u> | <u>-</u> | <u>1,029,159</u> |
| | <u>1,663,746</u> | <u>\$ 191,267</u> | <u>\$ 42,161</u> | <u>(\$ 13,910)</u> | <u>1,798,942</u> |
| | 9,360,278 | | | | 9,325,385 |
| Construction in Process | <u>139,953</u> | <u>\$ 73,150</u> | <u>\$ -</u> | <u>(\$ 169,145)</u> | <u>43,958</u> |
| | <u>\$ 9,500,231</u> | | | | <u>\$ 9,369,343</u> |

Note: The net value reclassified to Idle Asset amounted to NT\$ 148,084,000.

Sunny Bank Ltd.
Detail Sheet of Payables
December 31, 2008

Table 6

Unit: NT\$ Thousands

| <u>Item</u> | <u>Amount</u> |
|--|---------------------|
| Spot Exchange Payable | \$ 2,208,874 |
| Post-dated Notes for Clearance Payable | 1,233,600 |
| Interest Payable | 799,339 |
| Others (Note) | <u>586,947</u> |
| | <u>\$ 4,828,760</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, 2008

Table 7

Unit: NT\$ Thousands

| Item | Amount |
|---|-----------------------|
| Savings Deposit | |
| Withdrawals of Interest Savings Deposit | \$ 64,170,129 |
| Current Savings Deposit | 37,905,681 |
| Round-amount Savings Deposit | 26,248,761 |
| Employees' Current Savings Deposit | 840,568 |
| Regular Savings Deposit | <u>116,942</u> |
| | <u>129,282,081</u> |
| Time Deposit | |
| Time Deposit | 56,545,172 |
| Foreign Exchange Time Deposit | 5,790,728 |
| Negotiable Certificate of Deposit | <u>1,072,100</u> |
| | <u>63,408,000</u> |
| Current Deposit | |
| Current Deposit | 12,402,631 |
| Foreign Exchange Current Deposit | <u>1,612,721</u> |
| | <u>14,015,352</u> |
| Check Deposit | |
| Check Deposit | 1,827,071 |
| Cashier's Check | <u>57,044</u> |
| | <u>1,884,115</u> |
| Treasury Deposit | <u>258,119</u> |
| Remittance | <u>17,568</u> |
| | <u>\$ 208,865,235</u> |

Sunny Bank Ltd.

Detail Sheet of Financial bonds Payable

December 31, 2008

Table 8

Unit: NT\$ Thousands

| Title | Issuance Period | Term of principal repayment | Interest Rates (%) | Total Issued Amount |
|--|-------------------------------------|---|--------------------|---------------------|
| 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. | 3.26 | 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. | 2.96 | 101,000 |
| The Second Type B 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. | 2.51 | <u>43,900</u> |
| | | | | <u>\$ 5,509,400</u> |

Sunny Bank Ltd.
Detail Sheet of Interest Income
Year 2008

Table 9

Unit: NT\$ Thousands

| Item | Amount |
|----------------------------------|---------------------|
| Loan Interest | |
| Short-term | \$ 1,057,989 |
| Middle-term | 1,239,106 |
| Long-term | 3,449,730 |
| Overdraft Interest | <u>152,512</u> |
| | <u>5,899,337</u> |
| Financial Assets Interest | <u>535,111</u> |
| Credit Card Circulation Interest | <u>120,945</u> |
| Inter-bank Offered Interest | |
| Transferred Deposit Interests | 249,180 |
| Reserve Interest | 94,654 |
| Interbank Interest | 32,240 |
| Deposit Interest | <u>103</u> |
| | <u>376,177</u> |
| Foreign Exchange Interest | <u>284,063</u> |
| Others | <u>94,007</u> |
| | <u>\$ 7,309,640</u> |

Sunny Bank Ltd.
Detail Sheet of Interest Expense
Year 2008

Table 10

Unit: NT\$ Thousands

| Item | Amount |
|---|---------------------|
| Deposit Interest | |
| Withdrawals of Interest Savings Deposit | \$ 1,630,769 |
| Time Deposit | 1,616,197 |
| Round-amount & Regular Savings Deposit | 617,102 |
| Current Savings Deposit | 182,832 |
| Negotiable Certificate of Deposit | 60,316 |
| Employees' Current Savings Deposit | 67,678 |
| Current Deposit | 37,623 |
| Treasury Deposit | <u>2,021</u> |
| | <u>4,214,538</u> |
| Inter-bank Offered Interest | |
| Deposit Transfers from Post Office | 72,674 |
| Call Loans from Banks | 19,760 |
| Due to Banks | <u>132,532</u> |
| | <u>224,966</u> |
| Financial Bond Deposit | <u>177,290</u> |
| Notes and Bonds Issued under Repurchase Agreement | <u>35,428</u> |
| Others | <u>233</u> |
| | <u>\$ 4,652,455</u> |

Sunny Bank Ltd.

Detail Sheet of Net profit from Commission

Year 2008

Table11

Unit: NT\$ Thousands

| Item | Amount |
|--------------------------------|-------------------------|
| Commission Interest | |
| Trust Business | \$188,244 |
| Loan Business | 120,783 |
| Agency Business | 112,117 |
| Credit Card Business | 69,776 |
| Guaranty Fee | 33,769 |
| Inter-bank Business | 30,911 |
| Other (Note) | <u>70,200</u> |
| | <u>625,800</u> |
| Commission Expenditure | |
| Credit Card Business | 28,307 |
| Inter-bank Business | 14,518 |
| Trust Business | 10,504 |
| Loan Business | 6,267 |
| Agency Business | 6,116 |
| Foreign Exchange Business | 4,717 |
| Other (Note) | <u>8,653</u> |
| | <u>79,082</u> |
| Net profit from Commission | <u><u>\$546,718</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 2008

Table 12

Unit: NT\$ Thousands

| Item | Amount |
|-------------------|---------------------|
| Payroll and Bonus | \$ 1,581,602 |
| Tax | 243,044 |
| Depreciation | 193,011 |
| Insurance Premium | 113,628 |
| Pension | 84,511 |
| Amortization | 21,904 |
| Others (Note) | <u>651,389</u> |
| | <u>\$ 2,889,089</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

March 12 2009

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, 2008 and 2007, 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 2008 and 2007. 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 in 2007 and 2006, sold Non-Performing Loans to asset management corporations and thus generated loss of NT\$ 967,884,000. 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, 2008 and 2007 should be reduced by NT\$585,954,000 and NT\$779,531,000 respectively. Also, net loss for 2008 and 2007 should be reduced NT\$ 193,577,000 and added NT\$ 7,765,000.

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, 2008 and 2007, 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, Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law and Regulation on Business Entity Accounting Handling and accounting principles generally accepted in the Republic of China.

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

Shao, Chih-Ming (with signature)

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

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

Kuo, Cheng-Hung (with signature)

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

MRCH 12, 2009

Sunny Bank Ltd. and Related Subsidiary Companies
CONSOLIDATED BALANCE SHEET
December 31, 2008 & 2007

Unit: NT\$ Thousands, Except Par Value

| Code | Assets | December 31, 2008 Amount | December 31, 2007 Amount | Percent Change (%) |
|-------|--|--------------------------------|-----------------------------|-----------------------|
| 11000 | Cash (Note 4) | \$ 4,635,529 | \$ 4,335,387 | 7 |
| 11500 | Due from the Central Bank and Other Banks (Note 5 & 17) | 35,372,170 | 10,320,237 | 243 |
| 12000 | Financial Assets at Fair Value through Profit or Loss (Note 2, 6, & 27) | 9,448,317 | 34,576,840 | (73) |
| 13000 | Accounts Receivable - Net (Note 2, 7 & 26) | 5,564,194 | 4,798,433 | 16 |
| 13500 | Discounts and Loans - Net (Note 2, 8 & 26) | 166,298,395 | 172,892,491 | (4) |
| 14000 | Available-for-Sale Financial Assets (Note 2, 9 & 27) | 3,981,406 | 4,741,885 | (16) |
| 14500 | Hold-to-maturity Financial Assets (Note 2 & 10) | 117,673 | 172,091 | (32) |
| 15000 | Equity Investments - Equity Method (Note 2 & 11) | 38,762 | - | - |
| 15500 | Financial Assets Carried at Cost (Note 2 & 12) | 313,648 | 397,261 | (21) |
| | Fixed Assets (Note 2 & 13) | | | |
| | Cost | | | |
| 18501 | Land | 6,638,576 | 6,707,666 | (1) |
| 18521 | House and Building | 2,884,247 | 2,861,652 | 1 |
| 18551 | Miscellaneous Equipment | 1,362,708 | 1,335,197 | 2 |
| | Total Cost | 10,885,531 | 10,904,515 | - |
| | Revaluation Increment | 302,032 | 183,047 | 65 |
| | Cost and Revaluation Increment | 11,187,563 | 11,087,562 | 1 |
| | Less: Accumulated Depreciation | 1,844,060 | 1,706,441 | 8 |
| | | 9,343,503 | 9,381,121 | - |
| 18571 | Unfinished Construction and Prepayments For Business Facilities | 48,298 | 139,953 | (65) |
| 18500 | Net Fixed Assets | 9,391,801 | 9,521,074 | (1) |
| 19000 | Intangible Assets (Note 2 & 14) | 1,071,830 | 1,181,348 | (9) |
| 19500 | Other Assets (Note 2, 15, 21, 26, 27 & 28) | 2,937,392 | 3,065,511 | (4) |
| 10000 | Total Assets | <u>\$239,171,117</u> | <u>\$ 246,002,558</u> | (3) |

(Cont'd)

(Cont'd)

| Code | Liabilities and Shareholders' Equity | December 31, | December 31, | Percent Change (%) |
|-----------------------------|---|-----------------------------|-----------------------|-----------------------|
| | | December 31, 2008 Amount | 2007 Amount | |
| Liabilities | | | | |
| 21000 | Call Loans and Due to Banks (Note 16) | \$5,985,843 | \$14,689,448 | (59) |
| 22000 | Financial Liabilities at Fair Value through Profit or Loss (Note 2 & 6) | 134,602 | 328 | 40,937 |
| 22500 | Notes and Bonds Issued under Repurchase Agreement (Note 2 & 28) | 1,689,706 | 519,960 | 225 |
| 23000 | Account Payable | 5,824,910 | 3,726,371 | 56 |
| 23500 | Deposits and Remittances (Note 17 & 26) | 208,775,980 | 207,114,907 | 1 |
| 24000 | Financial Bonds Payable (Note 18) | 5,503,900 | 6,507,400 | (15) |
| 29521 | Reserve for Land Revaluation Increment Tax (Note 2 & 13) | 133,726 | 261,507 | (49) |
| 29500 | Other Liabilities (Note 2, 19 & 24) | 487,629 | 544,840 | (11) |
| 20000 | Total Liabilities | <u>228,536,296</u> | <u>233,364,761</u> | (2) |
| Shareholders' Equity | | | | |
| 31001 | Capital Stock, Authorized – 2,000,000 Thousand Shares and Issued – 1,243,928 Thousand Shares at NT\$10 Par Value | <u>12,439,281</u> | <u>12,439,281</u> | - |
| Capital Surpluses | | | | |
| 31501 | Additional Paid-in Capital | 3,646 | 3,646 | - |
| 31515 | Gain on Disposal of Assets | 3,081 | 3,081 | - |
| 31599 | Other | 4,501 | 4,501 | - |
| 31500 | Total Capital Surpluses | <u>11,228</u> | <u>11,228</u> | - |
| Retained Earnings | | | | |
| 32001 | Legal Reserve | 389,998 | 1,528,150 | (74) |
| 32003 | Special Reserve | 27,794 | 27,794 | - |
| 32011 | Accumulated Loss | <u>(2,311,900)</u> | <u>(1,138,152)</u> | 103 |
| 32000 | Net Retained Earnings (Accumulated Loss) | <u>(1,894,108)</u> | <u>417,792</u> | (553) |
| 32501 | Unrealized Revaluation Increment of Land | <u>256,642</u> | <u>-</u> | - |
| 32523 | Unrealized Profit or Loss on Financial Instruments | <u>37,599</u> | <u>(15,131)</u> | 348 |
| 32542 | Treasury Stock – 19,375 Thousand Shares in 2007 | <u>(221,113)</u> | <u>(221,113)</u> | - |
| | Net Shareholders' Equity from Parent Company | 10,629,529 | 12,632,057 | (16) |
| 38101 | Minority Interest | <u>5,292</u> | <u>5,740</u> | (8) |
| 30000 | Total Shareholders' Equity | <u>10,634,821</u> | <u>12,637,797</u> | (16) |
| | Total Liabilities and Shareholders' Equity | <u>\$ 239,171,117</u> | <u>\$ 246,002,558</u> | (3) |

Reference note is part of this Consolidated Financial Statement.
(Please refer to the Audit Statement dated March 12, 2009 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 INCOME STATEMENTS

January 1 to December 31, 2008 & 2007

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

| Code | Year 2008 | | Year 2007 | | Percent Change (%) |
|-------|---|-------------------------|-------------------------|--------------------|-----------------------|
| | Amount | | Amount | | |
| 41000 | Interest Income (Note 2 & 26) | \$ 7,309,640 | \$ 7,452,962 | (2) | |
| 51000 | Interest Expense (Note 26) | <u>4,652,186</u> | <u>4,241,734</u> | 10 | |
| | Net Interest Profit | <u>2,657,454</u> | <u>3,211,228</u> | (17) | |
| | Net Non-interest Profit (Loss) | | | | |
| 49100 | Net Non-interest Profit (Loss) | 499,547 | 783,267 | (36) | |
| 49200 | Net Income (Loss) for Financial Assets and Liabilities at Fair Value through Profit or Loss. (Note 6) | (557,429) | 241,231 | (331) | |
| 49600 | Net Exchange Profit (Loss) | (16,675) | 5,839 | (386) | |
| 48005 | Financial Assets Measured at Cost (Note 2) | 25,620 | 17,267 | 48 | |
| 48051 | Rent Income | 21,287 | 27,697 | (23) | |
| 48063 | Net profit on Property Exchange | 115,227 | 111,184 | 4 | |
| 55000 | Asset Impairment Loss (Note 2, 10, 14 & 15) | (273,483) | (183,000) | 49 | |
| 58021 | NPL Disposal Loss (Note 26) | (193,577) | (175,273) | 10 | |
| 49800 | Other Non-interest Net profit | <u>202,250</u> | <u>103,726</u> | 95 | |
| | Total Non-interest Net profit (Loss) | <u>(177,233)</u> | <u>931,938</u> | (119) | |
| | Net profit | <u>2,480,221</u> | <u>4,143,166</u> | (40) | |
| 51500 | Bad Debt Expense | <u>1,942,246</u> | <u>2,118,614</u> | (8) | |
| | Operating Expense (Note 22 & 26) | | | | |
| 58500 | Personnel Expenses | 1,905,489 | 2,132,279 | (11) | |
| 59000 | Depreciation and Amortization | 219,281 | 209,155 | 5 | |
| 59500 | Other Operating & Management Expenses | <u>878,022</u> | <u>944,717</u> | (7) | |
| | Total Operating Expenses | <u>3,002,792</u> | <u>3,286,151</u> | (9) | |
| 61001 | Net Loss before Tax of Operating Departments | (2,464,817) | (1,261,599) | 95 | |
| 61003 | Income Tax Profit (Note 2 & 21) | <u>152,479</u> | <u>123,892</u> | 23 | |
| 69000 | Consolidated Net profit Loss | <u>(\$ 2,312,338)</u> | <u>(\$ 1,137,707)</u> | 103 | |
| | Attributed to: | | | | |
| 69601 | Shareholders from Parent Company | (\$ 2,311,900) | (\$ 1,138,152) | 103 | |
| 69603 | Minority Shareholders' Interest | <u>(438)</u> | <u>445</u> | (198) | |
| 69600 | | <u>(\$ 2,312,338)</u> | <u>(\$ 1,137,707)</u> | 103 | |
| | <u>code</u> | | | | |
| 69500 | Earnings Per Share Losses (Note 23) | Before Tax | After Tax | Before Tax | After Tax |
| | Basic Losses Per Share | <u>(\$ 2.01)</u> | <u>(\$ 1.89)</u> | <u>(\$ 1.04)</u> | <u>(\$ 0.93)</u> |

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 12, 2009 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, 2008 & 2007

