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Address and Telephone Number of Head Office and Branch Office

See P. 158~P.160 for details on "List of Head Office and Each Business Unit"

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Credit Rating Institution

Titles : Taiwan Ratings Co.,Ltd

Address : 49F, No. 7, Sec. 5, Sinyi Rd., Taipei City 110, Taiwan (R.O.C.)

TEL : (02) 8722-5800

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

The notarization CPA of last few year

Name : Lin, Hsiu-Luan 、 Shao, Chih-Ming

Business Office: Deloitte & Touche

Address : 12F, No. 156, Sec. 3, Minsheng E. Rd., Taipei City 105, Taiwan (R.O.C.)

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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. Letter to Shareholders

With the world economy suffering, a sharp decline due to the financial tsunami in September 2008, countries in the world are turning to large-scale fiscal policies and as buoyed a lenient monetary policy had gradually stabilized the financial scenarios, with the financial market and investor confidence steady recovering, and the global economy shaking off the worst recession in half a century, bracing toward the path of a recovery.

In a bid to excel the overall operating yield, the bank has inducted the full-function branch system and the headquarters organizational reshuffle in 2009, to excel the operating efficiency, to strength the internal control and lending review operations, through which to cut down various operations and contract default risk. In addition, the bank has also adjusted the structure between the current deposit and the time deposit, and conserve various expenditures to costdown. With the collective efforts of the leadership of the bank's directors、auditors and all associates, the bank has begun in July 2009 to generate single-month earnings, and its cumulative profit amount has increased by month. Prospecting for the future, the bank will keep to continue devoting to a solid company management and creating profits for all shareholders as well as we can; Hereby, what follows provide a summary on the bank's 2009 operating results and its 2010 operating plan：

1. The 2009 Operating Results:

(I) The Internal and Offshore Financial Environment

With the global trade beginning to thaw in 2009 and countries in the world are turning to a lenient monetary policy and large-scale economic revival plans, the global economy has gradually recovered in the second half, and the economic focus has shifted from the developed countries to the oncoming markets, particular the Asian emerging market led by mainland china is regarded as a main driving force behind the overall economic growth; By analyzing the internal economic outlook, Taiwan continues to rely on international trading, which makes its economic growth vulnerable to the global economic scenario. Yet with a steady rebound of the internal and international economic environment, the local economic performance is gradually stabilizing.

The Taiwan government, committing to the vision of "Jointly Creating a Globally Competitive, Desirable Pacific Asia Financial Center", has been campaigned for a financial market reform by encouraging financial innovation and business diversification and by instilling a globally-accepted financial legal system. The government also has adjusted the financial system and relevant laws and regulations supporting for the cross-strait economic and trade policy. They also seek to excel the banks' risk management and internal control mechanism.

(II) The State of Change to the Bank Organization

- (1). To improve the bank's overall operating performance and fully excel the branches' distribution yield, the bank has inducted a full-function branch system in 2009, under which the bank branches are to fully promote the business and improve the net profitability according to the yearly profitability objective, and to strength the internal control and risk management for maximizing the bank's earnings under the requisite condition of a solid management.
- (2). In a bid to excel the organizational efficiency and strengthen the internal communication, the bank has in July 2009 completed its headquarters' organizational reshuffle by canceling the "head administration division" and "enterprise department" by having the president directly oversees the headquarters' departments and divisions and all branches, and the vice presidents are to facilitate the president manage and monitor the bank-wide business.

- (3). In search of strengthening the monitoring and supervisory function, the bank has since July 2009 designated, according to the operating regions, into the four regions of Taipei City region, Taipei County and Taoyuan/Hsinchu/Ilan region, central Taiwan region, and south of Jiayi region. The bank also assigned one vice president per region to monitor and supervise the region's branch business and overall administrative measures.

(III). Business Plan and Operating Strategy Implementation Results

Unit: NT\$ Thousand Dollars; US\$ Thousands

Main Business Item	2009	2008	Growth Rate Compare to Last Year
Deposit (Year End Balance)	199,387,448	208,865,235	(4.54%)
Loan (Year End Balance)	163,474,425	168,777,111	(3.14%)
Financial Management Business Sales	21,269,588	14,365,451	48.06%
Importing/Exporting Exchange	1,508,699	1,855,804	(18.70%)
Trust Property Scale	35,339,826	38,525,843	(8.27%)
Equity Investment with Equity Method	293,868	277,322	5.97%

(IV) Budget Execution

The bank reports a deposit balance of \$199.4 billion as of the end of 2009, down by 4.54% than the previous year; a loan balance of \$163.5 billion, down by 3.14% than a year before; An after-tax net loss is NT \$310 million. As a whole, the reasons for failing to achieve the budgeted and planned growth figures have largely attributed to a drastically adjustment for lowering the market interest rates leading to compressing the profit differential, which in turn significantly affects the interest income. The bank, focusing on such circumstances, has actively sought various review and improvement measures for instilling a profitable and funding conserving policy, including adjusting the loan interest rates, excelling the current deposit business, improving the lending quality, conserving staffing and various expenditures, which has begun to produce earnings starting in July 2009, contributing to its 2009 second half's cumulative earnings totaling at \$231 million, and significantly elevating its overall operating performance by greatly improving its various key operating indicators.

(V) Financial Income/Expenditure and Profitability Analysis

The bank's main financial income and expenditure and its profitability analysis are as follows:

Unit: NT\$ Thousand Dollars; %

Main Business Item	2009	2008	Compare to Last Year
Interest Profit	1,613,782	2,657,185	(39.27%)
Non-interest Profit (Loss)	979,874	(297,750)	429.09%
Total Net Profit	2,593,656	2,359,435	9.93%
Bad Debt Expense	528,270	1,942,246	(72.80%)
Business Expense	2,346,170	2,889,089	(18.79%)
Net Income Before Tax	(280,784)	(2,471,900)	(88.64%)
Net Income After Tax	(310,784)	(2,311,900)	(86.56%)
Loss Per Share Before Tax	(0.23)	(2.02)	(88.61%)
Loss Per Share After Tax	(0.25)	(1.89)	(86.77%)

Analogy:

- (1) The reduction in the bank's 2009 net interest income has largely been the result of a significant reduction in the market interest rates that leads to compressing the profit differential.
- (2) The surge in the net gain besides the interest income in 2009 has largely stemmed from an increase of various processing fees, and a gradually stabilizing valuation of its financial assets.
- (3) The reduction in the bad debt expenditure has been a result of the bank's active efforts in improving its asset quality and monitoring of the lending quality.
- (4) The reduction in the business expenditures has largely stemmed from a reduction in the staffing cost after the bank undergoes an organizational reshuffle and manpower retrenchment; in addition, conserving various expenditures is also one of the reasons leading to a drop in the business expenditures.
- (5) Although the bank is still in deficit in 2009, the amount of deficit has been significantly reduced when compared with a year before; in addition, as can be told from an increase in the net gain beyond interest income, and a reduction in bad debt expenditures and business expenditures, the results of the bank's various profit exploring and conserving efforts in response to the compressed profit differentials have begun to manifest. The bank's profitability in the future will keep to continue in a positive growth.

(VI) Research and Development

The bank, responding to the financial industry trend and the market conditions, has since developed and promoted a variety of operations to offer the customers with diverse services. A highlight description are as follows:

- (1) In the aspect of the lending business, the bank continues to promote medium and small businesses' campaign-based products (such as the Proprietor's easy loan, discounted notes receivable financing), coordinated with SMEG for securing the bank's liability claim, large-scale select corporate land/building financing cases, syndicates loan cases and flexible lending cases, and has actively developed peripheral business including the export financing and payroll account transfer services; the property products not only cover the general property mortgage cases, but also offer the "Easy Home Purchase for the Young" in support of the government policy, and the "2009 Residential Property Purchasing Subsidies – the Residential Purchase and Refurbishment Loans" of government-sponsored incentive property mortgages, and has further in the end of 2009 developed the court-auctioned property's fund advancement service, by offering diversified products to fully satisfy customs of all .
- (2) In the aspect of trust and money management business, the bank has since developed the "Trust Capital Collective Management and Utilization Account", "Individual Trust – The Retirement Trust" and the "Prepayment Trust", and is also offering diverse range of money management and financial products.
- (3) In the aspects of electronic banking business, the bank continues to upgrade and update its Internet banking, Internet ATM and other peripheral transaction functions, and has since developed the "electronic commerce / e-Cash" by introducing a diverse range of electronic financial function to enrich the customer-based service categories.
- (4) In the aspect of the customer service system, the bank has been actively integrating the bank end and credit card user end's various services to strengthen customer service and communication, and continued to develop additional transaction categories, collection and marketing related customer service calls.

2. Highlights of Business Operation Plans for 2010

- (I) To utilize the full-function branches's network for exploring various businesses and expanding the operating scale.
- (II) To Increase the processing fee receipt through promoting loans, money management and trust related products.
- (III) To reduce the capital cost by raising the ratio on flexible deposits.
- (IV) To optimally adjust the staffing allocation, and to fully conserve various expenditures.

- (V) To strengthen the risk management, and to continue implementing the BIS monitoring and control.
- (VI) To instigate bank's property development and improvement for enhancing the overall operating yield.

3. Development Strategies

- (1) To strength the operating infrastructure and improve the financial structure.
- (2) To maintain a fine deposit/loan ratio structure, which will enable a balanced development in the deposit and loan businesses.
- 3. To offer a "service-oriented operation" for deep-rooting the bank-customer relationship, and expanding the client base and levels of contribution.

4. The Impact of the External Operating Environment, Legal and Regulatory Environment to the Bank's Overall Operating Environment

With the global economy gradually rebounding following the 2008 financial crisis, Taiwan's local economic performance is also gradually stabilizing; however, with a fierce competition among the local banks, rendering the issue of a meager profitability not likely to go away in a short time, various financial institutions have continued to expand into new types of businesses with which to improve the overall profitability and the ratio of ROA/Return on Aassets, and has a renowned emphasis on strengthening the financial infrastructure and stepping up the risk control and monitoring; in support the cross-straight economic and trade policy adjustment and the financial transactions with the mainland region, as the financial system and the laws and regulations will continue be adjusted, the bank has promptly drafted countermeasures in response to various changes by amending its internal rules and regulations or operating procedure to comply with legal and regulatory stipulations, and to strengthen the bank's competitiveness by streamlining its policy according to the market and economic conditions.

5. Credit Rating

Taiwan Rating Co., Ltd. has rated the bank as: "twBBB" in long-term credit rating, "twA-3" in short-term credit rating, with evaluation outlook as "stable" on September 21, 2009.

Chairman
LIN, PENG-LANG (with seal)

II. Bank Profile

1.Date of Registration

Registration Date: September 1, 1997

Business Commencement Date: September 1, 1997

2.Company Overview

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. 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:Chupeí, Chungsing, Changhua, 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 hasten operation rationalization and enhance service quality and efficiency. As the finance turns financial liberalization and internationalization, the banking service should not only be confined in banking but also 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 Co., Ltd., 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

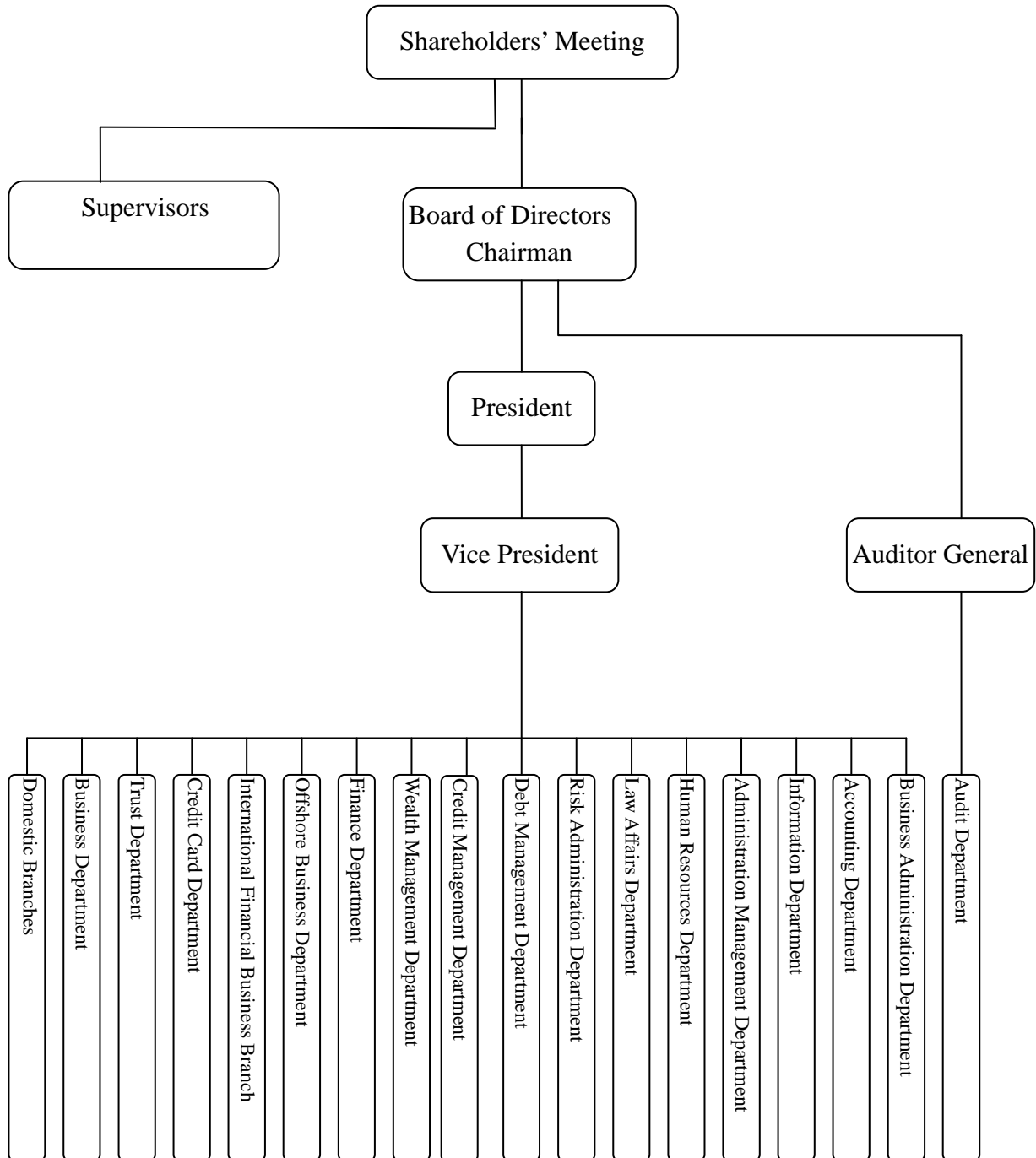
fortify the Bank's capital structure. In order to provide clients better service quality and continuing the service improvement, the Bank will persist in its diligent and devoting tradition and work together for proactively boosting business and broaden our service scale. With more diverse products, 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 service and, as a great partner, satisfy all of our clients for their financial demands in all phases.

III. Corporate Governance Report

1. Organization

(I) Organization Chart

Information Due Date: April 30, 2010



(II) Major Business of Each Department

The bank operates a headquarters and branch offices, and the headquarters is supported by the Business Administration Department, Accounting Department, Information Department, Administration Management Department, Human Resources Department, Law Affairs Department, Risk Administration Department, Debt Management Department, Credit Management Department, Wealth Management Department, Finance Department, Offshore Business Department, Credit Card Department, Trust Department, and Business Department; their major responsibilities

are as follows:

(1) Business Administration Department:

Operating strategies, administration policy, operating development plans and the overall marketing campaign proposal development studying and promoting organizational regulations and drafting (amending) or reviewing vital rules and regulations, legal governmental compliance system planning, management and execution, drafting and defining the yearly budget and operating plan, yearly operating objective and working plan follow-up management and monitoring work, business units' operating performance rewards and reprimands and performance evaluation follow-up management, various operating units' operational and routine operational management consultation, various business units' major incidental accident response, new (revamped) local branch organizations' evaluation, petition, launching and reorganization, relocation, business and personal banking services' development, product research and development, marketing promotion, marketing plan and regulatory rule drafting (amending) and management undertakings, corporate bond issuance and management undertakings, business reinvestment (long-term equity investment) development, evaluation and management undertakings, various consignment receipt and representation service planning, drafting and execution-related undertakings, notes clearance, Commercial Notes Clearance Center's ACH third party remittance service centralized operations, bank complaint window, operational customer service, telephone marketing development, drafting and execution-related undertakings.

(2) Accounting Department:

Operating budget compilation and review, approval and allocation among other related undertaking, reconciliation and audit-related compilation and coordinating relevant units in auditing the ban's yearly reconciliation, mid-term financial balance and internal control undertakings, accounting system, operating regulation and rule development and drafting (amending) measures and executive consultation, headquarter's accounting processing, various expenditure review and approval, expenditure monitoring and purchasing, liquidation cases' review and monitoring implementation, various statistical data and external report compiling, rechecking and management various financial statements' figure analysis and report, acting as the sole declaration and contact window for disclosing vital bank financial information and that mandated by competent government authorities, among other accounting management-related undertakings.

(3) Information Department:

The information operating system planning and drafting undertakings, information operating plan development, drafting and evaluation undertakings, information operating system planning, design, adjustment, launching and system document compiling, maintenance, safekeeping, the computer center's operational management and security control measures, bank-wide networking design and launching and management undertakings, computer processing supervisory management and promoting the training, computer equipment allocation and installation undertakings, information budget compiling and execution, information operating system data and file management, review, distribution and validation undertakings, computer operating center site's management and security maintenance undertakings, among other information-related operating measures.

(4) Administration Management Department:

Word processing management undertakings, administrative measures, for vital meetings such as the executive board meeting and board meeting, endorsement seals and vital endorsement seals' management, follow-up and auditing the efficiency of official document processing, public relations and press release contact measure , equipment leasing/rental, maintenance, insurance, various printed matters' printing, distribution, registration, safekeeping and headquarters' office supply purchasing, release, safekeeping and all operating units' project-based purchasing requisitions,

headquarters official vehicles' dispatch and management, communal conference rooms and offices' environment management-related undertakings, headquarters' various meeting, festivity, activity facilitating undertakings, bank structure building and repair project-related undertakings, among other general affairs-related undertakings that do not fall under other operating units' responsibilities.

(5) Human Resources Department:

Human resources developmental management and staffing regulation and rule drafting (amending) undertakings, staffing allocation, position ranking and staffing budget proposal and implementation, human resources development and operating experience certification and reserve recruitment, bank employee recruitment, hiring, appointment/dismissal, promotions, induction, salary verification, promotions, bank employees' service guideline and attendance evaluation, performance evaluation, citation/reprimand and honorary commendations, bank employees' local and foreign training and advanced study plans, budget and execution-related measures, bank employees' remunerations, bonuses, pension, retrenchment payout-related undertakings, bank employees' benefits, insurance and retirement consolation care undertakings, bank employees' psychological counseling, sexual harassment prevention and employees compliant and grievance administration, bank employees' working rules and labor-management relationship enhancement measures, various personnel data appendage and management, statistical analysis undertakings, among other personnel management-related undertakings.

(6) Law Affairs Department:

Legal affairs-related administrative planning, supervision and evaluation, various regulations and rules and contracts' review, offering legal opinions and information on all aspects of the business involving the law, exercising the liability claims and studying and drafting securitization issues, non-litigation and litigation cases, seizure executions, appeals and administrative litigation cases' filing and consulting, court judicial documents' forwarding, litigating, appointing legal counsels for the cases being executed and approving and issuing the legal retainer on cases involving bank associates in litigation, among other legal administration-related undertakings.

(7) Risk Administration Department:

The risk management policy's drafting (amending) undertakings, risk management system's regulation and rule drafting (amending) undertakings, risk management mechanism's planning, launching and execution (including validation), integration and management, various quantitative and qualitative risk management indicators' development, voluntary evaluation (including validation) and management, overall operating risks' observation, analysis, monitoring, control and review undertakings, risk management financial engineering and quantitative model development, induction and execution (including authentication), integration and management, minimum capital requirement and BIS ratio verification and calculation, monitoring the review principles and market discipline planning, execution and maintenance, risk management performance evaluation, calculating and monitoring large sums of risk exposures and the stringent allocation of allowance for uncollectible accounts, information security safeguard mechanism and emergency response plans, routinely presenting risk monitoring and control reports to the board of the bank, among other risk-management related operational undertakings.

(8) Debt Management Department:

Loan review follow-up evaluation, overdue loan repayment collection, recourse debt collection and cleanup-related liability claim development and consultation, loan recheck, overdue loan repayment collection, recourse debt collection-related rule and regulation drafting (amending) undertakings, loan cases' review and alert measures of borrower accounts, overdue loan repayment collection, recourse debt accounts' waiver or exemption of the principal, interest, default penalty, amortization, settlement, repayment by installment, advancement of litigation expenditure review and approval, accepting, reviewing, reporting, statistical analysis, safekeeping on overdue loan

repayment collection for transferring and canceling bad debt cases, overdue loan repayment collection's bad debt occurrence, deficiency review, monitoring the cleanup of overdue repayment collection, A claim to the primary and secondary debtors' assets and income , routinely review and approve disrupted effectiveness of retroactive liability claims, loan recheck, overdue loan repayment collection, retroactive debt claim and cleanup work's implementation result evaluation, liability claims' collateral management, assumption and liquidation-related measures, among other loan liability claim-related management undertakings.

(9) Credit Management Department:

The bank-wide lending policy drafting (revising) and loan review operations' supervision and management, lending operations approved by the business units' supervisory authorities' review, signature submittal, approval filing and post-approval undertakings, bank-wide lending business's regulation and rule drafting (revising), interpretation and joint approval, bank-wide lending data and reports' statistical tally, compilation, analyzing the reports and consolidating the bank-wide lending objectives and acting as the lending window on the business units' credit check operations, other lending review-related undertakings, credit investigation system planning, promotion and the business units' credit investigation work developmental consulting, credit investigation rule and regulations' drafting (revising) undertakings, credit investigation and financial analysis recheck work on large lending cases submitted by the business units, customers' note/check inquiry and the JCIC's credit information inquiry, exchange, contact and management undertakings, local and foreign economic and financial intelligence information gathering, analysis, compiling and reports, various industry data gathering, sorting, industry investigative reports' compiling, among other credit investigation research-related undertakings.

(10) Wealth Management Department:

The wealth-management business's operating policy, business plan, operating objectives' drafting (revising) and management-related undertakings, wealth management business's product research and development, marketing promotion, market research, advertisement literature, local and foreign money management related platform launching undertakings, wealth management business's rule and regulation drafting (revising) undertakings, money-management research team and money-management consulting team's culmination, implementation and management measures, among other wealth management-related operational undertakings.

(11) Finance Department:

The NTD-denominated and foreign currency-denominated capital operation and management, NTD deposit reserve and liquidity reserve management undertakings, bidding (pledging) for the purchase of the treasury notes, Central Bank time deposit certificates and the purchase of short-term notes, peer discounting and peer discounting-related management measures, bank deposit's published interest rate drafting and revising undertakings, stock investment, beneficiary certificates, bonds, short-term note and other marketable securities management undertakings, securities brokerage business's underwriting and management measures, bond in-house trading brokerage's underwriting and management measures, balance sheet compilation, interbank derivative products and foreign currency capital transaction underwriting and management measures, among other capital and finance-related operational undertakings.

(12) Offshore Business Department:

The foreign exchange business's rule and regulation drafting (revising), foreign currency deposit reserve and liquidity reserve's management measures, organizing and launching the designated local foreign exchange branches, local and foreign interbank fund remittances, instilling and maintaining deposit remittance relationships, staging local and foreign banks' peer foreign currency cap authorization and acceptance measures, overseeing the Offshore Banking Unit and foreign branches' business plan,

administrative and performance evaluation, research and development, and planning foreign exchange-related derivatives, offering importation/exportation/foreign exchange/foreign exchange deposit/foreign currency loan and foreign current guarantee services, foreign currency held in peer banks and peer deposit accounts' management, among other foreign exchange-related operational undertakings.

(13) Credit Card Department:

The credit card product development and marketing promotion's underwriting and management measures, credit card issuing business's development and its rule and regulation drafting (revising) and management undertakings, affiliated merchants and terminal equipment management-related operational undertakings, among other credit card business-related undertakings.

(14) Trust Department:

The trust business development, promotion and the trust business's objective management undertakings, trust business's regulation and rule drafting (revising) undertakings, various trust business's underwriting and management undertakings, marketable securities authentication business's underwriting and management measures, among other trust and related operational undertaking.

(15) Business Department:

The deposit, exchange clearance, cashiering, representation, loan, foreign exchange, trust and money-management business processing, filling out the business units' daily tally reports, monthly reconciliation, reconciliation and final reconciliation-related accounting administrative undertakings, and other policy-based operational implementation entrusted by the headquarters.

The bank also operates an audit division, which is charged with auditing the business, information, account administration, finance and various safekeeping goods on inventory. The audit division and the auditors are under the command and supervision of the Chief Auditor.

2. Director, Supervisor, President, Vice President, Deputy Executive Vice President, and Heads of Departments and Branches

(I) Directors and Supervisors

Date: December 31, 2008

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	Lin, Peng-Lang	2009-06-02	3 years	2009-06-22	30,000	—	30,000	—	82,933	0.01%	—	—	Vice President and President of Land Bank of Taiwan Chairman of The Farmers Bank of China Chairman of Agricultural Bank of Taiwan Chairman of Financial Asset Service Corporation Graduated from Graduate School	None	None	None	None
Managing Director	Fu Li Yang Investment Co., Ltd.	2009-06-22	3 years	2003-05-19	82,952,766	6.77%	82,952,766	6.77%	—	—	—	—	The 3rd to 7th Taipei City Council President Director of Yang Ming Shan Credit Union	Director of Chuan Yam Construction Co., Ltd.	Managing Director	Chen, Chin-Chia	Brother
	Representative: Chen, Sheng-Hung	2009-06-22	3 years	1997-09-01	7,179,892	0.59%	7,179,892	0.59%	1,832,655	0.15%	—	—	The 1st - 4th Chairman of Sunny Bank The 4th & 5th legislator Graduated from University				
Managing Director	Wu, Hsi-Hui	2009-06-22	3 years	1997-09-01	2,367,364	0.19%	2,567,364	0.21%	—	—	—	—	Chairman of Yang Ming Shan Gas Co., Ltd. President Directors of Yang Ming Shan Credit Union The 1st - 4th Managing Director of Sunny Bank Chairman of Cheng Fu Films Co., Ltd. Graduated from Primary School	Chairman of Yang Ming Shan Gas Co., Ltd.	None	None	None
Managing Director	Liu, Chen-Sheng	2009-06-22	3 years	1997-09-01	4,964,272	0.41%	4,964,272	0.41%	1,002,582	0.08%	—	—	Chairman of Jih Chen Enterprise Co., Ltd. Director & Supervisor of Yang Ming Shan Credit Union The 1st Director and The 2nd - 4th Managing Director of Sunny Bank Chairman of Shihpai Tzuchiang General Market Co., Ltd. Graduated from Vocational High School	Assistant Vice President	Liu, Ming-Chieh	Father & Son	
														Manager	Chen, Yao-Wen	Relatives	
Independent Managing Director	Wu, Wen-Cheng	2009-06-22	3 years	2009-06-22	-	-	-	-	673,817	0.06%	—	—	CPA of Guang Yan CPAs Co. Graduated from University	CPA of Guang Yan CPAs Co.	None	None	None
	Director	Representative: Chen, Chin-Chia	2009-06-22	3 years	2000-06-12	4,177,407	0.34%	4,177,407	0.34%	6,894,974	0.56%	—	—	Director of Po Yun Wu Enterprise Co., Ltd. Director of Formosa On-line Co., Ltd. The 2nd - 3rd Director of Sunny Bank The 4th Managing Director of Sunny Bank Graduated from University	Director of Po Yun Enterprise Co., Ltd.	Managing Director	Chen, Sheng-Hung	Brother
Director	Chang, Wu-Ping	2009-06-22	3 years	1997-09-01	6,182,489	0.50%	6,182,489	0.50%	1,591,638	0.13%	—	—	Director of Yang Ming Shan Credit Union The 1st - 4th Director of Sunny Bank Graduated from Senior Commercial High School	Chairman of Ping An Construction Co., Ltd.	None	None	None
Director	Ho, Shun-Cheng	2009-06-22	3 years	1997-09-01	4,450,735	0.36%	4,450,735	0.36%	5,448,570	0.44%	—	—	Person-in-Charge of Yuan Shan 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	Yu Suan Co., Ltd.	2009-06-22	3 years	2009-06-22	20,000	0.00%	20,000	0.00%	-	-	—	—	Director of Yang Ming Shan Credit Union The 1st - 4th Director of Sunny Bank Chairman of Sunny Life Insurance Agent Co., Ltd. Graduated from University	Supervisor of Jin Jia Technology Co., Ltd. Chairman of Sunny Property Insurance Brokerage Co., Ltd. Chairman of Sunny Life Insurance Agent Co., Ltd.	None	None	None
	Representative: Chen, Chin-Yi	2009-06-22	3 years	1997-09-01	8,821,778	0.72%	8,821,778	0.72%	-	-	—	—	Chairman of Guo Zhi Construction Co., Ltd. The 4th Director of Sunny Bank Graduated from University	Supervisor of Sheng Tai Construction Co., Ltd. Director of Guo Zhi Enterprise Co., Ltd. Chairman of Guo Zhi Construction Co., Ltd. Director of Ji Lai Development Co., Ltd.	None	None	None
Director	Lin, Cheng-Yu	2009-06-22	3 years	2006-05-02	5,387,362	0.44%	5,387,362	0.44%	558,437	0.05%	—	—	Chairman of Kao Shin Bank Supervisor of Yung Chi Paper Manufacturing Co., Ltd. The 4th Director of Sunny Bank Graduated from Vocational High School	Director of Sunny Life Insurance Agent Co., Ltd. Director of Sunny Property Insurance Brokerage Co., Ltd.	Manager	Chao, Yu-Chin	Father & Son
Director	Fu Li Yang Investment Co., Ltd.	2009-06-22	3 years	2003-05-19	82,952,766	6.77%	82,952,766	6.77%	-	-	—	—	Lecturer of Ching Kuo Institute of Technology President of Yi Lien Co., Ltd. The 4th Director of Sunny Bank Graduated from Graduate School	Director of Fu Hao Garden Hotel Director of Yi Lien Co., Ltd. Director of Pang Ji Development Co., Ltd.	None	None	None
	Representative: Chen, Chien-Yang	2009-06-22	3 years	2006-05-02	3,717,876	0.30%	3,717,876	0.30%	1,064,773	0.09%	—	—	Chairman of Kao Shin Bank Supervisor of Yung Chi Paper Manufacturing Co., Ltd. The 4th Director of Sunny Bank Graduated from Vocational High School				
Director	Chao, Fu-Tien	2009-06-22	3 years	2006-05-02	2,935,215	0.24%	2,935,215	0.24%	76,133	0.01%	—	—	Manager of The First Cooperative Association of Kaohsiung City Assistant Manager of Business Department of Kao Shin Bank Branch Assistant Manager of Sunny Bank Graduated from College	Assistant Manager of Sunny Bank	None	None	None
Independent Director	Chiang, Chun-Huai	2009-06-22	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
Independent Director	Liu, Hsiang-Tun	2009-06-22	3 years	2006-05-02	—	—	—	—	—	—	—	—	Judge of District Court and Chief of Court Person-in-Charge of Hsiang Chih Law Office The 4th Independent Director of Sunny Bank Graduated from University	None	None	None	None
Resident Supervisor	Hsu Hung Technology Co., Ltd.	2009-06-22	3 years	2009-06-22	8,000	—	8,000	—	—	—	—	—	Chairman of Tung Cheng Ceramics Co., Ltd. Supervisor & Chairman of Yang Ming Shan Credit Union The 1st - 4th Managing Supervisor of Sunny Bank Graduated from Senior High School	Chairman of Tung Cheng Ceramics Co., Ltd. Supervisor of Sunny Life Insurance Agent Co., Ltd. Supervisor of Sunny Property Insurance Brokerage Co., Ltd.	None	None	None
	Representative: Hsu, Po-Hsiung	2009-06-22	3 years	1997-09-01	3,432,460	0.28%	3,432,460	0.28%	2,306,716	0.19%	—	—	C.P.A. of Chang Chi Union Accounting Office Supervisor of Yang Ming Shan Credit Union Director of Jui Hsiang Investment Co., Ltd. The 1st - 4th Supervisor of Sunny Bank Graduated from Graduate School	Director of Jui Hsiang Development Co., Ltd.	None	None	None
Supervisor	Tsai, Wen-Hsiung	2009-06-22	3 years	1997-09-01	7,405,159	0.60%	7,205,159	0.59%	4,904,014	0.40%	—	—	Manager of Trust Department of Taipei Business Bank Manager of Business Department of Taipei Business Bank Vice President & President of Sunny Bank The 2nd-4th Director of Sunny Bank Graduated from University	None	None	None	None

(1). Major Institutional Shareholders

(a) Major Shareholders of Corporate Shareholders

Dec. 31, 2009

Corporate Shareholder	Major Shareholder of Corporate Shareholder	Holding Proportion
Fu Li Yang Investment Co., Ltd.	Hsueh, Ling	99.73%
Po Yun Enterprise Co., Ltd.	Wu, Yueh-Chiao	42.63%
	Chen, Chin-Chia	39.25%
Yu Suan Co., Ltd.	Chen, Chin-Yi	100%
Hsu Hung Technology Co., Ltd.	Lin, Chia-Hui	20%
	Hsu, Hsin-Yen	20%
	Chen, Shu-Ying	20%
	Chang, Pang-Tao	20%
	Shen, Chih	20%

(b) Main shareholder is a legal person: None

(2). Status of Professional Knowledge and Independence:

December 31, 2009

Name	Qualification	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Status(Note)										Number of other public-listed companies in which the individual is concurrently serving as an independent director
		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, lawyer, certified public accountant, or other professional and technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	
Lin, Peng-Lang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Chen, Sheng-Hung			✓	✓					✓	✓			✓		None
Wu, Hsi-Hui			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Liu, Chen-Sheng				✓		✓		✓	✓	✓	✓	✓	✓	✓	None
Wu, Wen-Cheng		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Chen, Chin-Chia				✓		✓		✓	✓	✓			✓		None
Chang, Wu-Ping				✓			✓	✓	✓	✓	✓	✓	✓	✓	None
Ho, Shun-Cheng				✓		✓		✓	✓	✓	✓	✓	✓	✓	None
Chen, Chin-Yi				✓		✓		✓	✓	✓	✓	✓	✓	✓	None
Lin, Cheng-Yu				✓		✓		✓	✓	✓	✓	✓	✓	✓	None
Chen, Chien-Yang	✓			✓		✓		✓	✓	✓	✓	✓	✓	✓	None
Chao, Fu-Tien			✓	✓		✓		✓		✓	✓	✓	✓	✓	None
Hsieh, Yi-Tung					✓	✓		✓	✓	✓	✓	✓	✓	✓	None
Chiang, Chun-Huai			✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	None
Liu, Hsiang-Tun		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	None
Hsu, Po-Hsiung				✓		✓		✓		✓	✓	✓	✓		None
Tsai, Wen-Hsiung		✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	None
Lin, Chin-Lung			✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	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.

- Not an employee of the Bank or any of its affiliates.
- Not a director or supervisor of 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)
- 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.
- Not a spouse, relatives within the 2nd degree of kinship or lineal relative within 5th degree of kinship of any of the persons in the preceding three subparagraphs.
- Not a director, supervisor, or employee of the corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Bank or that holds shares ranking in the top five in holdings.
- Not a director, supervisor, manager or shareholder holding 5% or more of the share, of a specified institution that has financial or business dealings with the Bank.
- 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.
- Not a spouse or relative within the 2nd degree of kinship within directors.

(9) Has not violated any regulation in Article 30 of the Company Act.

(10) Not elected as the government, a corporate person or its representative in accordance with Article 27 of the Company Act.

