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SUNNYBANK



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2011 ANNUAL REPORT

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See P. 183~P.185 for details on "List of Head Office and Each Business Unit"

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Titles: Taiwan Ratings Co., Ltd

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TEL: (02) 8722-5800

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

**The notarization CPA of last few years**

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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 Website:

<http://www.sunnybank.com.tw>

## 2011 ANNUAL REPORT



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Chairman  
Lin, Pong-Long

## **I. Letter to Shareholders**

- (1) The 2011 Operation Results
- (2) Overview of 2012 Business Plan
- (3) Development Strategy
- (4) **The Impact** of the External Operating Environment, Legal and Regulatory Environment to the Bank's Overall Operating Environment
- (5) Credit Rating

Dear shareholders,

First of all I would like to show my gratitude for the supports and caring of the shareholders of Sunny Bank. Looking back at the previous year, the world economy came out of the shadow of global economic crisis, and is now on its way up. However, the poor employment issues in America and Europe and the illusive European debt crisis are still clouding the worldwide economy. In domestic banking market, the competition coming from too many banks in Taiwan results in difficulty in improvement of banks' core profit making capability. The Central Bank tightens its grip on housing mortgages leads to real estate drops, which causes the mortgage business of banks to shrink. However, Sunny Bank is prepared for any challenge and making appropriate adjustment of deposit and loan businesses in order to increase the profitability. With the careful planning of the headquarters and the 100% supports of branch offices, we are making steady steps toward exceeding the annual goals set forth. Business performance indicators are shining and the quality of assets is improved dramatically.

Sunny Bank has been making profits month after month ever since surplus started to show in July 2009. The earnings of the bank after tax in 2010 was NT\$ 550,767,000 as CAP's auditing report shows. To ensure the same result for 2011, the Bank continues the efforts of reformation, such as moving business points in southern Taiwan to north, improvement of business environment for better service quality, constant employee training and talent incubation, recruitment of excellent managers, and intensification of internal auditing. With the supports of directors, supervisors and the hard work of fellow workers, Sunny Bank made a net profit of NT\$ 500,228,000 after tax in 2011, and the annual earning achievement reached 145.03%, indicating that the profitability of the Bank is stabilizing. Looking at the future, the Bank will continue to commit to the stable operations and maximizing the interests for all shareholders. The following are the brief presentation of 2011 operating results and 2012 business plan:

## **1. The 2011 Operation Results**

### **(1) Optimization of business channel, and creation of maximum operating value**

To stay ahead of competitors and make the most out of the 96 branch offices throughout Taiwan for greater business scale and extent, the Bank is strategically relocating several branches in order to exploit the advantage of nationwide banking business and focus banking opportunities in northern Taiwan. For example, the Zhongzheng Branch in Pingtung was relocated to North District, Taichung and became "Beitun Branch" in January 2011; functionality was swapped between Linyuan Branch and Daan Simple Office in April 2011; functionality was swapped between Ligang Branch and Xiangshang Simple Office in June 2011; and Haiguang Branch was renovated and reopened in July 2011. The Bank will continue to strengthen the value of channel, optimize branch locations, and further enhance the overall operating performance.

### **(2) Business Plan and Operating Strategy Implementation Results**

The Bank endeavored to improve asset quality and achieved significant performance in 2011. Our non-performing loan ratio lowered from 1.29% in the end of 2010 to 0.75% in the end of 2011, declining by 0.54%. Coverage also increased from 61.21% in the end of 2010 to 110.30% in the end of 2011, rising 49.09%. In business development, the total lending balance increased substantially by NT\$ 14.5 billion compared with 2010, while deposits increased by approximately \$5 billion. Overall operating performance significantly improved.

In NT Thousand Dollar: US Thousand Dollar

Main Business Item	2011	2010	Growth Rate Compared to Last Year
Deposit (Year End Balance)	219,449,892	204,947,843	7.08%
Loan (Year End Balance)	178,841,054	173,856,696	2.87%
Financial Management Business Sales	19,590,627	25,094,266	-21.93%
Importing/Exporting Exchange	1,994,655	2,238,977	-10.91%
Trust Property Scale	35,360,981	32,774,835	7.89%
Equity Investment with Equity Method (Year End)	559,970	301,056	86.00%





### (3) Budget Execution

The Bank's deposit and loan balance both increased sharply. After-tax net loss income was NT \$500 million, achieving 145% of the target in 2011.

President  
Ding, Wei-Hao



#### (4) Financial Income/Expenditure and Profitability Analysis

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

In NT\$ Thousand Dollars

Main Business Item	2011	2010	Compared to Last Year
Interest Profit	2,981,377	2,668,077	11.74%
Non-interest Profit (Loss)	498,539	709,005	-29.68%
Total Net Profit	3,479,916	3,377,082	3.05%
Bad Debt Expenses	539,247	375,297	43.69%
Operating Expenses	2,433,059	2,406,318	1.11%
Net Income Before Tax	507,610	595,467	-14.75%
Net Income After Tax	500,228	550,767	-9.18%
Earnings per Share Before Tax	0.40	0.49	-18.37%
Earnings per Share After Tax	0.40	0.45	-11.11%

Explanation:

- (1) The reduction in the Bank's 2011 net interest income resulted from an increase of loans.
- (2) Non-interest profit dropped in 2011 due to decrease of net values of property trades and the net income listed according to equity method.
- (3) The increase in the bad debt expenditures resulted from deposit expenditure required by Statement of Financial Accounting Standards No. 34 and 0.5% of provisioning required by the competent authority.

#### (5) Research and Development

To monitor the changes in domestic and international economic and financial situations, and respond to the needs of our business, our departments perform financial situation analysis on regular and ad hoc basis, and issue related research reports on development of banking industry, and provide all staff for market trends analysis and reference.

### 2. Overview of 2012 Business Plan

The Bank will continue to provide customers in the future with quality based on the quality policy of "strong, forward-looking, professional, and dedicated" as the foundation of sustainable management. Going forward, key focuses of business development are as follows:

#### (1) Expansion of lending business

For stable operations and to meet the policies of competent authority, the lending business strategy of 2012 switches to SME loans personal loans that are more profitable. For better risk management, the SME loans will be accompanied with immovable collaterals or credit guarantee fund, and client screening will be enforced. For personal loans, the target clients will be those who have a steady job and salary transfer or labor insurance. This will provide a clear source of payment and reduce credit risks.

**(2) Expansion of business scale**

The Bank will be committed to improve the business capacity of branch offices and realize the strategies of service at client's front door and local penetration based on the spirit of service with smile in order to improve clients' satisfaction and expansion of client groups.

**(3) Improvement of asset quality**

The goal for non-performing loan ratio in 2012 is a decrease to less than 0.7% and coverage greater than 110% or more. Also, stricter control will be enforced on the quality of new loans in order to reduce the amount of overdue loans, while bad debts will be followed continuously to increase the retrieval of bad debts and improve the quality of assets.

**(4) Provision of diversified financial products**

The Bank will design a variety of credit products and wealth management trust products for different customer segments, including private equity funds or collective managed accounts, life insurance and other new financial products, to provide our customers with more diversified financial product choices and meet more customer needs.

**(5) Enhancement of electronic financial services**

Continue to improve and update Internet banking, online ATM transaction capabilities. Through diversified electronic financial transactions and service platform, the Bank enhances customer service, improves customer flows, reduces operating costs and continues to update the network security system to protect the integrity and security of customer information.

**(6) Renovation of business points**

To better exploit the values of branch offices and improve business performance, the Bank is considering the business performance of branch offices and the balanced overall layout of business regions and accelerating the adjustment of distribution of branch offices throughout Taiwan. The plan is to relocate branch offices with complete functionality to metropolitan areas north of Taichung, allowing mutual complementary support and assistance between these offices. Also, the plan includes renovation of offices to create a comfortable banking environment and establish the image of professional banking institute, as to improve the overall business scale and performance. The branch offices at Keelung and Tucheng were established at the first half of 2012.

**3. Development Strategy**

- (1) Continue to strengthen 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) Implement risk management, strengthen risk control, lending standards, and improve the quality of lending assets.
- (4) Continue to integrate and reconfigure the branches to expand channel benefits.
- (5) Promote the International Accounting Standards (IFRS) in compliance with the regulators, to develop financial management efficiency performance to effectively improve operational performance.
- (6) Actively promote staff on job training, draw up training program for professionals to improve manpower quality.
- (7) Deeply explore core businesses to enhance customer relations, expand customer base and 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 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 Assets), and has a renowned emphasis on strengthening the financial infrastructure and stepping up the risk control and monitoring; in support of the cross-strait economic and trade policy adjustment and the financial transactions with the mainland region. As the financial system and the laws and regulations will continue to 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+/twA-2/Stable" in long-term and short-term credit rating on August 23, 2011.

Chairman

**LIN, PONG-LONG (with seal)**



President

**DING, WEI-HAO (with seal)**





## II. Bank Profile

- (1) Date of Registration
- (2) Company Overview

## **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 2<sup>nd</sup>, 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. To explore channel synergy of branches, the Bank cautiously plans its service locations. We established Luotong 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: Chupei, Chungsing and Changhua, Eastern Taoyuan and Nangang in 2010 and Beitun in 2011, 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.

To adapt to the rapid changes in the financial market and offer customers diversified financial services, the Bank not only bettered the operating capital, but also actively integrated itself into other financial areas and has reinvested in Sunny Securities Co., Ltd., Sunny Life Insurance Brokerage Co., Ltd., Sunny Property & Insurance Brokerage Co., Ltd., Sunny Assets Management Co., Ltd to act as an agent for various insurance products and engage in brokerage, trading and settlement 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 the existing connections and locations basis.

The Bank will continue to focus on business development, to strengthen the quality and quantity of loans, and continue to clean up distressed assets through reasonable assessment of expenditures, in order to minimize costs. We will raise capital adequacy ratio to strengthen financial and operational structure, improve customer service quality, enhance organizational effectiveness and effective active management and performance-oriented culture, and reach the goal of sustainable management.



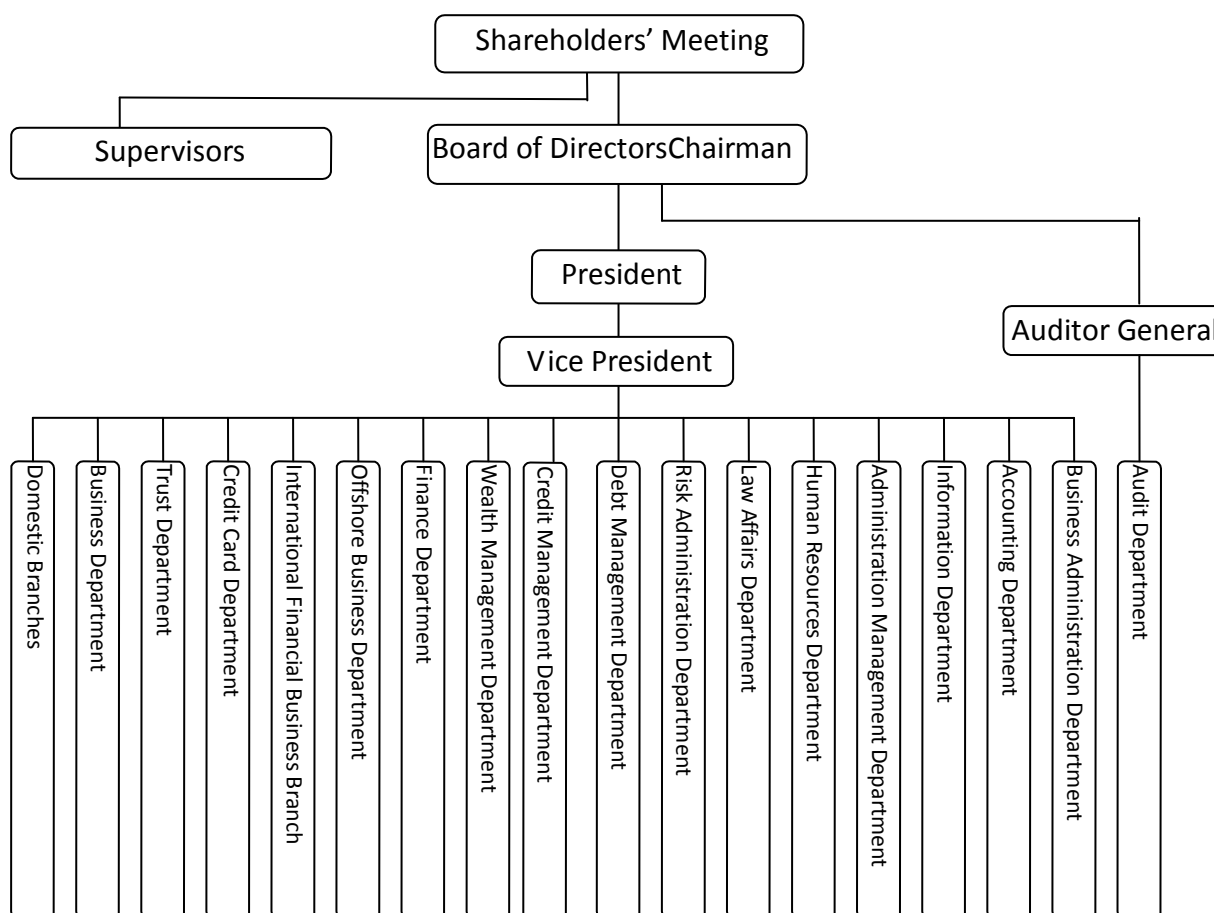
### III. Corporate Governance Report

- (1) Organization
- (2) Director, Supervisor, President, Vice President, Deputy Executive Vice President, and Heads of Departments and Branches
- (3) Corporate Governance Operations
- (4) CPAs Information
- (5) Changes of CPAs
- (6) Chairman, President, Financial or Accounting Managers, and those that have served in CPA or Affiliated Associated Business in the Most Recent Year
- (7) Changes of Shareholders Equity
- (8) Information on the Relationships between the 10 Largest Shareholders as Given in Statement of Financial Accounting Standards No. 6
- (9) Numbers of Shares in the Same Reinvested Enterprises Held by the Bank and its Directors, 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 Consolidated Shareholding

## 1. Organization

### (1) Organization Chart

As of March 31 2012



### (2) Major Business of Each Department

The Bank operates a headquarter 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 and International Financial Business Branch; their major responsibilities are as follows:

- (1) Business Administration Department: Operating strategies, administration policy, operating development plans and the overall marketing campaign proposal development and performance evaluation.
- (2) Accounting Department: Operating budget compilation and review, approval and allocation, reconciliation and audit-related compilation, among other accounting management-related undertakings.
- (3) Information Department: Planning, drafting and management of the information business system and information operating system.
- (4) Administration Management Department: Word processing, file management, general management, capital expenditures, and renovation.
- (5) Human Resources Department: Staffing allocation, bank employee recruitment, hiring, appointment/dismissal, promotions, bank employees' local and foreign training and advanced study plans, budget and execution-related measures.
- (6) Law Affairs Department: Legal affairs-related administrative planning, supervision and evaluation.
- (7) Risk Administration Department: The risk management policy, system, and mechanism's drafting, structuring and execution, as well as overall operating risk assessment, supervision, and control.
- (8) Debt Management Department: Loan review follow-up evaluation, overdue loan repayment collection, recourse debt collection, and pre-consultation's planning, supervision, and management.
- (9) Credit Management Department: The Bank-wide lending policy drafting (revising) and loan review operations' supervision and management.
- (10) Wealth Management Department: The wealth-management business's operating policy, business plan,



operating objectives' drafting (revising) and management-related undertakings, related product research and development, marketing promotion, market research.

- (11) Finance Department: The NTD-denominated and foreign currency-denominated capital operation and management, and financial and investment management.
  - (12) Offshore Business Department: The foreign exchange business's planning, promotion, and management.
  - (13) Credit Card Department: The credit card product business' planning, promotion, and management.
  - (14) Trust Department: The trust business' planning, promotion, and management.
  - (15) Business Department: Operation of the deposit, exchange clearance, cashiering, representation, loan, foreign exchange, trust and money-management business processing.
  - (16) International Financial Business Branch: Manage international financial business.
- 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

### (1) Directors and supervisors

As of December 31 2011

Position	Name	Date of Employment	Service Tenure	Initial Elected Date	Holding at Election		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, Pong-Long	06/22/2009	3 yrs	06/22/2009	30,000	---	31,041	---	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	---	---	- - -	---
Managing Director	Fu Li Yang Investment Co., Ltd.	06/22/2009	3 yrs	05/19/2003	82,952,766	6.51%	82,952,766	6.51%	-	-	---	-	The 3rd to 7 <sup>th</sup> Taipei City Councilor President Director of Yang Ming Shan Credit Union	Director of Chuan Yam Construction Co., Ltd. Chairman of Sunny Foundation Director of Sunny Bank Securities Co., Ltd.	Director	Chen, Chih-Chia	Brothers
	Representative: Chen, Sheng-Hung			09/01/1997	7,179,892	0.56%	7,179,892	0.56%	3,232,655	0.02%	---	-	The 1st - 4 <sup>th</sup> Chairman of Sunny Bank The 4 <sup>th</sup> & 5 <sup>th</sup> legislator Graduated from University				
Managing Director	Wu, Hsi-Hui	06/22/2009	3 yrs	09/01/1997	2,367,364	0.19%	2,567,364	0.20%	-	-	---	-	Chairman of Yang Ming Shan Gas Co., Ltd. President Directors of Yang Ming Shan Credit Union The 1st - 4 <sup>th</sup> Managing Director	Chairman of Yang Ming Shan Gas Co., Ltd.	---	- - -	---

													of Sunny Bank Chairman of Cheng Fa Films Co., Ltd. Graduated from Primary School				
Mana ging Direc tor	Liu, Chen- Sheng	06/22/ 2009	3 yrs	09/01/ 1997	4,9 64, 272	0.3 9%	5,004, 272	0.3 9%	1 , 0 0 2 , 5 8 2	0 . 0 8 %	---	- - -	Chairman of Jih Chien 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	Chairman of Shihpai Tzuchiang General Market Co., Ltd.	Ass ista nt Vic e Pre sident	L i u , M i n g - C h i e h	Fat her & So n
Indep ende nt Mana ging Direc tor	Wu, Wen- Chen g	06/22/ 2009	3 yrs	06/22/ 2009	---	---	---	---	6 7 3 , 8 1 7	0 . 0 5 %	---	- - -	CPA of Guang Yan CPAs Co. Graduated from University	Supervisor of Young Fast Optoelectronics Co., Ltd. Provisional administrator of Taiwan International Securities Corporation	---	- - -	---
Direc tor	Po Yun Enter prise Co., Ltd. Repre sentat ive: Chen, Chin- Chia	06/22/ 2009	3 yrs	06/22/ 2009 06/12/ 2000	4,0 63, 726 4,1 77, 407	0.3 2% 0.3 3%	4,063, 726 4,177, 407	0.3 2% 0.3 3%	- - - 6 , 3 5 1 , 6 0 1	- - - 0 . 5 0 %	---	- - - - -	Director of Po Yun Wu Enterprise Co., Ltd. Director of Formosa On-line Co., Ltd. The 2 <sup>nd</sup> - 3 <sup>rd</sup> Director of Sunny Bank The 4 <sup>th</sup> Managing Director of Sunny Bank Graduated from University	Director of Po Yun Enterprise Co., Ltd.	Ma nag ing Direc tor	C h e n , S h e n g - H u n g	Br oth ers
Direc tor	Chan g, Wu-P ing	06/22/ 2009	3 yrs	09/01/ 1997	6,1 82, 489	0.4 8%	6,182, 489	0.4 8%	1 , 5 9 1 , 6 3 8	0 . 1 2 %	---	- - -	Director of Yang Ming Shan Credit Union The 1 <sup>st</sup> - 4 <sup>th</sup> Director of Sunny Bank Graduated from Senior Commercial High School	Chairman of Ping An Construction Co., Ltd.	---	- - -	---
Direc tor	Ho, Shun- Chen g	06/22/ 2009	3 yrs	09/01/ 1997	4,4 50, 735	0.3 5%	4,450, 735	0.3 5%	5 , 4 4 8 , 5 7 0	0 . 4 3 %	---	- - -	Person-in-Charge of Yuan Shun Jewelry Co., Ltd. Director of Yang Ming Shan Credit Union The 1 <sup>st</sup> - 4 <sup>th</sup> Director of Sunny Bank Graduated from Senior High School	Director of Sunny Life Insurance Brokerage Co., Ltd. Director of Sunny Property & Insurance Brokerage Co., Ltd.	---	- - -	---
Direc tor	Yu Suan Co., Ltd. Repre sentat ive:	06/22/ 2009	3 yrs	06/22/ 2009 09/01/ 1997	20, 000 8,8 21, 778	--- 0.6 9%	50,00 0 9,054, 876	--- 0.7 1%	- - - - - -	- - - - - -	---	- - -	Director of Yang Ming Shan Credit Union The 1 <sup>st</sup> - 4 <sup>th</sup> Director of Sunny Bank Chairman of Sunny	Supervisor of Jin Jia Technology Co., Ltd. Director of Yu Suan Co., Ltd. Chairman of Sunny Property Insurance Brokerage Co., Ltd.	---	- - -	---

	Chen, Chin-Yi											Life Insurance Agent Co., Ltd. Graduated from University	Chairman of Sunny Life Insurance Agent Co., Ltd.			
Director	Lin, Cheng-Yu	06/22/2009	3 yrs	05/02/2006	5,387,362	0.42%	5,387,362	0.42%	558,437	0.044%	---	Chairman of Guo Zhi Construction Co., Ltd. The 4th Director of Sunny Bank Graduated from University	Director of Guo Zhi Enterprise Co., Ltd. Chairman of Guo Zhi Construction Co., Ltd. Director of Ji Lai Development Co., Ltd. Director of Jin Jing Chemical Co., Ltd.	---	- - -	---
Director	Fu Li Yang Investment Co., Ltd.	06/22/2009	3 yrs	05/19/2003	82,952,766	6.51%	82,952,766	6.51%	-	-	---	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.	---	- - -	---
	Representative: Chen, Chien-Yang			05/02/2006	3,717,876	0.29%	3,789,876	0.30%	1,064,773	0.088%	---					
Director	Chao, Fu-Tien	06/22/2009	3 yrs	05/02/2006	2,935,215	0.23%	2,935,215	0.23%	76,133	0.011%	---	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	Hsieh, Yi-Tung	06/22/2009	3 yrs	06/22/2009	76,583	0.01%	300,004	0.02%	1,178,307	0.099%	---	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	---	- - -	---
Independent Director	Chiang, Chun-Huai	06/22/2009	3 yrs	05/02/2006	---	---	---	---	-	-	---	Director of Saving Service Station of Saving Dept., Branch Manager, Director of Overdue Loan Processing Center of Land Bank of Taiwan The 4 <sup>th</sup> Independent Supervisor of Sunny Bank Graduated from University	---	---	- - -	---
Independent Director	Liu, Hsiang-Tung	06/22/2009	3 yrs	05/02/2006	---	---	---	---	-	-	---	Judge of District Court and Chief of Court Person-in-Charge of Hsiang Chih Law Office The 4 <sup>th</sup> Independent Director of Sunny Bank Graduated from University	Independent Managing Director of Union Plus Technology Co., Ltd.	---	- - -	---
Supervisor	Hsu Hung Techn	06/22/2009	3 yrs	06/22/2009	8,000	---	8,000	---	-	-	---	Director of General Chamber of Commerce of ROC	Person-in-charge of several resort hotels, person-in-charge of	---	- - -	---

	ology Co., Ltd.												Honor Chairman of Insurance Agency Association of ROC President of Huai De Insurance Agent Co., Ltd. Chairman of Land Bank Insurance Agent Co., Ltd. Chairman of Yangmingshan Tienlai Spring Resort Chairman of Hotel Royal Chiao Hsi Deputy Chairman of Delight Hotel Co., Ltd. Deputy Chairman of Tienlai Development Co., Ltd.	Chuen Fong Lou Restaurant, director of Huai De Insurance Agent Co., Ltd., director of Tienlai Enterprise Co., Ltd, director of Tienlai Development Co., Ltd., director of Delight Hotel Co., Ltd., supervisor of Taiwan Styrene Monomer Corp., director of Hua Wei Investment Co., Ltd., director of Huai De Investment Co., Ltd., director of Wan Lin International Development Co., Ltd., director of Tien Hsi Development Co., Ltd., Wu Feng Chih Enterprise Co., Ltd., deputy chairman of Yangmingshan Tienlai Spring Resort, director of Yangmingshan Investment Co., Ltd., director of Taipei World Trade Center International Trade Building Corporation, supervisor of Sunny Property & Insurance Brokerage Co., Ltd., supervisor of Sunny Life Insurance Brokerage Co., Ltd., Chairman of Land Bank Insurance Agent Co., Ltd.			
	Representative: Hsu, Wen-tung			04/27/2011	2,179,633	0.17%	2,552,560	0.20%	534,338	0.44%	---						
Supervisor	Tsai, Wen-Hsiung	06/22/2009	3 yrs	09/01/1997	7,405,159	0.58%	7,160,159	0.56%	464,014	0.37%	---	- - -	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 - 4 <sup>th</sup> Supervisor of Sunny Bank Graduated from Graduate School	Director of Jui Hsiang Development Co., Ltd.	---	- - -	---
Supervisor	Lin, Chin-Lung	06/22/2009	3 yrs	05/19/2003	900,049	0.07%	1,100,049	0.09%	129,793	0.10%	---	- - -	Manager of Trust Department of Taipei Business Bank Manager of Business Department of Taipei Business Bank Vice President & President of Sunny Bank The 2nd-4 <sup>th</sup> Director of Sunny Bank Graduated from University	---	---	- - -	---



Senior Vice President  
Cheng, Ming-Kun

Vice President  
Lin, Chih-Liang

Vice President  
Kuo, Chih-Hung



Vice President  
Chang, Chu-Ming

Vice President  
Chou, San-Ho

Auditor General  
Tseng, Yak-Te

1. Major Institutional Shareholders  
(1) Major Shareholders of Corporate Shareholders

As of Dec 31 2011

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

(2) Main shareholder is a legal person: None

2. Status of Professional Knowledge and Independence:

As of Dec 31 2011

Qualification	5 years of experience and one of the following qualifications?			Independence Status (Note)										Number of other listed companies in which the individual is concurrently serving as an independent director
	An instructor or higher position in the field of commerce, law, finance, accounting, or other fields that meet company's need in a public or private college or university	A judge, public prosecutor, lawyer, certified public accountant, or other professional and technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the business of the company	Previous 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	
Name														
Lin, Pong-Long			V	V	V	V	V	V	V	V	V	V	V	
Chen, Sheng-Hung			V	V					V	V		V		
Wu, Hsi-Hui			V	V		V	V	V	V	V	V	V	V	
Liu, Chen-Sheng				V		V		V	V	V	V	V	V	
Wu, Wen-Cheng		V	V	V	V	V	V	V	V	V	V	V	V	
Chen, Chin-Chia				V		V		V	V	V		V		
Chang,				V			V	V	V	V	V	V	V	



Wu-Ping														
Ho, Shun-Cheng				V		V		V		V	V	V	V	
Chen, Chin-Yi				V			V	V		V	V	V		
Lin, Cheng-Yu				V		V	V	V	V	V	V	V	V	
Chen, Chien-Yang	V			V		V	V	V	V	V	V	V		
Chao, Fu-Tien			V	V		V		V		V	V	V	V	
Hsieh, Yi-Tung					V	V	V	V	V	V	V	V	V	
Chiang, Chun-Huai			V	V	V	V	V	V	V	V	V	V	V	
Liu, Hsiang-Tun		V	V	V	V	V	V	V	V	V	V	V	V	1
Tsai, Wen-Hsiung		V	V	V			V	V	V	V	V	V	V	
Lin, Chin-Lung			V	V		V		V	V	V	V	V	V	
Hsu, Wen-Tung				V		V	V	V		V	V	V		

**Note 1: Adjustment of field length subject of the actual number.**

**Note 2: Please tick “V” in the box below for directors and supervisors that meet the following requirements during 2 years prior to job appointment or during term in office.**

- (1) Not an employee of the Bank or any of its affiliates.
- (2) 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)
- (3) Not a natural-person shareholder holding more than 1% of the Bank’s total issued stock under the name of one’s own, spouse or minor children, nor is one of the Bank’s top ten natural-person shareholders.
- (4) 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.
- (5) 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.
- (6) 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.
- (7) Not the head of, a partner, a director, supervisor, or manager or their respective spouse of a consulting firm, sole investor, partner, company or organization that has provided commercial, legal, financial and accounting services or consultancy to the Bank or its affiliates.
- (8) 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.

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

As of Dec 31 2011

Position (note 1)	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	Ding, Wei-Hao	6/22/2009	40,000	---	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	Cheng, Ming-Kun	08/03/2009	86,154	0.01	---	---	---	---	Graduated from Master of Business Administration, Feng Chia University Manager of Debt Management Department, Land Bank of Taiwan	---	---	---	---
Vice President	Chang, Chi-Ming	06/22/2009	350,213	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	06/22/2009	177,389	0.01	1,419	---	---	---	Graduated from Department of Business Administration, Tamsui Oxford College Acting President of Individual Finance Management Department	---	---	---	---
Vice President	Lin, Chih-Liang	06/22/2009	462,567	0.04	---	---	---	---	Graduated from Department of Accounting, Feng Chia University Acting President of Finance Management Department	---	---	---	---
Vice President	Chou, San-Ho	06/22/2009	252,553	0.02	---	---	---	---	Graduated from Department of Economics, National Cheng Chi University President of Business Administration Management Department	---	---	---	---
Auditor General	Tseng, Yak-Te	01/02/2003	387,862	0.03	44,120	---	---	---	Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business Currently the auditor general of Sunny Bank and former Manager of Audit Department	---	---	---	---
Chief Secretary	Wu, Jui-Hsiang	07/01/2009	42,367	---	---	---	---	---	Graduated from Department of Business Administration, National Chung Hsing University Researcher of Chairman Office, BankTaiwan Life Insurance Co., Ltd President Secretary and Acting Auditor-General of Agricultural Bank of Taiwan	---	---	---	---
Assistant Vice President	Liu, Ming-Chieh	03/14/2007	467,044	0.04	234,450	0.02	---	---	Graduated from Department of Applied Business, Open University, National Taipei College of Business Current the assistant vice president of Business Department and former Manager of Financial Revenue, North 1st District	---	Manager	Chen, Yao-Wen	Relatives by marriage
Assistant Vice	Kuo, Ching-Fe	03/14/2007	123,270	0.01	24,034	---	---	---	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce	---	---	---	---

President	ng								Current assistance vice president of Shipai Branch and former Assistant vice president of Taichung Branch				
Assistant Vice President	Yu, Shih-Jung	03/14/2007	69,996	0.01	586	---	---	---	Graduated from Department of Commerce, Shih Hsin Professional School of Industry & Commerce Current assistance vice president of Chungsin Branch and former Manager of Mucha Branch	---	---	---	---
Assistant Vice President	Chen, Yang-Yu	02/06/2010	15,714	---	---	---	---	---	Graduated from Graduate Institute of Department of Agricultural Economics, National Chung Hsing University Current assistance vice president of Taichung Branch and former Senior specialist of Taiwan Cooperative Bank	---	---	---	---
Assistant Vice President	Hsieh, Yi-Tung	11/26/2005	300,004	0.02	1,178,307	0.09	---	---	Graduated from Department of Accounting, Open University of Commerce Current assistant vice president of Mintsu Branch and former Assistant Vice President and Manager of Business Department of former Kao Shin Bank	---	---	---	---
Assistant Vice President	Huang, Hsieh-Chang	02/06/2010	15,586	---	---	---	---	---	Graduated from Department of Agricultural Economics, National Taiwan University Current assistance vice president of Wenli Branch and former Manager of Xinxing Branch, Taiwan Cooperative Bank	---	---	---	---
Assistant Vice President	Huang, Yen-Chun	03/14/2007	349,415	0.03	21,280	---	---	---	Graduated from Department of Banking, Tam kang University Current assistant vice president (former manager) of Information Department	---	---	---	---
Assistant Vice President	Wang, Ya-Hsun	06/22/2009	489,026	0.04	1,479	---	---	---	Graduated from Department of Accounting & Statistics, Tamsui Oxford College Assistant Vice President of Debt Management Department and former Assistant Vice President of Business Management Department	---	---	---	---
Assistant Vice President	Wang, Chieh-Yi	04/01/2008	13,315	---	---	---	---	---	Graduated from Department of International Trade, Soochow University Current Assistant Vice President (and former manager) of Wealth Management Department	---	---	---	---
Assistant Vice President	Lin, Yi-Tsun	08/01/2010	13,014	---	---	---	---	---	Graduated from Master of Business Administration, South Australia University Current assistant vice president of Credit Management Department Former Manager of Claims Management Center in Taipei County, Expert Commissioner of Claims Management Dept., Taiwan Cooperative Bank	---	---	---	---
Assistant Vice President	Chen, Cheng-Feng	02/06/2010	226,757	0.02	---	---	---	---	Graduated from International Trade, Chihlee Institute of Technology Current Assistant Vice President of Human Resources Department Former Assistant Vice President of Human Resources Department and Administration Management Department	---	---	---	---
Manager	Chen, Kuo-Hung	09/15/2001	108,152	0.01	2,585	---	---	---	Graduated from Department of Comprehensive Commerce, Yu Da High School of Commerce and Home Economics Current manager of Beitou Branch and former Manager of Tianmu Branch	---	---	---	---
Manager	Yang, Chen-Sheng	11/09/2006	295,484	0.02	168,565	0.01	---	---	Graduated from Department of General Commerce, Song Shan High School of Commerce and Home Economics Current manager of Shilin Branch and former manager of Lanya Branch	---	---	---	---
Manager	Kao, Chin-Mu	09/11/1998	271,705	0.02	71,402	0.01	---	---	Graduated from Department of Electronic Engineering, Kuang Wu Junior College of Technology Current manager of Beitun Branch and former Manager of Shipai Branch	---	---	---	---

Manager	Lu, Shen-g-Yu	03/14/2005	107,345	0.01	---	---	---	---	Graduated from Department of Accounting, Feng Chia University Current manager of Chiantan Branch and former manager of Chungshin Branch	---	---	---	---
Manager	Chiang, Tung-Sheng	07/01/2002	171,173	0.01	---	---	---	---	Graduated from Department of Business Administration, Takming College Current manager of Shetzi Branch and former manager of Taishan Branch	---	---	---	---
Manager	Chen, Yao-Wen	07/01/2002	69,656	0.01	221,184	0.02	---	---	Graduated from Graduate Institute of Computer Science and Information Engineering, National Chung Cheng Univ. Current manager of Lanya Branch and former manager of Lunghciang Branch	---	Manager	Li, Ming-Chieh	Relatives by marriage
Manager	Lin, Kuo-Hung	07/07/2003	145,161	0.01	7,135	---	---	---	Graduated from Department of Business Administration, Feng Chia University Current Manager of Tienmu Branch and former manager of Luchou Branch	---	---	---	---
Manager	Wu, Chia-Cheng	08/08/2002	278,930	0.02	4,159	---	---	---	Graduated from General Department of Tamkang High School Current manager of Shechung Branch and former manager of Chenggong Branch	---	---	---	---
Manager	Kao, Chih-Li	03/01/2003	289,506	0.02	13,816	---	---	---	Studied in Department of Computer, Tamkang University Current manager of Chilin Branch and former manager of Sanchung Branch	---	Manager	Kao, Chih-Liang	Brothers
Manager	Shen, Yu-Hsing	03/28/2008	10,689	---	---	---	---	---	Graduated from Department of International Trading, Tamsui Oxford College Current manager of Chengkung Branch and former assistant manager of Banciao Branch	---	---	---	---
Manager	Sung, Ping-Ping	03/14/2007	26,587	---	---	---	---	---	Graduated from Department of Business Administration, National Taipei College of Business Current manager of Credit Card Department and former assistant manager of Consuming Finance Business Department	---	---	---	---
Manager	Lung, Wan-Li	05/10/2007	10,917	---	---	---	---	---	Graduated from Department of Business Administration, Soochow University Credit Manager of Shin Kong Commercial Bank Current manager of Minsheng Branch and former Crediting manager of Shin Kong Bank	---	---	---	---
Manager	Tsen, Chieh-Chang	07/18/2005	71,387	0.01	---	---	---	---	Graduated from Department of Banking Insurance, Open Business College Affiliated with National Taipei College of Business Current manager of Yenchi Branch and former manager of Chiayi Branch	---	---	---	---
Manager	Liu, Yen-Hsing	12/24/2003	53,468	---	71,132	0.01	---	---	Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business Administration Current manager of Mucha Branch and former manager of Chungshin Branch	---	---	---	---
Manager	Tsao, Chun-Jung	06/23/1995	352,613	0.03	244,205	0.02	---	---	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce Current manager of Lungchiang Branch and former manager of Shilin Branch	---	---	---	---
Manager	Liu, Chung-Sean	10/01/2010	10,614	---	---	---	---	---	Graduated from master program of Department of Business Administration, Tamkang University Current manager of Nanking Branch, and former assistant manager of Changan Branch and Credit Management Department	---	---	---	---
Manager	Chien,	07/01/20	125,138	0.01	26,474	---	---	---	Graduated from Department of Economics, Tamkang University	---	---	---	---

	Chih-Hsin	02							Current manager of Chingmei Branch and former manager of Financial Revenue, North 3rd District and Yonghe Branch				
Manager	Hu, Chi-Min	12/01/2009	99,082	0.01	51,148	---	---	---	Graduated from Department of Economics, Feng Chia University Current manager of Xinyi Branch and former assistant manager of Credit Auditing Department and Neihu Branch	---	---	---	---
Manager	Chen, Hsieh-Chun	07/01/2002	82,411	0.01	---	---	---	---	Graduated from Business Administration Department, Takming University of Science and Technology Current manager of Chungho Branch and former manager of Chungli Branch	---	---	---	---
Manager	Lee, Ching-Cheng	08/15/2001	70,972	0.01	---	---	---	---	Graduated from Department of Business Administration, Fu Jen Catholic University Current manager (and former assistant manager) of Trust Department	---	---	---	---
Manager	Chen, Chi-Chuan	10/16/2003	443,660	0.03	78,673	0.01	---	---	Graduated from Department of Finance, Ming Chuan University Current manager of Yunghe Branch and former manager of Xinyi Branch	---	---	---	---
Manager	Chen, Yi-Huan	04/23/1999	445,616	0.03	53,768	---	---	---	Graduated from Department of Comprehensive Commerce, Chu Hai High Commercial School Current manager of Luzhou Branch and former manager of Operation Management Department	---	---	---	---
Manager	Chu, Chia-Lung	08/11/2006	90,601	0.01	---	---	---	---	Graduated from Department of Cooperative Economics, National Chung Hsing University Current manager of Banciao Branch and former assistant manager of Wuku Branch	---	---	---	---
Manager	Chiu, Chuan-Mao	07/01/2002	163,646	0.01	---	---	---	---	Graduated from Department of Public Finance, National Taipei College of Business Current manager of Taishan Branch and former manager of Xizhou Branch	---	---	---	---
Manager	Chen, Chien-Liang	07/09/2010	133,787	0.01	101,062	0.01	---	---	Graduated from Department of Commercial Documentation, National Taipei College of Business Current manager of Shinhe Branch and former manager of Chingnien Branch	---	---	---	---
Manager	Chen, Kuo-Shun	04/18/2011	9,525	---	---	---	---	---	Graduated from Department of Applied Commerce, National Taipei College of Business Current manager of Xizhou Branch and former manager of assistant manager of Xinyi Branch and Credit Management Department	---	---	---	---
Manager	Hu, Min-Fu	12/01/2009	13,255	---	3,681	---	---	---	Graduated from Department of Commerce, National Open University Current manager of Gutinh Branch and former manager of Tucheng Branch, Huachiang Branch, Land Bank of Taiwan	---	---	---	---
Manager	Chen, Ching-Ti	02/08/2011	10,539	---	---	---	---	---	Graduated from Department of International Business, Tamkang University Current manager of Xhinzhuang Branch and former assistant vice president of DBS Bank	---	---	---	---
Manager	Pan, Kuan-Chu	09/23/2004	53,940	---	29,764	---	---	---	Graduated from Department of Banking, Tamkang University Current manager of Sanchong Branch and former manager of Zhongli Branch	---	---	---	---
Manager	Chen, Hui-Ling	08/11/2006	353,722	0.03	---	---	---	---	Graduated from Department of Finance, National Taiwan University Current manager (and former assistant manager) of Finance Department	---	---	---	---
Manager	Yang, Yi-Chen	12/01/2009	40,845	---	---	---	---	---	Graduated from Department of Comprehensive Commerce, Daojiang Commerce School Current manager of Shuanghe Branch and former assistant manager of Changan and Zhongxing Branch	---	---	---	---
Manager	Tsai,	07/1	101,63	0.0	---	---	---	---	Graduated from Department of Industrial Engineering,	---	---	---	---