Unit: NT\$ Thousands

| | Issued Shares | | Capital Reserves (Note 20) | Retained Earning (Accumulated Loss) (Note 20) | | | | Unrealized Revaluation Increment of Land (Note 2 and 13) | Financial Instruments Unrealized Gain or Loss (Note 2) | Treasury Stock (Note 2 & 25) | Minority Shareholding | Net Shareholders' Equity |
|--|---------------|---------------|-------------------------------|---|------------------|------------------|------------------|---|---|---------------------------------|-----------------------|--------------------------|
| | 1,000 shares | Amount | | Legal Reserves | Special Reserves | Accumulated Loss | Net Amount | | | | | |
| Balance as of January 1, 2007 | 1,243,928 | \$ 12,439,281 | \$ 11,228 | \$ 1,519,508 | \$ — | \$ 36,436 | \$ 1,555,944 | \$ — | \$ 22,272 | (\$ 217,605) | \$ 6,949 | \$ 13,811,120 |
| 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) |
| Change in Minority Shareholdings | — | — | — | — | — | — | — | — | — | (1,654) | (1,654) | (1,654) |
| Consolidated Net Loss, 2007 | — | — | — | — | — | (1,138,152) | (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 December 31, 2007 | 1,243,928 | 12,439,281 | 11,228 | 1,528,150 | 27,794 | (1,138,152) | 417,792 | — | (15,131) | (221,113) | 5,740 | 12,632,057 |
| Loss Cover by legal reserve | — | — | — | (1,138,152) | — | 1,138,152 | — | — | — | — | — | — |
| Consolidated Net Loss, 2008 | — | — | — | — | — | (2,311,900) | (2,311,900) | — | — | — | (438) | (2,311,900) |
| Revaluation Increment of Land | — | — | — | — | — | — | — | 256,642 | — | — | — | 256,642 |
| Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets | — | — | — | — | — | — | — | — | 52,730 | — | (10) | 52,730 |
| Balance as of December 31, 2008 | 1,243,928 | \$ 12,439,281 | \$ 11,228 | \$ 389,998 | \$ 27,794 | (\$ 2,311,900) | (\$ 1,894,108) | \$ 256,642 | \$ 37,599 | (\$ 221,113) | \$ 5,292 | \$ 10,629,529 |

Reference note is part of this Consolidated Financial Statement.
 (Please refer to the Audit Statement dated March 12, 2009 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, 2008 & 2007

| | 2008 | 2007 |
|--|-----------------------|----------------------|
| | | Unit: NT\$ Thousands |
| Cash Inflows from Operating Activities: | | |
| Net Loss | (\$ 2,312,338) | (\$ 1,137,707) |
| Bad Debt Expense | 1,942,246 | 2,118,614 |
| Loss on Impairment of Assets | 273,483 | 183,000 |
| Loss on Selling of Non-performing Loans | 193,577 | 175,273 |
| Depreciation | 196,818 | 186,388 |
| Amortization | 22,463 | 22,767 |
| Financial Assets Valuation Gains (Loss) at Fair Value through Profit or Loss | 230,914 | (83,729) |
| Realized Loss (Gains) on Available-for-sale Financial Assets | 614 | (3,408) |
| Prov-Default Loss Reserves | 2,245 | 3,152 |
| Net profit on Disposal of Assets | (22,311) | (96,528) |
| Profits on Disposal of Foreclosed Collateral | (92,916) | (14,656) |
| Deferred Income Tax | (255,513) | (256,542) |
| Changes in Financial Instruments at Fair Value through Profit or Loss | 25,031,689 | (5,416,356) |
| Increase in Receivables | (1,090,484) | (691,373) |
| Increase (Decrease) in Payables | 2,098,539 | (1,312,521) |
| Net Cash Inflow (Outflow) Generated from Operating Activities | <u>26,219,026</u> | <u>(6,323,626)</u> |
| Cash Inflows from Investing Activities: | | |
| Increase in Available-for-sale Financial Assets | (250,299) | (1,974,791) |
| Proceeds from Disposal of Available-for-sale Financial Assets | 1,063,078 | 1,408,862 |
| Decrease in Held-to-maturity Financial Assets | 54,418 | 115,407 |
| Increase in Other financial instruments | (63,870) | - |
| Increase in Equity Investments - Equity Method | (38,762) | - |
| Decrease (Increase) in Due from the Central Bank and Other Banks | (25,051,933) | 878,782 |
| Decrease in Discounts and Loans | 4,976,573 | 9,922,777 |
| Purchasing Fixed Assets | (94,107) | (549,791) |
| Proceeds from Disposal of Assets | 106,635 | 473,422 |
| Proceeds from Selling of Non-performing Loans | - | 858,000 |
| Proceeds from Disposal of Foreclosed Collateral | 329,473 | 136,302 |
| Increase in Intangible Assets | (25,552) | (15,747) |
| Decrease in Other Assets | 16,723 | 7,307 |
| Cash Inflows (Outflows) from Investing Activities | <u>(18,977,623)</u> | <u>11,260,530</u> |
| Cash Inflows from Financial Activities: | | |
| Increase (Decrease) in Notes and Bonds Issued under Repurchase Agreement | 1,169,746 | (7,607,633) |
| Increase (Decrease) in Call Loans and Due to Banks | (8,703,605) | 4,650,990 |
| Increase (Decrease) in Deposits and Remittances | 1,661,073 | (5,863,552) |
| Increase (Decrease) in Financial Bonds Payable | (1,000,000) | 2,507,400 |
| Decrease in Other Liabilities | (68,475) | (154,148) |
| Decrease in Minority Shareholders' Interest | - | (1,654) |
| Cash Outflows from Financial Activities | <u>(6,941,261)</u> | <u>(6,468,597)</u> |
| First Combined into Effect from Subsidiaries | - | 22,563 |
| Net Increase (Decrease) in Cash | 300,142 | (1,509,130) |
| Balance at Year Beginning | 4,335,387 | 5,844,517 |
| Balance at Year End | <u>\$ 4,635,529</u> | <u>\$ 4,335,387</u> |
| Complementary Declaration of Cash Flow Information: | | |
| Paying Interest | <u>\$ 4,546,709</u> | <u>\$ 4,149,940</u> |
| Paying Income Tax | <u>\$ 103,266</u> | <u>\$ 128,872</u> |
| Non-cash Investing and Financing Activities | | |
| Fixed asset re-classified as idle asset | <u>\$ 148,084</u> | <u>\$ -</u> |
| Revaluation Increment of Land | <u>\$ 139,520</u> | <u>\$ -</u> |
| Rental asset re-classified as idle asset | <u>\$ 58,400</u> | <u>\$ -</u> |

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 12, 2009 issued by Deloitte & Touch)

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

Sunny Bank Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

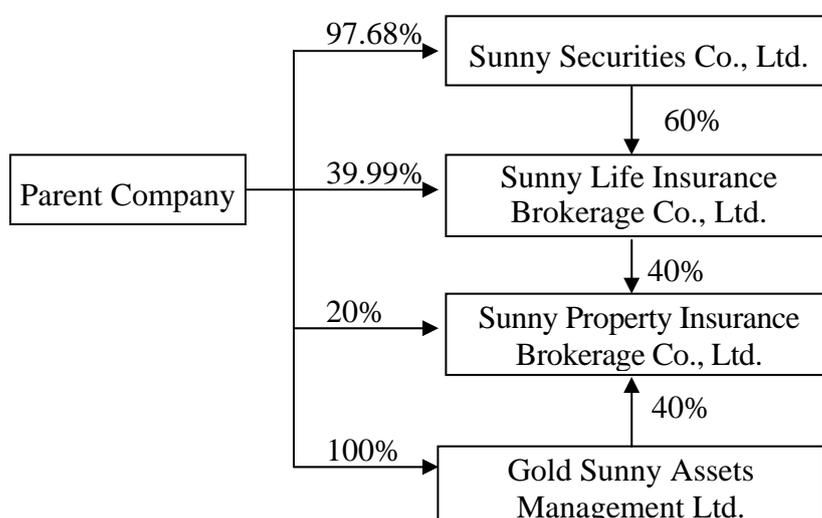
For Years 2008 and 2007

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

1. 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 business units in Taiwan by the end of 2008.

Investment relationships and shareholdings between Parent Company and subsidiaries whose consolidated financial statements were produced at the end of 2008 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. | Life Insurance Brokerage |
| Sunny Property Insurance Brokerage Co., Ltd. | Property Insurance Brokerage |

The numbers of employees in Parent Company and subsidiaries at the end of 2008 and 2007 were 2,285 and 2,558 respectively

2.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 Generally Accepted Accounting Principles 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 employee bonuses and remuneration to directors and supervisors, 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, 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 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 Golden 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 Bad Debts listed in the discount and loan accounts, if they are non-listed in transfer from loans to allowance for Bad Debts 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 instruments 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 instruments 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.

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 instruments.

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 instruments.

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.

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

Other financial instruments

Financial assets carried at cost are 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, and should be 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.

Debt instruments with no quoted market prices in active markets but with fixed or the amount received can be decidable are carried at amortized cost. Its accounting procedures are similar to those financial instruments held to maturity. However, the disposal timing is not limited.

An impairment loss is recognized when there is objective evidence that the Investments in Debt Security with No Active Market are 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.

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 60 years; miscellaneous equipment: 3 to 15 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.

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.

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.

Rental and idle assets are valued at Lower of Cost Less Accumulated Depreciation Or Fair Value. Depreciation is calculated by the straight-line method over service lives of 3 to 50 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.

Asset Impairment

The parent company and its subsidiaries determine the cash generating unit which Equity Investment under Equity Method, fixed asset, goodwill and idle assets 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. If the recoverable amount of the assets increases, the reversal of impairment loss is credited to current income. However, loss reversal should not be more than the carrying amount (net of amortization) had the impairment not been recognized.

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. 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.

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 years ended 2008 have been reclassified to conform to the presentation of financial statements as of and for the year ended 2007.

3.Reasons and Effects of Changes in Accounting Principles

In March 2007, the Accounting Research and Development Foundation issued Interpretation No. 2007-052, which requires companies to recognize bonuses to employees and remunerations to directors and supervisors as compensation expenses from January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change had no significant impact on the financial statements for 2008.

4.Cash

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|----------------------|--------------------------|--------------------------|
| Cash on Hand | \$ 3,006,577 | \$ 3,408,556 |
| Checks for Clearance | 1,233,600 | 642,755 |
| Due from banks | <u>395,352</u> | <u>284,076</u> |
| | <u>\$ 4,635,529</u> | <u>\$ 4,335,387</u> |

5. Due from the Central Bank and Other Banks

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---------------------------|--------------------------|--------------------------|
| Due from the Central Bank | \$ 27,650,039 | \$ 351,930 |
| Deposit Reserve | 5,491,299 | 6,458,163 |
| Call Loan to Banks | <u>2,230,832</u> | <u>3,510,144</u> |
| | <u>\$ 35,372,170</u> | <u>\$ 10,320,237</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 2008 and 2007, NT\$5,339,771,000 and NT\$5,284,452,000 are respectively shown in the deposit reserve account. Such deposit reserve cannot be used before the monthly adjustment.

6. Financial Instruments at Fair Value through Profit or Loss

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--------------------------------------|--------------------------|--------------------------|
| <u>Trading Financial Assets</u> | | |
| Commercial Paper II | \$ 7,637,814 | \$ 18,280,627 |
| Beneficiary Certificate | 1,321,331 | 293,493 |
| Listed/OTC Common Stock | 296,340 | 694,376 |
| Government Bond | 116,112 | 117,686 |
| Negotiable Certificate of Deposit | 6,351 | 15,154,415 |
| Others | <u>70,369</u> | <u>36,243</u> |
| | <u>\$ 9,448,317</u> | <u>\$ 34,576,840</u> |
| <u>Trading Financial Liabilities</u> | | |
| Credit Default Swaps | \$ 130,359 | \$ - |
| Exchange Swap | <u>4,243</u> | <u>328</u> |
| | <u>\$ 134,602</u> | <u>\$ 328</u> |

The main purpose of directing the transactions of derivative financial products, on 2008 and 2007 is to correspond with the customer demands and the foreign exchange fun adjustment and risk management.

Until the end of 2008 and 2007, the non-expired derivative financial commodity contract amount (principal) is as follows:

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|------------------------|--------------------------|--------------------------|
| <u>Trading Purpose</u> | | |
| Credit Default Swaps | \$ 1,179,864 | \$ - |
| Exchange Swap | 1,842,901 | 1,666,011 |

In 2008 and 2007, net loss and net income of the Bank generated by financial assets for transaction was NT\$215,800,000 and NT\$263,894,000. In 2008 and 2007, net loss of the Bank generated by financial liability for transaction was NT\$341,629,000 and NT\$22,663,000.

7. Net Receivables

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---|--------------------------|--------------------------|
| Spot Foreign Exchange Remittance Receivable | \$ 2,209,463 | \$ 196,753 |
| Credit Card Payment Receivable | 988,141 | 1,378,493 |
| Selling of Non-performing Loans Receivable | 970,857 | 1,328,873 |
| Buying Creditor's Right Receivable | 922,111 | 1,224,794 |
| Interest Receivable | 407,593 | 468,747 |
| Others | <u>304,109</u> | <u>440,793</u> |
| | 5,802,274 | 5,038,453 |
| Less: Allowance for Bad Debts | <u>238,080</u> | <u>240,020</u> |
| | <u>\$ 5,564,194</u> | <u>\$ 4,798,433</u> |

8. Net Discounts and Loans

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-------------------------------|--------------------------|--------------------------|
| Short-term Loan | \$ 16,459,569 | \$ 12,967,602 |
| Short-term Loan Secured | 19,866,343 | 19,589,681 |
| Mid-term Loan | 17,745,454 | 21,166,137 |
| Mid-term Loan Secured | 9,506,370 | 13,470,869 |
| Long-term Loan | 6,661,209 | 7,943,385 |
| Long-term Loan Secured | 94,537,680 | 95,950,163 |
| Receivables on Demand | 3,960,967 | 4,392,305 |
| Export Finance | <u>39,519</u> | <u>85,676</u> |
| | 168,777,111 | 175,565,818 |
| Less: Allowance for Bad Debts | <u>2,478,716</u> | <u>2,673,327</u> |
| | <u>\$ 166,298,395</u> | <u>\$ 172,892,491</u> |

As of the years ended 2008 and 2007, the balance of loans and credits for which accrual of interest revenues was discontinued amounted to NT\$3,960,967,000 and NT\$4,392,305,000, respectively. The unrecognized interest revenues on these loans and credits amounted to NT\$148,421,000 and NT\$158,437,000 for the years ended 2008 and 2007, respectively.

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

| | 2008 | | |
|-------------------------------|---|--|--------------------|
| | Unable to Take Back Risk in Specific Creditors' Right | Potential Risk in Whole Creditor's Right Combination | Total |
| Balance at Year Beginning | \$2,457,435 | \$ 215,892 | \$2,673,327 |
| Prov-Bad Debt | 1,062,441 | 555,082 | 1,617,523 |
| Written-off Loans | (2,004,743) | - | (2,004,743) |
| Recovery of Written-off Loans | <u>192,609</u> | <u>-</u> | <u>192,609</u> |
| Balance at Year End | <u>\$1,707,742</u> | <u>\$ 770,974</u> | <u>\$2,478,716</u> |

| | Year 2007 | | |
|-------------------------------|---|--|--------------------|
| | Unable to Take Back Risk in Specific Creditors' Right | Potential Risk in Whole Creditor's Right Combination | Total |
| Balance in Year Beginning | \$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 | <u>259,476</u> | <u>-</u> | <u>259,476</u> |
| Balance in Year End | <u>\$2,457,435</u> | <u>\$ 215,892</u> | <u>\$2,673,327</u> |

9.Available-for-Sale Financial Assets

| | December 31, 2008 | December 31, 2007 |
|-------------------------------|---------------------|---------------------|
| Commercial Paper II | \$ 1,383,238 | \$ 1,428,524 |
| Asset-Backed Commercial Paper | 1,212,869 | 1,277,645 |
| Corporate Bond | 781,567 | 978,072 |
| Government Bond | 495,895 | 930,812 |
| Beneficial Securities | 50,028 | 48,916 |
| Others | <u>57,809</u> | <u>77,916</u> |
| | <u>\$ 3,981,406</u> | <u>\$ 4,741,885</u> |

10.Hold-to-maturity Financial Assets

| | December 31, 2008 | December 31, 2007 |
|-----------------------|-------------------|-------------------|
| Beneficial Securities | <u>\$117,673</u> | <u>\$172,091</u> |

Beneficiary securities invested by Parent Company on December 31, 2008 and 2007 were both mature at July 2011. The effective interest rate is 1.62-2.7%.

11. Equity Investments-Equity Method

| | <u>December 31, 2008</u> | | <u>December 31, 2007</u> | |
|-------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
| | <u>Amount</u> | <u>Stock Holding %</u> | <u>Amount</u> | <u>Stock Holding %</u> |
| Unlisted Corporation | | | | |
| Ontario Securities Investment Trust | <u>\$ 38,762</u> | 20.0 | <u>\$ -</u> | - |

Equity investments and related investment loss/gain at equity approach is calculated according to financial statements of the same period that are audited by accountants

12. Other Financial Instruments

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---|--------------------------|--------------------------|
| <u>Financial Assets Carried at Cost</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. | - | 100,000 |
| | <u>297,261</u> | <u>397,261</u> |
| Non-active Market Debt Instruments | | |
| Structured Deposit | 163,870 | - |
| Less: Accumulated Impairment | 147,483 | - |
| | <u>16,387</u> | - |
| | <u>\$ 313,648</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.