(II) President, Vice President, Deputy Executive Vice President, and Heads of Departments and Branches

December 31, 2009

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	Ting, Wei-Hao	2009-06-22	-	-	60,000	-	-	-	Graduated from Department of Banking Insurance, Feng Chia University Chairman of Bank Taiwan Life Insurance Co., Ltd Acting Chairman and President of Agricultural Bank of Taiwan Vice President of The Farmers Bank of China Chief Secretary and Manager of Land Bank of Taiwan	-	-	-	-
Vice President	Chang, Chi-Ming	2009-06-22	326,213	0.03%	88,166	0.01%	-	-	Graduated from Department of Public Finance, National Cheng Chi University President of Risk Administration Department	-	-	-	-
Vice President	Kuo, Chih-Hung	2009-06-22	198,889	0.02%	1,419	-	-	-	Graduated from Department of Business Administration, Tamsui Oxford College Acting President of Individual Finance Management Department	-	-	-	-
Vice President	Lin, Chih-Liang	2009-06-22	425,307	0.03%	-	-	-	-	Graduated from Department of Accounting, Feng Chia University Acting President of Finance Management Department	-	-	-	-
Vice President	Chou, San-Ho	2009-06-22	228,553	0.02%	-	-	-	-	Graduated from Department of Economics, National Cheng Chi University President of Business Administration Management Department	-	-	-	-
Vice President	Cheng, Ming-Kun	2009-08-03	-	-	-	-	-	-	Graduated from Master of Business Administration, Feng Chia University Manager of Debt Management Department, Land Bank of Taiwan	-	-	-	-
Auditor General	Tseng, Yak-Te	2003-01-02	369,883	0.03%	44,120	-	-	-	Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business Manager of Audit Department	-	-	-	-
Chief Secretary	Wu, Jui-Hsiang	2009-07-01	25,000	-	-	-	-	-	Graduated from Department of Business Administration, National Chung Hsing University Researcher of Chairman Office, Bank Taiwan Life Insurance Co., Ltd President Secretary and Acting Auditor-General of Agricultural Bank of Taiwan	-	-	-	-
Assistant Vice President	Liu, Ming-Chieh	2007-03-14	454,222	0.04%	231,450	0.02%	-	-	Graduated from Department of Applied Business, Open College, National Taipei College of Business Manager of Financial Revenue, North 1st District	-	Manager	Chen, Yao-Wen	Relatives
Assistant Vice President	Kuo, Ching-Feng	2007-03-14	104,674	0.01%	24,034	-	-	-	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce Assistant Manager of Taichung Branch	-	-	-	-
Assistant Vice President	Chen, Jung-Kuei	2007-03-14	157,132	0.01%	5,569	-	-	-	Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School Manager of Chientan Branch	-	-	-	-
Assistant Manager	Yu, Shih-Jung	2007-03-14	69,996	0.01%	586	-	-	-	Graduated from Department of Commerce, Shih Hsin Professional School of Industry & Commerce Manager of Mucha Branch	-	-	-	-
Assistant Vice President	Hu, Tsung-Yi	2007-03-14	328,751	0.03%	26,743	-	-	-	Graduated from Department of Business Administration, Open College of Commerce Manager of Financial Revenue, North 2nd District	-	-	-	-
Assistant Vice President	Chang, Yi-Yu	2009-01-12	-	-	-	-	-	-	Graduated from Master of Texas State University, USA President of Finance Administration Department Assistant Vice President of Offshore Banking Unit and International Banking Department	-	-	-	-
Assistant Vice President	Hsieh, Yi-Tung	2005-11-26	276,583	0.02	1,178,307	0.10%	-	-	Graduated from Department of Accounting, Open College of Commerce Assistant Vice President and Manager of Business Department, Kao Shin Bank (former name)	-	-	-	-
Assistant Vice President	Huang, Yen-Chun	2007-03-14	336,100	0.03%	21,280	-	-	-	Graduated from Department of Banking, Tamkang University Manager of Information Department	-	-	-	-
Assistant Vice President	Wang, Ya-Hsun	2009-06-22	467,132	0.04%	1,479	-	-	-	Graduated from Department of Accounting & Statistics, Tamsui Oxford College Assistant Manager of Business Management Department Assistant Vice President and Vice President of Individual Finance Management Department	-	-	-	-
Assistant Vice President	Wang, Chien-Yi	2008-04-01	-	-	-	-	-	-	Graduated from Department of International Trade, Soochow University Deputy Manager of Wealth Management Department	-	-	-	-
Manager	Chen, Kuo-Hung	2001-09-15	96,511	0.01%	2,585	-	-	-	Graduated from Department of Comprehensive Commerce, Yu Da High School of Commerce and Home Economics Manager of Tianmu Branch	-	-	-	-
Manager	Tsao, Chun-Jung	1995-06-23	337,409	0.03%	244,205	0.02%	-	-	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce Manager of Business Department	-	-	-	-
Manager	Kao, Chin-Mu	1998-09-11	259,629	0.02%	154,577	0.01%	-	-	Graduated from Department of Electronic Engineering, Kuang Wu Junior College of Technology Manager of Shipai Branch	-	-	-	-
Manager	Chiang, Tung-Sheng	2002-07-01	159,697	0.01%	-	-	-	-	Graduated from Department of Business Administration, Takming College Manager of Taishan Branch	-	-	-	-
Manager	Yang, Chen-Sheng	2006-11-09	273,460	0.02%	168,565	0.01%	-	-	Graduated from Department of Synthetic Commerce, Sung Shan High School of Commerce Vice Manager of Business Department and Lanya Branch	-	-	-	-
Manager	Lin, Kuo-Hung	2003-07-07	133,767	0.01%	7,135	-	-	-	Graduated from Department of Business Administration, Feng Chia University Manager of Luchou Branch	-	-	-	-
Manager	Wu, Chia-Cheng	2002-08-08	267,935	0.02%	4,159	-	-	-	Graduated from General Department of Tamkang High School Manager of Chenggong Branch	-	-	-	-

Position	Name	Date of Employment	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
			Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship
Manager	Kao, Chih-Li	2003-03-01	278,433	0.02%	7,059	-	-	-	Studied in Department of Computer, Tamkang University Manager of Sanchung Branch	-	-	-	-
Manager	Sung, Ping-Ping	2007-03-14	15,436	-	-	-	-	-	Graduated from Department of Business Administration, National Taipei College of Business Vice Manager of Consuming Finance Business Department	-	-	-	-
Manager	Lung, Wan-Li	2007-05-10	-	-	-	-	-	-	Graduated from Department of Business Administration, Soochow University Credit Manager of Shin Kong Commercial Bank Vice Manager of Minsheng Branch	-	-	-	-
Manager	Tseng, Chieh-Chang	2005-07-18	60,470	-	-	-	-	-	Graduated from Department of Banking Insurance, Open Business College Affiliated with National Taipei College of Business Manager of Chiayi Branch	-	-	-	-
Manager	Chen, Yao-Wen	2002-07-01	24,345	-	221,184	0.02%	-	-	Graduated from Institute of Information Management, National Chung Cheng University Vice Manager of Lanya Branch	-	Assistant Manager	Liu, Ming-Chieh	Relatives
Manager	Chien, Chih-Hsin	2002-07-01	113,909	0.01%	26,474	-	-	-	Graduated from Department of Economics, Tamkang University Manager of Financial Revenue, North 3rd District and Yonghe Branch	-	-	-	-
Manager	Liu, Yen-Hsing	2003-12-24	42,395	-	65,331	0.01%	-	-	Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business Administration Manager of Corporate Financial Business Department	-	-	-	-
Manager	Hu, Chi-Min	2009-12-01	88,318	0.01%	45,753	-	-	-	Graduated from Department of Economics, Feng Chia University Vice Manager of Credit Auditing Department and Neihu Branch	-	-	-	-
Manager	Yeh, Ming-Yueh	2007-03-08	-	-	-	-	-	-	Graduated from Institute of Business Administration, Santa Clara University, California Vice Manager of Chungsho Branch Sales Manager of Shin Kong Commercial Bank	-	-	-	-
Manager	Lee, Ching-Cheng	2001-08-15	59,413	-	-	-	-	-	Graduated from Department of Business Administration, Fu Jen Catholic University Vice Manager of Trust Department	-	-	-	-
Manager	Chen, Chi-Chuan	2003-10-16	432,587	0.04%	73,600	0.01%	-	-	Graduated from Department of Finance, Ming Chuan University Manager of Xinyi Branch	-	-	-	-
Manager	Chen, Yi-Huan	1999-04-23	433,357	0.04%	53,768	-	-	-	Graduated from Department of Comprehensive Commerce, Chu Hai High Commercial School Manager of Operation Management Department	-	-	-	-
Manager	Chu, Chia-Lung	2006-08-11	79,762	0.01%	-	-	-	-	Graduated from Department of Cooperative Economics, National Chung Hsing University Vice Manager of Wuku Branch	-	-	-	-
Manager	Chiu, Chuan-Mao	2002-07-01	152,729	0.01%	-	-	-	-	Graduated from Department of Public Finance, National Taipei College of Business Manager of Xizhou Branch	-	-	-	-
Manager	Chang, Wen-Sung	2001-12-10	108,868	0.01%	48,302	-	-	-	Graduated from Department of Business Administration, Tamkang University Manager of Wuku Branch	-	-	-	-
Manager	Chen, Ming-Wen	2003-05-03	233,046	0.02%	3,524	-	-	-	Graduated from Department of Comprehensive Commerce, Chu Hai High Commercial School Manager of Daan Branch	-	-	-	-
Manager	Hu, Min-Fu	2009-12-01	697	-	3,558	-	-	-	Graduated from Department of Commerce, National Open University Manager of Tucheng Branch, Huachiang Branch, Land Bank of Taiwan	-	-	-	-
Manager	Huang, Chi-Wei	2005-10-11	74,672	0.01%	42,468	-	-	-	Graduated from Department of Public Finance, Takming Junior College of Commerce Manager of Chungcheng Branch	-	-	-	-
Manager	Pan, Kuang-Chu	2004-09-23	42,789	-	25,459	-	-	-	Graduated from Department of Banking, Tamkang University Manager of Zhongli Branch	-	-	-	-
Manager	Chen, Hui-Ling	2006-08-11	342,883	0.03%	-	-	-	-	Graduated from Department of Finance, National Taiwan University Vice Manager of Finance Department	-	-	-	-
Manager	Yang, Yi-Chen	2009-12-01	65,156	0.01%	-	-	-	-	Graduated from Department of Comprehensive Commerce, Daojiang Commerce School Vice Manager of Changan and Zhongxing Branch	-	-	-	-
Manager	Wu, Cheng-Hao	2005-03-14	29,422	-	24,547	-	-	-	Graduated from Department of Business Administration, Fu Jen Catholic University Manager of Tainan Branch	-	-	-	-
Manager	Yueh, Wen-Chang	1999-05-06	81,794	0.01%	5,330	-	-	-	Graduated from Department of Business Administration, National Taipei College of Business Manager of Banqiao Branch	-	-	-	-
Manager	Hsiao, Chih-Hui	2009-10-26	-	-	-	-	-	-	Graduated from Department of Accounting, College of Commerce, Feng Chia College of Engineering & Commerce Assistant manager of Finance Department, King's Town Bank Independent Review Committee of National Agricultural Bank	-	-	-	-
Manager	Chang, Shun-Han	2004-04-16	54,350	-	22,877	-	-	-	Graduated from Department of German, Soochow University Manager of Bank of Taipei	-	-	-	-
Manager	Lu, Chun-Hsiung	2009-11-02	-	-	-	-	-	-	Graduated from Department of Law, Soochow University Vice President of Taiwan Financial Assets Service Co., Ltd. Manager of Offshore Business Department, First Bank	-	-	-	-
Manager	Huang, Che-Ming	2007-08-30	72,507	0.01%	57,982	-	-	-	Graduated from Department of Accounting, Yu Da College of Business Vice Manager of Xindian Mini Branch	-	-	-	-
Manager	Cheng, Pei-Nan	2001-04-09	40,453	-	348,328	0.03%	-	-	Graduated from Department of Business Administration, Tamkang University Vice Manager of Shuangbo Branch	-	-	-	-
Manager	Kuo, Chiang-Hai	2003-03-01	88,669	0.01%	27,247	-	-	-	Graduated from Department of Business Administration of Taichung Institute of Commercial College Affiliated the Open College, Manager of Sanmin Branch	-	-	-	-
Manager	Chen, Chih-Hao	2006-05-03	65,511	0.01%	66,289	0.01%	-	-	Graduated from Department of Banking Insurance, National Taipei College of Business Vice Manager of Luzhou Branch	-	-	-	-
Manager	Lee, Wen-Hui	2001-09-20	153,447	0.01%	-	-	-	-	Graduated from Department of Cooperative Economics, Tamkang University Manager of Taipei Branch	-	-	-	-

Position	Name	Date of Employment	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
			Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship
Manager	Su, Hsin-Yi	2006-02-23	98,060	0.01%	26,895	-	-	-	Graduated from Department of Management, Lung Hwa Junior College of Technology Manager of Qianzhen Branch	-	-	-	-
Manager	Huang, Yao-Kun	2006-05-08	15,130	-	-	-	-	-	Graduated from Department of Accounting, Feng Chia University Manager of Liwen Branch	-	-	-	-
Manager	Yeh, Tsang-Yi	2009-10-26	-	-	-	-	-	-	Graduated from Open Business College Affiliated with National Cheng Kung University Manager of Tainan Branch and Chief of the 5th District Center, Land Bank of Taiwan	-	-	-	-
Manager	Yang, Ying-Chung	2006-02-23	31,698	-	89,326	0.01%	-	-	Graduated from Department of Accounting, National Chengchi University Manager of Quanting Mini Branch	-	-	-	-
Manager	Yang, Pao-Kuei	2007-08-30	52,854	-	-	-	-	-	Graduated from Department of Applied Chemistry, Chia Nan College of Pharmacy & Science Vice Manager of Jianshang Branch, Zhonghua Branch and Xihua Branch	-	-	-	-
Manager	Lee, Tai-Ju	2009-12-01	142,979	0.01%	9,616	-	-	-	Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School Vice Manager of Consuming Financial Center, North 1st District	-	-	-	-
Manager	Su, Chien-Tsung	2002-08-08	141,501	0.01%	-	-	-	-	Graduated from Department of International Trade, Feng Chia University Vice Manager of Yungho Branch	-	-	-	-
Manager	Tseng, Chien-Chia	2002-08-08	131,904	0.01%	19,374	-	-	-	Graduated from Department of Economics, Chinese Culture University Manager of Consuming Financial Center, South 2nd District and Xihua Branch	-	-	-	-
Manager	Chen, Ting-Yi	2005-07-01	69,326	0.01%	-	-	-	-	Graduated from Department of International Trade, Feng Chia University Vice Manager of Hsinchu Branch	-	-	-	-
Manager	Wu, Sheng-Yi	2009-10-16	-	-	-	-	-	-	Graduated from Department of Business Administration, Feng Chia University Manager of Beidou Branch and Nantun Branch, The Farmers Bank of China	-	-	-	-
Manager	Chou, Chih-Wei	2006-08-11	90,383	0.01%	231,176	0.02%	-	-	Graduated from Department of Industrial Management, National Taiwan Institute of Technology Vice Manager of Chingnien Branch	-	-	-	-
Manager	Tsai, Kun-Ti	2001-09-15	167,142	0.01%	86,022	0.01%	-	-	Graduated from Executive Master of Business Administration, National Pingtung University of Science & Technology Manager of Tsuoying Branch	-	-	-	-
Manager	Chen, Yang-Yu	2009-04-20	-	-	-	-	-	-	Graduated from Graduate Institute of Department of Agricultural Economics, National Chung Hsing University Professional Committee and Manager of Taiwan Cooperative Bank	-	-	-	-
Manager	Lin, Cheng-Lung	2009-10-19	-	-	-	-	-	-	Graduated from Open Administration College affiliated with National Chengchi University Manager of Tainan Branch and Chief of the 2nd District Center, Land Bank of Taiwan	-	-	-	-
Manager	Chen, Hsien-Chun	2006-02-23	71,416	0.01%	-	-	-	-	Graduated from Department of Business Administration, Takming Junior College of Commerce Vice Manager and Manager of Taoyuan Branch	-	-	-	-
Manager	Chuang, Yung-Fu	2002-07-01	79,247	0.01%	-	-	-	-	Graduated from Department of Accounting, Feng Chia University Manager of Zhongxing Branch	-	-	-	-
Manager	Chang, Ching-Pai	2009-07-06	-	-	-	-	-	-	Graduated from Department of Accounting, Taichung College of Commerce Manager of Standard Chartered Bank	-	-	-	-
Manager	Tsui, Ching-Chih	2005-11-26	15,278	-	180	-	-	-	Graduated from Department of Journalism, Chinese Culture University Manager of Yuchang Branch	-	-	-	-
Manager	Chang, Jung-Pin	2006-05-03	58,067	-	486,025	0.04%	-	-	Graduated from Department of Machinery, Lienho Junior College of Technology Manager of Zhongshan Branch	-	-	-	-
Manager	Hu, Chun-Wei	2006-05-03	87,691	0.01%	-	-	-	-	Graduated from Department of German, Chinese Culture University Vice Manager of Banqiao Branch	-	-	-	-
Manager	Chao, Yu-Chin	2005-11-26	1,200,632	0.10%	19,518	-	-	-	Graduated from Department of Accounting, Graduate School of George Washington University Manager of Liwen Branch	-	-	-	-
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 Dagong Branch, Kao Shin Bank (former name)	-	-	-	-
Manager	Chung, Hsu-Jung	2006-04-03	15,130	-	-	-	-	-	Graduated from Department of Commerce, National Taiwan University Manager of Kaohsiung Business Financial District Center	-	-	-	-
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 Tsuoying Branch, Kao Shin Bank (former name)	-	-	-	-
Manager	Kuo, Li-Chung	2006-02-23	105,855	0.01%	-	-	-	-	Graduated from Department of Commerce, National Taiwan University, Manager of Liwen Branch	-	-	-	-
Manager	Hsu, Chen-Huang	2006-08-11	71,536	0.01%	-	-	-	-	Graduated from Department of Business Administration, Tamkang University Vice Manager of Tsuoying Branch	-	-	-	-
Manager	Hsu, Chen-Yuan	2005-11-26	15,278	-	-	-	-	-	Graduated from Department of Economics, Feng Chia University Manager of Xiaogang Branch, Kao Shin Bank (former name)	-	-	-	-
Manager	Huang, Hsien-Chang	2009-07-28	-	-	-	-	-	-	Graduated from Department of Agricultural Economics, National Taiwan University Manager of Xinxing Branch, Taiwan Cooperative Bank	-	-	-	-
Manager	Hung, Jung-Tsung	2006-08-11	69,105	0.01%	-	-	-	-	Graduated from Department of Accounting, National Chung Hsing University Manager of Debt Management Department Manager of Credit Auditing Department	-	-	-	-
Manager	Huang, Teng-Tsai	2005-11-26	93,033	0.01%	905	-	-	-	Graduated from Department of Economics, National Chengchi University Manager of Jiali Branch	-	-	-	-
Manager	Hsueh, Chih-Cheng	2005-11-26	111,868	0.01%	150,684	0.01%	-	-	Graduated from Department of Economics, National Chung Hsing University Manager of Litugui Mini 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	Lin, Jui-Mei	2005-11-26	187,573	0.02%	-	-	-	-	Graduated from Kaohsiung Professional School of Commerce Manager of Meinung Branch	-	-	-	-
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 Linyuan Branch, Kao Shin Bank (former name)	-	-	-	-
Manager	Wu, Kuo-Ho	2005-11-26	15,278	-	-	-	-	-	Graduated from Department of Insurance, Tamkang University Manager of Gangshan Branch, Kao Shin Bank (former name)	-	-	-	-
Manager	Yu, Kuang-Lu	2004-05-17	29,946	-	-	-	-	-	Graduated from Department of International Trade, Tamkang University Manager of Qianzhen Branch	-	-	-	-
Manager	Liu, Chih-Cheng	2005-11-26	15,352	-	-	-	-	-	Graduated from General Department, National Chimei Senior High School Manager of Ligang Branch, Kao Shin Bank (former name)	-	-	-	-
Manager	Lu, Han-Kun	2009-12-01	285,416	0.02%	152,583	0.01%	-	-	Graduated from Graduate School of Finance, National Kaohsiung First University of Science and Technology. Senior Specialist of Debt Management Department Manager of Jianguo Branch	-	-	-	-
Manager	Tsai, Wei-Yung	2007-07-09	32,663	-	-	-	-	-	Graduated from Department of Accounting, Aletheia University Vice Manager of Chiayi and Kuanghua Branch	-	-	-	-
Manager	Tang, Ying-Kui	2003-04-28	114,920	0.01%	24,736	-	-	-	Graduated from Department of Finance, Graduate Institute of Central University Manager of Shipai and Nanjing Branch	-	-	-	-
Manager	Chu, Shu-Chun	2006-08-11	68,546	0.01%	37,905	-	-	-	Graduated from Department of Statistics, National Chengchi University Manager of Zhongxing Branch	-	-	-	-
Manager	Lu, Pi-Yu	2005-03-14	93,119	0.01%	-	-	-	-	Graduated from Department of Accounting, Feng Chia University Manager of Linsen Branch	-	-	-	-
Manager	Wu, Jung-Chi	2007-04-09	-	-	-	-	-	-	Graduated from Department of Economics, Fu Jen Catholic University Manager of Huacheng Branch	-	-	-	-
Manager	Yang, Lien-Tse	1999-12-09	340,788	0.03	399,942	0.03%	-	-	Graduated from Department of Accounting, Graduate School of Soochow University (On-job Training Courses) Manager of Accounting Section, Business Department	-	-	-	-
Manager	Chen, Chi-Wen	2007-03-14	128,410	0.01%	-	-	-	-	Graduated from Department of Naval Architecture Engineering, National Taiwan University Vice Manager of Information Department	-	-	-	-
Manager	Lee, Yu-Sheng	2002-07-25	130,871	0.01%	-	-	-	-	Graduated from Department of Economics, Chinese Culture University Manager of Chingmei Branch.	-	-	-	-
Manager	Tsai, Chien-Li	2005-07-18	90,950	0.01%	-	-	-	-	Graduated from Department of Engineering, Tung Hai University Manager of Chiayi and Lingya Branch	-	-	-	-
Manager	Chen, Cheng-Yi	2005-03-18	66,325	0.01%	-	-	-	-	Graduated from Department of Marine Engineering, National Kaohsiung Institute of Marine Technology Manager of Jhongli Branch, Consuming Center of Tao-Chu District	-	-	-	-
Manager	Chou, Hung-Che	2007-03-14	50,465	-	-	-	-	-	Graduated from Department of Economics, Soochow University Manager of Consuming Finance Business Department	-	-	-	-
Manager	Kan, Wu-Cheng	2006-12-01	43,936	-	-	-	-	-	Graduated from Department of International Trade, Soochow University Manager of Corporate Finance Business Department	-	-	-	-
Manager	Chen, Cheng-Feng	2000-09-01	214,406	0.02%	-	-	-	-	Graduated from International Trade Department, Chie Lee College Manager of Branch Operation Management Department	-	-	-	-
Manager	Shen, Yu-Hsin	2008-03-28	-	-	-	-	-	-	Graduated from Department of International Trade, Tamsui Oxford College Vice Manager of Banqiao Branch	-	-	-	-
Manager	Chen, Yi-Hsu	2009-12-01	10,080	-	-	-	-	-	Graduated from Department of Business Administration, Fu Jen Catholic University Vice Manager and 1st Deputy Manager of Taichung Branch	-	-	-	-
Manager	Chung, Min-Yuan	2009-04-01	36,989	-	16,844	-	-	-	Graduated from Department of Business, National Taiwan University Vice Manager of Qishan and Kaohsiung Branch	-	-	-	-
Manager	Lee, Hsu-Chang	2007-07-09	62,088	0.01%	4,618	-	-	-	Graduated from Yung Ta Institute of Technology Vice Manager of Zhongzheng Branch	-	-	-	-
Manager	Chen, Nien-Hui	2008-03-28	61,280	0.01%	5,040	-	-	-	Graduated from Department of Applied Commerce, National Tai-Chung Institute of Technology Vice Manager of Xiangshang and Jingwu Branch	-	-	-	-
Manager	Lee, Chun-Yu	2009-04-01	10,080	-	-	-	-	-	Graduated from Department of Business Administration, Feng Chia University Vice Manager of Siwei Branch	-	-	-	-
Manager	Juan, Chien-Chung	2009-08-17	69,021	0.01%	55,194	-	-	-	Graduated from Department of Statistics, Tamkang University Vice Manager of Credit Auditing Department	-	-	-	-
Manager	Kao, Chih-Liang	2009-08-17	45,455	-	-	-	-	-	Graduated from MBA, New York University Vice Manager of Beitou Branch	-	-	-	-
Manager	Liu, Chao-Jen	2009-01-09	55,922	-	-	-	-	-	Graduated from Department of Business Administration, Fu Jen Catholic University Assistant Manager of Liugui Branch	-	-	-	-
Manager	Hung, Chien-Ming	2009-04-01	41,322	-	-	-	-	-	Graduated from Master of Commerce, National Kaohsiung First University of Science and Technology Vice Manager of Lingya Branch	-	-	-	-
Manager	Liu, Wen-Ho	2006-05-03	69,712	0.01%	-	-	-	-	Graduated from Department of Accounting, Chinese Culture University Manager of Yongkang Branch	-	-	-	-
Manager	Ma, Chien-Hui	2009-04-01	10,625	-	-	-	-	-	Graduated from Department of Law, Tung Hai University Vice Manager of Rende and Dongning Branch	-	-	-	-
Manager	Chen, Wen-Pin	2009-08-17	99,655	0.01%	31,119	-	-	-	Graduated from Department of Industrial Management, Minghsin College of Science and Technology Vice Manager of Shipai Branch	-	-	-	-

Position	Name	Date of Employment	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
			Shares	Ratio %	Shares	Ratio %	Shares	Ratio %			Position	Name	Relationship
Manager	Huang, Shou-Wen	2007-08-30	-	-	-	-	-	-	Graduated from Department of Business Administration, Chung Hua University Vice Manager of Linsen Branch	-	-	-	-

(III) Remuneration to Directors, Supervisors, President and Vice Presidents and Employee Bonus Apportion in 2009

(1).Remuneration to Director (including Independent Directors)

Unit : Thousand NTD

Position	Name	Remuneration to Directors								Remuneration Received by Director Who are also Employees								Ratio of total remuneration (A+B+C+D+E+F+G) to net income(%)	Other Remuneration			
		Remuneration (A)		Pension (B)		Supervisor's apportion of surplus (C)		Business Affairs Expense (D)		Compensation, Bonus and Special Disbursement (E)		Pension (F)		Employee Bonus from apportion to surplus (G)						Employee Share Subscription Warrants (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	Cash Dividend	Stock Bonuses	Cash Dividend			Stock Bonuses	The Bank	All Companies included in the consolidated report
Chairman	Lin, Peng-Lang (Note 1)	\$3,540	\$3,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None (Note 2)	-
Chairman	Chen, Sheng-Hung (Note 1)	2,340	2,340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managing Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Sheng-Hung (Note 1)	540	540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managing Director	Wu, Hsi-Hui	1,080	1,080	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managing Director	Liu, Chen-Sheng	1,080	1,080	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managing Director	Wu, Wen-Cheng (Note 1)	540	540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managing Director	Sun, Ping-Yen (Note 1)	540	540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managing Director	Hsieh, Yi-Tung (Note 1)	420	420	-	-	-	-	-	-	626	626	-	-	-	-	-	-	-	-	-	-	-
Managing Director	Chen, Chin-Chia (Note 1)	540	540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative of Po Yun Enterprise Co., Ltd.: Chen, Chin-Chia (Note 1)	420	420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Chen, Chin-Yi	420	1,167	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-
Director	Representative of Yu Suan Co., Ltd.: Chen, Chin-Yi (Note 1)	420	951	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Chang, Wu-Ping	840	840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Ho, Shun-Cheng	840	840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80
Director	Chao, Fu-Tien	840	840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90
Director	Huang, Cheng-Nan (Note 1)	420	420	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	-	-	-	30
Director	Lin, Cheng-Yu	840	840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Chiang, Chun-Hui (Note 1)	420	420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Liu, Hsiang-Tun	840	840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung (Note 1)	420	420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	840	840	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: Our bank's whole directors and supervisors were re-elected on Jun. 22, 2009, managing directors and chairman were re-elected on Jul. 1, 2009.

Note 2: Net loss after tax of 2009 of the Bank is NT\$ 310,784,000. The consolidated Net loss after tax of 2009 of the Bank is NT\$310,454,000. 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	All Companies included in the Consolidated Report
Less than NTS2,000,000	All of directors but Chairman, Lin, Peng-Lang and Managing Director, Chen, Sheng-Hung	All of directors but Chairman, Lin, Peng-Lang, Managing Director, Chen, Sheng-Hung, Director, Chen, Chin-Yi	All of directors but Chairman, Lin, Peng-Lang and Managing Director, Chen, Sheng-Hung	All of directors but Chairman, Lin, Peng-Lang, Managing Director, Chen, Sheng-Hung, Director, Chen, Chin-Yi
NTS2,000,000 (Included) ~ NTS5,000,000	Chairman, Lin, Peng-Lang and Managing Director, Chen, Sheng-Hung	Chairman, Lin, Peng-Lang, Managing Director, Chen, Sheng-Hung, and Director, Chen, Chin-Yi	Chairman, Lin, Peng-Lang and Managing Director, Chen, Sheng-Hung	Chairman, Lin, Peng-Lang, Managing Director, Chen, Sheng-Hung, and Director, Chen, Chin-Yi
NTS5,000,000 (Included) ~ NTS10,000,000	-	-	-	-
NTS10,000,000 (Included) ~ NTS15,000,000	-	-	-	-
NTS15,000,000 (Included) ~ NTS30,000,000	-	-	-	-
NTS30,000,000 (Included) ~ NTS50,000,000	-	-	-	-
NTS50,000,000 (Included) ~ NTS100,000,000	-	-	-	-
Over NTS100,000,000	-	-	-	-
Total	18,180	19,658	18,806	20,289

(2).Remuneration to Supervisors (individual reveal name and type of remuneration)

Position	Name	Remuneration to Supervisors								Ratio of total remuneration (A+B+C+D) to net income(%)		Other Remuneration
		Remuneration (A)		Pension (B)		Supervisor's apportion of surplus (C)		Business Affairs Expense (D)		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			
Resident Supervisor	Hsu, Po-Hsiung (Note 1)	\$540	\$540	-	-	-	-	-	40	None (Note 2)	None (Note 2)	-
Resident Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Po-Hsiung (Note 1)	540	540	-	-	-	-	-	60			-
Supervisor	Lin, Chin-Lung (Note 1)	420	420	-	-	-	-	-	-			-
Supervisor	Kao, Ming-Chih (Note 1)	420	420	-	-	-	-	-	-			-
Supervisor	Tsai, Wen-Hsiung	840	840	-	-	-	-	-	-			-
Supervisor	Chen, Sen-Jung (Note 1)	420	420	-	-	-	-	-	-			-
Supervisor	Chiang, Chun-Huai (Note 1)	420	420	-	-	-	-	-	-			-

Note 1 : Our bank's whole directors and supervisors were re-elected on Jun. 22, 2009.

Note 2 : Net loss after tax of 2009 of the Bank is NTS310,784,000. The consolidated Net loss after tax of 2009 of the Bank is NTS310,454,000. 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	
	Sum of A,B,C and D (A+B+C+D)	
	The Bank	All Companies included in the Consolidated Report
Less than NTS2,000,000	All of supervisors listed above	All of supervisors listed above
NTS2,000,000 (Included) ~ NTS5,000,000	-	-
NTS5,000,000 (Included) ~ NTS10,000,000	-	-
NTS10,000,000 (Included) ~ NTS15,000,000	-	-
NTS15,000,000 (Included) ~ NTS30,000,000	-	-
NTS30,000,000 (Included) ~ NTS50,000,000	-	-
NTS50,000,000 (Included) ~ NTS100,000,000	-	-
Over NTS100,000,000	-	-
Total	3,600	3,700

(3).Remuneration to President and Vice Presidents

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					
President	Ting, Wei-Hao	\$1,900	\$1,900	-	-	\$20	\$20	-	-	-	-	None (Note1)	None (Note1)	-	-	-
Senior Vice President	Cheng, Ming-Kun	992	992	-	-	1	1	-	-	-	-	-	-	-	-	-
Vice President	Lin, Chih-Liang	1,770	1,770	-	-	183	183	-	-	-	-	-	-	-	-	-
Vice President	Chou, San-Ho	2,262	2,262	-	-	241	241	-	-	-	-	-	-	-	-	-
Vice President	Chang,	2,262	2,262	-	-	241	241	-	-	-	-	-	-	-	-	-

President	Chi-Ming																
Vice President	Kuo, Chih-Hung	1,832	1,838	-	-	191	191	-	-	-	-			-	-	-	
General Auditor	Tseng, Yao-Te	1,623	1,623	-	-	204	204	-	-	-	-			-	-	-	

Note 1 : Net loss after tax of 2009 of the Bank is NT\$310,784,000. The consolidated net loss after tax of 2009 of the Bank is NT\$310,454,000. Therefore, the percentage of total remuneration over net income after tax is negative, which is denoted by "None".

Note 2 : Former Chief Secretary, Lin, Chi-Hsiung, and former Vice President, Wang, Ya-Hsun transferred to other position on Jun. 22, 2009; their remuneration and bonus paid by our bank before they transferred were NT\$1,446,000 and NT\$1,251,000 respectively. All companies included in the consolidated report which paid the remuneration and bonus to former Vice President, Wang, Ya-Hsun was NT\$1,253,000. Ex- President, Yeh, Ching-Tsung, resigned on Jun. 30, 2009 and the remuneration and bonus paid by our bank before he resigned was NT\$1,056,000.

The Remuneration Range Table

Range of Remunerations to President and Vice Presidents	Name of President and Vice President	
	The Bank	All Companies included in the Consolidated Report
Less than NT\$2,000,000	President : Ting, Wei-Hao, Vice Presidents: Cheng, Ming-Kun, Lin, Chih-Liang, Tseng, Yao-Te,(General Auditor) Lin, Chi-Hsiung, Yeh, Ching-Tsung Wang, Ya-Hsun	President : Ting, Wei-Hao, Vice Presidents: Cheng, Ming-Kun, Lin, Chih-Liang, Tseng, Yao-Te,(General Auditor) Lin, Chi-Hsiung, Yeh, Ching-Tsung Wang, Ya-Hsun
NT\$2,000,000 (Included) ~ NT\$5,000,000	Vice Presidents:Chou, San-He, Chang, Chi-Ming Kuo,Chih-Hung	Vice Presidents:Chou, San-He, Chang, Chi-Ming Kuo,Chih-Hung
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	17,475	17,483

(IV) Analysis on the ratio of the total remunerations paid to the bank Directors, Supervisors, President and Vice Presidents in the most recent two years to the after-tax net earnings, and a description on the remuneration payout policy, standard and combination, and the correlation of the remuneration procedure and operating performance defined.

- (1) The sum of the 2009 Directors, Supervisors, President and Vice Presidents' remunerations does not differ as much from that of the 2008, and as the bank reports the 2009 after-tax net loss at NT\$310,784,000 and the 2008 after-tax net loss of NT\$2,311,900,000, thus resulting in a total remuneration to after-tax earnings ratio at a negative figure, thus rendering the analysis not applicable.
- (2) To be implemented as per stipulations set forth under Article 40 of the Bank's Articles of Incorporation, whereby the bank directors and supervisors' remunerations are to be determined in commensuration with industry payout standards as per authorized in the board of directors by the shareholders' meeting. The board of directors is to determine a fixed remuneration for the independent directors, and the remuneration paid by the bank would not more than the highest salary paid to the manager. The independent directors would no participate in the company's earnings distribution. The foresaid two categories of remunerations and wages for all ranks of employees on the president of the following shall be dispensed regarding whether the company reports earnings or deficit.

3. Corporate Governance Operation

(I) The Operation of Board of Directors:

During 2009, the Board of Directors held 11 meetings. The attendance of directors and supervisors are as follows:

Title	Name	Attendance (Presence) in Person	Attendance By Proxy	Attendance (Presence) Rate (%)	Remarks
Chairman	Lin, Peng-Lang	6	-	100%	New appointed on Jul. 1, 2009
Chairman	Chen, Sheng-Hung	5	-	100%	Ceased appointment on Jun. 22, 2009
Managing Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Sheng-Hung	6	-	100%	New appointed on Jul. 1, 2009
Managing Director	Wu, Hsi-Hui	2	-	18%	Renewal
Managing Director	Liu, Chen-Sheng	11	-	100%	Renewal
Independent Managing Director	Wu, Wen-Cheng	6	-	100%	New appointed on Jul. 1, 2009
Independent Managing Director	Sun, Ping-Yen	5	-	100%	Ceased appointment on Jun. 22, 2009
Director	Chang, Wu-Ping	11	-	100%	Renewal
Director	Ho, Shun-Cheng	11	-	100%	Renewal
Director	Lin, Cheng-Yu	11	-	100%	Renewal
Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	11	-	100%	Renewal
Director	Chao, Fu-Tien	11	-	100%	Renewal
Director	Representative of Po Yun Enterprise Co., Ltd.: Chen, Chin-Chia	4	-	67%	New appointed on Jun. 22, 2009
Director	Representative of Yi Suan Co., Ltd.: Chen, Chin-Yi	6	-	100%	New appointed on Jun. 22, 2009
Director	Hsieh, Yi-Tung	6	-	100%	New appointed on Jun. 22, 2009
Director	Chen, Chin-Chia	1	-	20%	Ceased appointment on Jun. 22, 2009
Director	Chen, Chin-Yi	5	-	100%	Ceased appointment on Jun. 22, 2009
Director	Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung	5	-	100%	Ceased appointment on Jun. 22, 2009
Director	Huang, Cheng-Nan	3	-	60%	Ceased appointment on Jun. 22, 2009
Independent Director	Liu, Hsiang-Tun	11	-	100%	Renewal
Independent Director	Chiang, Chun-Hui	6	-	100%	New appointed on Jun. 22, 2009
Resident Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Po-Hsiung	5	-	83%	New appointed on Jun. 22, 2009
Resident Supervisor	Hsu, Po-Hsiung	5	-	100%	Ceased appointment on Jun. 22, 2009
Supervisor	Tsai, Wen-Hsiung	8	-	73%	Renewal
Supervisor	Lin, Chin-Lung	4	-	67%	New appointed on Jun. 22, 2009
Supervisor	Kao, Ming-Chih	0	-	0%	Ceased appointment on Jun. 22, 2009
Supervisor	Chen, Sen-Jung	4	-	80%	Ceased appointment on Jun. 22, 2009
Independent Supervisor	Chiang, Chun-Huai	5	-	100%	Ceased appointment on Jun. 22, 2009

Other Noticeable Particulars :

A. 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

B. 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
2009-03-26	The 17 th Meeting, the 4 th Term	Chen, Sheng-Hung	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Loans to interested parties regulated in Article 33-1 of The Banking Act.	Avoid discussion and voting
2009-07-01	The 1 st Meeting, the 5 th Term	Lin, Peng-Lang	Approved Chairman's salary and remuneration amenities	Involving the Directors' own personal interests	Avoid discussion and voting
2009-10-15	The 3 rd Meeting, the 5 th Term	Chen, Sheng-Hung	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Loans to interested parties regulated in Article 33-1 of The Banking Act.	Avoid discussion and voting
2009-12-28	The 5 th Meeting, the 5 th Term	Lin, Peng-Lang	Approved Chairman's performance bonus	Involving the Directors' own personal interests	Avoid discussion and voting

C. 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.

(II) Operation of the Auditing Committee: None

(III) The Participation of Supervisors in the Operation of Board of Directors

During 2009, the Board of Directors held 11 meetings. The attendance are as follows:

Title	Name	Frequency of Attendance (Presence)	Actual Attendance (Presence) Rate (%)	Remarks
Resident Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Po-Hsiung	5	83%	New appointed on Jul. 1, 2009
Resident Supervisor	Hsu, Po-Hsiung	5	100%	Ceased appointment on Jun. 22, 2009
Supervisor	Tsai, Wen-Hsiung	8	73%	Renewal
Supervisor	Lin, Chin-Lung	4	67%	New appointed on Jul. 1, 2009
Supervisor	Kao, Ming-Chih	0	0%	Ceased appointment on Jun. 22, 2009
Supervisor	Chen, Sen-Jung	4	80%	Ceased appointment on Jun. 22, 2009
Independent Supervisor	Chiang, Chun-Huai	5	100%	Ceased appointment on Jun. 22, 2009

Note: Because the 1st Provisional Board Meeting, the 5th Term held on Jul. 1, 2009 was elected Managing directors, so all supervisors were not be presented.

Other Noticeable Particulars:

A. The constitution of supervisors and responsibilities:

- (1) The communication of supervisors with bank employees and shareholders: None
- (2) The communication of supervisors with internal auditing supervisors and accountants: None

B. The opinion of the supervisors who participated in the board meetings:

- (1) At the 3rd Board Meeting, the 5th Term held on October 15, 2009, a summary of opinions opined by the supervisor Lin Jin-long:
 - 1.The loan cases referred to SMEG should caution that the flow of the loan is to meet the intended purpose as applied.
 - 2.Please enforce and stringently process the bad debt cancellation cases' subsequent management (retroactive legal action) follow-ups.
 - 3.It is recommended to lower the new hiring manager's age.
- (2) At the 4th Board Meeting, the 5th Term held on November 26, 2009, a summary of opinions opined by the supervisor Tsai, Wen-Hsiung:

Regarding the deficit reported by the bank's reinvested entity Sunny Securities Co., Ltd. It is necessary to study and draft countermeasures to order it improve within a prescribed deadline.
- (3) At the 4th Board Meeting, the 5th Term held on November 26, 2009, a summary of opinions opined by the supervisor Lin, Chin-Lung:
 1. Please define clearly the criterion for recruiting mangers and the evaluation method.
 2. Please step up the employees' orientation and training.
 3. To promote the existing outstanding vice manager-level personnel and assign them to the branches as manager.
 4. The manager's evaluation shall be held once a year as a general principle.

(IV) Disclosure information in accordance with Corporate Governance Best-Practice Principles for Banks:

For detail, please refer to the bank's official website: <http://www.sunnybank.com.tw>

(V) 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. Structure of the Bank equity & shareholder's right (1) The response of the Bank to shareholders' recommendation or dispute (2) The Bank keeps track of the major shareholders and their ultimate controller. (3) The way that the Bank set up the risk control mechanism and the firewall with its affiliated businesses.	(1) Stocks Affairs Section is set up under Administration Management Department for shareholders' related affairs. The Section is fully responsible for any shareholders' recommendation or dispute. Depending on the importance, cases may be forwarded to Section Chief, Manager of Administration Management Department, Chief secretary of the Board of Directors, Chairman, or Board of Managing Directors. (2) Stock Services Section under Administration Management Department is in charge of monitoring shareholding of shareholders. (3) Policies and procedures are established.	(1) Bank has designated divisions to process shareholders' 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 of Directors (1) The establishment of independent directors (2) Periodic evaluation on the independence of certified	(1) Bank has set up 2 independent director positions. (2) The CPA engaged by the Bank each year are to meet the critical criterion of professionalism, responsibility and independence, and are required to submit a filing for motioning by the board when processing financial and	(1) Article 31 of the said regulation is fully complied. (2) The said regulation is fully complied.

Item	Operation	The cause and the difference from Corporate Governance Best-Practice Principles
public accountants(CPA)	taxation authentication.	
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) The Bank set up a website to disclose financial status and company governance information. (2) Other information disclosure methods adopted by the bank (i.e. establishing the English website, collect and disclose bank's information by commissioner, implement the Spokesman system and posting the process of the conferences with institutional investors on the bank website)	The Bank website: http://www.sunnybank.com.tw , which discloses financial status and company governance information.	The said regulation is fully complied.
5. The establishment of committees, such as Nomination Committee or Remuneration Committee	Nomination Committee or Remuneration Committee has not yet set up.	The Bank will follow the regulation for Corporate Governance Best-Practice Principles and establish various committees in the future.,.
6. Please state the cause and the difference of the corporate governance from Corporate Governance Best-Practice Principles for Banks: 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. Labor rights, employee care, investor relationship, stakeholders' rights, directors and supervisors' effort in further studies, risk and customer management policies, risk measurement standard execution and the purchase of liability insurance in behalf on directors and supervisors) : (1) Labor rights: the Bank is an public listed company and fully realizes that, for sustainable management, the Bank shoulders significant social responsibilities, including employee care and protecting labor's human rights. The Headquarter also established Labour Co-ordinating Committee and Employees Welfare Committee to protect employees' welfare. Moreover, 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) Directors and supervisors' 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 has launched a risk management division, which is charged with studying and drafting risk management policy and risk measurement criteria; in addition, in an effort to standardize the operating procedures and hedge the operational risks, the bank has drafted operating manuals and compiled relevant regulations and rules for various operations, and has notified in writing to all units, with which to enforce executing the internal control and the internal audit system. (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's 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		

(VI) The makeup and responsibility of a pay committee, and the state of its implementation: None

(VII) Performing social responsibilities:

By upholding its consistent philosophy of giving back to the society in a bid to honor its corporate stewardship, the bank upholds its business commitment by acting fulfilling its "Corporate citizenship" role by donating the employees' one day's pay to the households hit by the August 8th typhoon flooding to dedicate the bank's corporate stewardship to the society and to contribute toward the academic and cultural endowment by campaigning for healthy recreational activity and continuing to promote and sponsor various sports, cultural and educational activity, such as sponsoring the Shilin Vocational High School's Anniversary Festival, the Shipai Elementary School's sports competition in addressing its care for the neighborhood community, and giving back to the society.

(VIII)The inquiry for corporate governance regulations and policies: None

(IX) Internal control execution discloses the following:

(1) Statement of Internal Control

Statement of Internal Control System Sunny Bank Co., Ltd.

The internal control system of Sunny Bank Co., Ltd. from January 1, 2009 to December 31, 2009 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 (the 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 “Guidelines for the Establishment of Internal Control Systems by Securities and Futures Related Organizations”, which had been promulgated by the Financial Supervisory Commission’s Securities and Futures Bureau.). 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. 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:	Lin, Peng-Lang	(with seal & signature)
President:	Ting, Wei-Hao	(with seal & signature)
General Auditor:	Tseng, Yao-Te	(with seal & signature)
Compliance Officer of the Head Office:	Chou, San-Ho	(with seal & signature)

Date: March 25, 2010

Practices to be Strengthened and Corrective Procedures in the Internal Control System

December 31, 2009

Items for Improvement	Improvement Measures	Completion Deadline
None	None	None

(2) Items to be disclosed in the CPA's audit report: None

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

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

The Bank's Taishan Branch, Minsheng Branch, and Yungho Branch processed the Crediting to Tu, Hsiu-Lan, Wang, Yu-Lan, Tu, Hsiu-Li and Lin, Lu-Ying and were suspected violating Banking Act. Taiwan Shihlin District Prosecutors Office viewed public prosecution should be filed against these branches.

(2) Fines imposed by the Executive Yuan's Financial Supervisory Committee as a punishment 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 7 of The Money Laundering Control Act.