	Chien-Li	8/2005	9	1					Tung Hai University Current manager of Daye Branch and former manager of Chiayi Branch				
Manager	Liu, Yi-Fang	08/22/2011	9,880	---	---	---	---	---	Graduated from Department of Accounting and Statistics, National Taipei College of Business Current manager of Fuxing Branch and former assistant manager of Xinyi and Nanking Branches	---	---	---	---
Manager	Hsiao, Chih-Hui	10/26/2009	13,014	---	---	---	---	---	Graduated from Department of Accounting, Feng Chia University Current manager of Taoyuan Branch and former independent review board member of Agriculture Bank	---	---	---	---
Manager	Chang, Shun-Han	04/16/2004	65,345	0.01	22,877	---	---	---	Graduated from Department of German, Soochow University Current manager of Daan Branch and former manager of Neihu Branch	---	---	---	---
Manager	Shih, Li-Yu	04/01/2010	4,756	---	---	---	---	---	Graduated from the Business School of National Taiwan University Current manager of Offshore Business Department and International Financial Business Branch and former senior manager of Foreign Department of Yuanta Bank and manager of Changan Branch	---	---	---	---
Manager	Shih, Bo-Fu	05/13/2010	13,114	---	---	---	---	---	Graduated from Department of Business Administration, Fen Jia University Current manager of Xindian Branch and former manager of Business Department, Land Bank of Taiwan	---	---	---	---
Manager	Ke, Chun-Liang	05/31/2010	46,577	---	136	---	---	---	Graduated from Department of Accounting, Tung Hai University Current manager of Xinfu Mini Branch and former assistant manager of Consumer Finance Department and Credit Management Department	---	---	---	---
Manager	Tu, Hua-He	04/01/2010	10,614	---	---	---	---	---	Graduated from Master of Business Administration, National Chung Hsing University Current manager of Yuanlin Branch and former senior manager of Corporate Finance Central Business District, Taichung Branch, Makoto Bank	---	---	---	---
Manager	Kuo, Chia-Ing-Hai	12/17/2010	99,820	0.01	27,247	---	---	---	Graduated from Department of Business Administration of the Open University Affiliated to Taichung Institute of Commerce Current manager of Shetou Mini Branch and former specialist of Tsoying and Xinxing Branches	---	---	---	---
Manager	Chung, Min-Yuan	04/01/2009	48,886	---	21,017	---	---	---	Graduated from the Business School of National Taiwan University Current manager of Pingtung Branch and former assistant manager of Qishan and Kaohsiung Branches	---	---	---	---
Manager	Hsu, Chen-Yuan	11/26/2005	26,725	---	---	---	---	---	Graduated from Department of Economics, Feng Chia University Current manager of Zhongzheng Mini Branch and former manager of Tsiyu Mini Branch	---	---	---	---
Manager	Lee, Wen-Hui	09/20/2001	164,923	0.01	---	---	---	---	Graduated from Department of Cooperative Economics, Tamkang University Current manager of Xinpu Branch and former manager of Taipei Branch	---	---	---	---
Manager	Yu, Kuan-g-Lu	05/17/2004	42,887	---	---	---	---	---	Graduated from Department of International Trade, Tamkang University Current manager of Kaohsiung Branch and former manager of Zhongzheng Branch	---	---	---	---
Manager	Huang, Yao-Kun	05/08/2006	28,189	---	---	---	---	---	Graduated from Department of Accounting, Feng Chia University Current manager of Zhonghua Branch and former manager of Liwen Branch	---	---	---	---
Manager	Chen, Yung-Kuan	08/22/2011	12,168	---	---	---	---	---	Graduated from Department of Banking and Insurance, Feng Chia University Current manager of Chiayi Branch and former senior specialist of Taichung and Xiangshang Branches	---	---	---	---
Manager	Yang	02/2	42,462	---	99,062	0.	---	---	Graduated from Department of Accounting, National	---	---	---	---

	, Ying-Chung	3/2006				01			Chengchi University Current manager of Tainan Branch and former manger of Guanting Mini Branch				
Manager	Yang, Pao-Kuei	08/30/2007	65,605	---	---	---	---	---	Graduated from Department of Applied Chemistry, Chia Nan College of Pharmacy & Science Current manager of Jiankang Branch and former manager of Jinhua Branch	---	---	---	---
Manager	Lee, Tai-Ju	12/01/2009	153,668	0.01	9,616	---	---	---	Graduated from Department of Commerce, Kai Nan High Commerce & Technology Professional School Current manager of Dongning Branch and former assistant manager of Consuming Financial Center, North 1st District	---	---	---	---
Manager	Chen, Yuen-Teh	02/10/2010	12,168	---	---	---	---	---	Graduated from Department of Banking Management, Tamsui Institute of Business Administration Current manager of Anshuen Branch and former expert commissioner, Auditing Department, King's Town Bank	---	---	---	---
Manager	Tsen, Chien-Chia	08/08/2002	143,215	0.01	19,374	---	---	---	Graduated from Department of Economics, Chinese Culture University Current manager of Xihua Branch and former Manager of Consuming Financial Center, South 2nd District/Xihua Branch	---	---	---	---
Manager	Wu, Min-Hsiung	05/17/2010	13,114	---	---	---	---	---	Graduated from Department of Banking and Insurance, National Taipei College of Business Current manager of Hsinchu Branch and former expert commissioner of Business Department, Land Bank of Taiwan	---	---	---	---
Manager	Wu, Sheng-Yi	10/16/2009	12,726	---	---	---	---	---	Graduated from Department of Business Administration, Tung Hai University Current manager of Jingwu Branch and former manager of Nantun Branch and Beidou Branch of Farmers Bank of China	---	---	---	---
Manager	Chou, Chih-Wei	08/11/2006	101,300	0.01	231,176	0.02	---	---	Graduated from Department of Industrial Management, National Taiwan Institute of Technology Current manager of Tsoying Branch and former manager of Qingnien Branch	---	---	---	---
Manager	Tsai, Kun-Chih	09/15/2001	178,293	0.01	234,173	0.02	---	---	EMBA, National Pingtung University of Science and Technology Current manager of Lingya Branch and former manager of Tsoying Branch	---	---	---	---
Manager	Lin, Mao-Kun	08/22/2011	---	---	---	---	---	---	Graduated from Department of Economics, Tung Hai University Current manager of Xiangshang Branch and former research specialist of Land Bank of Taiwan	---	---	---	---
Manager	Lin, Cheng-Lung	10/19/2009	13,114	---	---	---	---	---	Graduated from Department of Public Administration, National Chengchi University Current manager of Neihu Branch and former expert commissioner of 2 <sup>nd</sup> regional center of Land Bank of Taiwan	---	---	---	---
Manager	Huang, Cheng-Chin	12/17/2010	13,014	---	---	---	---	---	Graduated from Department of Land Economics, National Chengchi University Current manager of Zhongli Branch and former expert commissioner of 3 <sup>rd</sup> regional center of Land Bank of Taiwan	---	---	---	---
Manager	Chuang, Yung-Fu	07/01/2002	90,723	0.01	---	---	---	---	Graduated from Department of Accounting, Feng Chia University Current manager of Wugu Branch and former manager of Zhongxing Branch	---	---	---	---
Manager	Pan, Mu-Yao	09/01/2011	---	---	---	---	---	---	Graduated from Department of International Trade, Feng Chia University Current manager of Linsen Branch and formerly a manager of Hwatai Bank	---	---	---	---
Manager	Chiu, Ming	03/25/2010	15,708	---	---	---	---	---	Graduated from Department of Business, National Open University Current manager of Xinxing Branch and former	---	---	---	---



	-Hua								manager of small business department of Citibank, Taiwan				
Manager	Hsia o, Yu-Chun	02/08/2011	10,539	---	---	---	---	---	Graduated from Department of Banking and Insurance, Feng Chia University Current manager of Qingnien Branch and former manager of Zhucheng Branch of Citibank, Taiwan	---	---	---	---
Manager	Liu, Min-Hsiang	11/26/2005	58,096	---	90,097	0.01	---	---	Graduated from Department of Finance, National Sun Yat-sen University Current manager of Sanfeng Branc and former manager of Haiguang Branch	---	---	---	---
Manager	Fu, Chia-Ming	02/21/2011	10,539	---	---	---	---	---	Graduated from Department of Business Administration, National Taichung University of Science and Technology Current manager of Siwei Branch and former business manager of south 2 <sup>nd</sup> center of Citibank, Taiwan	---	---	---	---
Manager	Su, Chien-Tsung	08/08/2001	152,574	0.01	---	---	---	---	Graduated from Department of International Trade, Feng Chia University Current manager of Dagong Branch and former assistant manager of Anshuen Branch	---	---	---	---
Manager	Chung, Shu-Jung	04/03/2006	28,477	---	---	---	---	---	Graduated from Department of Business, National Taiwan University Current manager of Dashuen Branch and former manager of Kaohsiung Region Corporate Banking Center	---	---	---	---
Manager	Pan, Cheng-Jen	11/26/2005	222,914	0.02	243,938	0.02	---	---	Graduated from Department of International Trade, Cheng Shiu University Current manager of Haiguang Branch and former manager of Dagong Branch	---	---	---	---
Manager	Kuo, Li-Chung	02/23/2006	120,217	0.01	---	---	---	---	Graduated from Department of Commerce, National Taiwan University, Current manager of Qianzhen Branch and former manager of Liwen Branch	---	---	---	---
Manager	Hsu, Chen-Hua	08/11/2006	82,453	0.01	---	---	---	---	Graduated from Department of Business Administration, Tamkang University Current manager of Pingdeng Branch and former assistant manager of Tsoying Branch	---	---	---	---
Manager	Hu, Chun-Wei	05/03/2006	98,455	0.01	---	---	---	---	Graduated from Department of German, Chinese Culture University Current manager of Ziogang Branch and former assistant manager of Sanfeng Branch	---	---	---	---
Manager	Li, Chun-Yu	04/01/2009	20,769	---	---	---	---	---	Graduated from Department of Business Administration, Feng Chia University Current manager of Yuchang Branch and former assistant manager of Siwei Branch	---	---	---	---
Manager	Juan, Chien-Chung	08/17/2009	79,635	0.01	59,396	---	---	---	Graduated from Department of Statistics, Tamkang University Current manager of Jianguo Branch and former assistant manager of Credit Auditing Department	---	---	---	---
Manager	Kao, Chih-Liang	08/17/2009	56,069	---	---	---	---	---	MBA, University of New York Current manager of Wujia Branch and former assistant manager of Beitou Branch	---	Manager	Kao, Chih-Li	Brothers
Manager	Hung, Jung-Tsung	08/11/2006	79,644	0.01	---	---	---	---	Graduated from Department of Accounting, National Chung Hsing University Current manager of Dingli Branch and former manager of Debt Management Department Manager and Credit Auditing Department	---	---	---	---
Manager	Huang, Fu-Chang	03/01/2010	12,168	---	---	---	---	---	Graduated from Business Department, National Open University Current manager of Nanzi Branch and former manager of San Min Branch and Ping Tung Branch of Citibank Taiwan	---	---	---	---
Manager	Liu, Chih-Cheng	11/26/2005	27,113	---	---	---	---	---	Graduated from General Department, National Chimei Senior High School Current manager of Qishan Branch and former manager of Qishan Branch	---	---	---	---

Manager	Wu, Ming-Feng	04/18/2011	9,645	---	---	---	---	---	Graduated from Department of Business Administration, Soochow University Current manager of Meinong Mini Branch and former assistant manager of Liugui Mini Branch and Minzu Branch	---	---	---	---
Manager	Tsui, Ching-Chih	05/17/2010	26,959	---	180	---	---	---	Graduated from Department of Journalism, Chinese Culture University Current manager of Linyuan Mini Branch and former manager of xinxing Branch	---	---	---	---
Manager	Tu, A-Ching	02/10/2010	11,229	---	---	---	---	---	Graduated from Master of Management Department, Chang Jung Christian University Current manager of Gangshan Branch and former assistant vice president of Chia Yi Branch, Yuanta Bank	---	---	---	---
Manager	Lee, Hsueh-Chang	07/09/2007	74,856	0.01	4,618	---	---	---	Graduated from Yung Ta Institute of Technology Current manager of Ligang Mini Branch and former manager of Zhongzheng Branch	---	---	---	---
Manager	Hung, Chien-Ming	04/01/2009	53,370	---	---	---	---	---	Graduated from Master of Commerce, National Kaohsiung First University of Science and Technology Current manager of Donggang Mini Branch and former assistant manager of Lingya Branch	---	---	---	---
Manager	Lu, Han-Kun	10/01/2002	296,567	0.02	157,780	0.01	---	---	Graduated from Graduate School of Finance, National Kaohsiung First University of Science and Technology. Current manager of Yungkang Branch and former senior specialist of Debt Management Department and manager of Jianguo Branch	---	---	---	---
Manager	Kou, Chien-Yun	05/07/2011	---	---	---	---	---	---	Graduated from Department of Statistics, National Chenchi University Current manager of Rende Branch and former expert commissioner of Debt Management Department of Taiwan Cooperative Bank	---	---	---	---
Manager	Chen, Chu-Wen	07/09/2010	79,838	0.01	---	---	---	---	Graduated from Department of Business Administration, Fen Jia University Current manager of Guanghua Branch and former manager of Tung Ning Branch and assistant manager of Business Department	---	---	---	---
Manager	Tang, Ying-Kui	04/28/2003	130,467	0.01	24,736	---	---	---	Graduated from master program of Department of Finance, National Central University Current manager of Taipei Branch and former manager of Shipai and Nanjing Branch	---	---	---	---
Manager	Huang, Chien-Ming	05/10/2011	72,507	0.01	57,982	---	---	---	Graduated from Department of Accounting, Yu Da University Current manager of Changan Branch and former manager of Xindian Mini Branch	---	---	---	---
Manager	Kuo, Kuen-Mu	04/08/2010	13,114	---	---	---	---	---	Graduated from Department of Business Administration, Tamkang University Current manager of Luodong Branch and former mmanager of Nangang Branch and expert commissioner of Business Department, Land Bank of Taiwan	---	---	---	---
Manager	Chen, Lung-Pan	11/22/2011	---	---	---	---	---	---	Graduated from Department of Administration, Open Business College Affiliated with National Chengchi University Current manager of Zhubei Branch, former research specialist of Taiwan Cooperative Bank	---	---	---	---
Manager	Ken, Yu-Chuan	08/17/2011	81,715	---	---	---	---	---	Graduated from Department of Accounting and Statistics, Takming Junior College Current manager of Chongxin Branch and former assistant manager of Financial Revenue, North 2nd District and Chenggong Branch	---	---	---	---
Manager	Wu, Jung-Chi	04/09/2007	10,995	---	---	---	---	---	Graduated from Department of Economics, Fu Jen Catholic University Current manager of Changhua Branch and former manager of Huacheng Branch	---	---	---	---

Manager	Chen , Chen g-Yi	03/18/2005	79,741	---	---	---	---	---	Graduated from Department of Marine Engineering, National Kaohsiung Institute of Marine Technology Current manager of Eastern Taoyuan Branch and former manager of Zhongli Branch	---	---	---	---
Manager	Chen , Kuan -Fu	06/01/2010	13,114	---	---	---	---	---	Graduated from Department of Business Administration, Tatung University Current manager of Nangang Branch and former expert commissioner/manager of Hsin Sheng Branch, Hua Nan Bank	---	---	---	---
Manager	Chen , Yi Hsiun	12/01/2009	19,744	---	---	---	---	---	Graduated from Department of Business Administration, Fu Jen Catholic University Current manager of Beitun Branch and former manager of Shetou Mini Branch	---	---	---	---
Manager	Yang , Lien-Tse	12/09/1999	352,956	0.03	411,253	0.03	---	---	Graduated from Department of Accounting, Graduate School of Soochow University (On-job Training Courses) Current manager of Risk Management Department and former manager of Accounting Section, Business Department	---	---	---	---
Manager	Chen , Chi-Wen	03/14/2007	140,312	0.01					Graduated from Department of Naval Architecture Engineering, National Taiwan University Current manager (and former assistant manager) of Information Department	---	---	---	---
Manager	Lee, Yu-Sheng	07/25/2002	142,430	0.01	---	---	---	---	Graduated from Department of Economics, Chinese Culture University Current manager of Debt Management Department and former manager of Jingmei Branch.	---	---	---	---
Manager	Lin, Chih-Chiang	08/22/2011	72,495	0.01	---	---	---	---	Graduated from Department of International Trade, Chungyu Junior College of Business Current manager of Business Management Department and former assistant manager of Wugu Branch and Credit Auditing Department	---	---	---	---
Manager	Kuo, Chen g Hon	02/06/2010	93,457	0.01	---	---	---	---	Graduated from Graduate School of National Central University Current manager of Business Administration Department and former assistant manager of Lanya Branch and Business Administration Department	---	---	---	---
Manager	Kan, Wu-Chen g	12/01/2006	55,165	---	---	---	---	---	Graduated from Department of International Trade, Soochow University Current manager of Credit Auditing Department and former manager of Corporate Finance Department	---	---	---	---
Manager	Liu, Tsung Hsiun	02/06/2010	16,516	---	121,436	0.01	---	---	Graduated from Graduate School of Financial Information, National Kaohsiung University of Applied Science Current manager of Accounting Department and former assistant manager of Business Administration Department and Accounting Department	---	---	---	---
Manager	Li, Wen Kuan g	02/06/2010	84,313	0.01	14,257	---	---	---	Graduated from Department of Law, Soochow University Current manager of Legal Affairs Department and former assistant manager of Administration Management Department and Law Affairs Department	---	---	---	---

Note 1: The information to be revealed shall include that of president, vice presidents, assistant vice presidents and the heads of department and branch office, including those who are at a position equivalent to president, vice president or assistant vice president.

Note 2: For the experience related to current position, in case that the person concerned had a previous job in the CPA's office during the period revealed above, the job title and job description shall be provided.

### (3) Remuneration to Directors, Supervisors, President and Vice Presidents and Employee Bonus Apportion in 2011

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

As of Dec 31 2011

In NT\$ 1,000

Position	Name	Remuneration to Directors								Ratio of total remuneration (A+B+C+D) to net income (%)		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)										
		Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report									
Chairman	Lin, Pong-Long Fu Li	21,586	23,590	-	-	---	183	-	-	270	4.32% (note)	4.81% (note)	2,051	2,051	-	-	-	-	---	---	-	-	---	---	-	-	4.73% (note)	5.22% (note)	-	-
Managing Director	Yang Investment Co., Ltd. Representative: Chen, Sheng-Hung Wu,																													
Managing Director	Hsi-Hui																													
Managing Director	Liu, Chen-Sheng																													
Managing Director	Wu, Wen-Cheng																													
Independent Managing Director	Hsieh, Yi-Tung Chang, Wu-Ping																													
Director	Ho, Shun-Cheng																													
Director	Yu-Suan Co., Ltd. Representative: Chen, Chin-Yi Lin, Cheng-Yu Fu Li Yang																													
Director	Investment Co., Ltd. Representative: Chen, Chien-Yang Chao, Fu-Tien Chiang, Chun-Huai																													
Director	ai																													
Independent Director	Liu, Hsiang-Tsun																													
Independent Director	Po-Yun Enterprise Co., Ltd. Representative																													
Director	ative: Chen, Chin-Chia																													

Note: The net income before tax of Sunny Bank is NT\$ 500,228,000 and consolidated net income after tax is NT\$ 500,230,000.

## Remuneration Range Table

In NT\$ 1,000

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)	
	Sunny Bank	All Companies included in the Consolidated Report	Sunny Bank	All Companies included in the Consolidated Report
Less than NT\$2,000,000	All of directors but Chairman, Pong-Long Lin,	All of directors but Chairman, Lin, Pong-Long and Director, Chen Chin-Yi	All of directors but Chairman, Lin, Pong-Long and Director, Hsieh, Yi-Tung	All of directors but Chairman, Lin, Pong-Long, Director, Hsieh Yi-Tung and Director, Chen, Chin-Yi
NT\$2,000,000 (Included) ~ NT\$5,000,000	-	Director, Chen, Chin-Yi	Director, Hsieh, Yi-Tung	Director, Hsieh, Yi-Tung and Director, Chen, Chin-Yi
NT\$5,000,000 (Included) ~ NT\$10,000,000	Chairman, Lin, Pong-Long	Chairman, Lin, Pong-Long	Chairman, Lin, Pong-Long	Chairman, Lin, Pong-Long
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	22,426	24,883	24,477	26,934

## 2. Remuneration to Supervisors

As of Dec 31 2011

In NT\$ 1,000

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)				
		Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	
Supervisor	Hsu Hung Technology Co., Ltd. Representative: Hsu, Po-Hsiung	2,600	2,600	-	-	-	-	-	150	0.52 % (note 2)	0.55% (note 2)	-
Supervisor	Hsu, Wen-tung (note 1)											
Supervisor	Tsai, Wen-Hsiung											
Supervisor	Lin, Chin-Lung											

Note 1: Mr. Hsu, Wen-Tung was assigned by Hsu Hung Technology Co., Ltd. as the supervisor of Sunny Bank to relieve Mr. Hsu Po-Hsiung as of April 27 2011.

Note 2: The net income before tax of Sunny Bank is NT\$ 500,228,000 and consolidated net income after tax is NT\$ 500,230,000.

### Remuneration Range Table

In NT\$ 1,000

Range of Remuneration to Supervisors	Name of Supervisors	
	Sum of A,B,C and D (A+B+C+D)	
	Sunny Bank	All Companies included in the consolidated report
Less than NT\$2,000,000	All of supervisors listed above	All of supervisors listed above
NT\$2,000,000 (Included) ~ NT\$5,000,000	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000	-	-
NT\$10,000,000 (Included) ~ NT\$15,000,000	-	-
NT\$15,000,000 (Included) ~ NT\$30,000,000	-	-
NT\$30,000,000 (Included) ~ NT\$50,000,000	-	-
NT\$50,000,000 (Included) ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	2,600	2,750

### 3. Remuneration to President and Vice Presidents

As of Dec 31 2011

In NT\$ 1,000

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
		Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	Sunny Bank		All Companies included in the consolidated report		Sunny Bank	All Companies included in the consolidated report	Sunny Bank	All Companies included in the consolidated report	
								Cash Dividend	Stock Bonuses	Cash Dividend	Stock Bonuses					
President	Ding, Wei-Hao	16,196	16,196	-	-	5,531	5,536	-	-	-	-	4.34% (note)	4.34% (note)	-	-	-
Senior Vice President	Cheng, Ming-Kun															
Vice President	Lin, Chih-Liang															
Vice President	Chou, San-Ho															
Vice President	Chang, Chi-Ming															
Vice President	Kuo, Chih-Hung															
General Auditor	Tseng, Yao-Te															

Note: The net income before tax of Sunny Bank is NT\$ 500,228,000 and consolidated net income after tax is NT\$ 500,230,000.

## Remuneration Range Table

In NT\$ 1,000

Range of Remuneration to President and Vice Presidents	Name of President and Vice Presidents	
	Sunny Bank	All Companies included in the consolidated report
Less than NT\$2,000,000	All of President, Vice Presidents and Auditor General listed above	All of President, Vice Presidents and Auditor General listed above
NT\$2,000,000 (Included) ~ NT\$5,000,000	-	-
NT\$5,000,000 (Included) ~ NT\$10,000,000	-	-
NT\$10,000,000 (Included) ~ NT\$15,000,000	-	-
NT\$15,000,000 (Included) ~ NT\$30,000,000	-	-
NT\$30,000,000 (Included) ~ NT\$50,000,000	-	-
NT\$50,000,000 (Included) ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	21,727	21,732

4. Name of Managers to Whom Employee's Bonuses Are Paid and the Distribution of Bonuses: None

**(4) 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 income, and description of remuneration payment policy, criteria and combination, process to determine remunerations and connection to business performance**

1. 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 income

By comparing the total remunerations paid to the Bank Directors, Supervisors, President and Vice Presidents in 2011 and 2010, it is clear that the difference lies on the performance bonuses for 2010 paid in 2011, which increased as the profits of that year grew. Also, the after-tax income of 2011 is less than that of 2010, which in turn increases the ratio.

In %

Ratio (note) Position	2011	2010
Directors	4.90	4.04
Supervisors	0.52	0.50
President and Vice Presidents	4.34	3.32

Note: This ratio is the total remunerations paid/after-tax net income of the year.

**2. Policy, standard and combination of remuneration paid, and setting procedures of remuneration correlation with the operational performance**

The remunerations for directors and supervisors are determined in the board meeting which is authorized by the shareholders' meeting in commensuration with industry payout standards, as stipulated in Article 40 of the Bank's Article of Incorporation. The board of directors may determined a fixed amount as the remunerations to independent directors which will not exceed the highest remuneration range standard set forth in the Bank's Manager Payroll Rules. The independent directors will not participate in the distribution of the Bank's earnings. The foresaid two categories of remunerations and wages for all ranks of employees on the president of the following shall be dispensed regardless of whether the company reports earnings or deficit.



### 3. Corporate Governance Operation

#### (1) The Operation of Board of Directors:

During 2011, the Board of Directors held 6 meetings. The attendance of directors and supervisors is as follows:

Title	Name	Attendance ( Presence) in Person	Attendance By Proxy	Attendance (Presence) Rate (%)	Remarks
Chairman	Lin, Pong-Long	6	---	100%	
Managing Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Sheng-Hung	6	---	100%	
Managing Director	Wu, Hsi-Hui	0	---	0%	
Managing Director	Liu, Chen-Sheng	5	---	83%	
Independent Managing Director	Wu, Wen-Cheng	6	---	100%	
Director	Representative of Fu Li Yang Investment Co., Ltd.: Chen, Chien-Yang	6	---	100%	
Director	Representative of Po Yun Enterprise Co., Ltd.: Chen, Chin-Chia	0	---	0%	
Director	Representative of Yi Suan Co., Ltd.: Chen, Chin-Yi	6	---	100%	
Director	Chang, Wu-Ping	4	---	67%	
Director	Ho, Shun-Cheng	6	---	100%	
Director	Lin, Cheng-Yu	6	---	100%	
Director	Chao, Fu-Tien	6	---	100%	
Director	Hsieh, Yi-Tung	6	---	100%	
Independent Director	Liu, Hsiang-Tun	6	---	100%	
Independent Director	Chiang, Chun-Hui	6	---	100%	
Managing Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Po-Hsiung	1	---	33%	Mr. Hsu, Wen-Tung was assigned by Hsu Hung Technology Co., Ltd. as the supervisor of Sunny Bank to relieve Mr. Hsu Po-Hisung as of April 27 2011.
Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Wen-Tung	3	---	100%	
Supervisor	Tsai, Wen-Hsiung	6	---	100%	
Supervisor	Lin, Chin-Lung	5	---	83%	

Other Noticeable Particulars:

1. Dates of Board of Directors meetings, the term, content of the resolution, opinions of all independent directors and the responses of the company to opinions should be specified for particulars regulated in Article 14-3 of Securities and Exchange Act and resolutions, in Board of Directors meetings, with opposition or qualified opinions from independent directors: None
2. For the implementation of the directors' avoidance from any involving resolution, directors' names, the content of the resolution, reasons for interest avoidance and the voting participation should be included:

Date	Term/ Order	Name of Director	Content of the Resolution	Reasons for Avoidance	The voting participation
04/12/2011	16 <sup>th</sup> meeting of the 5 <sup>th</sup> term	Chen, Sheng-Hung	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Loans to interested parties regulated in The Banking Act.	Discussion and voting avoided
11/21/2011	19 <sup>th</sup> meeting of the 5 <sup>th</sup> term	Chen, Sheng-Hung	Credit granting cases submitted by Credit Granting and Investment Commission of the Bank.	Loans to interested parties regulated in The Banking Act.	Discussion and voting avoided

3. Goals (such as establishing the auditing commissions or raising the information transparency) and execution to strengthen the Board of Directors during the year and the latest year: None.

**(2) Operation of the Auditing Committee: None**

**(3) The Participation of Supervisors in the Operation of Board of Directors**

During 2011, the Board of Directors held 6 meetings. The attendance is as follows:

Title	Name	No. of attendances	Actual attendance %	Remark
Managing Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Po-Hsiung	1	33%	Mr. Hsu, Wen-Tung was assigned by Hsu Hung Technology Co., Ltd. as the supervisor of Sunny Bank to relieve Mr. Hsu Po-Hisung as of April 27 2011.
Supervisor	Representative of Hsu Hung Technology Co., Ltd.: Hsu, Wen-Tung	3	100%	
Supervisor	Tsai, Wen-Hsiung	6	100%	
Supervisor	Lin, Ching-Lung	5	83%	

Other Noticeable Particulars:

1. 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
2. The date, term/order, contents of issues and decisions of the board meetings regarding the opinions of the supervisors who participated in the board meetings, and the Bank's handling on the opinion of the supervisors: none.

**(4) 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>

**(5) 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. Communication channel is smooth. (2) Stock Services Section under Administration Management Department is in charge of monitoring shareholding of shareholders. (3) Policies and procedures are established.	(1) 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 satisfied.
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 public accountants(CPA)	(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 taxation authentication.	(1) Article 31 of the said regulation is fully complied. (2) The said regulation is fully satisfied.
3. Establish a communication channel with stakeholders.	Smooth communication channels have been established as regulated.	The said regulation is fully satisfied.
4. Information disclosure (1) The Bank sets 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 personnel in charge, implement the Spokesman system and posting the process of the conferences with institutional investors on the Bank website)	The Bank website: <a href="http://www.sunnybank.com.tw">http://www.sunnybank.com.tw</a> , which discloses financial status and company governance information.	The said regulation is fully satisfied.
5. The establishment of committees, such as Nomination Committee or Remuneration Committee	Nomination Committee or Remuneration Committee has not yet been set up.	The Bank will follow the regulations 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		

<p>7. Please state the system and practices that the Bank adopts for social responsibilities of bank (i.e. Labor rights, employee benefits, investor relationship, stakeholders' rights, directors and supervisors' efforts in further studies, risk and customer management policies, risk measurement standard execution and the purchase of liability insurance for directors and supervisors):</p> <p>(1) 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.</p> <p>(2) Attendance of directors and supervisors in board meetings: Related matters of the Bank's board meetings are included in the specifications of procedures. Supervisors are invited to attend the meetings.</p> <p>(3) Implementation of directors' avoidance from any conflicts of interest avoidance and the voting participation : 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.</p> <p>(4) The purchase of liability insurance on behalf of directors and supervisors: the Bank has not purchased liability insurance for directors and supervisors.</p> <p>(5) Risk management policy and risk measurement standard execution: To structure professional and complete risk management, the Bank has launched loan review division, risk management division, and claims management division, in charge of loan review process on loan cases, including country risk, market risk, operational risk, and credit risk as well as debt collection and management to perform professional and complete risk management.</p> <p>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.</p> <p>(6) Client policy execution: the Bank establishes units responsible for consumer consultation services, and sets up channels for clients' complaints to handle consumer needs and to protect consumer's rights.</p>	
<p>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</p>	

**(6) The makeup and responsibility of a remuneration committee, and the state of its implementation: None**

**(7) Performance of social responsibilities:**

Items	Status
<p>1. Promotion of the implementation of corporate governance</p> <p>(1) The Bank sets up corporate social responsibility policy or system, and reviews the effectiveness of implementation.</p> <p>(2) The bank sets up unit to promote corporate social responsibility operation.</p> <p>(3) The bank conducts regular business ethics education and training for directors, supervisors and employees, and in combination with the employee performance appraisal system, establishes clear and effective reward and punishment system.</p>	<p>(1) Not established yet.</p> <p>(2) The Business Management Department of the Bank is in charge of activities regarding social responsibilities.</p> <p>(3) The bank has conducted business ethics education and training for employees on a regular basis, and included integrity in the employee performance appraisal system</p>
<p>2. Development of sustainable environment</p> <p>(1) The Bank is committed to enhancing the efficiency of resource use, and uses recycled materials to lower impact on the environment.</p> <p>(2) The bank establishes appropriate environmental management system according to industry characteristics.</p> <p>(3) The bank establishes environmental management units or personnel dedicated to protecting the environment.</p> <p>(4) The bank notes that climate change impact on operating activities, and develop bank carbon emissions and greenhouse gas reduction strategy.</p>	<p>(1) Single-sided paper recycling boxes are set up in copy rooms to encourage double-sided copies and save paper.</p> <p>(2) Regulations of use are established in the offices and activity areas. In addition to no smoking, the indoor temperature is set at 26°C to save air-conditioning; at the same time garbage sorting and reduction are enforced.</p> <p>(3) General service staff is established for managing and maintaining environment.</p> <p>(4) The Bank has gradually installed the T5 energy saving lamp to achieve carbon reduction.</p>

<p>3. Maintain of social welfare</p> <p>(1) The bank complies with labor laws, protects the legitimate interests of employees, and establishes appropriate management practices and procedures.</p> <p>(2) The bank offers employees safe and healthy working environment, and provides safety and health education on a regular basis.</p> <p>(3) The Bank sets up and publicizes consumer rights policy, and provides transparent and effective consumer complaint procedures for its products and services.</p> <p>(4) The bank and its suppliers work together to enhance corporate social responsibility.</p> <p>(5) The bank participates in community development and charity activities through commercial events, in-kind donations, volunteer services, business or other free professional services.</p>	<p>(1) the Bank has established rules regarding employees care and complaints handling, and conducts regular staff communication meetings</p> <p>(2) The Bank provides regular physical examinations.</p> <p>(3) The bank sets up customer service direct line on the website to provide consumers with complaints channel.</p> <p>(4) No such a plan so far.</p> <p>(5) The Bank participated in the 25<sup>th</sup> anniversary of Haoran Senior Citizens Home and made a generous donation to pay respect to senior citizens, and organized bank-wide book donations for Southern Region Children's Home as an effort to care for socially disadvantaged children and give back to the society.</p>
<p>4. Enhancement of information disclosure</p> <p>(1) The way that the bank discloses information of relevance and reliability regarding corporate social responsibility.</p> <p>(2) The preparation of the corporate social responsibility report to disclose how the Bank promotes corporate social responsibility.</p>	<p>(1) The bank sets up a link in the website to disclose corporate social responsibilities.</p> <p>(2) Not prepared yet.</p>
<p>5. Please specify the difference between operations and code of practice if the bank sets up corporate social responsibility codes of practice according to "Listed Companies Corporate Social Responsibility Codes of Practice": None</p>	
<p>6. Other important information to help understand operation of corporate social responsibility (such as environmental protection, community involvement, social contributions, social services, social welfare, consumer rights, human rights, security and health as well as other social responsibility activities and measures to adopt the system and measures, and status of implementation): 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. The Bank dedicates corporate stewardship to the society and contributes toward the academic and cultural endowment by campaigning for healthy recreational activity and continuing to promote and sponsor various sports, cultural and educational activity. For example, the Bank participated in the 25<sup>th</sup> anniversary of Haoran Senior Citizens Home and made a generous donation to pay respect to senior citizens, and organized bank-wide book donations for Southern Region Children's Home as an effort to care for socially disadvantaged children and give back to the society.</p>	
<p>7. It should be stated if the banking products or corporate social responsibility report passes the verification standard of the relevant agencies: None</p>	

Note: Non-listed banks do not have to fill the column of "causes and differences from listed company corporate social responsibility codes of practice".

**(8) Implement integrity of operation and measures taken**

Implement according to corporate governance codes of practice of banking industry.

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

**(10) Other important information to help understand corporate governance implementation: None**

**(11) Internal control execution discloses the following:**

**1. Statement of Internal Control**

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

The internal control system of Sunny Bank Co., Ltd. from January 1, 2011 to December 31, 2011 was established in compliance with “the Implementation Rules for Bank Internal Audit and Internal Control System” to establish internal control system and 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. 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, Pong-Long (with seal & signature)



President: Ding, 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)



The First Day of March, 2012

**Practices to Be Improved and Corrective Procedures in the Internal Control System**

December 31, 2011

Items to be improved	Improvement	Estimated date of improvement
None	None	None

## 2. CPA's audited internal control report

### CPA Review Report

To Sunny Bank:

According to Section 1 of Article 28 in “Enforcement Regulations for Bank Internal Audit Control System” issued by Financial Supervisory Commission, “While annual report of banking industry is audited by CPA, banks should authorize CPA to review internal control system, and express opinions on the accuracy of reports filed with the regulators, implementation of internal control and compliance head systems, and the appropriateness of provision for allowance for doubtful accounts.

The CPA is authorized by Sunny Bank to perform the above matters of 2011, and enclose the attached document regarding audit scope, audit basis, audit procedures and audit results based on Article 31 of the same rule.

The review report is only for the reference purpose of Sunny Bank and financial regulators, and is not for other purposes or dispatched to other persons.

Deloitte & Touche



CPA Chen, Chung-Chieh (with seal and signature)

The 20<sup>th</sup> Day of March 2012



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

1. The Bank's responsible person or any of its employees who is prosecuted for illegal conducts related to the Bank's businesses:
  - (1) A teller of the Bank's Yuanlin Branch, Chang ○ ○ (resigned), was prosecuted by district prosecutor for forgery in Dec 2010.
  - (2) The manager of Yunho Branch, Chen ○ ○ (resigned), was prosecuted by district prosecutor for violation of Item 1, Article 125-2 in the Banking Act of The Republic of China for aggravated breach of trust.
  - (3) A teller of Qinghien Branch, Lin ○ ○ (resigned), was prosecuted by district prosecutor for violation of the Banking Act of The Republic of China.
2. Fines imposed by the Executive Yuan's Financial Supervisory Committee as a punishment for violating laws and regulations: None
3. Major corrections to shortcomings demanded by the Executive Yuan's Financial Supervisory Committee: None
4. Punishments by the Financial Supervisory Committee, Executive Yuan, in relation to Article 61-1 of the Banking Act of The Republic of China:
  - (1) Hsin Hsing Branch teller Lee ○ ○ embezzled teller code, director code, and teller personal seal, used computer to terminate certificates of deposit contract in no-entity form, or issued false certificates of deposit ways to terminate a contract for misappropriation of customer deposits. It was found that the usage of director code was not appropriately checked, and it failed to handle day-end accounting, operation oversight of certificates of deposit issuing and certification, which are not conducive to our sound management. Considering the Bank discovered the case and reported it, so the interests of customers have been protected and has actively reviewed and developed improvement measures. The bank rapidly traced the flow of funds and imposed provisional seizure. Therefore, our loss was reduced. Based on the paper in November 10, 2010 according to FSC Bank Ho No. 09930003930, the bank should be corrected.
  - (2) Ching Nien Branch teller Lin ○ ○ embezzled customer's CD and demand deposits by stealing others' stamps to terminate CD contracts, or keeping the withdrawal slips of customers. It was found that the vouchers were not appropriately certified, reviewed and kept, job rotation system was not in place and withdrawal slips were kept for customers, which are not conducive to our sound management. Considering the Bank discovered the case and reported it, so the interests of customers have been protected and has actively reviewed and developed improvement measures. Therefore, our loss was reduced. Based on the paper in November 17, 2010 according to FSC Bank Ho No. 09900351390, the bank should be corrected.
  - (3) The Bank's financial consultant Huang ○ ○ and Chue ○ ○ referred offshore companies to customers to buy fund products without the authorization of the regulators. Yuanlin Branch assistant manager Chuang ○ ○ embezzled customer deposits. Both major cases were not reported. The Bank failed to report cases according to "The Scope and Applicable Objects of Major Contingencies Reported by Banking Industry", and it is not favorable to the regulators to monitor the case in time and take regulatory steps and it is conducive to sound management. Considering the Bank discovered the case in internal audit, and it has actively reviewed and developed improvement measures. Based on the paper in November 18, 2010 according to FSC Bank Ho No. 09900339040, the bank should be corrected.
  - (4) Yuanlin Branch financial consultant Chang ○ ○ was suspected of embezzlement of customer deposits. It was found that it failed to implement job rotation; Chang signed to open the account on behalf of customers and check the stamps, did lending with customers, made deposits and performed trust business on behalf of customers, which are not conducive to our sound management. Considering the Bank discovered the case and reported it, actively reviewed, developed improvement measures, and seriously punished the persons responsible for this misconduct. Based on the paper in December 8, 2010 according to FSC Bank Ho No. 09900362470, the bank should be corrected.
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**
- (13) Important Resolutions of the Shareholders' Meeting and the Board Meeting during 2011 and the period up to the annual report publication date: None**

- (14) The major content of record of written statements for any dissenting opinions from directors or supervisors regarding important resolutions of the Board in 2011 and the period up to the annual report publication date: None
- (15) The summary of resignation and discharging of people related to the Financial Report (including Chairman, President, Accounting Supervisors and Auditing Supervisors) during 2011 and the Current Year up to Publication Date of Annual Reports: None

**4. CPA's Information:**

**CPA Fees Information for 2011**

C.P.A. Office	C.P.A. Name		Auditing Period	Remark
Deloitte & Touche	Shao, Chih-Ming	Chen, Chao-Feng	Jan 2011 to May 2011	---
	Chen, Chie-Chung	Chen, Chao-Feng	Jun 2011 to Dec 2011	Change of CPA due to internal adjustment of CPA firm

In NT\$ 1,000

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

In NT\$ 1,000

CPA Firm	Name	Audit Fee	Non-audit Fee					CPA Audit Period	Remarks
			System Design	Company Registration	Human Resources	Others	Subtotal		
Deloitte & Touche	Shao, Chih-Ming	\$2,045	---	---	---	\$1,375	\$1,375	Jan-May 2011	1. Change of CPA in the current year due to internal work allocation and arrangement in CPA firm. 2. Non-audit fee includes review of prospectus, annual report, and meeting agenda, audit on bad debt table of total write-off amount of the same customer over NT\$ 50 million, and IFRS introduction service.
	Chen, Chie-Chung							Jun-Dec 2011	
	Chen, Chao-Feng								

## 5. Changes of CPAs:

### (1) Information regarding previous CPA

Date of Change	June 2011		
Reason of change and statement	Following Deloitte & Touche’s internal work allocation and arrangement in 2011, the certified public accountants have been changed from CPAs Shao, Chih-Ming and Chen, Chao-Feng to Chen, Chie-Chung and Chen, Chao-Feng.		
Description that the appointer or CPA terminates or refuses the appointment	<div>Person involved</div> Status	CPA	Appointer
	Termination of appointment		
	Rejection of appointment		
Opinions and reasons of audit report other than issuing “no preserved opinion” in the latest two years.	Due to sale of distressed assets of the Bank to asset management company in 2007 and 2006, the loss is deferred and amortized in 5 years according to “The Financial Institutions Merger Act”, and it did not comply with GAAP. Therefore, an audit report with “preserved opinion” was issued for each of 2011 and 2010.		
Different opinions from the Bank	Yes		Accounting principles or practice
			Discloser of financial reports
			Audit scope or procedures
			Others
	None	V	
	Description		None
Other disclosures (disclose based on Point 4, Item 1, Paragraph 5, Article 10 in the guidance)	None		

### (2) Information regarding the incumbent CPA

CPA Firm	Deloitte & Touche
CPA Name	CPA Chen, Chie-Chung
Date of Appointment	June 2011
Before appointment, accounting treatment or accounting principles of certain transactions as well as matters and results of opinion consultation on financial reporting	Not applicable
Successive accountants' written opinion of different views from the former accountants	Not applicable