13. Fixed Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-------------------------------------|--------------------------|--------------------------|
| Incremental Value from Revaluation: | | |
| Land | \$ 281,856 | \$ 161,211 |
| House and Building | 20,176 | 21,836 |
| | <u>\$ 302,032</u> | <u>\$ 183,047</u> |

(Cont'd)

(Cont'd)

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|----------------------------|--------------------------|--------------------------|
| Accumulative Depreciation: | | |
| House and Building | \$ 783,467 | \$ 730,081 |
| Miscellaneous Equipment | <u>1,060,593</u> | <u>976,360</u> |
| | <u>\$ 1,844,060</u> | <u>\$ 1,706,441</u> |

According to the regulation, Parent Company re-evaluated its land in 1982, 1991, 1993 and 2008 and its asset other than the land in 1982.

14. Intangible Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|-------------------|--------------------------|--------------------------|
| Goodwill | \$ 1,034,579 | \$ 1,150,579 |
| Computer Software | <u>37,251</u> | <u>30,769</u> |
| | <u>\$ 1,071,830</u> | <u>\$ 1,181,348</u> |

In 2008 and 2007, the Parent Company evaluated the recoverable amount of its goodwill and recognized its impairment of NT\$ 116,000,000 and NT\$183,000,000, respectively, in branches in South Taiwan and Kaohsiung and Pingtung area. The recoverable amount is based on its usable value. The discount rates adopted for evaluation of usable value were 7.67% and 11.27% respectively.

15. Other Assets

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--|--------------------------|--------------------------|
| Deferred Tax Asset | \$ 900,477 | \$ 644,964 |
| Unrecognized Loss on NPL Disposal | 585,954 | 779,531 |
| Collateral—Less: Net Allowance for Reduction \$241,668,000 in 2008 and \$326,282,000 in 2007. | 477,429 | 713,986 |
| Rental Assets-Less: Net Accumulated Depreciation \$ 10,742,000 for 2008 and \$ 13,084,000 for 2007 | 315,881 | 445,386 |

(Cont'd)

(Cont'd)

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--|--------------------------|--------------------------|
| Refundable Deposit | \$ 251,464 | \$ 258,485 |
| Idle Assets-Less: Net Accumulated Depreciation \$ 15,303,000 and Accumulated Impairment \$ 10,000,000. | 196,123 | - |
| Operating Deposit | 90,000 | 90,000 |
| Pledged Certificate of Time Deposit | 60,000 | 60,000 |
| Others | 60,064 | 73,159 |
| | <u>\$ 2,937,392</u> | <u>\$ 3,065,511</u> |

16.Call Loans and Due to Banks

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--------------------|--------------------------|--------------------------|
| Due to Banks | \$ 5,585,843 | \$ 13,664,113 |
| Call Loan to Banks | 400,000 | 1,025,335 |
| | <u>\$ 5,985,843</u> | <u>\$ 14,689,448</u> |

17.Deposits and Remittances

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|------------------|--------------------------|--------------------------|
| Savings Deposit | \$ 129,282,081 | \$ 126,233,474 |
| Time Deposit | 63,388,000 | 62,991,354 |
| Current Deposit | 13,946,877 | 15,541,116 |
| Check Deposit | 1,883,335 | 2,028,815 |
| Treasury Deposit | 258,119 | 301,420 |
| Remittances | 17,568 | 18,728 |
| | <u>\$ 208,775,980</u> | <u>\$ 207,114,907</u> |

18.Financial Bonds Payable

At the end of 2008 and 2007, the interest rates carried by subordinated financial debentures are 2.51-3.80% and 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.

19.Other Liabilities

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|------------------------------------|--------------------------|--------------------------|
| Advance Receipts | \$ 219,860 | \$ 254,581 |
| Deposits Received | 78,849 | 84,270 |
| Reserve for Guarantees | 73,462 | 73,462 |
| Reserve for Contract-Breaking Loss | 23,347 | 21,309 |
| Others | 92,111 | 111,218 |
| | <u>\$ 487,629</u> | <u>\$ 544,840</u> |

20.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 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 the Parent Company 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: 1.5%
- (2) Employee bonus: 3%
- (3) Stock dividends: 95.5%

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 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 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 appropriation of profit or loss for 2007 and surplus distribution for 2006 proposed by the Board of Directors and approved at the Shareholders' Meeting of the Parent Company in June 2008 and 2007 and the dividend per share are as follows:

| | 2007 Appropriation Profit Or Loss | Of | 2006 Surplus Distribution |
|-----------------|---|----|---------------------------------|
| Legal Reserve | \$ 1,138,152 | | \$ 8,642 |
| Special Reserve | - | | 27,794 |

The 2008 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.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Parent Company's paid-in capital. This reserve should only be used to offset a deficit. When the reserve reaches 50% of the Parent Company's paid-in capital, the amount over 50% of the Parent Company's paid-in capital may be declared as dividends or bonus if the Parent Company has no earnings.

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.

21. Income Tax

The composition of income interests is as follows:

| | 2008 | 2007 |
|---|------------------|------------------|
| Income Tax Payable | (\$ 7,978) | (\$ 5,645) |
| Deferred Income Tax | 255,513 | 256,542 |
| Separately Taxed Short-term Notes | (94,961) | (125,937) |
| Undistributed Earnings Settlement of the Surtax | (54) | (418) |
| Prior Year Income Tax Adjustment | (41) | (650) |
| Income Interests | <u>\$152,479</u> | <u>\$123,892</u> |

On January 6, 2009, the Legislative Yuan of the Republic of China passed the amendment of Article 39 of the Income Tax Law to extend the carry forward period for operating losses from 5 to

10 years. The Bank and its subsidiaries thus accordingly recalculated deferred tax assets on the basis of this amendment and recorded the resulting difference as a deferred income tax benefit.

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

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--------------------------------------|--------------------------|--------------------------|
| Losses Deductible | \$ 1,307,742 | \$ 726,697 |
| Allowance for credit loss over limit | 121,785 | 317,150 |
| Others | <u>22,499</u> | <u>13,761</u> |
| | 1,452,026 | 1,057,608 |
| Less: Valuation Allowances | <u>551,549</u> | <u>412,644</u> |
| | <u>\$ 900,477</u> | <u>\$ 644,964</u> |

As of the end of 2008, the yearly tax payable after deducted at our bank is as follows:

| <u>Yearly Loss</u> | <u>Amount Deductible</u> | <u>Balance Undeductible</u> | <u>Final Deductible Year</u> |
|--------------------|--------------------------|-----------------------------|------------------------------|
| 2005 | \$ 103,969 | \$ 15,867 | 2015 |
| 2006 | 365,933 | 365,933 | 2016 |
| 2007 | 340,240 | 340,240 | 2017 |
| 2008 | <u>585,702</u> | <u>585,702</u> | 2018 |
| | <u>\$ 1,395,844</u> | <u>\$ 1,307,742</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:

| <u>Company Name</u> | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--|--------------------------|--------------------------|
| Parent Company | \$ 446,480 | \$ 113,224 |
| Sunny Securities Co., Ltd. | 10,158 | 4,522 |
| Sunny Life Insurance Brokerage Co., Ltd. | 8,426 | 8,265 |
| Sunny Property Insurance Brokerage Co., Ltd. | 1,089 | 1,024 |
| Gold Sunny | - | - |

Tax credit rates:

| <u>Company Name</u> | <u>Year 2008 (%)</u> | <u>Year 2007 Realized (%)</u> |
|---|----------------------|-----------------------------------|
| Sunny Life Insurance Brokerage Co., Ltd. | 33.33 (estimated) | 47.76 |
| Sunny Property Insurance Brokerage Co., Ltd. | 43.77 (estimated) | 42.69 |

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 2008 earning distribution may need adjustment due to the difference between the possible and the actual expected tax credits.

The income tax applications made by the Parent Company and its subsidiaries by 2006 and 2005 have been reviewed and approved by the taxation office. In income tax applications of 2007, the tax deduction derived from medium interest of bonds is totaled NT\$1,109,000. The tax deduction derived from medium interest of bonds which have not been declared totals NT\$8,000 in 2008.

22. Personnel, Depreciation and Amortization Costs

| | <u>2008</u> | <u>2007</u> |
|-------------------|---------------------|---------------------|
| Personnel Cost | | |
| Salary and Reward | \$ 1,639,818 | \$ 1,845,307 |
| Pension | 88,437 | 96,941 |
| Insurance Premium | 118,200 | 130,804 |
| Others | <u>59,034</u> | <u>59,227</u> |
| | <u>\$ 1,905,489</u> | <u>\$ 2,132,279</u> |
| Depreciation | <u>\$ 196,818</u> | <u>\$ 186,388</u> |
| Amortization | <u>\$ 22,463</u> | <u>\$ 22,767</u> |

23. Loss Per Share

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

| | Amount (Numerator) | | 1000 Shares (Denominator) | Earnings Per Share (NTD) | |
|----------------------|-------------------------|-------------------------|------------------------------|--------------------------|--------------------|
| | <u>Before Tax</u> | <u>After Tax</u> | | <u>Before Tax</u> | <u>After Tax</u> |
| <u>2008</u> | | | | | |
| Basic Loss Per Share | (<u>\$ 2,471,900</u>) | (<u>\$ 2,311,900</u>) | <u>1,224,553</u> | (<u>\$ 2.02</u>) | (<u>\$ 1.89</u>) |
| <u>2007</u> | | | | | |
| Basic Loss 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>) |

24. 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 was appropriated as pension reserve and, upon approval, the rate is changed to 2%. Such reserve will be handed to our Pension Reserve Supervisory Committee and deposited at Bank of Taiwan under the name of this Committee.

The pension plan under the LPA is a defined contribution plan. Based on the LPA, the Parent Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were \$70,566 thousand and \$69,521 thousand for the years ended December 31, 2008 and 2007, respectively.

Information about the defined benefit plan was as follows:

Net Pension Cost

| | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|
| Service Cost | \$ 23,121 | \$ 27,147 |
| Interest Cost | 20,169 | 18,589 |
| Expected Return from Pension Fund Assets | (20,490) | (14,148) |
| Amortization | (4,929) | (4,168) |
| Net Pension Cost | <u>\$ 17,871</u> | <u>\$ 27,420</u> |

Pension Funded Status and Assets & Liabilities Declared Amount Adjustment

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---|--------------------------|--------------------------|
| Pension Benefit Obligations | | |
| Vested Benefit Obligation | \$214,523 | \$232,479 |
| Non-vested Benefit Obligation | <u>320,224</u> | <u>318,183</u> |
| Accumulated Benefit Obligation | 534,747 | 550,662 |
| Add. Benefit.-Future | <u>221,416</u> | <u>173,696</u> |
| Projected Benefit Obligation | 756,163 | 724,358 |
| Fair Value-Pension | (<u>624,443</u>) | (<u>691,326</u>) |
| Fund Status | 131,720 | 33,032 |
| Unrecognized Net Assets | 52,805 | 57,606 |
| Unrecognized Prior Service Cost | 33,201 | - |
| Unrecognized Pension Gain/Loss | (<u>205,981</u>) | (<u>87,973</u>) |
| Accrued Pension Liabilities (Prepaid Pension) | <u>\$ 11,745</u> | <u>\$ 2,665</u> |
| Vested Benefit in accordance with the Measures of Employee Pension Retirement | <u>\$288,796</u> | <u>\$291,012</u> |
| Assumptions of Pension Benefit Obligation | | |
| Discount Rate | 2.25-2.5% | 3-3.5% |
| Future Salary Growth Rate | 2-2.5% | 2-2.5% |
| Pension Fund Assets Expected Rate of Return | 2.25-2.5% | 2.5-3% |

Pension Reserve Appropriation and Payment Status

| | <u>2008</u> | <u>2007</u> |
|---------------|------------------|------------------|
| Appropriation | <u>\$ 8,803</u> | <u>\$237,144</u> |
| Payment | <u>\$ 94,710</u> | <u>\$100,250</u> |

25. 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. 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 2008.

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

26. Related-Party Transactions

Related parties and their relationships with the Bank:

| Name | Relationship with our Bank |
|--|---|
| Gold Sunny Assets Management Co., Ltd. (Gold Sunny) | Subsidiary |
| Ontario Securities Investment Trust (Ontario Securities) | The invested company valued at the equity method. |
| Other Parties | Our bank's directors, supervisors, managers, and chairman and president's Relatives within the second level relationships |

Significant Transactions with Parent Company-Related Parties

Loan

2008

| Type | Accounts Number & Party's Name | Highest Balance This Year | Year Ending Balance | Performing Status | | Type | Accounts Number & Party's Name |
|------------------------------|--------------------------------|---------------------------|---------------------|-------------------|--------------------------------|-----------------|--------------------------------|
| | | | | Type | Accounts Number & Party's Name | | |
| Consuming Loan | 46 | \$ 19,966 | \$ 9,890 | \$ 9,890 | \$ - | — | None |
| Private Housing Secured Loan | 41 | 336,979 | 289,217 | 289,217 | - | — | None |
| Other Loan | Chuan Yang Construction | 491,000 | 491,000 | 491,000 | - | Land & Building | None |
| | Liu, Hsiang-Tun | 19,402 | 18,624 | 18,624 | - | Land & Building | None |
| | Ho, Li-Wei | 16,000 | 16,000 | 16,000 | - | Land & Building | None |
| | Hsueh, Tsung-Hsien | 12,500 | 12,380 | 12,380 | - | Building Land | None |
| | Wang, Ya-Hsun | 7,900 | 6,900 | 6,900 | - | Farmland | None |
| | Hsueh, Tsung-Tai | 5,800 | - | - | - | — | None |
| | Chen, Li-Fen | 4,827 | - | - | - | — | None |
| | Chu, Chia-Lung | 3,449 | - | - | - | — | None |
| Yang, Ying-Chung | 3,000 | - | - | - | - | — | None |

(Cont'd)

(Cont'd)

| Type | Accounts Number & Party's Name | Highest Balance This Year | Year Ending Balance | Performing Status | | Type | Accounts Number & Party's Name |
|------------|--------------------------------|---------------------------|---------------------|-------------------|--------------|------|--------------------------------|
| | | | | Normal Loan | Overdue Loan | | |
| Other Loan | Kao, Chih-Li | \$ 2,300 | \$ 2,000 | \$ 2,000 | \$ - | — | None |
| | Liu, Chen-Sheng | 1,000 | - | - | - | — | None |
| | Yao, Hung-Shen | 800 | - | - | - | — | None |
| | Wu, Yueh-Chiao | 759 | - | - | - | — | None |
| | Chiu, Chuan-Mao | 551 | 551 | 551 | - | — | None |
| | Hsieh, I-Tung | 300 | 300 | 300 | - | — | None |
| | Huang, Yen-Chun | 179 | - | - | - | — | None |

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 | |

Deposit

| | December 31, 2008 | | | December 31, 2007 | | |
|--------------------|-------------------|-------------------|----------------------------|-------------------|-------------------|----------------------------|
| | Balance | Subject Ratio (%) | Annual Percentage Rate (%) | Balance | Subject Ratio (%) | Annual Percentage Rate (%) |
| Other Parties | \$ 497,529 | 0.3 | 0-9 | \$ 379,189 | 0.2 | 0-9 |
| Ontario Securities | 47,903 | - | 0.2-1.25 | - | - | - |
| | <u>\$ 545,432</u> | <u>0.3</u> | | <u>\$ 379,189</u> | <u>0.2</u> | |

Interest Income

| | 2008 | | 2007 | |
|---------------|---------------|--------------------------|---------------|--------------------------|
| | <u>Amount</u> | <u>Subject Ratio (%)</u> | <u>Amount</u> | <u>Subject Ratio (%)</u> |
| Other Parties | \$ 28,071 | 0.4 | \$ 28,745 | 0.4 |

Interest Expenses

| | 2008 | | 2007 | |
|--------------------|-----------------|--------------------------|-----------------|--------------------------|
| | <u>Amount</u> | <u>Subject Ratio (%)</u> | <u>Amount</u> | <u>Subject Ratio (%)</u> |
| Other Parties | \$ 9,622 | 0.2 | \$ 9,114 | 0.2 |
| Ontario Securities | 149 | - | - | - |
| | <u>\$ 9,771</u> | <u>0.2</u> | <u>\$ 9,114</u> | <u>0.2</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 Golden Sunny Assets Management in 2008 and 2007 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 Golden 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:

| | <u>2008</u> | <u>2007</u> |
|-------------------------------|------------------|------------------|
| Balance at Year Beginning | \$779,531 | \$771,766 |
| Increase During This Year | - | 183,038 |
| Amortization During This Year | <u>193,577</u> | <u>175,273</u> |
| Balance at Year End | <u>\$585,954</u> | <u>\$779,531</u> |

Until the end of 2008 and 2007, the balances of account receivable for sales are NT\$ 970,857,000 and NT\$ 1,328,873,000 and recorded as accounts receivables. The details for sale of non-performing loans in 2007 are as follows:

| 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 | |

Compensation of Directors, Supervisors and Executives:

| | 2008 | 2007 |
|--------|------------------|------------------|
| Salary | \$ 38,667 | \$ 43,838 |
| Bonus | 4,009 | 4,078 |
| Other | 4,236 | 4,236 |
| | <u>\$ 46,912</u> | <u>\$ 52,152</u> |

27.Pledged Assets

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

| | December 31, 2008 | December 31, 2007 |
|---|---------------------|-------------------|
| Due from Central Bank | \$ 1,500,000 | \$ - |
| Financial Assets at Fair Value through Profit or Loss | 9,000 | 62,500 |
| Available-for-Sale Financial Assets | 310,300 | 146,800 |
| Other Assets - Refundable Deposit | 251,464 | 258,485 |
| - Operating Deposit | 90,000 | 90,000 |
| - Pledged Certificate of Time Deposit | 60,000 | 60,000 |
| | <u>\$ 2,220,764</u> | <u>\$ 617,785</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.