(3) Major corrections to shortcomings demanded by the Executive Yuan's Financial Supervisory Committee: None

(4) Punishments by the Executive Yuan's Financial Supervisory Committee in relation to Article 61-1 of the Banking Law:

Consuming Finance Regional Center of the Bank did not establish mature custody records on the information of clients' loan applications in 2008. 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.

(5) Necessary disclosure of nature and amount of loss as a result of fraud, major random incidents (major incidents including fraud, theft, appropriation and theft of assets, falsified transactions, document and security forgery, taking kickbacks, natural disaster loss, loss caused by external forces, hacker attacks, theft of information, and disclosure of business secrets and client information), or failure to comply with the instructions for the Maintenance of Safety by Financial Institutions, as a result of which individual or accumulated losses for the year amounted to NT\$50 million or more: None

(6) Other items to be disclosed under the instructions of the Financial Supervisory Commission, Executive Yuan: None

(XI) Important Resolutions of the Shareholders' Meeting and the Board Meeting during 2009 and the period up to the annual report publication date:

[Board Meeting]

(1) The 16th Board Meeting of the 4th Term held on January 8, 2009 has motioned through:

(a) Setting the 2009 Balance Sheet and 2009 Overall Business Operating Plan.

(b) Appointing Mr. Ting, Wei-Hao as the Bank's Executive President.

(2) The 18th Board Meeting of the 4th Term held on April 23, 2009 has motioned through:

Planing to issue the 2009 Secondary Subordinated Financial Debentures totaling NT\$1.3 billion.

(3) The 19th Board Meeting of the 4th Term held on May 7, 2009 has motioned through:

Reassigning Mr. Liu, Tsung-Hsun as bank accounting supervisor.

(4) The 1st Provisional Board Meeting of the 5th Term held on July 1, 2009:

Appointing Mr. Wu, Hsi-Hui, Liu, Chen-Sheng, Wu, Wen-Cheng, Chen, Sheng-Hung, Lin, Peng-Lang as the 5th Term Managing Directors (in addition, at the 1st Provisional Managing Board Meeting of the 5th Term held on July 1, 2009, Mr. Lin, Peng-Lang has been appointed as the 5th Term Chairman).

(5) The 1st Board Meeting of the 5th Term held on July 1, 2009 has motioned through:

(a) Amending the bank's organizational guideline and agenda.

(b)Appointing Mr. Ting, Wei-Hao as the Bank’s President.

(6)The 3rd Board Meeting of the 5th Term held on October 15, 2009 has motioned through:

Defining the bank independent director’s scope and rules of responsibility.

(7)The 5th Board Meeting of the 5th Term held on December 28, 2009 has motioned through:

Defining the 2010 budget report and the overall business operating plan.

[Shareholders’ Meeting]

The 2009 Shareholders’ Meeting has motioned through:

(a)Amending some of the articles of the bank’s Articles of Incorporation.

(b)Reelecting the entire bank directors and supervisors.

(XII) The major content of record of written statements for any dissenting opinions from directors or supervisors regarding important resolutions of the Board in 2009 and the period up to the annual report publication date:
None

(XIII)The summary of resignation and discharging of people related to the Financial Report (including Chairman, President, Accounting Supervisors and Auditing Supervisors) during 2009 and the Current Year up to Publication Date of Annual Reports:

Name	Title	Date of Appointment	Date of Ceasing Appointment	Condition of Resignation / Removal
Chen, Sheng-Hung	Chairman	1994-03-28	2009-06-21	Quit
Yen, Ching-Tsung	President	2005-12-01	2009-01-01	Removal (terminated the contract)
Chen, Hui-Min	Accountant-General	2007-08-30	2009-05-31	Quit

4. CPAs Information:

C.P.A. Office	C.P.A. Name		Auditing Period	Remark
Deloitte & Touche	Lin, Hsiu-Lien	Shao, Chih-Ming	-	-

Amount Unit: NT\$1,000

Amount	Item	Audit Fee	Non-audit Fee	Total
1	Less than NT\$2,000,000		✓	
2	NT\$2,000,000 (Included) ~ NT\$4,000,000	✓		✓
3	NT\$4,000,000 (Included) ~ NT\$6,000,000			
4	NT\$6,000,000(Included) ~ NT\$8,000,000			
5	NT\$8,000,000 (Included) ~ NT\$10,000,000			
	Over NT\$100,000,000			

5. Changes of CPAs:

(I) With regard to the former certified public accountant: None

(II) With regard to the incumbent certified public accountant:

Following Deloitte & Touche’s internal work allocation and arrangement in 2009, the authentication certified public accountants have been changed from CPAs Shao, Chih-Ming, Kuo, Cheng-Hung to CPAs Lin, Hsiu-Lien and Shao, Chih-Ming.

(III) The former CPAs’ response letter to matters stated under Sub-paragraph 1,2 and 3, Paragraph 5 of Article 10 of the criteria:

None

6. Chairman, President, Financial or Accounting Managers, and those that have served in CPA or Affiliated Associated Business in Most Recent One Year:

None

7. Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Other Required to Report Equity by the Provision of Item 3, Article 25 of the Banking Law:

(I) The Changes in Shareholding

Title	Name	2009		As of April 30, the same year	
		Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares	Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares
Chairman	Lin, Peng-Lang	30,000	0	0	0
Managing Director	Liu, Chen-Sheng	40,000	0	0	0
Managing Director	Wu, Hsi-Hui	200,000	0	0	0
Director	Ho, Shun-Ping	0	0	0	0
Director	Chang, Wu-Ping	0	0	0	0
Director	Lin, Cheng-Yu	0	0	0	0
Director & Assistant Vice President	Hsieh, Yi-Tung	200,000	0	0	0
Director (Major Shareholder, Note 2)	Fu Li Yang Investment Co., Ltd.	0	0	0	0
Corporate Director Representative	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	0	0	0	0
Corporate Managing Director Representative	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Sheng-Hung	0	0	0	0
(Note 2)	Hsueh, Ling	0	0	0	0
(Note 2)	Chen, Chin-Liang	0	0	0	0
(Note 2)	Chen, Chin-Chung	0	0	0	0
(Note 2)	Chen, Chin-Fu	0	0	0	0
(Note 2)	Chen, Li-Fen	0	0	0	0
(Note 2)	Chen, Ya-Yi	0	0	0	0
(Note 2)	Chen, Pei-Yu	0	0	0	0
(Note 2)	Chen, Yu-Li	0	0	0	0
(Note 2)	Hsueh, Lin-Chuan	0	0	0	0
(Note 2)	Ho, Li-Wei	0	0	0	0
(Note 2)	Ho, Chih-Wei	0	0	0	0
(Note 2)	Hsueh, Tsung-Tai	0	0	0	0
(Note 2)	Chuan Yang Construction Co., Ltd.	0	0	0	0
(Note 2)	Sunny Culture & Education Foundation	0	0	0	0
Director	Po Yun Enterprise Co., Ltd.	0	0	0	0
Corporate Director Representative (Note 2)	Representative of Po Yun Enterprise Co., Ltd.: Chen, Chin-Chia	0	0	0	0
Director	Chao, Fu-Tien	0	0	0	0
Director	Yu Suan Co., Ltd.	20,000	0	0	0
Corporate Director Representative (Major Shareholder)	Representative of Yu Suan Co., Ltd.: Chen, Chin-Yi	0	0	0	0
Standing Supervisor	Hsu Hung Technology Co., Ltd.	8,000	0	0	0
Standing Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Po-Hsiung	(400,000)	0	0	0
Supervisor (Major Shareholder)	Tsai, Wen-Hsiung	(200,000)	0	0	0
Supervisor	Lin, Chin-Lung	200,000	0	0	0
President	Ting, Wei-Hao	0	0	0	0
Vice President	Chang, Chi-Ming	0	0	0	0
Vice President	Kuo, Chih-Hung	0	0	0	0
Vice President	Lin, Chih-Liang	0	0	0	0
Vice President	Chou, San-He	0	0	0	0
Vice President	Cheng, Ming-Kun	0	0	0	0
General Auditor	Tseng, Yao-Te	0	0	0	0
Assistant Vice President	Liu, Ming-Chieh	100,000	0	0	0
Assistant Vice President	Kuo, Ching-Feng	0	0	0	0
Assistant Vice President	Chen, Jung-Kui	0	0	0	0
Assistant Vice President	Yu, Shih-Jung	0	0	0	0
Assistant Vice President	Hu, Tsung-Yi	0	0	0	0
Assistant Vice President	Chang, Yi-Yu	0	0	0	0
Assistant Vice President	Huang, Yen-Chun	0	0	0	0
Assistant Vice President	Wang, Ya-Hsun	0	0	0	0
Assistant Vice President	Wang, Chien-Yi	0	0	0	0
Manager	Chen, Kuo-Hung	0	0	0	0
Manager	Tsao, Chun-Jung	0	0	0	0
Manager	Kao, Chin-Mu	0	0	0	0
Manager	Chiang, Tung-Sheng	0	0	0	0
Manager	Yang, Chen-Sheng	0	0	0	0
Manager	Lin, Kuo-Hung	0	0	0	0
Manager	Wu, Chia-Cheng	0	0	0	0
Manager	Kao, Chih-Li	0	0	0	0
Manager	Sung, Ping-Ping	0	0	0	0
Manager	Lung, Wan-Li	0	0	0	0
Manager	Tseng, Chieh-Chang	0	0	0	0
Manager	Chen, Yao-Wen	0	0	0	0
Manager	Chien, Chih-Hsin	0	0	0	0

Title	Name	2009		As of April 30, the same year	
		Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares	Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares
Manager	Liu, Yen-Hsing	0	0	0	0
Manager	Hu, Chi-Min	0	0	0	0
Manager	Yeh, Ming-Yueh	0	0	0	0
Manager	Lee, Ching-Cheng	0	0	0	0
Manager	Chen, Chi-Chuan	0	0	0	0
Manager	Chen, Yi-Huan	0	0	0	0
Manager	Chu, Chia-Lung	0	0	0	0
Manager	Chiu, Chuan-Mao	0	0	0	0
Manager	Chang, Wen-Sung	0	0	0	0
Manager	Chen, Ming-Wen	0	0	0	0
Manager	Hu, Min-Fu	0	0	0	0
Manager	Huang, Chi-Wei	0	0	0	0
Manager	Pan, Kuang-Chu	0	0	0	0
Manager	Chen, Hui-Ling	0	0	0	0
Manager	Yang, Yi-Chen	0	0	0	0
Manager	Wu, Cheng-Hao	0	0	0	0
Manager	Yueh, Wen-Chang	0	0	0	0
Manager	Hsiao, Chih-Hui	0	0	0	0
Manager	Chang, Shun-Han	0	0	0	0
Manager	Lu, Chun-Hsiung	0	0	0	0
Manager	Huang, Che-Ming	0	0	0	0
Manager	Cheng, Pei-Nan	0	0	0	0
Manager	Kuo, Chiang-Hai	0	0	0	0
Manager	Chen, Chih-Hao	0	0	0	0
Manager	Lee, Wen-Hui	0	0	0	0
Manager	Su, Hsin-Yi	0	0	0	0
Manager	Huang, Yao-Kun	0	0	0	0
Manager	Yeh, Tsang-Yi	0	0	0	0
Manager	Yang, Ying-Chung	0	0	0	0
Manager	Yang, Pao-Kui	0	0	0	0
Manager	Lee, Tai-Ju	0	0	0	0
Manager	Su, Chien-Tsung	0	0	0	0
Manager	Tseng, Chien-Chia	0	0	0	0
Manager	Chen, Ting-Yi	0	0	0	0
Manager	Wu, Sheng-Yi	0	0	0	0
Manager	Chou, Chih-Wei	0	0	0	0
Manager	Tsai, Kun-Ti	0	0	0	0
Manager	Chen, Yang-Yu	0	0	0	0
Manager	Lin, Cheng-Lung	0	0	0	0
Manager	Chen, Hsien-Chun	0	0	0	0
Manager	Chuang, Yung-Fu	0	0	0	0
Manager	Chang, Ching-Pai	0	0	0	0
Manager	Tsui, Ching-Chih	0	0	0	0
Manager	Chang, Jung-Pin	0	0	0	0
Manager	Hu, Chun-Wei	0	0	0	0
Manager	Chao, Yu-Chin	200,000	0	0	0
Manager	Pan, Cheng-Jen	0	0	0	0
Manager	Chung, Hsu-Jung	0	0	0	0
Manager	Liu, Min-Hsiang	0	0	0	0
Manager	Kuo, Li-Chung	0	0	0	0
Manager	Hsu, Chen-Huang	2,000	0	0	0
Manager	Hsu, Chen-Yuan	0	0	0	0
Manager	Huang, Hsien-Chang	0	0	0	0
Manager	Hung, Jung-Tsung	0	0	0	0
Manager	Huang, Teng-Tsai	0	0	0	0
Manager	Hsueh, Chih-Cheng	0	0	0	0
Manager	Lin, Jui-Mei	0	0	0	0
Manager	Chuang, Ping-Hung	0	0	(15,278)	0
Manager	Wu, Kuo-Ho	0	0	0	0
Manager	Yu, Kuang-Lu	0	0	0	0
Manager	Liu, Chih-Cheng	0	0	0	0
Manager	Lu, Han-Kun	0	0	0	0
Manager	Tsai, Wei-Yung	0	0	0	0
Manager	Tang, Ying-Kui	0	0	0	0
Manager	Chu, Shu-Chun	0	0	0	0
Manager	Lu, Pi-Yu	0	0	0	0
Manager	Wu, Jung-Chi	0	0	0	0
Manager	Yang, Lien-Tse	0	0	0	0
Manager	Chen, Chi-Wen	0	0	0	0
Manager	Lee, Yu-Sheng	0	0	0	0

Title	Name	2009		As of April 30, the same year	
		Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares	Increasing/ Decreasing Holding Shares	Increasing/ Decreasing Pledged Shares
Manager	Tsai, Chien-Li	0	0	0	0
Manager	Chen, Cheng-Yi	0	0	0	0
Manager	Chou, Hung-Che	0	0	0	0
Manager	Kan, Wu-Cheng	0	0	0	0
Manager	Chen, Cheng-Feng	0	0	0	0
Manager	Shen, Yu-Hsin	0	0	0	0
Manager	Chen, Yi-Hsu	0	0	0	0
Manager	Chung, Min-Yuan	0	0	0	0
Manager	Lee, Hsu-Chang	0	0	0	0
Manager	Chen, Nien-Hui	0	0	0	0
Manager	Lee, Chun-Yu	0	0	0	0
Manager	Juan, Chien-Chung	0	0	0	0
Manager	Kao, Chih-Liang	0	0	0	0
Manager	Liu, Chao-Jen	0	0	0	0
Manager	Hung, Chien-Ming	0	0	0	0
Manager	Liu, Wen-Ho	0	0	0	0
Manager	Ma, Chien-Hui	0	0	0	0
Manager	Chen, Wen-Pin	0	0	0	0
Manager	Huang, Shou-Wen	0	0	0	0

Note 1: Manager Yeh, Ming-Yueh ceased his appointment on Jan. 27, 2010. Manager Huang, Teng-Tsai, Hsueh, Chih-Cheng, Chen, Ming-Wen, Wu, Cheng-Hao, Su, Hsin-Yi, Chuang, Ping-Hung, Wu, Kuo-Ho, Tsui, Ching-Chih, Kuo, Chiang-Hai, Hu, Tsung-Yi ceased their appointment on Feb. 1, 2010. Manager Chu, Shu-Chun ceased his appointment on Mar. 6, 2010. Manager Chen, Wen-Pin ceased his appointment on Apr. 8, 2010. Manager Ma, Chien-Hui ceased his appointment on Apr. 16, 2010. Manager Chang, Ching-Pai ceased his appointment on Apr. 23, 2010. Manager Huang Che-Ming, ceased his appointment on Apr. 30, 2010.

Note 2: Registered as the shareholder in accordance with the Paragraph 3, Article 25 of this law.

(II) Share Transfer Information

Name	Reasons for Share Transfer	Date of Transaction	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
Tsai, Wen-Hsiung	Disposal (Gift)	2009-10-22	Tsai, Ting-Jui	Father and Son	(200,000)	8.3

(III) Share Pledge Information: None

8.Information on the Relationships between the 10 Largest Shareholders as Given in Statement of Financial Accounting Standard No.6

December 31 2009

Unit: Share, %

Name	Shareholding		Shareholding by Spouse and Minors		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	Relationship	
Representative of Fu Li Yang Investment Co., Ltd.:	82,952,766	6.77	-	-	-	-	Chuan Yang Construction Co., Ltd.	Controlled by the same person	-
Chen, Sheng-Hung	7,179,892	0.59	1,832,655	0.15	-	-			
Chen, Chien-Yang	3,717,876	0.30	1,064,773	0.09	-	-			
Chuan Yang Construction Co., Ltd.	69,644,262	5.69	-	-	-	-	Fu Li Yang Investment Co., Ltd.	Controlled by the same person	-
Sheng Yang Construction Co., Ltd.	37,558,207	3.07	-	-	-	-	-	-	-
The First Insurance Co., Ltd.	25,469,136	2.08	-	-	-	-	-	-	-
Farglory Life Insurance Co., Ltd.	15,900,691	1.30	-	-	-	-	-	-	-
Sunny Culture & Education Foundation	11,662,995	0.95	-	-	-	-	-	-	-
Kuo Hua Life Insurance Co., Ltd.	11,101,039	0.91	-	-	-	-	-	-	-
Kuo, Wen-Tsung	10,625,076	0.87	4,226,400	0.35	-	-	-	-	-
Tsai, Wen-Hsiung	7,205,159	0.59	4,904,014	0.40	-	-	-	-	-
Chen, Chin-Yi	8,821,778	0.72	-	-	-	-	-	-	-

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

December 31, 2009

Unit: Share, %

Invested Enterprises (Note)	The Bank's Investment		The Investment Subsidiaries Directly or Indirectly Controlled and by the Bank, its Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, the Heads of Departments and Branches		Omnibus Investment	
	Share	%	Share	%	Share	%
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 Agent 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 Co.,Ltd.	6,006,000	20.02	0	0.00	6,006,000	20.02

Note: Investment pursuant to Article 74 of Banking Law

IV. Fund-Raising Activities

1. Shares and Dividends

(I) 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	Original operative money of Yang Ming Shan Credit Union	Note 1
November 1998	\$13	300,000	3,000,000	300,000	3,000,000	Description 1	Note 2
November 1999	\$13	380,000	3,800,000	380,000	3,800,000	Description 2	Note 3
December 2000	\$13	470,000	4,700,000	470,000	4,700,000	Description 3	Note 4
October 2001	\$10	535,800	5,358,000	535,800	5,358,000	Description 4	Note 5
October 2002	\$10	616,170	6,161,700	616,170	6,161,700	Description 5	Note 6
October 2003	\$10	820,000	8,200,000	706,158	7,061,579	Description 6	Note 7
December 2004	-	820,000	8,200,000	820,000	8,200,000	Description 7	Note 8
September 2005	\$10	1,200,000	12,000,000	891,078	8,910,783	Description 8	Note 9
November 2005	-	1,200,000	12,000,000	1,091,526	10,915,265	Description 9	Note 10
July 2006	\$10	2,000,000	20,000,000	1,243,928	12,439,281	Description 10	Note 11
September 2009	-	2,000,000	20,000,000	1,224,973	12,249,730	Description 11	Note 12

Description 1 : Capital increase by cash 192,060,160 dollars; surplus and employee's reward transferred to common stock 107,939,840 dollars.

Description 2 : Capital increase by cash 290,000,000 dollars; Retained earnings transferred to common stock 210,000,000 dollars; capital surplus transferred to common stock 300,000,000 dollars.

Description 3 : Capital increase by cash 216,000,000 dollars; Retained earnings transferred to common stock 304,000,000 dollars; capital surplus transferred to common stock 380,000,000 dollars

Description 4 : Retained earnings transferred to common stock 188,000,000 dollars; capital surplus transferred to common stock 470,000,000 dollars.

Description 5 : Retained earnings transferred to common stock 267,900,000 dollars; capital surplus transferred to common stock 535,800,000 dollars.

Description 6 : Capital increase by cash 300,000,000 dollars; Retained earnings transferred to common stock (inclusive of employee's reward transferred to common stock) 476,644,590 dollars; Capital surplus transferred to common stock 123,234,000 dollars.

Description 7 : Capital increase by cash 519,331,710 dollars; Retained earnings transferred to common stock (inclusive of employee's reward transferred to common stock) 619,089,700 dollars.

Description 8 : Retained earnings transferred to common stock (inclusive employee's reward transferred to common stock) 710,782,970 dollars.

Description 9 : Kao Shin Bank new stock issuance 2,004,482,070 dollars.

Description 10 : Capital increase by cash 1,084,734,960 dollars; Retained earnings transferred to common stock (inclusive of employee's reward transferred to common stock) 439,281,340 dollars.

Description 11 : The cancellation of buyback on contesting shareholders' shares totaling 18,955,153 shares, and a capital deduction of 189,551,530 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 25, 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.

Note 12 : Approved in accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin-he No. 09800402650 dated September 7, 2009.

Stock Type	Authorized Capital Stock			Note Outstanding stock (Note)
	Outstanding stock (Note)	Un-issued share	Total	
Common Stock	1,224,972,981	775,027,019	2,000,000,000	Non-Listed & OTC Bank Stock

Note: Including 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 Stock	2,000,000,000	20,000,000,000	1,224,972,981	\$10	Supplement operation fund	-	-

(II) Structure of Shareholders

December 31, 2009

Quantity	Shareholder Structure	Government Institutions	Financial Institutions	Company Corporation	Other Corporation	Individual	Foreign Institutions & Foreigner	Total
		No. of Persons	2	4	111	35	127,710	5	127,867
No. of Shareholding (Stocks)	1,429,097	52,471,297	214,500,122	13,269,394	943,299,781	3,290	1,224,972,981	
Shareholding Percentage (%)	0.12%	4.28%	17.51 %	1.08%	77.01%	0.00%	100.00%	

(III) Equity Distribution

Per Vaule: \$10

December 31, 2009

Grades	No. of Shareholders (persons)	Shareholdings (shares)	Shareholding Percentage (%)
1 to 999	74,012	20,950,769	1.71%
1,000 to 5,000	45,233	92,762,198	7.57%
5,001 to 10,000	2,599	18,286,666	1.49%
10,001 to 15,000	794	9,892,029	0.81%
15,001 to 20,000	650	11,341,054	0.93%
20,001 to 30,000	797	20,382,006	1.67%
30,001 to 50,000	1,029	41,271,094	3.37%
50,001 to 100,000	1,242	91,390,347	7.46%
100,001 to 200,000	711	101,593,326	8.29%
200,001 to 400,000	448	126,373,500	10.32%
400,001 to 600,000	140	67,872,471	5.54%
600,001 to 800,000	63	43,775,378	3.57%
800,001 to 1,000,000	30	27,071,382	2.21%
Over 1,000,001	119	552,010,761	45.06%
Total	127,867	1,224,972,981	100.00%

(IV)List of Major Shareholders

Shares	Shareholdings	Shareholding Percentage (%)
List of Major Shareholders		
Fu Li Yang Investment Co., Ltd.	82,952,766	6.77%
Chuan Yang Construction Co., Ltd.	69,644,262	5.69%
Sheng Yang Construction Co., Ltd.	37,558,207	3.07%
The First Insurance Co., Ltd.	25,469,136	2.08%
Farglory Life Insurance Co., Ltd.	15,900,691	1.30%
Kuo, Wen-Tsung (Note 2)	14,851,476	1.22%
Tsai, Wen-Hsiung (Note 3)	12,109,173	0.99%
Sunny Culture & Education Foundation	11,662,995	0.95%
Kuo Hua Life Insurance Co., Ltd.	11,101,039	0.91%
Chen, Chin-Yi	8,821,778	0.72%

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

Note 2 : The shares hold by Kuo, Wen-Tsung include the shares of his spouse and minor children.

Note 3 : The shares hold by Tsai, Wen-Hsiung include the shares of his spouse.

(V)Market price, net value, earning, and dividend data for the most recently 2 years

Unit: NT\$, Thousand Shares

Item	Year	2009	2008	As of April 30, 2010 of the Same Year	
Price/share	Highest	Note	Note	Note	
	Lowest	Note	Note	Note	
	Average	Note	Note	Note	
Net/share	Before distribution	8.43	8.68	8.57	
	After distribution	8.43	8.68	8.57	
Earning/share	Weighted average No. of shares	1,224,553	1,224,553	1,224,553	
	Before adjustment	(0.25)	(1.89)	0.15	
	After adjustment	(0.25)	(1.89)	0.15	
Dividend/share (Surplus distribution from the previous year)	Cash dividend	-	-	-	
	Free distribution	Surplus distribution	-	-	-
		Capital surplus distribution	-	-	-
	Unpaid dividend	-	-	-	
Analysis on investment returns	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 the Bank is not listed or OTC listed.

(VI)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.Directors, Supervisors reward 1.5%
- b.Employee's bonus 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.

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 BIS 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.

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

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

(VIII)Employee's bonus and Rewards for Directors and Supervisors

- (1) The amount or criteria of employee's bonus 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 bonus 3%
 - (c)Shareholder dividend 95.5%
- (2) Basis for estimating the 2009 employee bonuses and the amount of remunerations of the directors and supervisors, basis for calculating the share count in distributing share bonus, and the accounting processing for differential arisen from the actual amount distributed:

The estimation of the employee bonuses and the directors and supervisors' remunerations are made on the basis of the probable amount of distribution according to the past experience. With 2009 reporting a deficit, hence no allocations have been made for the employee bonuses and the directors/supervisors' remunerations. At the resolution voting date of shareholders' meeting, any change to the amount is processed according to change in accounting estimates, and is adjusted and realized in the year that the resolution is voted before the shareholders' meeting. In the instance where the resolution voted before the shareholders' meeting renders the employee bonuses be distributed in the form of stock, the stock share count is determined by the amount of the bonus distribution voted divided by the stock's fair value, in which the stock's fair value is calculated based on the net valuation derived from the most recent period's CPA-audited financial statements.
- (3) Employee's bonus distribution passed by the Board of Directors
2009 Bank surplus distribution: no Employee stock bonus and directors/supervisors reward distribution.
- (4) The state of the actual distribution of the previous years' employee bonuses and the directors/supervisors' remunerations (including the distributed share count, amount and share price), complete with a description of the differential, reason and state of processing on any differential to the recognized employee bonuses and directors/supervisors' remunerations:

The Bank has reported a deficit redemption proposal for 2008.

(IX) Shares Repurchased by the Bank

December 31, 2009

Repurchase period of time	Initial Repurchase
Purpose of the Repurchase	To repurchase the shares held by the contesting shareholders following the merger of Kao Shin Commercial Bank.
Repurchase period	August 10, 2006
Repurchase price range	NT\$11.48
Type and quantity of Repurchase shares	18,955,153 shares
Amount of Repurchase shares	NT\$217,605,155
Pre-share repurchase BIS ratio (note)	Cutoff Date: June 30, 2006 Ratio: 9.40%
Post-share repurchase BIS ratio (note)	Cutoff Date: December 31, 2006 Ratio: 8.76%
Number of shares canceled or transferred	18,955,153 shares
Number of cumulative shares held	-
Ratio of the cumulative shares held to total outstanding shares (%)	-
Progress of transferring the repurchase shares to the employees	-
The state of restrictions levied by the commission for buyback shares not transferred in full in a three-year period	-

Note: The BIS ratio is based on the bank's most recent data declared with the government authorities before and after the share repurchase.

2. 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	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 (%)	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 21, 2009 Grade rating: twBBB	Taiwan Rating Co., Ltd. Assessment Date: September 21, 2009 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 21, 2009 Grade rating: twBBB	Taiwan Rating Co., Ltd. Assessment Date: September 21, 2009 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 21, 2009 Grade rating: twBBB	Taiwan Rating Co., Ltd. Assessment Date: September 21, 2009 Grade rating: twBBB

Types of Subordinated Financial Debentures	The Third Type B Bond Subordinated Financial Debentures in 2007	The First Type Subordinated Financial Debentures in 2009
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. 09800208270
Date of issue	December 26, 2007	June 15, 2009
Par Value	NT\$100,000	NT\$10,000,000
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\$43,900,000	NT\$500,000,000
Interest Rate	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.95% single tactical interest, with a quarterly resetting and annual interest payment.	At fixed single interest rate of APR 3% with annual payment
Maturity	6 years and 2 months, From December 26, 2007 to February 26, 2014	5 years and 7 months, From June 15, 2009 to January 15, 2015
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\$43,900,000	NT\$500,000,000
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\$10,629,528,858
Compliance cases	None	Normal
Redemption or prepayment terms	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 (%)	39.89%	56.53%
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 21, 2009 Grade rating: twBBB	Taiwan Rating Co., Ltd. Assessment Date: September 21, 2009 Grade rating: twBBB

Types of Subordinated Financial Debentures	The First Type A Bond Subordinated Financial Debentures in 2010	The First Type B Bond Subordinated Financial Debentures in 2010
Central authority approval date and number	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09800208270	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09800208270
Date of issue	April 30, 2010	April 30, 2010
Par Value	NT\$10,000,000	NT\$10,000,000
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\$570,000,000	NT\$230,000,000
Interest Rate	At fixed single interest rate of APR 3.25% with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 1.83% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years, From April 30, 2010 to April 30, 2017	7 years, From April 30, 2010 to April 30, 2017
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. Lin, Hsiu-Lien	Deloitte & Touche Taiwan C.P.A. Lin, Hsiu-Lien
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$570,000,000	NT\$230,000,000
Paid-In Capital of Previous Year	NT\$12,249,729,810	NT\$12,249,729,810
Net Worth of Previous Year	Note 2	Note 2
Compliance cases	Normal	Normal
Redemption or prepayment terms	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 (%)	Note 2	Note 2
Credit rating agency names, assessment date and its grade rating (Note 1)	Taiwan Rating Co., Ltd. Assessment Date: September 21, 2009 Grade rating: twBBB	Taiwan Rating Co., Ltd. Assessment Date: September 21, 2009 Grade rating: twBBB

Note 1 : This is the long term credit rating that Taiwan Credit Company recently granted to our bank.

Note 2 : Since the "Previous Accounting Year's Audited Net Valuation" is derived based on the previous year's post-earnings distribution net valuation recognized before the shareholders' meeting, as stipulated under Article 9 of the Enforcement Rules of the Banking Act and as per the directive, File No.: Tai-tsai-jung-tzu No. 87718552 dated May 7, 1998, thus the current year's figure cannot be calculated as of the report printing cutoff date.

3. **Preferred Shares Status:** None
4. **Depository Receipts Status:** None
5. **Employee Stock Option Status:** None
6. **Merges & transfers to other financial institutions:** None
7. **Fund operation plan implementation case:** None

V. Operations Overview

1. Businesses Content

(I) Main Business

(1) Deposit Business

As of the end of 2009, the bank reports a total deposit balance at NT\$199.387 billion, down by 9.478 billion when compared with NT\$208.865 billion reported at the end of 2008, or a decline of 4.54%, of which the flexible deposits accounts for 37.22% of the total deposit balance, and the time deposits account for 62.78% of the total deposit balance.

(2) Credit Business

(a) Consumer Loans

As of the end of 2009, the consumer loan balance is reported at NT\$117.16 billion, which accounts for 71.67% of the bank-wide loan balance at NT\$163.474 billion, up by NT\$1.467 billion than the end of 2008 at NT\$115.693 billion, or a 1.27% growth rate, of which the mortgage loan balance is reported at NT\$113.359 billion, and the credit loan balance is reported at NT\$3.801 billion.

To effectively monitor and control the credit risk, the bank continues to focus on secured loans (real estate secured) consumer loans as the core business in offering the general property mortgage loans by not only stringently scrutinizing collaterals at a good location, but also supporting the government policy by offering the “Youth Residence Purchasing Program”, the “2009 Residential Subsidy – for The Purchase And Repair Of Residential Loan Program” among other government-sponsored property mortgage programs; in addition, the bank has since the end of 2009 begun offering the “Court-Auctioned Properties’ Fund Advancement” service, in search of offering diverse products for satisfying the demands of customers on different levels and for expanding into the domain of consumer lending.

(b) Corporate Loan

As of the end of 2009, the bank reports a corporate lending balance of NT\$46.314 billion, which accounts for 28.33% of the bank-wide loan balance, down by NT\$6.77 billion than the end of 2008 figure at NT\$53.084 billion, or a decline of 12.75%.

To continue promoting various medium and small business campaign products, coordinated with SMEG for securing the equity claims, the bank offers corporate lending not only to general business accounts of major corporations, but also accepts carefully screened land development financing cases and syndicates loan cases, incorporating also other peripheral businesses, such as the deposit and remittance business, financial management, payroll debiting and the like alongside promoting the corporate lending business, in a bid to create a compound yield through the integrated marketing efforts.

(3) Wealth Management Business

In 2009, the bank, by scrutinizing the product select and adopting a professional risk management mechanism, has successfully circumvented the risk brought by the Lehman Brothers’ collateralized debt obligations incident that triggered the financial tsunami, resulting in lower levels of impact to the clients than that at the peers; the state of various product sales, revenue and change are as depicted in the table below:

Unit: NT\$ Thousands

Type	2009		2008		Yearly Increment	
	Sales	Revenue	Sales	Revenue	Sales increase (decrease)	Revenue increase (decrease)
Domestic Mutual Funds (Note)	2,218,492	11,359	1,411,432	10,320	807,060	1,039
Overseas Mutual Funds	8,187,658	124,669	4,452,113	69,895	3,735,545	54,774
Structured Notes	0	0	2,474,631	34,162	(2,474,631)	(34,162)
Insurance	10,863,438	156,026	6,027,275	84,095	4,836,163	71,931
Total	21,269,588	292,054	14,365,451	198,472	6,904,137	93,582

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

(4) Foreign Exchange Business

As affected by the financial tsunami and the global economic downturn, the bank's 2009 foreign exchange business shrinks slightly; the state of various foreign exchange operations is as depicted below:

Unit: NT\$ Thousands

Item	2009	2008	Amount of Increase (Decrease)	Percentage of Increase/ Decrease (%)
Foreign Exchange Deposit (Balance)	197,753	225,898	(28,145)	(12%)
Foreign Exchange Loan (Balance)	123,404	180,116	(56,712)	(31%)
Import/Export	213,183	334,431	(121,248)	(36%)
Exchange Service	1,295,516	1,521,373	(225,857)	(15%)

(5) Trust Business

Total Balance for Trusted Asset at the end of 2009 was NT\$35.340 billion or a decrease of NT\$31.85 billion from NT\$385.25 billion at the end of 2008. The growth reached as low as 8.27%.

Unit: NT\$ Thousands

Item	End of 2009	End of 2008	Amount of Increase (Decrease)	Percentage of Increase/ Decrease (%)
Trust Business	35,339,826	38,525,843	(3,186,017)	(8.27%)
Money Trust	32,841,096	35,706,050	(2,864,954)	(8.02%)
Specific Money Trusted in Foreign Securities Investments	20,736,228	19,158,216	1,578,012	8.24%
Other Money Trusts	188,321	168,341	19,980	11.87%
Securities Investment Trust Fund Custody Business	11,916,547	16,379,493	(4,462,946)	(27.25%)
Real Estate Trust	1,686,734	1,580,490	106,244	6.72%
Securities Trust	811,996	1,239,303	(427,307)	(34.48%)
Subsidiary Trust Business	2,145,318	4,639,268	(2,493,950)	(53.76%)
Securities Investment Trust Fund Custody Business	110,000	10,000	100,000	1000.00%
Certifying Business	2,035,318	4,629,268	(2,593,950)	(56.03%)
Total	37,485,144	43,165,111	(5,679,967)	(13.16%)

Source: The Bank's trust account operating report and marketable securities authentication statistics.

(6)Credit Card:

(a)Issue: 472,569 cards were issued at the end of 2009; 6,329 cards more than 466,240 cards issued at the end of 2008.

(b)Consumption amount: credit card consumption during 2009 amounted to NT\$ 1.615 billion, a decrease of NT\$5 million from NT\$ 1.62 billion of credit card consumption at the end of 2008.

(c)Revolving Credit Balance: The revolving credit balance at the end of 2009 is NT\$ 680 million, a decrease of NT\$ 168 million from NT\$ 848 million of revolving credit balance at the end of 2009.

(7)E-Banking Business

Unit: NT\$ Thousands: Transaction

Item	2009		2008	
	Total Withdrawal Amount	Total Transfer Transaction	Total Withdrawal Amount	Total Transfer Transaction
Physical ATM	24,511,263	1,458,090	18,536,326	1,503,092
Online ATM	-	50,852	-	53,817
Internet Banking	-	191,092	-	119,062
Telephone Banking	-	349,432	-	381,801
Mobile Banking	-	55	-	265
XML	-	-	-	1,331

Note1 : The Mobile Banking Business ceased to operate on May 18, 2009.

Note 2: The XML Business ceased to operate on October 15, 2009

(8)Investment Business

The bank not only supports the government policy by reinvesting in state-run and private-run enterprises but also adopts a uniformed utilization combining the NT\$ and foreign currency capital to timely grasp the market's interest rate trend and the actual state of the bank's NT\$ and foreign currency capital exposure by timely adjusting the capital allocation in a bid to flexibly allocate the bank-wide capital for cutting down the operating cost and excelling the investment yield.Growth and changes of Transaction revenue are as follows:

(a)Security Transaction Classification in 2008 and 2009 (Notes and bills trading)

Unit: NT\$ Thousands

Items	2009	2008	Amount of Increase (Decrease)	Percentage of Increase/ Decrease (%)
Bonds interests	5,743	3,748	1,995	53.23
Stock interests (loss)	147,142	(240,664)	387,806	161.14
Beneficiary certificates interests	29,231	(34,100)	63,331	185.72
Convertible Bond Asset Swap Profit	150	—	150	100.00
Short-term bill interests	5,981	12,113	(6,132)	(50.62)
Evaluation interests (loss)	22,531	(149,527)	172,058	115.07
Dividend	28,241	60,158	(31,917)	(53.06)
Total	238,778	(348,272)	587,050	168.56

(9) State of weighing and change of the main operational assets to the total assets

Unit: NT\$ Thousands

Main Business	2009		2008	
	Amount	Asset Ratio (%)	Amount	Asset Ratio (%)
Total Assets	224,535,767	100.00 %	238,211,672	100.00%
Discount and Loan - Net Amount	161,951,070	72.13%	166,298,395	69.81%
Due from CBC and Lend to Banks	37,099,985	16.52%	35,372,170	14.85%
Cash	3,989,162	1.78%	4,607,347	1.93%
Total Liabilities	214,209,771	95.40%	227,582,143	95.54%
Deposit and Remittance	199,387,448	88.80%	208,865,235	87.68%
Financial Bonds Payable	6,009,400	2.68%	5,509,400	2.31%
Due to CBC & Banks	5,939,242	2.65%	5,985,843	2.51%

Note: The asset and liability categories enlisted in the table pertain to the amounts and ratios of the top three categories to the total assets

(10) State of weighing and change of the various operating income to the net earnings

Item	2009		2007	
	Amount	Rate (%)	Amount	Rate (%)
Interest Net Profit	1,613,782	62.22 %	2,657,185	112.62 %
Commission Net Profit	607,095	23.41%	546,718	23.17%
Other	372,779	14.37%	(844,468)	(35.79%)
Total Net Profit	2,593,656	100.00%	2,359,435	100.00 %

(II) 2010 Operation Plan**(1) Deposit Business**

The bank has the 2010 average deposit balance objective set to NT\$206.6 billion, and strives to continue excelling the weighing of flexible deposits to reduce the capital cost.

(2) Loan Business

(a) The bank's 2010 average loan balance objective is set to NT\$168.6 billion; the development is to be made with a dual emphasis on lending business promotion and equitable gain principle to improve the bank's lending quality; in addition, to excel the maximum yield of bank-owned capital lending, the acceptance focus is to revolve around business with a lower risk index (real estate secured loans and small & medium business loans).

(b) The real estate secured loans will take to a central focus on quality transaction cases and government policy-based property mortgage lending, and with priority given to well-located collaterals by diligently processing the real estate appraisal and evaluating the borrower's capital strength, with which to lower the contract default risks.

(c) The medium and small business loans are made by securing the title of real estate properties, and with a stepped-up coordination through the SMEG to facilitate ensuring the liability claims.

(3) Wealth Management Business

To expand the bank's trust, money-management asset scale by upholding a continuous, steady growth objective; make smart use of the island-wide branch distribution platform by which to strengthen the overall operating yield, and offer custom-tailored diverse financial management and debt consolidation proposal, and enforce the money-management specialists' management and stage the "Investment

Outlook Presentation”, and to have the professional investment researchers provide the customers with quality and professional money-management services by timely adjusting the product strategy and the business structure ratio according to the market.

(4) Foreign Exchange Business

- (a) To develop the import/export and foreign exchange lending business.
- (b) To solicit for foreign exchange deposits.
- (c) To instilled designated foreign exchange bank outlets and to culminate and train foreign exchange talent; to excel the bank’s foreign exchange service and to provide the customers with comprehensive foreign exchange services, the bank has plans to instill 6 outlets (4 in the northern area, 1 in the central area, and 1 in the southern area) in 2010, and expand another 30 outlets of the designated foreign exchange bank outlets in the next five years, putting a total to 36 foreign exchange service outlets by relying on setting up designated foreign exchange bank outlets and stepping up the foreign exchange talent’s developmental training to expand the bank’s presence in foreign exchange business.