(3) 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 Year: None**

**7. Changes in Shareholdings**

Title	Name	2011		As of March 31, 2012	
		Increase/Decrease of shareholdings	Increase/Decrease of pledged shares	Increase/Decrease of shareholdings	Increase/Decrease of pledged shares
Chairman	Lin, Pong-Long	1,041	---	---	---
Managing Director	◎Fu Li Yang Investment Co., Ltd. (Major Shareholder)	---	---	---	---
	◎Representative: Chen, Sheng-Hung	---	---	---	---
Managing Director	Wu, Hsi-Hui	---	---	---	---
Managing Director	Liu, Chen-Sheng	---	---	---	---
Independent Managing Director	Wu, Wen-Cheng	---	---	---	---
Director	Fu Li Yang Investment Co., Ltd.	---	---	---	---
	Representative: Chen, Chien-Yang	72,000	---	---	---
Director	Po Yun Enterprise Co., Ltd.	---	4,000,000	---	---
	◎Representative: Chen, Chin-Chia	---	2,000,000	---	---
Director	Yu Suan Co., Ltd.	30,000	---	---	---
	Representative: Chen, Chin-Yi (Major Shareholder)	233,098	---	---	---
Director	Chang, Wu-Ping	---	---	---	---
Director	Ho, Shun-Ping	---	---	---	---
Director	Lin, Cheng-Yu	---	---	---	---
Director	Chao, Fu-Tien	---	---	---	---
Director	Hsieh, Yi-Tung (Note 3)	23,421	---	---	---
Independent Director	Liu, Hsiang-Tun	---	---	---	---
Independent Director	Chiang, Chun-Huai	---	---	---	---
Supervisor	Hsu Hung Technology Co., Ltd.	---	---	---	---
	Representative: Hsu, Wen-tung	2,552,560	---	73,272	---
Supervisor	Tsai, Wen-Hsiung (major shareholder)	---	---	-220,000	---
Supervisor	Lin, Chin-Lung	---	---	---	---
President	Ding, Wei-Hao	40,000	---	---	---
Vice President	Cheng, Ming-Kun	27,534	---	---	---
Vice President	Chang, Chi-Ming	24,000	---	---	---
Vice President	Kuo, Chih-Hung	22,500	---	---	---
Vice President	Lin, Chih-Liang	37,260	---	---	---
Vice President	Chou, San-Ho	24,000	---	---	---

Title	Name	2011		As of March 31, 2012	
		Increase/Decrease of shareholdings	Increase/Decrease of pledged shares	Increase/Decrease of shareholdings	Increase/Decrease of pledged shares
Chief Secretary	Wu, Jui-Hsiang	17,367	---	---	---
Auditor General	Tseng, Yak-Te	17,979	---	---	---
Assistant Vice President	Liu, Ming-Chieh	12,822	---	---	---
Assistant Vice President	Kuo, Ching-Feng	18,596	---	---	---
Assistant Vice President	Yu, Shih-Jung	---	---	---	---
Assistant Vice President	Chen, Yang-Yu	15,714	---	---	---
Assistant Vice President	Hsieh, Yi-Tung	23,421	---	---	---
Assistant Vice President	Huang, Hsien-Chang	15,586	---	---	---
Assistant Vice President	Huang, Yen-Chun	13,315	---	---	---
Assistant Vice President	Wang, Ya-Hsun	21,894	---	---	---
Assistant Vice President	Wang, Chien-Yi	13,315	---	---	---
Assistant Vice President	Lin, Yi-Tsun	13,014	---	---	---
Assistant Vice President	Chen, Cheng-Feng	12,351	---	---	---
Manager	Chen, Kuo-Hung	11,641	---	---	---
Manager	Yang, Chen-Sheng	22,024	---	---	---
Manager	Kao, Chin-Mu	12,076	---	---	---
Manager	Lu, Sheng-Yu	14,226	---	---	---
Manager	Chiang, Tung-Sheng	11,476	---	---	---
Manager	Chen, Yao-Wen	11,311	---	---	---
Manager	Lin, Kuo-Hung	11,394	---	---	---
Manager	Wu, Chia-Cheng	10,995	---	---	---
Manager	Kao, Chih-Li	11,073	---	---	---
Manager	Shen, Yu-Hsing	10,689	---	---	---
Manager	Sung, Ping-Ping	11,151	---	---	---
Manager	Lung, Wan-Li	10,917	---	---	---
Manager	Tseng, Chieh-Chang (Note 1)	10,917	---	---	---
Manager	Liu, Yen-Hsing	11,073	---	---	---
Manager	Tsao, Chun-Jung	15,204	---	---	---

Title	Name	2011		As of March 31, 2012	
		Increase/Decrease of shareholdings	Increase/Decrease of pledged shares	Increase/Decrease of shareholdings	Increase/Decrease of pledged shares
Manager	Liu, Chung-Sen	10,614	---	---	---
Manager	Chien, Chih-Hsin	11,229	---	---	---
Manager	Hu, Chi-Min	10,764	---	---	---
Manager	Chen, Hsien-Chun	10,995	---	---	---
Manager	Lee, Ching-Cheng	11,559	---	---	---
Manager	Chen, Chi-Chuan	11,073	---	---	---
Manager	Chen, Yi-Huan	12,259	---	---	---
Manager	Chu, Chia-Lung	10,839	---	---	---
Manager	Chiu, Chuan-Mao	10,917	---	---	---
Manager	Chen, Chien-Liang	10,614	---	---	---
Manager	Chen, Kuo-Shun	9,525	---	---	---
Manager	Hu, Min-Fu (Note 1)	12,558	---	---	---
Manager	Chen, Ching-Ti	10,539	---	---	---
Manager	Pan, Kuang-Chu	11,151	---	---	---
Manager	Chen, Hui-Ling (Note 3)	10,839	---	---	---
Manager	Yang, Yi-Chen	10,689	---	---	---
Manager	Tsai, Chien-Li	10,689	---	---	---
Manager	Liu, Yi-Fang	9,880	---	---	---
Manager	Hsiao, Chih-Hui (Note 1)	13,014	---	---	---
Manager	Chang, Shun-Han	10,995	---	---	---
Manager	Shih, Li-Yu	4,612	---	---	---
Manager	Shih, Bo-Fu	13,114	---	---	---
Manager	Ke, Chun-Liang	11,820	---	---	---
Manager	Tu, Hua-He	10,614	---	---	---
Manager	Kuo, Chiang-Hai	11,151	---	---	---
Manager	Chung, Min-Yuan	11,897	---	---	---
Manager	Hsu, Chen-Yuan	11,447	---	---	---
Manager	Lee, Wen-Hui	11,476	---	---	---
Manager	Yu, Kuang-Lu	12,941	---	---	---
Manager	Huang, Yao-Kun	13,059	---	---	---
Manager	Chen Yung-Kuan	12,168	---	---	---
Manager	Yang, Ying-Chung	10,764	---	---	---
Manager	Yang, Pao-Kuei	12,751	---	---	---
Manager	Lee, Tai-Ju	10,689	---	---	---
Manager	Cheng, Yuen-Teh	12,168	---	---	---
Manager	Tseng, Chien-Chia	11,311	---	---	---
Manager	Wu, Min-Hsiung	13,114	---	---	---
Manager	Wu, Sheng-Yi	12,726	---	---	---
Manager	Chou, Chih-Wei	10,917	---	---	---
Manager	Tsai, Kun-Chih	11,151	---	---	---
Manager	Lin, Mao-Kun	---	---	---	---
Manager	Lin, Cheng-Lung (Note 1)	13,114	---	---	---
Manager	Huang, Cheng-Chin	13,014	---	---	---
Manager	Chuang, Yung-Fu	11,476	---	---	---
Manager	Pan, Mu-Yao	---	---	---	---
Manager	Chiu, Ming-Hua	15,708	---	---	---
Manager	Hsiao, Yu-Chun (Note 1)	10,539	---	---	---
Manager	Liu, Min-Hsiang	10,764	---	---	---

Title	Name	2011		As of March 31, 2012	
		Increase/Decrease of shareholdings	Increase/Decrease of pledged shares	Increase/Decrease of shareholdings	Increase/Decrease of pledged shares
Manager	Fu, Chia-Ming	10,539	---	---	---
Manager	Su, Chien-Tsung	11,073	---	---	---
Manager	Chung, Shu-Jung	13,347	---	---	---
Manager	Pan, Cheng-Jen	11,311	---	---	---
Manager	Kuo, Li-Chung	14,362	---	---	---
Manager	Hsu, Chen-Huang	10,917	---	---	---
Manager	Hu, Chun-Wei	10,764	---	---	---
Manager	Li, Chun-Yu	10,689	---	---	---
Manager	Juan, Chien-Chung	10,614	---	---	---
Manager	Kao, Chih-Liang (Note 1)	10,614	---	---	---
Manager	Hung, Jung-Tsung	10,539	---	---	---
Manager	Huang, Fu-Chang	12,168	---	---	---
Manager	Liu, Chih-Cheng (Note 1)	11,761	---	---	---
Manager	Wu, Ming-Feng	9,460	---	---	---
Manager	Tsui, Ching-Chih	11,681	---	---	---
Manager	Tu, A-Ching	11,229	---	---	---
Manager	Lee, Hsu-Chang	12,768	---	---	---
Manager	Hung, Chien-Ming	12,048	---	---	---
Manager	Lu, Han-Kun	11,151	---	---	---
Manager	Kou, Chien-Yun	---	---	---	---
Manager	Chen, Chu-Wen	10,539	---	---	---
Manager	Tang, Ying-Kui	15,547	---	---	---
Manager	Huang, Che-Ming	---	---	---	---
Manager	Kuo, Kuen-Mu	13,114	---	---	---
Manager	Chen, Lung-Pan	---	---	---	---
Manager	Ken, Yu-Chuan	11,946	---	---	---
Manager	Wu, Jung-Chi	10,995	---	---	---
Manager	Chen, Cheng-Yi	13,416	---	---	---
Manager	Chen, Kuan-Fu	13,114	---	---	---
Manager	Chen, Yi Hsiun	9,664	---	---	---
Manager	Yang, Lien-Tse	12,168	---	---	---
Manager	Chen, Chi-Wen	11,902	---	---	---
Manager	Lee, Yu-Sheng	11,559	---	---	---
Manager	Lin, Chih-Chiang	9,315	---	---	---
Manager	Kuo, Cheng Hon	10,689	---	---	---
Manager	Kan, Wu-Cheng	11,229	---	---	---
Manager	Liu, Tsung Hsiun (Note 3)	10,614	---	---	---
Manager	Li, Wen Kuang	10,689	---	---	---
Manager	Chiu, Lai-Fa (Note 2)	9,246	---	---	---
Manager	Hsu, Chin-Ken (Note 2)	5,757	---	---	---
Manager	Liu, Ming-Che (Note 2)	9,454	---	---	---
Manager	Hsu, Pao-Yuan (Note 2)	---	---	---	---
Manager	Huang, Chun-Hsiung (Note 2)	---	---	---	---
Manager	Pang, Chih-Wen	---	---	---	---

Title	Name	2011		As of March 31, 2012	
		Increase/Decrease of shareholdings	Increase/Decrease of pledged shares	Increase/Decrease of shareholdings	Increase/Decrease of pledged shares
	(Note 2)				
Manager	Tsai, Ming-Tsung (Note 2)	---	---	---	---
Manager	Chen, Chih-Hao (Note 2)	10,839	---	---	---
Manager	Li, Hsu-Chuan (Note 2)	---	---	---	---
Manager	Tsai, Mei-Li (Note 2)	9,880	---	---	---
Manager	Huang, Fu-Li (Note 2)	---	---	---	---
Manager	Huang, Po-Luo (Note 2)	---	---	---	---
---	◎ Sunny Culture and Education Foundation	---	---	---	---
---	◎ Chunang Yang Construction Co., Ltd.	---	---	---	---
---	◎ Hsueh, Ling	---	---	---	---
---	◎ Chen, Chin-Liang	---	---	---	---
---	◎ Chen, Chin-Chung	---	---	---	---
---	◎ Chen, Chin-Fu	---	---	---	---
---	◎ Chen, Li-Fen	---	---	---	---
---	◎ Hsueh, Tsung-Tai	---	---	---	---
---	◎ Ho, Li-Wei	---	---	---	---
---	◎ Chen, Ya-Yi	---	---	---	---
---	◎ Ho, Chih-Wei	---	---	---	---
---	◎ Li, Pei-Yu	---	---	---	---
---	◎ Chen, Yu-Li	---	---	---	---

Note 1: Manager Hu, Min-Fu ceased his appointment on Jan 31 2012, Hsiao, Yu-Chun on Jan 31 2012, Hsiao, Chih-Hui on Jan 31 2012, Tseng, Chieh-Chang on Feb 01 2012, Kao, Chih-Liang on Feb 01 2012, and Liu, Chih-Cheng on Feb 01 2012.

Note 2: Manager Chiu, Lai-Fa accepted his appointment on Feb 01 2012, Hsu, Chin-Ken on Feb 01 2012, Hsu, Pao-Yuan on Feb 01 2012, Huang, Chun-Hsiung on Feb 01 2012, Pang, Chih-Wen on Feb 01 2012, Tsai, Ming-Tsung on Feb 01 2012, Chen, Chih-Hao on Feb 01 2012, Liu, Ming-Che on Feb 25 2012, Li, Hsu-Chuan on Mar 06 2012 Tsai, Mei-Li on Mar 21 2012, Huang, Fu-Li on Mar 21 2012, and Huang, Po-Luo on Mar 28 2012.

Note 3: Director Hsieh, Yi-Tung is also Assistant Vice President. Assistant Vice President Chen Hui-Ling is also the head of Finance Department. Manager Liu Tsung-Hsiun is also the head of Accounting Department.

Note 4: Shareholders marked with “◎” are required to file their equity holdings in accordance with the Paragraph 3, Article 25 of The Banking Act.

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

As of Dec 31 2011  
In share, %

Name (Note 1)	Shareholding		Shareholding by Spouse and Minors		Shareholding entitled to other name		10 largest shareholders and related parties as defined under the Statement of Financial Accounting Standards No. 6		Remark
	Share	% (Not	Share	% (Not	Share	% (Not	Title or Name	Relationship	



		e 2)		e 2)		e 2)			
Fu Li Yang Investment Co., Ltd.: Representative : Chen, Sheng-Hung Representative : Chen, Chien-Yang	82,952,766 7,179,892 3,789,876	6.51 0.56 0.30	--- 3,232,655 1,064,773	--- 0.25 0.08	--- --- ---	--- --- ---	Chuanang Yang Construction Co., Ltd.	Controlled by the same person	---
Chuan Yang Construction Co., Ltd.	69,644,262	5.46	---	---	---	---	Fu Li Yang Investment Co., Ltd.	Controlled by the same person	---
Sheng Yang Construction Co., Ltd.	39,485,150	3.10	---	---	---	---	---	---	---
The First Insurance Co., Ltd.	32,969,136	2.59	---	---	---	---	---	---	---
Hai Wong Printing Co., Ltd.	30,000,000	2.35	---	---	---	---	---	---	---
Farglory Life Insurance Co., Ltd.	18,400,691	1.44	---	---	---	---	---	---	---
Hua Wei Investment Co., Ltd.	12,600,000	0.99	---	---	---	---	---	---	---
Sunny Culture & Education Foundation	11,662,995	0.91	---	---	---	---	---	---	---
Kuo Hua Life Insurance Co., Ltd.	11,101,039	0.87	---	---	---	---	---	---	---
Kuo, Wen-Tsung	10,625,076	0.83	3,363,375	0.26	---	---	---	---	---

Note 1: The top 10 shareholders shall be listed. For shareholders as legal person, the name of the shareholder and its representative(s) shall be listed.

Note 2: The shareholding percentage is the percentage of shares under the name of a shareholder, his/her spouse, minors or other name(s).

Note 3: For the shareholders disclosed in the list (including natural and legal persons), the relationship between one another shall be revealed.

**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**

As of Dec 31 2011

In share, %

Invested Enterprises (Note 1)	The Bank's Investment	The Investment Subsidiaries Directly or Indirectly Controlled and by the Bank, its Directors,	Omnibus Investment
-------------------------------	-----------------------	---	--------------------

			Supervisors, President, Vice Presidents, Assistant Vice Presidents, the Heads of Departments and Branches			
	Share	%	Share	%	Share	%
Financial Information Service Co., Ltd.	10,881,000	2.42	0	0.00	10,881,000	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.	49,554,943	98.72	0	0.00	49,554,943	98.72
Sunny Life Insurance Brokerage Co., Ltd.	2,100,000	39.99	3,150,000	60.00	5,250,000	99.99
Sunny Property Insurance Agent Co., Ltd.	121,000	20.00	484,000	80.00	605,000	100.00
Taiwan Financial Asset Service Corp.	5,000,000	2.94	0	0.00	5,000,000	2.94
Taiwan Depository And Clearing Corp.	909,290	0.29	0	0.00	909,290	0.29
Sunlight Asset Management Ltd.	66,587	1.11	0	0.00	66,587	1.11

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



#### **IV. Fund-Raising Activities**

##### **(1) Shares and Dividends (2)**

Financial Debentures

##### **(3) Special Shares**

##### **(4) Oversea Depositary Receipts**

##### **(5) Employee Stock Warrants**

##### **(6) Merging or Entrusted for Other Financial Institutions**

##### **(7) Fund Utilization Plans**

## 1. Shares and Dividends

### (1) Share Sources

#### 1. Share Sources

In 1,000 shares, NT\$1,000

Year/month	Par value	Authorized Capital Stock		Paid-up Capital		Remark	
		Shares	Amount	Shares	Amount	Sources of Capital Stock	Other
Sep 1997	NT\$ 10	270,000	2,700,000	270,000	2,700,000	Original operative money of Yang Ming Shan Credit Union	Note 1
Nov 1998	NT\$ 13	300,000	3,000,000	300,000	3,000,000	Description 1	Note 2
Nov 1999	NT\$ 13	380,000	3,800,000	380,000	3,800,000	Description 2	Note 3
Dec 2000	NT\$ 13	470,000	4,700,000	470,000	4,700,000	Description 3	Note 4
Oct 2001	NT\$ 10	535,800	5,358,000	535,800	5,358,000	Description 4	Note 5
Oct 2002	NT\$ 10	616,170	6,161,700	616,170	6,161,700	Description 5	Note 6
Oct 2003	NT\$ 10	820,000	8,200,000	706,158	7,061,579	Description 6	Note 7
Dec 2004	---	820,000	8,200,000	820,000	8,200,000	Description 7	Note 8
Sep 2005	NT\$ 10	1,200,000	12,000,000	891,078	8,910,783	Description 8	Note 9
Nov 2005	---	1,200,000	12,000,000	1,091,526	10,915,265	Description 9	Note 10
Jul 2006	NT\$ 10	2,000,000	20,000,000	1,243,928	12,439,281	Description 10	Note 11
Sep 2009	---	2,000,000	20,000,000	1,224,973	12,249,730	Description 11	Note 12
Apr 2011	NT\$ 10	50,000	500,000	1,224,973	12,749,730	Description 12	Note 13

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: New stock issuance of 2,004,482,070 dollars for merging of Kao Shin Bank.

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.

Description 12: Capital increase by cash 500,000,000 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.

Note 13: Approved in accordance with the Letter issued by the Financial Supervisory Commission, Executive Yuan with File No. Chin-kuan-cheng-fa No. 1000006220 dated March 18, 2011.

In shares

Stock Type	Authorized Capital Stock			Remark
	Outstanding stock (Note)	Un-issued shares	Total	
Common Stock	1,274,972,981	725,027,019	2,000,000,000	Non-Listed & OTC Bank Stock

Note: This includes 420,059 shares of stocks of the parent companies that were held by the subsidiaries, which are considered as treasury stocks.

## 2. Information about the Shelf Registration System

In shares

Current Security Type	Expected issuance		Actual issuance		Purpose and expected benefit of issued shares	Expected issuance date	Note
	Total shares	Amount approved	Shares	Price			
Common Stock	2,000,000,000	20,000,000,000	1,224,972,981	NT\$10	Supplement operation fund	---	---

### (2) Structure of Shareholders

As of Dec 31 2011

Shareholder Structure	Government Institutions	Financial Institutions	Other Corporations	Individuals	Foreign Institutions & Foreigners	Total
No. of persons	2	1	145	126,751	5	126,904
Shareholding	1,430,410	431	334,679,329	938,859,521	3,290	1,274,972,981
%	0.11%	0.00%	26.25%	73.64%	0.00%	100.00%

### (3) Equity Distribution

Par value: NT\$ 10

As of Dec 31 2011

Grades	No. of Shareholders	Shareholdings	Shareholding %
1 to 999	73,376	20,750,224	1.63%
1,000 to 5,000	44,871	92,630,273	7.26%
5,001 to 10,000	2,632	18,755,182	1.47%
10,001 to 15,000	808	10,048,481	0.79%
15,001 to 20,000	639	11,267,962	0.88%
20,001 to 30,000	826	21,091,536	1.65%
30,001 to 50,000	1,006	40,240,633	3.16%
50,001 to 100,000	1,235	90,849,953	7.13%
100,001 to 200,000	702	99,819,469	7.83%
200,001 to 400,000	455	127,068,930	9.97%
400,001 to 600,000	136	65,943,306	5.17%
600,001 to 800,000	66	45,953,738	3.60%
800,001 to 1,000,000	34	30,676,296	2.41%
Over 1,000,001	118	599,876,998	47.05%
Total	126,904	1,274,972,981	100.00%

## (4) List of Major Shareholders

As of Dec 31 2011

List of Major Shareholders	Shareholdings	Shareholding %
Fu Li Yang Investment Co., Ltd.	82,952,766	6.51%
Chuan Yang Construction Co., Ltd.	69,644,262	5.46%
Sheng Yang Construction Co., Ltd.	39,485,150	3.10%
The First Insurance Co., Ltd.	32,969,136	2.59%
Hai Wong Printing Co., Ltd.	30,000,000	2.35%
Farglory Life Insurance Co., Ltd.	18,400,691	1.44%
Kuo, Wen-Tsung (Note 2)	13,988,451	1.10%
Hua Wei Investment Co., Ltd.	12,600,000	0.99%
Sunny Culture & Education Foundation	11,662,995	0.91%
Kuo Hua Life Insurance Co., Ltd.	11,101,039	0.87%

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

Note 2: The shares held by Kuo, Wen-Tsung include those of his spouse.

## (5) Market price, net value, earnings, and dividend data for the most recently 2 years

In NT\$1,000, 1,000 shares

Year Item		2011	2010	As of March 31 2012
Price/share	Maximum	Note	Note	Note
	Minimum	Note	Note	Note
	Average	Note	Note	Note
Net worth/share	Before distribution	9.20	8.86	9.57
	After distribution	9.20	8.86	9.57
Earnings/share	Weighted average no. of shares	1,258,526	1,224,553	1,274,553
	Earnings/share	0.40	0.45	0.31
Dividend/share	Cash dividend		---	---
	Free distribution	Earnings distribution	---	---
		Capital surplus distribution	---	---
	Unpaid dividend		---	---
Analysis on investment returns	P/E		Note	Note
	Price/dividend yield		Note	Note
	Cash dividend yield		Note	Note

Note 1: It is not applicable since the Bank is not a public or OTC listed company.

#### (6) Dividend policy and execution

In the event of earning at the end of fiscal year, the said earnings 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 remainder should be distributed as follows:

- a. Directors, Supervisors reward 1.5%
- b. Employees' bonus 3%
- c. Shareholder dividend 95.5%

Cash earnings 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 dividends 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 cannot be lower 10% of the total dividends. Stock dividends may be distributed instead of the cash dividends to be distributed that are not higher than NT\$0.1.

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

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

#### (8) Employees' 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) Employees' bonus 3%
- (c) Shareholder dividend 95.5%

2. Basis for estimating the 2011 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. Although earnings were posted for 2011, the Bank must compensate the loss from previous years. Hence no allocations have been made for the employee bonuses and the directors/supervisors' remunerations.

3. Employee's bonus distribution passed by the Board of Directors

There is no 2011 Bank earnings 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: None

#### (9) Shares Repurchased by the Bank: None

## 2. The Issuance of Financial Debentures

Types of Subordinated Financial Debentures	The First Type A Bond Subordinated Financial Debentures in 2007 ( Private Placement)	The First Type B Bond Subordinated Financial Debentures in 2007 ( Private Placement)
Approval date and number of central competent authority	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820
Date of issue	April 9 2007	April 9 2007
Par Value	NT\$ 10,000,000	NT\$ 10,000,000
Site of issue and operations	Republic of China	Republic of China
Currency	New Taiwan Dollar	New Taiwan Dollar
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$ 1,800,000,000	NT\$ 1,100,000,000
Interest Rate	At single interest rate of APR 3% with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.60% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years from April 9, 2007 to April 9 2014	7 years from April 9, 2007 to April 9 2014
Repayment Priority	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.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (sold by Sunny Bank)	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$ 1,800,000,000	NT\$ 1,100,000,000
Paid-In Capital of Previous Year	NT\$ 12,439,281,340	NT\$ 12,439,281,340
Net Worth of Previous Year	NT\$ 13,811,120,055	NT\$ 13,811,120,055
Compliance cases	Normal	Normal
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 (%)	13.03%	21.00%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive



Types of Subordinated Financial Debentures	The Second Type A Bond Subordinated Financial Debentures in 2007 ( Private Placement)	The Second Type B Bond Subordinated Financial Debentures in 2007
Approval date and number of central competent authority	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820
Date of issue	November 16 2007	November 16 2007
Par Value	NT\$ 100,000	NT\$ 100,000
Site of issue and operations	Republic of China	Republic of China
Currency	New Taiwan Dollar	New Taiwan Dollar
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$ 203,500,000	NT\$ 101,000,000
Interest Rate	At single interest rate of APR 3.6% with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.75% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	5 years and 6 months, From November 16, 2007 to May 16, 2013	5 years and 6 months, From November 16, 2007 to May 16, 2013
Repayment Priority	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.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (sold by Sunny Bank)	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$ 203,500,000	NT\$ 101,000,000
Paid-In Capital of Previous Year	NT\$ 12,439,281,340	NT\$ 12,439,281,340
Net Worth of Previous Year	NT\$ 13,811,120,055	NT\$ 13,811,120,055
Compliance cases	Normal	Normal
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 (%)	22.47%	23.20%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive

Types of Subordinated Financial Debentures	The Third Type A Bond Subordinated Financial Debentures in 2007	The Third Type B Bond Subordinated Financial Debentures in 2007
Approval date and number of central competent authority	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09500549820
Date of issue	December 26 2007	December 26 2007
Par Value	NT\$ 100,000	NT\$ 100,000
Site of issue and operations	Republic of China	Republic of China
Currency	New Taiwan Dollar	New Taiwan Dollar
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$ 261,000,000	NT\$ 43,900,000
Interest Rate	At single interest rate of APR 3.8% with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.95% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	6 years and 2 months from December 26 2007 to February 26 2014	6 years and 2 months from December 26 2007 to February 26 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.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (sold by Sunny Bank)	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$ 261,000,000	NT\$ 43,900,000
Paid-In Capital of Previous Year	NT\$ 12,439,281,340	NT\$ 12,439,281,340
Net Worth of Previous Year	NT\$ 13,811,120,055	NT\$ 13,811,120,055
Compliance cases	Normal	Normal
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 (%)	25.09%	25.41%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive

Types of Subordinated Financial Debentures	The First Bond Subordinated Financial Debentures in 2009	The First Type A Bond Subordinated Financial Debentures in 2009
Approval date and number of central competent authority	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	June 15 2009	April 30 2010
Par Value	NT\$ 10,000,000	NT\$ 10,000,000
Site of issue and operations	Republic of China	Republic of China
Currency	New Taiwan Dollar	New Taiwan Dollar
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$ 500,000,000	NT\$ 570,000,000
Interest Rate	At single interest rate of APR 3% with annual payment	At single interest rate of APR 3.25% with annual payment
Maturity	5 years and 7 months from June 15 2009 to January 15 2015	7 years from April 30 2010 to April 30 2017
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.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (sold by Sunny Bank)	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan	C.P.A. Lin, Hsiu-Luan, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$ 500,000,000	NT\$ 570,000,000
Paid-In Capital of Previous Year	NT\$ 12,439,281,340	NT\$ 12,249,729,810
Net Worth of Previous Year	NT\$ 10,629,528,858	NT\$ 10,325,996,649
Compliance cases	Normal	Normal
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 (%)	37.72%	44.35%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive

Types of Subordinated Financial Debentures	The First Type B Bond Subordinated Financial Debentures in 2010	The First Type A Bond Subordinated Financial Debentures in 2010
Approval date and number of central competent authority	Letter with File No. Chin-kuan-yin-(III)-tzu No. 09800208270	Letter with File No. Chin-kuan-yin-he-tzu No. 09900358410
Date of issue	April 30 2010	October 29 2010
Par Value	NT\$ 10,000,000	NT\$ 10,000,000
Site of issue and operations	Republic of China	Republic of China
Currency	New Taiwan Dollar	New Taiwan Dollar
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$ 230,000,000	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 1.83% single tactical interest, with a quarterly resetting and annual interest payment.	At single interest rate of APR 3.25% with annual payment
Maturity	7 years from April 30 2010 to April 30 2017	7 years from October 29 2010 to October 29 2017
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.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (sold by Sunny Bank)	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	C.P.A. Lin, Hsiu-Luan, Deloitte & Touche Taiwan	C.P.A. Lin, Hsiu-Luan, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$ 230,000,000	NT\$ 500,000,000
Paid-In Capital of Previous Year	NT\$ 12,249,729,810	NT\$ 12,249,729,810
Net Worth of Previous Year	NT\$ 10,325,996,649	NT\$ 10,325,996,649
Compliance cases	Normal	Normal
Redemption or prepayment terms	None	None
Conversion and exchange conditions	None	None
Restrictive clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund operation plan	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.
Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%)	46.58%	51.42%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive

Types of Subordinated Financial Debentures	The Second Type B Bond Subordinated Financial Debentures in 2010	The Third Bond Subordinated Financial Debentures in 2010
Approval date and number of central competent authority	Letter with File No. Chin-kuan-yin-he-tzu No. 09900358410	Letter with File No. Chin-kuan-yin-he-tzu No. 09900358410
Date of issue	October 29 2010	November 11 2010
Par Value	NT\$ 10,000,000	NT\$ 10,000,000
Site of issue and operations	Republic of China	Republic of China
Currency	New Taiwan Dollar	New Taiwan Dollar
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$ 300,000,000	NT\$ 400,000,000
Interest Rate	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 1.71% single tactical interest, with a quarterly resetting and annual interest payment.	At single interest rate of APR 3.25% with annual payment
Maturity	7 years from October 29 2010 to October 29 2017	6 years and 11 months from November 11 2010 to October 11 2017
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.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (sold by Sunny Bank)	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	C.P.A. Lin, Hsiu-Luan, Deloitte & Touche Taiwan	C.P.A. Lin, Hsiu-Luan, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$ 300,000,000	NT\$ 400,000,000
Paid-In Capital of Previous Year	NT\$ 12,249,729,810	NT\$ 12,249,729,810
Net Worth of Previous Year	NT\$ 10,325,996,649	NT\$ 10,325,996,649
Compliance cases	Normal	Normal
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 (%)	54.32%	58.20%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive

Types of Subordinated Financial Debentures	The First Type A Bond Subordinated Financial Debentures in 2011	The First Type B Bond Subordinated Financial Debentures in 2011
Approval date and number of central competent authority	Letter with File No. Chin-kuan-yin-he-tzu No. 10000161450	Letter with File No. Chin-kuan-yin-he-tzu No. 10000161450
Date of issue	June 27 2011	June 27 2011
Par Value	NT\$ 10,000,000	NT\$ 10,000,000
Site of issue and operations	Republic of China	Republic of China
Currency	New Taiwan Dollar	New Taiwan Dollar
Offering Price	Issued at the bond par value	Issued at the bond par value
Total amount	NT\$ 100,000,000	NT\$ 500,000,000
Interest Rate	At single interest rate of APR 2.85% 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 1.25% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years from June 27 2011 to June 27 2018	7 years from June 27 2011 to June 27 2018
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.	The bond claims (including principal and interest)'s Repayment priority is only better than the bank's shareholder's surplus property distribution, and less than the bank's general creditors.
Guarantee agency	None	None
Trustee	None	None
Underwriting agencies	None (sold by Sunny Bank)	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu	Hsueh, Sung-Yu
CPA	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan	C.P.A. Shao, Chih-Ming, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$ 100,000,000	NT\$ 500,000,000
Paid-In Capital of Previous Year	NT\$ 12,249,729,810	NT\$ 12,249,729,810
Net Worth of Previous Year	NT\$ 11,343,831,589	NT\$ 11,343,831,589
Compliance cases	Normal	Normal
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 (%)	53.86%	58.26%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive

Types of Subordinated Financial Debentures	The Second Bond Subordinated Financial Debentures in 2011
Approval date and number of central competent authority	Letter with File No. Chin-kuan-yin-he-tzu No. 10000161450
Date of issue	September 30 2011
Par Value	NT\$ 10,000,000
Site of issue and operations	Republic of China
Currency	New Taiwan Dollar
Offering Price	Issued at the bond par value
Total amount	NT\$ 200,000,000
Interest Rate	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 1.71% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years from September 30 2011 to September 30 2018
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.
Guarantee agency	None
Trustee	None
Underwriting agencies	None (sold by Sunny Bank)
Certifying lawyers	Hsueh, Sung-Yu
CPA	C.P.A. Chen, Chie-Chung, Deloitte & Touche Taiwan
Certifying Financial Institution	None
Repayment method	Total payback upon deadline
Unpaid balance	NT\$ 200,000,000
Paid-In Capital of Previous Year	NT\$ 12,249,729,810
Net Worth of Previous Year	NT\$ 11,343,831,589
Compliance cases	Normal
Redemption or prepayment terms	None
Conversion and exchange conditions	None
Restrictive clauses	Subordinated Financial Debentures
Fund operation plan	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.
Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%)	60.03%
Considered as Qualified Capital and Its Tiers	Tier 2
Credit rating agency names, assessment date and its credit rating (Note)	Taiwan Rating Co., Ltd. Assessment Date: August 23, 2011 Credit rating: twBBB+ Outlook: Positive

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

**3. Preferred Shares Status: None**

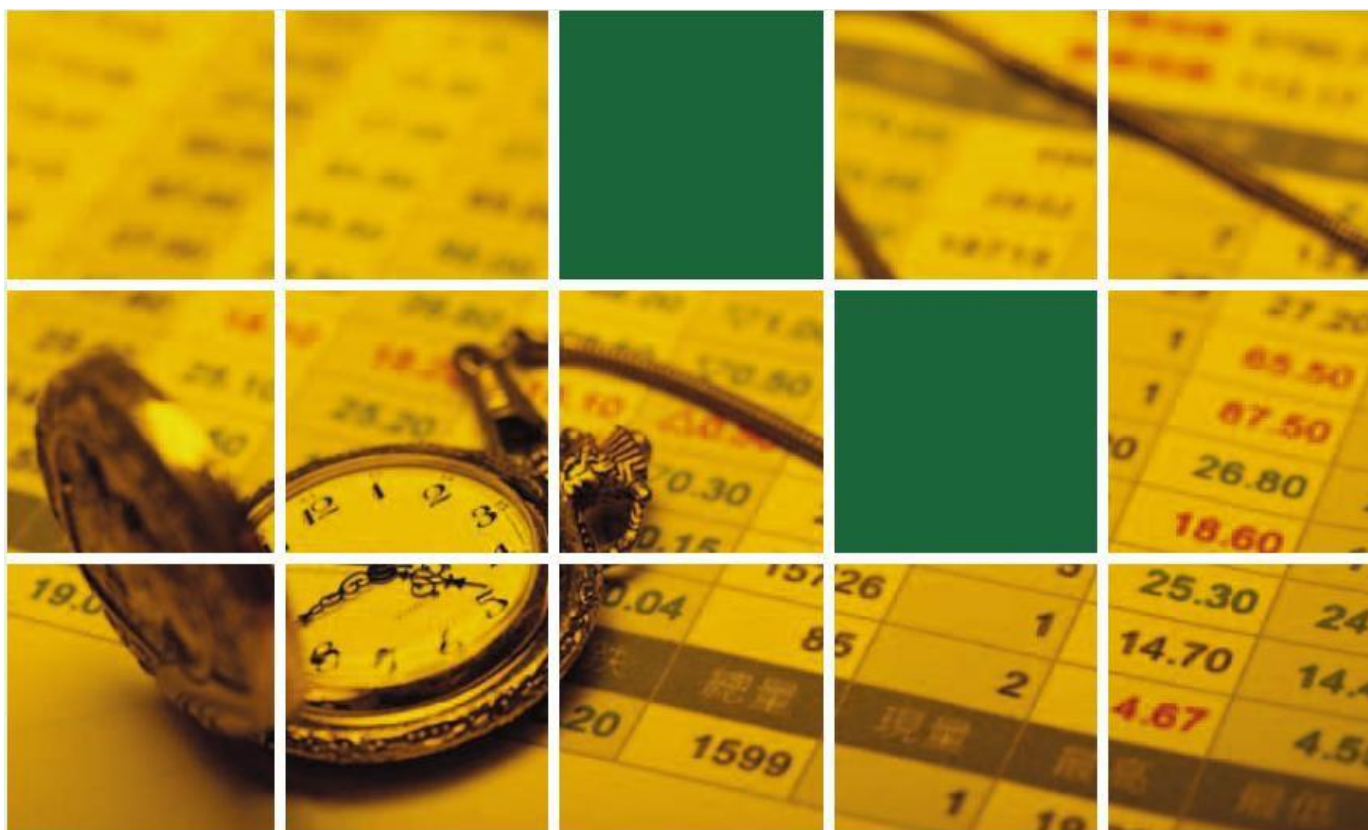
**4. Depositary Receipts Status: None**

**5. Employee Stock Option Status: None**

**6. Merges & transfers to other financial institutions: None**

**7. Fund operation plan implementation case: None**





## V. Operation Overview (1)

Contents of Business

- (2) The Employee Profile
- (3) Corporate Responsibility and Ethical Risk
- (4) Information Infrastructure
- (5) Relationships of Labors and Employer
- (6) Important Contracts/Agreements
- (7) Transactions of Securitized Commodity

## 1. Contents of Business

### (1) Businesses Content

#### 1. Main Business

##### (1) Deposit Business

As of the end of 2011, the bank reports a total deposit balance at NT\$219.446 billion, up by 14.509 billion compared with NT\$204.937 billion reported at the end of 2010, or an increase of 7.08%, of which the flexible deposits accounts for 38.36% of the total deposit balance, and the time deposits accounts for 61.64% of the total deposit balance.

##### (2) Wealth Management Business

The major wealth management business is sale of funds and insurance products. Investment advice is adjusted subject to market change (when market is good, then funds are sold; when market is poor, insurance products are the focus), so the ratio of funds and insurance business fluctuates. The state of various product sales, revenue and change are as depicted in the table below:

In NT\$1,000

Product \ Year	2011		2010		Yearly Increment	
	Sales	Revenue	Sales	Revenue	Sales	Revenue
Mutual fund	8,838,874	199,639	14,041,493	242,391	-5,202,619	-42,751
Insurance	10,751,753	144,353	11,052,773	136,483	-301,020	7,870
Total	19,590,627	343,992	25,094,266	378,874	-5,503,638	-34,882

Note: Domestic bond funds are excluded.

##### (3) Credit Card:

A. 8,333 credits cards were issued in 2011 and 58,217 cards are in circulation as of the end of 2011. 1,792 credit cards were issued in Jan and Feb 2012, and up to the end of Feb 2012 there are 58,019 cards in circulation.

B. Consumption amount: credit card consumption during 2011 amounted to NT\$ 1.935 billion, an increase of NT\$153 million compared to 2010.

C. Revolving Credit Balance: The revolving credit balance at the end of 2011 is NT\$ 449 million, a decrease of NT\$ 98 million compared to 2010.

##### (4) Credit Business

###### (a). Consumer Loans

In response to the expectation that housing price is moving downward and the policies of the government, the mortgages of the Bank's are mostly provided to home owners who provide collaterals located at profitable locations, have legitimate jobs and buy their homes for themselves, under the principles of guaranteed creditor's rights and adjustment of loaning structure. The Bank is playing safe in conjunction with the government's policies, such as 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, and also provides short and middle-term financing options, such as loans over telephone, for home owners with a good mortgage history in order to decelerate the descending amount of fiduciary loans. As of the end of 2011, the consumer loan balance is reported at NT\$112.370 billion (mortgage loan balance at NT\$110.903 billion and credit loan balance at NT\$1.466 billion), down by NT\$8.412 billion compared with NT\$120.782 billion at the end of 2010, or a -6.96% growth rate.

###### (b) Corporate Loan

In order to improve the profitability (income by interests and processing fees) of the Bank's loaning business while securing equity claims, the Bank's corporate loan business is focused on lending for small and medium enterprises. Also, the Bank accepts carefully screened land development financing cases according to the specifications of Central Bank for loans with land properties as collateral. Due to less profitability, good-quality clients or those who have physical contribution to the Bank's business are selected for corporate loans, and derivative products are offered such as wealth management and salary transfers in order to create greater effects of integrated marketing.

As of the end of 2011, the bank reports a corporate lending balance of NT\$66.471 billion, up dramatically by NT\$13.344 billion compared with NT\$53.127 billion at the end of 2010, or an increase of 25.12% (21.96% for SME loans and 28.88% for corporate loans).

(5) E-Banking Business

In NT\$1,000

	2011		2010	
	Total Amount	Withdrawal Transaction	Total Amount	Withdrawal Transaction
AYM transactions	24,155,242	1,422,617	24,203,147	1,429,800
Telephone banking	---	301,986	---	333,633
Mobile banking	---	---	---	---

(6) Trust Business

A. Real estate trust: the primary businesses are development trust and pre-sale home payment trust

B. Money trust: the primary businesses include specific money trust, trust for gift voucher prepayment, Hao Jia Zai real estate transaction security trust and securities investment trust fund custody business.