28. Contingent Liabilities and Commitments

In addition to those mentioned in notes, the Parent Company and its subsidiaries had the following contingent liabilities and commitments as of December 31, 2008:

At the end of 2008, bonds and notes with repurchase agreement amounted NT\$ 1,689,706,000 and, under agreement, should be repurchased successively with NT\$ 1,690,270,000 before January 10, 2009.

As of the end of 2008, the Parent Company and its subsidiaries has sold, with repurchase agreement, NT\$ 1,490,627,000 for Financial Liabilities at Fair Value through Profit or Loss and NT\$ 199,079,000 for Available-for-Sale Financial Assets.

The lease of places rented by the Parent Company and its subsidiaries for business units will expire by the end of March 2013. The refundable deposit totals NT\$110,247,000 (listed in other assets). The rental totals NT\$ 39,150,0000 in 2008.

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

| Year | Amount |
|------|-----------|
| 2009 | \$ 32,411 |
| 2010 | 11,717 |
| 2011 | 8,477 |
| 2012 | 6,756 |
| 2013 | 1,672 |

29.Financial Product Information

Fair Value Information

| | <u>December 31, 2008</u> | | <u>December 31, 2007</u> | |
|------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
| | <u>Book Value</u> | <u>Fair Value</u> | <u>Book Value</u> | <u>Fair Value</u> |
| <u>Financial Assets</u> | | | | |
| Financial Assets Book Value of | | | | |
| Which Equals to Fair Value | \$ 45,959,798 | \$ 45,959,798 | \$ 19,758,529 | \$ 19,758,529 |
| Financial Assets at Fair Value | | | | |
| through Profit or Loss | 9,448,317 | 9,448,317 | 34,576,840 | 34,576,840 |
| Available-for-Sale Financial | | | | |
| Assets | 3,981,406 | 3,981,406 | 4,741,885 | 4,741,885 |
| Discounts and Loans | 166,298,395 | 166,298,395 | 172,892,491 | 172,892,491 |
| Hold-to-maturity Financial Assets | 117,673 | 117,673 | 172,091 | 172,091 |
| Non-active Market Debt Instruments | 16,387 | 16,387 | - | - |
| <u>Financial Liabilities</u> | | | | |
| Financial Liabilities Book Value | | | | |
| of Which Equals to Fair Value | 222,355,288 | 222,355,288 | 226,134,956 | 226,134,956 |
| Financial Liabilities at Fair | | | | |
| Value through Profit or Loss | 134,602 | 134,602 | 328 | 328 |
| Financial Bonds Payable | 5,503,900 | 5,503,900 | 6,507,400 | 6,507,400 |

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 (excluding Tax Refund Receivable), other financial instruments, 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.

Discounts, loans and deposits are interest-bearing financial assets 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 the 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 the Parent Company

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, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 |
| Financial Assets at Fair Value | | | | |
| through Profit or Loss | \$ 1,735,917 | \$ 1,105,555 | \$ 7,712,400 | \$ 33,471,285 |
| Available-for-Sale Financial | | | | |
| Assets | 1,284,010 | 1,912,180 | 2,697,396 | 2,829,705 |
| Financial Liabilities at Fair Value | | | | |
| through Profit or Loss | - | - | 134,602 | 328 |

Valuation losses/gains arising from changes in fair value of financial instruments at FVTPL using quoted market prices and valuation techniques were NT\$230,914,000 and NT\$83,729,000 for the years ended December 31, 2008 and 2007, respectively.

The financial assets with fair value risk from interest rate exposure on December 31, 2008 and 2007 were NT\$11,822,344,000 and NT\$38,385,776,000 respectively. The financial assets with the cash flow risk from interest rate exposure were NT\$43,732,000 and NT\$90,705,000.

The interest income associated with financial assets or liabilities other than at FVTPL in 2008 and 2007 were NT\$6,905,595,000 and NT\$7,054,864,000 respectively. Unrealized gain from available-for-sale financial assets amounted to NT\$54,741 thousand and NT\$37,403 thousand for the years ended December 31, 2008 and 2007, 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 last mostly over seven years. The interest rates for loans ranged from 0% to 19.61% in 2008 and 0% to 19.94% in 2007, and the highest interest rate for credit cards was 19.71%. The 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 the Parent Company as of December 31, 2008 and 2007 were as follows:

| | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---------------------------|--------------------------|--------------------------|
| Loan Commitments | \$ 10,302,671 | \$ 11,642,869 |
| Guarantees and Master L/C | 6,124,936 | 9,974,181 |
| Credit Card Commitment | 600,397 | 639,956 |

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 the 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 75.04% in 2008 and 95.07% in 2007. 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, the 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. The 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 (Top 3 ratio of the credit amount to total credit amount are listed below):

| <u>Object</u> | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|--------------------|--------------------------|--------------------------|
| Natural Person | \$ 116,223,356 | \$ 120,286,285 |
| Private Enterprise | 44,326,353 | 46,994,084 |
| Government Agency | <u>2,631,482</u> | <u>3,622,822</u> |
| | <u>\$ 163,181,191</u> | <u>\$ 170,903,191</u> |

| <u>Industrial Type</u> | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|------------------------------|--------------------------|--------------------------|
| Manufacturing Business | \$ 13,035,336 | \$ 14,279,694 |
| Wholesales & Retail Business | 7,509,283 | 9,452,694 |
| Service Business | <u>5,468,461</u> | <u>4,787,119</u> |
| | <u>\$ 26,013,080</u> | <u>\$ 28,519,507</u> |

| <u>Area</u> | <u>December 31, 2008</u> | <u>December 31, 2007</u> |
|---------------|--------------------------|--------------------------|
| Domestic Area | \$ 164,212,809 | \$ 171,923,168 |
| Europe | 1,563,364 | 1,332,379 |
| Asia | 1,390,205 | 935,810 |
| Other Areas | <u>1,610,733</u> | <u>1,374,461</u> |
| | <u>\$ 168,777,111</u> | <u>\$ 175,565,818</u> |

Liquidity Risk

The ratio of liquidity reserve for the Parent Company is 18.04% and 16.50% in 2008 and 2007 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 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.

The 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:

| | December 31 2008 | | | | | | Total |
|---|---------------------------|----------------------|----------------------|---------------------------|--------------------------|----------------------|-----------------------|
| | 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 | |
| Assets | | | | | | | |
| Cash | \$ 4,607,347 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,607,347 |
| Due from the Central Bank and Other Banks | 35,372,170 | - | - | - | - | - | 35,372,170 |
| Financial Assets at Fair Value through Profit or Loss | 7,653,151 | 1,668,582 | 4,975 | 53,326 | 63,689 | - | 9,443,723 |
| Total Receivables | 4,874,557 | - | - | - | - | - | 4,874,557 |
| Total Discounts and Loans | 14,994,233 | 12,438,881 | 11,538,249 | 11,014,366 | 26,067,148 | 92,724,234 | 168,777,111 |
| Available-for-Sale Financial Assets | 492,642 | 2,103,464 | - | - | 1,208,621 | 173,610 | 3,978,337 |
| Hold-to-maturity Financial Assets | - | - | - | - | 117,673 | - | 117,673 |
| Total Non-active Market Debt Instruments | - | - | - | - | 163,870 | - | 163,870 |
| Total Assets | \$ 67,994,100 | \$ 16,210,927 | \$ 11,543,224 | \$ 11,067,692 | \$ 27,621,001 | \$ 92,897,844 | \$ 227,334,788 |
| Liabilities | | | | | | | |
| Financial Liabilities at Fair Value through Profit or Loss | \$ 8,864 | \$ - | \$ 16,387 | \$ 71,775 | \$ 37,576 | \$ - | \$ 134,602 |
| Call Loans and Due to Banks | 5,985,843 | - | - | - | - | - | 5,985,843 |
| Notes and Bonds Issued under Repurchase Agreement | 1,689,706 | - | - | - | - | - | 1,689,706 |
| Payables | 4,828,760 | - | - | - | - | - | 4,828,760 |
| Deposits and Remittances | 86,981,724 | 36,331,429 | 28,994,042 | 41,712,998 | 14,845,042 | - | 208,865,235 |
| Financial Bonds Payable | - | - | - | - | 5,509,400 | - | 5,509,400 |
| Total Liabilities | \$ 99,494,897 | \$ 36,331,429 | \$ 29,010,429 | \$ 41,784,773 | \$ 20,392,018 | \$ - | \$ 227,013,546 |
| 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 | \$ 56,918,017 | \$ 18,368,778 | \$ 17,154,599 | \$ 10,502,316 | \$ 37,650,334 | \$ 92,886,928 | \$ 233,480,972 |
| Liabilities | | | | | | | |
| Financial Liabilities at Fair Value through Profit or Loss | \$ 328 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 328 |
| 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 | - | - | - | - | 5,509,400 | - | 6,509,400 |
| Total Liabilities | \$ 105,464,994 | \$ 32,399,609 | \$ 32,071,465 | \$ 39,406,788 | \$ 22,129,544 | \$ - | \$ 231,472,400 |

30. 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.

| Analytical Items | | Year | | |
|-----------------------------------|----------------------|---|---------------|-------------|
| | | 12/31/2008 | 12/31/2007 | |
| Own Capital | Tier-1 capital | \$ 9,005,070 | \$ 11,103,321 | |
| | Tier-2 capital | 5,805,817 | 6,250,416 | |
| | Tier 3 Capital | - | - | |
| | Own Capital | 14,810,887 | 17,353,737 | |
| Risk-Weighted Assets | Credit Risk | Standardized Approach | 147,361,977 | 153,170,021 |
| | | Internal Ratings-based Approach | - | - |
| | | Asset Securitization | 23,535 | 683,428 |
| | Operational Risk | Basic Indicator Approach | 7,514,573 | 8,646,870 |
| | | Standardized Approach / Alternative Standardized Approach | - | - |
| | | Advanced Measurement Approach | - | - |
| | Market Risk | Standardized Approach | 9,120,754 | 12,316,349 |
| | | Internal Model Approach | - | - |
| | Risk-Weighted Assets | | 164,020,839 | 174,816,668 |
| Capital Adequacy | | 9.03% | 9.93% | |
| Tier 1 Capital to Risk Asset | | 5.49% | 6.35% | |
| Tier 2 Capital to Risk Asset | | 3.54% | 3.58% | |
| Tier 3 Capital to Risk Asset | | - | - | |
| Total Common Stock to Total Asset | | 5.20% | 5.06% | |

| | | |
|-----------------------------------|---|--|
| 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 |

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

| | Year 2008 | | Year 2007 | |
|---|---------------|----------------|---------------|----------------|
| | Average Value | Average Rate % | Average Value | Average Rate % |
| Assets | | | | |
| Cash - Due from Banks | \$ 318,917 | 0.48 | \$ 419,741 | 0.24 |
| Reverse Repurchase Note and Bond Investment | 10,936 | 1.13 | - | - |
| Due from the Central Bank and Other Banks | 20,765,127 | 1.81 | 11,514,425 | 1.30 |
| Financial Assets at Fair Value through Profit or Loss | 18,558,277 | 2.18 | 21,576,677 | 1.85 |
| Available-for-Sale Financial Assets | 4,237,278 | 2.33 | 4,670,479 | 2.14 |
| Hold-to-maturity Financial Assets | 155,949 | 2.48 | 249,911 | 2.28 |
| Non-active Market Debt Instruments | 237,296 | 4.76 | - | - |
| Receivables | 1,310,881 | 9.23 | 2,208,924 | 8.16 |
| Discounts and Loans | 171,031,926 | 3.67 | 188,996,420 | 3.50 |
| Liabilities | | | | |
| Notes and Bonds Issued under Repurchase Agreement | | | | |
| | 1,790,573 | 1.98 | 4,416,852 | 1.62 |
| Funds Borrowed from Central Bank and Banks | - | - | 459,171 | 3.50 |
| Call Loans and Due to Banks | 9,243,030 | 2.44 | 14,720,632 | 2.16 |
| Current Deposit | 13,303,846 | 0.28 | 14,355,880 | 0.34 |
| Current Savings Deposit | 39,551,490 | 0.63 | 46,912,529 | 0.67 |
| Time Deposit | 59,837,625 | 2.70 | 44,143,405 | 2.44 |
| Time Savings Deposit | 85,160,030 | 2.64 | 91,143,193 | 2.24 |
| Treasury Deposit | 212,223 | 0.95 | 206,637 | 1.12 |
| Negotiable Certificate of Deposit | 2,696,438 | 2.24 | 7,940,510 | 1.95 |
| Financial Bonds Payable | 5,874,991 | 3.02 | 6,115,901 | 3.21 |

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

Loan Assets Quality

| Business / Items | 12/31/2008 | | | | | | 12/31/2007 | | | | | |
|--|---|--------------------------------|--|---------------------------------|----------------------------|----------------------------|---|---------------------------|--|---------------------------------|----------------------------|--|
| | Amount of non-performing loans (Note 1) | Gross loans | Non-performing loan ratio (%) (Note 2) | Allowance for doubtful accounts | Average ratio (%) (Note 3) | | Amount of non-performing loans (Note 1) | Gross loans | Non-performing loan ratio (%) (Note 2) | Allowance for doubtful accounts | Average ratio (%) (Note 3) | |
| Corporate Banking | Secured loans | 1,120,922 | 21,212,405 | 5.28% | 278,901 | 24.88% | 1,073,096 | 25,042,205 | 4.29% | 355,591 | 33.14% | |
| | Unsecured loans | 1,028,617 | 31,872,045 | 3.23% | 1,540,256 | 149.74% | 1,374,035 | 31,386,840 | 4.38% | 1,355,567 | 98.66% | |
| Consumer banking | Residential mortgage loans (Note 4) | 858,036 | 50,697,592 | 1.69% | 233,567 | 27.22% | 986,996 | 54,346,734 | 1.82% | 229,128 | 23.21% | |
| | Cash card services | - | - | - | - | - | - | - | - | - | - | |
| | Small amount of credit loans (Note 5) | 160,704 | 5,463,586 | 2.94% | 94,322 | 58.69% | 350,530 | 6,485,236 | 5.41% | 359,177 | 102.47% | |
| Others (Note 6) | Secured loans | 1,120,962 | 56,520,922 | 1.98% | 250,989 | 22.39% | 1,142,517 | 54,692,802 | 2.09% | 280,710 | 24.57% | |
| | Unsecured loans | 103,105 | 3,010,561 | 3.42% | 80,681 | 78.25% | 106,455 | 3,612,001 | 2.95% | 93,154 | 87.51% | |
| Gross loan business | 4,392,346 | 168,777,111 | 2.60% | 2,478,716 | 56.43% | 5,033,629 | 175,565,818 | 2.87% | 2,673,327 | 53.11% | | |
| | Amount of overdue accounts | Balance of accounts Receivable | Overdue account ratio (%) | Allowance for doubtful accounts | Coverage ratio | Amount of overdue accounts | Balance of accounts Receivable | Overdue account ratio (%) | Allowance for doubtful accounts | Coverage ratio | | |
| Credit card services | 25,402 | 988,141 | 2.57% | 23,474 | 92.41% | 38,042 | 1,378,493 | 2.76% | 77,084 | 202.63% | | |
| Without recourse factoring (Note 7) | - | - | - | - | - | - | - | - | - | - | | |
| Overdue loans with debt negotiated terms which have been performed and exempted from reporting as non-performing loan (Note 8) | 59,377 | | | | | 91,013 | | | | | | |
| Overdue receivables with debt negotiated terms which have been performed and exempted from reporting as non-performing loan (Note 8) | 372,141 | | | | | 548,674 | | | | | | |
| Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables (Note 9) | 25,175 | | | | | - | | | | | | |

- 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: Non performing loans ratio = Nonperforming loan ÷ Loans Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable
- Note 3: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ 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.
- Note 8: Overdue loans and receivables with debt negotiated terms which have been performed are exempted from reporting as non-performing loan under the requirement issued by the Banking Bureau dated April 25, 2006 (Ref. No. 09510001270)\
- Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940)