(5) Trust Business

- (a) Real Estate Trust Business:
 - a. Trust Development: To continue developing the land trust, site building financing trust and other related peripheral business, coordinated with land development loans in a variety of real estate development trust business.
 - b. Trust ,anagement: Upon putting the management-oriented properties on a trust account, the lessee deposits the rental charge directly into the designated trust account for management and utilization.
- (b) Money Trust
 - a. Real Estate Transaction Security Trust: Coordinated to the real estate mortgage business for promoting real estate transaction payment security trust and related peripheral operations.
 - b. Prepayment Trust: To promote the existing cash gift voucher trust business, and also to develop credit card gift voucher prepayment trust business by jointly developing and integrating with the credit card clearance center, gift voucher operators and gift voucher issuing system operators to satisfy the customers’ varied trust needs.
 - c. Insurance Payout Trust: Which pertains to a financial service product that combines “insurance” and “trust” through the bank’s independent and professional management to care for elderly or minors who are unable to manage their assets or those banned from managing their estate in support of the objective of caring for the surviving family and nurturing the needy.

(6) Credit Card Business

The credit card business is positioned as a link in the product marketing distribution, and is coordinated with the deposit and loan service in an integrated marketing to expand the personal banking domain, in anticipation of forming a closer relationship with the clients.

- (a) Offering the service to bank mortgage and wealth-management clients as a cross-departmental sales product.
- (b) Offering card charging incentives, and bonus points credited toward the bank’s mortgage loan interest, discounts on mail-order merchandise, through which to bring added value to the bank’s credit card offering.
- (c) Developing and issuing of the COMBO cards.

(7) Electronic Banking

The bank vies to continue excelling the Internet banking and Internet ATM functions, and supporting the government's electronic banking policy to strengthen the chipset banking card's spending debit business and the Banking Association's nationwide tax (bills) payment service by offering the clients with more convenient and swift services.

(8) Investment Business

By grasping change in the market interest rate and the economic scenarios by fully integrating and utilizing the bank's NT\$ and foreign currency capital, and by timely reviewing the state of various capital exposure and allocation, the bank vies to adopt a flexible allocation in the operations of notes, government bonds, stocks, beneficiary certificates (funds), foreign currency capital and foreign exchange investments, and through the risk hedging operations in derivative financial products, through which to excel the bank's investment yield and overall profitability.

(III) Market Analysis

(1) The Status of the Banking Service Operations

As impacted by the ripple effect of the financial storm, the global financial environment is confronting unprecedented changes, and as the subprime mortgage crisis evolving into a financial tsunami that swept across the world economies, the global economic environment and the financial industry are confronting the harsh consequences, prompting world countries to shell out a variety of economic revitalization proposals. In spite that Taiwan's economic scenarios have steadily rebounded, yet the pesky issue of a poor financial environment stemming from the excessive number of local financial institutions leading to the operators turning to malicious price cutting competition continues to compress the profitability of the banking industry's conventional lending business, coupled with business debt default ratios that are prone to be affected by fluctuations in the economic scenarios, are pushing the banking industry to confront rather harsh hurdles and challenges. Consequently, the financial industry needs to respond to the economic and operating scenario change by adopting a positive attitude, maintain adequate capital levels and step up risk management.

(2) The state of future market supply and demand, and growth potential

(a) The Supply Side

With the scenario of a dwindling profit differential among the local banks unlikely to change, driving local banks with high similarity to turn to ever fiercely price competition, financial institutions have recently continue to undergo organizational adjustment, and taken to emphasizing on improving their financial structure and strengthening risk management, buoying a significant increase in new product launching and marketing activity.

(b) The Demand Side

With conventional lending service falling short of support the client's diverse financial management needs, the changing social consumption mode, such as the prevalence of e-commerce and the trend of a steadily increasing weighing on credit consumption, coupled with a lowly rated local interest rates for many years, increasingly propelling a capital outflow to overseas in search of higher return, hence putting investment advisory, tax planning and financial management products in the financial service categories to be a primarily focus of an operational pursuit by local banks.

With a steady deregulation in the cross-strait financial policy, there is an opportunity for local banks to expand their presence across the Taiwan Strait by setting up subsidies, representative offices, or offshore business units to expand the

business exchange.

(c) Growth Potential

After having been through the current financial debacle, local financial institutions are turning to timely adjusting their operating strategic focus by strengthening their structure, and stepping up risk management and operating performance improvement by expanding into a diverse range of new services, with which to excel the overall profitability and asset return ratio. On the other hand, with local operators adhering to the government's "lenient operating supervision, yet stringent financial supervision" principle and directive, well-governed financial institutions are still able to locate a growth niche through cross-industry marketing, cross-industry alliance and introducing innovative financial products, and also to achieve the goals of aggregating the organization and diversifying the business through merger or strategic alliance by bringing in outside capital.

(3) The Competitive Niches, Advantages and Disadvantages for Development and Solutions.

(a) The Competitive Niches

- a. Embrace a network totaled as 96 domestic branches, mainly located in Taipei and Kaohsiung metropolis.
- b. Good locations, friendly and efficient services and smooth interaction with customers.
- c. Vying for a stable operating foundation, the bank also actively seeks to promote corporate banking, consumer banking, wealth management, foreign exchange, trust, among other services, with which to continue improving its financial structure and excelling its service efficiency.
- d. The bank has installed professional financial management specialists at its branch offices to offer an all-encompassing one-stop shopping for a diverse range of professional financial services for excelling the maximum yield in cross marketing.

(b) Advantages and Disadvantages for Development

a. Advantages

- ① 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.
- ② The concept of investment has rooted in people's mind and the concept of trust has also formed gradually.
- ③ The economies are still growing slowly and businesses still have strong demand for capital, which benefits banks to promote their services.
- ④ Government continues loosening up limitations on business and regulations, which completes financial products and help the elevation of profits.

b. Disadvantages

- ① With the phenomenon of a over-competing banking industry less likely to go away in a short time, sending the sale of a host of financial products to become a price war, the bank, relying primarily on the conventional deposit and lending service, may be kept from expanding the profit differential to excel the operating revenue.
- ② The diverse capital raising modes and a rising weighing on direct financing is likely to suppress the conventional bank's lending business promotion and profitability.
- ③ Foreign banks joining in the competition is posing a threat to the local banks' wealth management service and the profit niche of the local medium and small businesses' banking market.
- ④ When faced with financial holding companies' striking strategic alliance with insurer and securities operators with their economic scale and distribution advantage by actively venturing into the cross-strait financial markets and global services through the diverse product contents and the resource-sharing mode, it creates an enormous pressure for medium and small banks to promote their operations.

(c) Solutions

- a. By continuing to inject resources, stepping up new financial product research and development to offer the client with differentiated quality service in a bid to curtail negative pricing competition.
- b. By reshuffling the branch outlets and developing new marketing distribution venues to fully excel the bank's distribution advantage of operating 96 business outlets island-wide.
- c. By utilizing the bank's existing operating foundation to actively excel the overall marketing functionalities to deep-root the business banking and foreign exchange service, and by fully expanding into the consumer banking services and wealth management domains.
- d. By continuing with organizational reform, and excelling the bank employees' proficiency to strengthen the bank's competitiveness, and by enforcing a service-first philosophy to strength the customer-bank relationship.

(4) Research of Financial Products and Business Development:

To step up servicing the customers, the bank has unveiled at its 96 business outlets the Renminbi cash buying/selling service, and has installed in the Taichung area and in Banqiao City, Taipei County the designated Taichung and Banqiao foreign exchange service banks since June 2009, with which to expand the propensity of its financial services and provide the customers with more comprehensive financial services.

(5) Long and Short Term Business Development Plans

(a) 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 1.5%, and raise the coverage rate for bad debt allowance to exceed 40%.

(b) The mid- to long-term business development plan

a. The mid-term development plan calls for adjusting the branch distribution and strengthening the operating strength as the prioritized categories:

- ① Branch relocation planning: For branches with poor performance, branch removal and relocation are to be sought to place the business outlets at strategic locations to excel a paralleled operating support, and attain a mutual operating support effect by effective utilizing and maximizing the operating yield, through which to improve the branches' operating performance, strengthen the branch distribution value for excelling the regional market share and aggregate the scale of the operating yield.
- ② Focusing on business development and expansion by which to deep-root the bank's niche market, and strength the quality and quantity of loans; by utilizing rational evaluation on various expenditures to achieve the objective of cost minimization.

b. The long-term plan calls for strengthening the bank's capital structure and expanding its operating territories as the objective:

- ① Vying to uphold the long-term objective of strengthening the bank's capital structure, and expanding its operating territories.
- ② Expanding the peripheral financial enterprises, expanding the market share, and developing and filing for offshore branch organizations, through which to expand the bank's operating territories.

2. The Employee Profile

Year		2009	2008	The Period until April 30, 2010
Number of Employees	Executives	121	122	122
	Senior Clerks	366	425	357
	Clerks	1,400	1,642	1,317
	Total	1,887	2,189	1,796
Average Age		36.22	35.25	36.82
Average Seniority		8.64	7.86	9.04
Education Distribution	PhD	5.19%	4.52%	5.62%
	Master			
	College	80.61%	78.94%	82.30%
	Senior High School	14.04%	16.22%	11.97%
	Under Senior High School	0.16%	0.32%	0.11%

Employees with Professional License and Number	2009	2008	The Period until April 30, 2010
Basic Proficiency Test for Bank Internal Control	1,164	1,291	1,139
Proficiency Test for Trust Operations Personnel	1,380	1,479	1,347
Trust Operations Management Personnel	386	431	376
Trust Operations Supervisor	5	6	5
Proficiency Test for Life Insurance Specialist	1,615	1,769	1,548
Proficiency Test for Investment-oriented Insurance Personnel	871	928	849
Proficiency Test for Property Insurance Personnel	1,555	1,611	1,491
Proficiency Test for Financial Planning Personnel	385	416	378
Basic Proficiency Test for International Banking Personnel	396	420	390
Basic Proficiency Test for Bank Lending Personnel	722	784	711
Advanced Proficiency Test for Bank Lending Personnel	22	23	22
Proficiency Test for Futures Specialist	313	343	310
Proficiency Test for Securities Specialist	177	202	174
Proficiency Test for Senior Securities Specialist	156	163	154
Proficiency Test for Securities Investment Trust and Consulting Professionals	123	123	120
Proficiency Test for Bill Finance Specialist	50	47	53
Proficiency Test for Financial Risk Management Personnel	4	4	4
Proficiency Test for Bank Collateral Appraisal Personnel	20	23	20
Qualification of Financial Market Knowledge & Professional Ethics Test	1,394	1,536	1,335
Qualification of Investment Trust and Consulting Regulations Test	866	923	837
Consultant of Financial Planning (CFP)	5	4	5
Proficiency Test for Bond Specialist	14	14	14
Proficiency Test for Securities Investment Analyst	9	6	10
Proficiency Test for Life Insurance Representative to Sell Foreign Currency Receiving and Paying in Non-Investment Oriented Insurance Products	438	420	429
Certificate of Completion of Risk Management for Foreign Exchange Derivatives Course	230	0	223

3. Corporate Responsibility and Ethical Risk

The bank has since instilled a comprehensive risk management mechanism, and has joined Central Deposit Insurance Corporation to better safeguard the general public's deposit equity, and is also in the forefront of enacting the "Corporate Citizen" role by upholding its consistent philosophy of giving back to the society by contributing tangible donations toward households hit by the August 8th typhoon disaster in honoring the bank's social responsibility to the society. The bank also sponsored through the Yang Hsin Cultural and Education Foundation for staging the Chinese chess games, Weichi games, painting, topical workshops, summer camps, and offer scholarships to contribute towards the academic learning and the culture by injecting the

younger generations with the correct saving, investment and financial management concept. The bank also campaigns for healthy recreational activity and continues to promote and sponsor various sports, cultural and educational activity, such as sponsoring the Shihlin College of Commerce Anniversary, Shihpai Elementary School Sports Event, and Eden Social Welfare Foundation, as the bank draws on the spirit of deriving from the society and contributing to the society to contribute its humble efforts in safeguarding a harmonious society.

4. Information Infrastructure

- (I) The allocation and maintenance of major information system.
 - (1) Tandem Taiwan/foreign currency transaction system.
 - (2) Telephone banking.
 - (3) Mobil banking.
 - (4) Online banking.
 - (5) The trust system.
 - (6) The Wealth management system.
 - (7) The auditing management system.
 - (8) The bills and bonds system.
 - (9) RCE
 - (10)ACH
 - (11)The stock management system.
 - (12)The capital transfer system.
 - (13)The foreign exchange system.
 - (14)The collection management system.
 - (15)RPS
 - (16)The online seal system.
 - (17)The Intranet.
 - (18)E-JCIC.
 - (19)The online ATM system.
 - (20)The Anti-Spam system.
 - (21)The Intrusion Detection and Network Flow Analysis System.
 - (22)Router ACS.
 - (23)Router LMS.
 - (24)The Anti-virus server system.
 - (25)The XML financial payments system.
 - (26)The E-LOAN system.
 - (27)Establishment of the internet management auditing system
 - (28)Establishment of the parking fee collection system
 - (29)E-Billing system
 - (30)Customer Service Center CTI
 - (31)Computerized business capital lending system
 - (32)Business customer consignment processing
- (II) Future development or purchase plan
 - (1) Total inspection on software for the hundredth R.O.C Year.
 - (2) Data Back-Up for the Enabling System
 - (3) The Restoration of Taipei Data Center
 - (4) Expanding the central processor of the account server for the NT\$/foreign

currency banking system

- (5) The phase-three project of the “Virtual Machine System Framework”
 - (6) Transposing the cash advancement business’s online communications protocol.
- (III) Hot back-up and security measure:
- (1) Purpose: Based on the recovery system, maintain the bank operation in order to minimize the impact brought by information loss and interruption of operations through regular backup and test maneuver.
 - (2) The Disaster Plan Scope:
 - (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. Relationships of Labors and Employer

- (I) Current agreements between labor and employer and implementation:
 - (1) 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, DragonBoat Festival and Moon Festival. Reimbursement for employee’s birthday and club events.
 - (d) Payment for employee not taking full special leaves due to work
 - (2) 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.
 - (3) 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.
- (II) Loss arising from labor-employer disputes in recent years and the period until the publication date:
 - (1) 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, from the administration fee, for the lawsuits and salary, NT\$ 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%.

- (b) 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, NT\$ 1,837,942, 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%.
- (2) Until the publication date, two disputes are under legal process at the court judgement and our bank lose a lawsuit. Description is as follows:
- (a) The litigant was a dismissed employee of the Bank and applied for redundancy payment. The Bank lost the case, it must pay, from the administration fee, for the lawsuits fee at sum of NT\$9,250. Total salary from December 25, 2008 to April 12, 2010 is at sum of NT\$548,465, and interest as of the reimbursement date with the annual interest rate of 5% is NT\$19,358.
- (b) The litigant pertained to a dismissed bank employee who sought for a confirmation on an employment relationship, and in which the bank was awarded with a defect verdict, and had issued a payout from the administrative expenditure allocation covering the litigation expenditures and the monthly remuneration payout of NT\$31,760 covering the period spanning from December 25, 2008 until the date of reinstatement, plus interest at 5% annual interest rate from the 5th of each month until the repayment date.

6. Important Contracts/Agreements

December 31, 2009

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 NT\$ 1.5 million.
Small & Medium Business Credit Guarantee Contract	Small & Medium Business Credit Guarantee Fund(SMEG)	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 security escort service contract	Taiwan Security Co., Ltd.	January 1, 2008 ~ December 31, 2009	The transportation security maintenance service for cash and valuables	None
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.
Security Guard Posting Insurance Policy	Tai Jian Security Co., Ltd.	January 1, 2009 ~ December 31, 2009	The security service for the night duty posting at the bank and its various business outlets	None
Bank Systems Maintenance Contract	Hewlett Packard Taiwan Ltd.	April 1, 2009 ~ March 31, 2010	The bank server systems maintenance contract	None

7. Transactions of Securitized Commodity: None

VI. Financial Status

1. Brief Balance Sheet and Income Statement

(1) Brief Balance Sheet

Unit: NT\$ Thousands

Subject	Year (Note 2)	Financial Information of Recent 5 Years				
		2009	2008	2007	2006	2005
Cash, Cash equivalents, Dues from the Central Banks & Other Banks		41,089,147	39,979,517	14,612,302	16,984,891	16,815,172
Financial Assets at Fair Value through Income Statement		2,120,938	9,443,723	34,543,144	29,047,227	31,767,176
Reverse Repurchase Note and Bond Investment		—	—	—	—	—
Receivables		2,493,681	4,636,477	3,605,712	5,087,618	4,800,369
Discounts and Loans		161,951,070	166,298,395	172,892,491	184,364,343	166,654,215
Available-for-Sale Financial Assets		3,551,598	3,978,337	4,741,885	4,209,951	2,315,849
Hold-to-maturity Financial Assets		79,880	117,673	172,091	287,498	315,815
Equity Investments – Equity Method		293,868	277,322	273,722	273,157	216,459
Other Financial Assets		437,481	313,648	397,261	397,261	446,173
Properties		9,205,652	9,369,343	9,500,231	9,686,166	9,662,124
Intangible Assets		1,060,110	1,071,830	1,181,348	1,366,814	1,355,756
Other Assets		2,252,342	2,725,407	2,850,480	2,574,916	1,992,932
Total Assets		224,535,767	238,211,672	244,770,667	254,279,842	236,342,040
Due to Central Banks and Other Banks		5,939,242	5,985,843	14,689,448	10,038,458	8,377,938
Financial Liabilities at Fair Value through Income Statement		6,832	134,602	328	140	—
Notes and Bonds Issued under Repurchase Agreement		—	1,689,706	519,960	8,127,593	5,774,401
Payables		2,381,449	4,828,760	2,391,122	4,415,896	3,332,613
Deposits and Remittances		199,387,448	208,865,235	207,362,142	213,010,449	202,965,741
Financial Bonds Payable		6,009,400	5,509,400	6,509,400	4,000,000	2,000,000
Reserve for Land Revaluation Increment Tax		133,325	133,726	261,507	264,110	344,749
Other Liabilities		352,075	434,871	404,703	612,076	640,100
Total Liabilities	Before distribution	214,209,771	227,582,143	232,138,610	240,468,722	223,435,542
	After distribution (Note 1)	214,209,771	227,582,143	232,138,610	240,468,722	223,449,128
Capital		12,249,730	12,439,281	12,439,281	12,439,281	10,915,265
Capital Surplus		11,173	11,228	11,228	11,228	11,228
Retained Earnings (Accumulated Loss)	Before distribution	(2,232,891)	(1,894,108)	417,792	1,555,944	1,980,005
	After distribution (Note 1)	(2,232,891)	(1,894,108)	417,792	1,555,944	1,527,138
Unrealized Revaluation Increment of Land		256,642	256,642	—	—	—
Unrealized Profit or Loss on Financial Instruments		46,064	37,599	(15,131)	22,272	—
Other Shareholders' Equity		(4,722)	(221,113)	(221,113)	(217,605)	—
Total Shareholders' Equity	Before distribution	10,325,996	10,629,529	12,632,057	13,811,120	12,906,498
	After distribution (Note 1)	10,325,996	10,629,529	12,632,057	13,811,120	12,892,912

Note 1: Appropriation of profit or loss for 2008.

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

(2) Brief Income Statement

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

Subject	Financial Information of Recent 5 Years				
	2009	2008	2007	2006	2005
Net Interest Income	\$1,613,782	\$2,657,185	\$3,211,040	\$3,753,822	\$3,389,571
Other Net Income (Loss) except Interest	979,874	(297,750)	807,177	1,071,283	1,075,724
Bad Debt Expenses	528,270	1,942,246	2,118,614	1,800,171	1,061,814
Operating Expenses	2,346,170	2,889,089	3,167,755	3,252,810	2,612,488
Net Profit Before Tax of Operating Departments	(280,784)	(2,471,900)	(1,268,152)	(227,876)	790,993
Net Profit After Tax of Operating Departments	(310,784)	(2,311,900)	(1,138,152)	(170,271)	653,993
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	(310,784)	(2,311,900)	(1,138,152)	28,806	653,993
Earnings (Loss) per share	(0.25)	(1.89)	(0.93)	0.02	0.69

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

(3) Auditing Opinions by Certified Public Accountants

Year	CPA Office	Name of CPA	Auditing Opinion
2005	Deloitte & Touche	Kuo, Cheng-Hung/ Shao, Chih-Ming	Modified Unqualified Opinions (Note 1)
2006	Deloitte & Touche	Shao, Chih-Ming/ Kuo, Cheng-Hung	Remaining Opinion (Note 2)
2007	Deloitte & Touche	Shao, Chih-Ming/ Kuo, Cheng-Hung	Remaining Opinion (Note 2)
2008	Deloitte & Touche	Shao, Chih-Ming/ Kuo, Cheng-Hung	Remaining Opinion (Note 2)
2009	Deloitte & Touche	Lin, Hsiu-Lien/ Shao, Chih-Ming	Remaining Opinion (Note 2)

Note 1: The bank's absorption and merger of the Kao Shin Commercial Bank and the adaptation of the newly announced Financial Accounting Standard No.35 – "Accounting for Asset Impairment".

Note 2: Liquidating nonperforming loans to asset management companies, where the losses are deferred according to stipulations set by the "Financial Institutions Merger Law" and are amortized over a five-year period to deviate from the general recognized accounting principles.

2. Financial Analysis

(I) Financial Ratio Analysis of the Parent Company

Item		Financial Analysis for the Last Five Years				
		2009	2008	2007	2006	2005
Operating Ability	Ratio of Loans to Deposits (%)	81.99	80.81	84.67	87.59	83.17
	Ratio of Overdue Loans (%)	2.18	2.60	2.87	2.65	3.09
	Ratio of Interest Expense to Average Deposits	1.23	2.24	2.02	1.66	1.32
	Ratio of Interest Revenue to Average Loans	2.49	4.25	4.12	4.06	3.84
	Total Asset Turnover (times)	0.01	0.01	0.02	0.02	0.02
	Average Operating Revenue Per Employee (In NT thousand)	1,374	1,078	1,634	1,881	1,705
Profitability	Average Earnings Per Employee (In NT thousand)	(165)	(1,056)	(463)	11	250
	Rate of Return on Type-1 Capital (%)	(3.04)	(24.91)	(10.99)	(0.14)	7.60
	Return on Assets (%)	(0.13)	(0.96)	(0.46)	0.01	0.32
	Rate of Return on Shareholders' Equity (%)	(2.97)	(19.88)	(8.61)	0.22	5.64
	Net Income Ratio (%)	(11.98)	(97.99)	(28.32)	0.60	14.65
Financial Structure (%)	Earnings Per Share (NT\$) (Note 1)	(0.25)	(1.89)	(0.93)	0.02	0.69
	Total Debt Ratio	95.37	95.51	94.81	94.55	94.52
Growth (%)	Fixed Asset to Equity Ratio	89.15	88.14	75.21	70.13	74.86
	Assets Growth Rate	(5.74)	(2.68)	(3.74)	7.59	36.68
Cash Flow (%)	Profitability Growth Rate	88.64	94.92	7,731.00	(102.05)	(39.35)
	Cash Flow Ratio	86.22	204.44	(36.28)	20.16	(6)
	Cash Flow Adequacy Ratio	2,317.39	1,014.11	(316.61)	4.57	(264.59)
Liquidity	Cash Flow Reinvestment Ratio	253.82	(138.60)	(57.12)	(21.69)	11.23
	Liquid Reserves Ratio (%)	16.82	18.04	16.50	10.17	13.76
Total Secured Loans of Stakeholders (in NT thousand)		2,386,886	2,571,981	2,633,463	2,505,400	2,607,587
Ratio of Total Secured Loans of Stakeholders to total loans (%)		1.43	1.47	1.43	1.32	1.51
Scale of Operating	Market Share of Assets	0.50	0.56	0.62	0.66	0.66
	Market Share of Net Worth	0.27	0.30	0.33	0.39	0.42
	Market Share of Deposits	0.84	0.94	1.01	1.05	1.04
	Market Share of Loans	0.83	0.86	0.91	1.00	0.93
Description for changes in ratios:						
<ol style="list-style-type: none"> The interest expenditure to the yearly average loan balance ratio and the interest revenue to the yearly average loan balance ratio has reduced, largely because the propensity of interest reduction is greater than the propensity in loan balance reduction. The increase in the average employee earnings, average employee profitability, type-1 capital return ratio, asset return ratio, shareholder's equity return ratio, net earnings ratio, earnings per share and profitability growth ratio has largely stemmed from recognizing financial assets as loss or gain due to change in the fair value and an increase in liability net gain, resulting in an increase to the net gain and a reduction in the net loss. A reduction in the asset growth ratio has largely stemmed from recognizing financial assets as loss or gain due to change in the fair value, a reduction in discounting and loan. A reduction in cash flow ratio has largely stemmed from a reduction of the net cash inflow in the 2009 business activity. An increase to the cash flow adequacy ratio has largely stemmed from an increase to the net cash flow derived from the most recent five years' business activity and a reduction in the most recent five years' capital expenditure. An increase to the cash flow coverage ratio has largely stemmed from a reduced propensity of the net cash inflow derived from the 2009 business activity being smaller than a reduced propensity on the absolute net cash inflow/outflow figure arisen from the investment activity. 						

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

Note 3 : Formula for financial ratios:

- Management
 - Ratio of loans to deposits = Loans/ Deposits
 - Ratio of overdue loans = Overdue loans/ Loans
 - Ratio of interest expense to average deposits = Interest Expense/ Average deposits
 - Ratio of interest revenue to average loans = Interest revenue/ Average loans
 - Total asset turnover=Net income/ Total Asset
 - Average operating revenue per employee (Note 7) = Net income/ Total employees
 - Average earnings per employee = Income after Tax/ Total employees
- Profitability
 - Rate of return on Tier-1 capital = Income before Tax/ Average Tier-1 capital
 - Return on Assets = Income after Tax/ Average Assets
 - Rate of return on shareholders' equity = Income after Tax/ Average shareholders' equity
 - Net income ratio = Income after Tax/ Net income
 - Earnings per share = (Income after Tax- Dividends of Preferred Shares) / Weighted average outstanding shares. (Note 5)
- Financial Structure
 - Total Debt Ratio =Total Liabilities (Note 4) /Total Assets
 - Fixed Assets to Equity Ratio =Net Fixed assets / Net Equity
- Growth Rate

- (1) Assets growth rate = $(\text{Total Assets of the Year} - \text{Total Assets of the Previous Year}) / \text{Total Assets of the Previous Year}$
- (2) Profitability growth rate = $(\text{Income before Tax of the Year} - \text{Income before Tax of the Year}) / \text{Income before Tax of the Year}$
5. Cash Flow (Note 8)
- (1) Cash Flow Ratio = $\text{Net operating cash flow} / (\text{due from other banks} + \text{commercial paper payable} + \text{financial asset at fair value through profit or loss} + \text{Bills \& Bonds Sold under Repurchase Agreements} + \text{payables of maturity within one year})$
- (2) Cash Flow Adequacy Ratio = $\text{Net operating cash flow in the last five years} / (\text{capital expenditures} + \text{cash dividends}) \text{ in the last five year}$
- (3) Cash Flow Reinvestment Ratio = $\text{Cash flow for operation} / \text{cash flow for investment}$
6. Liquid Reserves Ratio = $\text{Current assets required by Central Bank} / \text{Liabilities allocated for liquid reserve}$
7. Scope of Operating
- (1) Market Share of Assets = $\text{Total Asset} / \text{Total Asset of All Financial Institutions Available for Deposits and Loans (Note 6)}$
- (2) Market Share of Net worth = $\text{Total Net worth} / \text{Total net worth of All Financial Institutions Available for Deposits and Loans}$
- (3) Market Share of Deposits = $\text{Total Deposits} / \text{Total net worth of All Financial Institutions Available for Deposits and Loans}$
- (4) Market Share of Loans = $\text{Total Loans} / \text{Total Loans of All Financial Institutions Available for Deposits and Loans}$
- Note 4 : Liability is deducted the reserve for guarantee, reserve for securities trading losses, the Reserve for Failed Trade Losses and Contingency Reserve
- Note 5 : 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.
- Note 6 : 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.
- Note 7 : Operating revenue refers to the total amount of interest and non-interest revenue.
- Note 8 : 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.

(II) Capital Adequacy

Unit: NT\$ Thousands

Analytical items	Year	Capital Adequacy Ratio in the Last Five Years					Capital Adequacy Ratio As of April 30, 2009		
		2009	2008	2007	2006	2005			
Own Capital	Tier-1 Capital	Common Stock	12,249,730	12,439,281	12,439,281	12,439,281	10,915,265	N/A (Note 1)	
		Perpetual Cumulated Preferred Stock	—	—	—	—	—		
		Subordinated Debts without Maturity Dates	—	—	—	—	—		
		Capital Collected in Advance	—	—	—	—	—		
		Capital Surplus (Except for Property Appraisal Surplus)	11,173	11,228	11,228	11,228	11,228		
		Legal Reserve	—	389,998	1,528,150	1,519,508	1,323,310		
		Special Reserve	—	27,794	27,794	—	—		
		Accumulated Reserve	—	(2,311,900)	(1,138,152)	36,436	656,695		
		Minority Interest	—	—	—	—	—		
		Other Shareholders' Equity	(9,499)	(225,907)	(237,006)	(217,833)	—		
		Minus: Goodwill	1,034,579	1,034,579	1,150,579	1,333,579	1,333,579		
		Minus: Unamortized Loss on Sales of Non-performing Loan	91,519	128,126	164,734	—	—		
		Minus: Capital Allowance	1,556,383	287,291	350,976	335,208	226,316		
	Total Tier-1 Capital	9,568,923	8,880,498	10,965,006	12,119,833	11,346,603			
	Tier-2 Capital	Perpetual Cumulated Preferred Stock	—	—	—	—	—		
		Subordinated Debts without Maturity Dates	—	—	—	—	—		
		Property Appraisal Surplus	256,642	256,642	—	—	—		
		45% of Unrealized Gains on Financial instruments in Available-for-sale	22,878	19,076	342	10,124	15,145		
		Convertible Bonds	—	—	—	—	—		
		The Operating Reserve and Allowance for Bad Debt	466,073	1,449,645	1,759,522	286,484	506,415		
		Long-term Subordinated Debts	4,150,335	4,248,500	4,709,400	2,800,000	1,400,000		
		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	1,556,383	287,291	350,976	335,208	226,315		
	Total Tier-2 Capital	3,339,545	5,686,572	6,118,288	2,761,400	1,695,245			
	Tier 3 Capital	Short-term Subordinated Debts	—	—	—	—	—		
		Non-perpetual Preferred Stocks	—	—	—	—	—		
		Total Tier-3 Capital	—	—	—	—	—		
	Self-owned Capital	12,908,468	14,567,070	17,083,294	14,881,233	13,041,848			
	Risk-Weighted Assets	Credit Risk	Standardized Approach	136,002,699	146,260,054	151,740,512	152,075,214		138,392,245
			Internal Ratings-based Approach	—	—	—	—		—
			Asset Securitization	15,976	23,535	683,428	—		—
		Operational Risk	Basic Indicator Approach	6,050,623	7,311,468	8,415,364	—		—
Standardized Approach / Alternative Standardized Approach			—	—	—	—	—		
Advanced Measurement Approach			—	—	—	—	—		
Market Risk		Standardized Approach	5,061,195	9,105,429	12,265,351	17,720,066	15,309,909		
		Internal Model Approach	—	—	—	—	—		
Risk-Weighted Assets		147,130,493	162,700,486	173,104,655	169,795,280	153,702,154			
Capital Adequacy Ratio (BIS)	8.77	8.95	9.87	8.76	8.49				
Ratio of Tier 1 Capital to Risk Asset	6.50	5.46	6.33	7.14	7.38				
Ratio of Tier 2 Capital to Risk Asset	2.27	3.49	3.54	1.62	1.11				
Ratio of Tier 3 Capital to Risk Asset	—	—	—	—	—				
Ratio of Total Common Stock to Total Asset	5.46	5.22	5.08	4.89	4.62				

Note 1 : Not Applicable because the Bank is not a public listed or OTC listed company.

Note 2 : All foresaid yearly financial data has been CPA-audited and authenticated.

Note 3 :

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

Combined Capital Adequacy

Unit: NT\$ Thousands

Analytical items		Year	Capital Adequacy Ratio in the Last Five Years					Year Analytical items	
			2009	2008	2007	2006	2005		
Own Capital	Tier-1 Capital	Common Stock	12,249,730	12,439,281	12,439,281	12,439,281	10,915,265	不適用(註 1)	
		Perpetual Cumulated Preferred Stock	—	—	—	—	—		
		Subordinated Debts without Maturity Dates	—	—	—	—	—		
		Capital Collected in Advance	—	—	—	—	—		
		Capital Surplus (Except for Property Appraisal Surplus)	11,173	11,228	11,228	11,228	11,228		
		Legal Reserve	—	389,998	1,528,150	1,519,508	1,323,310		
		Special Reserve	—	27,794	27,794	—	—		
		Accumulated Reserve	—	(2,311,900)	(1,137,707)	36,639	656,695		
		Minority Interest	5,640	5,292	5,740	6,949	6,746		
		Other Shareholders' Equity	(9,499)	(225,907)	(237,004)	(217,833)	—		
		Minus: Goodwill	1,034,579	1,034,579	1,150,579	1,333,579	1,333,579		
	Minus: Unamortized Loss on Sales of Non-performing Loan	91,519	128,126	164,734	—	—			
	Minus: Capital Allowance	1,422,535	168,011	218,848	204,960	123,917			
	Total Tier-1 Capital	9,708,411	9,005,070	11,103,321	12,257,233	11,455,748			
	Tier-2 Capital	Perpetual Cumulated Preferred Stock	—	—	—	—	—		
		Subordinated Debts without Maturity Dates	—	—	—	—	—		
		Property Appraisal Surplus	256,642	256,642	—	—	—		
		45% of Unrealized Gains on Financial instruments in Available-for-sale	22,878	19,076	342	10,125	15,145		
		Convertible Bonds	—	—	—	—	—		
		The Operating Reserve and Allowance for Bad Debt	466,073	1,449,610	1,759,522	286,484	506,416		
		Long-term Subordinated Debts	4,150,335	4,248,500	4,709,400	2,800,000	1,400,000		
		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	1,422,535	168,011	218,848	204,960	123,916		
	Total Tier-2 Capital	3,473,393	5,805,817	6,250,416	2,891,649	1,797,645			
	Tier-3 Capital	Short-term Subordinated Debts	—	—	—	—	—		
		Non-perpetual Preferred Stocks	—	—	—	—	—		
		Total Tier-3 Capital	—	—	—	—	—		
	Self-owned Capital			14,810,887	17,353,737	15,148,882	13,253,393		
	Risk-Weighted Assets	Credit Risk	Standardized Approach	137,012,240	147,361,977	153,170,021	152,253,470		138,611,137
			Internal Ratings-based Approach	—	—	—	—		—
			Asset Securitization	15,976	23,535	683,428	—		—
		Operational Risk	Basic Indicator Approach	6,292,302	7,514,573	8,646,870	—		—
Standardized Approach / Alternative Standardized Approach			—	—	—	—	—		
Advanced Measurement Approach			—	—	—	—	—		
Market Risk		Standardized Approach	5,100,035	9,120,754	12,316,349	17,767,421	15,356,846		
		Internal Model Approach	—	—	—	—	—		
Risk-Weighted Assets			164,020,839	174,816,668	170,020,891	153,967,983			
Capital Adequacy Ratio (BIS)			8.88	9.03	9.93	8.91	8.61		
Ratio of Tier 1 Capital to Risk Asset			6.54	5.49	6.35	7.21	7.44		
Ratio of Tier 2 Capital to Risk Asset			2.34	3.54	3.58	1.70	1.17		
Ratio of Tier 3 Capital to Risk Asset			—	—	—	—	—		
Ratio of Total Common Stock to Total Asset			5.44	5.20	5.06	4.88	4.62		

Note 1 : Not Applicable because the Bank is not a public listed or OTC listed company.

Note 2 : All foreshaid yearly financial data has been CPA-audited and authenticated.

Note 3 :

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

3. Supervisors' Audit Report for 2009

Supervisor Auditing Report, Sunny Bank Co., Ltd.

It is hereby to approve the 2009 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 Lin Xiu-Lian 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: Annual General Meeting of the Shareholders of Sunny Bank Co., Ltd

Resident
Supervisor

Hsu, Po-Hsiung

Supervisor

Tsai, Wen-Hsiung

Supervisor

Lin, Chin-Lung

Date: Jun 1, 2010

4. Financial Statement

Independent Auditor's Report

To: Sunny Bank Co., Ltd.:

We have audited the accompanied Balance Sheets of : Sunny Bank as of December 31, 2009 and 2008, and the related Income Statement, Statements of Changes in Shareholders' Equity, and Cash Flow Statement for from January 1 to December 31 in 2009 and 2008. 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, 2009 and 2008 should be reduced by NT\$392,377,000 and NT\$585,954,000 respectively. Also, net loss for 2009 and 2008 should be deducted NT\$193,577,000.

In our opinions, except for Loss of sale of liability not being fully recognized in that year pursuant to GAAP, the financial statements in 2009 and 2008 referred to in the first paragraph present fairly, in all material respects, the financial position of Sunny Bank as of December 31, 2009 and 2008, and the results of its operations and its cash flows in 2009 and 2008, 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 2009 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 2009 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 5, 2010 for reference.

Deloitte & Touche Taiwan
C.P.A. - Lin, Hsiu-Lien

C.P.A. - Shao, Chih-Ming

Lin, Hsiu-Lien
(with signature)

Shao, Chih-Ming
(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. 0930128050

March 5, 2010

Sunny Bank Co., Ltd.
BALANCE SHEET
December 31, 2008 & 2009

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

Code	Assets	December 31, 2009 Amount	December 31, 2008 Amount	Percent Change (%)
11000	Cash (Note 4)	\$ 3,989,162	\$ 4,607,347	(13)
11500	Due from the Central Bank and Other Banks (Note 5 & 29)	37,099,985	35,372,170	5
12000	Financial Assets at Fair Value through Income Statement (Note 2, 6 & 29)	2,120,938	9,443,723	(78)
13000	Accounts Receivable - Net (Note 2, 7, 8 & 28)	2,493,681	4,636,477	(46)
13500	Discounts and Loans - Net (Note 2, 8 & 28)	161,951,070	166,298,395	(3)
14000	Available-for-Sale Financial Assets (Note 2, 9 & 29)	3,551,598	3,978,337	(11)
14500	Hold-to-maturity Financial Assets (Note 2 & 10)	79,880	117,673	(32)
15000	Equity Investments - Equity Method (Note 2 & 11)	293,868	277,322	7
15500	Other Financial Asset –Net (Note 2 & 12)	437,481	313,648	39
	Properties (Note 2 & 13)			
	Cost			
18501	Land	6,634,536	6,636,369	-
18521	House and Building	2,859,191	2,859,779	-
18551	Miscellaneous Equipment	<u>1,316,506</u>	<u>1,326,147</u>	(1)
	Total Cost	10,810,233	10,822,295	-
	Revaluation Increment	<u>302,032</u>	<u>302,032</u>	-
	Cost and Revaluation Increment	11,112,265	11,124,327	-
	Less: Accumulated Depreciation	<u>1,952,113</u>	<u>1,798,942</u>	9
		9,160,152	9,325,385	(2)
18575	Prepayments for Business Facilities	<u>45,500</u>	<u>43,958</u>	4
18500	Net Fixed Assets	<u>9,205,652</u>	<u>9,369,343</u>	(2)
19000	Intangible Assets (Note 2 & 14)	<u>1,060,110</u>	<u>1,071,830</u>	(1)
19500	Other Assets (Note 2, 15, 22, 28, 29 & 30)	<u>2,252,342</u>	<u>2,725,407</u>	(17)
	Total Assets			
10000	Unfinished Construction and Prepayments For Business Facilities	<u>\$ 224,535,767</u>	<u>\$ 238,211,672</u>	(6)

Code	Liabilities and Shareholders' Equity	December 31, 2009 Amount	December 31, 2008 Amount	Percent Change (%)
	Liabilities			
21000	Due to the Central Banks and Other Banks (Note 16)	\$ 5,939,242	\$ 5,985,843	(1)
22000	Financial Liabilities at Fair Value through Income Statement (Note 2 & 6)	6,832	134,602	(95)
22500	Notes and Bonds Issued under Repurchase Agreement (Note 2)	-	1,689,706	(100)
23000	Account Payable(Note 17)	2,381,449	4,828,760	(51)
23500	Deposits and Remittances (Note 18 & 28)	199,387,448	208,865,235	(5)
24000	Financial Bonds Payable (Note 19 and 28)	6,009,400	5,509,400	9
29521	Reserve for Land Revaluation Increment Tax (Note 2 & 13)	133,325	133,726	-
29500	Other Liabilities (Note 2, 8, 20, 26 & 28)	<u>352,075</u>	<u>434,871</u>	(19)
20000	Total Liabilities	<u>214,209,771</u>	<u>227,582,143</u>	(2)
	Shareholders' Equity(Note 2, 13, 21 & 27)			
31001	Capital Stock, Authorized – 2,000,000 Thousand Shares and Issued –1,224,973 Thousand Shares in 2009 and 1,243,928 Thousand Shares in 2008 at NT\$10 Par Value	<u>12,249,730</u>	<u>12,439,281</u>	(2)
	Capital Surpluses			
31501	Additional Paid-in Capital	3,591	3,646	(2)
31515	Gain on Disposal of Assets	3,081	3,081	-
31599	Other	<u>4,501</u>	<u>4,501</u>	-
31500	Total Capital Surpluses	<u>11,173</u>	<u>11,228</u>	-
	Accumulated Loss			
32001	Legal Reserve	-	389,998	(100)
32003	Special Reserve	-	27,794	(100)
32013	Accumulated Loss	<u>(2,232,891)</u>	(<u>2,311,900</u>)	(4)
32000	Net Accumulated Loss	<u>(2,232,891)</u>	(<u>1,894,108</u>)	18
32501	Unrealized Revaluation Increment of Land	<u>256,642</u>	<u>256,642</u>	-
32523	Unrealized Profit or Loss on Financial Instruments	<u>46,064</u>	<u>37,599</u>	23
32542	Treasury Stock – 420 Thousand in 2009 and 19,375 Thousand in 2008	<u>(3,508)</u>	(<u>221,113</u>)	(98)
32544	Net Loss not Recognized as Pension Cost	<u>(1,214)</u>	-	-
30000	Total Shareholders' Equity	<u>10,325,996</u>	<u>10,629,529</u>	(3)
	Total Liabilities and Shareholders' Equity	<u>\$ 224,535,767</u>	<u>\$ 238,211,672</u>	(6)

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 5, 2010 issued by Deloitte & Touch)

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

Sunny Bank Co., Ltd.