(7) Foreign Exchange Business

Benefiting from the world economy turning around from the bottom in 2010, foreign exchange business grew considerably. However, the European debt issues delivered a blow to worldwide economy in 2011, and therefore the foreign exchange business did not make considerable profits as in 2010.

Balance for foreign exchange deposit (including OBU) at the end of 2011 was US\$219.027 million, or a decrease of US\$36.645 million from US\$255.672 million at the end of 2010 (including OBU), down 14.33%. Balance for foreign exchange loan (including OBU) at the end of 2011 was US\$190.257 million, or an increase of US\$48.654 million from US\$141.603 million at the end of 2010, up 34.36%.

For the volume of foreign exchange business, 2011 import/export and exchange service were US\$399.166 million and US\$1,595.489 million, respectively, totaling US\$1,994.655 million, a decrease of US\$244.322 million from US\$2,238.977 million at the end of 2010. However, it is fortunate that the profits from foreign exchange has displayed an ascending trend since 2009, and the growth in 2011 reached a plateau of 31.59%, indicating that the profitability is growing rapidly in terms of foreign exchange business.

In NT\$1,000

Item	2011	2010	Growth
Foreign Exchange Deposit (Balance)	219,027	255,672	-14.33%
Foreign Exchange Loan (Balance)	190,257	141,603	34.36%
Import/Export	399,166	383,637	4.05%
Exchange Service	1,595,489	1,855,340	-14.01%
Exchange profits (NT\$1,000)	85,345	64,855	31.59%

(8) Investment Business  
Securities Trade in 2010 and 2011

In NT\$1,000

Item	2011	2010	Increase/decrease
Gain (loss) on bonds	7,838	11,658	-3,820
Gain (loss) on stocks	-47,854	-16,387	-31,467
Gain (loss) on beneficiary certificates	-16,315	19,314	-35,629
Gain (loss) on short-term commercial papers	1,313	3,128	-1,815
Gain (loss) on valuation	13,040	-17,042	30,082
Stock dividends	13,269	12,403	866
Total	-28,709	13,074	-41,783

The list above clearly shows that the Bank made a profit of NT\$13.074 million in 2010 but a loss of NT\$28.709 million in 2011 in terms of securities trades. The details of the gain/loss are described below:

- A. Gain (loss) on bonds: this is the capital gain (loss) on bonds issued by governments. The Bank made a profit of NT\$11.658 million in 2010 and NT\$7.838 million in 2011. The Bank made certain adjustment of the bonds at hand in 2010 and 2011 by selling the part which contributed more profits. The bonds at hand decreased by NT\$1.07 billion in 2011 compared to 2010 and most of the bonds sold were available for sale.
- B. Gain (loss) on stocks: this is the profit (loss) made from buying and selling stocks of public and OTC companies. The Bank lost NT\$16.387 million in 2010 and NT\$47.854 million in 2011. The 10.4% drop of the weighted stock index in the first half of 2010 resulted in a loss of NT\$16.387. The stock index dropped 21.18% in 2011 in the wake of European debt crisis, and a loss of NT\$47.854 was resulted.
- C. Gain (loss) on beneficiary certificates: this is the profit (loss) made from buying and selling funds. The Bank made a profit of NT\$19.314 million in 2010 but a loss of NT\$16.315 million mainly due to the drop of stock market in 2011.
- D. Gain (loss) on short-term commercial papers: this is the gain from buying and selling short-term commercial papers (including CP2, NCD, BA, TB and ABCP). The Bank made a gain of NT\$23.577 million and NT\$13.151 million in 2010 and 2011, respectively, in terms of interests and a gain of NT\$3.128 million and NT\$1.313 million, respectively, from selling these papers. The decreased profit from selling short-term commercial papers in 2011 is the result of fewer holdings of these papers in 2011 than in 2010.
- E. Gain (loss) on valuation: this is the gain (loss) on valuation of securities according to market prices. The loss on valuation was NT\$17.042 million in 2010. The gain on valuation was NT\$13.040 million in 2011 as the repayment of matured bonds and sales of stocks and beneficiary certificates in 2011, and the foregoing part that was loss on valuation was converted to loss of sales.
- F. Stock dividends: these are the cash dividends distributed by public and OTC companies, including NT\$12.403 million in 2010 and NT\$13.269 million in 2011.

It is clear from the above that for the incomes from securities trading, a loss on valuation on NT\$17.042 million is listed due to the significant drop of stocks in 2010, and the net income is NT\$13.074 million. The gain on valuation was NT\$13.040 million in 2011 as the repayment of matured bonds and sales of stocks and beneficiary certificates in 2011, and the foregoing part that was loss on valuation was converted to loss of sales. A loss on stocks was registered in 2011 due to the impact of European debt issues. The net loss was NT\$ 28.709 million inclusive of all businesses year round.

## 2. State of weighing and change of the main operational assets to the total assets

In NT\$1,000

Main Business	2011		2010	
	Amount	Asset %	Amount	Asset %
Total Assets	249,646,302	100.00%	234,498,618	100.00%
Discount and Loan - Net Amount	177,345,283	71.04%	172,483,268	73.55%
Due from CBC and Lend to Banks	49,164,964	19.69%	38,618,166	16.47%
Cash	5,028,349	2.01%	3,749,876	1.60%
Total Liabilities	237,924,783	95.30%	223,654,785	95.38%
Deposit and Remittance	219,449,892	87.90%	204,947,843	87.40%
Financial Bonds Payable	6,809,400	2.73%	8,009,400	3.42%
Due to CBC & Banks	7,311,459	2.93%	5,805,631	2.48%

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

## 3. State of weighing and change of the various operating income to the net earnings

In NT\$1,000

Item	2011		2010	
	Amount	%	Amount	%
Interest Net Profit	2,981,377	85.67%	2,668,077	79.01%
Commission Net Profit	589,164	16.93%	697,197	20.64%
Others	-90,625	-2.60%	11,808	0.35%
Total Net Profit	3,479,916	100.00%	3,377,082	100.00%

### (2) 2012 Operation Plan

#### 1. Deposit Business

The bank has the 2012 average deposit balance objective set to NT\$215.4 billion, of which demand deposit increases NT\$3.0 billion, and time deposit increases NT\$3.0 billion.

#### 2. Wealth Management Business

By upholding a continuous, steady growth objective and making smart use of the island-wide branch distribution platform, we aim to strengthen the integrated benefit of customer resources. We also have the professional investment researchers provide the customers with comprehensive quality and professional services by timely adjusting the product strategy and the investment advice subject to the market conditions.

#### 3. Credit Card Business

The objective the Bank establishes for credit products in 2012 is still the steady operations with the top priority on providing services for existing clients of the Bank before making improvement on overall consumption amounts, percentage of effective cards and commission incomes. For the customer groups in the Bank's database, our customer service center is asked to improve the business of telephone marketing. For deposit customers, the combo cards that serve as both debit card and credit card is the top priority of promotion. Titanium cards will be offered to customers with significant assets for exclusive high-end service as an incentive to encourage card application and shopping with our credit cards.

Incentive packages for holders of different classes of card will be provided depending on customer groups and seasons:

- (1) Better gifts to encourage more spending from customers with usually low spending behaviors;
- (2) Promotion of titanium card application for the Bank's customers with significant assets as a continuous effort;
- (3) Cooperation with international organization to provide exclusive discounts and encourage spending; and
- (4) Provision of extra bonuses to customers for exchange of products.

#### **4. Loan Business**

The promotion of loan business is all about the balanced development of loan products and the layout of short and long-term asset structure. For liability claims and profitability in mind, the focus of loan business in 2012 is placed on credit guarantee for SMEs and 100% real estate secured loans for SMEs to make up the decrease in housing mortgage.

- (1) Implementation of evaluation measures and active promotion of loan projects
  - A. Business with SMEs is one of the key points for the evaluation of internal operation management performance in 2012, including credit guarantee for SMEs, 100% real estate secured loans for SMEs and the number of new SME loan cases.
  - B. "Jiang Sheng Long Long – loan business promotion project for SMEs" will be launched to push the 100% collateral secure loans for SMEs to the limit.
- (2) The southern Taiwan corporate financing review center is established in 2012 to improve the timeliness of SME loan reviews. With risks in check, branch offices are given the green light for their own financing reviews.
- (3) To further control loan risks, the bank will continue to screen customers with better financial strength based on "The Principles of Acceptable SMEs Cases", and implement the operations of on-site inspections and post-approval tracking.

#### **5. 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.

#### **6. Trust Business**

- (1) 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.  
  
Pre-sale home payment trust: as requested by competent authority and for trust clients developed by the Bank, the pre-sale home payment trust is promoted for the protection of clients' interests.
  - B. Trust Management: 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. (if the property is the Bank's collateral, the rental can be the source of payback.
- (2) Money Trust
  - A. Real Estate Transaction Security Trust: Coordinated with the real estate mortgage business for promoting real estate transaction payment security trust and related peripheral operations.
  - B. Prepayment trust: in addition to cash gift voucher trust business, the Bank intends to promote prepayment trust for credit card trading gift vouchers and transfer transaction gift vouchers. Credit card issuing banks, gift voucher issuing firms and voucher issuing system providers are brought together to develop a joint marketing platform for the satisfaction of different trust needs of clients.

- C. Specific money trust: the accounting automation of fund business will be enhanced to reduce effectively manual operation costs and risks, improve the service interface and user interface of fund system and satisfy customer satisfaction.

## **7. Foreign Exchange Business**

### **(1) Increase in the number of foreign correspondent banks**

Foreign exchange business requires a network of foreign correspondent banks. The more correspondent banks, the more helpful to the foreign exchange business of Sunny Bank. Sunny Bank is in need for more correspondent banks, and it is necessary to look for cooperation with foreign banks in order to promote the Bank's foreign exchange business.

### **(2) Initiation of RMB OBU business**

The skyrocketing economic development has made China the largest exporting and second largest importing country of Taiwan, and the largest trading partner of many countries around the world. The Financial Supervisory Commission approved RMB OBU business in Jul 2011. The number of clients may be smaller than those for DBU, but it is now possible to provide service for subordinate companies of Taiwan-based companies in China. As a result, it is necessary to initiate RMB OBU business.

### **(3) Promotion of DBU and OBU trade finance business**

With the transforming industrial restructure, Taiwanese firms mostly have relocated to mainland China and Vietnam in recent years. However, due to many legal restrictions, it is difficult for Taiwanese firms to borrow from the mainland Chinese banks, and many of them use the channel of "OBU" as the treasury center in Taiwan. Currently, the capital operation are mostly through "offshore firm" set up by Taiwanese parent company to capitalize on OBU for trade finance, with the mode of taking overseas orders and producing overseas, in support of its funding source of overseas companies. The Bank's OBU is able to do such trade financing. However, providing OBU trade financing alone presents a high risk for Sunny Bank. Thus, it is better to have both DBU and OBU when promoting trade financing, which helps improve the Bank's knowledge of clients' KYC.

### **(4) Electronic forms**

Foreign exchange operation procedures will be further simplified for the convenience between clients and Sunny Bank. Electronic forms will be provided for foreign exchange business, which allows clients to enter their terms of letter of credit at the comfort of their offices. This will simplify substantially the process of the Bank to draft an L/C while improving the Bank's service quality.

### **(5) Improvement of job training**

To improve business departments' foreign exchange knowledge, the Bank provided a series of training courses, including "elementary training for foreign currency deposit and remittance," elementary training for foreign currency financing," "intermediate training for foreign exchange business," "advanced training for foreign exchange business" and "practical training for designated foreign exchange bank outlets – level 4," in the hope to improve the foreign exchange knowledge of fellow workers and solicit more foreign exchange clients.

### **(6) Cooperation with UPS for oversea factoring**

To continue the promotion of foreign exchange business without exposing the Bank in credit risks, the Bank is planning to work with UPS for oversea factoring. The clients of Sunny Bank will be allowed to come to Sunny Bank and ask for factoring, and the Bank will refer clients to UPS, which will assume the credit and operational risks of factoring while the Bank charges for the reference fee paid by UPS.

### **(7) Improvement of functionality as designated foreign exchange bank outlet**

#### **A. To draw back customers of designated foreign exchange bank outlets**

For depositors of designated foreign exchange bank outlets, the bank has asked Information Department to screen customers and request bank outlets to persuade customers to undertake foreign exchange business.

#### **B. Initiation of Level 4 designated foreign exchange bank outlets**

In response to CBC's limits on the business scope of "non-designated foreign exchange bank outlets," Sunny Bank is planning to establish Level 4 designated foreign exchange bank outlets which are allowed to have foreign currency demand deposit business. The plan is to convert as many of the 68 branches, not including the mini branches, into Level 4 outlets as possible. By the time the conversion is complete, demand deposits in foreign currency will be available at most of Sunny Bank's branches, which will improve greatly the operation efficiency of foreign exchange business.

## **8. Investment Business**

- (1) The Bank will continue to monitor the low inventory of securities and transfer short-term capitals to CBC time deposits for better incomes.
- (2) The Bank will continue to bid on warranty-free bills with higher interest rate and increase the trading activities in secondary markets for better incomes.
- (3) The Bank will increase the breadth of trading partners for better performance of fund procurement.

### **(3) Market Analysis**

#### **1. The Status of the Banking Service Operations**

As impacted by the ripple effect of the financial storm, the global economic environment and the financial industry are confronting the harsh consequences, prompting countries to shell out a variety of economic stimulus packages. Although Taiwan's economy has steadily rebounded, the pesky issue of a poor financial environment stemming from the excessive number of local financial institutions is lingering. The industry needs to develop more diversified profit basis. Moreover, the financial crisis also makes domestic financial industry to pay more attention to risk control. To safeguard profit and ensure asset quality, financial institutions have strengthened their risk management mechanisms and measures, and make efforts to restore capital to a satisfactory level.

In addition, for the implementation of financial liberalization and internationalization policy, our financial authorities have relaxed foreign banks to establish footholds in Taiwan and encouraged merge. Foreign banks with resources, innovation, system technology, and new thinking of overseas parent groups establish close business relationship with domestic customers. Through offshore footholds and platform in the groups, foreign banks provide Taiwanese firms with multinational financial services, and the domestic industry is bound to face greater competitive pressure.

#### **2. The state of future market supply and demand, and growth potential**

##### **(1) The Supply Side**

According to the CBC statistics, as of the end of December, 2010, the number of financial institutions (including domestic banks, business banks, foreign bank branches in Taiwan, credit cooperatives, credit departments of farmers' and fishermen's associations, Department of Savings & Remittance of Chunghwa Post Co., trust investment companies, and life insurance companies) totaled 427, with 6,021 branches.

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

##### **(2) The Demand Side**

With the advancing of technology and changing social consumption mode, conventional lending service falls short of supporting the client's diverse financial management needs. Activities, such as the prevalence of e-commerce and the trend of a steadily increasing weighing on credit consumption, coupled with a lower local interest rates for many years, increasingly propel 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 subsidiaries, representative offices, or offshore business units to expand the business exchange.

##### **(3) 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 and improving overall profits and returns on assets. On the other hand, domestic financial institutions will still be able to secure growing rooms through cross-selling, inter-industry alliance and introduction of new financial products based on the government's principles of "easy on business supervision but strict on financial supervision," and achieve the goal of organizational magnification and business diversification by merging or introducing foreign capitals for strategic alliance.



In addition to the control strategy of Central Bank on real estate market, banks are turning their focus of lending business from mortgages to corporate trade financing and trying to secure more profits from maximizing interest spread.

### **3. The Competitive Niches, Advantages and Disadvantages for Development and Solutions.**

#### **(1) The Competitive Niches**

- A. A network of a total 96 domestic branches, mainly located in metropolitan Taipei and Kaohsiung.
- B. Good locations, friendly and efficient services and smooth interaction with customers.
- C. Vying for a stable operating foundation, the bank also actively seeks to promote corporate banking, consumer banking, wealth management, foreign exchange, trust, among other services, with which to continue improving its financial structure and excelling its service efficiency.
- D. The bank has installed professional financial consultants (FCs) at its branch offices to offer a comprehensive one-stop shopping for a diverse range of professional financial services for maximum synergy in cross marketing.

#### **(2) Advantages and Disadvantages for Outlooks**

##### **A. Advantages**

- a. The overall financial environment has become more and more sound. The authorities are open to and encouraging research and development of new types of financial products.
- b. The concept of investment has rooted in people's mind and the concept of trust has also formed gradually.
- c. With gradually open cross-strait financial business and internationalization policy, the government continues loosening up limitations on business and regulations, which will help develop the overall structure of financial industry.
- d. As the bank's asset quality continues to improve, operational development will become more sound.

##### **B. Disadvantages**

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

#### **(3) 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.
- E. By improving security codes and system performance of online banking for the transaction security of our clients and by developing next generation mobile banking business for stronger market competitiveness.

#### **(4) Research of Financial Products and Business Development:**

##### **1. Size and profit/loss of major financial products in the recent two years and the period up to the annual report publication date.**

###### **a. Major financial products**

To provide more convenient foreign exchange service, 5 of the Bank's branches, including Business Department, Shezi, Chenggong, Yonghe and Xinxing, were approved on Nov 21 2011 as designated foreign exchange bank outlets. Currently, there are 18 branches are approved as designated foreign exchange bank outlets by the Department of Foreign Exchange, Central Bank. The application for upgrade will be a continuous effort to accelerate the development of foreign exchange business. In addition, the chip-embedded debit cards of Sunny Bank was available for international shopping (Hokkaido, Japan) on Oct 3 2011. Other businesses, such as RP/RS, prepayment trust and combo cards, are going online in order to provide complete array of services for our esteemed clients.

###### **b. Business units added: None**

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

The Bank issued titanium cards in Apr 2011 exclusively for clients with high assets and consumption amounts in order to satisfy clients as honored guests and highlight the values of our clients to the Bank. To step up customer service, the primary goal of credit card development strategy in 2012 is still to serve our customer and increase the consumption amount and number of valid cards to create revenues. Supplemented by other cross-selling product line, the bank will provide customers with complete financial services to increase the bank's benefits.

#### **(5) Long and Short Term Business Development Plans**

##### **1. Short Term Business Development Plans**

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

The Bank is planning to issue subordinated bonds to solidify its operating capital and raise the Bank's self-owned capital adequacy. The Bank plans to lower overdue loan ratios to be below 0.75%, and raise the coverage rate for bad debt allowance to exceed 110%.

##### **2. The middle and long-term business development plan**

The middle-term plan calls for adjusting branch channels and optimize operating footholds to exercise the advantage of 96 branches. To effectively improve operational efficiency and improve the performance of branch operations, improve market share and exercise efficiency of scale. At the same time, the bank will raise the capital adequacy ratio to over 10%, solidify capital structure. For the long-term, we aim to expand business territory through expansion of financial peripheral business and establishment of overseas branches.

## 2. The Employee Profile

Year		2010	2011	As of March 31, 2012
Number of Employees	Executives	122	120	120
	Senior Clerks	371	383	393
	Clerks	1,296	1,245	1,339
	Total	1,789	1,748	1,852
Average Age		37.17	38.04	37.74
Average years of service		9.25	10.06	9.54
Education background	Master or above	6.26%	5.78%	7.13%
	College graduates	82.22%	83.18%	82.61%
	graduates	11.35%	10.87%	10.10%
	Under senior high school	0.17%	0.17%	0.16%
	Total	100.00%	100.00%	100.00%
Professional licenses held by employees	Basic Proficiency Test for Bank Internal Control	1,137	1,106	1,141
	Proficiency Test for Trust Operations Personnel	1,340	1,370	1,398
	Trust Operations Management Personnel	418	602	591
	Trust Operations Supervisor	5	8	8
	Proficiency Test for Life Insurance Specialist	1,519	1,531	1,536
	Proficiency Test for Investment-oriented Insurance Personnel	813	783	791
	Proficiency Test for Property Insurance Personnel	1,435	1,459	1,461
	Proficiency Test for Financial Planning Personnel	378	369	384
	Basic Proficiency Test for International Banking Personnel	389	387	399
	Basic Proficiency Test for Bank Lending Personnel	698	678	694
	Advanced Proficiency Test for Bank Lending Personnel	21	19	22
	Proficiency Test for Futures Specialist	308	289	297
	Proficiency Test for Securities Specialist	171	176	184
	Proficiency Test for Senior Securities Specialist	160	148	162
	Proficiency Test for Securities Investment Trust and Consulting Professionals	124	118	123
	Proficiency Test for Bill Finance Specialist	61	57	57
	Proficiency Test for Financial Risk Management Personnel	4	3	3
	Proficiency Test for Bank Collateral Appraisal Personnel	18	18	18
	Qualification of Financial Market Knowledge & Professional Ethics Test	1,294	1,270	1,311
	Qualification of Investment Trust and Consulting Regulations Test	817	791	811
	Consultant of Financial Planning (CFP)	5	5	5
	Proficiency Test for Bond Specialist	14	14	15
	Proficiency Test for Securities Investment Analyst	7	8	10
	Proficiency Test for Life Insurance Representative to Sell Foreign Currency Receiving and Paying in Non-Investment Oriented Insurance Products	431	455	472
	Certificate of Completion of Risk Management for Foreign Exchange Derivatives Course	216	204	201

### 3. Corporate Responsibility and Ethical Risk

The bank is in the forefront of enacting the “Corporate Citizen” role by upholding its consistent philosophy of giving back to the society, holding corporate social responsibility, and sustaining corporate commitment to the society. The bank also contributes to the academic learning and the culture and continues to campaign for healthy recreational activity and sponsor various sports, cultural and educational activity, such as the 25<sup>th</sup> anniversary of Haoran Senior Citizens Home and organized bank-wide book donations for Southern Region Children’s Home, 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

#### (1) The allocation and maintenance of major information system

1. Tandem Taiwan/foreign currency transaction system.
2. Telephone banking.
3. Online banking.
4. The trust system.
5. The Wealth management system.
6. The auditing management system.
7. The bills and bonds system.
8. RCE
9. ACH
10. The stock affairs management system
11. The treasury system.
12. The foreign exchange system.
13. The collection management system.
14. RPS
15. The online seal system.
16. The Intranet.
17. E-JCIC.
18. The online ATM system.
19. The Anti-Spam system.
20. The Intrusion Detection and Network Flow Analysis System
21. Router ACS.
22. Router LMS.
23. The Anti-virus server system.
24. The XML financial payments system.
25. The E-LOAN system.
26. Establishment of the internet management auditing system
27. Establishment of the parking fee collection system
28. E-Billing system
29. Customer Service Center CTI
30. Computerized corporate finance lending system
31. Business customer consignment processing
32. Voice recording system for wealth management
33. Electronic document editing system

(2) Future development or purchase plan

1. Replacement of outdated printers at branch offices
2. The information security protection system in response to personal information regulations.
3. Establishment of offsite backup equipment for intermediate database system

(3) Emergency back-up and security measures:

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 when disasters hit.
2. The Disaster Plan Scope:
  - (1) The system backup center and the project team.
  - (2) Evaluation on the organization and the environment of the current information office.
  - (3) Reorganize the structure of system and operating system process.
  - (4) Make disaster backup plans.
  - (5) Execute necessary training.
  - (6) Compile related documents.
  - (7) Propose revising plans upon encountering problems.

5. Relationships of Labors and Employer

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

1. Employee Welfare:

- (1) Labor insurance, health insurance and group insurance.
- (2) Free health checkup.
- (3) Benefit from “Employee Welfare Committee”: reimbursement for weddings, funerals, disasters and emergencies, bonus for Chinese New Year, Dragon Boat Festival and Moon Festival, reimbursement for employee’s birthday and club events.

## 2. The retirement system and implementation

(1) Establish Employee Pension Supervisory Committee.

(2) The pension is appropriated monthly, in accordance with related regulations, to a special pension account of each employee starting working for Sunny Bank Ltd. from July 1, 2005 or choosing the new applicable pension system. As to the employees who choose the previous pension system, the pension reserve is appropriated monthly in accordance with related regulations.

(3) Offer retirement pension when an employee retires according to the regulations.

## 3. Agreements between labor and employer, and other rights

(1) Work Code: It is revised according to laws and agreements between labor and employer or management systems. Such revision will be submitted to the Department of Labor for approval, announced at offices and distributed to each employee.

(2) Regularly hold labor-employer meetings.

## (II) Loss arising from labor-employer disputes in 2011 and the period until the publication date:

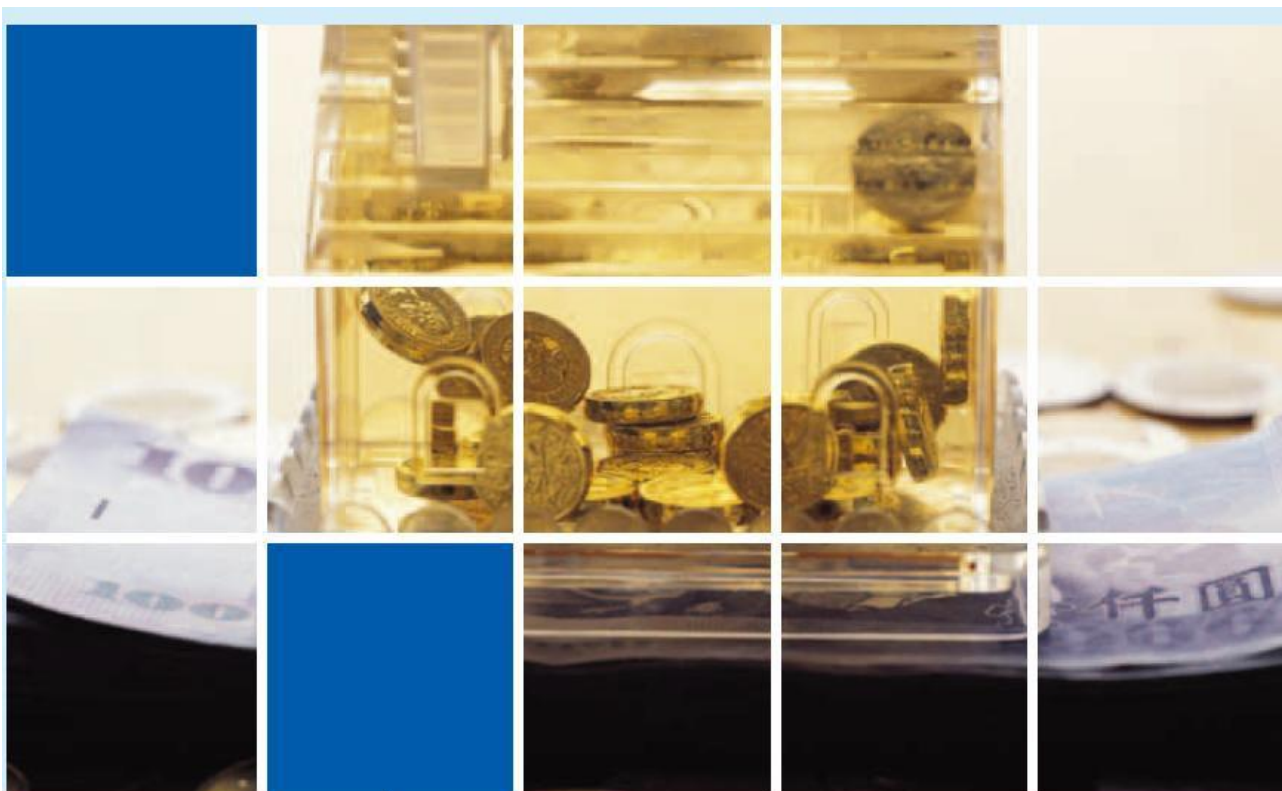
Sunny Bank was punished by a fine of NT\$30,000 as per the letter, numbered Lao-Zai (100) 3, issued by the Council of Labor Affairs (the case is currently in administrative procedure).

## 6. Important Contracts/Agreements

As of Dec 31 2011

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\$ 3 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 approved by authority and the conditions listed in the letter of guarantee of the Fund.
Credit Rating Agreement	Taiwan Rating Corporation	Signed on December 23, 1999	Provide rating services upon request of the Bank.	The Bank shall provide complete, effective, timely and reliable information.
Bank Comprehensive Insurance Policy	Shinkong Insurance Co.	January 1, 2012 ~ January 1, 2013	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 Service Contract	Taiwan Secom Co., Ltd.	October 1 2011 ~ September 30 2016	Security service for ATMs located at the 96 branches and 19 offices and 12 stand-alone ATM units	None

## 7. Transactions of Securitized Commodity: None



## **VI. Financial Status**

- (1) Brief Balance Sheets and Income Statements in the Last 5 Years
- (2) Financial Analysis in the Last 5 Years
- (3) Supervisor's Report
- (4) Financial Statement
- (5) Consolidated Financial Statements of Parent-subsidary Audited by CPAs
- (6) Effect of Financial Difficulties Experienced by the Bank and Related Enterprises on the
- (7) Bank's Financial Status in Most Recent Year and to the Annual Report Publication Date

# 1. Brief Balance Sheets and Income Statements in the Last 5 Years

## (1) Brief Balance Sheet

In NT\$1,000

Subject \ Year		Financial Information of Recent 5 Years (Note 2)				
		2011	2010	2009	2008	2007
Cash, Cash equivalents, Dues from the Central Banks & Other Banks		54,193,313	42,368,042	41,089,147	39,979,517	14,612,302
Financial Assets at Fair Value through Income Statement		2,653,821	2,598,130	2,120,938	9,443,723	34,543,144
Notes and Bonds Issued under Resale Agreement		360,380	---	---	---	---
Receivables		1,217,103	1,550,317	2,493,681	4,636,477	3,605,712
Discounts and Loans		177,345,283	172,483,268	161,951,070	166,298,395	172,892,491
Available-for-Sale Financial Assets		1,234,495	2,670,252	3,551,598	3,978,337	4,741,885
Hold-to-maturity Financial Assets		---	-	79,880	117,673	172,091
Equity Investments – Equity Method		559,970	301,056	293,868	277,322	273,722
Other Financial Assets		325,123	434,136	437,481	313,648	397,261
Fixed Assets		8,977,087	9,115,653	9,205,652	9,369,343	9,500,231
Intangible Assets		1,056,835	1,048,221	1,060,110	1,071,830	1,181,348
Other Assets		1,722,892	1,929,543	2,252,342	2,725,407	2,850,480
Total Assets		249,646,302	234,498,618	224,535,767	238,211,672	244,770,667
Due to Central Banks and Other Banks		7,311,459	5,805,631	5,939,242	5,985,843	14,689,448
Financial Liabilities at Fair Value through Income Statement		1,932	15,759	6,832	134,602	328
Notes and Bonds Issued under Repurchase Agreement		689,526	2,253,586	-	1,689,706	519,960
Payables		3,192,744	2,117,252	2,381,449	4,828,760	2,391,122
Deposits and Remittances		219,449,892	204,947,843	199,387,448	208,865,235	207,362,142
Financial Bonds Payable		6,809,400	8,009,400	6,009,400	5,509,400	6,509,400
Reserve for Land Revaluation Increment Tax		133,325	133,325	133,325	133,726	261,507
Other Liabilities		336,505	371,989	352,075	434,871	404,703
Total liabilities	Before distribution	237,924,783	223,654,785	214,209,771	227,582,143	232,138,610
	After distribution (Note 1)	237,924,783	223,654,785	214,209,771	227,582,143	232,138,610
Capital		12,749,730	12,249,730	12,249,730	12,439,281	12,439,281
Capital Surplus		12,598	11,173	11,173	11,228	11,228
Retained earnings (accumulated loss)	Before distribution	-1,159,531	-1,682,124	-2,232,891	-1,894,108	417,792
	After distribution (Note 1)	-1,159,531	-1,682,124	-2,232,891	-1,894,108	417,792
Unrealized Revaluation Increment		256,642	256,642	256,642	256,642	-
Unrealized Profit or Loss on Financial Instruments		-108,599	13,075	46,064	37,599	-15,131
Other Shareholders' Equity		-29,321	-4,663	-4,722	-221,113	-221,113
Total shareholder's equity	Before distribution	11,721,519	10,843,833	10,325,996	10,629,529	12,632,057
	After distribution (Note 1)	11,721,519	10,843,833	10,325,996	10,629,529	12,632,057

Note 1: Appropriation of loss for 2011.

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



## (2) Brief Income Statement

In NT\$1,000 except N\$\$ for earnings (losses) per share

Subject \ Year	Financial Information of Recent 5 Years (Note)				
	2011	2010	2009	2008	2007
Net Interest Income	2,981,377	2,668,077	1,613,782	2,657,185	3,211,040
Other Net Income (Loss) except Interest	498,539	709,005	979,874	-297,750	807,177
Bad Debt Expenses	539,247	375,297	528,270	1,942,246	2,118,614
Operating Expenses	2,433,059	2,406,318	2,346,170	2,889,089	3,167,755
Net Profit Before Tax of Operating Departments	507,610	595,467	-280,784	-2,471,900	-1,268,152
Net Profit After Tax of Operating Departments	500,288	550,767	-310,784	-2,311,900	-1,138,152
Income from Discontinued Department (Net After Tax)	---	---	---	---	---
Extraordinary Gain or Loss (Net After Tax)	---	---	---	---	---
Cumulative Effect of Changes in Accounting Principles (Net After Tax)	---	---	---	---	---
Current Profit & Loss	500,228	550,767	-310,784	-2,311,900	-1,138,152
Earnings (Loss) per share	0.40	0.45	-0.25	-1.89	-0.93

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

## (3) Auditing Opinions by Certified Public Accountants

Year	CPA Office	Name of CPA	Auditing Opinion
2007	Deloitte & Touche	Shao, Chih-Ming/ Kuo, Cheng-Hung	Remaining Opinion (Note)
2008	Deloitte & Touche	Shao, Chih-Ming/ Kuo, Cheng-Hung	Remaining Opinion (Note)
2009	Deloitte & Touche	Lin, Hsiu-Lien/ Shao, Chih-Ming	Remaining Opinion (Note)
2010	Deloitte & Touche	Shao, Chih-Ming/ Chen, Chao-Feng	Remaining Opinion (Note)
2011	Deloitte & Touche	Chen, Chie-Chung/ Chen, Chao-Feng	Remaining Opinion (Note)

Note: Liquidating nonperforming loans to asset management companies, where the losses were deferred according to stipulations set by the "Financial Institutions Merger Law" and were amortized over a five-year period to deviate from the general recognized accounting principles in 2007 and 2006. The foregoing unlisted losses due to sale of nonperforming loans have been amortized in 2011.

## 2. Financial Analysis

### (1) Financial Ratio Analysis of the Parent Company

Subject		Year (Note 2)	Financial Analysis for the Last Five Years				
			2011	2010	2009	2008	2007
Operating Ability	Ratio of Loans to Deposits (%)		81.50	84.83	81.99	80.81	84.67
	Ratio of Overdue Loans (%)		0.75	1.29	2.18	2.60	2.87
	Ratio of Interest Expense to Average Deposits (%)		0.95	0.84	1.23	2.24	2.02
	Ratio of Interest Revenue to Average Loans (%)		2.83	2.59	2.49	4.25	4.12
	Total Asset Turnover (times)		0.01	0.01	0.01	0.01	0.02
	Average Operating Revenue Per Employee (in NT\$1,000)		1,991	1,888	1,374	1,078	1,634
	Average Earnings Per Employee (in NT\$1,000)		286	308	-165	-1,056	-463
Profitability	Return on Tier-1 Capital (%)		4.95	6.10	-3.04	-24.91	-10.99
	Return on Assets (%)		0.21	0.24	-0.13	-0.96	-0.46
	Rate of Return on Shareholders' Equity (%)		4.43	5.20	-2.97	-19.88	-8.61
	Net Income Ratio (%)		14.37	16.31	-11.98	-97.99	-28.32
	Earnings Per Share (NT\$) ( Note 1)		0.40	0.45	-0.25	-1.89	-0.93
Financial structure (%)	Total Debt Ratio		95.27	95.34	95.37	95.51	94.81
	Fixed Asset to Shareholders' Equity Ratio		76.59	84.06	89.15	88.14	75.21
Growth (%)	Assets Growth Rate		6.46	4.44	-5.74	-2.68	-3.74
	Profit Growth Rate		-14.75	312.07	88.64	94.92	7,731.00
Cash flow (%)	Cash Flow Ratio		20.62	9.02	70.90	204.44	-36.28
	Cash Flow Adequacy Ratio		2,618.24	2,930.74	2,222.70	1,014.11	-316.61
	Cash Flow Satisfied Ratio		-15.86	-8.56	143.81	-138.60	-57.12
Liquid Reserves Ratio (%)			18.74	16.21	16.82	18.04	16.50
Total Secured Loans of Stakeholders (in NT\$1,000)			2,321,463	1,991,701	2,386,886	2,571,981	2,633,463
Ratio of Total Secured Loans of Stakeholders to total loans (%)			1.28	1.12	1.43	1.47	1.43
Scale of Operation	Market Share of Assets		0.49	0.50	0.50	0.56	0.62
	Market Share of NET WORTH		0.32	0.31	0.27	0.30	0.33
	Market Share of Deposits		0.84	0.82	0.85	0.95	1.02
	Market Share of Loans		0.81	0.83	0.83	0.84	0.91
Description for changes in ratios:							
<ol style="list-style-type: none"> <li>The reduction of ratio of overdue loans resulted from asset quality improvement and accelerated write-off of nonperforming loans.</li> <li>An increase in the asset growth ratio has largely stemmed from increase of dues from the CBC and other banks, discount, and loans.</li> <li>A reduction in profitability growth is the result of the reference of the amended "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" starting from Jan 1 2011 and the adoption of third amendment of Statement of Financial Accounting Standards No. 34, "Accounting Guidelines for Financial Products," which led to substantial increase in bad debt expenses and reduced gain/loss before (after) tax in 2011.</li> <li>An increase in cash flow ratio and reduction in the cash flow satisfied ratio are the results from the increase of net cash inflow in 2011 due to operation activities.</li> </ol>							

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:

## 1. Management

- (1) Ratio of loans to deposits = Loans/ Deposits
- (2) Ratio of overdue loans = Overdue loans/ Loans
- (3) Ratio of interest expense to average deposits = Interest Expense/ Average deposits
- (4) Ratio of interest revenue to average loans = Interest revenue/ Average loans
- (5) Total asset turnover=Net income/ Total Asset
- (6) Average operating revenue per employee (Note 7) = Net income/ Total employees
- (7) Average earnings per employee = Income after Tax/ Total employees

## 2. Profitability

- (1) Return on Tier-1 capital = Income before Tax/ Average Tier-1 capital
- (2) Return on Assets = Income after Tax/ Average Assets
- (3) Return on shareholders' equity = Income after Tax/ Average shareholders' equity
- (4) Net income ratio = Income after Tax/ Net income
- (5) Earnings per share = (Income after Tax- Dividends of Preferred Shares) / Weighted average outstanding shares. (Note 5)

## 3. Financial Structure

- (1) Total Debt Ratio =Total Liabilities (Note 4) /Total Assets
- (2) Fixed Assets to Equity Ratio =Net Fixed assets / Net Equity

## 4. Growth Rate

- (1) Assets growth rate = (Total Assets of the Year - Total Assets of the Previous Year) / Total Assets of the Previous Year
- (2) Profit growth rate = (Income before Tax of the Year - Income before Tax of the Previous Year) / Income before Tax of the Previous Year

## 5. Cash Flow (Note 8)

- (1) Cash Flow Ratio = Net operating cash flow / (due from other banks + commercial paper payable + financial liability at fair value through profit or loss + Bills under Repurchase Agreements & Bonds Liability + Payables of maturity within one year
- (2) Net Cash Flow Adequacy Ratio =Net operating cash flow in the last five years/ (capital expenditures + cash dividends) in the last five year
- (3) Cash Flow Satisfied Ratio = Operating Cash flow / Investing Cash Flow

## 6. Liquid Reserves Ratio = Current assets required by the CBC/Liabilities allocated for liquid reserve

## 7. Scope of Operating

- (1) Market Share of Assets = Total Asset / Total Asset of All Financial Institutions Available for Deposits and Loans (Note 6)
- (2) Market Share of Net worth = Total Net worth / Total net worth of All Financial Institutions Available for Deposits and Loans
- (3) Market Share of Deposits = Total Deposits / Total Deposits of All Financial Institutions Available for Deposits and Loans
- (4) Market Share of Loans = Total Loans / Total Loans of All Financial Institutions Available for Deposits and Loans

Note 4: The reserve for guarantee, reserve for securities trading losses, the Reserve for Failed Trade Losses and Contingency Reserve are deducted from Total Liabilities.

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 considering the period of outstanding when there are transactions of capital increase out of earnings or treasury stocks.
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 capital increase out of earnings or capital surplus.
4. In case the preferred shares are non-convertible accumulated preferred shares, the annual dividends (whether distributed or not) shall be deducted from net loss after tax or added to net loss after tax.
5. In case preferred shares are non-accumulated, 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 offering 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 operating activities 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. Gross fixed assets are total fixed assets before the deduction of accumulated depreciation.