Concentration of Crediting Risk

12/31/2008

| Top 10 (Note 1) | Company Name (Note 2) | Total Accredited Balance (Note 3) | Net Value Proportion (%) |
|--------------------|---------------------------------|--------------------------------------|-----------------------------|
| 1 | China Trust Financial Holding | \$ 1,555,228 | 14.63 |
| 2 | Evergreen Marine Corporation | 1,360,033 | 12.79 |
| 3 | Uni-President Enterprises Corp. | 1,167,123 | 10.98 |
| 4 | Formosa Plastics Corporation | 1,091,001 | 10.26 |
| 5 | Tatung Co. | 916,614 | 8.62 |
| 6 | Taiwan Cement Corporation | 749,760 | 7.05 |
| 7 | Far Eastern Textile Ltd. | 746,000 | 7.02 |
| 8 | China Airline | 709,999 | 6.68 |
| 9 | China Steel | 689,428 | 6.49 |
| 10 | Shin Kong Financial Holding | 595,313 | 5.60 |

December 31, 2007

| Top 10 (Note 1) | Company Name (Note 2) | Total Accredited Balance (Note 3) | Net Value Proportion (%) |
|--------------------|--|--------------------------------------|-----------------------------|
| 1 | China Trust 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 |

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, 2008

Expressed in NT\$ Thousands, %

| Items | 1-90 days | 91-180 days | 181-1 year | Over 1 year | Total |
|--|----------------|----------------|----------------|---------------|----------------|
| Interest-rate-sensitive Assets | \$ 165,215,183 | \$ 14,421,286 | \$ 5,741,179 | \$ 17,534,862 | \$ 202,912,510 |
| Interest-rate-sensitive Liabilities | 89,251,828 | 71,972,149 | 32,400,186 | 19,120,827 | 212,744,990 |
| Interest-rate-sensitive Gap | 75,963,355 | (57,550,863) | (26,659,007) | (1,585,965) | (9,832,480) |
| Net Value | | | | | 11,818,242 |
| Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%) | | | | | 95.38% |
| Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%) | | | | | (83.20%) |

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) |
| Net Value | | | | | 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, 2008

(Expressed in US\$ Thousands, %)

| Items | 1-90 days | 91-180 days | 181-1 year | Over 1 year | Total |
|--|------------|-------------|------------|-------------|------------|
| Interest-rate-sensitive Assets | \$ 186,685 | \$ 28,930 | \$ 2,284 | \$ - | \$ 217,899 |
| Interest-rate-sensitive Liabilities | 151,622 | 48,286 | 25,991 | - | 225,899 |
| Interest-rate-sensitive Gap | 35,063 | (19,356) | (23,707) | - | (8,000) |
| Net Value | | | | | (36,270) |
| Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%) | | | | | 96.46% |
| Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%) | | | | | 22.06% |

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 |
| Net Value | | | | | 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 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, 2008 | December 31, 2007 |
|------------------------------------|------------|-------------------|-------------------|
| Return on Total Assets (%) | Before Tax | (1.02) | (0.51) |
| | After Tax | (0.96) | (0.46) |
| Return on Shareholders' Equity (%) | Before Tax | (21.25) | (9.59) |
| | After Tax | (19.88) | (8.61) |
| Net profit Margin Ratio (%) | | (97.99) | (28.32) |

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, 2008

(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 | \$228,213,813 | \$41,181,989 | \$25,627,611 | \$22,981,537 | \$29,621,620 | \$108,801,056 |
| Primary Funds Outflow Upon Maturity | 268,800,657 | 37,497,102 | 47,064,253 | 43,128,486 | 71,112,383 | 69,998,433 |
| Capital Gap | (40,586,844) | 3,684,887 | (21,436,642) | (20,146,949) | (41,490,763) | 38,802,623 |

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 |

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

Structure Analysis of the Maturation of USD

December 31, 2008

(Expressed in UST\$ 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 | \$ 312,565 | \$ 182,918 | \$ 29,252 | \$ 23,746 | \$ 13,719 | \$ 62,930 |
| Primary Funds Outflow Upon Maturity | 290,481 | 192,902 | 55,469 | 48,286 | 25,991 | (32,167) |
| Capital Gap | 22,084 | (9,984) | (26,217) | (24,540) | (12,272) | 95,097 |

December 31, 2007

(Expressed in US\$ 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 |

Note 1 : The table includes only assets and liabilities denominated in USD held in head quarter, the domestic branches and OBU of the Parent Company. 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, 2008

| Trust Assets | | Trust Liabilities | |
|--|----------------------|--|----------------------|
| | \$ 186,159 | Securities Under Custody For Customers Payable | \$ 16,379,493 |
| Bank Deposit | | Trust Capital | |
| Short-term Investment | | Money Trust | 19,660,154 |
| Fund Investment | 17,073,903 | Real Estate | 1,692,265 |
| Bond | 2,097,313 | Trust | |
| Investment | | Negotiable | 1,239,303 |
| Stock | 1,239,303 | Securities Trust | |
| Investment | | Accumulated Profit or Loss | |
| Real Estate - | | Principal | 168,660 |
| Land | 1,549,672 | Accumulated Profit or Loss | |
| Securities Under Custody For Customers | <u>16,379,493</u> | Profit/Loss This Year | (<u>614,032</u>) |
| | <u>\$ 38,525,843</u> | | <u>\$ 38,525,843</u> |

Trust Property Catalogue

December 31, 2008

| Investment Item | Accounting Amount | |
|--|-------------------|----------------------|
| Bank Deposit | | |
| Due from our Bank | \$ | 186,159 |
| Short-term Investment - | | |
| Fund Investment - NTD Trust | \$ | 12,063,883 |
| - Foreign Currency Trust | | 4,997,020 |
| - Pre-need Contract | | 13,000 |
| Trust | | |
| Bond Investment - NTD Trust | | 115,755 |
| - Foreign Currency Trust | | 1,981,558 |
| Stock Investment | <u>1,239,303</u> | 20,410,519 |
| Real Estate - Land | | 1,549,672 |
| Securities Under Custody For Customers | | <u>16,379,493</u> |
| | | <u>\$ 38,525,843</u> |

Trust Income Statement

Year 2008

| Investment Item | Accounting Amount | |
|----------------------------|-------------------|-----------------------|
| Trust Income | | |
| Interest | \$ 4,130 | |
| Dividend | 713,556 | |
| Gain on Sale of Properties | 179,468 | |
| Realized capital gain | <u>41,673</u> | \$ 938,827 |
| Trust Expenses | | |
| Administrative Expenses | 9,756 | |
| Tax | 71,153 | |
| Interest | 113 | |
| Commission | 5,965 | |
| Loss on Sale of Properties | 1,465,657 | |
| Realized Exchange Loss | <u>215</u> | <u>1,552,859</u> |
| | | (\$ <u>614,032</u>) |

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

Trust Balance Sheet

December 31, 2007

| Trust Assets | | Trust Liabilities | |
|-----------------------|----------------------|--------------------|----------------------|
| Bank Deposit | \$ 410,931 | Other Liabilities | \$ - |
| Short-term Investment | | Trust Capital | |
| Fund | 19,017,640 | Money Trust | 21,223,149 |
| Investment | | Real Estate | 2,307,402 |
| Bond | 1,495,915 | Trust | |
| Investment | | Negotiable | 1,267,403 |
| Stock | 1,267,403 | Securities | |
| Investment | | Trust | |
| Real Estate- | | Accumulated Profit | |
| Land | <u>2,232,985</u> | or Loss | |
| | | Principal | (1,718,754) |
| | | Accumulated | |
| | | Profit or Loss | |
| | | Profit/Loss This | <u>1,345,674</u> |
| | | Year | |
| | <u>\$ 24,424,874</u> | | <u>\$ 24,424,874</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 | 5,585,053 | |
| Currency | | |
| Trust | | |
| - Pre-need | 3,000 | |
| Contract Trust | | |
| Bond Investment - NTD Trust | 501,157 | |
| - Foreign | 994,758 | |
| Currency | | |
| Trust | | |
| Stock Investment | <u>1,267,403</u> | 21,780,958 |
| Real Estate - Land | | <u>2,232,985</u> |
| | | <u>\$ 24,424,874</u> |

Trust Income Statement

Year 2007

| Investment Item | Accounting Amount | |
|----------------------------|-------------------|---------------------|
| Trust Income | | |
| Interest | \$ 3,685 | |
| Rent | 67,682 | |
| Dividend | 656,025 | |
| Gain on Sale of Properties | 901,543 | |
| Realized capital gain | <u>59,773</u> | \$ 1,688,708 |
| Trust Expenses | | |
| Administrative Expenses | 95,569 | |
| 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>343,034</u> |
| | | <u>\$ 1,345,674</u> |

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

Disclosures Under Statutory Requirements

Other than Table 1-3, 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.

Regional Information

Until the end of 2008, the Parent Company and the subsidiaries have not established overseas operating departments.

Admission to export information

Until the end of 2008, the Parent Company and the subsidiaries don't have export admission.

Major customers

The Parent Company and the subsidiaries do not have net income exceeds Admission Interests of over 10% from a single client.

Sunny Bank Ltd. and Subsidiaries
Information on Invested Enterprises
Year 2008

Table 1

Unit: NT\$ Thousands

| Invested Company | Investee Company | Location | Major Business Items | Year End Holding | | Yearly Income for Investee Company | Yearly Recognized Invested Income | Consolidated Holdings by the Bank and Subsidiaries and Affiliated Enterprises (Note 2) | | | | Remark |
|------------------|--|-------------|--|------------------|-----------------|------------------------------------|-----------------------------------|--|--|-----------------------|----------------|-----------------------------------|
| | | | | Percentage (%) | P a r V a l u e | | | Current Share Holding (1,000 shares) | Conjectural share holding (1,000 shares) | T o t a l | | |
| | | | | | | | | | | Shares (1,000 shares) | Percentage (%) | |
| Our Bank | Sunny Securities Co., Ltd. | Taipei City | Securities Investment | 97.7 | \$207,517 | (\$18,903) | (\$18,465) | 29,500 | - | 29,500 | 97.7 | Subsidiaries (Note 3) |
| | Gold Sunny Assets Management Co., Ltd. | Taipei City | Financial Institution Creditor's Right (Money) Appraisal and Auction | 100.0 | 19,258 | (17,386) | (17,386) | 5,000 | - | 5,000 | 100.0 | Subsidiaries (Note 3) |
| | Sunny Life Insurance Agent Co., Ltd. | Taipei City | Life Insurance Brokerage | 39.9 | 10,228 | 5,085 | 2,500 (Note 1) | 1,500 | - | 1,500 | 99.9 | Subsidiaries (Note 3) |
| | Sunny Property Insurance Brokerage Co., Ltd. | Taipei City | Property Insurance Brokerage | 20.0 | 1,557 | 1,000 | 200 | 605 | - | 605 | 100.0 | Subsidiaries (Note 3) |
| | Ontario Securities Investment Trust | Taipei City | Securities Investment Trust Services | 20.0 | 38,762 | (31,748) | - | 6,006 | - | 6,006 | 20.0 | Company Invested at Equity Method |

Note 1: Including investment gains at NT\$2,033,000, the amortization of the difference between investment cost and net equity at NT\$467,000.

Note 2: Current or Conjectural share holdings of invested enterprises by the Bank, directors, supervisors, presidents, vice presidents and affiliated enterprises in conformity of the definition of Company Law are incorporated.

Note 3: 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, 2008

Table 2

Unit: NT\$ Thousands

| 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 | \$ 970,857 | Not Applicable for Financial Business | None | Not Applicable | \$ 11,635 | \$ 70,029 |

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

Sunny Bank Ltd. and Subsidiaries

Business Relationships and Important Transactions between Parent Company and Subsidiaries

Year 2008 & 2007

Table 3

Unit: NT\$ Thousands

| No. | Name of Trader | Trading Object | Relationship with Trader | Transaction Details | | | Percentage over Consolidated Net Income or Total Asset (%) |
|-----|--------------------------|------------------------------|-------------------------------|-------------------------------------|----------|--|--|
| | | | | Subject | Amount | Trading Conditions | |
| 0 | 2008 Sunny Bank | Sunny Securities | Parent & Subsidiary Companies | Deposit & Remittance | \$21,241 | Interest calculated at APR 0.2-1.77% of demand deposit and term deposits | 0.01 |
| | | | | Rent Income | 10,038 | Monthly rent for Sunny Securities operating sites as NT\$837,000, collected by month. | 0.40 |
| | | | | Brokerage Commission Expense (Note) | 23,552 | 1.425% paid according to the deal amount for trading securities. | 0.95 |
| | | Gold Sunny Assets Management | Parent & Subsidiary Companies | Deposit & Remittance | 35,197 | Interest calculated at APR0.2% of demand deposit | 0.01 |
| | | | | Commission Income | 14,837 | 20% as collection fee collected according to the contract | 0.60 |
| | | | | Deposit & Remittance | 23,513 | Interest calculated at APR0- 0.2% of demand deposit | 0.01 |
| | | Sunny Life Insurance | Parent & Subsidiary Companies | Commission Income | 73,183 | Collect0.099-53.325% as service fee according to the contract | 2.95 |
| | | | | Receivables | 22,320 | Collect0.099-53.325% as service fee according to the contract | 0.01 |
| | | | | Deposit & Remittance | 9,304 | Interest calculated at APR0- 0.2% of demand deposit | - |
| | | Sunny Property Insurance | Parent & Subsidiary Companies | Commission Income | 14,648 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 120-2,162 as service fee per rest of the case. | 0.59 |
| | | | | Receivables | 3,010 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 120-2,162 as service fee per rest of the case. | - |
| | | | | Cash | 21,241 | Interest calculated at APR 0.2-1.77% of demand deposit and term deposits | 0.01 |
| 1 | Sunny Securities | Sunny Bank | Parent & Subsidiary Companies | Operating Expense | 10,038 | Monthly rent for Sunny Securities operating sites as NT\$837,000, collected by month. | 0.40 |
| | | | | Brokerage Commission Expense | 23,552 | 1.425% paid according to the deal amount for trading securities. | 0.95 |
| 2 | Gold Sunny | Sunny Bank | Parent & Subsidiary Companies | Cash | 35,197 | Interest calculated at APR0.2% of demand deposit | 0.01 |
| | | | | Commission Expense | 14,837 | 20% as collection fee paid according to the contract | 0.60 |
| 3 | Sunny Insurance Life | Sunny Bank | Parent & Subsidiary Companies | Cash | 23,513 | Interest calculated at APR0- 0.2% of demand deposit | 0.01 |
| | | | | Commission Expense | 73,183 | Collect0.099-53.325% as service fee according to the contract | 2.95 |
| 4 | Sunny Insurance Property | Sunny Bank | Parent & Subsidiary Companies | Payables | 22,320 | Collect0.099-53.325% as service fee according to the contract | 0.01 |
| | | | | Cash | 9,304 | Interest calculated at APR0- 0.2% of demand deposit | - |
| | | | | Commission Expense | 14,648 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 120-2,162 as service fee per rest of the case. | 0.59 |
| | | | | Payables | 3,010 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 120-2,162 as service fee per rest of the case. | - |
| 0 | 2007 Sunny Bank | Sunny Securities | Parent & Subsidiary Companies | Deposit & Remittance | \$8,273 | Interest calculated at APR0.2% of demand deposit | - |
| | | | | 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 |
| | | | | Brokerage Commission Expense (Note) | 21,822 | 1.425% paid according to the deal amount for trading securities. | 0.53 |
| | | Gold Sunny | Parent & Subsidiary Companies | Deposit & Remittance | 212,497 | Interest calculated at APR0- 0.2% of demand deposit | 0.09 |
| | | | | Commission Income | 3,768 | 20% as collection fee collected according to the contract | 0.09 |
| | | | | Deposit & Remittance | 16,688 | Interest calculated at APR0- 0.2% of demand deposit | 0.01 |
| | | Sunny Life Insurance | Parent & Subsidiary Companies | Commission Income | 32,730 | Collect0.29-28.75% as service fee according to the contract | 0.79 |
| | | | | Receivables | 2,091 | Collect0.29-28.75% as service fee according to the contract | - |
| | | | | Deposit & Remittance | 9,777 | Interest calculated at APR0- 0.2% of demand deposit | - |
| | | Sunny Property Insurance | Parent & Subsidiary Companies | Commission Income | 9,531 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 260-1,105 as service fee per case. | 0.23 |
| | | | | Receivables | 2,007 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 260-1,105 as service fee per case. | - |
| | | | | Cash | 8,273 | Interest calculated at APR0.2% of demand deposit | - |
| 1 | Sunny Securities | Sunny Bank | Parent & Subsidiary Companies | 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 |
| | | | | Brokerage Commission Expense | 21,822 | 1.425% paid according to the deal amount for trading securities. | 0.53 |
| 2 | Gold Sunny Assets | Sunny Bank | Parent & Subsidiary Companies | Cash | 212,497 | Interest calculated at APR0- 0.2% of demand deposit | 0.09 |
| | | | | Operating Expense | 3,768 | 20% as collection fee paid according to the contract | 0.09 |
| 3 | Sunny Insurance Life | Sunny Bank | Parent & Subsidiary Companies | Cash | 16,688 | Interest calculated at APR0- 0.2% of demand deposit | 0.01 |
| | | | | Commission Expense | 32,730 | Collect0.29-28.75% as service fee according to the contract | 0.79 |
| 4 | Sunny Property Insurance | Sunny Bank | Parent & Subsidiary Companies | Payables | 2,091 | Collect0.29-28.75% as service fee according to the contract | - |
| | | | | Cash | 9,777 | Interest calculated at APR0- 0.2% of demand deposit | - |
| | | | | Commission Expense | 9,531 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 260-1,105 as service fee per case. | 0.23 |
| | | | | Payables | 2,007 | 5-25% collected as premium of residential fire insurance according to contracts Compensated by case-NTS 260-1,105 as service fee per case. | - |