Income Statement

January 1, 2008 ~ December 31, 2008 & January 1, 2009 ~ December 31, 2009

		Unit: NT\$ Thousands, Except Earnings/ Losses per Share in NT\$		
Code		2009	2008	Percent
		Amount	Amount	Change (%)
41000	Interest Income (Note 2 & 28)	\$ 4,134,565	\$ 7,309,640	(43)
51000	Interest Expense (Note 28)	<u>2,520,783</u>	<u>4,652,455</u>	(46)
	Net Interest Profit	<u>1,613,782</u>	<u>2,657,185</u>	(39)
	Net Non-interest Profit (Loss)			
49100	Net Commission Profit (Note 2, 23 & 28)	607,095	546,718	11
49200	Financial Net Assets & Liabilities at Fair Value through Profit or Loss (Note 6 & 28)	355,119	(547,151)	165
49500	Investment Net Profit on Equity-Method Investees (Note 2 & 11)	14,792	(33,151)	152
49600	Exchanged Net Profit (Loss) (Note 2)	18,144	(16,675)	209
49880	Asset Impairment Loss (Note 2, 12, 14 & 15)	24,132	(273,483)	109
48005	Financial Assets Measured at Cost (Note 2)	22,213	25,620	(13)
48051	Rent Income (Note 26)	28,926	32,267	(10)
48063	Net Profit on Property Exchange	8,764	115,109	(92)
58021	NPL Disposal Loss (Note 28)	(193,577)	(193,577)	-
49800	Other Non-interest Net Profit	<u>94,266</u>	<u>46,573</u>	102
	Total Non-interest Net Profit (Loss)	<u>979,874</u>	<u>(297,750)</u>	430
	Net Profit	<u>2,593,656</u>	<u>2,359,435</u>	10
51500	Bad Debt Expense (Note 2 & 8)	<u>528,270</u>	<u>1,942,246</u>	(73)
	Operating Expense (Note 24 and 28)			
58500	Personnel Expenses	1,468,843	1,836,645	(20)
59000	Depreciation & Amortization	198,104	214,915	(8)
59500	Other Operating & Management Expenses	<u>679,223</u>	<u>837,529</u>	(19)
	Total Operating Expenses	<u>2,346,170</u>	<u>2,889,089</u>	(19)
61001	Net Loss before Tax of Operating Departments	(280,784)	(2,471,900)	(89)
61003	Income Tax Profit (Note 2 & 22)	<u>(30,000)</u>	<u>160,000</u>	119
69000	Net Loss	<u>(\$ 310,784)</u>	<u>(\$ 2,311,900)</u>	(87)

Code

69500	Loss Per Share (Note 25)	Before Tax	After Tax	Before Tax	After Tax
	Basic Losses Per Share	<u>(\$ 0.23)</u>	<u>(\$ 0.25)</u>	<u>(\$ 2.02)</u>	<u>(\$1.89)</u>

The after-tax developed material for investment when subsidiaries hold stocks of the parent companies not as treasury stocks (Note 2 & 27):

	2009	2008
Net Loss	<u>(\$ 310,784)</u>	<u>(\$ 2,311,900)</u>
Basic Losses Per Share	<u>(\$ 0.25)</u>	<u>(\$ 1.89)</u>

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 5, 2010 issued by Deloitte & Touch)

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

Sunny Bank Co., Ltd.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

January 1, 2008 ~ December 31, 2008 & January 1, 2009 ~ December 31, 2009

Unit: NT\$ Thousands

	Issued Shares		Capital Reserves (Note 21)	Accumulated Loss (Note 21)				Unrealized Revaluation Increment of Land (Note 2 and 13)	Financial Instruments Unrealized Gain or Loss (Note 2)	Net Loss not Recognized as Pension Cost (Note 21)	Treasury Stock (Note 2 & 27)	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	\$ 1,528,150	\$ 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
Loss Cover, 2008	-	-	-	-	-	-	-	-	-	-	-	-
Legal Reserve	-	-	-	(389,998)	-	389,998	-	-	-	-	-	-
Special Reserve	-	-	-	-	(27,794)	27,794	-	-	-	-	-	-
Net loss, 2009	-	-	-	-	-	(310,784)	(310,784)	-	-	-	-	(310,784)
Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets	-	-	-	-	-	-	-	-	8,465	-	-	8,465
Net Loss Change not Recognized as Pension Cost	-	-	-	-	-	-	-	-	-	(1,214)	-	(1,214)
Treasury Stock Cancellatin	18,955	(189,551)	(55)	-	-	(27,999)	(27,999)	-	-	-	217,605	-
Balance as of December 31, 2009	<u>1,224,973</u>	<u>\$12,249,730</u>	<u>\$ 11,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,232,891)</u>	<u>(\$ 2,232,891)</u>	<u>\$ 256,642</u>	<u>\$ 46,064</u>	<u>(\$ 1,214)</u>	<u>(\$ 3,508)</u>	<u>\$ 10,325,996</u>

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 5, 2010 issued by Deloitte & Touch)

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

Sunny Bank Co., Ltd.

Cash Flow Statement

January 1, 2008 ~ December 31, 2008 & January 1, 2009 ~ December 31, 2009

Unit: NT\$ Thousands

	2	0	0	9	2	0	0	8
Cash Inflows from Operating Activities:								
Net Loss	(\$	310,784)			(\$	2,311,900)		
Bad Debt Expense		528,270				1,942,246		
Loss on Impairment of Assets	(	24,132)				273,483		
Loss on Selling of Non-performing Loans		193,577				193,577		
Depreciation and Amortization		198,104				214,915		
Appropriated Trading Loss Reserve		316				-		
Invested Company's Cash Dividend under the Equity Method		1,200				-		
Investment Income (Loss) on Equity-Method Investees	(	14,792)				33,151		
Net Loss (Profit) on Disposal of Fixed ,Idle and Rental Assets	(	5,842)			(	22,367)		
Profits on Disposal of Foreclosed Collateral	(	2,922)			(	92,742)		
Financial Assets Valuation Gains at Fair Value through Income Statement						225,682		
Realized Gains on Available-for-sale Financial Assets					(	2,066)		
Deferred Income Tax					(	254,961)		
Financial Instruments Change in Trading Purpose		7,278,508				25,008,013		
Decrease/Increase in Receivables		1,970,707			(	1,355,488)		
Increase/Decrease in Payables	(	2,447,311)				2,437,638		
Net Cash Inflow Generated from Operating Activities		<u>7,302,392</u>				<u>26,289,181</u>		
Cash Inflows from Investing Activities:								
Increase in Financial Assets Designated as at Fair Value through Income Statement	(	20,000)				-		
Increase in Available-for-sale Financial Assets	(	2,850,245)			(	240,547)		
Disposal of Available-for-sale Financial Assets Price		3,313,683				1,060,902		
Decrease in Held-to-maturity Financial Assets		37,793				54,418		
Increase in other financial assets	(	99,701)			(	63,870)		
Increase in Equity Investment under Equity Method		-			(	38,762)		
Decrease in Due from the Central Bank and Other Banks	(	1,727,815)			(	25,051,933)		
Decrease/Increase in Discounts and Loans		3,991,520				4,976,573		
Purchasing Fixed, Idle and Rental Assets	(	17,767)			(	88,629)		
Disposal of Fixed, Idle and Rental Assets Price		44,042				106,635		
Disposal of Foreclosed Collateral Price		203,045				327,099		
Increase in Intangible Assets	(	5,078)			(	25,552)		
Increase in Other Assets		7,528				15,884		
Cash Inflows (Outflows) from Investing Activities		<u>2,877,005</u>			(	<u>18,967,782</u>		
Cash Inflows from Financial Activities:								
Increase/Decrease in Notes and Bonds Issued under Repurchase Agreement	(	1,689,706)				1,169,746		
Decrease in Call Loans and Due to Banks	(	46,601)			(	8,703,605)		
Increase/Decrease in Deposits and Remittances	(	9,477,787)				1,503,093		
Increase/Decrease in Financial Bonds Payable		500,000			(	1,000,000)		
Increase/Decrease in Other Liabilities	(	83,488)				24,649		
Cash Outflows from Financial Activities	(	<u>10,797,582</u>			(	<u>7,006,117</u>		
Net Increase/Decrease in Cash	(	618,185)				315,282		
Balance at Beginning Year		4,607,347				4,292,065		
Balance at Ending Year		<u>\$ 3,989,162</u>				<u>\$ 4,607,347</u>		
Complementary Declaration of Cash Flow Information:								
Paying Interest		<u>\$ 2,882,043</u>				<u>\$ 4,546,700</u>		
Paying Income Tax		<u>\$ 9,917</u>				<u>\$ 94,961</u>		
Non-cash Investing and Financing Activities								
Idle asset re-classified as rental asset		<u>\$ 41,658</u>				<u>\$ -</u>		
Properties re-classified as intangible asset		<u>\$ 4,585</u>				<u>\$ -</u>		
Properties re-classified as idle asset		<u>\$ -</u>				<u>\$ 148,084</u>		
Revaluation Increment of Land		<u>\$ -</u>				<u>\$ 139,520</u>		
Rental asset re-classified as idle asset		<u>\$ -</u>				<u>\$ 58,400</u>		

Reference note is part of this Consolidated Financial Statement.

(Please refer to the Audit Statement dated March 5, 2010 issued by Deloitte & Touch)

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

Sunny Bank Co., Ltd.
Notes to Financial Statements
For Years 2009 and 2008
(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: (1) services of commercial banks approved by the Banking Law. (2) savings and trust services. (3) other related services approved by the authority. The Bank owns a network of 96 operating units in Taiwan by the end of 2009.

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 2009 and 2008 were 1,887 and 2,189 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, As the bank is in need of adopting rationally estimated figures in the allocations of some of the financial instruments' revaluation, the bad debt allowance, fixed assets depreciation, pension reserve, loss on market decline of collaterals assumed, loss on asset impairments, income tax, employees' bonuses and directors and supervisors remunerations, the actual results may vary due to the estimated calculation and judgment taken.

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 31. 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 Income Statement

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

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

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

Overdue Receivables

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

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

Allowance for Loan Losses and Reserve for Guarantees

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

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

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

Available-for-Sale Financial Assets

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

The basis of the fair value: The value of the public-listed and over-the-counter traded stocks held pertains to the closing price on the date of the balance sheet, 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.

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.

Properties

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: house and building equipment, 3 to 60 years; Miscellaneous equipment, 3-15 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) on the disposal properties.

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 Co., 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. The actual amount receivables from the counterparty is financing transaction. Interest revenues and expenses are recorded on accrual basis.

Reserve for trading losses

As stipulated by the Securities Brokerage Management Rule, when the amount of in-house securities trading gain exceeds the amount of deficit, a reserve for trading losses is to be allocated at ten percent of the portion of proceeds by month as the reserve for trading losses, and recognized as liability. The reserve for trading losses may not be utilized except when applied to cover the differentials when the trading losses exceed the trading gains, except when the cumulative reserve for trading losses has reached two hundred million dollars, the allocation may be exempt from continuing.

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. When canceling the shares held in vault, the stocks held in vault are to be earmarked, and be debited, according to the percentage of shareholding, toward the capitalization and the capital reserve as premium in stock issuance. When the book value of the stocks held in vault exceeds the sum of the book value and the premium in stock issuance, the differential shall be applied to offset the capital reserve arisen from the same time of stocks held in vault, and any shortfall is debited to the retained earnings.

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 NT\$ 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.

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 2009 and 2008.

4. Cash

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Cash on Hand	\$ 2,861,702	\$ 3,006,512
Checks for Clearance	828,685	1,233,600
Due from other banks	<u>298,775</u>	<u>367,235</u>
	<u>\$ 3,989,162</u>	<u>\$ 4,607,347</u>

5. Due from the Central Bank and Other Banks

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Due from the Central Bank	\$ 29,150,462	\$ 27,650,039
Deposit Reserve	6,386,870	5,491,299
Due from Other Banks	<u>1,562,653</u>	<u>2,230,832</u>
	<u>\$ 37,099,985</u>	<u>\$ 35,372,170</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 2009 and 2008, NT\$ 5,246,719,000 and NT\$5,339,771,000 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, 2009</u>	<u>December 31, 2008</u>
<u>Trading Financial Assets</u>		
Commercial Paper II	\$ 1,123,642	\$ 7,637,814
Government Bond	559,938	116,112
Beneficiary Certificate	226,499	1,321,331
Listed/OTC Common Stock	116,916	291,746
Exchange Swap	47,795	58,446
Others	<u>26,057</u>	<u>18,274</u>
	2,100,847	9,443,723
<u>Financial Assets Designated as at Fair Value through Income Statement</u>		
Convertible Bond Asset Swap	<u>20,091</u>	-
	<u>\$ 2,120,938</u>	<u>\$ 9,443,723</u>
<u>Trading Financial Liabilities</u>		
Exchange Swap	\$ 5,140	\$ 4,243
Credit Default Swaps	<u>1,692</u>	<u>130,359</u>
	<u>\$ 6,832</u>	<u>\$ 134,602</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. The Bank's entering into asset swap contracts has mainly been executed to hedge against a majority of the market and credit risks, which fall under transaction-oriented derivative products, thus the relative financial assets are designated has financial assets with change in the financial assets at fair value through profit or loss.

Until the end of 2009 and 2008, the non-expired derivative financial commodity contract amount (principal) is as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<u>Trading Purpose</u>		
Exchange Swap	\$ 5,027,140	\$ 1,842,901
Credit Default Swaps	257,408	1,179,864
Convertible Bond Asset Swap	20,000	-

For the year 2009 and for the period ending December 31, 2008, the unexpired foreign exchange clearance contracts are follows:

<u>December 31, 2009</u>			<u>December 31, 2008</u>		
	<u>Amount (NT\$ Thousnad)</u>	<u>Due Date</u>		<u>Amount (NT\$ Thousnad)</u>	<u>Due Date</u>
Selling	USD 71,689	2010/01/04~2010/02/04	Selling	USD 51,131	2009/01/07~2009/01/21
	TWD 2,287,911	2010/01/04~2010/02/09		JPY 459,714	2009/01/20
	JPY 1,224,683	2010/01/04~2010/02/04	Buying	AUD 35,400	2009/01/07~2009/01/21
Buying	USD 84,550	2010/01/04~2010/02/09		NZD 34,800	2009/01/08~2009/01/15
	TWD 645,080	2010/01/29		HKD 44,935	2009/01/12~2009/01/20
	AUD 22,300	2010/01/07~2010/01/29		USD 5,100	2009/01/20
	NZD 23,200	2010/01/08~2010/01/29		EUR 1,200	2009/01/20
	HKD 87,582	2010/01/04~2010/02/04		GBP 350	2009/01/07
	GBP 1,100	2010/01/07		CAD 456	2009/01/20

EUR	1,100	2010/01/04~2010/01/05
ZAR	10,110	2010/01/27

As of December 31, 2009, the asset swap contracts on unexpired convertible bonds are as follows:

<u>Amount (NT\$ Thousnad)</u>	<u>Due Date</u>	<u>Paying Rate</u>	<u>Receiving Rate</u>	
TWD	20,000	99/05/19	3.02%	3.85%

A summary of the bank's financial product loss or gain recognized as loss or gain by fair value for the year 2009 and for the period ending December 31, 2008 is as follows:

	<u>2009</u>	<u>2008</u>
<u>Financial Assets at Fair Value through</u>		
<u>Income Statement</u>		
Realized Gain (Loss)	\$ 1,852,932	(\$ 114,442)
Revaluation Gain (Loss)	<u>70,234</u>	<u>(91,080)</u>
	<u>1,923,166</u>	<u>(205,522)</u>
<u>Financial Assets Designated as at Fair</u>		
<u>Value through Income Statement</u>		
Revaluation Gain (Loss)	<u>91</u>	<u>-</u>
<u>Financial Liabilities at Fair Value through</u>		
<u>Profit or Loss</u>		
Realized Gain (Loss)	(1,561,306)	(207,027)
Revaluation Gain (Loss)	<u>(6,832)</u>	<u>(134,602)</u>
	<u>(1,568,138)</u>	<u>(341,629)</u>
	<u>\$ 355,119</u>	<u>(\$ 547,151)</u>

7. Net Receivables

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Credit Card Payment Receivable	\$ 827,917	\$ 988,141
Selling of Non-performing Loans	816,577	970,857
Receivable		
Spot Foreign Exchange	551,317	2,209,463
Remittance Receivable		
Interest Receivable	<u>268,385</u>	<u>407,593</u>
Income Tax Refund Receivable	67,212	32,440
Acceptance Receivable	59,224	21,596
Others	<u>237,502</u>	<u>244,467</u>
	2,828,134	4,874,557
Less : Allowance for Doubtful	<u>334,453</u>	<u>238,080</u>
Accounts (Note 8)	<u>\$ 2,493,681</u>	<u>\$ 4,636,477</u>

8. Net Discounts and Loans

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Short-term Loan	\$ 8,722,434	\$ 16,459,569
Short-term Loan Secured	23,627,869	19,866,343
Mid-term Loan	11,617,316	17,745,454
Mid-term Loan Secured	13,157,980	9,506,370
Long-term Loan	5,472,104	6,661,209
Long-term Loan Secured	97,507,988	94,537,680
Receivables on Demand	3,345,560	3,960,967
Export Finance	<u>23,174</u>	<u>39,519</u>
	163,474,425	168,777,111
Less: Allowance for Doubtful Accounts	<u>1,523,355</u>	<u>2,478,716</u>
	<u>\$ 161,951,070</u>	<u>\$ 166,298,395</u>

As of December 31, 2009 and 2008, the balance of loans and credits for which accrual of interest revenues was discontinued amounted to NT\$3,345,560,000 and NT\$3,960,967,000 respectively. The unrecognized interest revenues on these loans and credits amounted to NT\$ 92,643,000 and NT\$148,421,000 for the years ended 2009 and 2008 respectively.

For the year 2009 and for the period ending December 31, 2008, the bank has not had any loan liability claims that have been canceled and written off without undergoing the retroactive litigation proceeding.

A summary on the discounting, loan, bad debt reserve under the accounts receivable category and exchange guarantee liability reserve and the state of change is as follows :

	<u>2009</u>					
	<u>Discounting and loans</u>					
	Unrecallabl e risk of specific liability claims	Potential risk of the overall liability claim portfolio	Subtotal	Accounts receivable	Exchange guarnatee liability reserve	Total
Balance at the year of the year	\$ 1,707,742	\$ 770,974	\$ 2,478,716	\$ 238,080	\$ 73,462	\$ 2,790,258
Recognized bad debt	1,079,355	(723,550)	355,805	172,089	376	528,270
Canceled and written off	(1,496,807)	-	(1,496,807)	(90,844)	-	(1,587,651)
Collection on canceled liability claims	198,697	-	198,697	15,128	-	213,825
Exchange differential adjustment	(13,056)	-	(13,056)	-	-	(13,056)
Balance at the end of the year	<u>\$ 1,475,931</u>	<u>\$ 47,424</u>	<u>\$ 1,523,355</u>	<u>\$ 334,453</u>	<u>\$ 73,838</u>	<u>\$ 1,931,646</u>
	<u>2008</u>					
	<u>Discounting and loans</u>					
	Unrecallabl e risk of specific liability claims	Potential risk of the overall liability claim portfolio	Subtotal	Accounts receivable	Exchange guarnatee liability reserve	Total

	portfolio					
Balance at the year of the year	\$ 2,457,435	\$ 215,892	\$ 2,673,327	\$ 240,020	\$ 73,462	\$ 2,986,809
Recognized bad debt	1,062,441	555,082	1,617,523	324,723	-	1,942,246
Canceled and written off	(2,004,743)	-	(2,004,743)	(268,054)	-	(2,272,797)
Collection on canceled liability claims	<u>192,609</u>	<u>-</u>	<u>192,609</u>	<u>(58,609)</u>	<u>-</u>	<u>134,000</u>
Balance at the end of the year	<u>\$ 1,707,742</u>	<u>\$ 770,974</u>	<u>\$ 2,478,716</u>	<u>\$ 238,080</u>	<u>\$ 73,462</u>	<u>\$ 2,790,258</u>

9. Available-for-Sale Financial Assets

	December 31, 2009	December 31, 2008
Government Bond	\$ 1,183,710	\$ 495,895
Commercial Paper II	990,405	1,383,238
Corporate Bond	672,947	781,567
Asset-Backed Commercial Paper	354,975	1,212,869
Listed and OTC Common Stock	283,802	-
Others	<u>65,759</u>	<u>104,768</u>
	<u>\$ 3,551,598</u>	<u>\$ 3,978,337</u>

10. Hold-to-maturity Financial Assets

	December 31, 2009	December 31, 2008
Beneficial Securities	<u>\$ 79,880</u>	<u>\$ 117,673</u>

The expiry of the beneficiary certificates has all been January 2011, with the effective interest rates at between 1.62~2.7%.

11. Equity Investments – Equity Method

	December 31, 2009		December 31, 2008	
	Amount	Stock Holding %	Amount	Stock Holding %
Unlisted Corporation				
Sunny Securities Co., Ltd	\$ 222,076	97.7	\$ 207,517	97.7
Ontario Securities Investment Trust	26,173	20.0	38,762	20.0
Gold Sunny Assets Management Co., Ltd.	23,945	100.0	19,258	100.0
Sunny Life Insurance Brokerage Co., Ltd.	19,301	39.9	10,228	39.9
Sunny Property Insurance Brokerage Co., Ltd.	<u>2,373</u>	20.0	<u>1,557</u>	20.0
	<u>\$ 293,868</u>		<u>\$ 277,322</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, 2009</u>	<u>December 31, 2008</u>
<u>Financial Assets Carried at Cos</u>		
<u>Unlisted Common Stock</u>		
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
<u>Unlisted Preferred Stock</u>		
Bank of Panhsin	\$ 110,000	110,000
Farglory Life Insurance Co.,		
Ltd.	<u>100,000</u>	<u>-</u>
	<u>397,261</u>	<u>297,261</u>
<u>Non-active Market Debt</u>		
<u>Instruments</u>		
Structured Deposit	160,880	163,870
Accumulated Impairment	<u>120,660</u>	<u>147,483</u>
	<u>40,220</u>	<u>16,387</u>
	<u>\$437,481</u>	<u>\$313,648</u>

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

13. Properties

	<u>2009</u>				
	<u>Land</u>	<u>House and Building</u>	<u>Miscellaneous equipment</u>	<u>Prepayments for Business Facilities</u>	<u>Total</u>
<u>Cost</u>					
Beginning Balance	\$ 6,636,369	\$ 2,859,779	\$ 1,326,147	\$ 43,958	\$ 10,866,253
Increasing This Year	-	-	5,891	11,130	17,021
Decreasing This Year	(1,833)	(588)	(20,535)	-	(22,956)
Reclassification This Year	<u>-</u>	<u>-</u>	<u>5,003</u>	<u>(9,588)</u>	<u>(4,585)</u>
Final Balance	<u>6,634,536</u>	<u>2,859,191</u>	<u>1,316,506</u>	<u>45,500</u>	<u>10,855,733</u>
<u>Revaluation</u>					
<u>Increment</u>					
Beginning Balance	281,856	20,176	-	-	302,032
Increasing This Year	-	-	-	-	-
Decreasing This Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reclassification This Year	<u>281,856</u>	<u>20,176</u>	<u>-</u>	<u>-</u>	<u>302,032</u>
<u>Accumulated Depreciation</u>					
Beginning Balance	-	769,783	1,029,159	-	1,798,942
Increasing This Year	-	66,839	106,078	-	172,917
Decreasing This Year	<u>-</u>	<u>(82)</u>	<u>(19,664)</u>	<u>-</u>	<u>(19,746)</u>
Reclassification This Year	<u>-</u>	<u>836,540</u>	<u>1,115,573</u>	<u>-</u>	<u>1,952,113</u>
Final Balance	<u>\$ 6,916,392</u>	<u>\$ 2,042,827</u>	<u>\$ 200,933</u>	<u>\$ 45,500</u>	<u>\$ 9,205,652</u>

	2008				
	Land	House and Building	Miscellaneous equipment	Prepayments for Business Facilities	Total
<u>Cost</u>					
Beginning Balance	\$ 6,705,460	\$ 2,837,183	\$ 1,298,334	\$ 139,953	\$ 10,980,930
Increasing This Year	-	-	15,479	73,150	88,629
Decreasing This Year	(18)	(1,514)	(39,780)	-	(41,312)
Reclassification This Year	(<u>69,073</u>)	<u>24,110</u>	<u>52,114</u>	(<u>169,145</u>)	(<u>161,994</u>)
Final Balance	<u>6,636,369</u>	<u>2,859,779</u>	<u>1,326,147</u>	<u>43,958</u>	<u>10,866,253</u>
<u>Revaluation</u>					
<u>Increment</u>					
Beginning Balance	161,211	21,836	-	-	183,047
Increasing This Year	139,520	-	-	-	139,520
Decreasing This Year	(<u>18,875</u>)	(<u>1,660</u>)	-	-	(<u>20,535</u>)
Final Balance	<u>281,856</u>	<u>20,176</u>	-	-	<u>302,032</u>
<u>Accumulated</u>					
<u>Depreciation</u>					
Beginning Balance	-	718,422	945,324	-	1,663,746
Increasing This Year	-	68,247	123,020	-	191,267
Decreasing This Year	-	(2,976)	(39,185)	-	(42,161)
Reclassification This Year	-	(<u>13,910</u>)	-	-	(<u>13,910</u>)
Final Balance	-	<u>769,783</u>	<u>1,029,159</u>	-	<u>1,798,942</u>
Net Value Year End	<u>\$ 6,918,225</u>	<u>\$ 2,110,172</u>	<u>\$ 296,988</u>	<u>\$ 43,958</u>	<u>\$ 9,369,343</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, 2009</u>	<u>December 31, 2008</u>
Goodwill	\$ 1,034,579	\$ 1,034,579
Computer Software	<u>25,531</u>	<u>37,251</u>
	<u>\$ 1,060,110</u>	<u>\$ 1,071,830</u>

In 2008, the Bank evaluated the recoverable amount of its goodwill and recognized its impairment of NT\$ 116,000,000, in branches in 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%.

15. Other Assets

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Deferred Tax Asset	\$ 859,003	\$ 892,391
NPL Disposal Unrecognized Loss	392,377	585,954
Rental Assets-Less: Net Accumulated Depreciation \$ 8,744,000 for 2009 and \$ 10,742,000 for 2008	324,635	315,881
Collateral – Less: Net Allowance for Reduction \$132,463,000 in 2009 and \$241,668,000 in 2008.	247,506	447,629
Refundable Deposit	233,858	250,213
Idle Assets-Less: Net Accumulated Depreciation \$13,478,000 for 2009 and \$ 15,303,000 for 2008 and Accumulated Impairment \$ 10,000,000.	150,939	196,123
Other	<u>44,024</u>	<u>37,216</u>
	<u>\$ 2,252,342</u>	<u>\$ 2,725,407</u>

16. Call Loans and Due to Banks

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Due to the Central Banks & Other Banks	\$ 5,939,242	\$ 5,585,843
Call Loan to Banks	<u>-</u>	<u>400,000</u>
	<u>\$ 5,939,242</u>	<u>\$ 5,985,843</u>

17. Payables

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Post-dated Checks for Clearance Payable	\$ 828,685	\$ 1,233,600
Spot Exchange Payable	551,308	2,208,874
Interest Payable	438,079	799,339
Bill Collection Payable	210,059	214,579
Other	<u>353,318</u>	<u>372,368</u>
	<u>\$ 2,381,449</u>	<u>\$ 4,828,760</u>

18. Deposits and Remittances

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Savings Deposit	\$ 143,415,933	\$ 129,282,081
Time Deposit	33,924,946	63,408,000
Current Deposit	19,640,988	14,015,352
Check Deposit	2,173,294	1,884,115
Treasury Deposit	206,659	258,119
Remittances	<u>25,628</u>	<u>17,568</u>
	<u>\$ 199,387,448</u>	<u>\$ 208,865,235</u>

19. Financial bonds payable

The bank, in a move to raise the capital needed in support of its mid- and long-term operations and to raise the capital coverage ratio, has separately applied with the Financial Supervisory Commission, Execution Yuan for issuing the second priority financial bonds. For the year 2009 and for the period up to December 31, 2008, the balance of the issuances is as follows:

	December 31, 2009	December 31, 2008
The 2006 phase-one second priority financial bonds have been issued on May 16, 2006, at a fixed yearly interest rate of 2.55%, with interest payout made once a year, and the principal be repaid in one lump sum at maturity.	\$ 2,000,000	\$ 2,000,000
The 2007 phase-one second priority financial bonds (Class-A bonds) have been issued on April 9, 2007, at a fixed yearly interest rate of 3.00%, with interest payout made once a year, and the principal be repaid in one lump sum at maturity.	1,800,000	1,800,000
The 2007 phase-one second priority financial bonds (Class-B bonds) have been issued on April 9, 2007, which has the interest calculated based on the par value interest rate pegged to the Bank of Taiwan's fixed savings deposit published floating interest rate plus 0.60% on a quarterly basis, with interest paid once every year, and the principal to be repaid in one lump sum at maturity.	1,100,000	1,100,000
The 2007 phase-two second priority financial bonds (Class-A bonds) have been issued on November 16, 2007, at a fixed yearly interest rate of 3.60%, with interest payout made once a year, and the principal be repaid in one lump sum at maturity.	203,500	203,500
The 2007 phase-two second priority financial bonds (Class-B bonds) have been issued on November 16, 2007, which has the interest calculated based on the par value interest rate pegged to the Bank of Taiwan's fixed savings deposit published floating interest rate plus 0.75% on a quarterly basis, with interest paid once every year, and the principal to be repaid in one lump sum at maturity.	101,000	101,000

(Continued)

(Brought Forward)

	December 31, 2009	December 31, 2008
The 2007 phase-three second priority financial bonds (Class-A bonds) have been issued on December 26, 2007, at a fixed yearly interest rate of 3.80%, with interest payout made once a year, and the principal be repaid in one lump sum at maturity.	\$ 261,000	\$ 261,000
The 2007 phase-three second priority financial bonds (Class-B bonds) have been issued on December 26, 2007, at a fixed yearly interest rate of 0.95%, with interest payout made once a year, and the principal be repaid in one lump sum at maturity.	43,900	43,900
The 2009 phase-one second priority financial bonds have been issued on June 15, 2009, at a fixed yearly interest rate of 3.00%, with interest payout made once a year, and the principal be repaid in one lump sum at maturity.	<u>500,000</u>	<u>-</u>
	<u>\$ 6,009,400</u>	<u>\$ 5,509,400</u>

20. Other Liabilities

	December 31, 2009	December 31, 2008
Advance Receipts	\$ 141,660	\$ 219,898
Deposits Received	77,929	79,661
Reserve for Guarantees (Note 8)	73,838	73,462
Deferred Profit	25,167	24,782
Other	<u>33,481</u>	<u>37,068</u>
	<u>\$ 352,075</u>	<u>\$ 434,871</u>

21. Shareholders' Equity

(1) Capital

The Bank has reported a paid-in capitalization at NT\$12,439,281,000 on January 1, 2008, which is divided into 1,243,928,000 shares, with each share bearing the par value of NT\$10, and all shares issued are of the common shares.

The Bank has bought back 18,955,000 shares of the common shares, at NT\$11.48 per share, from shareholders contesting the case of the bank's merging the Kao Shin Commercial Bank on August 10, 2006. As the foresaid shares have reached a three-year mark as of August 10, 2009, and have not been liquidated at the market value, the shares are to be deemed as the unissued shares in accordance stipulations provided by the Corporate Merger Act. On August 13, 2009, the Bank has had its management board voted in favor of a resolution for setting September 7, 2009 as the share cancellation cutoff date, by which to cancel the 18,955,000 buyback shares, with each bearing the par value of NT\$10, putting the total capitalization canceled at NT\$189,551,000, with a modification registration completed on September 23, 2009, which put the bank's paid-in capitalization to be reduced to NT\$12,249,730,000 as of December 31, 2009, which is divided into 1,224,973,000 shares, with each share bearing the par value of NT\$10, and all shares issued are of the common

shares.

(2) The Capital Reserve

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.

(3) Earning Distribution and Dividend Policy

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:

A. Rewards for Directors and Supervisors: 1.5%

B. Employee bonus: 3%

C. 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.

The estimation of the employee bonuses and the director and auditors remunerations are made on the basis of the probable amount of distribution according to the past experience. With 2009 reporting a deficit, hence no allocations have been made for the employee bonuses and the director, auditors' remunerations. At the shareholders' meeting resolution voting date, any change to the amount is processed according to change in accounting estimates, and is adjusted and realized in the year that the resolution is voted before the shareholders' meeting. In the instance where the resolution voted before the shareholders' meeting renders the employee bonuses be distributed in the form of stock, the stock share count is determined by the amount of the bonus distribution voted divided by the stock's fair value, in which the stock's fair value is calculated based on the net valuation derived from the most recent period's CPA-audited financial statements.

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 (Including unrealized income of financial products and net loss not recognized as pension cost) 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 2008 and 2007 proposed by the Board of Directors and approved at the Shareholders' Meeting of Sunny Bank Ltd. in 2009 and June 2008 and the dividend per share are as follows:

	<u>2008</u>	<u>2007</u>
Legal Reserve	\$ 389,998	\$ 1,138,152
Special Reserve	27,794	-

The 2009 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.

(4) Unrealized Gains/(Losses) on Financial Instruments

The change of Unrealized Gains/(Losses) on Financial Instruments in 2009 and 2008 is as follows:

	Available-for-sale Financial Assets	Recognize the Equity Investment t according to Holding Share Ratio under Equity Method	Total
<u>2009</u>			
Beginning Balance	\$ 39,610	(\$ 2,011)	\$ 37,599
Direct to Recognize as Shareholders' Equity Adjustments	<u>4,297</u>	<u>4,168</u>	<u>8,465</u>
Final Balance	<u>\$ 43,907</u>	<u>\$ 2,157</u>	<u>\$ 46,064</u>

(Continued)

(Brought Forward)

	Available-for-sale Financial Assets	Recognize the Equity Investment t according to Holding Share Ratio under Equity Method	Total
<u>2008</u>			
Beginning Balance	(\$ 15,131)	\$ -	(\$ 15,131)
Direct to Recognize as Shareholders' Equity Adjustments	<u>54,741</u>	(<u>2,011</u>)	<u>52,730</u>
Final Balance	<u>\$ 39,610</u>	(<u>\$ 2,011</u>)	<u>\$ 37,599</u>

22. Income Tax

The structure of income tax profits (cost) is as follows:

	<u>2009</u>	<u>2008</u>
Separately Taxed Short-term Notes	(\$ 9,916)	(\$ 94,961)
Prior Year Income Tax Adjustment	13,304	-
Deferred Income Tax	(<u>33,388</u>)	<u>254,961</u>
Income Tax Profits (cost)	(<u>\$ 30,000</u>)	<u>\$160,000</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 Legislative Yuan has in May 2009 amended the provisions of Article 5 of the Income Tax Law by lowering the profit entity income tax rate from 25% to 20%, which has been put into implementation in 2010. 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 and cost.

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

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Losses Deductible	\$ 1,188,718	\$ 1,300,214
Allowance for credit loss over limit	36,078	119,394
Others	<u>3,207</u>	<u>15,283</u>
	1,228,003	1,434,891
Less: Valuation Allowances	<u>369,000</u>	<u>542,500</u>
	<u>\$ 859,003</u>	<u>\$ 892,391</u>

As of the end of 2009, the yearly tax payable after deducted at our bank is as follows:

Yearly Loss	Amount Deductible	Balance Undeductible	Final Deductible Year
2005	\$ 83,175	\$ 12,693	2015
2006	284,072	284,072	2016
2007	269,825	269,825	2017
2008	424,637	424,637	2018
2009	<u>197,491</u>	<u>197,491</u>	2019
	<u>\$ 1,259,200</u>	<u>\$ 1,188,718</u>	

The tax rate for deferred income tax adopted by Sunny Bank Ltd. is 20% in 2009 and 25% in 2008 respectively.

The balances of tax deductible accounts are NT\$581,043,000 in 2009 and NT\$446,480,000 in 2008 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 and 2008, the tax deduction derived from medium interest of bonds is totaled NT\$1,117,000.

23. Commission Net Profit

	2009	2008
Commission Income	\$ 675,446	\$ 625,800
Commission Expense	(<u>68,351</u>)	(<u>79,082</u>)
	<u>\$ 607,095</u>	<u>\$ 546,718</u>

24. Personnel, Depreciation and Amortization Costs

	2009	2008
Personnel Cost		
Salary and Reward	\$ 1,227,704	\$ 1,581,602
Pension	79,612	84,511
Insurance Premium	106,942	113,628
Others	<u>54,585</u>	<u>56,904</u>
	<u>\$ 1,468,843</u>	<u>\$ 1,836,645</u>
Depreciation	<u>\$ 174,702</u>	<u>\$ 193,011</u>
Amortization	<u>\$ 23,402</u>	<u>\$ 21,904</u>

25. Losses Per Share

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

	Amount (Numerator)		1000 Shares (Denominator)	Earnings Per Share (NT\$)	
	Before Tax	After Tax		Before Tax	After Tax
<u>2009</u>					
Basic Loss Per Share	(<u>\$ 280,784</u>)	(<u>\$ 310,784</u>)	<u>1,224,553</u>	(<u>\$0.23</u>)	(<u>\$0.25</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>)

When calculating the loss per share, the parent company's shares held by the subsidiaries have already been recognized and calculated as stocks held in fault, and if the parent company's stocks held by the subsidiaries are excluded from the stocks held in vault, which may adversely have a diluting effect since 2009 and 2008 have reported deficit, thus are excluded from the calculation of the loss per share.

26. 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.

2% 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 \$57,600 thousand and \$67,200 thousand for the years ended December 31, 2009 and 2008, respectively.

Information about the defined benefit plan was as follows:

(1) Net Pension Cost

	<u>2009</u>	2008
Service Cost	\$ 19,223	\$ 22,937
Interest Cost	16,242	19,732
Expected Return from Pension		
Fund Assets	(13,706)	(20,308)
Amortization	<u>253</u>	<u>(5,050)</u>
Net Pension Cost	<u>\$ 22,012</u>	<u>\$ 17,311</u>

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

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Pension Benefit Obligations		
Vested Benefit Obligation	\$183,091	\$214,523
Non-vested Benefit Obligation	<u>264,401</u>	<u>311,579</u>
Accumulated Benefit		
Obligation	447,492	526,102
Add. Benefit.-Future	<u>210,968</u>	<u>218,278</u>
Projected Benefit Obligation	658,460	744,380
Fair Value-Pension	(<u>439,093</u>)	(<u>616,648</u>)
Fund Status	219,367	127,732
Unrecognized Net Assets	48,004	52,805
Unrecognized Prior Service Cost	31,394	33,201
Unrecognized Pension Gain/Loss	(<u>287,853</u>)	(<u>204,798</u>)
Accrued Pension Liabilities		
(Prepaid Pension)	<u>\$ 10,912</u>	<u>\$ 8,940</u>

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

\$231,746 \$288,796

(4) Assumptions of Pension Benefit Obligation

Discount Rate	2.00%	2.25%
Future Salary Growth Rate	2.00%	2.5%
Pension Fund Assets Expected Rate of Return	2.00%	2.25%

(5) Pension Reserve Appropriation and Payment Status

	2009	2008
Appropriation	<u>\$ 20,040</u>	<u>\$ 8,127</u>
Payment	<u>\$203,469</u>	<u>\$ 94,710</u>

27. Treasury Stock

Sunny Life Insurance Brokerage Co., Ltd. became one subsidiary of the Bank. 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.

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.