## (2) Capital Adequacy

In NT\$1,000

Year (Note 1) Items of analysis			Capital Adequacy Ratio in Last Five Years (Note 2)					Capital Adequacy Ratio As of March 31, 2010
			2011	2010	2009	2008	2007	
Self-Owned Capital	Tier-1 Capital	Common Stock	12,749,730	12,249,730	12,249,730	12,439,281	12,439,281	Not applicable (Note 1)
		Perpetual Non-Cumulated Preferred Stock	---	---	---	---	---	
		Non-Cumulated Subordinated Debts without Maturity Dates	---	---	---	---	---	
		Capital Collected in Advance	---	---	---	---	---	
		Capital Surplus (Except for Property Appraisal Surplus)	12,598	11,173	11,173	11,228	11,228	
		Legal Reserve	---	---	---	389,998	1,528,150	
		Special Reserve	22,691	---	---	27,794	27,794	
		Accumulated Reserve	---	---	---	-2,311,900	-1,138,152	
		Minority Interest	---	---	---	---	---	
		Other Shareholders' Equity	-151,155	-20,046	-9,499	-225,907	-237,005	
		Minus: Goodwill	1,034,579	1,034,579	1,034,579	1,034,579	1,150,579	
		Minus: Unamortized Loss on Sales of Non-performing Loan	---	54,910	91,519	128,126	164,734	
		Minus: Capital Allowance	1,301,061	1,190,220	1,556,383	287,291	350,977	
		Total Tier-1 Capital	10,568,224	9,961,148	9,568,923	8,880,498	10,965,006	
	Tier-2 Capital	Perpetual Cumulated Preferred Stock	---	---	---	---	---	
		Cumulated Subordinated Debts without Maturity Dates	---	---	---	---	---	
		Fixed Assets Appraisal Surplus	256,642	256,642	256,642	256,642	-	
		45% of Unrealized Gains on Financial instruments in Available-for-sale	5,956	12,805	22,878	19,076	342	
		Convertible Bonds	---	---	---	---	---	
		The Operating Reserve and Allowance for Bad Debt	408,922	271,480	466,073	1,449,645	1,759,522	
		Long-term Subordinated Debts	4,442,860	4,444,740	4,150,335	4,248,500	4,709,400	
		Non-perpetual Preferred Stocks	---	---	---	---	---	
		The Sum of Perpetual Non-Cumulated Preferred Stock and Non-Cumulated Subordinated Debts without Maturity Dates Exceeds 15% of Total Tier 1 Asset	---	---	---	---	---	
		Minus: Capital Allowance	1,031,061	1,190,220	1,556,383	287,291	350,976	
		Total Tier-2 Capital	4,083,319	3,795,447	3,339,545	5,686,572	6,118,288	
	Tier-3 Capital	Short-term Subordinated Debts	---	---	---	---	---	
		Non-perpetual Preferred	---	---	---	---	---	

		Stocks						
		Total Tier-3 Capital	---	---	---	---	---	
	Self-owned Capital		14,651,543	13,756,595	12,908,468	14,567,070	17,083,294	
Risk-Weighted Assets	Credit Risk	Standardized Approach	152,369,727	143,972,376	136,002,699	146,260,054	151,740,512	Not applicable (Note 1)
		Internal Ratings-based Approach	---	---	---	---	---	
		Asset Securitization	---	---	15,976	23,535	683,428	
	Operational Risk	Basic Indicator Approach	5,587,007	5,587,007	6,050,623	7,311,468	8,415,364	
		Standardized Approach / Alternative Standardized Approach	---	---	---	---	---	
		Advanced Measurement Approach	---	---	---	---	---	
	Market Risk	Standardized Approach	6,024,600	5,780,385	5,061,195	9,105,429	12,265,351	
		Internal Model Approach	---	---	---	---	---	
	Total Risk-Weighted Assets		163,981,334	155,339,768	147,130,493	162,700,486	173,104,655	
	Capital Adequacy Ratio (BIS)		8.93	8.86	8.77	8.95	9.87	
	Ratio of Tier 1 Capital to Risky Asset		6.44	6.41	6.50	5.46	6.33	
	Ratio of Tier 2 Capital to Risky Asset		2.49	2.45	2.27	3.49	3.54	
	Ratio of Tier 3 Capital to Risky Asset		---	---	---	---	---	
Ratio of Total Common Stock to Total Asset		5.11	5.22	5.46	5.22	5.08		
Please specify the reasons of capital adequacy ratio change in the recent two periods. (no analysis required if increase/decrease less than 20%.								

Note 1: The year without CPA examination shall be noted.

Note 2: Self-Owned Capital and Risk-weighted Assets shall be filled according to “Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks” and “Calculation methods and Form of Self-Owned Capital and Risky Assets of Banks”.

Note 3: Banks calculating credit risk according to regulations of transition period should fill risky assets amount under “Credit Risk-The Standardized Approach”.

Note 4: Calculation formula should be listed at the end of annual report as follows:

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 Ratio = Self-owned Capital / Risk-Weighted Assets
4. Tier 1 Capital to Risky Assets = Tier I Capital / Risk-Weighted Assets
5. Tier 2 Capital to Risky Assets = Tier II Capital / Risk-Weighted Assets
6. Tier 3 Capital to Risky Assets = Tier III Capital / Risk-Weighted Assets
7. Total Common Stock to Total Asset = Total Common Stock / Total Asset

Note 5: Not applicable because the Bank is not a public listed or OTC listed company.

Note 6: If Basel 1 is implemented in the year, the form should be filled as follows:

1. 50% of Basel I deducted items is classified as Tier 1 capital deducted items, and the other 50% as Tier 2 capital deducted items.
2. Basel I credit risk capital requirement is classified as capital requirement of credit risk “standard method”.

Capital Adequacy (combined)

In NT\$1,000

<div> <div>Year (Note 1)</div> <div>Items of analysis</div> </div>			Capital Adequacy Ratio in Last Five Years (Note 2)					Capital Adequacy Ratio As of March 31, 2010
			2011	2010	2009	2008	2007	
Self-Owned Capital	Tier-1 Capital	Common Stock	12,749,730	12,249,730	12,249,730	12,439,281	12,439,281	Not applicable (Note 1)
		Perpetual Non-Cumulated Preferred Stock	---	---	---	---	---	
		Non-Cumulated Subordinated Debts without Maturity Dates	---	---	---	---	---	
		Capital Collected in Advance	---	---	---	---	---	
		Capital Surplus (Except for Property Appraisal Surplus)	12,598	11,173	11,173	11,228	11,228	
		Legal Reserve	---	---	---	389,998	1,528,150	
		Special Reserve	22,691	---	---	27,794	27,794	
		Accumulated Reserve	---	---	---	-2,311,900	-1,137,707	
		Minority Interest	6,690	5,851	5,640	5,292	5,740	
		Other Shareholders' Equity	-151,155	-20,046	-9,499	-225,907	-237,004	
		Minus: Goodwill	1,034,579	1,034,579	1,034,579	1,034,579	1,150,579	
		Minus: Unamortized Loss on Sales of Non-performing Loan	---	54,910	91,519	128,126	164,734	
		Minus: Capital Allowance	751,076	1,040,985	1,422,535	168,011	218,848	
		Total Tier-1 Capital	10,854,899	10,116,234	9,708,411	9,005,070	11,103,321	
	Tier-2 Capital	Perpetual Cumulated Preferred Stock	---	---	---	---	---	
		Cumulated Subordinated Debts without Maturity Dates	---	---	---	---	---	
		Fixed Assets Appraisal Surplus	256,642	256,642	256,642	256,642	-	
		45% of Unrealized Gains on Financial Instruments Available-for-sale	5,956	12,805	22,878	19,076	342	
		Convertible Bonds	---	---	---	---	---	
		The Operating Reserve and Allowance for Bad Debt	408,922	271,480	466,073	1,449,610	1,759,522	
		Long-term Subordinated Debts	4,441,060	4,441,840	4,150,335	4,248,500	4,709,400	
		Non-perpetual Preferred Stocks	---	---	---	---	---	
		The Sum of Perpetual	---	---	---	---	---	

		Non-Cumulated Preferred Stock and Non-Cumulated Subordinated Debts without Maturity Dates Exceeds 15% of Total Tier 1 Asset								
		Minus: Capital Allowance	751,076	1,040,985	1,422,535	168,011	218,848			
		Total Tier-2 Capital	4,361,504	3,941,782	3,473,393	5,805,817	6,250,416			
	Tier-3 Capital	Short-term Subordinated Debts	---	---	---	---	---			
		Non-perpetual Preferred Stocks	---	---	---	---	---			
		Total Tier-3 Capital	---	---	---	---	---			
	Self-owned Capital		15,216,403	14,058,016	13,181,804	14,810,887	17,353,737			
	Risk-Weighted Assets	Credit Risk	Standardized Approach	153,031,236	144,712,430	137,012,240	147,361,977		153,170,021	Not applicable (Note 1)
			Internal Ratings-based Approach	---	---	---	---		---	
			Asset Securitization	---	---	15,976	23,535		683,428	
Operational Risk		Basic Indicator Approach	5,823,776	5,823,776	6,292,302	7,514,573	8,646,870			
		Standardized Approach / Alternative Standardized Approach	---	---	---	---	---			
		Advanced Measurement Approach	---	---	---	---	---			
Market risk		Standardized Approach	6,320,499	5,836,871	5,100,035	9,120,754	12,316,349			
		Internal Model Approach	---	---	---	---	---			
Total Risk-Weighted Assets		165,157,511	156,373,077	148,420,553	164,020,839	174,816,668				
Capital Adequacy Ratio (BIS)		9.21	8.99	8.88	9.03	9.93				
Ratio of Tier 1 Capital to Risky Asset		6.57	6.47	6.54	5.49	6.35				
Ratio of Tier 2 Capital to Risky Asset		2.64	2.52	2.34	3.54	3.58				
Ratio of Tier 3 Capital to Risky Asset		0.00	---	---	---	---				
Ratio of Total Common Stock to Total Asset		5.10	5.21	5.44	5.20	5.06				
Please specify the reasons of capital adequacy ratio change in the recent two periods. (no analysis required if increase/decrease less than 20%.										

### 3. Supervisors' Audit Report

#### **Supervisor Auditing Report, Sunny Bank Co., Ltd.**

It is hereby to approve the 2011 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 Shao Chih-Ming and Chen, Chao-Feng 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: 2012 Annual General Meeting of the Shareholders of Sunny Bank Co., Ltd

Resident Supervisor  
Hsu, Wen-Tung



Supervisor  
Tsai, Wen-Hsiung



Supervisor  
Lin, Chin-Lung



Date: March 20, 2012



#### 4. Financial Report

##### Accountants' Audit Reports

Please your bank (Sunny Bank Ltd.) identify and inspect the reports collectively:

The accountants have finished auditing balance sheets of December 31, 2011 and 2010 and income statements, statements of change in stockholders' equity and statements of cash flow from January 1 to December 31, 2011 and 2010 about Sunny Bank Ltd. The preparation of financial statements disclosed above is the responsibility of the management and the responsibility of the accountants is to express opinion on financial statements disclosed above according to audit results.

The accountants plan and conduct the audit work in accordance with "Accountants' Audit and Certificate Regulations of financial statements about the financial industry" and Generally Accepted Auditing Standards to be reasonably convinced whether there is any material representational unfaithfulness in financial statements. The audit work includes the listed amount and audit evidence of disclosures which are obtained from financial statements by a test check, evaluation of accounting principles and material accounting estimates which are adopted and made to prepare financial statements by the management and evaluation of the whole financial statement presentation. The accountants believe that the audit work can provide a reasonable basis for opinion expressed.

As Note 28 of financial statements stated, Sunny Bank Ltd. sold bad claims to an asset management company respectively in Year 2007 and 2006 and caused a total loss of NT\$967.884 million. The total loss can be amortized on a five-year basis in accordance with "The Financial Institutions Merger Act" but the recorded unamortized balance of "Other assets – the unrecognized loss of selling bad claims" does not conform to Generally Accepted Accounting Principles. Other assets – the unrecognized loss of selling bad claims and retained earnings should decrease NT\$198.798 million on December 31, 2010 if the loss on sale is not deferred; net income before tax should increase NT\$198.798 and NT\$193.577 million, respectively, in Year 2011 and 2010. The loss on sale of bad claims was amortized completely in 2011.

In the accountants' opinion, except for the last paragraph which stated that the total loss of selling bad claims was not recognized in the Year and had an effect on financial statements for Year 2011 and 2010, the preparation of financial statements which were stated in the first paragraph in all material aspects was in accordance with "Regulations Governing the Preparation of Financial Reports by Public Banks", "Business Accounting Act", related regulations of Financial Accounting Standards in Regulation on Business Entity Accounting Handling and GAAP and was sufficient to properly present the financial position on December 31, 2011 and 2010 and operational results and cash flows in Year 2011 and 2010 about Sunny Bank Ltd.

As Note 28 of financial statements stated, Sunny Bank Ltd. has adopted the newly amended Statement of Financial Accounting Standards No. 34, "Accounting Guidelines for Financial Products," and No. 41, "Disclosure of Operating Department Information," since Jan 1 2011.

The material accounting title list of financial statements for Year 2011 of Sunny Bank Co. Ltd. is mainly for the use of additional analysis and has also been audited by the accountants who adopt the audit procedure which is stated in the second paragraph. In the accountants' opinion, this sort of title list is in accordance with related information about financial statements stated in the first paragraph in all material aspects.

The consolidated financial statements for Year 2011 of Sunny Bank Ltd. and its subsidiaries have been finished auditing by the accountants and provided with the audit report of qualified opinion on record which is prepared for reference on March 20 2012.

Deloitte Taiwan  
Accountant Chen, Chie-Chung

Accountant Chen, Chao-Feng

Approval No. of Securities and Futures Commission,  
Ministry of Finance, R.O.C.  
No. 0920123784 by TMS Six

Approval No. of Securities and Futures Commission,  
Ministry of Finance, R.O.C.  
No. 0920123784 by TMS Six

Date: March 20, 2012



Sunny Bank Ltd.  
Balance Sheet  
December 31, 2011 and 2010

In NT\$1,000

<u>Code</u>	<u>Asset</u>	<u>Dec312011</u> <u>Amount</u>	<u>Dec312010</u> <u>Amount</u>	<u>Change%</u>
11000	Cash (Note 4)	\$ 5,028,349	\$ 3,749,876	34
11500	Due from central bank and inter-bank offering (Note 5 and 29)	49,164,964	38,618,166	27
12000	Financial assets at fair value through profit or loss (Note 2, 6 and 29)	2,653,821	2,598,130	2
12500	Notes and Bonds Issued under Resale Agreement (Note 2)	360,380	---	---
13000	Receivables—net amount (Note 2, 7, 8 and 28)	1,217,283	1,550,317	(21)
13500	Discounts and loans—net amount (Note 2, 8 and 28)	177,345,283	172,483,268	3
14000	Financial assets in available-for-sale (Note 2, 9 and 29)	1,234,495	2,670,252	(54)
15000	Equity investment under equity method (Note 2 and 10)	559,970	301,056	86
15500	Other financial assets—net amount (Note 2 and 12)	325,123	434,136	(25)
	Fixed assets (Note 2 and 12)			
	Cost			
18501	Land	6,605,446	6,630,487	---
18521	Houses and constructions	2,815,783	2,843,026	(1)
18551	Miscellaneous equipment	1,411,609	1,412,385	---
	Total cost	10,832,838	10,885,898	---
	Revaluation reserve	302,032	302,032	---
	Cost and revaluation reserve	11,134,870	11,187,930	---
	Deduct: accumulated depreciation	2,185,114	2,107,262	4
		8,949,756	9,080,668	(1)
18571	Construction in progress and prepayments for equipment	27,331	34,985	(22)
18500	Net fixed assets	8,977,087	9,115,653	(2)
19000	Intangible assets (Note 2 and 13)	1,056,835	1,048,221	1
19500	Other assets (Note 2, 14, 22, 26, 28, 29 and 30)	1,722,892	1,929,543	(11)
10000	Total assets	\$ 249,646,302	\$ 234,498,618	6

(Next page)

(Continued)

Code	Liabilities and stockholders' equity	Dec 31 2011	Dec 31 2010	Change %
		Amount	Amount	
	Liabilities			
21000	Central bank and interbank deposits (Note 15)	\$ 7,311,459	\$ 5,805,631	26
22000	Financial liabilities at fair value through profit or loss (Note 2 and 6)	1,932	15,759	(88)
22500	Repurchase financial bills and bond debts (Note 2 and 16)	689,526	2,253,586	(69)
23000	Payables (Note 17)	3,192,744	2,117,252	51
23500	Deposits and remittances (Note 18 and 28)	219,449,892	204,947,843	7
24000	Financial bonds payable (Note 19 and 28)	6,809,400	8,009,400	(15)
29521	Reserve for land value increment tax (Note 2 and 12)	133,325	133,325	---
29500	Other liabilities (Note 2, 10, 12, 21, 26 and 27)	336,505	371,989	(10)
20000	Total liabilities	237,924,783	223,654,785	6
	Stockholders' equity (Note 2, 10, 12, 21, 26 and 27)			
31000	Capital stock	12,749,730	12,249,730	4
	Capital surplus			
31501	Stock premium	4,841	3,591	35
31515	Gain on disposal of assets	3,081	3,081	---
31599	Others	4,676	4,501	4
31500	Total capital surplus	12,598	11,173	13
	Accumulated losses			
32003	Special reserve	22,691	---	---
32013	Accumulated losses	(1,182,222)	(1,682,124)	(30)
32000	Total accumulated losses	(1,159,531)	(1,682,124)	(31)
32501	Unrealized revaluation reserve	256,642	256,642	---
32523	Unrealized gain of financial instruments	(108,599)	13,075	(931)
32542	Treasury stocks	(3,508)	(3,508)	---
32544	Net loss not recognized as pension cost	(25,813)	(1,155)	2,135
30000	Net stockholders' equity	11,721,519	10,843,833	8
	Total liabilities and stockholders' equity	\$ 249,646,302	\$ 234,498,618	6

Notes attached behind are a part of the financial statement.

(Please refer to the audit report of Deloitte Taiwan on March 20, 2012)

Chairman: Lin Pong-Long



Manager: Ding Wei-Hao



Accounting manager: Liu Tsung-Hsun



Sunny Bank Ltd.  
Income Statement  
From January 1 to December 31, 2011 and 2010

In NT\$1,000 except NT\$ for earnings (net loss) per share

Code		Year 2011		Year 2010		Change %	
41000	Interest income (Note 2 and 28)	\$	4,995,581	\$	4,365,590		14
51000	Interest expense (Note 28)		2,014,204		1,697,513		19
	Net interest income		2,981,377		2,668,077		12
	Net income (loss) excluding interest						
49100	Net income of commission (Note 2, 23 and 28)		589,164		697,197		(15)
49200	Financial assets and net income (loss) of liabilities at fair value through profit or loss (Note 6 and 28)		3,345		15,364		122
44001	Net investment income recognized under equity method (Note 2 and 10)		1,378		23,810		(106)
44003	Investment gains on disposal under equity method (Note 2 and 10)		---		24,530		(100)
49600	Net profit of exchange (Note 2)		44,848		2,598		1,626
55000	Gains on reversal of asset impairment (loss) (Note 2 and 14)		---		(10,000)		100
48005	Gains of financial assets measured by cost (Note 2)		13,760		30,901		(55)
48051	Lease income (Note 28)		45,567		36,533		25
48063	Net income of property transaction (Note 2)		(13,167)		4,056		(425)
58021	Loss of selling bad claims (Note 28)		(198,798)		(193,577)		3
49800	Other net non-interest income		15,198		108,321		(86)
	Total net income excluding interest		498,539		709,005		(30)
	Net income		3,479,916		3,377,082		3
51500	Bad debt expense (Note 2 and 7)		539,247		375,297		44
	Operating expense (Note 23 and 27)						
58500	Personal expenditure		1,569,236		1,577,204		(1)
59000	Depreciation and amortization		168,720		178,871		(6)
59500	Other business and administration expenses		695,103		650,243		7
	Total operating expenses		2,433,059		2,406,318		1
61001	Net profit (Net loss) before tax		507,610		595,467		(15)
61003	Tax expense (Note 2 and 22)		7,382		(44,700)		(83)
69000	Net profit	\$	500,228	\$	550,767		(9)
Code		Before tax	After tax	Before tax	After tax		
69500	Basic earnings per share (Note 25)	\$ 0.40	\$ 0.40	\$ 0.49	\$ 0.45		

Notes attached behind are a part of the financial statement.  
(Please refer to the audit report of Deloitte Taiwan on March 20, 2012)

Chairman: Lin Pong-Long



Manager: Ding Wei-Hao



Accounting manager: Liu Tsung-Hsun



2011 ANNUAL REPORT

Sunny Bank Ltd.  
Statement of Change in Stockholders' Equity  
From January 1 to December 31, 2011 and 2010

	Issued capital (Note 2 and 21)		Capital surplus	Accumulated losses
	1,000 shares	Amount	(Note 21)	Special reserve
Balance on January 1, 2010	1,224,973	\$ 12,249,730	\$ 11,173	\$ ---
Change in unrealized gain or loss from financial assets of subsidiary companies	---	---	---	---
Change in net loss not recognized as pension cost generated by subsidiary companies	---	---	---	---
Net loss in Year 2010	---	---	---	---
Change in unrealized profit or loss on financial assets in available-for-sale	---	---	---	---
Balance on Dec 31 2010	1,224,973	\$ 12,249,730	\$ 11,173	\$ ---
Special reserve recognized as loss to purchase/sale	---	---	---	509
Special reserve recognized as default loss of subsidiary companies	---	---	---	22,182
Change in unrealized gain or loss from financial assets of subsidiary companies	---	---	---	---
Change in net loss not recognized as pension cost generated by subsidiary companies	---	---	---	---
Cash capital increase	50,000	500,000	---	---
Stock-based compensation cost	---	---	1,425	---
Net profit in Year 2011	---	---	---	---
Change in unrealized profit or loss on financial assets in available-for-sale	---	---	---	---
Effect of equity investments not recognized based on shareholding percentage	---	---	---	---
Change in net loss not recognized as pension cost	---	---	---	---
Balance on Dec 31 2011	<u>1,274,973</u>	<u>\$12,749,730</u>	<u>\$12,598</u>	<u>\$22,691</u>

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Sunny Bank Ltd.  
Cash Flow Statement  
From January 1 to December 31, 2011 and 2010

	Year 2011	Year 2010
Cash flow of operating activities:		
Net profit	\$ 500,228	\$ 550,767
Compensation cost on employee stock options for cash capital increase	1,425	---
Premium/discount amortization on discounts and loans	(11,059)	---
Bad debt expense	539,247	375,297
Write-off of bad debt	(622,648)	(481,730)
Write-off of bad debt recovery	306,017	202,861
(Gains on reversal) of asset impairment loss	---	10,000
Depreciation and amortization	168,720	178,871
Loss of selling bad claims	198,798	193,577
Net investment loss (gain) recognized under equity method	1,378	(23,810)
Provision for trading losses reserve	---	193
Cash dividends allotted by investment companies under equity method	6,242	3,242
Investment gains on disposal under equity method	---	(24,530)
Gains (losses) on disposal of fixed and other assets	4,572	(2,764)
Loss (gain) on valuation of financial instruments at fair value through profit or loss	(16,890)	53,313
Losses (gains) on disposal of collaterals taken over	8,595	(1,292)
Gain on disposal of financial assets in available-for-sale	(169)	(35,944)
Deferred income tax	10,075	36,171
Change in financial instruments at fair value through profit or loss	(52,628)	(541,578)
Decrease of receivables	215,058	701,379
Increase (decrease) of payables	1,075,492	(264,197)
Net cash inflow from operating activities	2,332,453	929,826
Cash flow of investment activities		
Decrease (Increase) of financial assets appointed at fair value through profit or loss	---	20,000
Increase of financial assets in available-for-sale	(4,290,795)	(10,029,367)
Proceeds on disposal of financial assets in available-for-sale	5,607,598	10,911,806
Repayment of principal at maturity of financial assets in held-to-maturity	---	79,880
Decrease of other financial assets	109,013	3,345
Equity investment proceeds on disposal under equity method	---	39,831
Increase of due from central bank and inter-bank offering	(10,546,798)	(1,518,181)
Increase of discounts and loans	(4,955,148)	(10,386,121)



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Chairman: Lin Pong-Long



Manager: Ding Wei-Hao



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# Sunny Bank Ltd.

## Notes of Financial Statements

Year 2011 and 2010

(Amount in NT\$1,000 unless otherwise noticed)

### 1. Company history and lines of business

The bank is a public company and its businesses are as follows: (1) The business which commercial banks can run in accordance with regulations of “The Banking Act of The Republic of China;” (2) various savings and fiduciary businesses; (3) other related businesses whose transactions are approved by the central regulator; (4) the trust department of the bank transacts planning, management and operation of the trust investment business and the trust business of investments in domestic and foreign marketable securities and funds, which are regulated by “The Banking Act of The Republic of China” and “Trust Enterprise Act.” Altogether there were 96 business units nationwide as of the end of 2011.

At the end of 2011 and 2010, the number of the bank’s employee was 1,748 and 1,789 respectively.

### 2. Summarized statements about material accounting policies

The preparation of the financial statement is in accordance with “Regulations Governing the Preparation of Financial Reports by Public Banks,” “Business Accounting Act” “Regulation on Business Entity Accounting Handling” and GAAP.

It is hard to ascertain the operating cycle of the banking industry because of its operational characteristics. Therefore, the asset and liability accounts are not discriminated between current or noncurrent ones but they have been classified according to their nature and rowed in an order of relative liquidity. There is a maturity analysis of assets and liabilities stated in note 31 as well. Summarized statements about material accounting policies are as follows:

#### (1) Accounting estimation

As the financial statement was being prepared according to the foregoing standards, regulations and principles, the Bank is required to adopt reasonably estimated amounts for the valuation of financial instruments, allowance for bad debts, depreciation of fixed assets, pension fund, losses on disposal of collaterals taken over, income taxes, employees’ bonuses and remunerations to directors and supervisors. Therefore the actual results may vary as judgments were involved in estimation.

#### (2) The Compilation Principles of Financial Statements

The financial statement includes the bank’s accounts of total domestic branches and the Offshore Banking Unit. The inter-branch accounts of total domestic branches and OBU are written off reciprocally when the financial statement is compiled.

#### (3) Financial Instruments at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss contain financial assets or liabilities of trading purposes and financial assets or liabilities which are appointed and measured at fair value and are at fair value through profit or loss in original recognition. Financial assets or liabilities are recognized when they become one of the financial instrument contracts; financial assets are derecognized when the control of contract rights is lost; financial liabilities are derecognized when obligations regulated by the contract are released, cancelled or mature.

Original recognition is measured at fair value plus transaction costs. Subsequent valuation is measured at fair value and changes in fair value are recognized as profit or loss of the year. Cash dividends (including those which are received in the investment year) received after investments are recognized as income of the year. The balance between obtained proceeds or payment amount of selling financial instruments and book value is reckoned in profit or loss of the year when financial instruments are derecognized. Accounting treatment on the settlement date is adopted when financial instruments are purchased or sold according to trade practices.

The derivatives which do not conform to hedge accounting are classified as financial assets or liabilities of trading purposes. The fair value is recognized as a financial asset when it is positive value; the fair value is recognized as a financial liability when it is negative value.

The basis of fair value: It means that the closing price of listed and over-the-counter securities on the balance sheet date, the net assets value of beneficiary certificates of open-end funds on the balance sheet date and the reference price of bonds on the balance sheet date of Greta Securities Market; financial instruments which are not in an active market are estimated the fair value by assessment method.

(4) Conditional Financial Bills and Dealing in Bonds

The investment on notes and bonds issued under resale agreement refers to the actual amount which is paid to counterparties when the conditional trade of financial bills and bonds with a resale agreement is undertaken, whereas the debts on notes and bonds issued under repurchase agreement refers to the actual amount which is obtained from counterparties when the conditional trade of financial bills and bonds with a repurchase agreement is undertaken. The conditional trades of financial bills and bonds are taken as financing trades and related interest income or interest expenses are recognized on an accrual basis.

(5) Overdue receivables

Loans or other credit for money which are due in the liquidation period but have not been paid off and have been approved by board of managing directors are rendered overdue receivables along with interest receivable which has been estimated and recognized in accordance with regulations of “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans” of Banking Bureau, Financial Supervisory Commission, Executive Yuan.

Overdue receivables which are rendered from loans are recognized under the item of discounts and loans and other overdue receivables which are not rendered from loans are recognized under the item of other assets.

(6) Allowance for Bad Debts and Reserve for Guarantee Liabilities

The bank estimates possible losses of discounts and loans, accounts receivable, interest receivable, other accounts receivable and overdue receivables and every guarantee and balance of acceptance receivables according to the risk of irrecoverable specific claims and the potential risk of total claim combination to make provision against allowance for bad debts and reserve for guarantee liabilities (recorded other liabilities).

The risk of irrecoverable specific claims means that if the financial position and timely payment of principal and interest of obligors are delayed and the evaluation of collateral values. Classify both of the above according to recoverability and draw them in a required ratio in accordance with regulations of “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.” Remarkable, collectable, substandard and uncollectible bad credit assets are aggregated at 0.5%, 2%, 10%, 50% and the total balance respectively. The amount prepared for the minimum recognized allowance of bad debts and guaranteed liabilities for normal financing shall be implemented on Jan 1 2011, and recognized in full in three years starting from the date of implementation.

As mentioned in Note 3, the third amendment of Statement of Financial Accounting Standards No. 34, “Accounting Guidelines for Financial Products,” was adopted on Jan 1 2011. The amendment incorporates the loans and receivables originally incurred, and therefore the Bank evaluates the losses for the loans and receivables based on the balance sheet. When there is objective evidence shows that the single or multiple events occurring after the original recognition of loans and receivables, which result in impacts to the estimated cash flows based on the loans and receivables, such loans and receivables are considered losses. The objective evidence of loss can be:

1. The debts of debtors are recognized as overdue on the base day of evaluation;
2. The debtor causes unpaid interests or overdue principal on the base day of evaluation;
3. A client is flagged as an account of warning during the abnormal warning operations for borrowers;
4. A debtors intends to negotiate with the bank due to financial difficulties; and
5. A client has participated in a debt negotiation program (including the debt negotiation mechanism of 2006, individual consistency, preparatory negotiation, debt clearance and settlement).

Some of the loans and receivables were reevaluated for losses based on portfolio basis as no loss was revealed after individual evaluation of them. The objective evidence of losses in loans and receivables can include the previous experience of the Bank in retrieving payments, increase of deferred payments in that particular portfolio and observable international or regional economic changes related to the potential nonperforming loans and receivables.

The amount of losses recognized is the difference between the face value and expected future cash flow (effect of collaterals or guarantees is reflected) and the original effective interest discounts of the loan and receivables. The facing value of loans and receivables is decreased by allowance valuation. A loan or receivable is sterilized allowance valuation when it is considered irretrievable. An amount that was sterilized but later is retrieved is the credit allowance valuation. The change in face value of allowance valuation is recognized as loss to bad debts.

For Sunny Bank, bad debts are sterilized based on the evaluation of retrieval possibility and the value of collaterals for the overdue receivables and loans as approved by operating board meetings. The bad debts that are retrieved and sterilized are recognized as allowance for bad debts as specified in Statement of Financial Accounting Standards No. 28, "Disclosure of Bank Financial Reports."

#### (7) Financial Assets in Available-for-sale

Financial assets in available-for-sale are measured at fair value and obtained or issued transaction costs are plus in original recognition; subsequent valuation is measured at fair value and changes in fair value are recognized as stockholders' equity adjustments and accumulated gains or losses are recognized as gain or loss of the year when financial assets are derecognized. Accounting treatment on the settlement date is adopted when financial instruments are purchased or sold according to trade practices.

The basis of fair value: It means that the closing price of listed and over-the-counter securities on the balance sheet date, the reference price of bonds on the balance sheet date of Greta Securities Market and financial instruments which are not in an active market are estimated the fair value by assessment method.

Cash dividends of equities are recognized as income on the ex-dividend date or the resolution date of shareholders' meeting but some dividends are declared and deducted from investment costs before investments; stock dividends are not recognized as income from investment and are only recorded the increase of shares and recalculated the cost per share. The balance between the amount of original recognition and maturity amount of debt instruments is amortized in interest method and recognized as profit or loss of the year.

The impairment loss is recognized if there is objective evidence of impairment. The decreased amount of impairment of equities in available-for-sale is recognized as stockholders' equity adjustments if the impairment amount is decreased in the subsequent period; the decreased amount of impairment of debt instruments is reversed and recognized as profit or loss of the year if it is apparently related to the event which occurred after the recognition of impairment.

#### (8) Equity Investment under Equity Method

The equity method is adopted for valuation when the Bank has up to 20% of share holdings for voting or significant influence.

When equity is obtained or the equity method is adopted for the first time, the investment cost shall be analyzed. The part that exceeds the fair value of identifiable net asset is the goodwill, which is not amortized. If the fair value of identifiable asset exceeds investment cost, the difference is reduced based on the ratio of fair value of non-current assets (not including financial assets, assets to be disposed, deferred income tax assets and prepaid pension or other pension payments not valued with the equity method). If difference still exists, it is recognized as extraordinary gain or loss.

When an invested company issues new stocks, if the new stocks are not subscribed based on the percentage of shareholdings which results in changes in shareholding percentage and thereby increase/decrease in the net value of equity invested, the increase/decrease is used to adjust capital surplus and long-term investment; if the foregoing adjustment is debited as capital surplus and the capital surplus balance generated from long-term investments is insufficient, the difference is debited as reserved surplus.

In case that the losses of an invested company is covered with capital surplus generated from investments, the investing company shall calculate the amount to bear based the shareholding percentage, debit the capital surplus

and credit the reserved surplus, the compensation of other losses is not listed.

For the invested company on which the Bank has significant influence, when the book balance of the invested company's long-term investments and advance in cash becomes negative as the losses are recognized, the recognition of losses shall reduce the book balance of the Bank's investments and cash in advance to zero in addition that the Bank is willing to provide supports or that the losses of the invested company came from short-term investments and there is evidence that profits will be made in a short period of time in the future.

For a invested company on which the Bank has control, the Bank shall absorb the amount of loss to the original equity held by the invested company's shareholders when the book balance of the invested company's long-term investments and advance in cash becomes negative as the losses are recognized, in addition that the shareholders of the invested company are obligated and able to provide extra capitals to cover the losses. If the vested company makes profits in the future, the Bank is entitled for the profits made until the losses that was covered by the Bank is recovered in full.

#### (9) Other Financial Assets

Financial assets measured by costs refer to equities investments which include unlisted and under-the-counter stocks and cannot be measured for the fair value reliably. They are measured by costs which are originally recognized. The impairment loss is recognized if there is objective evidence of impairment and the impairment amount is not reversed.

Bond investments which are not in active markets refer to the public offer of inactive markets. Bond investments which are of fixed or determinable received amount are measured by amortized costs. The accounting treatment of bonds is the same as that of financial assets in held-to-maturity but the disposition timing is not restricted.

Bond investments which are not in active markets are recognized impairment loss if there is objective evidence of impairment. The decreased amount of impairment in the subsequent period are reversed and recognized as profit or loss of the year if it is apparently related to the event which occurred after the recognition of impairment. The amount of the reverse does not make the carrying amount more than amortized costs in the case of unrecognized impairment.

#### (10) Fixed Assets

Fixed assets are valued by costs (or costs plus revaluation reserve) which deduct accumulated depreciation. Critical update and improvement is regarded as capital expenditure; repair and maintenance expenditure is regarded as expense of the year.

Depreciation on fixed assets is calculated and amortized according to the following service life on a straight-line basis: 3-60 years for houses and construction; 3-15 years for miscellaneous equipments. Fixed assets are calculated and amortized according to renewable estimated service life in original depreciation method when the useful life is expired and continued to be used.

In addition to the increase of increment amount of asset revaluation and reserve for land value increment tax, the net amount is credited unrealized appraisal increment when fixed assets are revaluated. The depreciation is calculated and amortized according to remaining useful life of asset revaluation.

All of the costs, revaluation reserve and related accumulated depreciation are deducted from accounts when fixed assets are disposed of. The gains or losses of disposed fixed assets are recognized as gains or losses of the year.

#### (11) Intangible Assets

With the costs to obtain as the booking basis, intangible assets are amortized over their service life on a straight-line basis.

The goodwill of acquired net assets is brought to credit at costs in accordance with regulations of No. 25, "Business combination – the accounting treatment of purchase method", SFAS. The net amount which the fair value which acquisition costs exceed tangible and identifiable intangible assets deducts liabilities assumed is recognized as goodwill and is made regular evaluation of impairment indicator. The impairment test is conducted subsequently and shall not be amortized if there is any indicator of impairment.

Computer software costs are amortized on a three-year basis in straight-line method.

#### (12) Other assets

Collaterals taken over are brought to credit at the price taken over and measured the book value at related recoverable amount at the end of the year. The impairment is recognized as loss if there is any material impairment. Reverse of the impairment loss is recognized as gains if the recoverable amount is increased thereafter. But the book value of collaterals taken over which are reversed after impairment loss shall not exceed the book value of the asset which is not recognized as impairment loss.

Leasing and idle assets are valued at costs which deduct the lower of accumulated depreciation or net fair value. The depreciation is calculated and amortized on a basis of 3-50 years in straight-line method and is continued to be made provision according to the residual value of re-estimated service life when the useful life is expired and continued to be used.

#### (13) Assets Impairment

The bank makes impairment evaluation of the cash generating unit which includes equity investment, fixed assets, goodwill and idle assets which are adopted by equity method. If the asset is measured the book value at related recoverable amount and has material impairment, the book value of goodwill in the cash generating unit is decreased first and remaining impairment losses are allocated in equal proportion according to the book value of other assets in the cash generating unit. Reverse of the impairment loss is recognized as gain if related recoverable amount increases thereafter. But the book value after the reversed impairment loss shall not exceed the book value which deducts depreciation which should be made provision under the situation that the asset is not recognized as impairment loss; the impairment loss of goodwill shall not be reversed.

The goodwill is allotted across the cash generating units that the Bank is expected to enjoy the effects of combination during impairment test. For the cash generating units related to goodwill, impairment test shall be carried out on each of the units annually by comparing the book value of each unit (including goodwill) and amount retrievable in addition to evidence of possible impairment. In case that the amount retrievable for each unit is less than its book value, the book value is reduced by the impairment loss based on the goodwill generated by the cash generating unit that has been allotted before the rest of impairment losses are allotted to various assets based on the percentage of the asset book value of each cash generating unit. The recognized goodwill impairment loss shall not be reversed.

#### (14) Trading Losses Reserve

In case that gain of trading securities exceeds loss amount, 10% of excess shall be made monthly provision for trading losses reserve and recognized as liabilities in accordance with "Regulations Governing Securities Firms." The requirement of recognizing trading losses reserve was cancelled as specified in the letter no. jin-kuan-securities 0990073857, as of Jan 11 2011.

Also, the letter no. jin-kuan-securities 09900738571 specified that the amount of trading losses reserve recognized up to the end of Dec 2010 shall be reclassified as special reserve. The trading losses reserve shall not be used expect for the cover of balance for which trading losses exceed trading gains.

#### (15) Pension

The pension which is defined benefit is recognized as pension expense according to actuarial results. The pension reserve is made payment first and then the pension liability is written off when pension is paid.

The pension which is defined contribution is recognized as the pension amount which should be allotted as expenses of the year.

#### (16) Recognition of Interest Income and Commission Income

Discounts and loans are brought to credit according to outstanding principal and not reckoned in unearned income; interest income is recognized on an accrual basis. The loan principal and interest receivables of overdue claims which are evaluated to be very unlikely to be paid off or paid by agreement are rendered overdue receivables; interest receivables are stopped to be calculated and amortized internally and recognized as interest income when collection is made. The interest income of loans shall be estimated and recognized on an accrual basis; but the interest income which is rendered overdue receivables is stopped interest accrual internally since the date of rendering and is recognized income when collection is made. The interest income which is agreed to keep accounts due to bailout and agreement extension is recognized as deferred gain (recorded other liabilities) since the date of keeping accounts in accordance with regulations and is recognized income when collection is made.

The commission income is recognized when collection is made and the profit process is mainly finished.

#### (17)Treasury Stocks

The payment cost of treasury stocks which are bought back from issued stocks is debited treasury stocks and recognized as the deduction of stockholders' equity.

The parent company's stocks which subsidiaries hold are reclassified as treasury stocks since the equity investment under equity method and the parent company's book value which is recorded and reinvested from subsidiaries is taken as the basis of bringing to credit.

#### (18)Income Tax

Income taxes are allotted in the same period or across different period; i.e. (1) part of the income tax is allotted to the accumulated effects from the change of accounting principles or directly debited or credited to shareholders' equities, and (2) income tax effects which deduct temporary difference and loss relief are recognized as deferred tax assets and realizability is evaluated and related amount of valuation allowance is recognized. Income tax effects which are taxable temporary difference are recognized as deferred tax liabilities. Deferred income tax assets or liabilities are classified as current or non-current subjects depending on types of related assets or liabilities. In case of no related asset or liability, they are classified as current or non-current subjects depending on the expected reverse period.

The income tax credit which is caused by acquisition of equipments or technologies, research and development and personnel training is treated under current recognition method.

Income tax adjustments for previous years are included in the income tax of the year.

The income tax which undistributed earnings are imposed 10% is recognized as expense in shareholders' meeting resolution of the year.

If the calculated basic tax for which the "Income Basic Tax Act" applies is higher than income tax payable of ordinary income, the increased tax payable is recognized as tax expense of the year.

#### (19)Commitments and Contingency

It is possible that an asset has been damaged or liability incurred on the balance sheet date and the amount of losses was reasonably valued, it shall be recognized as current loss. In case that the amount of loss cannot be valued reasonably or the loss may have occurred, it shall be revealed in the financial report.

#### (20)Foreign Currency Transactions

The bank's foreign currency transactions are recorded in the amount of original currency and items of foreign currency assets and liabilities that occur are translated into NT dollar according to spot exchange rate on the balance sheet date. As a result, the balance that occurs is recognized as profit and loss on exchange of the year.

#### (21)Reclassification

Some of the subjects in the 2010 financial report are reclassified in response to the expression of 2011 financial report.

### 3. Reasons of Accounting Changes and Effects

#### Accounting of financial instruments

The Bank adopted the newly amended Statement of Financial Accounting Standards No. 34, "Accounting Guidelines for Financial Products" as of Jan 1 2011. The amendments are (1) the loans and receivables originally generated are now included in the Statement; (2) a specification is added regarding the impairment of financial assets measured with allotted costs in time of liability difficulty; and (3) the accounting of debtors when the liability clause is revised. This accounting change has no major effect to the 2011 financial report.

#### Disclosure of operating department information

The Bank adopted the newly amended Statement of Financial Accounting Standards No. 41, "Disclosure of Operating Department Information" as of Jan 1 2011. The requirement of the statement is based on the information regarding the corporate composition used when the management level make decisions on the establishment of operating items, and the identification of operating department on the internal reports that the operation decision makers use to allot resources for department and performance evaluation in regular audits. This statement supersedes the Statement of Financial Accounting Standards No. 20 "Disclosure of Departmental Financial Information." The adoption of this statement only generates changes in reporting of the Bank's departmental information, and the Bank's reclassifies the departmental information of 2010 accordingly.