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

Unit: NT\$ Thousands

| Item | Year | | Difference | |
|---|---------------|---------------|---------------|--------|
| | 2008 | 2007 | Amount | % |
| Cash, Due from Central Bank and Other Banks | \$ 39,979,517 | \$ 14,612,302 | \$ 25,367,215 | 174 |
| Financial Assets at Fair Value through Profit or Loss | 9,443,723 | 34,543,144 | (25,099,421) | (73) |
| Receivables | 4,636,477 | 3,605,712 | 1,030,765 | 29 |
| Discounts and Loans | 166,298,395 | 172,892,491 | (6,594,096) | (4) |
| Available-for-Sale Financial Assets | 3,978,337 | 4,741,885 | (763,548) | (16) |
| Hold-to-maturity Financial Assets | 117,673 | 172,091 | (54,418) | (32) |
| Equity Investments – Equity Method | 277,322 | 273,722 | 3,600 | 1 |
| Other Financial Instruments | 313,648 | 397,261 | (83,613) | (21) |
| Fixed Assets | 9,369,343 | 9,500,231 | (130,888) | (1) |
| Intangible Assets | 1,071,830 | 1,181,348 | (109,518) | (9) |
| Other Assets | 2,725,407 | 2,850,480 | (125,073) | (4) |
| Total Assets | 238,211,672 | 244,770,667 | (6,558,995) | (3) |
| Call Loans and Due to Banks | 5,985,843 | 14,689,448 | (8,703,605) | (59) |
| Financial Liabilities at Fair Value through Profit or Loss | 134,602 | 328 | 134,274 | 40,937 |
| Notes and Bonds Issued under Repurchase Agreement | 1,689,706 | 519,960 | 1,169,746 | 225 |
| Payables | 4,828,760 | 2,391,122 | 2,437,638 | 102 |
| Deposits and Remittances | 208,865,235 | 207,362,142 | 1,503,093 | 1 |
| Financial Bonds Payable | 5,509,400 | 6,509,400 | (1,000,000) | (15) |
| Reserve for Land Revaluation Increment Tax | 133,726 | 261,507 | (127,781) | (49) |
| Other Liabilities | 434,871 | 404,703 | 30,168 | 7 |
| Total Liabilities | 227,582,143 | 232,138,610 | (4,556,467) | (2) |
| Capital | 12,439,281 | 12,439,281 | - | - |
| Capital Surpluses | 11,228 | 11,228 | - | - |
| Retained Earnings | (1,894,108) | 417,792 | (2,311,900) | (553) |
| Unrealized Profit or Loss on Financial Instruments | 256,642 | - | 256,642 | - |
| Treasury Stock | 37,599 | (15,131) | 52,730 | 348 |
| Total Shareholders' Equity | (221,113) | (221,113) | - | - |
| Unrealized Profit or Loss on Financial Instruments | 10,629,529 | 12,632,057 | (2,002,528) | (16) |
| Description for Changes in Increment Percentages: | | | | |
| 1. The decrease in Cash, due from central bank and other banks, financial assets at fair value through profit or loss resulted mainly from the decrease in financial products investment, the capital of which was transferred to undertaking the certificate of deposit of Central Bank. | | | | |
| 2. The increase in receivables resulted from the increase in spot foreign exchange remittance receivable. | | | | |
| 3. The decrease in financial assets held to maturity mainly results from the redemption of beneficiary certificates of counterparts according to the contracts. | | | | |
| 4. The decrease in other financial instrument mainly resulted from the redemption of preferred stock investment at maturity. | | | | |
| 5. The decrease in due to Central Bank and other banks mainly results from the decrease in due to other banks. | | | | |
| 6. The increase in financial liabilities at fair value through profit or loss mainly results from increase in evaluation loss for currency exchange. | | | | |
| 7. The increase in bills & bonds sold under repurchase agreements mainly results from the lower interest rate costs, which increases undertaking. | | | | |
| 8. The increase in accounts payable mainly results from increase in foreign remittances and notes of other banks payable and exchange accounts. | | | | |
| 9. The decrease in reserve for land revaluation increment tax mainly resulted from land reevaluation. | | | | |
| 10. The decrease in retained earnings mainly resulted from the increase in net loss of the period. | | | | |
| 11. The increase in Unrealized Profit or Loss on Financial Instruments mainly resulted from the land reevaluation of the year. | | | | |
| 12. Increases in unrealized gain on financial products mainly results from increase in evaluation gain on available-for-sale financial assets. | | | | |

2. Operation Results Analysis

Unit: NT\$ Thousands

| Item | Year | | Changes | |
|---|---------------|---------------|---------------|-------|
| | 2008 | 2007 | Amount | % |
| Net Interest Profits | \$ 2,657,185 | \$ 3,211,040 | (\$ 553,855) | (17) |
| Non-Interest Net profits (Loss) | (297,750) | 807,177 | (1,104,927) | (137) |
| Net Profits | 2,359,435 | 4,018,217 | (1,658,782) | (41) |
| Bad Debt Expenses | 1,942,246 | 2,118,614 | (176,368) | (8) |
| Operating Expenses | 2,889,089 | 3,167,755 | (278,666) | (9) |
| Net Loss Before Tax | (2,471,900) | (1,268,152) | (1,203,748) | 95 |
| Income Tax Profits | 160,000 | 130,000 | 30,000 | 23 |
| Net Loss | (\$2,311,900) | (\$1,138,152) | (\$1,173,748) | 103 |
| Description for changes in percentage of increment: | | | | |
| 1. The increase in Non-Interest Net Loss, Net Loss Before Tax, Income Tax Profits and Net Loss and the decrease in Net profits results basically from the narrowed interest spread and net loss from Financial Net Assets & Liabilities at Fair Value through Profit or Loss. | | | | |

3. Cash Flow Analysis

(1) Liquidity analysis for the latest year

| Item | Year | | Increment (%) |
|--|----------|----------|---------------|
| | 2008 | 2007 | |
| Cash Flow Ratio (%) | 204.44 | (36.28) | - |
| Cash Flow Adequacy Ratio (%) | 1,014.11 | (316.61) | - |
| Cash Flow Reinvestment Ratio (%) | (138.60) | (57.12) | - |
| Description for changes in ratios: | | | |
| 1. Cash Flow Ratio and Cash Flow Adequacy Ratio rose because of higher net cash inflow of 2008 operating activities. | | | |
| 2. Cash Flow Reinvestment Ratios are lower because the increment of net cash inflow of 2008 operating activities is larger than net cash outflow of 2008 investment. | | | |

(2) Liquidity analysis for the next year:

Unit: NT\$ Thousand

| Cash Balance at the Start of the Period ① | Expected Net Operating Cash Flow for the Whole Year ② | Expected Cash Inflow (Outflow) for the Whole Year ③ | Expected Cash Surplus (Deficit) ① + ② + ③ | Remediation Measures Against expected Cash Flow Deficit | |
|---|---|---|---|---|-----------|
| | | | | Investment | Financing |
| \$4,607,347 | \$6,461,588 | \$5,118,602 | \$16,187,537 | \$ - | \$ - |
| 1. Change in cash flow of the year: | | | | | |
| (1) Operation Activities: Net cash inflow resulted from decrease in financial assets held for trading. | | | | | |
| (2) Investment: Net cash inflow resulted from decrease in available-for-sale financial assets and dues from banks. | | | | | |
| 2. Strategies for redeeming estimated cash shortage and liquidity analysis: the Bank plans to reduce financial assets held for trading, available-for-sale financial assets and dues from banks and to issue subordinated financial debentures in response to the decrease in deposit and remittance. Currently no cash flow insufficiency is seen. | | | | | |

4. Influence Imposed by Major Capital Expenditures

Unit: NT\$ Thousand

| Planning Items | Actual/Expected Capital Resources | Actual/Expected Date of Completion | Required Capital | Actual/Expected Capital Performing Status | | | | |
|--------------------------|-----------------------------------|------------------------------------|------------------|---|---------|--------|---------|-----------|
| | | | | 2006 | 2007 | 2008 | 2009 | 2010-2012 |
| Land, House and Building | Self-owned Fund | 2006-2009 | 669,043 | 0 | 420,410 | 48,633 | 200,000 | - |
| Other Equipment | Self-owned Fund | 2006-2009 | 510,816 | 242,402 | 137,966 | 67,348 | 63,100 | - |

5. Reinvestment Policies of the Latest Year

Unit: NT\$ Thousand

| Invested Company | Sunny Securities Co., Ltd. | Sunny Life Insurance Agent Co., Ltd. | Sunny Property Insurance Brokerage Co., Ltd. | Gold Sunny Assets Management Co., Ltd. | Ontario Securities Investment Trust |
|------------------------------|---|---|---|---|---|
| Major Business | Securities Investment | Life Insurance Brokerage | Property Insurance Brokerage | Financial Institution Creditor's Right (Money) Appraisal and Auction | Securities Investment Trust Services |
| Collected Capital | 302,000 | 15,000 | 6,050 | 50,000 | 300,000 |
| Shareholding (%) | 97.68% | 39.99% | 20.00% | 100.00% | 20.02% |
| Amount | 295,000 | 6,000 | 1,210 | 50,000 | 60,060 |
| Par Value | 207,517 | 10,228 | 1,557 | 19,258 | 38,762 |
| Yearly Income | (18,903) | 5,085 | 1,000 | (17,386) | (31,748) |
| Recognized Invested Income | (18,465) | 2,500 | 200 | (17,386) | - |
| Main Factor of Profit (Loss) | 1. The revenue of agency service stays weak. 2. Dealing Operation suffers from loss. | Profit is infused by commission income from sales of life insurance products. | Profit is infused by commission income from sales of property insurance products. | Cost of purchasing NPL has not yet been recovered. | 1. The investment market performs ill. 2. The sale of fund services has not reached the economy scale. |

The future investment projects will conform to the demand of the Bank's business development.

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

2008 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

March 31 2008

(Unit: NT\$ Million)

| Type | Exposure after Risk Mitigation | Accrued Capital |
|---|--------------------------------|-----------------|
| Sovereigns | 0 | - |
| Non-central Government Public Sector Entities | 337 | 27 |
| Banks (included multilateral development banks, MDBS) | 367 | 29 |
| Corporate (included securities and insurance firms) | 43,823 | 3,506 |
| Claims on Retail | 60,453 | 4,836 |
| Residential Property | 22,055 | 1,764 |
| Equity Security Investments | 0 | - |
| Other Assets | 13,922 | 1,114 |
| Total | 140,957 | 11,277 |

December 31 2008

(Unit: NT\$ Million)

| Type | Exposure after Risk Mitigation | Accrued Capital |
|---|--------------------------------|-----------------|
| Sovereigns | 0 | - |
| Non-central Government Public Sector Entities | 337 | 27 |
| Banks (included multilateral development banks, MDBS) | 521 | 41 |
| Corporate (included securities and insurance firms) | 46,600 | 3,728 |
| Claims on Retail | 61,484 | 4,919 |
| Residential Property | 22,407 | 1,793 |
| Equity Security Investments | 0 | - |
| Other Assets | 14,911 | 1,193 |
| Total | 146,260 | 11,701 |

B. Asset Securitization Risk Management System, Exposure and Accrued Capital

Asset Securitization Risk Management System, Exposure and Accrued Capital 2008

| 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

March 31 2009

Unit: NT\$ Thousand

| < | Non-Originating Bank | | Originating Bank | | | | | Accrued Capital Before Securitization |
|----------------------------------|--------------------------------------|----------------|-----------------------------------|----------------|-------------------|---|-------------------------------|---------------------------------------|
| | Buy Or Hold Securitization Exposures | Exposure | Exposure | | | | Asset-Backed Commercial Paper | |
| | | | Non Asset-Backed Commercial Paper | | | | | |
| | | | Traditional | | Synthetic | | | |
| | | Hold Positions | Not Hold Position | Hold Positions | Not Hold Position | | | |
| Real Estate | 21,243 | 1,699 | - | - | - | - | - | |
| Corporate Bonds, Financial Bonds | - | - | - | - | - | - | - | |
| Total | 21,243 | 1,699 | - | - | - | - | - | |

Note: The above table represents exposure to asset securitization in the Bank.

December 31 2008

Unit: NT\$ Thousands

| Type | Non-Originating Bank | | Originating Bank | | | | | Accrued Capital Before Securitization |
|----------------------------------|--------------------------------------|----------------|-----------------------------------|----------------|-------------------|---|-------------------------------|---------------------------------------|
| | Buy Or Hold Securitization Exposures | Exposure | Exposure | | | | Asset-Backed Commercial Paper | |
| | | | Non Asset-Backed Commercial Paper | | | | | |
| | | | Traditional | | Synthetic | | | |
| | | Hold Positions | Not Hold Position | Hold Positions | Not Hold Position | | | |
| Real Estate | 23,535 | 1,883 | - | - | - | - | - | |
| Corporate Bonds, Financial Bonds | - | - | - | - | - | - | - | |
| Total | 23,535 | 1,883 | - | - | - | - | - | |

Note: The above table represents exposure to asset securitization in the Bank.

Securitized Products

(1) Summary of Investment in Securitized Products.

December 31 2009

Unit: NT\$ Thousand

| Item (Note 1) | Accounting Account for Recognition | Original Cost | Accumulated Gain or Loss on Evaluation | Accumulated Impairment | Par Value |
|---------------|------------------------------------|---------------|--|------------------------|-----------|
| CBO | Held to maturity | 35,994 | 0 | 0 | 35,994 |
| ABCP | Available for sale | 1,203,276 | 10,802 | 0 | 1,214,078 |
| REAT | Available for sale | 45,660 | 4,353 | 0 | 50,013 |
| REAT | Held to maturity | 70,218 | 0 | 0 | 70,218 |
| CMO | Available for sale | 50,820 | (589) | 0 | 50,231 |

December 31 2008

Unit: NT\$ Thousand

| Item (Note 1) | Accounting Account for Recognition | Original Cost | Accumulated Gain or Loss on Evaluation | Accumulated Impairment | Par Value |
|---------------|------------------------------------|---------------|--|------------------------|-----------|
| CBO | Held to maturity | 43,732 | 0 | 0 | 43,732 |
| ABCP | Available for sale | 1,200,617 | 12,252 | 0 | 1,212,869 |
| REAT | Available for sale | 46,745 | 3,283 | 0 | 50,028 |
| REAT | Held to maturity | 73,941 | 0 | 0 | 73,941 |
| CMO | Available for sale | 51,667 | (405) | 0 | 51,262 |

Note 1: This table includes domestic and foreign securitized products, items of which can be filled by the following categories.

- (1) Mortgage-Backed Security (MBS): Including Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), Collateralized Mortgage Obligation (CMO) and other mortgage-backed securities.
- (2) Asset-Backed Security (ABS): Including Commercial Loan Obligation (CLO), Collateralized Bonds Obligation (CBO), Credit Card Loan Obligation, Auto Loan Obligation, Consumer Loan/ Cash Card Loan Obligation, Lease Receivables Obligation and other obligations.
- (3) Asset-Backed Commercial Paper (ABCP) °
- (4) Collateralized Debt Obligations (CDO) °
- (5) Real Estate Asset Trust (REAT) °
- (6) Bonds issued through Structured Investment Vehicle (SIV)
- (7) Other securitized products.

Note 2: This table includes all of beneficiary securities or asset-based securities held by the Bank as an initiation institution.

- (2) A. Information on the original cost of one single investment in securitized products reaches NT\$ 300 million and above (excluding the position held by the Bank, as a securitization initiation institutes, for the purpose of credit enhancement should be disclosed: none
- B. Information on the position held by the Bank, as a securitization initiation institutes, for the purpose of credit enhancement should be disclosed: None
- C. Information on Bank's service as a credit-damaged buying institute or a clearance buying institutes should be disclosed: None
- (3) Information on the Bank's service as a securitized product guarantor or its provision of liquidity facility should be disclosed: None.