28. Related-Party Transactions

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

Name	Relationship with our Bank
Sunny Securities Co., Ltd. (Sunny Securities)	Subsidiary
Gold Sunny Assets Management Co., Ltd. (Gold Sunny)	Subsidiary
Sunny Property Insurance Brokerage Co., Ltd. (Sunny Property Insurance)	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 since August 2008.
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

	2009		2008	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Sunny Life Insurance Agent Co., Ltd.	\$ 12,694	0.5	\$ 22,320	0.5
Others	<u>1,914</u>	<u>0.1</u>	3,465	-
	<u>\$ 14,608</u>	<u>0.6</u>	<u>\$ 25,785</u>	<u>0.5</u>

B. Loan

2009

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	40	\$ 21,093	\$ 14,397	\$ 14,397	\$	—	None
Private Housing Secured Loan	30	300,556	224,257	224,257		—	None
Other Loan	Liu, Hsiang-Tun	18,624	17,690	17,690		Land & Building	None
	Wang, Ya-Hsun	6,900	6,900	6,900		Farmland	None
	Hsieh, Yi-Tung	5,433	-	-		—	None
	Chen, Yi-Huan	3,200	-	-		—	None
	Kao, Chih-Li	2,800	2,800	2,800		Deposit Sheet	None
	Yang, Ying-Chung	1,300	550	550		—	None
	Chao, Fu-Tien	700	700	700		Deposit Sheet	None
	Chiu, Chuan-Mao	551	-	-		—	None
	Sunny Securities Co., Ltd	120	-	-		Domestic Financial Institutions Guaranty	None

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	-	Deposit Sheet	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, Yi-Tung	300	300	300	-	—	None
Huang, Yen-Chun	179	-	-	-	—	None	

C. Deposit

	December 31, 2009			December 31, 2008		
	Balance	Subject Ratio (%)	Annual Percentage Rate (%)	Balance	Subject Ratio (%)	Annual Percentage Rate (%)
Other Parties	\$ 252,469	0.2	0-9	\$ 497,529	0.3	0-9
Sunny Life Insurance Ontario Securities	36,469	-	0-0.2	23,513	-	0-0.2
Gold Sunny	20,184	-	0.2-0.85	47,903	-	0.2-1.25
Sunny Property Insurance	14,615	-	0-0.2	35,197	-	0.2
Sunny Securities	10,778	-	0-0.2	9,304	-	0-0.2
	5,106	-	0-0.45	21,241	-	0.2-1.77
	<u>\$ 339,621</u>	<u>0.2</u>		<u>\$ 634,687</u>	<u>0.3</u>	

D. Interest Income

	2009		2008	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Other Parties	<u>\$ 10,553</u>	<u>0.3</u>	<u>\$ 28,071</u>	<u>0.4</u>

E. Interest Expenses

	2008		2008	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Other Parties	\$ 6,011	0.3	\$ 9,622	0.2
Others	400	-	418	-
	<u>\$ 6,411</u>	<u>0.3</u>	<u>\$ 10,040</u>	<u>0.2</u>

F. Net Commission Profit

	2009		2008	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Sunny Life Insurance	\$ 167,749	27.6	\$ 73,183	13.4
SunnyProperty Insurance	13,050	2.2	14,648	2.7
Gold Sunny	5,400	0.9	14,837	2.7
	<u>\$ 186,199</u>	<u>30.7</u>	<u>\$ 102,668</u>	<u>18.8</u>

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

	2009		2008	
	Amount	Subject Ratio (%)	Amount	Subject Ratio (%)
Sunny Securities	<u>\$ 12,103</u>	<u>3.4</u>	<u>\$ 23,552</u>	<u>4.3</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	2008
Sunny Securities	December 2112	Monthly Receiving	\$ 800	\$ 10,022	\$ 10,038
Sunny Life Insurance	July 2112	Monthly Receiving	-	870	870
Gold Sunny	November 2112	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:

	2009	2008
Balance in Beginning Year	<u>\$585,954</u>	\$779,531
Amortization This Year	<u>193,577</u>	<u>193,577</u>
Balance in Ending Year	<u>\$392,377</u>	<u>\$585,954</u>

Until the end of 2009 and 2008, the balances of account receivable for sales are NT\$816,577,000 and NT\$970,857,000 and recorded as accounts receivables.

J. Subordinated Debentures Payable

At the end of 2009 and 2008, the book value of subordinated debentures issued by the Bank and held by Sunny Life Insurance Brokerage Co., Ltd. valued NT\$ 5,500,000.

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:

	<u>2009</u>	<u>2008</u>
Salary	\$ 38,144	\$ 37,554
Bonus	1,737	4,009
Other	-	4,236
	<u>\$ 39,881</u>	<u>\$ 45,799</u>

29. Pledged Assets

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

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Due from Central Bank	\$ 3,000,000	\$ 1,500,000
Financial Assets at Fair Value through Income Statement	54,000	9,000
Available-for-Sale Financial Assets	236,300	310,300
Other Assets - Refundable Deposit	233,858	250,213
Other Assets - Business Guaranty Bond	2,300	-
	<u>\$ 3,526,458</u>	<u>\$ 2,069,513</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, the bond transaction performance and settlement reserve 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.

30. Contingent Liabilities and Commitments

In addition to those mentioned in note 35, the Bank had the following contingent liabilities and commitments as of December 31, 2009:

The lease of places rented by the Bank for operating units will expire by the end of February 2015. The refundable deposit totals NT\$94,938,000 (listed in other assets). The rental totals NT\$ 35,281,000 in 2009.

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

<u>Year</u>	<u>Amount</u>
2010	\$ 34,160
2011	30,081
2012	22,423
2013	17,701
2014	13,382

31. Financial Instruments Related Information

(1) Fair Value Information

	December 31, 2009		December 31, 2008	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial Assets</u>				
Financial Assets at Book Value				
Equals to Fair Value	\$ 43,751,774	\$ 43,751,774	\$ 44,833,767	\$ 44,833,767
Financial Assets at Fair Value				
through Profit or Loss	2,120,938	2,120,938	9,443,723	9,443,723
Available-for-Sale Financial Assets				
Discounts and Loans	161,951,070	161,951,070	166,298,395	166,298,395
Hold-to-maturity Financial Assets				
Non-active Market Debt Instruments	79,880	79,880	117,673	117,673
	40,220	40,220	16,387	16,387
<u>Financial Liabilities</u>				
Financial Liabilities at Book Value				
Value Equals to Fair Value	207,786,068	207,786,068	221,449,205	221,449,205
Financial Liabilities at Fair Value through Profit or Loss				
Financial Bonds Payable	6,832	6,832	134,602	134,602
	6,009,400	6,009,400	5,509,400	5,509,400

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

- a. 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), business guaranty bond, other financial assets, due to banks and the Central Bank, bonds and securities sold under repurchase agreements, payables and remittances.
- b. 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.
 Derivative financial products, when there is open quotation at an actively traded market, have the market price taken as the fair value. If there is no market price that can be referenced to, the value is estimated using the pricing evaluation method. The bank's estimate and hypothesis taken using the pricing evaluation method, where the market reference price found consistent with the estimation and hypothesis taken on pricing the financial products would render the information as accessible by the bank.
- c. 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.
- d. 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.
- e. 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, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Financial Assets at Fair Value through Profit or Loss	\$ 919,563	\$ 1,731,323	\$ 1,201,375	\$ 7,712,400
Available-for-Sale Financial Assets	2,140,459	1,280,941	1,411,139	2,697,396
Financial Liabilities at Fair Value through Profit or Loss	-	-	6,832	134,602

- (4) Valuation losses/gains arising from changes in fair value of financial instruments at FVTPL using quoted market prices and valuation techniques were NT\$63,493,000 of gain and NT\$225,682,000 of loss for the years ended December 31, 2009 and 2008, respectively.

- (5) The financial assets with fair value risk from interest rate exposure on December 31, 2009 and 2008 were NT\$5,048,543,000 and NT\$11,822,344,000 respectively. The financial assets with the cash flow risk from interest rate exposure were NT\$12,651,000 and NT\$43,732,000.

- (6) The interest income associated with financial assets or liabilities other than at FVTPL in 2009 and 2008 were NT\$4,109,040,000 and NT\$6,905,595,000 respectively. Unrealized gain from available-for-sale financial assets amounted to NT\$4,297,000 and NT\$54,741,000 for the years ended December 31, 2009 and 2008, respectively, is classified as adjustments to shareholders' equity.

(7) Financial Risks

a. Market risk

The bonds, commercial notes, loans and similar financial products the bank holds or issues will see the fair value of such financial products shifted alongside the market interest rate fluctuations on the balance sheet date.

b. 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 18.88% in 2009 and 0% to 19.61% in 2008, 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, 2009 and 2008 were as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Loan Commitments	\$ 9,011,002	\$ 10,302,671
Guarantees and Master L/C	4,227,115	6,124,936
Credit Card Commitment	561,646	600,397

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 83.50% in 2009 and 75.04% in 2008. 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, 2009</u>	<u>December 31, 2008</u>
Natural Person	\$ 117,891,591	\$ 116,223,356
Private Enterprise	40,796,672	44,326,353
Government Agency	1,987,054	2,631,482
	<u>\$ 160,675,317</u>	<u>\$ 163,181,191</u>

<u>Industrial Type</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Manufacturing Business	\$ 11,625,344	\$ 13,035,336
Real Estate Business	7,030,866	5,117,086
Wholesales & Retail Business	<u>6,594,409</u>	<u>7,509,283</u>
	<u>\$ 25,250,619</u>	<u>\$ 25,661,705</u>

<u>Area</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Domestic Area	\$ 161,010,857	\$ 164,212,809
Europe	462,946	1,563,364
Asia	<u>945,110</u>	<u>1,390,205</u>
	<u>\$ 162,418,913</u>	<u>\$ 167,166,378</u>

C. Liquidity Risk

The Bank's ratio of liquidity reserve is 16.82% and 18.04% in 2009 and 2008 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:

	<u>December 31 2009</u>						<u>Total</u>
	<u>Overdue within 1 month</u>	<u>Over 1 ~3 months</u>	<u>Over 3 ~6 months</u>	<u>Over 6 months ~ 1 year</u>	<u>Over 1 year ~ 7 years</u>	<u>Over 7 years</u>	
<u>Assets</u>							
Cash	\$ 3,989,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,989,162
Due from the Central Bank and Other Banks	37,099,985	-	-	-	-	-	37,099,985
Financial Assets at Fair Value through Profit or Loss	764,143	550,026	257,177	-	52,727	496,865	2,120,938
Total Receivables	2,828,134	-	-	-	-	-	2,828,134
Total Discounts and Loans	12,125,591	5,860,333	8,822,855	14,365,867	27,645,420	94,654,359	163,474,425
Available-for-Sale Financial Assets	1,629,182	-	-	73,372	1,480,429	368,615	3,551,598
Hold-to-maturity Financial Assets	-	-	-	12,651	67,229	-	79,880
Total Non-active Market Debt Instruments	-	-	-	-	<u>160,880</u>	-	<u>160,880</u>
Total Assets	<u>\$ 58,436,197</u>	<u>\$ 6,410,359</u>	<u>\$ 9,080,032</u>	<u>\$ 14,451,890</u>	<u>\$ 29,406,685</u>	<u>\$ 95,519,839</u>	<u>\$ 213,305,002</u>
<u>Liabilities</u>							
Financial Liabilities at Fair Value through Profit or Loss	\$ 4,547	\$ 818	\$ -	\$ 1,467	\$ -	\$ -	\$ 6,832
Call Loans and Due to Banks	5,939,242	-	-	-	-	-	5,939,242
Payables	2,381,449	-	-	-	-	-	2,381,449
Deposits and Remittances	99,404,240	24,816,139	25,092,756	46,047,752	4,026,561	-	199,387,448
Financial Bonds Payable	-	-	-	-	<u>6,009,400</u>	-	<u>6,009,400</u>
Total Liabilities	<u>\$107,729,478</u>	<u>\$ 24,816,957</u>	<u>\$ 25,092,756</u>	<u>\$ 46,049,219</u>	<u>\$ 10,035,961</u>	<u>\$ -</u>	<u>\$ 213,724,371</u>

	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>

(8) Risk management and risk-hedging strategies

The bank has drafted a written risk management policy, which encompasses the bank's overall operating strategies and risk management philosophy. The bank's comprehensive risk management plan has been to minimize the potential impact to the bank's operating performance, and the management board has also motioned through the written comprehensive risk management policy and written policy for specific risks (such as credit risk, market risk, operational risk, exchange rate risk, interest rate risk and so forth). The management board routinely rechecks said written policy and the state of actual implementation to ensure that the bank policy has indeed been executed precisely.

32. Capital Adequacy Ratio

The Banking Law and related regulations require that the Bank maintain a capital adequacy ratio 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		
		December 31, 2009	December 31, 2008	
Own Capital	Tier-1 capital	\$ 9,568,923	\$ 8,880,498	
	Tier-2 capital	3,339,545	5,686,572	
	Tier 3 Capital	-	-	
	Own Capital	12,908,468	14,567,070	
Risk-Weighted Assets	Credit Risk	Standardized Approach	\$ 136,002,699	\$ 146,260,054
		Internal Ratings-based Approach	-	-
		Asset Securitization	15,976	23,535
	Operational Risk	Basic Indicator Approach	6,050,623	7,311,468
		Standardized Approach / Alternative Standardized Approach	-	-
		Advanced Measurement Approach	-	-
	Market Risk	Standardized Approach	5,061,195	9,105,429
		Internal Model Approach	-	-
	Risk-Weighted Assets		147,130,493	162,700,486
	Capital Adequacy		8.77%	8.95%
Ratio of Tier 1 Capital to Risk Asset		6.50%	5.46%	
Ratio of Tier 2 Capital to Risk Asset		2.27%	3.49%	
Ratio of Tier 3 Capital to Risk Asset		-	-	
Ratio of Total Common Stock to Total Asset		5.46%	5.22%	
Leverage ratio		4.18%	3.70%	

- A. Self-owned Capital = Tier 1 Capital + Tier II Capital + Tier III Capital
- B. Risk-Weighted Assets = Credit Risk Weighted Risk Asset + Capital Requirement of Operational Risk and Market Risk \times 12.5
- C. Capital Adequacy = Self-owned Capital / Risk-Weighted Assets
- D. Tier 1 Capital to Risk Asset = Tier I Capital / Risk-Weighted Assets
- E. Tier 2 Capital to Risk Asset = Tier II Capital / Risk-Weighted Assets
- F. Tier 3 Capital to Risk Asset = Capital III Capital / Risk-Weighted Assets
- G. Total Common Stock to Total Asset = Total Common Stock / Total Assets
- H. Leverage ratio = Tier 1 Capital / Adjusted Average Assets (the average assets upon deducting Tier 1 capital deduction categories of "Business Reputation", "Unamortized Losses for Liquidating Non-performing Liability" and the amount to be deducted from Tier 1 capital as stipulated by the "Description and Standardized Form for Bank Private Capital and Risk Assets' Calculation Method").

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

	Year 2009		Year 2008	
	Average Value	Average Rate %	Average Value	Average Rate %
<u>Assets</u>				
Cash - Due from Banks	\$ 341,240	0.23	\$ 318,917	0.48
Due from the Central Bank and Other Banks	33,467,025	0.66	20,765,127	1.81
Financial Assets at Fair Value through Profit or Loss	5,808,973	0.44	18,558,277	2.18
Available-for-Sale Financial Assets	3,929,676	1.73	4,237,278	2.33
Hold-to-maturity Financial Assets	95,728	2.25	155,949	2.48
Non-active Market Debt Instruments	165,292	-	237,296	4.76
Reverse Repurchase Note and Bond Investment	194,079	0.17	10,936	1.13
Receivables	758,247	12.23	1,049,414	11.53
Discounts and Loans	161,173,324	2.31	171,031,926	3.67
<u>Liabilities</u>				
Notes and Bonds Issued under Repurchase Agreement	504,759	0.06	1,790,573	1.98
Call Loans and Due to Banks	6,405,102	1.14	9,243,030	2.44
Current Deposit	15,333,733	0.07	13,303,846	0.28
Current Savings Deposit	46,087,251	0.28	39,551,490	0.63
Time Deposit	43,183,151	1.33	59,837,625	2.70
Time Savings Deposit	88,798,418	1.77	85,160,030	2.64
Treasury Deposit	218,102	0.44	212,223	0.95
Negotiable Certificate of Deposit	871,824	1.14	2,696,438	2.24
Financial Bonds Payable	5,781,622	2.66	5,874,991	3.02

34. Loan assets quality, concentration of crediting risk, sensitive information of interest rates, profitability and structure analysis of the maturation of NT\$

(1) Loan Assets Quality

Non-performing loans and Overdue accounts

Expressed in NT\$ Thousands, %

Month / Year		December 31, 2009					December 31, 2008				
		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	915,306	27,007,965	3.39%	203,869	22.27%	1,120,922	21,212,405	5.28%	278,901	24.88%
	Unsecured loans	855,922	19,306,239	4.43%	738,646	86.30%	1,028,617	31,872,045	3.23%	1,540,256	149.74%
Consumer banking	Residential mortgage loans (Note 4)	799,110	55,201,812	1.45%	248,555	31.10%	858,036	50,697,592	1.69%	233,567	27.22%
	Cash card services	-	-	-	-	-	-	-	-	-	-
	Small amount of credit loans (Note 5)	98,468	3,801,671	2.59%	66,289	67.32%	160,704	5,463,586	2.94%	94,322	58.69%
Others (Note 6)	Secured loans	772,257	55,686,672	1.39%	183,123	23.71%	1,120,962	56,520,922	1.98%	250,989	22.39%
	Unsecured loans	116,893	2,470,066	4.73%	82,873	70.90%	103,105	3,010,561	3.42%	80,681	78.25%
Gross loan business		3,557,956	163,474,425	2.18%	1,523,355	42.82%	4,392,346	168,777,111	2.60%	2,478,716	56.43%
		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	13,685	827,917	1.65%	10,683	78.06%	25,402	988,141	2.57%	23,474	92.41%
Without recourse factoring (Note 7)		-	-	-	-	-	-	-	-	-	-

Note 1: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Nonperforming

Loans and Bad Debts issued by Ministry of Finance. Non-performing loans of credit cards are defined in the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-yin- (IV) No. 0944000378 dated July 6, 2005.

- Note 2: 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.

Declaration-exempt Overdue Loans or Overdue Accounts Receivable

Expressed in NT\$ Thousands

	December 31, 2009		December 31, 2008	
	Declaration-Exempt Total Overdue Loan Balance	Declaration-Exempt Total Overdue Accounts Receivable Balance	Declaration-Exempt Total Overdue Loan Balance	Declaration-Exempt Total Overdue Accounts Receivable Balance
The declaration-exempt amount with cases undergoing the debt negotiation and honored as per the contract (Note 1)	43,749	-	59,377	-
The sum of cases that have been honored as per the contract under the debt repayment plan and the rehabilitation plan (Note 2)	12,513	2,991	1,247	-
Total	56,262	2,991	60,624	-

Note 1: The disclosable supplementary information as per the enlisted case's loan disclosure method and information disclosure stipulation set by the Financial Supervisory Commission's directive, Ref. SFC (I) No. 09510001270, dated April 25, 2006, pertaining to the "Banking Association of the ROC's unsecured consumer financial cases; debt negotiation mechanism".

Note 2: The disclosable supplementary information as per the Financial Supervisory Commission's directive, Ref. SFC (I) No. 09700318940, dated September 15, 2008 governing the bank-processed "Consumer Debt Cleanup Act's" advanced negotiation, rehabilitation and cleanup cases' loan disclosure and information disclosure stipulations.

(3) Concentration of Crediting Risk

The State of Concentration in Lending Risk

Expressed in NT\$ Thousands, %

Year	As of December 31, 2009			As of December 31, 2008		
Ranking (note 1)	The Industry Type that the Company or Group Belongs to (Note 2)	Total Loan Balance (Note3)	Ratio against the Current Year's Net Valuation (%)	The Industry Type that a Company or Group Belongs to (Note 2)	Total Loan Balance (Note 3)	Ratio against the Current Year's Net Valuation (%)
1	A Group in the steel refinery industry	1,298,755	12.58	C Group in the construction machinery, equipment leasing industry	1,455,543	13.69
2	B Group in the civil aviation transport industry	1,244,931	12.06	B Group in the civil aviation transport industry	1,360,093	12.80
3	C Group in the construction machinery, equipment leasing industry	1,124,611	10.89	A Group in the steel refinery industry	1,275,529	12.00
4	D Group in the LCD panel and component fabrication industry	819,747	7.94	K Group in the real estate development industry	1,166,498	10.97
5	E Grouping the artificial yarn manufacturing industry	792,568	7.68	F Grouping the condensed circuitry fabrication industry	1,091,871	10.27
6	F Group in the condensed circuitry fabrication industry	782,565	7.58	D Grouping the LCD panel and component fabrication industry	916,614	8.62
7	G Group in the LCD panel and component fabrication industry	742,456	7.19	L Group in the miscellaneous mining and quarrying industry	749,760	7.05
8	H Group in the mass rapid transit systems transport industry	720,599	6.98	M Group in the investment consulting industry	746,000	7.02
9	I Group in the LCD panel and component fabrication industry	675,000	6.54	N Group in the civil aviation transport industry	709,999	6.68
10	J Grouping the real estate leasing industry	614,000	5.95	H Group in the mass rapid transit systems transport industry	689,428	6.49

- Note 1 : To go by the ranking by total loan balance on the borrower accounts, please enlist the names of the top ten corporate loan account excluding government or state-run enterprises, and if a borrower account falls under a group enterprise, the group enterprise's loan amounts are to be consolidated and expressed in a total sum, and be disclosed by a "coded" or "industry-type" method, and in the instance of a group enterprise, the group enterprise's industry type with the most risk exposure is to be disclosed, in which the industry type is to be entered according to the industry classification standards announced the Directorate General of Budget, Accounting and Statistics, down to the "detailed category" of the industry name.
- 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.

(3) Sensitive Information of Interest Rates

Sensitivity Analysis of Interest Rate for Assets and Liabilities (NT\$)

December 31, 2009

Expressed in NT\$ Thousands, %

Items	1-90 days	91-180 days	181-1 year	Over 1 year	Total
Interest-rate-sensitive Assets	\$ 161,507,036	\$ 12,834,576	\$ 738,052	\$ 20,437,468	\$ 195,517,132
Interest-rate-sensitive Liabilities	100,317,491	77,694,262	16,506,962	8,255,663	202,774,378
Interest-rate-sensitive Gap	61,189,545	(64,859,686)	(15,768,910)	12,181,805	(7,257,246)
Total Shareholders' Equity					10,331,931
Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%)					96.42%
Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%)					(70.24%)

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)
Total Shareholders' Equity					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%)

Note:

1. The amounts listed above include accounts in NT dollars only (i.e., excluding foreign currency) for both head office and domestic and foreign branches.
2. Interest-sensitive assets and liabilities are interest-earning assets and interest bearing liabilities with income or cost affected by interest rate fluctuations.
3. Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities
4. 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, 2009

(Expressed in US\$ Thousands, %)

Items	1-90 days	91-180 days	181-1 year	Over 1 year	Total
Interest-rate-sensitive Assets	\$ 144,994	\$ 26,800	\$ 311	\$ -	\$ 172,105
Interest-rate-sensitive Liabilities	164,314	18,295	14,991	154	197,754
Interest-rate-sensitive Gap	(19,320)	8,505	(14,680)	(154)	(25,649)
Total Shareholders' Equity					(185)
Ratio of Interest-rate-sensitive Assets to Interest-rate-sensitive Liabilities (%)					87.03%
Ratio of Interest-rate-sensitive Gap to Shareholders' Equity (%)					13,864.32%

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)
Total Shareholders' Equity					(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%

Note:

1. The amounts listed above include accounts in US dollars for head office, domestic branches, OBU and foreign branches, excluding contingent asset and contingent liabilities.
2. Interest-sensitive assets and liabilities are interest-earning assets and interest bearing liabilities with income or cost affected by interest rate fluctuations.
3. Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities
4. Ratio of interest-sensitive assets to interest-sensitive liabilities = (Interest-sensitive assets/ Interest-sensitive liabilities)

(4) Profitability

Items		December 31, 2009	December 31, 2008
Return on Total Assets (%)	Before Tax	(0.12)	(1.02)
	After Tax	(0.13)	(0.96)
Return on Shareholders' Equity (%)	Before Tax	(2.68)	(21.25)
	After Tax	(2.97)	(19.88)
Net Profit Margin Ratio (%)		(11.98)	(97.99)

Note:

1. Return on total assets = Income before (after) income tax/average total assets.
2. Return on shareholders' equity = Income before (after) income tax/average shareholders' equity.
3. Net profit margin ratio = Income after income tax / total operating revenues.

(5) Analysis of Assets and Liability of Time to Maturity

Structure Analysis of the Maturation of NT\$

December 31, 2009

(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	\$ 217,599,533	\$ 28,437,485	\$ 23,326,932	\$ 23,104,249	\$ 33,294,666	\$ 109,436,201
Primary Funds Outflow Upon Maturity	256,548,598	30,297,761	35,892,531	40,988,963	81,414,744	67,954,599
Capital Gap	(38,949,065)	(1,860,276)	(12,565,599)	(17,884,714)	(48,120,078)	41,481,602

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	\$ 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: 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, 2009

(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	\$ 329,331	\$ 202,860	\$ 54,980	\$ 36,966	\$ 8,519	\$ 26,006
Primary Funds Outflow Upon Maturity	296,028	210,230	52,400	18,337	15,014	47
Capital Gap	33,303	(7,370)	2,580	18,629	(6,495)	25,959

December 31, 2008

(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	\$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

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.

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

Trust Balance Sheet

December 31, 2009

Trust Assets		Trust Liabilities	
Cash and Bank Deposit	\$ 206,120	Securities Under Custody For Customers Payable	\$ 11,916,547
Short-term Investment		Trust Capital	
Fund Investment	20,195,834	Money Trust	21,308,497
Bond Investment	548,638	Real Estate Trust	1,811,465
Stock Investment	811,996	Negotiable Securities Trust	811,997
Real Estate -		Accumulated Profit or Loss	
Land	1,660,691	Principal Accumulated Profit or Loss	(1,078,165)
Securities Under Custody For Customers	<u>11,916,547</u>	Profit/Loss This Year	<u>569,485</u>
	<u>\$ 35,339,826</u>		<u>\$ 35,339,826</u>

Trust Property Catalogue

December 31, 2009

Investment Item	Accounting Amount	
Cash and Bank Deposit		
Due from our Bank		\$ 206,120
Short-term Investment -		
Fund Investment - NTD Trust	\$ 13,629,336	
- Foreign Currency Trust	6,558,254	
- Pre-need Contract	8,244	
Trust		
Bond Investment - NTD Trust	42,608	
- Foreign Currency Trust	506,030	
Stock Investment	<u>811,996</u>	21,556,468
Real Estate - Land		1,660,691
Securities Under Custody For Customers		<u>11,916,547</u>
		<u>\$ 35,339,826</u>

Trust Income Statement

Year 2009

Investment Item	Accounting Amount	
Trust Income		
Interest	\$ 366	
Dividend	604,401	
Gain on Sale of Properties	410,288	
Realized capital gain	<u>50,985</u>	\$ 1,066,040
Trust Expenses		
Administrative Expenses	30,718	
Tax	32,584	
Commission	8,485	
Loss on Sale of Properties	<u>424,768</u>	<u>496,555</u>
		<u>\$ 569,485</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, 2008

Trust Assets	Trust Liabilities																																						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Bank Deposit</td> <td style="text-align: right; width: 20%;">\$ 186,159</td> </tr> <tr> <td>Short-term Investment</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Fund Investment</td> <td style="text-align: right;">17,073,903</td> </tr> <tr> <td style="padding-left: 20px;">Bond Investment</td> <td style="text-align: right;">2,097,313</td> </tr> <tr> <td style="padding-left: 20px;">Stock Investment</td> <td style="text-align: right;">1,239,303</td> </tr> <tr> <td>Real Estate -</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Land</td> <td style="text-align: right;">1,549,672</td> </tr> <tr> <td>Securities Under Custody For Customers</td> <td style="text-align: right;"><u>16,379,493</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 38,525,843</u></td> </tr> </table>	Bank Deposit	\$ 186,159	Short-term Investment		Fund Investment	17,073,903	Bond Investment	2,097,313	Stock Investment	1,239,303	Real Estate -		Land	1,549,672	Securities Under Custody For Customers	<u>16,379,493</u>		<u>\$ 38,525,843</u>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Securities Under Custody For Customers Payable</td> <td style="text-align: right; width: 20%;">\$ 16,379,493</td> </tr> <tr> <td>Trust Capital</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Money Trust</td> <td style="text-align: right;">19,660,154</td> </tr> <tr> <td style="padding-left: 20px;">Real Estate Trust</td> <td style="text-align: right;">1,692,265</td> </tr> <tr> <td style="padding-left: 20px;">Negotiable Securities Trust</td> <td style="text-align: right;">1,239,303</td> </tr> <tr> <td>Accumulated Profit or Loss</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Principal</td> <td style="text-align: right;">168,660</td> </tr> <tr> <td style="padding-left: 20px;">Accumulated Profit or Loss</td> <td></td> </tr> <tr> <td>Profit/Loss This Year</td> <td style="text-align: right;">(<u>614,032</u>)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 38,525,843</u></td> </tr> </table>	Securities Under Custody For Customers Payable	\$ 16,379,493	Trust Capital		Money Trust	19,660,154	Real Estate Trust	1,692,265	Negotiable Securities Trust	1,239,303	Accumulated Profit or Loss		Principal	168,660	Accumulated Profit or Loss		Profit/Loss This Year	(<u>614,032</u>)		<u>\$ 38,525,843</u>
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	<u>\$ 38,525,843</u>																																						

Trust Property Catalogue

December 31, 2008

Investment Item	Accounting Amount
Cash and 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>
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	41,673	\$ 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	215	1,552,859
		(\$ 614,032)

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.

36. Disclosures Under Statutory Requirements

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

37. Financial Information by Department

(1) Industry information

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

(2) Regional information

Until the end of 2009, The Bank has not established overseas operating departments.

(3) Admission to export information

Until the end of 2009, the bank doesn't have export admission.

(4) Major customers

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

Sunny Bank Co., Ltd.
Information on Invested Enterprises
Year 2009

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	\$222,076	\$14,131	\$13,804	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	23,945	4,117	4,117	5,000	-	5,000	100.0	Subsidiaries
	Sunny Life Insurance Agent Co., Ltd.	Taipei City	Life Insurance Brokerage	39.9	19,301	21,161	8,929 (Note 1)	1,500	-	1,500	99.9	Subsidiaries
	Sunny Property Insurance Brokerage Co., Ltd.	Taipei City	Property Insurance Brokerage	20.0	2,373	2,655	531	605	-	605	100.0	Subsidiaries
	Ontario Securities Investment Trust	Taipei City	Securities Investment Trust Services	20.0	26,173	(62,882)	(12,589)	6,006	-	6,006	20.0	Company Invested at Equity Method

Note 1: Including investment gains at NT\$8,462,000, the amortization of the difference between investment cost and net equity at NT\$467,000.

Note 2: Our Bank's directors, supervisors, presidents, vice presidents and affiliated enterprises in conformity of the definition of Company Law are incorporated.

Sunny Bank Co.,Ltd.

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

December 31, 2009

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.	GoldSunnyAssets Management Co., Ltd.	Subsidiaries	\$ 816,577	Not Applicable for Financial Business	None	Not Applicable	\$ 6,418	\$ 179,192

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

Sunny Bank Co., Ltd.
Statement of Holding Marketable Securities at the End of the Year
December 31, 2009

Table 3

Unit: NT\$ Thousands, except extra notes

Shareholding Company	Kind and Name of Marketable Securities	Relationship with the Marketable Securities' Issuer	Subject	The End of the Year				Remark
				Stock/Unit	Par Value	Shareholding Rate	Market Price/Net Equity Value	
Sunny Securities Co., Ltd.	<u>Stock</u>							
	Sunny Property Insurance Brokerage Co., Ltd.	Subsidiaries	Equity Investment under Equity Method	900,000	\$ 34,794	60%	\$ 34,865	
	Universal Scientific Industrial Co., Ltd.	-	Financial Assets at Fair Value through Profit or Loss	200,000	4,040	-	4,040	
	Taishin Holdings Co., Ltd.	-	Financial Assets at Fair Value through Profit or Loss	300,000	3,780	-	3,780	
	Formosa Epitaxy Incorporation	-	Financial Assets at Fair Value through Profit or Loss	20,000	1,070	-	1,070	
Gold Sunny Assets Management Co., Ltd.	<u>Stock</u>							
	Sunny Property Insurance Brokerage Co., Ltd.	-	Equity Investment under Equity Method	242,000	4,745	40%	4,745	
Sunny Life Insurance Agent Co., Ltd.	<u>Stock</u>							
	CyberHome Entertainment Co., Ltd.	-	Financial Assets at Fair Value through Profit or Loss	301,840	-	-	-	
	Yulon Motor Co., Ltd.	-	Financial Assets at Fair Value through Profit or Loss	105,839	3,991	-	3,991	
	Hung Sheng Construction Ltd.	-	Financial Assets at Fair Value through Profit or Loss	380,000	5,966	-	5,966	
	Farglory Land Development Co., Ltd.	-	Available-for-sale Financial Assets	60,000	4,248	-	4,248	
	Sunny Bank Ltd.	Parent Company	Financial Assets Carried at Cost	420,059	3,508	-	3,508	
	Sunny Property Insurance Brokerage Co., Ltd.	-	Equity Investment under Equity Method	242,000	4,745	40%	4,745	
	<u>Bond</u>							
	Sunny Subordinated Bonds	Parent Company	Held-to-maturity Financial Assets	-	5,500	-	5,500	
	Sunny Property Insurance Brokerage Co., Ltd.	<u>Stock</u>						
Yulon Motor Co., Ltd.		-	Available-for-sale Financial Assets	50,745	1,913	-	1,913	
	Hung Sheng Construction Ltd.	-	Available-for-sale Financial Assets	30,000	471	-	471	

Sunny Bank Co.,Ltd.

Cash Detail Sheet

December 31, 2009

Table 1

Unit: NT\$ Thousands, except extra notes

Item	Annual Interest Rate (%)	Amount
New Taiwan Dollars Deposit		\$ 2,739,841
Post-dated Notes for Clearance		828,685
Due from Banks	0-0.1	298,775
Foreign Currency Deposit (Note)		<u>121,861</u>
		<u>\$ 3,989,162</u>

Note: Foreign currency and exchange rate are as follows:

Currency	Original Amount (Thousand)	Exchange Rate
YEN	\$ 92,351	\$ 0.3480
RMB	2,119	4.7129
HKD	2,075	4.1490
USD	1,885	32.1760
EURO	226	46.2300

Sunny Bank Co.,Ltd.

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

December 31, 2009

Table 2

Unit: NT\$ Thousands

Financial Instruments	Financial Instruments Name	Bear-Int-Date	Due Date	Total Book Value	Rates (%)	Acquisition Cost	Unit Price	Fair Value (Note 2)
Financial Assets at Fair value through Profit or Loss								
Trading Assets								
Financing Commercial Paper	Chinese Petroleum Fina Finance & Trading		2010-01-22~2010-04-26	\$ 600,000	0.25-0.40	\$ 599,484		\$ 599,277
	Wei Chiao Investment		2010-01-26~2010-02-02	150,000	0.35	149,783		149,776
	Shinkong Synthetic Fibers		2010-04-26	120,000	0.42	119,751		119,715
	Others (Note 1)		2010-01-18	150,000	0.20	149,975		149,964
			2010-01-08~2010-03-29	<u>105,000</u>	0.25-0.40	<u>104,928</u>		<u>104,910</u>
				<u>1,125,000</u>		<u>1,123,921</u>		<u>1,123,642</u>
Government Bonds (Note 3)	Central Government Bonds A – Mar. 2009	03.05	2019-03-05	450,000	1.38	440,079	\$ 98.75	444,370
	Others (Note 1)		2010-06-16~2018-09-24	<u>110,000</u>	2.13-8.00	<u>119,424</u>	103.48-105.46	<u>11</u>
				<u>560,000</u>		<u>559,503</u>		<u>559,938</u>
Beneficiary Certificates (Note 1)				-	-	<u>224,000</u>		<u>226,499</u>
Listed/OTC Common Stock (Note 1)				-	-	113,435		116,916
Foreign Exchange Swap				-	-	-		4
Others (Note 1)				<u>9,941</u>		<u>9,754</u>		<u>26,057</u>
Total				<u>\$ 1,694,941</u>		<u>\$ 2,030,613</u>		<u>\$ 2,100,847</u>
Designated Financial Assets at Fair value through Income Statement								
Convertible Bond Asset SWAP	1st Unsecured Convertible Bonds		2010-05-19	<u>20,000</u>	3.85	<u>20,000</u>		<u>20,091</u>
Total				<u>\$</u>		<u>\$ 2,050,613</u>		<u>\$ 2,120,938</u>
Financial Liabilities at Fair value through Income Statement								
Financial Liabilities								
	Credit Default Swaps					\$ -		\$ 1,692
	Foreign Exchange Swap					-		<u>5,140</u>
						<u>\$ -</u>		<u>\$ 6,832</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, 2009. Beneficiary Certificates is the net value on December 31, 2009. Listed and OTC common stocks are at closing market price.

Note 3: A total of NT\$54,000,000 of government bonds have been provided guarantee.

Sunny Bank Co.,Ltd.

Detail Sheet of Available-for-sale Financial Asset

December 31, 2009

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	
Government Bonds (Note 3)	Central Government Bonds A – Jan. 2009	01-21	2014-01-21	\$ 600,000	0.88	\$594,551	\$3,607	\$99.69	\$598,158	
	Central Government Bonds A – Mar. 2009	03-05	2019-03-05	300,000	1.38	293,252	2,995	98.75	296,247	
	Central Government Bonds A – Jun. 2001	08-07	2016-08-07	100,000	3.75	110,035	4,005	114.05	114,040	
	Central Government Bonds B – Jan. 1998	02-20	2013-02-20	100,000	6.88	108,499	10,110	118.63	118,609	
	Other	01-22~ 09-09	2019-01-22~ 2019-09-09	<u>55,800</u>	1.38-5.2 5	<u>55,232</u>	<u>1,424</u>	98.45-128.17	<u>56,656</u>	Note 1
				<u>1,155,800</u>		<u>1,161,569</u>	<u>22,141</u>		<u>1,183,710</u>	
Commercial Paper II	President Securities		2010-02-10	300,000	0.45	299,815	1		299,816	
	Gen Terminal Ind.		2010-03-29	150,000	1.99-2.01	149,262	1,173		150,435	
	Far Eastern Department Store		2010-02-10	200,000	2.00	199,026	753		199,779	
	Asia Cement		2010-03-11	300,000	0.60	299,341	44		299,385	
	Hanping Electronics		2010-03-16	40,000	2.03	39,802	591		40,393	
	Fortune Motors		2010-01-15	<u>-</u>	2.23	<u>-</u>	<u>597</u>		<u>597</u>	
				<u>990,000</u>		<u>987,246</u>	<u>3,159</u>		<u>990,405</u>	
Corporate Bonds	2000 Yangming 2D	11-23	2012-11-23	30,000	6.02	31,803	(1)		31,802	
	2006 Formosa Petrochemical 4	10-20	2011-10-20	200,000	2.09	199,942	2,827		202,769	
	2006 Inotera Memories, Inc. 2	01-05	2012-01-05	50,000	2.23	49,976	(1,278)		48,698	
	2005 Nan Ya Technology 3	12-19	2010-12-19	75,000	2.25	75,066	(1,693)		73,373	
	2007 Nan Ya Technology 1	05-31	2012-05-31	50,000	2.29	49,963	(1,507)		48,456	
	2004 Yangming 2B	10-11	2011-10-11	200,000	3.30	200,834	(17)		200,817	
	2006 Yangming 1A	10-23	2011-10-23	<u>67,000</u>	2.09	<u>67,006</u>	<u>26</u>		<u>67,032</u>	
				<u>672,000</u>		<u>674,590</u>	<u>(1,643)</u>		<u>672,947</u>	
Asset-Backed Commercial Paper	Land Bank/Taishin		2010-02-22	<u>350,000</u>	2.24	<u>347,849</u>	<u>7,126</u>		<u>354,975</u>	
Listed & OTC Common Stocks				-		<u>275,027</u>	<u>8,775</u>		<u>283,802</u>	
Beneficiary Securities	Shin Kong Life Insurance, Songjiang	08-08;								
	Real Estate Trust	02-08	102.08.08	<u>44,576</u>	2.21	<u>44,575</u>	<u>5,472</u>		<u>50,047</u>	
Other				-		<u>16,835</u>	<u>(1,123)</u>		<u>15,712</u>	Note 1
				<u>\$3,212,376</u>		<u>\$3,507,691</u>	<u>\$43,907</u>		<u>\$3,551,598</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 2009.

Note 3: A total NT\$236,300,000 of government bonds have been provided guarantee.

Sunny Bank Co.,Ltd.
Detail Sheet of Equity Investment - Equity Method
Year 2009

Unit: NT\$ Thousands

Table 4

Name of Investee Company	Beginning Balance		Increasing This Year		Investment Income Recognized under Equity Method (Note2)	Adjusted Items of Shareholders' Equity (Note32)	Ending Balance		
	1,000 Shares	Amount	1,000 Shares	Amount			1,000 Shares	Holding Share %	Amount (Note 3)
Sunny Securities Co., Ltd.	29,500	\$ 207,517		\$ -	\$ 13,804	\$755	29,500	97.7	\$ 222,076
Ontario Securities Investment Trust	6,006	38,762-		-	(12,589)	-	6,006	20.0	26,173
Gold Sunny Assets Management Co., Ltd.	5,000	19,258		-	4,117	570	5,000	100.0	23,945
Sunny Life Insurance Brokerage Co., Ltd. (former name Yin Lien Life Insurance Agent Co., Ltd.)	600	10,228		1,200	8,929	1,344	600	39.9	19,301
Sunny Property Insurance Brokerage Co., Ltd. (former name: Yin Lien Property Insurance Brokerage Co., Ltd.)	121	<u>1,557</u>		-	<u>531</u>	<u>285</u>	121	20.0	<u>2,373</u>
		<u>\$ 277,322</u>		<u>\$ 1,200</u>	<u>\$ 14,792</u>	<u>\$ 2,954</u>			<u>\$ 293,868</u>

Note 1 : Unrealized loss for Available for Sale Financial Asset

Note 2 : Calculated according to the financial statements of the same period audited by CPAs for invested companies.