#### 4. Cash

	December 31, 2011	December 31, 2010
Cash on Hand	\$ 2,614,3611	\$ 2,552,503
Post-dated checks for clearance	2,161,460	826,193
Due from banks	252,528	371,180
	<u>\$ 5,028,349</u>	<u>\$ 3,749,876</u>

#### 5. Due from Central Bank and Inter-bank Offering

	December 31, 2011	December 31, 2010
Due from central bank	\$ 39,253,802	\$ 25,752,542
Deposit reserve	7,557,242	10,156,534
Capital loaned	2,353,920	2,709,090
	<u>\$ 49,164,964</u>	<u>\$ 38,618,166</u>

The deposit reserve means that the monthly average balance of every deposit is drawn and deposited in the account of deposit reserve in the Central Bank in the required reserve ratio. As of the end of 2011 and 2010, NT\$ 5,894,160,000 and 5,572,009,000 were aggregated, respectively, in the deposit reserve, but cannot be used before the adjustment for monthly deposit reserve in accordance with regulations and the rest of the amount can be used at any time.

#### 6. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2011	December 31, 2010
Financial Assets of Trading Purposes		
Financing commercial paper	\$ 2,171,745	\$ 1,915,587
Beneficiary certificate	393,416	391,216
Common stocks of domestic listed and over-the-counter companies	11,753	143,312
Government bond	52,845	103,587
Currency swap	10,474	20,451
Negotiable certificates of deposit	---	14,959
Common stocks of foreign listed companies	13,588	9,018
	<u>\$ 2,653,821</u>	<u>\$ 2,598,130</u>
Financial Liabilities of Trading Purposes		
Currency swap	\$ 1,932	\$ 14,910
Foreign exchange forward	---	849
	<u>\$ 1,932</u>	<u>\$ 15,759</u>



The main purpose of derivative financial instrument transactions made by the Bank in Year 2011 and 2010 is to respond to customers' needs and fund procurement and risk management of the bank's foreign exchange.

As of the end of 2011 and 2010, the amount of the Bank's derivative financial instrument contracts which are not mature is as follow:

	December 31, 2011	December 31, 2010
<u>TradingPurposes</u>		
Currency swap	\$ 1,499,111	\$ 2,769,644
Foreign exchange forward	3,983	134,885

As of the end of 2011 and 2010, foreign exchange swap and foreign exchange forward contracts which are not mature are as follows:

December 31, 2011			December 31, 2010		
Contract amount (NT\$1,000)	Maturity		Contract amount (NT\$1,000)	Maturity	
Sell USD	47,389	01/03/2012-01/31/2012	Sell USD	51,791	01/05/2011-03/28/2011
HKD	5,831	01/17/2012	ZAR	10,043	01/03/2011-01/12/2011
JPY	77,691	01/20/2012	JPY	329,063	01/25/2011-06/27/2011
AUD	350	01/13/2012	EUR	850	01/11/2011-05/30/2011
Buy JPY	15,575	01/20/2012	Buy JPY	331,544	01/11/2011-03/28/2011
ZAR	135,039	01/06/2012-01/31/2012	ZAR	61,227	01/12/2011-01/31/2011
HKD	64,567	01/17/2012-01/31/2012	HKD	45,891	01/20/2011-01/24/2011
USD	2,103	01/13/2012-01/20/2012	USD	82,095	01/03/2011-01/19/2011
NZD	8,900	01/17/2012-01/31/2012	NZD	17,100	01/05/2011-02/01/2011
AUD	10,500	01/13/2012-01/19/2012	AUD	11,800	01/12/2011-01/20/2011
EUR	1,400	01/31/2012	EUR	4,500	01/11/2011-01/27/2011
GBP	1,500	01/17/2012	GBP	1,400	01/12/2011-01/19/2011
CAD	1,020	01/03/2012			

In Year 2011 and 2010, the bank's profit or loss summary of financial instruments at fair value through profit or loss were as follows:

	December 31, 2011	December 31, 2010
Financial Assets at Fair Value through Profit or Loss		
Realized profit or loss	\$ 606,089	\$ 1,076,545
Valuated profit or loss	39,279	(38,312)
	645,368	1,038,233
Financial Assets Appointed at Fair Value through Profit or Loss		
Realized profit or loss	---	298
Valuated profit or loss	---	(91)
	---	207
Financial liabilities at fair value through profit or loss		
Realized profit or loss	(619,634)	(1,038,894)
Valuated profit or loss	(22,389)	(14,910)
	(642,023)	(1,053,804)
	\$ 3,345	(\$ 15,364)

7. Receivables – net amount

	December 31, 2011	December 31, 2010
Credit card receivables	\$ 635,553	\$706,673
Proceeds of selling bad claims receivable (Note 28)	430,303	543,684
Interest receivable	\$ 337,526	\$ 264,794
Spot foreign exchange receivables	192,147	190,195
Acceptance receivables	13,295	110,376
Income tax refunds receivable (Note 22)	91,589	92,180
Others	211,284	218,853
	<u>1,911,697</u>	<u>2,126,755</u>
Deduct: allowance for bad debts (Note 8)	694,594	576,438
	<u>\$ 1,217,103</u>	<u>\$ 1,550,317</u>

8. Discounts and Loans – net amount

	December 31, 2011	December 31, 2010
Short-term loans	\$ 15,000,305	\$ 8,345,888
Short-term secured loans	25,814,460	25,819,777
Mid-term loans	13,291,537	11,037,326
Mid-term secured loans	30,364,099	25,022,954
Long-term loans	3,775,215	4,837,381
Long-term secured loans	89,349,923	96,687,093
Overdue receivables	1,191,524	2,078,574
Bill purchased	53,991	27,703
	<u>178,841,054</u>	<u>173,856,696</u>
Adjustment of discounts and loans premium discount	(16,731)	---
Deduct: allowance for bad debts	1,479,040	1,373,428
	<u>\$ 177,345,283</u>	<u>\$ 172,483,268</u>

The credit balance for which interest accrual is stopped internally was NT\$1,191,524,000 and 2,078,574,000, respectively, at the end of 2011 and 2010. The amount of interest income which is not calculated and amortized internally was NT\$41,946,000 and 64,902,000, respectively, in Year 2011 and 2010.

There was no credit claim which was written off at once without legal proceedings in the Bank in Year 2011 and 2010.

The details and changes in receivables, allowance for bad debts on discounts and loans and reserve for acceptance and guarantee liability are as follows:

		Dec 31 2011			
Item		Discounts and loans		Receivables (Note)	
		Total	Allowance for bad debts	Total	Allowance for bad debts
Those with objective evidence of individual impairment	Individually evaluated impairment	\$ 1,577,268	\$ 246,406	\$ 612,280	\$ 610,247
	Collectively evaluated impairment	1,360,297	396,293	263,408	71,457
Those without objective evidence of individual impairment	Collectively evaluated impairment	175,903,489	828,857	752,273	12,890

Note: The total of receivables does not include tax refund receivables and spot exchange receivables, totaling NT\$ 283,736,000.

The Bank's total credit risk characteristics include receivables, discounts and loans as of Dec 31 2011.

The details and changes of receivables, discounts and loans, allowance for bad debts and reserve for acceptance and guarantee liability are shown as follows:

Discounts and loans, 2011

Discounts and loans						
	Risk of irrecoverable specific claims	Potential risk of total claim combination	Subtotal	Receivables	Reserve for acceptance and guarantee liability	Total
Balance at the beginning of the year	\$ 1,320,733	\$ 52,695	\$ 1,373,428	\$ 576,438	\$74,358	\$ 2,204,224
Provision (reverse) for bad debts	(352,931)	769,560	416,629	122,350	268	539,247
Write-off	(598,369)	---	(598,369)	(24,279)	---	(622,648)
Bad debts which are recovered and written off	285,932	---	285,932	20,085	---	306,017
Adjustment for balance of exchange	1,420	---	1,420	---	---	1,420
Balance at the end of the year	\$ 656,785	\$ 822,255	\$ 1,479,040	\$ 694,594	\$ 74,625	\$ 2,248,260

Discounts and loans, 2010

Discounts and loans						
	Risk of irrecoverable specific claims	Potential risk of total claim combination	Subtotal	Receivables	Reserve for acceptance and guarantee liability	Total
Balance at the beginning of the year	\$ 1,413,731	\$ 41,424	\$ 1,455,155	\$ 55,443	\$ 13,030	\$ 1,521,040
Provision for bad debts	100,051	5,271	105,322	269,455	520	375,297
Write-off	(436,035)	---	(436,035)	(45,695)	---	(481,730)
Bad debts which are recovered and written off	184,636	---	184,636	18,225	---	202,861
Adjustment for balance of exchange	(3,850)	---	(3,850)	---	---	(3,850)
Balance at the end of the year	\$ 1,320,733	\$ 52,695	\$ 1,373,428	\$ 576,438	\$ 74,358	\$ 2,024,224

## 9. Financial Assets in Available-for-sale

	Dec 31 2011	Dec 31 2010
Government bond	\$ 519,825	\$ 1,175,158
Common stocks of listed and over-the-counter companies	454,057	523,025
Corporate bond	79,509	443,269
Beneficiary certificate	137,474	184,701
Beneficiary securities	40,235	42,405
Asset-backed commercial paper	3,395	7,977
Financing commercial paper	---	289,576
Foreign bond	---	4,141
	<u>\$ 1,234,495</u>	<u>\$ 2,670,252</u>

## 10. Equity Investment under Equity Method

	Dec 31 2011		Dec 31 2010	
	Amount	Shareholding %	Amount	Shareholding %
Unlisted and under-the-counter companies				
Sunny Securities Company Ltd.	\$ 498,756	98.72	\$ 230,860	97.68
Sunny Asset Management Company Ltd.	26,345	100.00	36,212	100.00
Sunny Personal Insurance Agent Company	32,141	39.99	31,278	39.99
Sunny Property Insurance Agent Company	2,728	20.00	2,706	20.00
	<u>\$ 559,970</u>		<u>\$ 301,056</u>	

(1) The details of net investment profit (loss) recognized under equity method are as follows:

	2011	2010
Sunny Securities Company Ltd.	\$ 70	\$ 8,123
Sunny Asset Management Company Ltd.	(9,579)	11,701
Sunny Personal Insurance Agent Company	7,723	14,565
Sunny Property Insurance Agent Company	408	293
Ontario Securities Investment Trust Co., Ltd.	---	(10,872)
	<u>(\$ 1,378)</u>	<u>\$ 23,810</u>

- (2) Sunny Securities initiated capital reduction for loss make-up in Oct 2011, and the shares held by the bank were changed to 27,185,000 shares. However, the shareholding percentage remains as 97.68%. In addition, Sunny Securities initiated capital increase in Dec 2011 by issuing 22,370,000 shares of common stock at the price of NT\$11/share. The capital increase was NT\$ 246,074,000 in total. The Bank purchased all of the stocks issued, resulting in the changes of shareholdings and percentage 49,555,000 shares and 98.72%, respectively. The net value of invested equity reduced by NT\$326,000, and the retained earnings were adjusted for the reduction.
- (3) The bank sold 6.006 million shares, the whole shares of Ontario Securities Investment Trust Co., Ltd. in December, 2010, which were the equity investment valued under equity method. The selling price and gain on disposition was NT\$39 million 831 thousand and 24 million 530 thousand, respectively
- (4) The bank and its subsidiaries have controllability of Sunny Personal Insurance Agent Company and Sunny Property Insurance Broker Company because of over 50% shareholding. Accounts of all subsidiaries have been consolidated into the preparation of consolidated financial statements for Year 2011 and 2010.

#### 11. Other Financial Assets – Net value

	Dec 31 2011	Dec 31 2010
Financial assets measured at costs		
Unlisted an under-the-counter common stocks		
Financial Information Service Co., Ltd.	\$ 115,711	\$ 115,771
Taiwan Financial Asset Service Corporation	50,000	50,000
Taiwan Depository and Clearing Corporation	21,490	21,490
Unlisted an under-the-counter preferred stocks		
Bank of Panhsin	---	110,000
Farglory Life	100,000	100,000
	<u>287,261</u>	<u>397,261</u>
Debt instrument investments which are not in active markets		
Structured deposit		
Structured deposit	151,450	147,500
Deduct: accumulated impairment	(113,588)	(110,625)
	<u>37,862</u>	<u>36,875</u>
	<u>\$ 325,123</u>	<u>\$ 434,136</u>

The bank's investments which are measured at costs are measured so because there is no public offer in inactive markets and the fair value cannot be measured reliably.

The bank's investments which are not in active markets are estimated under assessment method because there is no price for reference in inactive markets and the fair value cannot be measured reliably.

## 12. Fixed Assets

	Year2011				
	Land	Houses and construction	Miscellaneous equipment	Prepayments for equipment	Total
Cost					
Balance at the beginning of the year	\$ 6,630,487	\$ 2,843,026	\$ 1,412,385	\$ 34,985	\$ 10,920,883
Increase in the year	---	---	41,848	20,411	62,259
Decrease in the year	---	---	(73,065)	---	(73,065)
Reclassification in the year	(25,041)	(27,243)	30,441	(28,065)	(49,908)
	<u>6,605,446</u>	<u>2,815,783</u>	<u>1,411,609</u>	<u>27,331</u>	<u>10,860,169</u>
Reevaluation gain					
Balance at the beginning of the year	\$ 281,856	\$ 20,176	\$ ---	\$ ---	\$ 302,032
Increase in the year	---	---	---	---	---
Decrease in the year	---	---	---	---	---
	<u>281,856</u>	<u>20,176</u>	<u>---</u>	<u>---</u>	<u>302,032</u>
Accumulated depreciation					
Balance at the beginning of the year	---	900,610	1,206,652	---	2,107,262
Increase in the year	---	65,107	82,372	---	147,479
Decrease in the year	---	---	(68,155)	---	(68,155)
Reclassification in the year	---	(17,596)	16,124	---	(1,472)
	<u>---</u>	<u>948,121</u>	<u>1,236,993</u>	<u>---</u>	<u>2,185,114</u>
Net amount at the end of the year	<u>\$ 6,887,302</u>	<u>\$ 1,887,838</u>	<u>\$ 174,616</u>	<u>\$ 27,331</u>	<u>\$ 8,977,087</u>
	Year2010				
	Land	Houses and construction	Miscellaneous equipment	Prepayments for equipment	Total
Cost					
Balance at the beginning of the year	\$ 6,634,536	\$ 2,859,191	\$ 1,316,506	\$ 45,500	\$ 10,855,733
Increase in the year	---	---	77,589	11,621	89,210
Decrease in the year	---	---	(2,493)	---	(2,493)
Reclassification in the year	(4,049)	(16,165)	20,783	(22,136)	(21,567)
	<u>6,630,487</u>	<u>2,843,026</u>	<u>1,412,385</u>	<u>34,985</u>	<u>10,920,883</u>
Reevaluation gain					
Balance at the beginning of the year	281,856	20,176	---	---	302,032
Increase in the year	---	---	---	---	---
Decrease in the year	---	---	---	---	---
	<u>281,856</u>	<u>20,176</u>	<u>---</u>	<u>---</u>	<u>302,032</u>
Accumulated depreciation					
Balance at the beginning of the year	---	836,540	1,115,573	---	1,952,113
Increase in the year	---	65,988	93,540	---	159,528
Decrease in the year	---	---	(2,461)	---	(2,461)
Reclassification in the year	---	(1,918)	---	---	(1,918)
	<u>---</u>	<u>900,610</u>	<u>1,206,652</u>	<u>---</u>	<u>2,107,262</u>
Net amount at the end of the year	<u>\$ 6,912,343</u>	<u>\$ 1,962,592</u>	<u>\$ 205,733</u>	<u>\$ 34,985</u>	<u>\$ 9,115,653</u>

The bank made land revaluation respectively in Year 2008, 1993, 1991 and 1982 and revaluation of assets which exclude lands in Year 1982 in accordance with related regulations.

### 13. Intangible Assets

	Dec 31 2011	Dec 31 2010
Goodwill	\$ 1,034,579	\$ 1,034,579
Computer software	22,256	13,642
	<u>\$ 1,056,835</u>	<u>\$ 1,048,221</u>

No value impairment of goodwill was detected as of Dec 31 2011.

### 14. Other Assets

	Dec 31 2011	Dec 31 2010
Net deferred tax assets (Note 22)	\$ 812,757	\$ 822,832
Leasing assets – the net amount which deducts accumulated depreciation of NT\$ 12 million 140 thousand in 2011 and that of 9 million 571 thousand in 2010	330,571	310,031
Refundable deposits	218,710	223,218
The unrecognized loss of selling bad claims (Note 28)	---	198,798
Idle assets – the net amount which deducts accumulated depreciation of NT\$ 17 million 664 thousand in 2011, that of NT\$16 million 470 thousand in 2010, and accumulated impairment of NT\$ 10 million	176,601	168,161
Collaterals taken over – the net amount which deduct allowance for loss from falling price of NT\$ 27 million 639 thousand in 2011 and that of NT\$ 88 million 118 thousand in 2010	59,277	128,124
Prepayment	68,162	67,494
Deferred pension cost (Note 27)	27,780	---
Others	29,034	10,885
	<u>\$ 1,722,892</u>	<u>\$ 1,929,543</u>

### 15. Central Bank and Interbank Deposits

	Dec 31 2011	Dec 31, 2010
Interbank deposit	\$ 5,436,000	\$ 3,938,000
Redeposit at Chunghwa Post Co., Ltd.	1,845,169	1,867,631
Central bank deposit	30,290	---
	<u>\$ 7,311,459</u>	<u>\$ 5,805,631</u>

# 16. Bills & Bonds Sold under Repurchase Agreements

Dec 31 2011

Asset	Face value of securities	Amount of sale (listed bills and bonds under repurchase agreement)	Amount of agreed buyback	Date of agreed buyback
Financial asset listed for gain/loss due to change of fair value	\$ 480,000	\$ 478,589	\$ 478,697	Bought back before Jan 4 2012
Financial assets in available-for-sale	\$ 210,000	\$ 210,937	\$ 211,080	Bought back before Jan 17 2012
	<u>\$ 690,000</u>	<u>\$ 689,526</u>	<u>\$ 689,777</u>	

Dec 31 2010

Asset	Face value of securities	Amount of sale (listed bills and bonds under repurchase agreement)	Amount of agreed buyback	Date of agreed buyback
Financial asset listed for gain/loss due to change of fair value	\$ 1,130,000	\$ 1,129,294	\$ 1,129,478	Bought back before Jan 28 2012
Financial assets in available-for-sale	1,124,000	1,124,292	\$ 1,124,611	Bought back before Jan 28 2012
	<u>\$ 2,254,000</u>	<u>\$ 2,253,586</u>	<u>\$ 2,254,089</u>	

# 17. Payables

	Dec 31 2011	Dec 31 2010
Post-dated checks for clearance payable	\$ 2,161,460	\$ 826,193
Interest payable	364,275	362,456
Bill for collection payable	49,034	210,623
Spot foreign exchange payable	192,152	190,789
Others	425,823	527,191
	<u>\$ 3,192,744</u>	<u>\$ 2,117,252</u>

# 18. Deposits and Remittances

	Dec 31 2011	Dec 31 2010
Savings deposit	\$ 146,997,843	\$ 139,799,189
Time deposit	44,075,871	38,938,192
Demand deposit	25,597,655	23,272,348
Check deposit	2,614,759	2,305,342
Cash in public treasury	160,251	167,759
Remittance	3,513	10,013
	<u>\$ 218,449,892</u>	<u>\$ 204,947,843</u>



# 19. Financial Bonds Payable

The bank issues related subordinated financial bonds which all pay interest every year and repay principals in maturity to raise mid and long-term capital which is needed for operation and increase bank of international settlement ratio. As of the end of 2010 and 2009, the balance of issue is as follows:

	Dec 31 2011	Dec 31 2010
The first phase of Year 2006 – issued on May 16, 2006, annual fixed interest rate of 2.55% with annual payment, total payback upon deadline	\$ ---	\$ 2,000,000
The first phase of Year 2007 (A bond) – issued on April 9, 2007, annual fixed interest rate of 3.00% with annual payment, total payback upon deadline	1,800,000	1,800,000
The first phase of Year 2007 (B bond) – issued on April 9, 2007, the quarterly coupon rate is in accordance with an additional 0.60% interest accrual of the displaying floating rates of time savings deposit in Bank of Taiwan with annual payment, total payback upon deadline	1,100,000	1,100,000
The second phase of Year 2007 (A bond) – issued on November 16, 2007, annual fixed interest rate of 3.60% with annual payment, total payback upon deadline	203,50	203,500
The second phase of Year 2007 (B bond) – issued on November 16, 2007, the quarterly coupon rate is in accordance with an additional 0.75% interest accrual of the displaying floating rates of time savings deposit in Bank of Taiwan with annual payment, total payback upon deadline	101,000	101,000
The third phase of Year 2007 (A bond) – issued on December 26, 2007, annual fixed interest rate of 3.80% with annual payment, total payback upon deadline	261,000	261,000
The third phase of Year 2007 (B bond) – issued on December 26, 2007, the quarterly coupon rate is in accordance with an additional 0.95% interest accrual of the displaying floating rates of time savings deposit in Bank of Taiwan with annual payment, total payback upon deadline	43,900	43,900
The first phase of Year 2009 – issued on June 15, 2009, annual fixed interest rate of 3.00% with annual payment, total payback upon deadline	500,000	500,000
The first phase of Year 2010 (A bond) – issued on April 30, 2010, annual fixed interest rate of 3.25% with annual payment, total payback upon deadline	570,000	570,000
The first phase of Year 2010 (B bond) – issued on April 30, 2010, the quarterly coupon rate is in accordance with an additional 1.83% interest accrual of the displaying floating rates of time savings deposit in the bank with annual payment, total payback upon deadline	230,000	230,000
The second phase of Year 2010 (A bond) – issued on October 29, 2010, annual fixed interest rate of 3.25% with annual payment, total payback upon deadline	500,000	500,000
The second phase of Year 2010 (B bond) – issued on October 29, 2010, the quarterly coupon rate is in accordance with an additional 1.71% interest accrual of the displaying floating rates of time savings deposit in the bank with annual payment, total payback upon deadline	300,000	300,000
The third phase of Year 2010 (A bond) – issued on November 11, 2010, annual fixed interest rate of 3.25% with annual payment, total payback upon deadline	400,000	400,000
The first phase of Year 2011 (A Bond) – issued on June 27 2011, annual fixed interest rate of 2.85% with annual payment, total payback upon deadline	100,000	---
The first phase of Year 2011 (B Bond) – issued on June 27 2011, the quarterly coupon rate is in accordance with an additional 2.85% interest accrual of the displaying floating rates of time savings deposit in the bank with annual payment, total payback upon deadline	500,000	---
The second phase of Year 2011 – issued on September 30 2011, the quarterly coupon rate is in accordance with an additional 1.17% interest accrual of the displaying floating rates of time savings deposit in the bank with annual payment, total payback upon deadline	200,000	---
	<u>\$ 6,809,400</u>	<u>\$ 8,009,400</u>

## 20. Other Liabilities

	Dec 31 2011	Dec 31 2010
Deposits received	\$ 82,992	\$ 120,497
Account collected in advance	113,821	112,109
Reserve for guarantee liability (Note 8)	74,626	74,358
Deferred gain	2,262	23,669
Others	62,804	41,356
	<u>\$ 336,505</u>	<u>\$ 371,989</u>

## 21. Stockholders' Equity

### (1) Capital stock

The Bank's authorized capital was NT\$ 20 billion as of Dec 31 2010, the paid-in capital was NT\$ 12,249,730,000 with 1,224,973,000 shares at NT\$ 10/share.

In order to increase capitals at hand and improve financial structure and capital adequacy, the Bank initiated capital increase with April 28 2011 as the grant day by issuing 50,000,000 shares of common stocks at NT\$ 10/share for a cash capital of NT\$ 500 million.

The new stocks issued for the capital increase mentioned above were sold to the Bank's employees according to Article 267 of the company Act. The fair value of the equity products measured on the date of issuing was recognized as salary expense and capital reserve. The relevant remuneration cost recognized for Year 2011 was NT\$ 1,425,000.

The remuneration cost was calculated based on the new stocks that were reserved for the purchase of employees for capital increase in 2011. The Black-Scholes valuation model was used, and the parameters used for this model were:

Stock price at grant date	NT\$ 8.6
Exercise price	NT\$ 10
Expected volatility	35.2%
Expected term	0.26 year
Expected dividend yield	-
Risk-free interest rate	0.61%

The expected volatility was calculated based on the grant date with the reference of expected term. The average annualized standard deviation of the interbank daily rate of return between Oct 10 2010 and Jan 21 2011 was taken as the assumption.

The capital increase was approved by Financial Supervisory Commission, Executive Yuan, and became effective on March 18 2011. The registration of change in paid-in capital was completed on May 20 2011. Therefore, the actual paid-up capital stock of the Bank increased by NT\$ 12,749,730,000 up to Dec 31 2010 in form of 1,274,973,000 shares of common stock at the face value of NT\$ 10/share.

### (2) Capital surplus

Capital surplus shall not be used except for the cover of the company's loss but the overage which is obtained from issuance of share above par and the capital surplus which arises from receiving and gift income can infuse capital and allot new shares in the proportion of shareholders' original shares in accordance with legal requirements; capital infusion is subject to a certain ratio of paid-up capital stock every year. The capital surplus mentioned above may be allotted with cash according to the amendment of the company Act promulgated on Jan 4 2012.

### (3) Special reserve

The letter, jin-kuan-securities 09900738571, requires that the Bank shall render the allowance for trading losses of NT\$ 509,000 recognized up to the end of December 2010 as the special reserve starting from Jan 31 2011; the net value of allowance for book default losses of Sunny Securities, a subsidiary of Sunny Bank, in 2011, totaling NT\$ 22,708,000, shall be recognized as special reserve. The Bank recognizes NT\$ 22,182,000 of investment cost and special reserve depending on shareholding percentage.

### (4) Earning distribution and dividend policy

In addition to legal payments of all taxes, losses of previous years shall be offset first and then 30% of the balance is allocated for legal surplus if there is any surplus in annual accounting in accordance with regulations of the bank's constitution; but it is not subject to the limits when the legal surplus has reached total paid-up capital; and then special reserve is allocated or surplus is given to retain if necessary. The balance is allocated according to the following regulations:

1. 1.5% for remuneration of directors and supervisors.
2. 3% for employee bonus.
3. 95.5% for stockholders' dividends.

There are still accumulated losses in 2011 and 2010. The Bank does not estimate the employee bonus and the remuneration of directors and supervisors. The estimation and recognition of employee bonus and remuneration of directors and supervisors are based on the amount that might be allotted according to experiences in the past. Accumulated losses for Year 2010 and 2009 are caused by the employee bonus and remuneration costs of directors and supervisors which are not estimated and recognized. Changes will be treated according to accounting estimate and adjusted and brought to credit under shareholders' meeting resolution of the year if there are still changes in the amount on the resolution date of shareholders' meeting. Stock bonus shares are decided by the resolution of bonus amount which is divided by the fair value of stocks if shareholders' meeting decides to adopt stocks for the allotment of employee bonus. The calculation of the stock's fair value is based on the net value of financial reports which have been audited by accountants in recent year.

The bank must make provision for special reserve respectively from after-tax profits of the year or undistributed earnings of previous years towards the amount of stockholders' equity deduction of the year (including unrealized profit or loss on financial instruments) and the unamortized balance of unrecognized losses of selling bad claims in accordance with legal requirements when it distributes earnings. If there is any reverse or amortization of unrecognized losses of selling bad claims in the amount of stockholders' equity deduction thereafter, earnings can be distributed towards the reverse or amortization.

To strengthen financial structure and balance the capital adequacy, the principle of dividend allotment is allocation of stock dividend and retention of capital required according to the capital budget planning for the bank; the cash dividend can be allotted in part and not be lower than 10% of total dividends if there is remaining capital budget and the BIS ratio is higher than the required standard of the regulator. The stock dividend can be replaced to allot if the allocation of cash dividend per share is less than NT\$ 0.1.

Shareholders' meeting of the bank was held in June, 2011. The loss will not be made up until the year that has earnings and shareholders' meeting resolution thereafter because there are still no earnings, legal surplus and special reserve available for make-up in Year 2010.

For the bank's proposals approved by directors, shareholders' meeting resolutions and the make-up for a loss in Year 2010 and 2008, please go to "Market Observation Post System" for details.

The board of director of the Bank resolved on March 20 2012 on the loss make-up of 2011 as follows:

	Year 2011
Net profit after tax in 2011	\$ 500,228
Minus: Losses to be made up at the beginning of year	(1,682,124)
Minus: Effect of equity investments not recognized based on shareholding percentage	(326)
Plus: Loss make-up with special reserve	22,691
Plus: Loss make-up with capital surplus	12,598
Losses to be made up at the end of year	(\$ 1,146,933)

The proposal of loss make-up for 2011 remains to be resolved in the shareholders' meeting. For information, please go to "Market Observation Post System" after the meeting.

In accordance with regulations of the Company Act, the legal surplus shall be allotted continuously unless the balance has reached total capital stock. Legal surplus can be used to offset losses. In case of no loss, the amendment of the Company Act promulgated on Jan 4 2012 specifies that the part of legal surplus exceeding 25% of total paid-up capital stock may be allocated to stock capital or distributed in cash; also, the Banking Act of Republic of China requires that the maximum allocation of cash earnings shall not exceed 15% of total stock capital when the legal surplus is not greater than total stock capital.

When the Bank is distributing earnings, the imputation credits entitled to shareholders shall be calculated based on the tax deduction percentage on the date of stock dividend distribution for all shareholders except for those who do not live in the territory of Republic of China.

#### (5) Unrealized profit or loss of financial instruments

The changes in unrealized profit or loss on financial instruments in 2011 and 2010 are as follows:

	Financial assets in available-for-sale	Equity investment which is recognized according to shareholding ratio under equity method	Total
Year 2011			
Balance at the beginning of the year	\$ 9,056	\$ 4,019	\$ 13,075
Recognized as stockholders' equity adjustments directly	(119,123)	(2,551)	(121,674)
Balance at the end of the year	<u>(\$ 110,067)</u>	<u>\$ 1,468</u>	<u>(\$ 108,599)</u>
Year 2010			
Balance at the beginning of the year	\$ 43,907	\$ 2,157	\$ 46,064
Recognized as stockholders' equity adjustments directly	(34,851)	1,862	(32,989)
Balance at the end of the year	<u>\$ 9,056</u>	<u>\$ 4,019</u>	<u>\$ 13,075</u>

## 22. Income Tax

(1) The income tax refunds receivable estimated by the Bank are as follows:

	Dec 31 2011	Dec 31 2010
Net profit (loss) before tax	\$ 507,610	\$ 595,467
Permanent difference	(161,094)	(246,563)
Temporary difference	145,467	25,145
	<u>491,983</u>	<u>374,049</u>
Minus: Loss relief	(483,668)	(366,249)
Tax payable	<u>\$ 8,315</u>	<u>\$ 7,800</u>
Times: Income tax rate	17%	17%
Tax payable calculated with taxable incomes	1,413	1,326
Minus: deduction of investment of income tax	(1,413)	---
Plus: difference payable of basic tax amount	631	6,474

Minus: Provisional and withholding tax	(31,702)	(31,881)
Tax refund receivable of the year	(\$ 31,071)	(\$ 24,081)
	Dec 31 2011	Dec 31 2010
Income tax refunds receivable at the beginning of the year	\$ 92,180	67,212
Increased income tax refunds receivable of the year	31,071	24,081
Income tax refunds receivable retrieved	(34,986)	---
Income tax adjustments of previous years	3,324	887
Income tax refunds receivable at the end of the year	\$ 91,589	\$ 92,180

(2) Components of the bank's net deferred tax assets (recorded other assets) are as follows:

	Dec 31 2011	Dec 31 2010
Deferred tax assets (liabilities)		
Loss relief	\$ 836,856	\$ 926,417
Transfinite number of allowance for bad debts	64,489	29,447
Unrealized impairment loss on collaterals taken over	2,671	2,441
Deduction of investment	1,897	---
Others	(2,925)	5,627
	902,988	963,932
Minus: valuation allowance	(90,231)	(141,100)
Net deferred tax assets	\$ 812,757	\$ 822,832

The Profit-seeking enterprise income tax rate was decreased from 20% to 17% according to the Article 5 of the Income Tax Act amended by the Legislation Yuan in May 2010 and in effect in 2010.

The bank has recalculated deferred tax assets in accordance with such revised provisions. As of the end of 2011, the amount of loss relief which can be used to deduct taxable income by the Bank in later years is as follows:

Year of maturity	Amount of loss relief	Amount of investment deduction
2012	\$ ---	\$ 1,075
2013	---	822
2016	595,285	---
2017	1,362,028	---
2018	2,123,184	---
2019	842,186	---
	\$ 4,922,683	\$ 1,897

(3) The bank's tax expenses of the year are as follows:

	2011	2010
Income taxes payable of the year	\$ 631	\$ 7,800
Short-term financial bills taxed separately	---	729
Deferred tax assets	10,075	36,171
Income tax adjustments of previous years	(3,324)	---
Tax expenses	\$ 7,382	\$ 44,700

(4) Information related to the amount of the imputation credit of stockholders is as follows:

	2011	2010
Account balance of the amount of the imputation credit	\$ 259,838	\$ 252,679

(5) The bank's tax return cases of profit-seeking enterprise income tax up to 2009 have been approved by the taxing authority except for 2008. Among income tax return case of 2008, the prior parties' interest withholding taxes of government bonds are NT\$ 729,000.

## 23. Net Income of Commission

	2011	2010
Commission income	\$ 659,442	\$771,657
Commission expense	(700,278)	(74,460)
	\$ 589,164	\$ 697,197

## 24. Employment, Depreciation and Amortization Expenses

	2011	2010
Employment expenditure		
Salary and bonus	\$ 1,337,552	\$ 1,324,712
Pension	82,162	85,080
Premium	105,774	101,701
Others	43,748	65,711
	\$ 1,569,236	\$ 1,577,204
Depreciation	\$ 149,770	\$ 161,429
Amortization	\$ 18,950	\$ 17,442

## 25. Earnings per Share

The numerator and denominator used to calculate basic earnings per share are disclosed as follows:

	Amount (numerator)		1,000 shares (denominator)	Earnings/share (NT\$)	
	Before tax	After tax		Before tax	After tax
2011					
Basic EPS	\$ 507,610	\$ 500,228	1,258,526	\$ 0.40	\$ 0.40
2010					
Basic EPS	\$ 595,467	\$ 550,767	1,224,553	\$ 0.49	\$ 0.45

It is assumed that there is no material effect on earnings (net loss) per share if the parent company's stocks held by subsidiaries are not regarded as treasury stocks but investment.

## 26. Treasury Stocks

Sunny Personal Insurance Agent Company is the Bank's subsidiary which held 420,000 shares of the Bank's stocks at a book value per share of NT\$ 8.35 up to the end of 2011 and 2010 since the equity investment under equity method was rendered treasury stocks.

The treasury stocks held by the Bank shall not be collateralized and the Bank is not entitled to dividend allotment and voting right in accordance with regulations of Securities and Exchange Act. The Bank's stocks held by subsidiaries are regarded as treasury stocks. Subsidiaries shall not participate in the Bank's cash capital increase and not have the voting right, either.

## 27. Pension

The Bank has stipulated the retirement plan towards staff and workers who are hired officially. Retirement payments of staff and workers are calculated according to seniority and the average salary of six months before retirement in accordance with regulations of the plan.

The employee pension is allotted pension reserves monthly at 2% of gross salary. The pension reserves are delivered to labor pension reserve surveillance committee for management and paid into Bank of Taiwan in the name of the committee.

The stipulated employee retirement plan for which the "Labor Pension Act" is applicable belongs to defined contribution retirement plan and 6% of monthly employee salary is allotted to individual pension accounts. The pension cost which was recognized by the Bank according to the retirement plan is NT\$ 60 million for both 2011 and 2010, and the pension costs which belongs to defined benefit retirement plan are NT\$ 22,162,000 and NT\$ 25,080,000, respectively.

The information about pension which belongs to defined benefit retirement plan is disclosed as follows:

### (1) Net periodic pension cost

	2011	2010
Service cost	\$ 10,598	\$ 12,801
Interest cost	11,786	12,719
Expected return on pension plan assets	(8,268)	(8,632)
Amortization	8,046	8,192
Net periodic pension cost	\$ 22,162	\$ 25,080

(2) Reconciliation of funded status of retirement fund and the presentation amount of balance sheet

	Dec 31 2011	Dec 31 2010
Benefit obligation		
Vested benefit obligation	\$ 257,092	\$ 166,140
Non-vested benefit obligation	230,763	258,066
Accumulated benefit obligation	487,855	424,206
Effects on increased future salary	158,423	187,590
Projected benefit obligation	646,278	611,796
Fair market price of retirement fund	(461,237)	(420,914)
Funded status	185,041	190,882
Unrecognized net transition pension assets	38,402	43,203
Unrecognized past service cost	27,780	29,587
Unrecognized pension gains and losses	(278,198)	(251,688)
Additional pension liabilities to be accrued	53,593	---
Accrued pension liability (recorded other liabilities)	\$ 26,618	\$ 11,984

(3) Vested benefits in accordance with the staff and workers retirement plan

	\$ 330,375	\$ 211,802
--	------------	------------

(4) Assumption of pension benefit obligation

Discount rate	2.00%	2.00%
Increment rate of future salary levels	2.00%	2.00%
Expected return on pension plan asset investments	2.00%	2.00%

(5) Allotment and payment of pension reserves

	Year 2011	Year 2010
Allotment	\$ 61,121	\$ 24,008
Payment	\$ 26,181	\$ 47,278

28. Transactions in Related Parties

(1) Names and relations of related parties

Names of related parties	Relations with the Bank
Sunny Securities Co., Ltd. (Sunny Securities)	Subsidiary
Sunny Asset Management Company Co., Ltd. (Sunny AMC)	Subsidiary
Sunny Property Insurance Agent Co., Ltd. (Sunny Property Insurance)	Subsidiary
Sunny Personal Insurance Agent Co., Ltd. (Sunny Personal Insurance)	Subsidiary
Ontario Securities Investment Trust Co., Ltd. (Ontario Securities) (Note)	Investee valued under equity method
Other related parties	The Bank ' s directors, supervisors and managers as well as relatives within the second degree of the chairman and the president.

Note: Total shareholdings have been sold out on December 15, 2010.



(2) Material transactions between related parties and the Bank

1. Accounts receivable – net value

	Dec 31 2011		Dec 31 2010	
	Amount	% of the title	Amount	% of the title
Sunny Personal Insurance	\$ 15,103	1.2	\$ 14,586	0.9
Sunny Property Insurance	807	0.1	1,106	0.1
Sunny AMC	---	---	410	---
	\$ 15,910	1.3	\$ 16,102	1.0

2. Loans

Year 2011

Category	Number or names of related parties	Highest balance of the year	Balance at the end of the year	Performance of contracts		Substances of collaterals	Difference in trade terms with non-related parties?
				Performing loans	Non-performing loans		
Consumer loans	23	\$ 9,935	\$ 6,091	\$ 6,091	\$ ---	---	No
Secured loans of owner-occupied residence	27	197,580	140,208	140,208	---	Land and buildings (residential)	No
Other loans	Liu,Hsiang-Tun	16,750	---	---	---	Land and buildings (commercial)	No
	Wang, Ya-Hsun	6,900	6,900	6,900	---	Farmland	No
	Chao, Fu-Tien	4,000	---	---	---	Deposit receipt	No
	Kao, Chih-Li	2,800	1,200	1,200	---	Deposit receipt	No
	Hsu, Su-Ching	500	---	---	---	Deposit receipt	No
	Liu, Min-Hsiang	450	450	450	---	Deposit receipt	No
	Liu,Chen-Sheng	200	---	---	---	Deposit receipt	No

2010

Category	Number or names of related parties	Highest balance of the year	Balance at the end of the year	Performance of contracts		Substances of collaterals	Difference in trade terms with non-related parties?
				Performing loans	Non-performing loans		
Consumer loans	32	\$ 16,991	\$ 10,188	\$ 10,188	\$ ---	---	No
Secured loans of owner-occupied residence	29	226,557	122,770	122,770	---	Land and buildings (residential)	No
Other loans	Liu,Hsiang-Tun	17,690	16,750	16,750	---	Land and buildings (commercial)	No
	Wang, Ya-Hsun	6,900	6,900	6,900	---	Farmland	No
	Chao, Fu-Tien	2,800	2,800	2,800	---	Deposit receipt	No
	Kao, Chih-Li	2,450	---	---	---	Deposit receipt	No
	Chiang, Tung-Sheng	700	---	---	---	Land and buildings (commercial)	No
	Yang, Ying-Chung	550	---	---	---	Deposit receipt	No
	Liu, Min-Hsiang	300	300	300	---	Deposit receipt	No
	Liu,Chen-Sheng	200	200	200	---	Deposit receipt	No

### 3. Deposits

	Dec 31 2011			Dec 31 2010		
	Balance	% of the title	Annual interest rate (%)	Balance	% of the title	Annual interest rate (%)
Other related parties	\$ 318,312	0.2	0-4.5	\$ 300,405	0.1	0-3
Sunny Personal Insurance	58,506	---	0-1.34	62,706	---	0-0.06
Sunny AMC	7,603	---	0-0.06	21,950	---	0-0.06
Sunny Property Insurance	10,927	---	0-0.06	9,995	---	0-0.06
Sunny Securities	18,867	---	0-0.06	5,178	---	0-0.06
Ontario Securities	---	---	0-0.06	211	---	0.06-0.6
	<u>\$ 414,215</u>	<u>0.2</u>		<u>\$ 400,445</u>	<u>0.1</u>	

### 4. Interest income

	Year 2011		Year 2010	
	Amount	% of the title	Amount	% of the title
Other related parties	<u>\$ 3,184</u>	<u>0.1</u>	<u>\$ 4,078</u>	<u>0.1</u>

### 5. Interest expense

	Year 2011		Year 2010	
	Amount	% of the title	Amount	% of the title
Other related parties	\$ 4,385	0.2	\$ 2,777	0.2
Others	516	---	84	---
	<u>\$ 4,901</u>	<u>0.2</u>	<u>\$ 2,861</u>	<u>0.2</u>

### 6. Net income of commission

	Year 2011		Year 2010	
	Amount	% of the title	Amount	% of the title
Sunny Personal Insurance	\$ 137,503	23.3	\$ 124,323	17.8
Sunny Property Insurance	11,739	2.0	12,160	1.7
Sunny AMC	6,226	1.1	10,719	1.5
	<u>\$ 155,468</u>	<u>26.4</u>	<u>\$ 147,202</u>	<u>21.0</u>

### 7. Brokerage (recorded deduction of net financial instruments profit at fair value through profit or loss)

	Year 2011		Year 2010	
	Amount	% of the title	Amount	% of the title
Sunny Securities	<u>\$ 2,413</u>	<u>72.1</u>	<u>\$ 4,774</u>	<u>31.1</u>

## 8. Lease

The list of business place lease contracts which are signed by subsidiaries and the bank is as follows:

Leasee	Deadline of lease term	How rents are received	Guarantee deposit	Year 2011
Sunny Securities	September 2015	Received by month	\$ 1,000	\$ 9,480
Sunny Personal Insurance	July 2012	Received by month	---	870
Sunny AMC	November 2012	Received by month	12	72
Leasee	Deadline of lease term	How rents are received	Guarantee deposit	Year 2010
Sunny Securities	December 2012	Received by month	\$ 800	\$ 9,321
Sunny Personal Insurance	July 2012	Received by month	---	870
Sunny AMC	November 2012	Received by month	12	72

Quotation for the market price is referenced to negotiate rent of the lease contract between related parties and the bank and the rent is received and paid according to general conditions.