C. Operational Risk Management System and Accrued Capital

2008 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

March 31 2009

Unit: NT\$ Thousand

| Year | Gross Operating Profits | Capital Requirement |
|-------|-------------------------|---------------------|
| 2006 | 4,731,115 | |
| 2007 | 4,257,914 | |
| 2008 | 2,709,320 | |
| Total | 11,698,349 | 584,917 |

March 31 2008

Unit: NT\$ Thousand

| Year | Gross Operating Profits | Capital Requirement |
|-------|-------------------------|---------------------|
| 2006 | 4,731,115 | |
| 2007 | 4,257,914 | |
| 2008 | 2,709,320 | |
| Total | 11,698,349 | 584,917 |

D. Market Risk Management System and Accrued Capital

2008 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 | 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

March 31 2009

Unit: NT\$ Thousand

| Item | Capital Requirement |
|-------------------------|---------------------|
| Rate Risk | 299,695 |
| Foreign Exchange Risk | 327,163 |
| Equity Investments Risk | 151,455 |
| Instruments Risk | — |
| Total | 778,313 |

March 31 2008

Unit: NT\$ Thousand

| Item | Capital Requirement |
|-------------------------|---------------------|
| Rate Risk | 319,530 |
| Foreign Exchange Risk | 150,764 |
| Equity Investments Risk | 258,140 |
| Instruments Risk | — |
| Total | 728,434 |

E. Liquidity risk, including maturity analysis of assets and liability and the description of the management of asset liquidity and capital gap liquidity.

- (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

March 31 2009

Unit: NT\$ Thousand

| | Remaining Period to Maturity | 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 | \$217,456,286 | \$46,748,305 | \$19,559,097 | \$18,396,327 | \$27,724,162 | \$105,028,395 |
| Primary Funds Outflow upon Maturity | 256,487,761 | 29,555,058 | 32,494,779 | 42,228,860 | 86,728,662 | 65,480,402 |
| Capital Gap | (39,031,475) | 17,193,247 | (12,935,682) | (23,832,533) | (59,004,500) | 39,547,993 |

Note: This table only includes the amount of New Taiwan Dollars (excluding foreign currencies) in the head office and both of domestic and foreign branches.

December 31 2008

Unit: NT\$ Thousand

| | 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 | \$228,213,813 | \$41,181,989 | \$25,627,611 | \$22,981,537 | \$29,621,620 | \$108,801,056 |
| Primary Funds Outflow upon Maturity | 268,800,657 | 37,497,102 | 47,064,253 | 43,128,486 | 71,112,383 | 69,998,433 |
| Capital Gap | (40,586,844) | 3,684,887 | (21,436,642) | (20,146,949) | (41,490,763) | 38,802,623 |

Note: This table only includes the amount of New Taiwan Dollars (excluding foreign currencies) in the head office and both of domestic and foreign branches.

Structure Analysis of the Maturation of USD

March 31 2009

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 | \$374,652 | \$223,438 | \$58,859 | \$18,423 | \$20,627 | \$53,305 |
| Liabilities | 345,044 | 214,528 | 76,764 | 24,045 | 27,485 | 2,222 |
| Gap | 29,608 | 8,910 | (17,905) | (5,622) | (6,858) | 51,083 |
| Accumulated Gap | 29,608 | 8,910 | (8,995) | (14,617) | (21,475) | 29,608 |

December 31 2008

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 | \$312,565 | \$182,918 | \$29,252 | \$23,746 | \$13,719 | \$62,930 |
| Liabilities | 290,481 | 192,902 | 55,469 | 48,286 | 25,991 | (32,167) |
| Gap | 22,084 | (9,984) | (26,217) | (24,540) | (12,272) | 95,097 |
| Accumulated Gap | 22,084 | (9,984) | (36,201) | (60,741) | (73,013) | 22,084 |

(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

- (1) The authority has developed regulations on bank's operation of wealth management. On April 24, 2008, The Banker's Association of Republic of China passed "Amendment to Self Regulations of the Bank's Operations of Wealth Management and Financial Product Sale", which placed more limitations on the subjects banks sell products to and required that, before selling structured products, financial advisors

confirm whether the customers possess investment expertise or financial capability and are able to shoulder the risks of according products.

- (2) Financial Supervisory Commission, Executive Yuan, on June 17, 2008, revised and announced “Guidelines for Trusted Investment of The Trust Businesses in Foreign Securities” and required banks not to initiate the promotion of specific foreign securities to the public.
- (3) The International Accounting Standards Board, in order to stabilize the market, loosened the limitations on reclassification of financial assets for trading and allowed to reclassify financial assets (such as stocks and bonds) from “For Trading” to “Not-For Trading” to reduce the gigantic loss recognized due to the market value slump recently. Financial Accounting Standards Board of R.O.C also declared The 2nd Amendment to FASB Statement No.34 and conditionally loosened the regulations on the recognition of financial asset loss. The possibility that banks’ income fluctuates significantly due to loss on financial asset will fall greatly.
- (4) On January 12, 2009, Legislation Yuan Passed Amendment to Inheritance And Gift Tax Law and lowered the max marginal rate from 50% to the single rate 10%. In addition, the exemption for estate tax was raised from NT\$ 7.99 million to NT\$ 12 million. The exemption for gift tax was raised from NT\$1.11 million to NT\$ 2.2 million. The installment period of estate tax was extended from 12 payments to 18 payments.

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 Finance 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. In response to the government’s policies, the Bank has established quality culture and developed proactive, passionate, initiative and considerate service attitude. The Bank, through a variety of events, has advanced the Bank’s corporate image.

- (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

1. Expected effects

Through the expansion of the service locations, the major effect can be geographically expanded within the branch network. The Bank is able to provide well-rounded and diverse services to customers in different regions, segments, and attributes so as to expand the sources of the deposit and loan service and wealth management.

2. Possible Risks:

The Bank's management and operation risks may ascend consequently. However, with effective internal control and regulation-conforming mechanism, risks can be effectively minimized.

(7) Risks arising from centralized business:

The Bank's major businesses are centered on the deposit and loans. With excessive banks in the market, the Bank is facing a fierce price war in interest rates and service fee, which incurs operational risks for difficult raised profitability. The Bank continuously develops financial products in foreign exchange, trust and insurance and proactively develops wealth management, provides diverse financial services, gradually tunes the profitability structure and effectively minimizes and distributes various risks.

(8) Influence and Risk of Changes in Operational Rights: None

(9) Significant Lawsuit or non-suit events or administrative litigation

1. Lawsuit or non-suit events arising from collection cases:

(a) Corporate Financing and consumer housing mortgages: 2,863 cases

(b) Small amount loan: 587 cases

(c) Credit card: 2850 cases

2. In 2008 and by the report publication date, 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:

(1) 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, 2000:

(i) The Bank lost the first instance remanded by High Court. The Bank plans to appeal to the court.

- (2) 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 – Lai, 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, 2009.
 - (1) The Bank lost the first instance and plans to appeal to the court. This case is currently on trial in Taiwan Shihlin District Court.
 - (2) This case, as the aforementioned first case, belongs to a case of creditor's rights.
- (3) 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, 2009:
 - (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.
- (4) 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\$ 2,000,000
 - v. Resulted by April 30, 2009: The judgement that the Bank won the case is finalized.
- (5) The 5th 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, 2009:
 - (i) The Bank won the case in the 1st and 2nd instance.
 - (ii) The counterparty appealed to the court and rejected. The case is finalized.

- (6) The 6th Case: the claim for damage from MIS establishment.
- i. Lawsuit commencing from: September 12, 2007
 - ii. Major Parties: Petitioner: Sunny Bank Ltd.
Respondent: Intech Taiwan Corporation
 - iii. Dispute: The respondent failed to finished establishment of Management Information System. Thus the Bank petitioned the Respondent to shoulder the responsibility of the damage claim. In addition, the respondent, within the same arbitration procedure, petitioned the Bank for responsibility of the damage claim instead.
 - iv. Requirement: NT\$116,918,751 and interested incurred until the payment date. The Respondent petitioned NT\$ 7,585,400 interested incurred until the payment date.
 - v. Resulted by April 30, 2009: This case is currently under arbitration of The Arbitration Association of the Republic of China.

(7) The 7th Case: Damage Claim

- i. Lawsuit commencing from: December 26, 2007
- ii. Major Parties: Plaintiff: Chen, Ruei-Ru
Defendant: Sunny Bank Ltd.
- iii. Dispute: Request the defendant to shoulder responsibility for the claim of copyright infringement.
- iv. Requirement: NT\$5,000,000 and interested incurred with 5% Annual rates from the arrival of the pleading copy at the defendant's to the payment date.
- v. Resulted by April 30, 2009: This case is currently : This case is currently on trial in Taiwan Shihlin District Court.

(8) The 8th Case: Request for indemnification of damages

- i. Lawsuit commencing from: February 21, 2008
- ii. Major parties: Plaintiff: Sunny Bank Ltd.; Defendant: Chuan-Hsian Wang
- 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, 2009: The judgement that the Bank won the case is finalized.

C. In 2008 and by April 30, 2009, major lawsuits, non-suits or administrative litigation which involves directors, supervisors, presidents, or any major shareholders with more than 10% of shares and subsidiaries, and have been verdict or in proceedings, may result in great influence on depositors, shareholders' equity or security prices:

- (a) Main Points: Violation of Banking Laws
- (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, 2009: 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 Finance 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”.

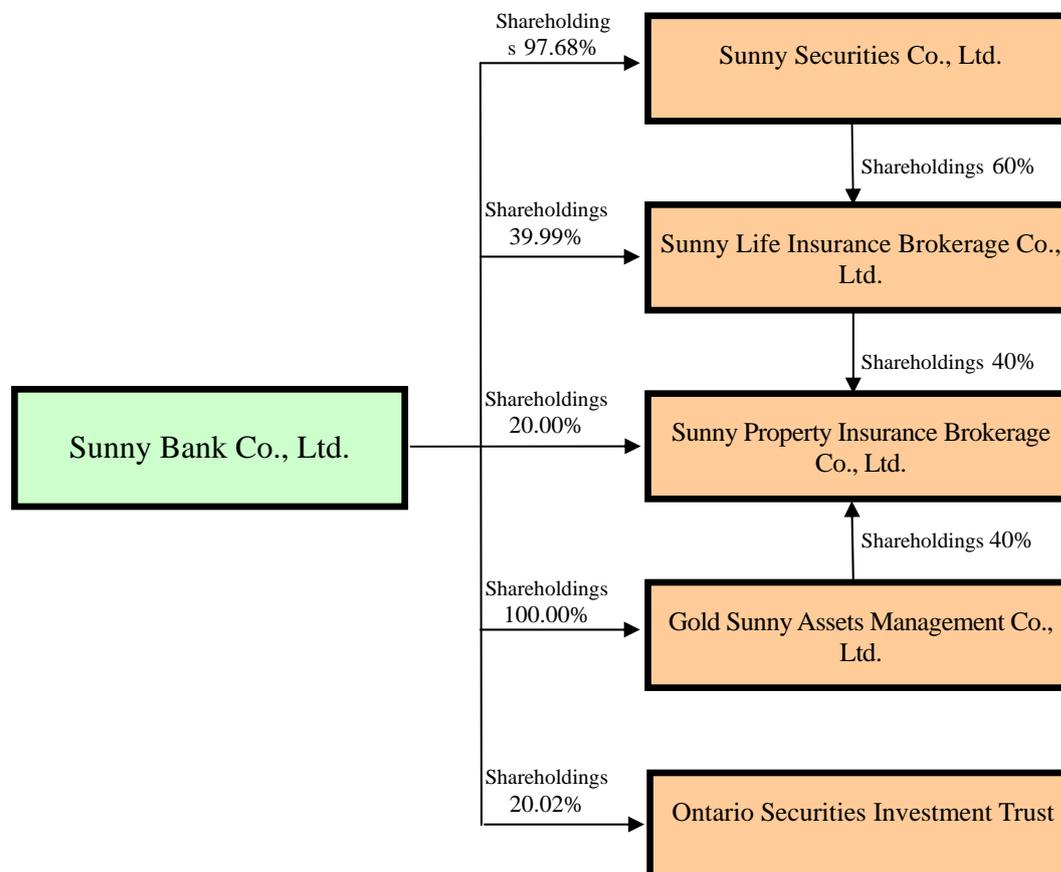
8. Other important events: None

VIII. Special Notes

1. Information of Related Enterprises

A. Related Enterprises' Status

(1) Organization Chart of Related Enterprises



Note:

- Sunny Life Insurance Brokerage Co., Ltd is held by Sunny Bank Co., Ltd with 39.99% of shares and by Sunny Securities Co., Ltd with 60% of shares.
- Sunny Property Insurance Brokerage Co., Ltd is held by Sunny Bank Co., Ltd with 20% of shares, by Sunny Life Insurance Brokerage Co., Ltd with 40% of shares and by Gold Sunny Assets Management Co., Ltd with 40% of shares.

(2) Basic Information of Related Enterprises

Unit: NT\$ Thousand

| | | |
|-----------------------|---|--|
| Company Name | Sunny Securities Co., Ltd. | Gold Sunny Assets Management Co., Ltd. |
| Company Name | June 9, 1998 | October 16, 2006 |
| Date of Establishment | B1, No. 167/ B2, No. 165 Sec. 5, MinSheng E. Rd., Taipei City | 5F, No. 255, Zhongzheng Rd., Taipei City |
| Address | NT\$302,000 | NT\$50,000 |
| Collected Capital | 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 |
| Company Name | Ontario Securities Investment Trust | - |
| Date of Establishment | July 08, 1998 | - |
| Address | 8F., No.4, Sec. 3, Minquan E. Rd., Zhongshan Dist., Taipei City | - |
| Collected Capital | \$300,000 | - |
| Major Operating Item | Securities Investment Trust Services | - |

(3) Hold the same data of shareholders of affiliated companies: None

(4) Directors and Supervisors of Affiliated Companies

Date: December 31 2008

| Company Name | Title | Name | Holding Share | |
|--|---------------|---|---------------|--|
| | | | Stock (1,000) | Proportion |
| Sunny Securities Co., Ltd. | Chairman | Sunny Bank Co., Ltd Representative: Chen, Yung-Chun | 29,500 | 97.68% 97.68% |
| | Director | Sunny Bank Co., Ltd Representative: Chen, Yu-Liang | 29,500 | |
| | Director | Sunny Bank Co., Ltd Representative: Hsu, Chih-Jung | 29,500 | |
| | Director | Sunny Bank Co., Ltd Representative: Chen, Hui-Min | 29,500 | |
| | Director | Sunny Bank Co., Ltd Representative: Lee, Wen-Kuang | 29,500 | |
| Gold Sunny Assets Management Co., Ltd. | Supervisor | Sunny Bank Co., Ltd Representative: Hsu, Yueh-Fang | 29,500 | 100.00% 100.00% |
| | Chairman | Sunny Bank Co., Ltd Representative: Lin, Ming-Cheng | 5,000 | |
| | Director | Sunny Bank Co., Ltd Representative: Lan, Yu-Lin | 5,000 | |
| | Director | Sunny Bank Co., Ltd Representative: Lin, Chin-Yu | 5,000 | |
| Sunny Life Insurance Brokerage Co., Ltd. | Supervisor | Sunny Bank Co., Ltd Representative: Kuo, Chih-Hung | 5,000 | 39.99% - 99.99% 60.00% 900 |
| | Chairman | Sunny Bank Co., Ltd Representative: Chen, Chin-Yi | 600 | |
| | Director | Sunny Bank Co., Ltd Representative: Chen, Chin-Yi | 600 | |
| | Director | Huang, Cheng-Nan | 0.002 | |
| | Director | Sunny Securities Co., Ltd Representative: Chao, Fu-Tien | 900 | |
| Sunny Property Insurance Brokerage Co., Ltd. | Supervisor | Sunny Securities Co., Ltd Representative: Hsu, Po-Hsiung | 900 | 20.00% - 40.00% 242 40.00% |
| | Chairman | Sunny Bank Co., Ltd Representative: Chen, Chin-Yi | 121 | |
| | Director | Sunny Bank Co., Ltd Representative: Chang, Chi-Ming | 121 | |
| | Director | Sunny Life Insurance Brokerage Co., Ltd. Representative: Huang, Cheng-Nan | 242 | |
| | Director | Sunny Life Insurance Brokerage Co., Ltd. Representative: Chao, Fu-Tien | 242 | |
| Ontario Securities Investment Trust | Supervisor | Gold Sunny Assets Management Co., Ltd. Representative: Hsu, Po-Hsiung | 242 | 40.00% - - - - - 20.02% - |
| | Chairman | Teng, Cheng-Yu | 210 | |
| | Vice Chairman | Pan, Cheng-ching | 0 | |
| | Director | Inter-Venture Trust Company Limited Representative: Ting, Yang-Hsiu | 6,716 | |
| | Director | Japan Business Limited, Representative: Cheng, Chih-Wei | 1,260 | |
| | Director | Pacific Securities, Co., Ltd: Lu, Hung-Ju | 5,801 | |
| | Director | Chang, Yung-Ching | 0 | |
| | Director | Sunny Bank Co., Ltd Representative: Lin, Chih-Liang | 6,006 | |
| Supervisor | Li, Ke-Yi | 0 | | |

B. 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 | \$272,431 | \$44,496 | \$227,935 | \$86,273 | (\$18,903) | (\$0.63) |
| Gold Sunny Assets Management Co., Ltd. | 50,000 | 991,905 | 972,647 | 19,258 | 25,453 | (17,386) | (3.48) |
| Sunny Life Insurance Brokerage Co., Ltd. | 15,000 | 73,158 | 36,570 | 36,588 | 125,575 | 5,085 | 3.39 |
| Sunny Property Insurance Brokerage Co., Ltd. | 6,050 | 13,833 | 6,048 | 7,785 | 22,457 | 1,000 | 1.65 |
| Ontario Securities Investment Trust | 300,000 | 374,563 | 73,851 | 300,712 | 23,645 | (31,748) | (1.06) |

B. Private Security Placement and Financial Debentures:

None

C. Holding or disposal of the Bank stocks by subsidiaries

Unit: NTD, shares; %

| Subsidiary | Collected Capital | Source of Capital | Shareholding by the Bank | Acquisition or Disposal Date | Acquired Shares and Amount | Disposed Shares and Amount | Profit/Loss | Held Shares and Amount on the Annual Report Publication Date | Pledge Creation | Amount endorsed by the Bank for the subsidiary | Amount of Loan to the subsidiary |
|--|-------------------|-------------------|--------------------------|--|----------------------------|----------------------------|-------------|--|-----------------|--|----------------------------------|
| Sunny Life Insurance Brokerage Co., Ltd. | \$15,000 | Self owned | 39.99% | 2008 | - | - | - | 420,059 shares 3,508,320 | - | - | - |
| | | | | Until the Annual Report Publication Date of the Year | - | - | - | 420,059 shares 3,508,320 | - | - | - |

Note: As of the Annual Report Publication Date, Sunny Life Insurance Brokerage Co., Ltd. held 420,059 shares of the Bank's stocks and did not conduct any disposal during Year 2008. The rest subsidiaries did not hold or dispose any share of the Bank's stocks.