Note 3 : Including Available-for-sale Financial Instruments Unrealized Profit at sum of NT\$4,168,000 and Net Loss not Recognized as Pension Cost at sum of NT\$1,214,000.

Note 4 : Not provided as pledge or collateral

Sunny Bank Co., Ltd.
Detail Sheet of Properties Change
Year 2009

Table 5

Unit: NT\$ Thousands

Item	Beginning Balance	Increasing	Decreasing	Reclassification (Note)	Ending Balance
Cost					
Land	\$ 6,636,369	\$ -	\$ 1,833	\$ -	\$ 6,634,536
House and Building	2,859,779	-	588	-	2,859,191
Miscellaneous					
Equipment	<u>1,326,147</u>	<u>5,891</u>	<u>20,535</u>	<u>5,003</u>	<u>1,316,506</u>
	<u>10,822,295</u>	<u>5,891</u>	<u>22,956</u>	<u>5,003</u>	<u>10,810,233</u>
Revaluation Increment					
Land	281,856	-	-	-	281,856
House and Building	<u>20,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,176</u>
	<u>302,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,032</u>
Cost and Revaluation Increment	<u>11,124,327</u>	<u>\$ 5,891</u>	<u>\$ 22,956</u>	<u>\$ 5,003</u>	<u>11,112,265</u>
Less: Accumulated Depreciation					
House and Building	769,783	\$ 66,839	\$ 82	\$ -	836,540
Miscellaneous					
Equipment	<u>1,029,159</u>	<u>106,078</u>	<u>19,664</u>	<u>-</u>	<u>1,115,573</u>
	<u>1,798,942</u>	<u>\$ 172,917</u>	<u>\$ 19,746</u>	<u>\$ -</u>	<u>1,952,113</u>
	9,325,385				9,160,152
Construction in Process	<u>43,958</u>	<u>\$ 11,130</u>	<u>\$ -</u>	<u>(\$ 9,588)</u>	<u>45,500</u>
	<u>\$ 9,369,343</u>				<u>\$ 9,205,652</u>

Note: The net value reclassified to Idle Asset amounted to NT\$ 4,585,000.

Sunny Bank Co., Ltd.

Detail Sheet of Deposits and Remittances

December 31, 2009

Table 6

Unit: NT\$ Thousands

Item	Amount
Savings Deposit	
Withdrawals of Interest Savings Deposit	\$ 63,134,916
Current Savings Deposit	51,603,255
Round-amount Savings Deposit	27,924,754
Employees' Current Savings Deposit	651,077
Regular Savings Deposit	<u>101,931</u>
	<u>143,415,933</u>
Time Deposit	
Time Deposit	29,743,245
Foreign Exchange Time Deposit	3,266,501
Negotiable Certificate of Deposit	<u>915,200</u>
	<u>33,924,946</u>
Current Deposit	
Current Deposit	16,544,697
Foreign Exchange Current Deposit	<u>3,096,291</u>
	<u>19,640,988</u>
Check Deposit	
Check Deposit	2,035,752
Cashier's Check	<u>137,542</u>
	<u>2,173,294</u>
Treasury Deposit	<u>206,659</u>
Remittance	<u>25,628</u>
	<u>\$ 199,387,448</u>

Sunny Bank Co., Ltd.

Detail Sheet of Financial bonds Payable

December 31, 2009

Table 7

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.	1.63	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.	1.78	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.	1.98	43,900
The First Subordinated Financial Debentures in 2009	From Jun. 15, 2009 to Jan. 15, 2015	Total payback at maturity. Annual payment of interest at the single interest rate	3.00	<u>500,000</u>
				<u>\$6,009,400</u>

Sunny Bank Co., Ltd.
Detail Sheet of Interest Income
Year 2009

Table 8

Unit: NT\$ Thousands

Item	Amount
Loan Interest	
Short-term	\$ 756,694
Middle-term	640,398
Long-term	1,999,931
Overdraft Interest	<u>105,814</u>
	<u>3,502,837</u>
Financial Assets Interest	<u>95,780</u>
Credit Card Circulation Interest	<u>92,723</u>
Inter-bank Offered Interest	
Transferred Deposit Interests	181,002
Reserve Interest	29,125
Interbank Interest	10,637
Deposit Interest	<u>36</u>
	<u>220,800</u>
Foreign Exchange Interest	<u>105,699</u>
Others	<u>116,726</u>
	<u>\$ 4,134,565</u>

Sunny Bank Co., Ltd.
Detail Sheet of Interest Expense
Year 2008

Table 9

Unit: NT\$ Thousands

Item	Amount
Deposit Interest	
Withdrawals of Interest Savings Deposit	\$ 1,103,951
Time Deposit	572,651
Round-amount & Regular Savings Deposit	464,418
Current Savings Deposit	87,508
Employees' Current Savings Deposit	42,560
Current Deposit	11,207
Negotiable Certificate of Deposit	9,977
Treasury Deposit	965
	<u>2,293,237</u>
Financial Bond Deposit	<u>153,635</u>
Inter-bank Offered Interest	
Deposit Transfers	24,209
Call Loans from Banks	942
Due to Banks	47,714
	<u>72,865</u>
Notes and Bonds Issued under Repurchase Agreement	<u>888</u>
Others	<u>158</u>
	<u>\$ 2,520,783</u>

Sunny Bank Co., Ltd.
Detail Sheet of Commission Net Profit
Year 2009

Table10

Unit: NT\$ Thousands

Item	Amount
Commission Interest	
Agency Business	\$ 195,979
Trust Business	193,790
Loan Business	117,721
Credit Card Business	47,454
Inter-bank Business	27,433
Guaranty Fee	26,542
Other (Note)	<u>66,527</u>
	<u>675,446</u>
Commission Expenditure	
Credit Card Business	22,242
Trust Business	13,730
Inter-bank Business	13,649
Agency Business	5,800
Foreign Exchange Business	4,679
Other (Note)	<u>8,251</u>
	<u>68,351</u>
Commission Net Profit	<u>\$ 607,095</u>

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

Sunny Bank Co., Ltd.
Detail Sheet of Operating Expense
Year 2009

Table 11

Unit: NT\$ Thousands

Item	Amount
Payroll and Bonus	\$ 1,227,704
Tax	151,453
Depreciation	174,702
Insurance Premium	106,942
Pension	79,612
Amortization	23,402
Others (Note)	<u>582,355</u>
	<u>\$ 2,346,170</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 Co., Ltd.

Chairman Lin, Peng-Lang

March 5, 2010

Independent Auditor's Report

To: Sunny Bank Co., Ltd.:

We have audited the accompanied Consolidated Balance Sheet of Sunny Bank and its affiliated enterprises as of December 31, 2009 and 2008, 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 2009 and 2008. 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 28 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, 2009 and 2008 should be reduced by NT\$392,377,000 and NT\$585,954,000 respectively. Also, net loss for 2009 and 2008 should be reduced NT\$ 193,577,000.

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, 2009 and 2008, 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. - Lin, Hsiu-Lien

Lin, Hsiu-Lien (with signature)

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

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

March 5, 2010

Sunny Bank Co.,Ltd. and Related Subsidiary Companies
CONSOLIDATED BALANCE SHEET
December 31, 2009 & 2008

Unit: NT\$ Thousands, Except Par Value

Code	Assets	December 31, 2009 Amount	December 31, 2008 Amount	Percent Change (%)
11000	Cash (Note 4)	\$ 4,035,374	\$ 4,635,529	(13)
11500	Due from the Central Bank and Other Banks (Note 5 & 29)	37,099,985	35,372,170	5
12000	Financial Assets at Fair Value through Profit or Loss (Note 2, 6, & 29)	2,140,200	9,448,317	(77)
13000	Accounts Receivable - Net (Note 2, 7,8 & 28)	3,292,201	5,564,194	(41)
13500	Discounts and Loans - Net (Note 2, 8 & 28)	161,951,070	166,298,395	(3)
14000	Available-for-Sale Financial Assets (Note 2, 9 & 29)	3,558,230	3,981,406	(11)
14500	Hold-to-maturity Financial Assets (Note 2 & 10)	79,880	117,673	(32)
15000	Equity Investments - Equity Method (Note 2 & 11)	26,173	38,762	(32)
15500	Financial Assets Carried at Cost (Note 2 & 12)	437,481	313,648	39
	Fixed Assets (Note 2 & 13)			
	Cost			
18501	Land	6,636,742	6,638,576	-
18521	House and Building	2,883,659	2,884,247	-
18551	Miscellaneous Equipment	<u>1,358,931</u>	<u>1,362,708</u>	-
	Total Cost	10,879,332	10,885,531	-
	Revaluation Increment	<u>302,032</u>	<u>302,032</u>	-
	Cost and Revaluation Increment	11,181,364	11,187,563	-
	Less: Accumulated Depreciation	<u>2,000,888</u>	<u>1,844,060</u>	9
		9,180,476	9,343,503	(2)
18575	Unfinished Construction and Prepayments For Business Facilities	<u>45,500</u>	<u>48,298</u>	(6)
18500	Net Fixed Assets	<u>9,225,976</u>	<u>9,391,801</u>	(2)
19000	Intangible Assets (Note 2 & 14)	<u>1,060,110</u>	<u>1,071,830</u>	(1)
19500	Other Assets (Note 2, 15, 22, 28,29 & 30)	<u>2,456,111</u>	<u>2,937,392</u>	(16)
10000	Total Assets	<u>\$ 225,362,791</u>	<u>\$ 239,171,117</u>	(6)

(Cont'd)

(Cont'd)

Code	Liabilities and Shareholders' Equity	December 31, 2009	December 31,	Percent Change (%)
		Amount	2008 Amount	
Liabilities				
21000	Call Loans and Due to Banks (Note 16)	\$ 5,939,242	\$ 5,985,843	(1)
22000	Financial Liabilities at Fair Value through Profit or Loss (Note 2 & 6)	6,832	134,602	(95)
22500	Notes and Bonds Issued under Repurchase Agreement (Note 2)	-	1,689,706	(100)
23000	Account Payable(Note 17)	3,221,412	5,824,910	(45)
23500	Deposits and Remittances (Note 18 & 28)	199,320,480	208,775,980	(5)
24000	Financial Bonds Payable (Note 19)	6,003,900	5,503,900	9
29521	Reserve for Land Revaluation Increment Tax (Note 2 & 13)	133,325	133,726	-
29500	Other Liabilities (Note 2,8,20 & 26)	405,964	487,629	(17)
20000	Total Liabilities	<u>215,031,155</u>	<u>228,536,296</u>	(6)
Shareholders' Equity (Note 2, 13,21 & 27)				
31001	Capital Stock, Authorized 2,000,000,000 shares and Issued 1,224,973,000 shares in 2009 and 1,243,928,000 in 2008 at NT\$10 Par Value	12,249,730	12,439,281	(2)
Capital Surpluses				
31501	Additional Paid-in Capital	3,591	3,646	(2)
31515	Gain on Disposal of Assets	3,081	3,081	-
31599	Other	4,501	4,501	-
31500	Total Capital Surpluses	<u>11,173</u>	<u>11,228</u>	-
Retained Earnings				
32001	Legal Reserve	-	389,998	(100)
32003	Special Reserve	-	27,794	-
32011	Accumulated Loss	(2,232,891)	(2,311,900)	(3)
32000	Net Retained Earnings	<u>(2,232,891)</u>	<u>(1,894,108)</u>	18
32501	Unrealized Revaluation Increment of Land	256,642	256,642	-
32523	Unrealized Profit or Loss on Financial Instruments	46,064	37,599	23
32542	Treasury Stock -420 Thousand Shares in 2009;19,375 Thousand Shares in 2008	(3,508)	(221,113)	(98)
32544	Net Shareholders' Equity from Parent Company	(1,214)	-	-
		<u>10,325,996</u>	<u>10,629,529</u>	(3)
38101	Minority Interest	5,640	5,292	7
30000	Total Shareholders' Equity	<u>10,331,636</u>	<u>10,634,821</u>	(3)
Total Liabilities and Shareholders' Equity		<u>\$225,362,791</u>	<u>\$ 239,171,117</u>	(6)

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

Sunny Bank Co.,Ltd. and Related Subsidiary Companies

CONSOLIDATED INCOME STATEMENTS

January 1 to December 31, 2009 & 2008

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

Code	Year 2008		Year 2007		Percent Change (%)
	Amount	Amount	Amount	Amount	
41000 Interest Income (Note 2 & 28)	\$ 4,134,565	\$ 7,309,640		(43)	
51000 Interest Expense (Note 28)	<u>2,520,379</u>	<u>4,652,186</u>		(46)	
Net Interest Profit	<u>1,614,186</u>	<u>2,657,454</u>		(39)	
Net Non-interest Profit (Loss)					
49100 Commission Net Profit (Note 2 & 23)	494,042	499,547		(1)	
49200 Financial Net Assets & Liabilities at Fair Value through Profit or Loss (Note 6)	373,630	(557,429)		167	
49500 Recognized Investment Loss under Equity Method (Note 2 & 11)	(12,589)	-		-	
49600 Exchange Net Profit (Loss) (Note 2)	18,144	(16,675)		209	
55000 Asset Impairment Loss (Note 2, 12, 14 & 15)	23,814	(273,483)		109	
48005 Financial Assets Measured at Cost (Note 2)	22,213	25,620		(13)	
48051 Rent Income	17,962	21,287		(16)	
48063 Net Profit on Property Exchange(Note 2)	7,553	115,227		(93)	
58021 NPL Disposal Loss (Note 28)	(193,577)	(193,577)		-	
49800 Other Non-interest Net Profit	<u>361,940</u>	<u>103,726</u>		<u>79</u>	
Total Non-interest Net Profit (Loss)	<u>1,113,132</u>	<u>(177,233)</u>		<u>728</u>	
Net Profit	<u>2,727,318</u>	<u>2,480,221</u>		<u>10</u>	
51500 Bad Debt Expense(Note 2 & 8)	<u>539,270</u>	<u>1,942,246</u>		(72)	
Operating Expense (Note 24 & 28)					
58500 Personnel Expenses	1,543,717	1,905,489		(19)	
59000 Depreciation and Amortization	202,964	219,281		(7)	
59500 Other Operating & Management Expenses	<u>712,556</u>	<u>878,022</u>		(19)	
Total Operating Expenses	<u>2,459,237</u>	<u>3,002,792</u>		(18)	
61001 Net Loss before Tax of Operating Departments	(271,189)	(2,464,817)		(89)	
61003 Income Tax Profit (Note 2 & 22)	<u>(39,265)</u>	<u>152,479</u>		(126)	
69000 Consolidated Net Profit Loss	<u>(\$ 310,454)</u>	<u>(\$ 2,312,338)</u>		(87)	
Attributed to:					
69601 Shareholders from Parent Company	(\$ 310,784)	(\$ 2,311,900)		(87)	
69603 Minority Shareholders' Interest	<u>330</u>	<u>(438)</u>		175	
69600	<u>(\$ 310,454)</u>	<u>(\$ 2,312,338)</u>		(87)	
<u>code</u>					
69500 Earnings Per Share Losses (Note 25)	Before Tax	After Tax	Before Tax	After Tax	
Basic Losses Per Share	<u>(\$ 0.22)</u>	<u>(\$0.25)</u>	<u>(\$2.01)</u>	<u>(\$1.89)</u>	

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

Sunny Bank Co.,Ltd. and Related Subsidiary Companies
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 January 1 to December 31, 2009 & 2008

Unit: NT\$ Thousands

	Issued Shares		Capital Reserves (Note 21)	Retained Earning (Accumulated Loss) (Note 21)				Unrealized Revaluation Increment of Land (Note 2 & 13)	Financial Instruments Unrealized Gain or Loss (Note 2)	Net Loss not Recognized as Pension Cost (Note 21)	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, 2008	1,243,928	1,243,928	\$ 11,228	\$ 1,528,150	\$ 27,794	(\$1,138,152)	\$ 417,792	\$ -	(\$ 15,131)	\$ -	(\$ 221,113)	\$ 5,740	\$12,637,797
Legal Reserve	-	-	-	(1,138,152)	-	1,138,152	-	-	-	-	-	-	-
Offset Lossing	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Appropriated in 2008	-	-	-	-	-	(2,311,900)	(2,311,900)	-	-	-	-	(438)	(2,312,338)
Revaluation Increment of Land	-	-	-	-	-	-	-	256,642	-	-	-	-	256,642
Unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	-	52,730	-	-	(10)	52,720
Balance as of December 31, 2008	1,243,928	1,243,928	11,228	389,998	27,794	(2,311,900)	(1,894,108)	256,642	37,599	-	(221,113)	5,292	10,634,821
Offset Lossing	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Reserve	-	-	-	(389,998)	-	389,998	-	-	-	-	-	-	-
Special Reserves	-	-	-	-	(27,794)	27,794	-	-	-	-	-	-	-
Consolidated Net Loss, 2008	-	-	-	-	-	(310,784)	(310,784)	-	-	-	-	330	(310,454)
Changes of Unrealized Gains or Losses on Available-for-sale Financial Assets	-	-	-	-	-	-	-	-	8,465	-	-	47	8,512
Net Loss Change not Recognized as Pension Cost	-	-	-	-	-	-	-	-	-	(1,214)	-	(29)	(1,243)
Treasury Stock Retired	(18,955)	(18,955)	(55)	-	-	(27,999)	(27,999)	-	-	-	217,605	-	-
Balance as of December 31, 2009	<u>1,224,973</u>	<u>1,224,973</u>	<u>11,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 2,232,891)</u>	<u>(\$ 2,232,891)</u>	<u>\$256,642</u>	<u>\$ 46,064</u>	<u>(\$ 1,214)</u>	<u>(\$ 3,508)</u>	<u>\$5,640</u>	<u>\$ 10,331,636</u>

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

Sunny Bank Co.,Ltd. and Related Subsidiary Companies

CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, 2009 & 2008

	2009	2008
		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 (Gain of Reversal)	273,483	183,000
Loss on Selling of Non-performing Loans	193,577	175,273
Depreciation & Amortization	196,818	186,388
Reserve for Transaction Losses	22,463	22,767
Reserve for Default Losses		
Financial Assets Valuation Gains 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)
Decrease/ Increase in Receivables	(1,090,484)	(691,373)
Increase/ Decrease in Payables	<u>2,098,539</u>	<u>(1,312,521)</u>
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)
Disposal of Available-for-sale Financial Assets Price	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 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)
Disposal of Assets Price	106,635	473,422
Selling of Non-performing Loans Price	-	858,000
Disposal of Foreclosed Collateral Price	329,473	136,302
Increase in Intangible Assets	(25,552)	(15,747)
Increase in Other Assets	<u>16,723</u>	<u>7,307</u>
Cash Inflows (Outflows) from Investing Activities	<u>(18,977,623)</u>	<u>11,260,530</u>
Cash Inflows from Financial Activities:		
Decrease/Increase in Notes and Bonds Issued under Repurchase Agreement	1,169,746	(7,607,633)
Decrease/Increase in Call Loans and Due to Banks	(8,703,605)	4,650,990
Decrease/Increase in Deposits and Remittances	1,661,073	(5,863,552)
Decrease/Increase 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 Beginning Year	<u>4,335,387</u>	<u>5,844,517</u>
Balance at Ending Year	<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>

Chairman: LIN, PENG-LANG

President: TING, WEI-HAO

Chief Accountant: LIU, TSUNG-HSUN

- 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 and Analysis of Financial Operations Results, and Risk Management

1. Analysis of Financial Status

Unit: NT\$ Thousands

Item	Year		Difference	
	2009	2008	Amount	%
Cash, Due from Central Bank and Other Banks	\$ 41,089,147	\$ 39,979,517	\$ 1,109,630	3
Financial Assets at Fair Value through Income Statement	2,120,938	9,443,723	(7,322,785)	(78)
Receivables	2,493,681	4,636,477	(2,142,796)	(46)
Discounts and Loans	161,951,070	166,298,395	(4,347,325)	(3)
Available-for-Sale Financial Assets	3,551,598	3,978,337	(426,739)	(11)
Hold-to-maturity Financial Assets	79,880	117,673	(37,793)	(32)
Equity Investments – Equity Method	293,868	277,322	16,546	6
Other Financial Instruments	437,481	313,648	123,833	39
Fixed Assets	9,205,652	9,369,343	(163,691)	(2)
Intangible Assets	1,060,110	1,071,830	(11,720)	(1)
Other Assets	2,252,342	2,725,407	(473,065)	(17)
Total Assets	224,535,767	238,211,672	(13,675,905)	(6)
Call Loans and Due to Banks	5,939,242	5,985,843	(46,601)	(1)
Financial Liabilities at Fair Value through Income Statement	6,832	134,602	(127,770)	(95)
Notes and Bonds Issued under Repurchase Agreement	—	1,689,706	(1,689,706)	(100)
Payables	2,381,449	4,828,760	(2,447,311)	(51)
Deposits and Remittances	199,387,448	208,865,235	(9,477,787)	(5)
Financial Bonds Payable	6,009,400	5,509,400	500,000	9
Reserve for Land Revaluation Increment Tax	133,325	133,726	(401)	—
Other Liabilities	352,075	434,871	(82,796)	(19)
Total Liabilities	214,209,771	227,582,143	(13,372,372)	(6)
Capital	12,249,730	12,439,281	(189,551)	(2)
Capital Surpluses	11,173	11,228	(55)	—
Accumulated Loss	(2,232,891)	(1,894,108)	(338,783)	18
Land Unrealized Revaluation Increment	256,642	256,642	—	—
Unrealized Profit or Loss on Financial Instruments	46,064	37,599	8,465	23
Treasury Stock	(3,508)	(221,113)	217,605	(98)
Net Loss not Recognized as Pension Cost	(1,214)	—	(1,214)	—
Total Shareholders' Equity	10,325,996	10,629,529	(303,533)	(3)

Description of change to the ratio increase or decrease

- The reduction in financial assets stemming from recognizing the fair value change as loss or gain has largely been the result of a reduction in financial product investment with the capital allocated toward the central bank time deposit certificates taking into account the return gain.
- The reduction in the accounts receivable has largely stemmed from a reduction in the at-sight foreign exchange fund.
- A reduction in the financial assets held to maturity has largely been the result of transaction party buying back to the beneficiary certificates as per the contract.
- The increase to the miscellaneous financial assets has largely stemmed from an increase to the special share investment.
- The reduction to the financial liability on recognized loss or gain due to change in the fair value has largely stemmed from a reduction in the valuation losses on credit contract default exchange.
- The reduction in the provisional buyback bonds and notes has largely been the result of not lacking the capital, thus a reduction in the transaction.
- The reduction in the accounts payable has largely stemmed from a reduction in the near-term foreign exchange payable, other bank notes that have not been put through the exchange account.
- The increase in the unrecognized loss or gain on financial products has largely stemmed from the evaluated gain on financial assets liquidated.
- The reduction in the stocks held in vault has largely been the results of staging the cancellation of stocks held in vault.
- The increase to the net loss of the unrecognized pension cost has largely stemmed from recognizing the shareholding percentage of the vested company by using the equity method.

2. Analysis of Operating Results

Unit: NT\$ Thousands

Item \ Year	2009	2008	Changes	
			Amount	%
Net Interest Profits	\$ 1,613,782	\$ 2,657,185	(\$1,043,403)	(39)
Non-Interest Net Profits (Loss)	979,874	(297,750)	1,277,624	429
Net Profits	2,593,656	2,359,435	234,221	10
Bad Debt Expenses	528,270	1,942,246	(1,413,976)	(73)
Operating Expenses	2,346,170	2,889,089	(542,919)	(19)
Net Loss Before Tax	(280,784)	(2,471,900)	2,191,116	(89)
Income Tax Profits (Expenses)	(30,000)	160,000	(190,000)	(119)
Net Loss after Tax	(\$ 310,784)	(\$2,311,900)	\$ 2,001,116	(87)

Description of the analysis on the change to the ratio increase or decrease

1. The reduction in the net interest receipt has large been the result of a reduction in deposit and loan balance and of the lowered interest rate.
2. The increase to the net gain beyond interest receipt, and the reduction to the pre-tax net loss and the net loss have largely stemmed from recognizing the shift in the fair value of financial assets and a net gain in liabilities.
3. The reduction in bad debt expenditures has largely stemmed from an improvement to the quality of the loan and credit card products.
4. The increase to the income tax expenditure has largely stemmed from a reduction in the deficit and the lowering of the profit entity income tax rate, and a reduction to the deferred income tax assets.

3. Analysis of Cash Flow

Liquidity analysis for the latest year

Item \ Year	2009	2008	Increment (%)
Cash Flow Ratio (%)	86.22	204.44	(57.83)
Cash Flow Adequacy Ratio (%)	2,317.39	1,014.11	128.50
Cash Flow Reinvestment Ratio (%)	253.82	(138.60)	283.13

Description of the analysis on the change to the ratio increase or decrease

1. The reduction in the cash flow ratio has largely been the result of a reduction in the net cash inflow in the 2009 operating activity.
2. The increase to the cash flow adequacy ratio has mainly stemmed from the increase to the most recent five years' business activity net cash flow and a reduction to the most recent five years' capital expenditure.
3. The increase to the cash flow coverage ratio has primarily stemmed from a reduced propensity of the 2009 business activity et cash inflow being smaller than the absolute reduced propensity on investment activity net cash inflow/outflow.

(1) 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
\$3,989,162	(\$1,783,990)	(\$8,738,025)	(\$6,532,853)	\$ —	\$ 10,086,428

1. Change in cash flow of the year:
 - (1) Operation Activities: Net cash inflow resulted from increase in financial assets held for trading.
 - (2) Investment: Net cash outflow resulted from increase in available-for-sale financial assets, due from central bank, inter bank offered credit, discount and loan.
2. Remedial measure for expectant cash shortfall and liquidity analysis: The bank has plans in the next one year to increase the deposit and fund remittance, the Central Bank's peer deposit and trading on provisional buyback bond transactions, and to issue the second priority financial bonds, which would suffice to cover the financial assets for intended transaction purposes, together with readying the financial assets for liquidation, and the funds held at the central bank and bank peers, discounting and increased loan amount, would render it in no circumstance of lacking liquid cash.

4. Influence of Major Capital Expenditures

Unit: NT\$ Thousand

Planning Items	Actual/Expected Capital Resources	Actual/Expected Date of Completion	Required Capital	Actual/Expected Capital Performing Status				
				2011-2013	2010	2009	2008	2007
Land, House and Building	Self-owned Fund	2007-2010	469,043	—	—	—	48,633	420,410
Other Equipment	Self-owned Fund	2007-2010	303,563	—	76,150	22,099	67,348	137,966

5. The Reinvestment Policy for the Past 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	222,076	19,301	2,373	23,945	26,173
Yearly Income	14,131	21,161	2,655	4,117	(62,882)
Recognized Invested Income	13,804	8,929	531	4,117	(12,589)
Main Factor of Profit (Loss)	1. The revenue of agency service stays earning. 2. Dealing operation with good performance.	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 gains good performance.	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 of Risk Management

(1) A Series of Qualitative and Quantitative Requirements For Risk Management :

A. Credit Risk Management System and Accrued Capital

2009 Credit Risk Management System

Disclosure Item	Content
1. Credit risk strategies, objectives, policy and process	<p>1. Credit risk management objective, strategy and policy Which pertains to developing a comprehensive credit risk management mechanism that can be used to effectively identify, measure, monitor, and report various forms of credit risk, and contain the credit risk arisen within a sustainable range, and gradually systemize the credit risk management in search of solidly managing the bank's credit risk and to achieve the operating and management objectives.</p> <p>2. Credit risk management process flow The bank has instilled a credit risk management mechanism to effectively identify, measure, monitor and report all probable credit risks arisen from the routine business activity and management flows.</p> <p>A. Credit risk identification: Of all products and businesses ran, including all transactions that exist in the bank logbook and the transaction logbook and on the balance sheet, the head of the business unit shall thoroughly analyze the information before trading on it, in order to identify the likely occurrence of any existing or potential contract default incidents.</p>

Disclosure Item	Content
	<p>Prior to unveiling new products and services, it is imperative to draft and define adequate monitoring and control procedures and solicit the opinions of all units based on the operating characteristics and varied hidden risks of a variety of loans.</p> <p>B. Credit risk measurement: To evaluate the customer’s creditworthiness using the five categories of the borrower, capital usage, source of repayment, liability safeguard and loan outlook when processing the lending service, and uphold the criteria as a rudimentary loan review principle. To take into account the lending characteristics, the contract content and the borrower’s financial criteria, the probable impact of sudden risk exposure due to market changes, the collateral or guarantee, changes in the borrower or a trading party’s risks, or the risks associated with a lending portfolio.</p> <p>C. Credit risk monitoring: A system is to be set up for monitoring individual borrowers and trading parties, and for monitoring and managing the loan portfolios. It encompasses reporting potential problematic loans and other problematic lending or transaction procedures. A written credit verification and lending guideline is to be establish, including scrutinizing the lending factors, approving new loans, loan extension, and exceptional conditions, the routine review of existing loans, and the retention of loan credit verification records. To instill a cap management system, which will avoid over concentration of credit risks, such as by country, by the same individual, same related party, or by group, industry and so forth. To precisely implement the recheck and loan follow-up evaluation work, with which to step up post-lending management and debt claim securitization maintenance. To routinely evaluate and monitor the quality of all types of assets by stepping up administering loan anomalies, enforcing the execution of nonperforming loans (overdue, collection, bad debt) management procedure, with which to step up the overdue loan and bad debt management and spearhead the cleanup functions.</p> <p>D. Credit risk reporting: To routinely declare various caps and risk concentration caps with the risk management division for submitting to the president, and the risk management division is to file a report with the management board, which will enable the risk management division to precisely gasp the business operating units’ credit risks. In compliance of the capital adequacy monitoring and review principles, the description of the bank’s voluntary evaluation on the state of bank’s credit risk quantitative and qualitative indicators implemented, and the disclosure of capital coverage-related information is to be submitted according to the format, content, method and frequency specified by competent government authorities. When coming across any major credit risk incident that is poised to undermine the bank’s finances, or business conditions, or in breach of laws and regulations, adequate remedial measures shall be taken at once.</p>
2. Credit risk management organization and structure	<p>1. Management board: Acting as the highest decision unit of the bank’s credit risk management, it approves the credit risk management criteria, and approves the bank-wide credit risk management organizational framework and rules and regulations, monitors the credit risk management organization’s implementation, and deciphers the state of the bank’s sudden risk exposure.</p> <p>2. Risk management division Charged with routinely sorting the bank’s overall credit risk information for filing with the management board, and coordinating and monitoring various units to instill a credit risk management mechanism, reviewing credit risk management issues and monitoring the state of compliance on credit risk management-related guidelines.</p>
3. The scope and characteristics of the credit risk reporting and measurement system	<p>To routinely and randomly monitor the level of sudden credit risk exposure on various risk constructs through a variety of related credit risk management reports, and to instigate a cap-based monitoring mechanism (such as the national risk, group risk, industry risk), where in the exceptional instance of exceeding the credit risk exposure or a collective cap, response measures shall be taken at once, with a report promptly filed with the higher supervisor.</p>

Disclosure Item	Content
4. The scope and characteristics of the credit risk reporting and measurement system	<ol style="list-style-type: none"> 1. To specify and levy for collaterals or guarantors, or to offload the liability claims at the secondary market, or file for liability claim securitization or trading on credit derivative financial products. 2. To utilize the means of negotiating with the borrower account or a transaction party for financial or non-financial restrictive clauses, which would prevent or monitor changes in the borrower account or a transaction party's credit risks. 3. To forward some of the medium and small business loans that have insufficient collaterals to the "Small business credit guarantee fund" to step up safeguarding the liability claims.
5. Approach adopted for the regulatory reserve	The bank adopts the standard method to allocate its legally designated capitalization.

Exposure after Risk Mitigation and Accrued Capital of the Credit Risk Standardized Approach

March 31 2009

(Unit: NT\$ Million)

Type	Exposure after Risk Mitigation	Accrued Capital
Sovereigns	—	—
Non-central Government Public Sector Entities	252,539	20,203
Banks (included multilateral development banks, MDBS)	575,608	46,049
Corporate (included securities and insurance firms)	40,945,169	3,275,614
Claims on Retail	59,855,794	4,788,463
Residential Property	24,228,755	1,938,300
Equity Security Investments	—	—
Other Assets	11,684,971	934,798
Total	137,542,836	11,003,427

December 31 2009

(Unit: NT\$ Million)

Type	Exposure after Risk Mitigation	Accrued Capital
Sovereigns	—	—
Non-central Government Public Sector Entities	262,191	20,975
Banks (included multilateral development banks, MDBS)	582,316	46,585
Corporate (included securities and insurance firms)	39,458,040	3,156,643
Claims on Retail	59,176,461	4,734,117
Residential Property	24,128,036	1,930,243
Equity Security Investments	—	—
Other Assets	12,395,655	991,653
Total	136,002,699	10,880,216

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	<ol style="list-style-type: none"> 1. Asset securitization risk management objective and strategy <ol style="list-style-type: none"> (1) To strengthen the asset/liability management capability by diversifying the source of capital and reducing the capital cost. (2) To utilize the securitization process to remove assets from the balance sheet, through which to raise the bank-owned capital, reduce the asset scale, and improve the asset return ratio. (3) To utilize asset portfolio reconfiguration, trust and credit enhancement for creating a diverse, long-term capital-raising platform. (4) To act as an underwriter institution to generate service fee receipt. 2. Asset securitization risk management process flow

Disclosure item	Content
	<ol style="list-style-type: none"> (1) To utilize a host of external institutions, such as a credit rating agency, to ensure that it meets the asset guideline of a trust contract at the time when the asset is being transferred. (2) To rely at the same time on the credit enhancement mechanism to reduce the investor's likelihood to face the asset credit risk. (3) Upon completing the asset securitization transfer and issue, there is a likelihood that the cash flow shortfall on securitized asset may result in a payment shortfall risk. By utilizing the reserve system, it offers a rational liquidity and helps to prevent a contract default due to insufficient cash flow. (4) To utilize the competent government authorities' mandate for information disclosure, and the credit rating agency, certified public accountant and legal counsel's information requirement to fully reflect the information in relevant transaction contracts and legally designated announcements. (5) By utilizing a trust asset transfer pricing adequacy opinion letter issued by financial consultants, it enables the pricing evaluation risk be rationally controlled. (6) By drafting a variety of contracts, such as the service contract, trust contract, to avoid conflicts of interest to undermine the investor's equity.
2.Asset securitization management organization and structure	<ol style="list-style-type: none"> 1. Planning department: Responsible for the transaction framework, external institutions' selection and appointment, document submission to the competent government authorities and the like. 2. Authorization department: The management board is to authorize various responsible units to execute the securitization transactions. 3. Information department: Responsible for developing relevant reports, information system specifications and data retention. 4. Transaction department: Compiling and issuing the report for risk monitoring.
3.The scope and characteristics of the Asset Securitization risk reporting and measurement system	The service underwriter is to produce a risk report for the investor to understand the state and quality of securitized asset repayment, with its content encompassing the initial asset account figure, balance, payment on overdue loan, interest rates and the like.
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.	<p>If the exposure on the buyback of the secondary beneficiary certificates held by the initial underwriting institute still faces credit risk, methods to be adopted for reducing the risk are as follows,</p> <ol style="list-style-type: none"> 1. If the anticipated loss on the exposure held has not been high, the bank is to absorb it on its own. 2. If the anticipated loss on the exposure held should pose significant impact to the earnings or capitalization, a bad debt reserve is to be allocated by reserving the fund to absorb the losses. 3. If there are adequate risk hedging tools available in the market (such as a derivative credit product or a credit insurance), such risk hedging tools are to be purchased at a reasonable cost to transfer the credit risk; or it is also viable to utilize the asset offloading method to transfer the risk to the trading party.
5.Approach adopted for the regulatory reserve	The bank currently adopts the standard method for allocating the capital.

Asset Securitization Exposure and Accrued Capital

March 31 2010

Unit: NT\$ Thousand

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	1,645	132	—	—	—	—	—	—
Total	1,645	132	—	—	—	—	—	—

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

December 31 2009

Unit: NT\$ Thousands

Type	Non-Originating Bank		Originating Bank					
	Buy Or Hold Securitization Exposures	Exposure	Exposure				Asset-Backed Commercial Paper	Accrued Capital Before Securitization
			Non Asset-Backed Commercial Paper					
			Traditional		Synthetic			
Hold Positions	Not Hold Position	Hold Positions	Not Hold Position					
Real Estate	15,976	1,278	—	—	—	—	—	—
Total	15,976	1,278	—	—	—	—	—	—

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

Securitized Products

(1) Summary of Investment in Securitized Products.

December 31 2010

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	8,226	0	0	8,226
ABCP	Available for sale	0	3,668	0	3,668
REAT	Available for sale	43,491	6,529	0	50,020
CMO	Available for sale	15,121	3	0	15,124

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	12,651	0	0	12,651
ABCP	Available for sale	347,849	7,126	0	354,975
REAT	Available for sale	44,575	5,472	0	50,047
REAT	Held to maturity	67,229	0	0	67,229
CMO	Available for sale	16,835	(1,123)	0	15,712

Note 1: This table includes domestic and foreign securitized products, accounting subject 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) 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
- (3) Information on the position held by the Bank, as a securitization initiation institutes, for the purpose of credit enhancement should be disclosed: None
- (4) Information on Bank's service as a credit-damaged buying institute or a clearance buying institutes should be disclosed: None
- (5) 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

2009 Operational Risk Management System

Disclosure item	Content
1. Operational risk strategies and process	<p>1. Operational risk management objective and strategy A comprehensive operational risk management mechanism is to be establish to effectively identify, measure, monitor and report a host of operational risks, and contain probable operational risks within a sustainable range by steadfastly systemizing the operational risk management work, in anticipation of stabilizing the bank's operational risk management, and to achieve the operational and management objectives.</p> <p>2. Operational risk management process flow An operational risk management mechanism is instilled to effectively identify, measure, monitor and report all probable operational risks arisen from all routine business activity and management process flows.</p> <p>(1) Operational risk identification: A. All unit personnel are to identify the potential operational risks and their cause and effect in administering potential operational risks in the routine operations, and are to report such matters to the higher supervision, and to choose proper counterstrategies, which are to be submitted to the business administration unit as per relevant stipulations. B. Prior to launching new products, new services, process flows and information systems, all operations administration units are to conduct adequate operational risk identification.</p> <p>(2) Operational risk measurement: A. The bank has steadfastly developed adequate and consistent qualitative and quantitative indicators, with which to measure the level of sudden risk on a host of operational risks. B. The bank routinely reviews the foresaid qualitative and quantitative indicators, coordinated with operating needs and changes in the internal and external environments, to timely adjust the measurement indicators.</p> <p>(3) Operating risk monitoring: A. All operating units, when encountering an operational risk-related loss incident, shall promptly contain the damage, and report the incident to relevant units by following the bank-specified reporting mechanism, and in the wake of any insurance adjustment or illegal matters, shall promptly notify the business administration unit and the audit division. B. The department responsible for losses arisen from operational risks shall document a loss incident thoroughly to facilitate instilling an internal operational risk-related loss database.</p> <p>(4) Operational risk reporting: To routinely report the state of various caps accessed, market valuation estimates and the state of loss and gain, sudden risk exposure and risk caps to higher management to precisely grasp the market risk.</p> <p>In compliance of the capital adequacy monitoring and review principles, the description of the bank's voluntary evaluation on the state of bank's credit risk quantitative and</p>

Disclosure item	Content
	<p>qualitative indicators implemented, and the disclosure of capital coverage-related information is to be submitted according to the format, content, method and frequency specified by competent government authorities.</p> <p>When coming across any major operational risk incidents that might impair the bank's finances or state of operations, or in breach of laws and regulations, all relevant units are to adopt proper countermeasures at once.</p>
2. Operational risk management organization and structure	<p>1. Management board: Acting as the highest decision unit of the bank's credit risk management, it approves the credit risk management criteria, and approves the bank-wide credit risk management organizational framework and rules and regulations, monitors the credit risk management organization's implementation, and decipheres the state of the bank's sudden risky exposure.</p> <p>2. Risk management division: To monitor the bank's market risk-related departments to instill a market risk monitoring and control mechanism, with which to monitor and control the bank's total market risk's sudden exposure cap and levels of market risk concentration, and to integrate, analyze and declare the bank's market risk management-related reports.</p>
3. The scope and characteristics of the operational risk reporting and measurement system	At the onset of an operational risk incident, various types of operational risk management information is to be gathered, and routinely sorted and analyzed for reporting submission.
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.	<p>1. In response to operational risk-related loss incidents where the probability and the amount of loss are both high, adequate measures are to be taken to hedge against activities that might trigger risky situations, such as ceasing to offer a particular service.</p> <p>2. In response to operational risk-related loss incidents with a low probability of occurrence but high amounts of losses, it is imperative to take into account the validity when seeking risk minimization/transfer measures, and also the residual risk that cannot be fully cover by the sudden risk exposure or a sudden risk period following adopting the monitored reduction/transfer measures.</p>
5. Approach adopted for the regulatory reserve	The bank currently adopts the basic index method for allocating the capital.