## 9. Sale of bad claims

The bank transferred and sold 41,272 and 2,327 bad claims which were recorded NT\$ 1,041,038,000 and 1,394,846,000, respectively, to Sunny AMC in public tender bid. The base date was July 25, 2007 and November 30, 2006 and the transaction price was NT\$ 858 million and 610 million. Transfer proceeds were paid by installments respectively from the date of contracts to July 31, 2010 and December 26, 2009. However, the payment deadline of the bad claim which was transferred and sold in Year 2006 had been mature in Year 2009 and a supplementary contract was signed to extend the payment deadline to December 26, 2011. The Bank transfers present or future rights of bad claims and interest and litigation claims to Sunny AMC from the retrospective base date in accordance with contracts. Losses of bad claim sales aggregate NT\$ 183,038,000 and 784,846,000, respectively, and are deferred and amortized on a five-year basis in accordance with regulations of "The Financial Institutions Merger Act." The unamortized balance is recorded as other assets – unrecognized /losses of selling bad claims. The changes are as follows:

	2011	2010
Balance at the beginning of the year	\$ 198,798	\$ 392,377
Amortization of the year	198,798	193,577
Recovery amount of the year	---	2
Balance at the end of the year	\$ ---	\$ 198,798

The unrecognized losses from the sale of bad claims mentioned above have been amortized completely in 2011.

Up to the end of 2011 and 2010, the net value of sales proceeds receivable is:

	Dec 31 2011	Dec 31 2010
Sale proceeds receivable (recorded receivable – net value)	\$ 430,303	\$ 543,684
Minus: Allowance for bad claims	430,303	415,995
	---	\$ 127,689

The bad claim expenses are NT\$ 14,308,000 and 236,803,000 for 2011 and 2010, respectively.

#### 10. Financial bonds payable

The face value of financial bonds which were issued by the bank and held by Sunny Personal Insurance Co., Ltd at the end of both 2010 and 2009 aggregated NT\$ 5 million and 500 thousand.

#### 11. Other operation and administration expenses

	Year 2011		Year 2010	
	Amount	%	Amount	%
Sunny AMC	\$ 4,047	0.6	\$ ---	---

#### (3) Remuneration information about directors, supervisors and the management

	Year 2011	Year 2010
Salary	\$ 40,112	\$ 39,833
Bonus	8,692	3,439
	<u>\$ 48,804</u>	<u>\$ 43,272</u>

#### 29. Collateralized Assets

The warranted assets which have been provided by the bank are as follows:

	Dec 31 2011	Dec 31 2010
Due from central bank	\$ 1,200,000	\$ 1,200,000
Financial assets at fair value through profit or loss	---	2,000
Financial assets in available-for-sale	197,000	240,100
Other assets – refundable deposit	218,710	223,218
- business guaranty fund	23,800	9,400
	<u>\$ 1,639,510</u>	<u>\$ 1,674,718</u>

The above collateralized assets are mainly (1) deposited in courts and used as the guaranty fund which debtors' property is conducted sequestration, the tenant guarantee deposit of every business unit place, the payment reserve fund for credit cards, the compensation reserve fund for the trust department, the storage guaranty fund for financial bill dealers, the business guaranty fund for bond dealers, the settlement reserve fund for bond payments in the electronic bond trading system and real time gross settlement, and (2) adopted in response to CBC Interbank Funds Transfer System. The warranty facilities can be changed at any time and the facilities which are not used at the end of the day still can be worked as liquid reserves because government bonds and certificates of deposit which are bought are provided and taken as the warranty of overdraft in the daytime.

#### 30. Material Commitments and Contingencies

In addition to the statement of Note 35 in financial statements, the bank's commitments and contingencies were as follows as of the end of 2010:

The bank rents operational places which are used by every business unit and the lease term will be mature respectively before November, 2020. Altogether refundable deposits are NT\$ 82,326,000 (recorded other assets). Rental expenses were NT\$ 38,950 in Year 2011.

The rent to be paid by agreements in the next five years is as follows:

Year	Minimum amount of rent to be paid
2012	\$ 41,111
2013	36,342
2014	26,432
2015	10,635
2016	6,064

### 31. Related Information about Financial Instruments

#### (1) Information about fair value

	Dec 31 2011		Dec 31 2010	
	Book value	Fair value	Book value	Fair value
<u>Financial Assets</u>				
Financial assets whose fair value and book value are equal	\$ 55,921,717	\$ 55,921,717	\$ 44,058,796	\$ 44,058,796
Financial assets at fair value through profit or loss	2,653,821	2,653,821	2,598,130	2,598,130
Financial assets in available-for-sale	1,234,495	1,234,495	2,670,252	2,670,252
Discounts and loans	177,345,283	177,345,283	172,483,268	172,483,268
Bond instrument investments which are not in active markets	37,862	37,862	36,875	36,875
<u>Financial Liabilities</u>				
Financial liabilities whose fair value and book value are equal	\$ 230,696,210	\$ 230,696,210	\$ 215,216,152	\$ 215,216,152
Financial liabilities at fair value through profit or loss	1,932	1,932	15,759	15,759
Financial bonds payable	6,809,400	6,809,400	8,009,400	8,009,400

#### (2) The method and assumption which are used to estimate the fair value of financial instruments by the bank are as follows:

1. The fair market price of short-term financial instruments is used to estimate the fair value at the book value in balance sheets. The book value shall be the reasonable base of estimating fair value because the maturity or the estimated disposition date of such instruments is very close. The method is applied to cash, due from central bank and interbank offering, receivables (exclude income tax refunds receivable), business guaranty funds, refundable deposits, financial bills and bonds sold under repurchase agreement, central bank and interbank deposits, payables, deposits and remittances and deposits received.
2. If there is public offer in active markets for financial instruments at fair value through profit or loss, financial assets in available-for-sale, financial assets in held-to-maturity and debt instrument investments which are not in active markets, the market price is taken as the fair value. The assessment method is adopted to estimate if there is no market price available for reference. The estimate and assumption information which is used in adoption of the assessment method by the bank and the estimate and assumption information which is taken as the financial instrument pricing by market participants is the same and the information is available for the bank.

The market price is taken as the fair value if there is public offer in active markets for derivative financial instruments. The assessment method is adopted to estimate if there is no market price available for reference. The estimate and assumption information which is used in adoption of the assessment method by the bank and the estimate and assumption information which is taken as the financial instrument pricing by market participants is the same and the information is available for the bank.

3. Discounts and loans as well as deposits are interest-bearing financial assets and liabilities and interests are mostly calculated at floating rates; the contract interest rate is similar to existing market interest rate and there is no material difference, so the carrying amount is taken as the fair value.
4. Both unlisted and under-the-counter equity investments under equity method and financial assets measured at costs belong to stocks of unlisted and under-the-counter companies. The fair value cannot be measured reliably because there is no public offer in active markets and the variation extent of fair value estimates is really not small and the probability of every estimate in the variation extent cannot be estimated reasonably and thus the fair value is not estimated, recognized and disclosed.
5. The fair value of financial bonds payable is estimated at the discounted value of expected cash flows. The discount rate is subject to interest rates of government bonds which are under similar conditions (approximate maturity) and can be obtained by the bank.

The total fair value listed above does not represent the bank's total value because part of financial instruments and non-financial instruments do not have to list the fair value.

- (3) Among the methods and assumptions which are used to decide the fair value of financial instruments by the bank, the estimated amount of both public offer and assessment method which contain the direct decision of public offer in active markets and estimate of assessment method at the same time respectively is:

	Amount decided by public offer		Amount estimated by assessment method	
	Year 2011	Year 2010	Year 2011	Year 2010
	Dec 31	Dec 31	Dec 31	Dec 31
Financial assets at fair value through profit or loss	\$ 471,602	\$ 647,133	\$ 2,182,219	\$ 1,950,997
Financial assets in available-for-sale	1,190,865	2,326,153	43,630	344,099
Financial liabilities at fair value through profit or loss	---	---	1,932	15,759

- (4) The valuated amount of net profit or loss of the year which was recognized due to changes in the fair value which was decided by public offer and estimated by assessment method by the bank in Year 2011 and 2010 was NT\$ 16,890,000 gains and NT\$ 53,313,000 losses respectively.
- (5) At the end of 2011 and 2010, the bank's financial assets which are of risks of fair value of changes in interest rates were NT\$ 2,867,554,000 and 3,996,659,000, respectively.
- (6) The bank's total interest income of financial assets or liabilities which were not measured at fair value and not recognized profit or loss at changes in fair value was NT\$ 4,982,733,000 and 4,343,311,000, respectively, in Year 2011 and 2010. The bank's amount which was directly recognized as stockholders' equity adjustments from financial assets in available-for-sale of the year was a decrease of NT\$ 119,123,000 and NT\$ 34,851,000 respectively in Year 2011 and 2010.

#### (7) Information about financial risk

##### 1. Market risk

The fair value of the financial instruments such as bonds, financial bills, loans and similar financial instruments which are held or issued by the bank will change on the balance sheet date because of changes in market interest rates.

Information about the bank's monetary financial assets and liabilities of foreign currency which have material effect is as follows:

In foreign currency / NT\$ 1,000

	Dec 31 2011			Dec 31 2010		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
USD	\$ 245,155	30.290	\$7,425,753	\$245,579	29.130	\$ 7,153,716
EUR	3,259	39.190	127,701	2,436	38.920	94,809
Financial liabilities						
USD	170,654	30.290	5,169,113	210,000	29.130	6,117,300
ZAR	135,805	3.720	505,193	52,848	4.400	232,531
HKD	61,339	3.898	239,099	47,210	3.748	176,943
NZD	9,108	23.411	213,227	17,379	22.540	391,943
AUD	10,410	30.740	320,001	12,203	29.680	362,185
EUR	4,671	39.190	183,040	6,173	38.920	240,253
GBP	1,600	46.750	74,802	---	---	---

## 2. Credit risk

The bank has large amount of credit commitment due to making of loans and issuing of credit cards. Most of the credit terms of loans which are made are more than seven years. The extent of credit loan interest rate was 0% - 18.25% both in Year 2011 and 2010 and the highest interest rate of credit card can reach 19.71%. The bank also provides warranties customers with the duty of performance to the third party. The term of the above guarantee agreements is generally one year and the maturity is not focused on a specific period.

The maximum exposure amount of credit risk which is recorded every kind of financial asset by the bank means the book value of the asset on the balance sheet date. Please refer to every statement of notes in balance sheets and financial statements. In addition, the bank's amount of financial instrument contracts which are of the credit risk of off-balance sheet was as follows:

	Dec 31 2011	Dec 31 2010
Loan commitment	\$ 7,048,406	\$ 7,332,815
Guarantee and open credit	2,863,796	4,045,819
Credit commitment of credit card	510,686	522,323

All related financial instruments will not be paid actually before maturity, so the contract amount does not represent future cash outflows, namely, the future demand amount for cash is less than the contract amount. If the credit line has been used totally and collaterals or other guarantees lose their value completely, the amount of credit risk will be equal to the contract amount, namely, this is the maximum loss that might happens.

The bank must make strict credit assessments when it provides with every loan commitment, guarantee and development of commercial credit. The bank's strategy is to ask some specific customers to offer proper collaterals before appropriating approved loans to them. The ratio of loans which had collaterals to total amount of loans was about 81.78% and 85.58% respectively at the end of 2011 and 2010. Collaterals which credit customers are asked to provide with for loans, guarantee and open credit are usually real estates, certificates of deposit, circulative marketable securities or other properties. The bank will enforce the rights for customers' collaterals or other guarantees when they default. The bank's credit risks can be reduced effectively but the fair value of collaterals are not considered when the maximum exposure amount of credit risk is disclosed.

Collaterals are unnecessary to credit commitments of credit card but the credit status of credit card holders must be assessed periodically and the credit line has to be revised if necessary.

The situation where credit risks concentrate significantly occurs when trading counterparts of financial instruments concentrate on one person significantly or most of the trading counterparts of financial instruments engage in similar commercial activities and they have similar economic particularity that makes effects of economic or other situations on the ability of contract performance similar as well though there are several trading counterparts. Transactions between single customer or single trading counterpart and the bank are not concentrated significantly.

Information about significant concentration of credit risk, which is classified and listed according to object, industry type and area by the bank is as follows (the three highest ratios of credit amount to total amount of credit are listed):

Object	Dec 31 2011	Dec 31 2010
Natural person	\$ 112,371,605	\$ 121,332,955
Private enterprise	59,521,574	47,711,158
Government institutions	900,692	1,465,424
	<u>\$ 172,793,871</u>	<u>\$ 170,509,537</u>
Industry type	Dec 31 2011	Dec 31 2010
Manufacturing	\$ 13,045,989	\$ 10,993,649
Real estate	18,037,343	10,495,906
Wholesale and retail	8,038,392	---
Construction	---	6,971,889
	<u>\$ 39,121,724</u>	<u>\$ 28,461,444</u>
Area	Dec 31 2011	Dec 31 2010
Taiwan	\$ 174,922,022	\$ 170,780,910
Asia	1,334,714	1,051,311
Europe	321,847	323,155
	<u>\$ 176,578,583</u>	<u>\$ 172,155,376</u>

### 3. Liquidity risk

The bank's ratio of liquid reserve was 18.74% and 16.21% respectively in Year 2011 and 2010. There is no liquidity risk of contractual obligation performance that arises from unavailable financing because capital and working capital are sufficient to deal with and perform all contractual obligations.

The bank's basic policy of operations management is to coordinate maturity and interest rate towards assets and liabilities and control uncoordinated gaps. The maturity and interest rate of assets and liabilities cannot be generally coordinated completely because of uncertain trade terms and different categories. This kind of gap might give rise to potential gains or losses.

The maturity analysis which is made by adoption of appropriate ways of group division according to characters of assets and liabilities by the bank is hereby listed:



	Dec 31 2011						
	Less than a month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 7 years	More than 7 years	Total
<u>Assets</u>							
Cash	\$ 5,028,349	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,028,349
Due from central bank and inter-bank offering	49,164,964	---	---	---	---	---	49,164,964
Financial assets at fair value through profit or loss	1,085,588	518,885	996,503	---	---	52,845	2,653,821
Notes and bonds investment under resale agreement	360,380	---	---	---	---	---	360,380
Total amount of receivables	1,911,697	---	---	---	---	---	1,911,697
Total amount of discounts and loans	11,444,737	10,617,967	10,586,035	17,145,660	43,557,252	5,489,403	178,841,054
Financial assets in available-for-sale	641,536	---	17,049	12,455	455,687	107,768	1,234,495
Total debt instrument investments which are not in active markets	---	---	---	---	151,450	---	151,450
Total assets	\$ 69,637,251	\$ 11,136,852	11,599,587	\$ 17,158,115	\$ 44,164,389	\$ 85,650,016	\$ 239,346,210
<u>Liabilities</u>							
Financial liabilities at fair value through profit or loss	\$ 7,311,459	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 7,311,459
Central bank and interbank deposits	1,932	---	---	---	---	---	1,932
Financial bills and bonds sold under repurchase agreement	689,526	---	---	---	---	---	689,526
Payables	3,192,744	---	---	---	---	---	3,192,744
Deposits and remittances	109,531,498	23,864,006	28,667,432	53,590,984	3,795,972	---	219,449,892
Financial bonds payable	---	---	---	---	6,809,400	---	6,809,400
Total liabilities	\$ 120,727,159	\$ 23,864,006	\$ 28,667,432	\$ 53,590,984	\$ 10,605,372	\$ ---	\$ 237,454,953

	Dec 31 2010						
	Less than a month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 7 years	More than 7 years	Total
<u>Assets</u>							
Cash	\$ 3,749,876	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,749,876
Due from central bank and inter-bank offering	38,618,166	---	---	---	---	---	38,618,166
Financial assets at fair value through profit or loss	1,682,605	796,979	14,959	50,781	---	52,806	2,598,130
Total amount of receivables	2,126,755	---	---	---	---	---	2,126,755
Total amount of discounts and loans	9,908,776	6,350,842	9,436,032	15,761,250	39,095,017	93,304,779	173,856,696
Financial assets in available-for-sale	715,703	289,576	---	335,218	975,039	354,716	2,670,252

	Dec 31 2010						
	Less than a month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 7 years	More than 7 years	Total
Total debt instrument investments which are not in active markets	---	---	---	---	147,500	---	147,500
Total assets	\$ 56,801,881	\$ 7,437,397	\$ 9,450,991	\$ 16,147,249	\$ 40,217,556	\$ 93,712,301	\$ 223,767,375
<u>Liabilities</u>							
Financial liabilities at fair value through profit or loss	\$ 5,805,631	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,805,631
Central bank and interbank deposits	15,759	---	---	---	---	---	15,759
Financial bills and bonds sold under repurchase agreement	2,253,586	---	---	---	---	---	2,253,586
Payables	2,117,252	---	---	---	---	---	2,117,252
Deposits and remittances	105,857,800	20,960,579	29,199,514	45,744,679	3,185,271	---	204,947,843
Financial bonds payable	---	---	---	---	8,009,400	---	8,009,400
Total liabilities	\$ 116,050,028	\$ 20,960,579	\$ 29,199,514	\$ 45,744,679	\$ 11,194,671	\$ ---	\$ 223,149,471

#### (8) Risk management and hedging strategy

The bank has formulated the written policy of risk management which covers the bank's entire operation strategy and philosophy of risk management. The bank's overall plan for risk management is to minimize potentially adverse effects on the bank's operation performance and Board of Directors has passed the written policy of entire risk management and written policies in connection with specific risks. (for example, credit risk, market risk, operation risk, exchange rate risk and interest rate risk) Board of Directors will reexamine such written policies and actual situation of treatment to ensure the reliable implementation of the bank's policies.

#### Information on the fair value of financial instruments

In NT\$ 1,000

	Dec 31 2011			
	Total	Tier 1	Tier 2	Tier 2
Financial instruments measured with fair value				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Stock investment	\$ 25,341	\$ 25,341	\$ ---	\$ ---
Bond investment	52,845	---	52,845	---
Others	2,565,161	393,416	2,171,745	---
Financial assets in available-for-sale				
Stock investment	454,057	454,057	---	---
Bond investment	599,334	---	599,334	---
Others	181,104	137,474	---	43,630
Other financial instruments				
Debt instrument investments which are not in active markets	\$ 37,862	\$ ---	\$ ---	\$ 37,862
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	10,474	---	10,474	---

Liabilities				
Financial liabilities at fair value through profit or loss	1,932	---	1,932	---
Total	\$ 3,928,110	\$ 1,010,288	\$ 2,836,330	\$ 81,492

#### Details of change in financial assets at fair value and categorized in Tier 3

In NT\$ 1,000

Name	Balance at the beginning of the year	Amount of loss/gain on valuation recognized as current loss/gain or shareholders' equity	Increase of the year		Decrease of the year		Balance at the end of the year
			Buy-in of issuing	Transfer into Tier 3	Sale, disposal or transaction	Transfer out of Tier 3	
Financial assets in available-for-sale							
Others	97,891	(4,944)	1,726,485	40,235	1,816,037		43,630
Other financial assets							
Debt instrument investments which are not in active markets	36,875	987					37,862
Total	134,766	(3,957)	1,726,485	40,235	1,816,037		81,492

#### 32. Capital Adequacy

The ratio of banks' equity capital to risk assets shall not be lower than 8% for strengthening banks' financial fundamentals in accordance with regulations of "The Banking Act of The Republic of China" and related measures; the central regulator can restrict the earning distribution of the bank whose actual ratio is lower than required standards.

Analysis item			Year	Dec 31 2011	Dec 31 2010
Equity capital	Tier 1 capital			\$ 10,568,224	\$ 9,961,148
	Tier 2 capital			4,083,319	3,795,447
	Tier 3 capital			---	---
	Equity capital			14,651,543	13,756,595
Total risk-weighted assets	Credit risk	Standardized approach		152,369,727	143,972,376
		Internal ratings-based approach		---	---
		Asset securitization		---	---
	Operation risk	Basic indicator approach		5,587,007	5,587,007
		Standardized approach / Alternative standardized approach		---	---
		Advanced measurement approach		---	---
	Market risk	Standardized approach		6,024,600	5,780,385
		Internal model approach		---	---
	Total risk-weighted assets				163,981,334

BIS ratio	8.93%	8.86%
The ratio of tier 1 capital to risk assets	6.44%	6.41%
The ratio of tier 2 capital to risk assets	2.49%	2.45%
The ratio of tier 3 capital to risk assets	---	---
The ratio of ordinary share capital to total assets	5.11%	5.22%
Leverage ratio	4.40%	4.38%

1. Equity capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
2. Total risk-weighted assets = Credit-risk-weighted assets + Capital charge of (Operation risk + Market risk) × 12.5
3. BIS ratio = Equity capital / Total risk-weighted assets
4. The ratio of tier 1 capital to risk assets = Tier 1 capital / Total risk-weighted assets
5. The ratio of tier 2 capital to risk assets = Tier 2 capital / Total risk-weighted assets
6. The ratio of tier 3 capital to risk assets = Tier 3 capital / Total risk-weighted assets
7. The ratio of ordinary share capital to total assets = Ordinary share capital / Total assets
8. Leverage ratio = Tier 1 capital / Adjusted average assets (average assets deduct tier 1 capital deduction such as “goodwill”, “unamortized losses of selling bad claims” and the amount which shall be deducted from tier 1 capital in accordance with regulations of “Directions and Forms of Calculation Method of Banks’ Equity Capital and Risk Assets.”)

33. The Average Value of Interest-earning Assets and Interest-bearing Liabilities and Average Interest Rate of the Year

	Year 2011		Year 2010	
	Average	Average interest rate %	Average	Average interest rate %
<u>Assets</u>				
Cash – due from banks	\$ 390,150	0.30	\$ 283,332	0.31
Due from central bank and inter-bank offering	42,572,401	0.81	39,489,041	0.60
Financial assets at fair value through profit or loss	1,620,204	0.79	3,866,380	0.58
Financial assets in available-for-sale	1,806,640	1.77	2,918,784	1.73
Financial assets in held-to-maturity	---	---	10,039	1.15
Debt instrument investments which are not in active markets	147,313	---	158,231	---
Financial bills and bond investments under reverse repurchase agreement	34,299	0.84	67,248	0.36
Receivables	493,423	10.95	612,557	13.12
Discounts and loans	177,123,925	2.56	166,930,344	2.38
<u>Liabilities</u>				
Financial bills and bonds sold under repurchase agreement	2,034,163	0.67	2,953,151	0.40
Central bank and interbank deposits	7,005,697	1.24	7,275,100	1.00
Demand deposit	21,952,002	0.06	19,243,095	0.05
Demand savings deposit	56,043,434	0.20	53,359,676	0.18
Time deposit	40,813,092	1.08	36,845,889	0.82
Time savings deposit	85,011,367	1.27	89,067,223	1.14
Cash in public treasury	180,397	0.11	463,797	0.19
Negotiable certificates of deposit	3,757,721	0.98	1,106,979	0.59
Financial bonds payable	8,116,622	2.81	6,740,296	2.69

34. Information Related to Quality of Loan Assets, Concentration of Credit Risk, Sensitive Information about Interest Rate, Profitability and Term Structure Analysis of Maturity

(1) Quality of loan assets

Non-performing loans and delinquent account

In NT\$ 1,000

Month / Year			Dec 31 2011					Dec 31 2010				
Business / Item			Amount of non-performing loans (Note 1)	Total loans	Ratio of non-performing Loans (Note 2)	Amount of allowance for bad debts	Coverage ratio of Allowance for bad debts (Note 3)	Amount of non-performing loans	Total loans	Ratio of non-performing Loans	Amount of allowance for bad debts	Coverage ratio of Allowance for bad debts
Business finance	Guarantee		\$420,285	\$38,762,625	1.08%	\$312,832	74.43%	\$588,978	\$33,578,428	1.75%	\$235,192	39.93%
	No guarantee		398,952	27,708,288	1.44%	430,639	107.94%	642,607	19,496,199	3.30%	566,095	88.09%
Consumer finance	Residential mortgage lending (Note 4)		235,543	50,695,026	0.46%	322,379	136.87%	444,482	54,774,154	0.81%	214,682	48.30%
	Cash card		---	---	---	---	---	---	---	---	---	---
	pure credit loans of petty cash (Note 5)		29,972	1,466,195	2.04%	48,176	160.74%	77,547	2,319,633	3.34%	162,271	209.26%
	Others (Note 6)	Guarantee	204,900	57,603,271	0.36%	304,645	148.68%	420,215	61,342,504	0.69%	134,720	32.06%
		No guarantee	51,239	2,605,649	1.97%	60,369	117.82%	70,090	2,345,858	2.99%	60,468	86.27%
Total loan businesses			1,340,891	178,841,054	0.75%	1,479,040	110.30%	2,243,919	173,856,696	1.29%	1,373,428	61.21%
			Amount of delinquent account	Balance of accounts receivable	Ratio of delinquent account	Amount of allowance for bad debts	Coverage ratio of allowance for bad debts	Amount of delinquent account	Balance of accounts receivable	Ratio of delinquent account	Amount of allowance for bad debts	Coverage ratio of allowance for bad debts
Credit card business			3,974	635,533	0.63%	78,533	1,976.17%	5,282	706,673	0.75%	15,865	300.36%
Non-recourse factoring (Note 7)			---	---	---	---	---	---	---	---	---	---

Note 1: Non-performing loans are presented the amount of non-performing loans in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"; delinquent accounts of credit card are presented the amount of delinquent accounts in accordance with No. 0944000378 by FSB (IV), July 6, 2005.

Note 2: Ratio of non-performing loans = Non-performing loans / Total loans; Ratio of delinquent accounts of credit card = Delinquent account / Balance of accounts receivable

Note 3: Coverage ratio of allowance for bad debts on loans = Presented amount of allowance for bad debts on loans / Amount of non-performing loans; Coverage ratio of allowance for bad debts on credit card receivables = Presented amount of allowance for bad debts on credit card receivables / Amount of delinquent account

Note 4: The purpose of residential mortgage lending is to construct residences or renovate houses for borrower. Residences which are purchased (possessed) by oneself or spouses or minor children are provided with full guarantee and are set mortgage to financial institutions for acquirement of fund.

Note 5: Pure credit loans of petty cash must be applicable to the standard of No. 09440010950 by FSB (IV), December 19, 2005 and do not belong to pure credit loans of petty cash on credit card and cash card.

Note 6: "Other" consumer finance refers to other guarantee or non-guarantee consumer finance loans which do not belong to "residential mortgage lending", "cash card" and "pure credit loans of petty cash" and not contain credit cards.

Note 7: Non-recourse factoring does not represent non-performing loans until the date which factors or insurance companies decide not to accept claim settlement within three months in accordance with regulations of No. 094000494 by FSB (V), July 19, 2005.

Non-performing loans or delinquent accounts receivable that do not represent

In NT\$ 1,000

	Dec 31 2011		Dec 31 2010	
	Total balance of on-performing loans that do not represent	Total balance of delinquent accounts receivable that do not represent	Total balance of on-performing loans that do not represent	Total balance of delinquent accounts receivable that do not represent
Total balance of non-performing loans that do not represent through debt negotiation and by contract performance (Note 1)	\$ 21,872	\$ ---	\$ 32,104	\$ ---
Total balance of delinquent accounts receivable that do not represent through debt negotiation and by contract performance (Note 1)	---	---	---	---
Total balance of non-performing loans that do not represent by contract performance on debt service and renewal projects (Note 2)	15,824	---	16,041	---
Total balance of delinquent accounts receivable that do not represent by contract performance on debt service and renewal projects (Note 2)	---	4,176	---	3,822

Note 1: Total balance of non-performing loans that do not represent through debt negotiation and by contract performance and total balance of delinquent accounts receivable that do not represent through debt negotiation and by contract performance are disclosed in accordance with regulations of No. 09510001270 by FSB ( I ), Financial Supervisory Commission, Executive Yuan, April 25, 2006.

Note 2: Total balance of non-performing loans that do not represent by contract performance on debt service and renewal projects and total balance of delinquent accounts receivable that do not represent by contract performance on debt service and renewal projects are disclosed in accordance with regulations of No. 09700318940 by FSB ( I ), Financial Supervisory Commission, Executive Yuan, September 15, 2008.

(2) Concentration of credit risk

Concentration of credit risk

In NT\$ 1,000 and %

Year	Dec 31 2011			Dec 31 2010		
	Company or group enterprise in the industry (Note 2)	Total balance of credit (Note 3)	% in the net value of the year	Company or group enterprise in the industry (Note 2)	Total balance of credit (Note 3)	% in the net value of the year
1	A Group in steel rolling and extrusion	\$ 1,582,494	13.50	A Group in steel refinery	\$ 1,499,914	13.83
2	B Group in the civil air transportation	1,361,791	11.62	I Group in building construction	1,435,220	13.24
3	C Group in real estate development	1,280,400	10.92	B Group in the civil air transportation	970,561	8.95
4	D Group in financing and leasing	917,369	7.83	K Group in manmade fiber manufacturing	813,990	7.51
5	E Group in public transit and transportation	863,799	7.37	C Group in real estate development	736,160	6.79
6	F Group in real estate development	816,860	6.97	L Group in leasing of construction machinery	729,769	6.73
7	G Group in manufacturing of LCD panels and components	816,250	6.96	M Company in metal construction material wholesale	696,694	6.42
8	H Company in chemical product wholesale	750,800	6.41	N Company in building construction	680,000	6.27
9	I Company in building construction	680,000	5.80	O Group in investment advisory service	670,699	6.19
10	J Company in other machinery	670,910	5.72	G Group in manufacturing of LCD panels and components	663,241	6.12

Note 1: Please list the names of the ten largest corporate obligors which do not belong to government or state-owned enterprises in order of total credit balance of obligors. The credit amount of the Group enterprise shall be aggregated and listed after filing accounts and disclosed in the way of “code” and “industry” if the obligor belongs to Group enterprise; the industry which is the maximum exposure of the Group enterprise shall be disclosed if the obligor is Group enterprise and the industry shall be added to the “detailed classification” of the industry name in accordance with standard industrial classification by Directorate General of Budget, Accounting and Statistics.

Note 2: The definition of Group enterprise means to conform to Article 6, “Supplementary Regulations of Criteria for Review of Securities Listings by Taiwan Stock Exchange Corporation”

Note 3: Total credit balance refers to the total balance of every loan (including import bill advance, bill purchased, discounts, overdraft, short-term loans, short-term guarantee, marginal receivables, mid-term loans, mid-term guarantee, long-term loans, long-term guarantee and overdue receivables), remittance purchased, non-recourse factoring, acceptance receivable and guarantee payments.

### (3) Interest sensitivity information

#### Analytic table of interest-sensitive assets and liabilities (NTD)

December 31 2011

In NT\$ 1,000 and %

Item	1 – 90 days	91 – 180 days	181 days – a year	> a year	Total
Interest-sensitive assets	\$ 188,250,439	\$ 19,759,126	\$ 1,698,819	\$ 11,653,270	\$ 221,361,654
Interest-sensitive liabilities	104,909,375	86,903,542	24,563,863	8,601,003	224,977,783
Interest-sensitive gap	83,341,064	(67,144,416)	(22,865,044)	3,052,267	(3,616,129)
Net value					11,643,852
The ratio of interest-sensitive assets to liabilities					98.39%
The ratio of interest-sensitive gap to net value					(31.06%)

December 31 2010

In NT\$ 1,000 and %

Item	1 – 90 days	91 – 180 days	181 days – a year	> a year	Total
Interest-sensitive assets	\$ 181,907,566	\$ 6,135,187	\$ 1,092,297	\$ 13,487,253	\$ 202,622,303
Interest-sensitive liabilities	101,031,185	84,031,982	19,083,334	7,102,935	211,249,436
Interest-sensitive gap	80,876,381	(77,896,795)	(17,991,037)	6,384,318	(8,627,133)
Net value					10,805,551
The ratio of interest-sensitive assets to liabilities					95.92%
The ratio of interest-sensitive gap to net value					(79.84%)

Note:

1. The filled-in amount in the forms refers to the amount in NT dollar (excluding foreign currency) in the head office and domestic and foreign branches.
2. Interest-sensitive assets and liabilities refer to earning assets and interest-bearing liabilities whose income or costs are affected by variable interest rates.
3. Interest-sensitive gap = interest-sensitive assets – interest-sensitive liabilities
4. The ratio of interest-sensitive assets to liabilities = interest-sensitive assets ÷ interest-sensitive liabilities (which refer to interest-sensitive assets and interest-sensitive liabilities at NT dollars)

#### Analytic table of interest-sensitive assets and liabilities (USD)

December 31 2011

In US\$ 1,000 and %

Item	1 – 90 days	91 – 180 days	181 days – a year	> a year	Total
Interest-sensitive assets	\$ 208,374	\$ 30,130	\$ 3,064	\$ 5,105	\$ 246,673
Interest-sensitive liabilities	177,385	21,193	21,449	---	220,027
Interest-sensitive gap	30,989	8,937	(18,385)	5,105	26,646
Net value					2,564
The ratio of interest-sensitive assets to liabilities					112.11%
The ratio of interest-sensitive gap to net value					1,039.24%



December 31 2010

In US\$ 1,000 and %

Item	1 – 90 days	91 – 180 days	181 days – a year	> a year	Total
Interest-sensitive assets	\$ 220,963	\$ 25,502	\$ 499	\$ 742	\$ 247,706
Interest-sensitive liabilities	216,735	17,613	8,729	12,595	255,672
Interest-sensitive gap	4,228	7,889	(8,230)	(11,853)	(7,966)
Net value					1,297
The ratio of interest-sensitive assets to liabilities					96.88%
The ratio of interest-sensitive gap to net value					(614.19%)

Note:

1. The filled-in amount in the forms refers to the amount in US dollar in the head office and domestic and foreign branches.
2. Interest-sensitive assets and liabilities refer to earning assets and interest-bearing liabilities whose income or costs are affected by variable interest rates.
3. Interest-sensitive gap = interest-sensitive assets – interest-sensitive liabilities
4. The ratio of interest-sensitive assets to liabilities = interest-sensitive assets ÷ interest-sensitive liabilities (which refer to interest-sensitive assets and interest-sensitive liabilities at US dollars)

#### (4) Profitability

Item		Year 2011	Year 2010
Return on asset	Before tax	0.21	0.26
	After tax	0.21	0.24
Return on equity	Before tax	4.50	5.63
	After tax	4.43	5.20
Ratio of net profit		14.37	16.31

Note:

1. Return on asset = Profit or loss before (after) tax ÷ Average asset
2. Return on equity = Profit or loss before (after) tax ÷ Average equity
3. Net profit ratio = Profit or loss after tax ÷ Net income

#### (5) Analysis on maturity of assets and liabilities

Term structure analysis of maturity at NT dollars

December 31, 2011

	Total	Amount of remaining period before maturity				
		1 – 30 days	31 – 90 days	91 – 180 days	181 days – a year	> a year
Main capital inflow of maturity	\$ 241,986,244	\$ 32,851,568	\$ 29,529,694	\$ 31,022,553	\$ 35,771,249	\$ 112,811,180
Main capital outflow of maturity	277,997,505	32,852,814	35,396,701	44,955,025	88,240,931	76,552,034
Period gap	(36,011,261)	(1,246)	(5,867,007)	(13,932,472)	(52,469,682)	36,259,146

December 31, 2010

	Total	Amount of remaining period before maturity				
		1 – 30 days	31 – 90 days	91 – 180 days	181 days – a year	> a year
Main capital inflow of maturity	\$ 226,599,984	\$ 43,533,849	\$ 11,986,603	\$ 18,737,574	\$ 35,348,792	\$ 116,993,166
Main capital outflow of maturity	2633,997,316	31,413,081	32,772,941	45,919,654	82,503,319	71,388,321
Period gap	(37,397,332)	12,120,768	(20,786,338)	(27,182,080)	(47,154,527)	45,604,845

Note: The amount in the form refers to NT dollar (excluding foreign currency) only in the head office and domestic branches.

Term structure analysis of maturity at US dollars  
December 31, 2011

In US\$ 1,000

	Total	Amount of remaining period before maturity				
		1 – 30 days	31 – 90 days	91 – 180 days	181 days – a year	> a year
Main capital inflow of maturity	\$ 303,868	\$ 113,543	\$ 70,493	\$ 29,913	\$ 1,731	\$ 88,188
Main capital outflow of maturity	275,850	189,763	40,664	21,298	21,487	2,638
Period gap	28,018	(76,220)	29,829	8,615	(19,756)	85,550

December 31, 2010

In US\$ 1,000

	Total	Amount of remaining period before maturity				
		1 – 30 days	31 – 90 days	91 – 180 days	181 days – a year	> a year
Main capital inflow of maturity	\$ 349,202	\$ 178,902	\$ 74,589	\$ 28,632	\$ 5,500	\$ 61,579
Main capital outflow of maturity	322,936	238,558	40,103	20,235	8,752	15,288
Period gap	26,266	(59,656)	34,486	8,397	(3,252)	46,291

Note 1: The fill-in amount in the form refers to total US dollars in the head office, domestic branches and OBU. Unless otherwise stated, please fill in according to carrying amount and it is unnecessary to fill in the unrecorded part. (for example, the plans to issue NCD, bonds or stocks)

Note 2: The disclosed supplementary information shall be provided with additionally if the ratio of oversea assets to total assets of the bank is over 10%.

35. Contents and Amount of Trust Business Which Is Transacted in Accordance With Regulations of Trust Enterprise Act

Balance Sheet on Trust Account  
December 31, 2011

Trust assets			Trust liabilities	
Cash and bank deposit	\$ 1,243,853		Custodial marketable securities payable	\$ 5,322,938
Short-term investment -			Trust capital -	
Fund investment	21,072,491		Money in trust	22,659,597
Bond investment	172,580		Real estate in trust	6,800,382
Stock investment	972,637		Marketable securities in trust	972,637
Real estate -			Accumulated profit or loss	
Land	6,569,582		Accumulated profit or loss on principal	(732,288)
Houses and construction	6,900		Profit or loss of the year	337,715
Custodial marketable securities	5,322,938			
	\$ 35,360,981			\$ 35,360,981

# Catalog of Trust Property

December 31, 2011

Investment item	Recorded amount	
Cash and bank deposit		
Due from the bank		\$ 1,243,853
Short-term investment		
Fund investment - NTD trust	\$ 12,375,787	
- foreign currency trust	8,686,704	
Bond investment - NTD trust	41,212	
- foreign currency trust	131,368	
Stock investment	972,637	22,217,708
Real estate -		
Land		6,569,582
Houses and construction		6,900
Custodial marketable securities		5,322,938
		<u>\$ 35,360,981</u>

## Income Statement on Trust Account

Year 2011

Investment item	Recorded amount	
Trust income		
Interest income	\$ 744	
Dividend income	764,088	
Gains on property transaction	266,585	
Realized capital gains	1,242	\$ 1,032,659
Trust expense		
Administration expense	23,949	
Tax expenditure	137,685	
Commission	15,004	
Losses on property transaction	518,306	694,944
		<u>\$ 337,715</u>

Note: The income statement listed above is the profit or loss of entrusted assets in the trust department of the bank and is not included in the profit or loss of the bank.

# Balance Sheet on Trust Account

December 31, 2010

Trust assets		Trust liabilities	
Cash and bank deposit	\$ 524,209	Custodial marketable securities payable	\$ 6,503,051
Short-term investment -		Trust capital -	
Fund investment	20,643,957	Money in trust	21,822,360
Bond investment	178,412	Real estate in trust	4,132,695
Stock investment	972,637	Marketable securities in trust	972,637
Real estate -		Accumulated profit or loss	
Land	3,945,670	Accumulated profit or loss on principal	(1,346,626)
Houses and construction	6,899	Profit or loss of the year	690,718
Custodial marketable securities	6,503,051		
	<u>\$ 32,774,835</u>		<u>\$ 32,774,835</u>

## Catalog of Trust Property

December 31, 2010

Investment item	Recorded amount	
Cash and bank deposit		
Due from the bank		\$ 524,209
Short-term investment		
Fund investment - NTD trust	\$ 13,047,776	
- foreign currency trust	7,596,181	
Bond investment - NTD trust	42,608	
- foreign currency trust	135,804	
Stock investment	972,637	21,795,006
Real estate -		
Land		3,945,670
Houses and construction		6,899
Custodial marketable securities		6,503,051
		<u>\$ 32,774,835</u>

## Income Statement on Trust Account

Year 2010

<u>Investment item</u>	<u>Recorded amount</u>	Trust income
Interest income	\$ 273	
Dividend income	716,717	
Gains on property transaction	578,308	
Realized capital gains	<u>13,979</u>	\$ 1,309,277
Trust expense		
Administration expense	25,102	
Tax expenditure	128,600	
Commission	20,272	
Losses on property transaction	444,579	
Other expenses	<u>6</u>	<u>618,559</u>
		<u>\$ 690,718</u>

Note: The income statement listed above is the profit or loss of entrusted assets in the trust department of the bank and is not included in the profit or loss of the bank.