D. Additional Supplementary Remarks: Head Office and Branches

| Unit Name | Address | Tel. |
|---------------------------------------|---|----------------|
| 04 Management Department, Head Office | 11271 No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City | (02) 2820-8166 |
| 01 Operation Department | 11163 No. 255, Chungcheng Rd., Shihlin Dist., Taipei City | (02) 2882-2330 |
| 02 Shihpai Branch | 11271 No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City | (02) 2823-8480 |
| 03 Peitou Branch | 11246 No. 152, Kuangming Rd., Peitou Dist., Taipei City | (02) 2891-7361 |
| 05 Shihlin Branch | 11169 No. 82, Tapei Rd., Shihlin Dist., Taipei City | (02) 2882-3660 |
| 06 Tatun Branch | 11252 No. 304, Chungho St., Peitou Dist., Taipei City | (02) 2891-9196 |
| 07 Chientan Branch | 11166 No. 141, Tungho St., Shihlin Dist., Taipei City | (02) 2885-4181 |
| 08 Shetzu Branch | 11173 No. 260, Sec. 5, Yenping N. Rd., Shihlin Dist., Taipei City | (02) 2812-1112 |
| 09 Lanya Branch | 11155 No. 169, Sec. 6, Chungshan N. Rd., Shihlin Dist., Taipei City | (02) 2836-2072 |
| 10 Tienmu Branch | 11153 No. 15, Tienmu E. Rd., Shihlin Dist., Taipei City | (02) 2873-2500 |
| 11 Shechung Branch | 11175 No. 220, Shechung St., Shihlin Dist., Taipei City | (02) 2815-1415 |
| 12 ChiLin Mini-Branch | 10459 No. 304 Chinlin Rd., Chungshan Dist., Taipei City | (02) 2561-1188 |
| 13 Chengkung Branch | 11489 No. 70, Sec. 4, Chengkung Rd., Neihsu Dist., Taipei City | (02) 2792-2433 |
| 14 Credit Cards Business Department | 11271 No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City | (02) 2822-0122 |
| 15 Minsheng Branch | 10589 No. 167, Sec. 5, Minsheng E. Rd., Sungshan Dist., Taipei City | (02) 2760-6335 |
| 16 Yenchi Branch | 10558 No. 11, Yenchi St., Sungshan Dist., Taipei City | (02) 2578-6201 |
| 17 Mucha Branch | 11648 No. 96, Sec. 3, Mucha Rd., Wenshan Dist., Taipei City | (02) 2234-5890 |
| 18 Lungchiang Branch | 10475 No. 49, Lane 356, Lungchiang Rd., Chungshan Dist., Taipei City | (02) 2516-5945 |
| 19 Nanking Branch | 10553 No. 132, Sec. 4, Nanking Ed., Rd., Sungshan Dist., Taipei City | (02) 2579-0229 |
| 20 Chingmei Branch | 11669 No. 95-12, Chinghou St., Wenshan Dist., Taipei City | (02) 2930-0202 |
| 21 Chunghsing Branch | 10478 No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City | (02) 2516-5268 |
| 22 Hsinyi Branch | 10681 No. 188, Sec. 4, Hsinyi Rd., Taan Dist., Taipei City | (02) 2706-8388 |
| 23 Chungho Branch | 23553 No. 245, Chienyi Rd., Chungho City, Taipei County | (02) 2222-5199 |
| 24 Trust Department | 10478 2F, No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City | (02) 2517-5608 |
| 25 Yungho Branch | 23443 No. 188, Sec. 1, Chungshan Rd., Yungho City, Taipei County | (02) 2926-5899 |
| 26 Luchou Branch | 24747 No. 393, Chihsien Rd., Luchou City, Taipei County | (02) 8282-2068 |
| 27 Panchiao Branch | 22063 No. 133, Sec. 1, Szuchuan Rd., Panchiao City, Taipei County | (02) 2955-0008 |
| 28 Taishan Branch | 24347 No. 110, Sec. 1, Mingchih Rd., Taishan Hsiang, Taipei County | (02) 2297-9797 |
| 29 Hsinho Mini-Branch | 23570 No. 89, Huaahsin St., Chungho City, Taipei County | (02) 8941-9339 |
| 30 Hsichou Branch | 22072 No. 89, Sec. 3, Tuhsing Rd., Panchiao City, Taipei County | (02) 2681-9960 |
| 31 Kuting Branch | 10080 No. 40, Sec. 2, Tingchou Rd., Chungcheng Dist., Taipei City | (02) 8369-2288 |
| 32 Hsinchuang Branch | 24260 No. 533, Lungan Rd., Hsinchuang City, Taipei County | (02) 8201-9069 |
| 33 Sanchung Branch | 24151 No. 108, Sec. 4, Tzuchiang Rd., Sanchung City, Taipei County | (02) 8981-7171 |
| 34 Finance Department | 11271 No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City | (02) 2820-8166 |
| 35 Shuangho Branch | 23556 No. 722, Chingping Rd., Chungho City, Taipei County | (02) 8242-3919 |
| 36 Tayeh Mini-Branch | 33049 No. 55, Sec. 1, Tale Rd., Taoyuan City, Taoyuan County | (03) 347-8899 |
| 37 Fuhsing Branch | 10547 No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City | (02) 2719-6166 |
| 38 Taoyuan Branch | 33048 No. 32-20, Chungshan E. Rd., Taoyuan City, Taoyuan County | (03) 336-0555 |
| 39 Taan Branch | 11056 No. 225, Sec. 3, Hoping E. Rd., Hsinyi Dist., Taipei City | (02) 2733-7711 |
| 50 International Banking Department | 10547 2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City | (02) 2719-1616 |
| 51 Hsintien Mini-Branch | 23148 No. 263-5, Chungcheng Rd., HsinTien City, Taipei County | (02) 8911-7676 |
| 52 Hsinfu Mini-Branch | 24247 No. 800, Hsingfu Rd., Hsinchuang City, Taipei County | (02) 2998-3366 |
| 53 Yuanlin Branch | 51052 No. 12, Chinghsiu Rd., Yuanlin Town, Changhua County | (04) 832-2171 |
| 56 Shetou Mini-Branch | 51141 No. 257, Sec. 2, Yuanji Rd., Shetou Township, Changhua County | (04) 872-1017 |
| 57 Pingtung Branch | 90074 No. 70, Chungcheng Rd., Pingtung City, Pingtung County | (08) 732-6123 |
| 58 Chungcheng Branch | 90062 No. 293, Chungcheng Rd., Pingtung City, Pingtung County | (08) 736-0811 |
| 59 Tzuyu Branch | 90079 No. 114, West Sec., Tzuyu Rd., Pingtung City, Pingtung County | (08) 753-9224 |
| 60 Hsinpu Branch | 22049 No. 245, Szuwei Rd., Panchiao City, Taipei County | (02) 8253-7789 |
| 61 Kaohsiung Branch | 80766 No. 192, Chiuju 1st Rd., Sanmin Dist., Kaohsiung City | (07) 384-3163 |
| 62 Chunghua Branch | 70168 No. 102, Sec. 3, Chunghua E. Rd., East Dist. Tainan City | (06) 267-0751 |
| 63 Chiayi Branch | 60089 1F & 2F, No. 296 & 298, Chunghsing Rd., Chiayi City | (05) 234-2023 |
| 65 Tainan Branch | 70050 No. 148, Sec. 2, Chungyi Rd., Tainan City | (06) 228-2171 |
| 66 Chienkang Branch | 70262 No. 370, Sec. 2, Chienkang Rd., Tainan City | (06) 261-2136 |
| 67 Tungning Branch | 70160 No. 247, Tungning Rd., Tainan City | (06) 237-5141 |
| 68 Anshun Branch | 70941 No. 202, Sec. 1, Anho Rd., Tainan City | (06) 256-3146 |
| 69 Hsiahua Branch | 70847 No. 359, Sec. 2, Chunghua W. Rd., Tainan City | (06) 297-9880 |
| 70 Offshore Business Unit | 10547 2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City | (02) 2719-1616 |
| 71 Hsinchu Branch | 30041 No. 247, Chungyang Rd., Hsinchu City | (03) 515-3608 |

| Unit Name | Address | Tel. |
|----------------------------|--|----------------|
| 72 Chingwu Branch | 40147 No. 188, Chingwu E. Rd., East Dist., Taichung City | (04) 2211-2368 |
| 73 Tsuoying Branch | 81357 No. 102, Poai 2nd Rd., Tsuoying Dist., Kaohsiung City | (07) 556-0128 |
| 75 Lingya Branch | 80250 No. 22, Fuhsing 2nd Rd., Lingya Dist., Kaohsiung City | (07) 331-0066 |
| 76 Taichung Branch | 40354 No. 159, Sec. 1, Taichungkang Rd., West Dist., Taichung City | (04) 2310-9996 |
| 77 Hsiangshang Mini-Branch | 40356 No. 166, Sec. 1, Hsiangshang S. Rd., West Dist., Taichung City | (04) 2472-2528 |
| 78 Neihu Branch | 11493 No. 250, Sec. 1, Neihu Rd., Neihu Dist., Taipei City | (02) 2658-6698 |
| 79 Chungli Branch | 32097 No. 171, Chienhsing Rd., Chungli City, Taoyuan County | (03) 428-2229 |
| 80 Wuku Branch | 24872 No. 12, Sec. 1, Chunghsing Rd., Wuku Township, Taipei County | (02) 8976-9000 |
| 81 Linsen Branch | 30042 1F, No. 196, Linsen Rd., East Dist., Hsinchu City | (03) 610-0189 |
| 82 Hsinhsing Branch | 80049 No. 6, Chungcheng 4th Rd., Hsinhsing Dist., Kaohsiung City | (07) 288-4131 |
| 83 Chingnien Branch | 80252 No. 169-1, Chingnien 1st Rd., Lingya Dist., Kaohsiung City | (07) 331-8526 |
| 85 Sanfeng Branch | 80749 No. 293, Chunghua 3rd Rd., Sanming Dist., Kaohsiung City | (07) 231-5101 |
| 86 Szuwei Branch | 80245 No. 159, Chunghua 4th Rd., Lingya Dist., Kaohsiung City | (07) 333-3701 |
| 87 Takung Branch | 80342 No. 40, Takung Rd., Yencheng Dist., Kaohsiung City | (07) 531-5105 |
| 88 Tashun Branch | 80787 No. 41, Tashun 2nd Rd., Sanmin Dist., Kaohsiung City | (07) 386-1622 |
| 89 Haikuang Branch | 81346 No. 190, Tsuoyingta Rd., Tsuoying Dist., Kaohsiung City | (07) 582-3511 |
| 90 Chienchen Branch | 80266 No. 281, Santuo 2nd Rd., Lingya Dist., Kaohsiung City | (07) 711-0046 |
| 91 Pingteng Branch | 80745 No. 283, Tzuli 1st Rd., Sanmin Dist., Kaohsiung City | (07) 321-4622 |
| 92 Mintsu Branch | 80047 No. 218, Chungcheng 2nd Rd., Hsinhsing Dist., Kaohsiung City | (07) 224-2426 |
| 93 Hsiaokang Branch | 81254 No. 178-1, Kangchuang Rd., Hsiaokang Dist., Kaohsiung City | (07) 806-5171 |
| 95 Liwen Branch | 81358 No. 75, Liwen Rd., Tsuoying Dist., Kaohsiung City | (07) 558-0711 |
| 96 Yuchang Branch | 81156 No. 803, Chiachang Rd., Nantzu Dist., Kaohsiung City | (07) 364-6530 |
| 97 Chienkuo Branch | 80289 No. 124, Wumiao Rd., Lingya Dist., Kaohsiung City | (07) 715-3513 |
| 98 Wuchia Branch | 83084 No. 368, Wuchia 2nd Rd., Fengshan City, Kaohsiung County | (07) 726-0801 |
| 99 Tingli Branch | 80789 No. 142, Tingli Rd., Sanmin Dist., Kaohsiung City | (07) 346-5955 |
| 100 Nantzu Branch | 81162 No. 55, Nantzu Rd., Nantzu Dist., Kaohsiung City | (07) 353-5513 |
| 101 Chishan Branch | 84243 No. 158, Chungshan Rd., Chishan Town, Kaohsiung County | (07) 661-2081 |
| 102 Liukuei Mini-Branch | 84441 No. 94, Kuangfu Rd., Yipao Village, Liukuei Township, Kaohsiung County | (07) 689-2741 |
| 103 Meinung Mini-Branch | 84348 No. 25, Sec. 1, Chungcheng Rd., Meinung Town, Kaohsiung County | (07) 681-8346 |
| 107 Linyuan Branch | 83248 No. 136, Linhsi Rd., Linyuan Township, Kaohsiung County | (07) 643-8141 |
| 108 Kangshan Branch | 82065 No.16, Dade 1st Rd., Gangshan Township, Kaohsiung County | (07) 623-6182 |
| 109 Chungshan Branch | 90065 1F, No. 187, Chungshan Rd., Pingtung City, Pingtung County | (08) 733-1053 |
| 110 Likang Branch | 90546 No. 43, Likang Rd., Chunlin Village, Likang Township, Pingtung County | (08) 775-7735 |
| 111 Tungkang Branch | 92843 No. 166, Chungcheng Rd., Tungkang Town, Pingtung County | (08) 832-0887 |
| 113 Chiali Branch | 72254 No. 277, Hsinsheng Rd., Chiennan Li, Chili Town, Tainan County | (06) 721-7398 |
| 115 Yungkuang Branch | 71049 No. 625, Chunghua Rd., Yungkuang City, Tainan County | (06) 203-6607 |
| 117 Jente Branch | 71743 No. 273, Sec. 2, Chungcheng Rd., Jente Township, Tainan County | (06) 270-6361 |
| 118 Kuanghua Branch | 60045 No. 119, Kuanghua Rd., East Dist., Chiayi City | (05) 228-5830 |
| 119 Taipei Branch | 10451 No. 43, Sec. 1, Mingsheng E. Rd., Chungshan Dist., Taipei City | (02) 2563-3710 |
| 120 Changan Branch | 10350 No. 205, Changan W. Rd., Tatung Dist., Taipei City | (02) 2559-5500 |
| 121 Luotung Branch | 26548 No. 30, Chungcheng N. Rd., Luotung Town, Ilan County | (03) 957-1259 |
| 122 Chupei Branch | 30264 No. 232 & 236, East Sec. 1, Kuangming 6th Rd., Chupei City, Hsinchu County | (03) 658-5818 |
| 123 Chunghsin Branch | 24144 1F, No. 28, Sec. 4, Chunghsin Rd., Sanchung City, Taipei County | (02) 2977-9886 |
| 125 Changhua Branch | 50063 No.187, Siaoyang Rd., Changhua City, Changhua County | (04) 728-9399 |

陽信商業銀行股份有限公司



董事長 陳勝宏