Operational Risk Capital Requirement

March 31 2010

Unit: NT\$ Thousand

Year	Gross Operating Profits	Capital Requirement
2007	4,257,914	
2008	2,709,320	
2009	2,713,762	
Total	9,680,996	484,050

December 31, 2009

Unit: NT\$ Thousand

Year	Gross Operating Profits	Capital Requirement
2007	4,257,914	
2008	2,709,320	
2009	2,713,762	
Total	9,680,996	484,050

D. Market Risk Management System and Accrued Capital

2009 Market Risk Management System

Disclosure item	Content
<p>1. Market risk management strategies and process</p>	<p>1. Market risk management objective and strategy A market risk management mechanism has been instilled in support of the bank's operating scale and to comply with various stipulations set by competent government authorities. It ensures a full compliance to the market risk management mechanism's caps and loss-stoppage management stipulations, making sure the bank's sustainable risks are managed adequately.</p> <p>2. Market risk management process flow A market risk management mechanism has been instilled to effectively identify, measure, monitor and report all probable market risks arisen from the routine business activity and management process flows.</p> <p>(1) Market risk identification: A. When the exposure held is related to the exchange rate, where the fair value fluctuation will be affected by the exchange rate, thus it is essential to measure how the exchange rate shift is going to affect the loss or gain of the foreign exchange exposure. B. The risks for holding equity securities include the individual risks arisen from fluctuations to the price of the equity securities.</p> <p>(2) Market risk measurement: To measure a variety of market risks' sudden exposure, including the exposure cap, loss stoppage cap and levels of market risk concentration.</p> <p>(3) Market risk monitoring: A. To define the market risk transaction and loss stoppage caps according to the operating strategy and market conditions by developing a comprehensive risk management flow that can be enforced continuously throughout the business activity. B. To instill a clear-cut reporting process flow, and routinely generate the monitoring reports on various types of exposure management, such as loss or gain, risk caps and so forth. C. To monitor whether the exposure fluctuations, changes in the loss or gain, transaction modes and transacted instruments are kept within the scope of the authorized operations.</p> <p>(4) Market risk reporting: A. To routinely report the state of various caps accessed, market valuation estimates and the state of loss and gain, sudden risk exposure and risk caps to higher management to precisely grasp the market risk. B. In the wake of any extraordinary circumstances of exceeding the market risk transactions or the loss stoppage caps, countermeasures shall be taken at once, and a report filed as swiftly to facilitate monitoring the bank's market risks. C. In compliance of the capital adequacy monitoring and review principles, the description of the bank's voluntary evaluation on the state of bank's credit risk quantitative and qualitative indicators implemented, and the disclosure of capital coverage-related information is to be submitted according to the format, content, method and frequency specified by competent government authorities.</p>
<p>2. Market risk management organization and structure Market risk management organization and structure</p>	<p>1. Management board Acting as the highest decision unit of the bank's credit risk management, it approves the credit risk management criteria, and approves the bank-wide credit risk management organizational framework and rules and regulations, monitors the credit risk management organization's implementation, and deciphers the state of the bank's sudden risky exposure.</p> <p>2. Risk management division To monitor the bank's market risk-related departments to instill a market risk monitoring and control mechanism, with which to monitor and control the bank's total market risk's sudden exposure cap and levels of market risk concentration, and to integrate, analyze and declare the bank's market risk management-related reports.</p>
<p>3. The scope and characteristics of the Market risk reporting and measurement</p>	<p>At the onset of an operational risk incident, various types of operational risk management information is to be gathered, and routinely sorted and analyzed for reporting submission.</p>

Disclosure item	Content
system	
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.	1. Of financial products that appear with asymmetrical risk and risk or with high risks and high return, such type of products shall not be traded following a diligent evaluation and assessment. 2. To hedge the probable price risk or the transaction party's market risk on financial products, necessary risk hedging measures are to be taken to mitigate or transfer the risks.
5. Approach adopted for the regulatory reserve	The bank currently adopts the standard method for allocating the capital.

Market Risk Capital Requirement

March 31 2010

Unit: NT\$ Thousand

Item	Capital Requirement
Rate Risk	214,023
Foreign Exchange Risk	125,221
Equity Investments Risk	164,107
Instruments Risk	—
Total	503,351

December 31 2009

Unit: NT\$ Thousand

Item	Capital Requirement
Rate Risk	193,488
Foreign Exchange Risk	75,141
Equity Investments Risk	136,267
Instruments Risk	—
Total	404,896

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 2010

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	\$ 218,027,118	\$ 26,100,488	\$ 24,171,462	\$ 23,137,629	\$ 31,795,619	\$ 112,821,920
Primary Funds Outflow upon Maturity	258,200,753	26,287,546	30,802,458	40,026,194	89,745,086	71,339,469
Capital Gap	(40,173,635)	(187,058)	(6,630,996)	(16,888,565)	(57,949,467)	41,482,451

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 2009

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	\$ 217,599,533	\$ 28,437,485	\$ 23,326,932	\$ 23,104,249	\$ 33,294,666	\$ 109,436,201
Primary Funds Outflow upon Maturity	256,548,598	30,297,761	35,892,531	40,988,963	81,414,744	67,954,599
Capital Gap	(38,949,065)	(1,860,276)	(12,565,599)	(17,884,714)	(48,120,078)	41,481,602

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, 2010

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	\$ 276,450	\$ 155,018	\$ 45,336	\$ 23,711	\$ 10,381	\$ 42,004
Liabilities	250,445	189,666	24,946	16,972	17,843	1,018
Gap	26,005	(34,648)	20,390	6,739	(7,462)	40,986
Cumulative Gap	26,005	(34,648)	(14,258)	(7,519)	(14,981)	26,005

December 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	\$ 329,331	\$ 202,860	\$ 54,980	\$ 36,966	\$ 8,519	\$ 26,006
Liabilities	296,028	210,230	52,400	18,337	15,014	47
Gap	33,303	(7,370)	2,580	18,629	(6,495)	25,959
Cumulative Gap	33,303	(7,370)	(4,790)	13,839	7,344	33,303

(2) The Influence of Domestic and Foreign Major Policies and Law Amendment Exerting on the Bank's Financial Structure and Responding Measures

1. Critical policy and legal changes

- (1) Taiwan's Civil Law inheritance section adheres to a collective inheritance principle, and has also separately defined the inheritance and inheritance renouncement system. With par 2, Article 1153 of the Civil Law last amended and announced on January 2, 2008 further appended the legal stipulation of a limited liability, which only applies to the circumstances where an heir is of an incompetent individual or one with limited incompetence, and where an heir, who is of a completely capable individual but is unsure of the state of the benefactor's liability claims or debt before whose death, or not desiring to assume the inheritance, is required to file with a court of law for limited inheritance or an inheritance renouncement within a three-month period upon learning of the inheritance, or else the heir is required to collectively assume the benefactor's all asset entitlements and obligations. However, in care that many of an heir in the society who have inadvertently assume the debt liability to see their livelihood jeopardized for now knowing to file for limited inheritance or an inheritance renouncement within the legal period for not familiar with the law, and to resolve the irrational phenomenon, Article 1148 of the Civil Law has also been amended in accordance with a president order, Ref. ROC Presidential Order (I) Yi No. 09800142881, dated June 10, 2009, which stipulates that an heir principally is to assume the benefactor's all asset entitlements and obligations, but of the benefactor's debt, an heir is only liable to assume the repayment liability on the inheritance an heir has inherited.
- (2) To expand the economic yield of the policy in deregulating the mainland visitors to visit Taiwan, and to offer the incentives for the mainland tourists to spending in Taiwan, which will excel the development of Taiwan's tourism industry and increase the gain for the local financial operators, this has harbored the initiative to deregulate the mainland region's "banking syndicate card" for credit card spending in Taiwan, which also clearly stipulates the scope that the local credit card business entities are allowed to transact with the banking syndicate company on credit card or debit card transactions; in addition, in response to the needs of deposit, fund remittance loan and other related financial services following the deregulation of investments by the mainland investors in Taiwan, and following the study and submission of relevant financial service package measures, the Executive Yuan Financial Supervisory Commission has on July 15, 2009 issues an initiative, Ref. FSC Banking Law No. 09810003640, to amend and announce article 2 and appended Article 7-1 of the "Taiwan region and Mainland region's financial business transaction permit measure".
- (3) In support of the induction of Article 25 and Article 25-1 of the Banking Law, the Executive Yuan Financial Supervisor Commission has, in accordance with stipulations set forth under Article 25 of the same law, on September 7, 2009 promulgated and announced through a directive, Ref. SFC, Banking Law No. 09810004350, stipulating the "same individual or same related party's holding a given bank's total share issues with voting right to exceed a certain percentage management law", and also abolishing its October 2, 2007 directive, Ref. SFC Banking (I) No. 09610003350, pertaining to "those holding over fifteen percent of the same bank's share issues with voting right's cautionary measures".
- (4) The Executive Yuan Financial Supervisory Commission has on November 6, 2009 issued a general announcement, Ref. SFC, Banking Consolidation No. 09800351080, on a "flexible (saving) deposit contract annexed bank card standardized contract specimen" motioned through the Executive Yuan Consumer Protection Commission's 166th commission meeting, and the foresaid contract specimen is to take effect February 28, 2010.
- (5) In a bid to strength the management on the banks' trading the derivative financial products to safeguard the transaction order and protect the subscriber's equity, it not only calls for a subscriber classified management system, but there is also a stepped-up guideline on subscriber eligibility, promotional literature, obligation to explain and risk disclosure, which the Executive Yuan Financial Supervisor Commission has on December 31, 2009 issue a director, Ref. SFC Banking Foreign No. 09850008780, to amend and announce the "Banks processing derivative financial product business's cautionary measure".
- (6) In response to a facilitated pronouncement system to be appended under the Civil Law general provisions section (the portion governing forbidden to manage one's estate) as amended and announced on May 23, 2008, and for amending the passive qualification criteria governing the director of a trust company, the Executive Yuan Financial Supervisory Commission has on December 18, 2009 issue a directive, Ref. SFC Banking Note No. 09840008690, to amend and

announce the “trust industry director’s mandated qualification criteria and manager and custodian’s mandated trust professional knowledge or experience criteria”.

- (7) In care that the scale of the specific money trust operators accepting investment or financial management planning by the consignee is on the rise, rendering it necessary to step up the regulation in light of the financial products’ characteristics and varied risk exposure, the Executive Yuan Financial Supervisory Commission has, upon referencing the offshore structured product management rule for introducing a subscriber classification system, on February 4, 2010 issued a directive, Ref. SFC Banking Notes NO. 09940000080, to amend and announce the “Trust industry’s business cope beneficiary transfer restriction, risk disclosure and marketing and contract entering management measures”.

2. 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.

With the global information technology progressing rapidly and widely adopted, the Internet has gradually become a main medium for commercial activity, and following the steadily rising e-commerce, as the functions and technology are gradually perfected, it brings a smooth sailing to the bank’s various operations and improves the efficiency of the banking service that also conserves time and cost.

The bank has continued to improve its information firmware and software equipment, on which relevant industry and trade database could be accessed, and the bank clerks are able to grasp the latest industry changes by inquiring through the computer that not only excel the credit verification and lending quality to reduce the bank’s lending risk, but also help to excel the profitability and risk hedging effect on short-term and long-term stock investment. Meanwhile to step up risk management, the bank has specified an investment cap by industry and by individual group, with which to disperse the risks of technological change and industry change to the bank investment.

(4) Influence of Change in Image on Sunny Bank Ltd. and Relative Measures

The bank has consistently upheld a “solid, innovative, professional and passionate” quality policy for a sustainable management since its inception in supporting the government’s policy, creating a quality culture, employees who are active, passionate, voluntary and with a thoughtful service attitude, and has since been stepping up internal company risk management and compliance of laws and regulations by timely cautioning for its asset quality and capital coverage ratio, with which to maintain a sound financial standing, and to utilize various activity means to deep-root the customer and excel the company’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) Lawsuit or non-suit events

1. In 2009 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:

[Case 1: 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, 2010: The case has had a judgment pronounced on Aug. 21, 2009, rendering a defeat verdict to the bank that has been confirmed.

[Case 2: 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. The state of disposition as of April 30, 2010:
 - A. The case has had a judgment pronounced on June 25, 2009, rendering a defeat verdict to the bank that has been confirmed.
 - B. The case and the foresaid case one fall under the same lending liability claim.

[Case 3: 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, 2010: The judgement that the Bank won the case is finalized.

[Case 4: 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. The state of disposition as of April 30, 2010: The two parties of the case have entered into a settlement, and have on July 24, 2009 signed the written settlement document at the Republic of China Arbitration Association (in which the opponent is to pay the bank eight million New Taiwan dollars plus relevant interest, which brings the total amount to eight million one hundred eighty-one thousand six hundred sixty-six New Taiwan dollars).

[Case 5: 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. The state of disposition as of April 30, 2010: The case has had a judgment pronounced on November 17, 2009 rendering the bank with a partial favorable verdict and a partial defeat verdict, which have been confirmed (in which the bank is to pay the opponent a psychological damage compensation of one hundred thousand New Taiwan dollars, and the rest of the claims have been denied).

[Case 6: with regard to a plea of a damage compensation case]

- i Litigation starting date: October 19, 2009.
- ii Main litigant parties: the plaintiff – Wu Rong-fong, meaning Yi Chang Paint Coating Shop versus the defendant – the bank
- iii Disputing fact: a pled has been entered seeing the defendant to assume the damage compensation liability for infringing on the plaintiff's right.
- iv Disputing amount: at the sum of six million two hundred four thousand ninety hundred sixty New Taiwan dollars (NT\$6,204,960) plus interest accrued calculable at five percent annual interest rate from the following day the statement of indictment is delivered until the repayment date.
- v The state of disposition as of April 30, 2010: the case is currently under trial at the Taiwan Bancio District Court.

[Case 7: with regard to a plea of a damage compensation case]

- i Litigation starting date: April 9, 2010.
- ii Main litigant parties: the plaintiffs – seventy individuals including Huang Hsin-ruel versus the defendants – the eight individuals including Wang Yi-zhou (the bank being the retroactively added defendant).
- iii Disputed fact: a plea has been entered seeking the defendant to assume the damage compensation liability for infringing on the plaintiff's right.
- iv Disputing amount: at the sum of seven-two million nine hundred thousand New Taiwan dollars (NT\$7,920,000) plus the interest accrued calculable at five percent annual interest rate effective from the following day the statement of indictment is delivered until the repayment date.
- v The state of disposition as of April 30, 2010: the case is currently under trial at the Taiwan Kaohsiung District Court.

[Case 8: with regard to a plea of a damage compensation case]

- i Litigation starting date: January 22, 2010.
- ii Main litigant parties: the plaintiff – 83 individuals including Chen Tsai-hua versus the defendant – eight individuals including Wang Yi-zhou (including the bank).
- iii Disputing fact: a plea has been entered seeking the defendant to assume the statutory damage compensation liability for infringing on the plaintiff's right.
- iv Disputing amount: at the sum of seventy-three million one hundred forty thousand New Taiwan dollars (NT\$73,140,000) plus the interest accrued calculable at five percent annual interest rate effective from the following day the statement of indictment is delivered until the repayment date.
- v The state of disposition as of April 30, 2010: the case is current under trial at the Taiwan High Court, Kaohsiung Branch.

2. The bank directors, auditors, president, major shareholders with a total shareholding exceeding 1% or subsidiary companies involving in a major litigation, non-litigation or administrative dispute litigation cases that have been confirmed or remain pending in the year 2009 and up to the printing cutoff of the yearly report, where the results could pose a major impact to the depositors or the shareholders' equity or the securities share price:

[Case abstract: charges for breaching the Banking Law]

- (1) Litigation starting date: August 17, 2007.
- (2) Main litigant parties: the defendants – Chen Sheng-hong et al.
- (3) The content of the alleged litigation case: the prosecutor has brought a public prosecution against the defendants Chen Sheng-hong et al. for allegedly breaching the Banking Law.
- (4) The state of disposition as of April 30, 2010:
 - A. The case's initial judgment found the former bank president Chen Sheng-hong and relevant bank lending personnel processing the loan case as not guilty.
 - B. The prosecutor has brought an appeal on some of the judgment, and the case is currently being tried at the Taiwan High Court.

- (10) Other important risks and correspondent measures: None

7. Crisis Management Mechanism

“Important Events Report, Control and Flowing” and “Emergency capital raising and response procedure” are set to deal with crisis.

(I) Important Events Report, Control and Flowing

1. Objective: The initiatives have been made in an effort to fully grasp any scenarios of major accidental incident occurred at the bank, and to facilitate adopting relevant response measures, and to immediately notify relevant government agencies in anticipate that in the wake of a crisis incident, the bank will be able to swiftly adopt the response plan to mitigate the impact of a crisis incident, and to maintain the normal operation of the business activity.
2. Urgent counterstrategy:
 - (1) At the time a major accidental incident occurs, all bank units are not only required to file a report with the law enforcement or other relevant government agencies and adopt emergency remedial measures depending on the circumstances of the case, but the unit supervisor shall, following the occurrence of the incident, promptly telephone notify the system commissioner and present a report to the spearheading unit (a report shall still be filed even during the non-office hours), and the process documented into a written record.
 - (2) The bank’s spearheading unit, upon learning the relevant information of a major accidental incident, shall promptly and voluntarily discern the truth of the incident by gathering relevant information and complete a phone record or a written report, which is to be filed with the system commissioner, the president and the chairman.
 - (3) All bank units, in response to a major accidental incident, shall file a written report citing the process of the incident and the state of disposition with the bank’s spearheading unit within three days following the incident has occurred.
 - (4) The audit division shall be in charge of faxing relevant information by supporting the competent government authorities’ instructions, and shall promptly notify the Banking Bureau, Financial Supervisory Commission, Executive Yuan, the Central Bank and Central Deposit Insurance Corporation on relevant incident scenario, state of disposition, and state of improvement within one week following the incident has occurred.
 - (5) Post-disaster act: all bank units, following the reporting of a major accidental incident, shall enlist the incident under a special project for monitoring, and shall promptly notify the bank’s spearheading unit on the case’s subsequent development.

The bank’s spearheading unit, in response to major incidental cases reported, shall assigned designated personnel to enlist and monitor the case through a designated case processing, and is to voluntarily or routinely follow up on the subsequent development and state of improvement, depending on the severity and urgency of a case, and is to document the process in written records to facilitate capturing the niche time in resolving the problem. Once there are tangible results, a report is to be filed with the chairman, and the audit division is to file a report with competent government authorities. Of deficiencies round in alleged fraud cases or major incidental cases, the audit division is to conduct a recheck once every three months until the circumstances have been improved upon.

(II) “Emergency capital raising and response procedure”

1. Issuing objective

An emergency response plan has been drafted according to the bank’s “liquidity Risk Management Measure” to facilitate raising the capital successfully at times of urgent needs in order to respond to a large flow of deposit losses at the bank, or even at the time of a major accidental incident.
2. Requisite hypothesis

In the wake of a major accidental incident, the bank shall at least reserve three days worth of a large amount of capital in response to the customer’s fund withdrawals, which are further grouped by the deposit type as follows,

 - (1) It is hypothesized that on the flexible deposits (including the checking deposit, flexible deposit, and flexible saving deposit), nine percent of the total balance will be withdrawn on

- day one, six percent will be withdrawn on day two, and two percent will be withdrawn on day three.
- (2) It is hypothesized that on the time deposit and fixed deposit [including the time deposit, time saving deposit, negotiable certificate of deposit (NCD)], twelve percent of the total balance will be withdrawn on day one, seven percent will be withdrawn in day two, and four percent will be withdrawn on day three.
3. Emergency response procedure

Head of the finance department is to urge the chairman to stage an urgent asset/liability management council meeting:

 - (1) To evaluate the market impact tendency.
 - (2) To review the current liquidity exposure.
 - (3) To strategize the source of raising the capital.
 - (4) To determine the response action procedure.
 4. Immediate actions to be taken
 - (1) To present the cash liquidity exposure on all currency types.
 - (2) To liquidate the notes and bonds and the investment exposure of various marketable securities.
 - (3) To obtain peer capital of a fixed period of day count.
 - (4) To extend the bank's liability expiry date, and to avoid an overly concentrated expiry date.
 - (5) To narrow down the liquidity exposure gap.
 - (6) To discuss the option whether to raise the bank's NCD and other deposit published interest rates to attract capital.
 - (7) To temporarily suspend large business account loans and general credit loans.
 5. Steps for raising the capital
 - (1) To verify the bank's available capital and source of capital that can be mortgaged Including the Central Bank's reserve A account, Central Bank's reserve B account, the capital finance center, per deposits, financial bonds, and various marketable securities investment instruments and the like).
 - (2) To liquidate investment exposure.
 - ii. To verify the investment exposure held.
 - iii. To review the market conditions of the liquid assets that can be liquidated.
 - iv. To calculate the market valuation and state of gain or deficit following the liquidation.
 - (3) To liquidate the foreign exchange exposure: to liquidate the bank's foreign currency exposure of all currency types.
 - (4) To secure interbank capital discounting
 - A. To verify the exposure to be pledged for discounted borrowing.
 - B. To obtain peer support by utilizing the peer relationships established.
 - C. To rally for the competent government authorities' moral persuasion in an attempt to derive peer capital assistance with a longer cycle.
 - (5) To expand the trading on notes and bonds RP transactions
 - A. To verify the RP exposure.
 - B. To rally for the customers and peer support by utilizing the transaction relationships established.
 - (6) To retain the bank's deposit accounts
 - A. To verify the source of the bank's major deposits.
 - B. To persuade loyal customs to refrain from withdrawing from the contract prematurely by utilizing the transaction relationships established.
 - (7) The Central Bank's rediscounting window and its financing service

To review for qualified marketable securities that can be discounted for cash, and to file for capital raising as per the “Central Bank’s bank financing operating guideline”.

6. Capital payout methods:

- (1) Central Bank reserve A account: which acts as the bank’s main account in capital turnover, the source of capital income should first be allocated to over the account, which will facilitate the operation of the bank-wide liquidity turnover center.
- (2) Capital financing center: by persuading the customer to withdraw the funds using the financial payment transfer method to conserve depleting the cash held in vault, and to alleviate the customer traffic queuing extendedly at the counter.
- (3) Cash held in vault: Supposing the loss of deposits accounts for 12% of the equivalent cash held in vault, then the amount would roughly come to eight times the balance of the bank’s general cash held in vault; by then, the finance department would need to draft daily emergency response measures in terms of how best to distribute cash to all units (including those located in the outer counties and cities), or how best to seek the support of nearby peers.
- (4) NTD checking account: mainly for paying the corporate accounts, large-amount customers and financial peers.

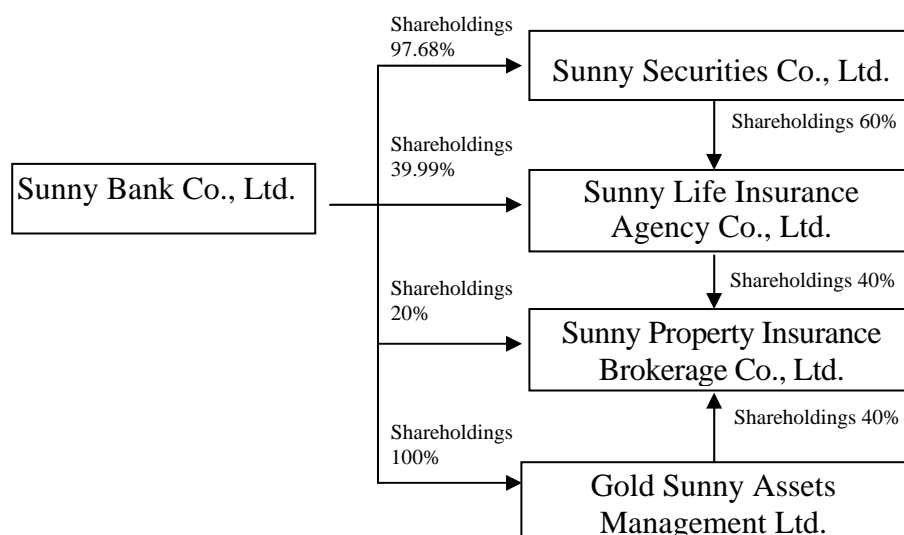
8. Other Important Events: None

VIII. Special Notes

1. Information of Related Enterprises

A. Related Enterprises' Status

(1) Organization Chart of Related Enterprises



(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 Agency Co., Ltd.	Sunny Property Insurance Brokerage Co., Ltd.
Date of Establishment	February 15, 2001	August 14, 2003
Address	2F, No. 205, ChangAn W. Rd., Tatung Dist., Taipei City	2F, No. 205, ChangAn W. Rd., Tatung Dist., Taipei City
Collected Capital	NT\$15,000	NT\$6,050
Major Operating Item	Life Insurance Brokerage	Property Insurance Brokerage

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

(4) Directors and Supervisors of Affiliated Companies

Company Name	Title	Name	Holding Share		
			Stock (1,000)	Proportion	
Sunny Securities Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Shen, An-Chang (Note 1)	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: Hsu, Su-Ching (Note 2)	29,500		
	Director	Sunny Bank Co., Ltd Representative: Chao, Shu-Chen (Note 3)	29,500		
	Supervisor	Sunny Bank Co., Ltd Representative: Hsu, Yueh-Fang	29,500		
Gold Sunny Assets Management Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Lin, Ming-Cheng	5,000	100.00%	100.00%
	Director	Sunny Bank Co., Ltd Representative: Wang, Ya-Chun (Note 4)	5,000		
	Director	Sunny Bank Co., Ltd Representative: Lee, Yu-Sheng (Note 5)	5,000		
	Supervisor	Sunny Bank Co., Ltd Representative: Kuo, Chih-Hung	5,000		
Sunny Life Insurance Brokerage Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Chen, Chin-Yi	600	39.99%	99.99%
	Director	Sunny Bank Co., Ltd Representative: Ho, Shun-Cheng (Note 6)	600		
	Director	Sunny Bank Co., Ltd Representative: Huang, Cheng-Nan (Note 7)	0.002	-	
	Director	Sunny Securities Co., Ltd Representative: Chao, Fu-Tien	900	60.00%	
	Supervisor	Sunny Securities Co., Ltd Representative: Hsu, Po-Hsiung	900		
Sunny Property Insurance Brokerage Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Chen, Chin-Yi	121	20.00%	100.00%
	Director	Sunny Bank Co., Ltd Representative: Ho, Shun-Cheng (Note 8)	121		
	Director	Sunny Life Insurance Brokerage Co., Ltd. Representative: Huang, Cheng-Nan	242	40.00%	
	Director	Sunny Life Insurance Brokerage Co., Ltd. Representative: Chao, Fu-Tien	242		
	Supervisor	Gold Sunny Assets Management Co., Ltd. Representative: Hsu, Po-Hsiung	242	40.00%	

Note1: Appointed on Aug. 21, 2009.

Note 2: Appointed on Dec. 18, 2009.

Note 3: Appointed on Feb. 25, 2010.

Note 4: Appointed on Feb. 23, 2009.

Note 5: Appointed on Jan. 29, 2010.

Note 6 : Appointed on Apr. 1, 2010.

Note 7 : Appointed on Apr. 20, 2010.

Note 8 : Appointed on Apr. 1, 2009.

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	295,780	52,939	242,841	92,519	14,131	0.47
Gold Sunny Assets Management Co., Ltd.	50,000	842,396	818,451	23,945	43,781	4,117	0.82
Sunny Life Insurance Brokerage Co., Ltd.	15,000	78,066	19,957	58,109	236,367	21,161	14.11
Sunny Property Insurance Brokerage Co., Ltd.	6,050	14,511	2,647	11,864	20,855	2,655	4.39

2. For the year 2009 and up to the yearly report's printing cutoff date, the Private Security Placement and Financial Debentures: None

3. For the year 2009 and up to the yearly report's printing cutoff date, holding or disposal of the Bank stocks by subsidiaries

Unit: NT\$, shares: %

Subsidiary	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
Sunny Securities Co., Ltd.	2009	0	0	0	0	None
	For the year 2010 and up to the Yearly Report's Printing Cutoff date	0	0	0	0	None
Gold Sunny Assets Management Co., Ltd.	2009	0	0	0	0	None
	For the year 2010 and up to the Yearly Report's Printing Cutoff date	0	0	0	0	None
Sunny Life Insurance Brokerage Co., Ltd.	2009	0	0	0	420,059 shares \$3,508,320	None
	For the year 2010 and up to the Yearly Report's Printing Cutoff date	0	0	0	420,059 shares \$3,508,320	None
Sunny Property Insurance Brokerage Co., Ltd.	2009	0	0	0	0	None
	For the year 2010 and up to the Yearly Report's Printing Cutoff date	0	0	0	0	None
Ontario Securities Investment Trust Co., Ltd.	2009	0	0	0	0	None
	For the year 2010 and up to the Yearly Report's Printing Cutoff date	0	0	0	0	None

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 2009. The rest subsidiaries did not hold or dispose any share of the Bank's stocks

4. Additional Supplementary Remarks: None

5. For the year 2009 and up to the yearly report's printing cutoff date, any incident that occurs as cited under heading 2, par 2, Article 36 of the Securities Transaction Law that bears a major impact to the shareholders' equity or the securities' share price.

On June 22, 2009, Lin, Peng-Lang has assumed the Chairman position, and Ting, Wei-Hao has assumed the president position.

IX. Head Office and Branches List

Unit Name	Address		Tel.
Taipei City			
Head Office	11163	No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02) 2820-8166
Operation Department	11163	No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02) 2882-2330
Shihlin Branch	11169	No. 82, Tapei Rd., Shihlin Dist., Taipei City	(02) 2882-3660
Chientan Branch	11166	No. 141, Tungho St., Shihlin Dist., Taipei City	(02) 2885-4181
Shetzu Branch	11173	No. 260, Sec. 5, Yenping N. Rd., Shihlin Dist., Taipei City	(02) 2812-1112
Lanya Branch	11155	No. 169, Sec. 6, Chungshan N. Rd., Shihlin Dist., Taipei City	(02) 2836-2072
Tienmu Branch	11153	No. 15, Tienmu E. Rd., Shihlin Dist., Taipei City	(02) 2873-2500
Shechung Branch	11175	No. 220, Shechung St., Shihlin Dist., Taipei City	(02) 2815-1415
Management Department	11271	No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2820-8166
Credit Cards Business Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2822-0122
Trust Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2820-8166
Finance Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2820-8166
Wealth Management Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2820-8166
Shihpai Branch	11271	No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02) 2823-8480
Peitou Branch	11246	No. 152, Kuangming Rd., Peitou Dist., Taipei City	(02) 2891-7361
Tatun Branch	11252	No. 304, Chunggho St., Peitou Dist., Taipei City	(02) 2891-9196
ChiLin Mini-Branch	10459	No. 304 Chinlin Rd., Chungshan Dist., Taipei City	(02) 2561-1188
Lungchiang Branch	10475	No. 49, Lane 356, Lungchiang Rd., Chungshan Dist., Taipei City	(02) 2516-5945

Taipei Branch	10451	No. 43, Sec. 1, Mingsheng E. Rd., Chungshan Dist., Taipei City	(02)	2563-3710
Chunghsing Branch	10478	No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City	(02)	2516-5268
Minsheng Branch	10589	No. 167, Sec. 5, Minsheng E. Rd., Sungshan Dist., Taipei City	(02)	2760-6335
Yenchi Branch	10558	No. 11, Yenchi St., Sungshan Dist., Taipei City	(02)	2578-6201
Nanking Branch	10553	No. 132, Sec. 4, Nanking Ed., Rd., Sungshan Dist., Taipei City	(02)	2579-0229
Fuhsing Branch	10547	No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-6166
Offshore Business Unit	10547	2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-1616
International Financial Business Branch	10547	2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-1616
Neihu Branch(Note)	11493	No. 250, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	(02)	2658-6698
Mucha Branch	11648	No. 96, Sec. 3, Mucha Rd., Wenshan Dist., Taipei City	(02)	2234-5890
Chingmei Branch	11669	No. 95-12, Chinghou St., Wenshan Dist., Taipei City	(02)	2930-0202
Kuting Branch	10080	No. 40, Sec. 2, Tingchou Rd., Chungcheng Dist., Taipei City	(02)	8369-2288
Hsinyi Branch	10681	No. 188, Sec. 4, Hsinyi Rd., Taan Dist., Taipei City	(02)	2706-8388
Taan Branch	11056	No. 225, Sec. 3, Hoping E. Rd., Hsinyi Dist., Taipei City	(02)	2733-7711
Changan Branch	10350	No. 205, Changan W. Rd., Tatung Dist., Taipei City	(02)	2559-5500
Taipei County				
Panchiao Branch(Note)	22063	No. 133, Sec. 1, Szuchuan Rd., Panchiao City, Taipei County	(02)	2955-0008
Hsichou Branch	22072	No. 89, Sec. 3, Tuhsing Rd., Panchiao City, Taipei County	(02)	2681-9960
Hsinpu Branch	22049	No. 245, Szuwei Rd., Panchiao City, Taipei County	(02)	8253-7789
Yungho Branch	23443	No. 188, Sec. 1, Chungshan Rd., Yungho City, Taipei County	(02)	2926-5899
Chungho Branch	23553	No. 245, Chienyi Rd., Chungho City, Taipei County	(02)	2222-5199
Hsinho Mini-Branch	23570	No. 89, Huaahsin St., Chungho City, Taipei County	(02)	8941-9339
Shuangho Branch	23556	No. 722, Chingping Rd., Chungho City, Taipei County	(02)	8242-3919
Sanchung Branch	24151	No. 108, Sec. 4, Tzuchiang Rd., Sanchung City, Taipei County	(02)	8981-7171
Chunghsin Branch	24144	1F, No. 28, Sec. 4, Chunghsin Rd., Sanchung City, Taipei County	(02)	2977-9886
Unit Name		Address		Tel.
Hsinchuang Branch	24260	No. 533, Lungan Rd., Hsinchuang City, Taipei County	(02)	8201-9069
Hsingfu Mini-Branch	24247	No. 800, Hsingfu Rd., Hsinchuang City, Taipei County	(02)	2998-3366
Luchou Branch	24747	No. 393, Chihsien Rd., Luchou City, Taipei County	(02)	8282-2068
Hsintien Mini-Branch	23148	No. 263-5, Chungcheng Rd., HsinTien City, Taipei County	(02)	8911-7676
Taishan Branch	24347	No. 110, Sec. 1, Mingchih Rd., Taishan Hsiang, Taipei County	(02)	2297-9797
Wuku Branch	24872	No. 12, Sec. 1, Chunghsing Rd., Wuku Hsiang, Taipei County	(02)	8976-9000
Ilan County				
Luotung Branch	26548	No. 30, Chungcheng N. Rd., Luotung Town, Ilan County	(03)	957-1259
Taoyuan County				
Tayeh Mini-Branch	33049	No. 55, Sec. 1, Tale Rd., Taoyuan City, Taoyuan County	(03)	347-8899
Taoyuan Branch(Note)	33048	No. 32-20, Chungshan E. Rd., Taoyuan City, Taoyuan County	(03)	336-0555
Chungli Branch	32097	No. 171, Chienhsing Rd., Chungli City, Taoyuan Hsien	(03)	428-2229
Hsinchu City				
Hsinchu Branch	30041	No. 247, Chungyang Rd., East Dist., Hsinchu City	(03)	515-3608
Linsen Branch	30061	No. 109, Hsita Rd., East Dist., Hsinchu City	(03)	610-0189
Hsinchu County				
Chupei Branch	30264	No. 232 & 236, East Sec. 1, Kuangming 6th Rd., Chupei City, Hsinchu County	(03)	658-5818
Taichung City				
Taichung Branch(Note)	40354	No. 159, Sec. 1, Taichungkang Rd., West Dist., Taichung City	(04)	2310-9996
Hsiangshang Mini-Branch	40356	No. 166, Sec. 1, Hsiangshang S. Rd., West Dist., Taichung City	(04)	2472-2528
Chingwu Branch	40147	No. 188, Chingwu E. Rd., East Dist., Taichung City	(04)	2211-2368
Changhua County				
Yuanlin Branch	51052	No. 12, Chinghsiu Rd., Yuanlin Town, Changhua County	(04)	832-2171
Shetou Mini Bank	51141	No. 257, Sec. 2, Yuanchi Rd., Shetou Hsiang, Changhua County	(04)	872-1017
Changhua Branch	50063	No.187, Siaoyang Rd., Changhua City, Changhua County	(04)	728-9399
Chiayi City				
Chiayi Branch	60089	1F & 2F, No. 296 & 298, Chunghsing Rd., Chiayi City	(05)	234-2023
Kuanghua Branch	60045	No. 119, Kuanghua Rd., East Dist., Chiayi City	(05)	228-5830
Tainan City				
Chunghua Branch(Note)	70168	No. 102, Sec. 3, Chunghua E. Rd., East Dist., Tainan City	(06)	267-0751
Tungning Branch	70160	No. 247, Tungning Rd., East Dist., Tainan City	(06)	237-5141

Tainan Branch	70050	No. 148, Sec. 2, Chungyi Rd., Jhongxi Dist., Tainan City	(06)	228-2171
Chienkang Branch	70262	No. 370, Sec. 2, Chienkang Rd., South Dist., Tainan City	(06)	261-2136
Anshun Branch	70941	No. 202, Sec. 1, Anho Rd., Annan Dist., Tainan City	(06)	256-3146
Hsihua Branch	70847	No. 359, Sec. 2, Chunghua W. Rd., Anping Dist., Tainan City	(06)	297-9880
Tainan County				
Chiali Branch	72254	No. 277, Hsinsheng Rd., Chiennan Li, Chili Town, Tainan County	(06)	721-7398
Yungkang Branch	71049	No. 625, Chunghua Rd., Yungkang City, Tainan County	(06)	203-6607
Jente Branch	71743	No. 273, Sec. 2, Chungcheng Rd., Jente Hsiang, Tainan County	(06)	270-6361
Kaohsiung City				
Kaohsiung Branch(Note)	80766	No. 192, Chiuju 1st Rd., Sanmin Dist., Kaohsiung City	(07)	384-3163
Sanfeng Branch	80749	No. 293, Chunghua 3rd Rd., Sanming Dist., Kaohsiung City	(07)	231-5101
Tashun Branch	80787	No. 41, Tashun 2nd Rd., Sanmin Dist., Kaohsiung City	(07)	386-1622
Pingteng Branch	80745	No. 283, Tzuli 1st Rd., Sanmin Dist., Kaohsiung City	(07)	321-4622
Tingli Branch	80789	No. 142, Tingli Rd., Sanmin Dist., Kaohsiung City	(07)	346-5955
Tsuoying Branch	81357	No. 102, Poai 2nd Rd., Tsuoying Dist., Kaohsiung City	(07)	556-0128
Haikuang Branch	81346	No. 190, Tsuoyingta Rd., Tsuoying Dist., Kaohsiung City	(07)	582-3511
Liwen Branch	81358	No. 75, Liwen Rd., Tsuoying Dist., Kaohsiung City	(07)	558-0711
Lingya Branch	80250	No. 22, Fuhsing 2nd Rd., Lingya Dist., Kaohsiung City	(07)	331-0066
Chingnien Branch	80252	No. 169-1, Chingnien 1st Rd., Lingya Dist., Kaohsiung City	(07)	331-8526
Szuwei Branch(Note)	80245	No. 159, Chunghua 4th Rd., Lingya Dist., Kaohsiung City	(07)	333-3701
Chienchen Branch	80266	No. 281, Santuo 2nd Rd., Lingya Dist., Kaohsiung City	(07)	711-0046
Chienkuo Branch	80289	No. 124, Wumiao Rd., Lingya Dist., Kaohsiung City	(07)	715-3513
Hsinhsing Branch	80049	No. 6, Chungcheng 4th Rd., Hsinhsing Dist., Kaohsiung City	(07)	288-4131
Mintsu Branch	80047	No. 218, Chungcheng 2nd Rd., Hsinhsing Dist., Kaohsiung City	(07)	224-2426
Yuchang Branch	81156	No. 803, Chiachang Rd., Nantzu Dist., Kaohsiung City	(07)	364-6530
Unit Name		Address		Tel.
Nantzu Branch	81162	No. 55, Nantzu Rd., Nantzu Dist., Kaohsiung City	(07)	353-5513
Takung Branch	80342	No. 40, Takung Rd., Yencheng Dist., Kaohsiung City	(07)	531-5105
Hsiaokang Branch	81254	No. 178-1, Kangchuang Rd., Hsiaokang Dist., Kaohsiung City	(07)	806-5171
Kaohsiung County				
Wuchia Branch	83084	No. 368, Wuchia 2nd Rd., Fengshan City, Kaohsiung County	(07)	726-0801
Kangshan Branch	82065	No. 16, Tate 1st Rd., Kangshan Town, Kaohsiung County	(07)	623-6182
Chishan Branch	84243	No. 158, Chungshan Rd., Chishan Town, Kaohsiung County	(07)	661-2081
Liukuei Mini-Branch	84441	No. 94, Kuangfu Rd., Yipao Village, Liukuei Hsiang, Kaohsiung County	(07)	689-2741
Meinung Mini-Branch	84348	No. 25, Sec. 1, Chungcheng Rd., Meinung Town, Kaohsiung County	(07)	681-8346
Linyuan Branch	83248	No. 136, Tunglin W. Rd., Linyuan Hsiang, Kaohsiung County	(07)	643-8141
Pingtung County				
Pingtung Branch	90074	No. 70, Chungcheng Rd., Pingtung City, Pingtung County	(08)	732-6123
Chungcheng Branch	90062	No. 293, Chungcheng Rd., Pingtung City, Pingtung County	(08)	736-0811
Tzuyu Branch	90079	No. 114, West Sec., Tzuyu Rd., Pingtung City, Pingtung County	(08)	753-9224
Chungshan Branch	90065	1F, No. 187, Chungshan Rd., Pingtung City, Pingtung County	(08)	733-1053
Likang Branch	90546	No. 43, Likang Rd., Chunlin Village, Likang Hsiang, Pingtung County	(08)	775-7735
Tungkang Branch	92843	No. 166, Chungcheng Rd., Tungkang Town, Pingtung County	(08)	832-0887

Note: Appointed Foreign Exchange Bank.

陽信商業銀行股份有限公司

董事長 林彭郎



Sunny Bank Co., Ltd. (with seal)

Chairman: LIN, PENG-LANG (with seal)