### 36. Notes of Disclosure Events

The Bank has no other disclose to be made except the attached Tables 1 through 3.

### 37. Departmental Financial Information

The information provided by the Bank to the primary operation decision makers for the evaluation of departmental performance aims to the properties and gains/losses of the business operations. As required by the Statement of Financial Accounting Standards No. 41, "Disclosure of Operating Department Information," the departments to be reported are distinguished by the nature of their individual businesses, and the operating results and assets of these departments are disclosed together in this financial report.

Sunny Bank Ltd.

Information about Reinvestment Businesses

Year 2011

Attached Table 1

Name of investment company	Name of investee company	Location	Main business	Shareholding ratio at the end of period (%)	Carrying amount of investment	Profit or loss on investee company of the year
Sunny Bank	Sunny Securities Co.	Taipei City	Investment securities business	98.72	\$ 498,756	\$ 66
	Sunny Asset Management Company Ltd.	Taipei City	Debts factoring of financial institution	100.00	26,345	(9,579)
	Sunny Personal Insurance Agent Company	Taipei City	Personal insurance agent	39.99	32,141	19,287
	Sunny Property Insurance Broker Company	Taipei City	Property insurance brokerage	20.00	2,728	2,039

Note 1: All of the existing shares of investee companies or fictional shareholdings which are held by the bank, directors, supervisors, president, vice president and affiliates which conform to definition of Company Act have been reckoned.

In NT\$ 1,000

Recognized investment profit or loss of the year	Shareholding of combination between affiliates and the bank (Note 1)				Remark
	No. of existing shares (thousand shares)	Fictional shareholding (thousand shares)	Total		
			shares (thousand shares)	Shareholding %	
\$ 70	49,555	---	49,555	98.72	Subsidiary
(9,579)	5,000	---	5,000	100.00	Subsidiary
7,723	5,250	---	5,250	99.99	Subsidiary
408	605	---	605	100.00	Subsidiary

Sunny Bank Ltd.  
Related party receivables reaching NT\$ 300 million or over 10% of paid-in capital  
December 31, 2011

Attached Table 2

In NT\$ 1,000

Company of recorded receivables	Transaction object	Relation	Balance of related party receivables	Turnover rate	Related party delinquent receivables		Recovery amount after the reporting period of related party receivables	Presented amount of allowance for bad debts
					Amount	Way of treatment		
Sunny Bank	Sunny Asset Management Company Co., Ltd.	Subsidiary	\$ 430,303	Not applicable to banking business	None	Not applicable	\$ 8,173	\$ 430,303

Sunny Bank Ltd.  
Holding of Marketable Securities at the End of the Year  
December 31, 2011

Attached Table 3

In NT\$ 1,000

Company of holding	Category and name of marketable securities	Relations with marketable securities issuer	Recorded title	At the end of year				Remarks
				Shares / Number of units	Carrying amount	Share holding ratio	Market price / Net equity	
Sunny Securities Co.	<u>Stock</u> Sunny Personal Insurance Agent Company Beneficiary certificates	Subsidiary	Equity investment under equity method	3,150,000	\$ 53,405	60%	\$ 53,476	Investment cost \$ 10,782 and accumulated impairment of \$ 10,782 recognized as collaterals
	Taisin Jen Ji Li Currency Market Fund		Financial assets at fair value through profit or loss	2,795,222	30,006	---	30,006	
	Hwa Nan Yong Chang Fong Xiang Currency Market Fund		Financial assets at fair value through profit or loss	3,181,046	50,009	---	50,009	
	First Financial Holdings Full House Currency Market Fund	---	Financial assets at fair value through profit or loss	290,633	50,007	---	50,007	
	<u>Commercial papers</u> China Bills Finance Corp.	---	Bond investment under resale agreement	---	60,000	---	60,000	
	<u>Stock</u> Sunny Property Insurance Broker Company	---	Equity investment under equity method	242,000	5,456	40%	5,456	
	Sunny Real Estate Management Co., Ltd.	---	Financial assets measured at costs	300,000	3,000	10%	3,000	
Sunny Asset Management Company Ltd.	<u>Stock</u> Yulon Motor Co., Ltd.	---	Financial assets at fair value through profit or loss	105,839	5,504	---	5,504	
	Hung Sheng Construction Co., Ltd.	---	Financial assets at fair value through profit or loss	418,000	5,559	---	5,559	
	Farglory Land Development Co., Ltd.	---	Financial assets in available-for-sale	60,000	2,850	---	2,850	
	Sunny Bank Ltd.	Parent company	Financial assets measured at costs	420,059	3,508	---	3,508	
	Ding Da Technology Co., Ltd.	---	Financial assets measured at costs	301,840	---	---	---	
	Sunny Property Insurance Broker Co., Ltd.	---	Equity investment under equity method	242,000	5,456	40%	5,456	
	<u>Bond</u> Sunny Bank subordinated financial bonds	Parent company	Refundable deposits	---	5,500	---	5,500	
Sunny Property Insurance Broker Company	Central Government Development Bonds, Class A Phase 9, 2011	---	Financial assets held to the date of maturity	50,745	996	---	996	
	<u>Stock</u> Yulon Motor Co., Ltd.	---	Financial assets in available-for-sale	33,000	2,639	---	2,639	
	Hung Sheng Construction Co., Ltd.	---	Financial assets in available-for-sale	---	439	---	439	
		---						



Sunny Bank Ltd.  
Detailed Statement of Cash and Cash Equivalents  
December 31, 2011

Statement 1

Item	Annual interest rate (%)	In NT\$ 1,000 unless otherwise noticed
		Amount
NTD of inventory		\$ 2,528,166
Post-dated checks for clearance		2,161,460
Due from banks	0-0.17	252,528
Foreign currency of inventory (Note)		86,195
		\$ 5,028,349

Note: Every foreign currency and exchange rates of translation are as follows:

Foreign currency	Amount of original currency (thousand dollars)	Exchange rate
JPY	\$ 49,464	0.3908
RMB	2,379	4.808
HKD	1,755	3.898
USD	1,314	30.29
EUR	224	39.19

Sunny Bank Ltd.  
Detailed Statement of Financial Instruments at Fair Value through Profit or Loss  
December 31, 2011

Statement 2

In NT\$ 1,000 unless otherwise noticed								
Category of financial instrument	Name of financial instrument	Summary		Total face value	Interest rate (%)	Acquisition cost	Fair value (Note 2)	
		Interest payment date	Maturity				Unit price	Total amount
Financial assets at fair value through profit or loss								
Financial assets for trading purposes (Note 3)								
Financing commercial paper	CPC Corp. Taiwan		03.20.2012 - 04.17.2012	\$ 900,000	0.9063 – 0.9406	\$ 897,111		\$ 897,214
	Taiwan Electronics		01.31.2012 – 04.25.2012	600,000	0.9069 – 0.9424	598,101		598,128
	Others (Note 1)		01.02.2012 – 02.29.2012	677,000	0.86 – 0.9933	676,375		676,403
				2,177,000		2,171,587		2,171,745
Government bond	CBA 2008-6	09.24	09.24.2018	50,000	2.125	52,022	\$ 105.6864	52,845
Beneficiary certificate (Note 1)				---		389,906		393,416
Common stocks of listed and over-the-counter companies (Note 1)				---		11,303		11,753
Common stocks of listed companies - overseas (Note 1)				---		---		13,588
Currency swap				---		---		10,474
				\$ 2,227,000		\$ 2,624,818		\$ 2,653,821
Financial liabilities for trading purposes								
Currency swap								\$ 1,932

Note 1: None of the balances reaches 5% of the title amount.

Note 2: The fair value of bonds refers to the reference price in every phase of over-the-counter bonds exchange of Greta Securities Market on December 31, 2011; that of beneficiary certificate refers to the net value on December 31, 2011; that of common stocks of listed and over-the-counter companies refers to the closing price on December 31, 2011.

Note 3: The financial assets for trading purposes were sold under a resale agreement.

Sunny Bank Ltd.  
Detailed Statement of Financial Assets in Available-for-sale  
December 31, 2011

Statement 3

In NT\$ 1,000 except NT\$ for unit price

Category of financial instrument	Name of financial instrument	Summary		Face value	Interest rate (%)
		Interest payment date	Maturity		
Government bond (Note 3)	CBA 2009-1	01.21	01.21.2014	\$ 300,000	0.875
	CBA 2001-6	08.07	08.07.2016	100,000	3.75
	Others		01.22.2019 – 09.09.2019	105,800	1.375 – 5.25
				505,800	
Common stocks of listed and over-the-counter companies (Note 1)				---	
Corporate bond			01.05.2012 – 11.23.2012	79,000	2.23 – 6.02
Beneficiary securities	Real estate in trust, Song Jiang, Shin Kong Life	08.08 : 02.08	08.08.2013	40,236	2.213
Asset-backed commercial paper	Land Bank and Taishin Bank			---	
Beneficiary certificate	Allianz China Strategic Growth Fund			---	
	JF China Bright Spot Fund			---	
				---	
				\$ 625,036	

Note 1: None of the balances reaches 5% of the title amount.

Note 2: The fair value of bonds and beneficiary securities refers to the reference price in every phase of over-the-counter bonds exchange of Greta Securities Market on December 31, 2011.

Note 3: Bonds which are worth NT\$ 197,000,000 have been provided for guarantee.

Note 4: The financial assets in available-for-sale were sold under a resale agreement.

Sunny Bank Ltd.  
Detailed Statement of Changes in Equity Investment under Equity Method  
Year 2011

Statement 4

Name of investee company	Balance at the beginning of the year		Decrease in the year (Note 1)	Investment profit or loss recognized under equity method (Note 2)	Stockholders' equity adjustments (Note 3)
	Thousand shares	Amount			
Sunny Securities Co.	29,500	\$ 230,860	\$ 246,074	\$ 70	\$ 21,752
Sunny Asset Management Company Ltd.	5000	36,212	---	(9,579)	(288)
Sunny Personal Insurance Agent Company	600	31,278	(6,000)	7,723	(860)
Sunny Property Insurance Broker Company	121	2,706	(242)	408	(144)
		\$ 301,056	\$ 239,832	(\$ 1,378)	\$ 20,460

Note 1: It means the Bank's purchase of new stocks from the Sunny Securities at NT\$ 246,074,000 in the form of capital increase and the acquisition of allotted cash dividends of Sunny Personal Insurance Agent Company and Sunny Personal Insurance Agent Company, which are NT\$ 6,242,000.

Note 2: This is calculated based on the financial report of the investee companies that were certified by CPA of the individual investee companies.

In NT\$ 1,000 unless otherwise noticed

Acquisition cost	Valuation adjustments	Fairvalue(Note2)		Remark
		Unit price	Total amount	
\$ 298,604	\$ 1,281	\$ 99.9618	\$ 299,885	
107,136	5,036	112.1577	112,172	
104,445	3,323		107,768	Note 1
510,185	9,640		519,825	
524,832	(70,775)		454,057	Note 1
79,309	200		79,509	Note 1
40,236	(1)		40,235	
---	3,395		3,395	
105,000	(27,737)		77,263	
85,000	(24,789)		60,211	
190,000	(52,526)		137,474	
\$ 1,344,562	(\$ 110,067)		\$ 1,234,495	

In NT\$ 1,000 unless otherwise noticed

Balance at the end of the year		
Thousand shares	Shareholding %	Amount (Note 4)
49,555	98.72	\$ 498,756
5,000	100.00	26,345
2,100	39.99	32,141
121	20.00	2,728
		<u>\$ 559,970</u>

Note 3: This includes NT\$ (2,551,000) of unrealized profit/loss from financial assets in available-for-sale, NT\$ 1,155,000 of net loss change not recognized as pension cost, NT\$ 22,182,000 that the Bank recorded according to the shareholding percentage as Sunny Securities recorded the non-performing loss provision recognized up to the end of December 2010 as special reserve in accordance with the letter Jin-Kuan-Securities 0990073857, and NT\$ (326,000) of the difference between the cost generated from the Bank's purchase of new stocks issued by Sunny Securities for capital increase in cash not according to shareholding percentage and the net equity value.

Note 4: None of the amount is provided for pledged goods or collaterals.

Sunny Bank Ltd.

Detailed Statement of Deposit and Remittance

December 31, 2011

Statement 5

In NT\$ 1,000

Item	Amount
Savings deposit	
Interest drawing savings deposit	\$ 67,728,450
Demand savings deposit	55,169,520
Non-drawing time saving deposit	23,371,032
Employee demand savings deposit	635,807
Club savings deposit	93,034
	146,997,843
Time deposit	
Time deposit	35,916,415
Foreign currency time deposit	3,072,656
Negotiable certificates of deposit	5,086,800
	44,075,871
Demand deposit	
Demand deposit	22,036,379
Foreign currency demand deposit	3,561,655
	25,597,655
Check deposit	
Check deposit	2,440,253
The bank's check	174,506
	2,614,759
Cash in public treasury	160,251
Remittance	3,513
	\$ 219,449,892

Sunny Bank Ltd.  
Detailed Statement of Financial Bonds Payable  
December 31, 2011

Statement 6

Name	Issue period	Way of repaying capital with interest	In NT\$ 1,000	
			Annual interest rate (%)	Total amount of issue
The first phase of Year 2007 subordinated (A bond)	04.09.2007 – 04.09.2014	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	3.00	\$ 1,800,000
The first phase of Year 2007 subordinated (B bond)	04.09.2007 – 04.09.2014	Repay the principal at a time at maturity; Interest rate is reset at the displaying variable rates of time savings deposit in Bank of Taiwan quarterly according to coupon rate since the issue date and interest is paid every year.	1.97	1,100,000
The second phase of Year 2007 subordinated (A bond)	11.16.2007 – 05.16.2013	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	3.60	203,500
The second phase of Year 2007 subordinated (B bond)	11.16.2007 – 05.16.2013	Repay the principal at a time at maturity; Interest rate is reset at the displaying variable rates of time savings deposit in Bank of Taiwan quarterly according to coupon rate since the issue date and interest is paid every year.	2.12	101,000
The third phase of Year 2007 subordinated (A bond)	12.26.2007 – 02.26.2014	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	3.80	261,000
The third phase of Year 2007 subordinated (B bond)	12.26.2007 – 02.26.2014	Repay the principal at a time at maturity; Interest rate is reset at the displaying variable rates of time savings deposit in Bank of Taiwan quarterly according to coupon rate since the issue date and interest is paid every year.	2.32	43,900
The first phase of Year 2009 subordinated	06.15.2009 – 01.15.2015	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	3.00	500,000
The first phase of Year 2010 subordinated (A bond)	04.30.2010 – 04.30.2017	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	3.25	570,000
The first phase of Year 2010 subordinated (B bond)	04.30.2010 – 04.30.2017	Repay the principal at a time at maturity; Interest rate is reset at the displaying variable rates of time savings deposit in Bank of Taiwan quarterly according to coupon rate since the issue date and interest is paid every year.	3.21	230,000
The second phase of Year 2010 subordinated (A bond)	10.29.2010 – 10.29.2017	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	3.25	500,000
The second phase of Year 2010 subordinated (B bond)	10.29.2010 – 10.29.2017	Repay the principal at a time at maturity; Interest rate is reset at the displaying variable rates of time savings deposit in Bank of Taiwan quarterly according to coupon rate since the issue date and interest is paid every year.	3.09	300,000
The third phase of Year 2010 subordinated	11.11.2010 – 10.11.2017	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	3.25	400,000
The first phase of Year 2011 (A Bond)	06.27.2011 – 06.27.2018	Repay the principal at a time at maturity; Interest is calculated at simple interest according to coupon rate and is paid every year since the issue date.	2.85	100,000
The first phase of Year 2011 (B Bond)	06.27.2011 – 06.27.2018	Repay the principal at a time at maturity; Interest rate is reset at the displaying variable rates of time savings deposit in Bank of Taiwan quarterly according to coupon rate since the issue date and interest is paid every year.	2.63	500,000
The second phase of Year 2011	09.30.2011 – 09.30.2018	Repay the principal at a time at maturity; Interest rate is reset at the displaying variable rates of time savings deposit in Bank of Taiwan quarterly according to coupon rate since the issue date and interest is paid every year.	2.55	200,000
				<hr/> \$ 6,809,400

Sunny Bank Ltd.  
Detailed Statement of Interest Income  
Year 2010

Statement 7

	In NT\$ 1,000
Item	Amount
Accrued interest from loans	
Short term	\$ 832,327
Mid term	1,058,733
Long term	2,432,262
Interest of overdraft	122,918
	<u>4,356,240</u>
Interest of financial assets	44,859
Revolving interest of credit card	54,006
	<u>54,006</u>
Interbank interest	
Renewal interest	290,529
Interest of reserve fund	37,957
Interest of loan at call	14,994
Interest of deposit and loan	55
	<u>343,535</u>
Interest of foreign exchange	91,457
	<u>91,457</u>
Others	105,484
	<u>\$ 4,995,581</u>

Sunny Bank Ltd.  
Detailed Statement of Interest Expense  
Year 2011

Statement 8

	In NT\$ 1,000
Item	Amount
Interest of deposit	
Interest drawing savings deposit	\$ 779,885
Time deposit	439,358
Non-drawing time and club savings deposits	303,707
Demand savings deposit	89,958
Employee demand savings deposit	23,689
Demand deposit	12,514
Negotiable certificates of deposit	36,811
Cash in public treasury	192
	<u>1,686,114</u>
Coupons of financial bond	227,742
	<u>227,742</u>
Interbank interest	
Deposit transfers	25,182
Call loans from banks	2,492
Interbank deposit	59,124
	<u>86,798</u>
Financial bills and bonds under repurchase agreement	13,550
	<u>\$ 2,014,204</u>

## Sunny Bank Ltd.

## Detailed Statement of Net Income of Commission

Year 2011

## Statement 9

In NT\$ 1,000

Item	Amount
Commission income	
Trust business	\$ 243,317
Agency business	163,096
Loan business	99,966
Credit card business	44,837
Others (Note)	108,226
	659,442
Commission expenses	
Credit card business	26,677
Interbank business	13,612
Trust business	11,610
Foreign exchange business	5,667
Agency business	4,390
Others (Note)	8,322
	70,278
Net income of commission	\$ 589,164

Note: None of the amounts exceeds 5% of the title amount.

## Sunny Bank Ltd.

## Detailed Statement of Operating Expense

Year 2011

## Statement 10

In NT\$ 1,000

Item	Amount
Salary and bonus	\$ 1,337,552
Tax	178,760
Depreciation	149,770
Premium	265,956
Others (Note)	501,021
	\$ 2,433,059

Note: None of the amounts exceeds 5% of the title amount.

## 5. Consolidated Financial Statements and Accountants' Audit Reports of Sunny Bank Ltd. and Its Subsidiaries

### Statement on the consolidated financial report of subsidiaries

Please be advised that the companies associated with the Bank that shall be included in the consolidated financial report of subsidiaries according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" in the year 2011 are the same as those to be included in the consolidated financial report according to the Statement of Financial Accounting Standards No. 7. The information to be disclosed in the consolidated financial report of subsidiaries has been disclosed in the foregoing consolidated financial statements of Sunny Bank and its subsidiaries. Therefore, no additional consolidated report is produced.

Sunny Bank Ltd.

Chairman: Lin, Pong-Long



March 20 2012



## Accountants' Audit Reports

This is to Sunny Bank Ltd.:

Please be advised that the accountants have finished auditing consolidated balance sheets of December 31, 2011 and 2010 and consolidated income statements, consolidated statement of change in stockholders' equity and consolidated statement of cash flows from January 1 to December 31, 2011 and 2010 about Sunny Bank Ltd. and its subsidiaries. The preparation of consolidated financial statements disclosed above is the responsibility of the management and the responsibility of the accountants is to express opinion on consolidated financial statements disclosed above according to audit results.

The accountants planned and conducted the audit work in accordance with "Accountants' Audit and Certificate Regulations of financial statements about the financial industry" and Generally Accepted Auditing Standards to be reasonably convinced whether there is any material representational unfaithfulness in consolidated financial statements. The audit work includes the listed amount and audit evidence of disclosures which are obtained from consolidated financial statements by a test check, evaluation of accounting principles and material accounting estimates which are adopted and made to prepare consolidated financial statements by the management and evaluation of the whole consolidated financial statement presentation. The accountants believe that the audit work can provide a reasonable basis for opinion expressed.

As Note 29 of consolidated financial statements stated, Sunny Bank Ltd. sold bad claims to an asset management company respectively in Year 2007 and 2006 and caused a total loss of NT\$ 967,884,000. The total loss can be amortized on a five-year basis in accordance with the "Financial Institutions Merger Act" but the listed unamortized balance of "Other assets – the unrecognized loss of selling bad claims" does not conform to Generally Accepted Accounting Principles. Other assets – the unrecognized loss of selling bad claims and retained earnings should decrease NT\$ 198,798 December 31, 2010 if the loss on sale is not deferred; net income before tax and net loss before tax should increase by NT\$ 198,798,000 and 193,577,000 respectively in Year 2011 and 2010. The unrecognized loss from selling the bad claims mentioned above has been amortized completely in 2011.

In the accountants' opinion, except for the last paragraph which stated that the total loss of selling bad claims was not recognized in the Year and had an effect on consolidated financial statements for Year 2011 and 2010, the preparation of consolidated financial statements which were stated in the first paragraph in all material aspects was in accordance with "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Business Accounting Act", related regulations of Financial Accounting Standards in Regulation on Business Entity Accounting Handling and GAAP and was sufficient to properly present the consolidated financial position on December 31, 2011 and 2010 and consolidated operational results and cash flows in Year 2011 and 2010 about Sunny Bank Ltd. and its subsidiaries.

As Note 3 of consolidated financial statements stated, Sunny Bank Ltd. and its subsidiaries have adopted the newly amended Statement of Financial Accounting Standards No. 34, "Accounting Guidelines for Financial Products," and No. 41, "Disclosure of Operating Department Information," since Jan 1 2011.

Deloitte Taiwan

Accountant Chen, Chie-Chung

Accountant Chen, Chao-Feng

Approval No. of Securities and Futures  
Commission, Ministry of Finance, R.O.C.  
No. 0920123784 by TMS Six

Approval No. of Securities and Futures  
Commission, Ministry of Finance,  
R.O.C.  
No. 0920123784 by TMS Six

Date: March 20, 2012

Sunny Bank Ltd. and Its Subsidiaries  
Consolidated Balance Sheet  
December 31, 2010 and 2009

In NT\$ 1,000

Code	Asset	Dec312011	Dec312010	Change %
		Amount	Amount	
11000	Cash (Note 4)	\$ 5,120,311	\$ 3,783,534	35
11500	Due from central bank and inter-bank offering (Note 5 and 30)	49,164,964	38,618,166	27
12000	Financial assets at fair value through profit or loss (Note 2, 6 and 30)	2,794,906	2,629,894	6
12500	Notes and Bonds Issued under Resale Agreement (Note 2)	420,380	---	---
13000	Receivables—net amount (Note 2, 7, 8 and 29)	1,640,731	2,088,312	(21)
13500	Discounts and loans—net amount (Note 2, 8 and 29)	177,345,283	172,483,268	3
14000	Financial assets in available-for-sale (Note 2, 9 and 30)	1,240,422	2,678,761	(54)
14500	Financial assets in held-to-maturity (Note 2, 10 and 30)	996	---	---
15500	Other financial assets — net amount (Note 2 and 12)	328,123	434,136	(24)
	Fixed assets (Note 2 and 13)			
	Cost			
18501	Land	6,607,652	6,632,693	---
18521	Houses and constructions	2,838,662	2,861,157	(1)
18551	Miscellaneous equipment	1,456,874	1,456,176	---
	Total cost	10,903,188	10,950,026	---
	Revaluation reserve	302,032	302,032	---
	Cost and revaluation reserve	11,205,220	11,252,058	---
	Deduct: accumulated depreciation	2,236,402	2,156,544	4
		8,968,818	9,095,514	(1)
18575	Construction in progress and prepayments for equipment	29,312	38,666	(24)
18500	Net fixed assets	8,998,130	9,134,180	(1)
19000	Intangible assets (Note 2 and 14)	1,057,998	1,048,221	1
19500	Other assets (Note 2, 15, 23, 27, 29, 30 and 31)	1,925,227	2,128,653	(10)
10000	Total assets	\$ 250,037,471	\$ 235,027,125	6

Notes attached behind are a part of the consolidated financial statement.

(Please refer to the audit report of Deloitte Taiwan on March 20, 2012)

Code	Liabilities and stockholders' equity	Dec312011 Amount	Dec312010 Amount	Change %
	Liabilities			
21000	Central bank and interbank deposits (Note 16)	\$ 7,311,459	\$ 5,805,631	26
22000	Financial liabilities at fair value through profit or loss (Note 2 and 6)	1,932	15,759	(88)
22500	Repurchase financial bills and bond debts (Note 2 and 17)	689,526	2,253,586	(69)
23000	Payables (Note 18)	3,652,060	2,689,838	36
23500	Deposits and remittances (Note 19 and 29)	219,354,071	204,848,014	7
24000	Financial bonds payable (Note 20)	6,803,900	8,003,900	(15)
29521	Reserve for land value increment tax (Note 2 and 13)	133,325	133,325	
29500	Other liabilities (Note 2, 8, 21 and 28)	362,989	427,388	(15)
20000	Total liabilities	238,309,262	224,177,441	6
	Stockholders' equity (Note 2, 13, 22, 27 and 28)			
	Shareholders' equity of parent company			
31000	Capital stock	12,749,730	12,249,730	4
	Capital surplus			
31501	Stock premium	4,841	3,591	35
31515	Gain on disposal of assets	3,081	3,081	---
31599	Others	4,676	4,501	4
31500	Total capital surplus	12,598	11,173	13
	Accumulated losses			
32003	Special reserve	22,691	---	---
32013	Accumulated losses	(1,182,222)	(1,682,124)	(30)
32000	Total accumulated losses	(1,159,531)	(1,682,124)	(31)
32501	Unrealized revaluation reserve	256,642	256,642	---
32523	Unrealized gain of financial instruments	(108,599)	13,075	(931)
32542	Treasury stocks	(3,508)	(3,508)	---
32544	Net loss not recognized as pension cost	(25,813)	(1,155)	2,135
	Net shareholders' equity of parent company	11,721,519	10,843,833	8
38101	Minority interest	6,690	5,851	14
30000	Net stockholders' equity	11,728,209	10,849,684	8
	Total liabilities and stockholders' equity	\$ 250,037,471	\$ 235,027,125	6

Chairman: Lin Pong-Long



Manager: Ding Wei-Hao



Accounting manager: Liu Tsung-Hsun



Sunny Bank Ltd. and Its Subsidiaries  
Consolidated Statement of Income  
From January 1 to December 31, 2011 and 2010  
In NT\$ 1,000 except NT\$ for earnings per share

Code		Year 2011		Year
41000	Interest income (Note 2 and 29)	\$ 4,995,581		\$
51000	Interest expense (Note 29)	2,013,688		
	Net interest income	2,981,893		
	Net income (loss) excluding interest			
49100	Net income of commission (Note 2 and 24)	495,064		
49200	Financial assets and net income (loss) of liabilities at fair value through profit or loss (Note 6)	2,434		
44001	Net investment income recognized under equity method (Note 2 and 11)	---		
44003	Investment gains on disposal under equity method (Note 2 and 11)	---		
49600	Net profit of exchange (Note 2)	44,848		
55000	Gains on reversal of asset impairment (loss) (Note 2 and 15)	---		
48005	Gains of financial assets measured by cost (Note 2)	13,760		
48051	Lease income (Note 28)	35,146		
48063	Net income of property transaction (Note 2)	(13,246)		
58021	Loss of selling bad claims (Note 29)	(198,798)		
49800	Other net non-interest income	240,680		
	Total net income excluding interest	619,888		

Notes attached behind are a part of the consolidated financial statement.

(Please refer to the audit report of Deloitte Taiwan on March 20, 2012)

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Chairman: Lin Fong-Long



Manager: Ding Wei-Hao



Accounting manager: Liu Tsung-Hsun



Sunny Bank Ltd. and Its Subsidiaries Consolidated  
Statement of Change in Stockholders' Equity From January  
1 to December 31, 2011 and 2010

In NT\$ 1,000

	Issued capital (Note 2 and 20)		Capital surplus (Note 22)	Accumulated losses (Note 20)		
	1,000 shares	Amount		Special reserve	Accumulated losses	Net amount
Balance on January 1, 2010	1,224,973	\$ 12,249,730	\$ 11,173	\$ ---	\$ (2,232,891)	(\$ 2,232,891)
Changes in unrealized gain/loss on financial assets of subsidiaries	---	---	---	---	---	---
Change in net loss not recognized as pension cost of subsidiaries	---	---	---	---	---	---
Total consolidated net profit in Year 2010	---	---	---	---	550,767	550,767
Change in unrealized gain or loss on financial assets in available-for-sale	---	---	---	---	---	---
Balance on December 31, 2010	1,224,973	12,249,730	11,173	---	(1,682,124)	(1,682,124)
Reserve for trading losses recorded as special reserve	---	---	---	509	---	509
Reserve for non-performing losses of Sunny Securities recorded as special reserve	---	---	---	22,182	---	22,182
Change in unrealized gain/loss on financial assets generated by subsidiaries	---	---	---	---	---	---
Change in net losses on unrecognized pension cost of subsidiaries	---	---	---	---	---	---
Cash capital increase	50,000	500,000	---	---	---	---
Share-based payment and remuneration cost	---	---	1,425	---	---	---
Total consolidated net profit in Year 2010	---	---	---	---	500,228	500,228
Change in unrealized gain or loss on financial assets in available-for-sale	---	---	---	---	---	---
Effect of equity investment not recognized according to shareholding percentage	---	---	---	---	(326)	(326)
Change in net loss not recognized as pension cost	---	---	---	---	---	---
Decrease in minority interest	---	---	---	---	---	---
Balance on December 31 2011	1,274,973	\$12,749,730	\$ 12,598	\$ 22,691	(\$ 1,182,222)	(\$ 1,159,531)

Notes attached behind are a part of the consolidated financial statement.  
(Please refer to the audit report of Deloitte Taiwan on March 20, 2012)

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Chairman: Lin Fong-Long



Manager: Ding Wei-Hao



Accounting manager: Liu Tsung-Hsun



Sunny Bank Ltd. and Its Subsidiaries  
Consolidated Statement of Cash Flows  
From January 1 to December 31, 2011 and 2010

In NT\$ 1,000

	2011	2010
Cash flow of operating activities:		
Total consolidated net profit	\$ 500,230	\$ 550,963
Remuneration cost on employees' purchase of new stocks issued for cash capital increase	1,425	---
Discount/premium amortization of discounts and loans	(11,059)	---
Bad debt expense	551,247	375,297
Write-off of bad debt	(622,648)	(481,730)
Write-off of bad debt recovery	306,017	202,861
Asset impairment loss	---	10,000
Depreciation and amortization	173,514	183,322
Loss from selling bad claims	198,798	193,577
Investment loss recognized under equity method	---	10,872
Provision for trading losses reserve	---	193
Provision for default losses reserve	---	1,867
Gain on disposal of investment under equity method	---	(24,530)
Net losses on disposal of fixed and other assets	4,651	770
Net (gains or) losses on valuation of financial instruments at fair value through income statement	(13,314)	48,462
Gains (or losses) on disposal of collaterals taken over	8,595	(937)
Gain on disposal of financial assets in available-for-sale	(169)	(35,944)
Deferred income tax	10,075	37,107
Change in financial instruments at fair value through income statement	(165,525)	(549,229)
Decrease of receivables	317,425	961,904
Increase (or decrease) of payables	962,222	(531,953)
Net cash inflow from operating activities	2,221,484	952,872
Cash flow of investment activities		
Decrease (Increase) of financial assets at appointed fair value through income statement	---	20,000
Increase of financial assets in available-for-sale	(4,290,793)	(10,029,368)
Proceeds on disposal of financial assets in available-for-sale	5,607,598	10,911,806
Decrease of other financial assets	106,013	3,345
Repayment of principal at maturity of financial assets in held-to-maturity	(996)	79,880
Increase of financial bills and bonds investment under resale agreement	(420,380)	---
Equity investment proceeds on disposal under equity method	\$ ---	39,831



Increase of dividend offering	(10,546,798)	(1,518,181)
"Increase of discount	(4,955,148)	(10,386,121)
Amount of 4	(692,111)	(101,961)
Proceeds on disposal of fixed and other assets	79	2,111
Proceeds on disposal of intangible assets	52	113,514
Increase of identifiable intangible assets	(10,854)	(2,641)
"Increase of identifiable intangible assets	(381)	33,司
Net cash flow from investing activities	(14,543,399)	(10,871,125)
Cash flow of financial instruments		
"Increase of (decrease) of cash and cash equivalents	15,日也\$	(133,611)
Subsidies received from the government	(1,564,6日)	2,253,586
Increase of deposits	14,506,57	5,527,534
"Increase of (decrease) of other receivables	(1,日∞po)	2,∞0,001
Increase (Decrease) of other receivables	(822,司)	189個
Cash capital increase	3,000,001	
Net cash flow from operating activities	13,658,6也	見面6,413
Net cash flow from investing activities	13,367,77	5日個。
Cash flow from operating activities	3,783,534	4,由主評
Cash balance at the end of the year	\$主12,311	\$3,783,534
Supplementary disclosures of cash flow		
能跑到 payment	\$2,011,900	\$1,773,136
"", 祖陰, 祖陰, 祖陰	\$9,491	\$6,271
1, 當個當 "ad ties not affected cash flow:		
Idle assets 阻咱是 塵封時 assets	\$17,165	\$1,353
Fixed assets 抽時間時 intangible assets	\$31,9日	\$18,96
Fixed assets 抽時虎 intangible assets	\$日2	\$一

Net cash flow from operating activities 曲曲留在  
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彭林 Manager: Ding Wei-Hao 如何心也H 或

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in Most Recent Year and 61 Ann 1 Report Publication Date: Non



## **VII. Review and Analysis of Financial Operations Results, and Risk Management**

(1) Financial Status (2)

Operating Results (3)

Cash Flow

(4) Influence of Major Capital Expenditures

(5) The Reinvestment Policy for the Past Year

(6) Analysis and Evaluation of Risk Management

(7) Crisis Management Mechanism

(8) Other Important Events

## 1. Financial Status

In NT\$ 1,000 and %

Item	Year	2011	2010	Difference	
				Amount	%
Cash, Due from Central Bank and Other Banks		54,193,313	42,368,042	11,825,271	28
Financial Assets at Fair Value through Profit/Loss		2,653,821	2,598,130	55,691	2
Financial bill and bond liabilities under resale agreement		360,380	0	360,380	---
Receivables		1,217,103	1,550,317	-333,214	-21
Discounts and Loans		177,345,283	172,483,268	4,862,015	3
Available-for-Sale Financial Assets		1,234,495	2,670,252	-1,435,757	-54
Equity Investments – Equity Method		559,970	301,056	258,914	86
Other Financial Assets		325,123	434,136	-109,013	-25
Fixed Assets		8,977,087	9,115,653	-138,566	-2
Intangible Assets		1,056,835	1,048,221	8,614	1
Other Assets		1,722,892	1,929,543	-206,651	-11
Total Assets		249,646,302	234,498,618	15,147,684	6
Deposits in the CBC and Other Banks		7,311,459	5,805,631	1,505,828	26
Financial Liabilities at Fair Value through Profit/Loss		1,932	15,759	-13,827	-88
Notes and Bonds Issued under Repurchase Agreement		689,526	2,253,586	-1,564,060	-69
Payables		3,192,744	2,117,252	1,075,492	51
Deposits and Remittances		219,449,892	204,947,843	14,502,049	7
Financial Bonds Payable		6,809,400	8,009,400	-1,200,000	-15
Reserve for Land Revaluation Increment Tax		133,325	133,325	0	---
Other Liabilities		336,505	371,989	-35,484	-10
Total Liabilities		237,924,783	223,654,785	14,268,998	6
Capital		12,749,730	12,249,730	500,000	4
Capital Surpluses		12,598	11,173	1,425	13
Accumulated Loss		-1,159,531	-1,682,124	522,593	-31
Unrealized Land Revaluation Increment		256,642	256,642	0	---
Unrealized Profit/Loss on Financial Instruments		-108,599	13,075	-121,674	-931
Treasury Stock		-3,508	-3,508	0	---
Net Loss not Recognized as Pension Cost		-25,813	-1,155	-24,658	2,135
Total Shareholders' Equity		11,721,519	10,843,833	877,686	8
Description of change to the ratio increase or decrease					
<ol style="list-style-type: none"> <li>Increase in cash, due from Central Bank and other banks: this is the increase in time deposits in Central Bank as the Bank has redundant capitals.</li> <li>Increase in financial bill and bond liabilities under resale agreement: this is the increase of financial bill and bond liabilities under resale agreement as the Bank has redundant capitals.</li> <li>Decrease in receivables: this comes from a reduction of sale of non performing loan receivables and an increase of allowance of bad debts payables.</li> <li>Reduction in the financial assets available-for-sale: this comes from the disposal of financial assets in available-for-sale, such as government bonds, in 2011; also, it comes from doing commercial paper business for trading purpose, so commercial paper position in available-for-sale financial assets is reduced.</li> <li>Increase in equity investments under equity method: this stems from the Bank's purchase of new stocks issued by Sunny Securities, a subsidiary of the Bank, for cash capital increase.</li> <li>Decrease in other financial assets: this is resulted from the repayment for the special stocks of Bank of Panhsin held by the Bank as they were mature.</li> <li>Increase in deposits in the CBC and other banks: this comes from the adjustment of the Bank's credit rating and positive outlook at "twBBB+/twA-2," resulting in the increase of interbank deposits.</li> <li>Reduction in financial liabilities at fair value through profit/loss: this comes from the decrease in currency swap.</li> <li>Decrease in financial bill and bond liabilities under resale agreement: this comes from reduction in such a business as there is no shortage of capital.</li> <li>Increase in payables: this comes from the increase in bills payable for clearing.</li> <li>Decrease in accumulated losses: this comes from net profits after tax as the result of the business operations this year, the amount of trading losses reserve reclassified as special reserve as specified in the letter no. jin-kuan-securities 09900738571, and the default loss reserve of Sunny Securities recognized as per the shareholding percentage which was reclassified as special reserve.</li> <li>Reduction in unrealized profit/loss on financial instruments: this comes from the increase in the valuation loss on financial assets in available-for-sale.</li> <li>Increase in net loss not recognized as pension cost: this comes from the Bank recognizing the minimum pension liabilities stated in the pension actuaries report.</li> </ol>					

## 2. Analysis of Operating Results

In NT\$ 1,000 and %

Item \ Year	2011	2010	Changes	
			Amount	%
Net Interest Profits	2,981,377	2,668,077	313,300	12
Non-Interest Net Gain	498,539	709,005	-210,466	-30
Net Profits	2,479,916	3,377,082	102,834	3
Bad Debt Expenses	539,247	375,297	163,950	44
Operating Expenses	2,433,059	2,406,318	26,741	1
Net Income Before Tax	507,610	595,467	-87,857	-15
Income Tax Expenses	-7,382	-44,700	37,318	-83
Net profit of the year	500,228	550,767	-50,539	-9
Description of the analysis on the change to the ratio increase or decrease				
<ol style="list-style-type: none"> <li>1. The increase in the net interest profits has largely been the result of an increase in deposit and loan balance and rising interest rate resulting in wider spread.</li> <li>2. The decrease of non-interest net gain has largely stemmed from decrease of net profits on financial assets and liabilities whose gain/loss in change of the fair value is recognized.</li> <li>3. The reduction in income tax expenses has mainly been the increase of realizability in deferred income tax assets and thus the decrease of allowance for valuation.</li> <li>4. The reduction in bad debts expenses and net profits before (after tax) have largely stemmed from the extensive increase of bad debt expenses in 2011 as the result of adoption of the amended "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and the 3<sup>rd</sup> amendment of the Statement of Financial Accounting Standards No. 34, "Accounting Guidelines for Financial Products" on Jan 1 2011, which resulted in decrease in gain/loss before (after) tax.</li> </ol>				

## 3. Analysis of Cash Flow

(1) Cash Flow Change Analysis for 2011

Item \ Year	2011	2010	Increment (%)
Cash Flow Ratio (%)	20.62	9.02	128.60
Cash Flow Adequacy Ratio (%)	2,618.24	2,930.74	-10.66
Cash Flow Reinvestment Ratio (%)	-15.86	-8.56	85.28
Description of the analysis on the change to the ratio increase or decrease			
<ol style="list-style-type: none"> <li>1. The reduction in the cash flow ratio has largely been the result of a reduction in the net cash inflow in the 2011 operating activities.</li> <li>2. The increase of the cash flow adequacy ratio has mainly stemmed from the increase of the operating net cash flow and a reduction of capital expenditure in the recent five years in 2011.</li> <li>3. The reduction of the cash flow satisfied ratio has primarily stemmed from a reduced operating net cash flow and outflow of the investing net cash flow in 2011.</li> </ol>			

## (2) Liquidity analysis for the next year:

In NT\$ 1,000

Cash Balance at the Start of the Period ①	Expected Operating Flow for the Whole Year ②	Net Cash for the Whole Year ③	Expected Cash Inflow for the Whole Year ④	Expected Cash Surplus (Deficit) ①+②+③	Remediation Measures Against Expected Cash Flow Deficit	
					Investment	Financing
5,028,349	2,757,958	-13,619,031	-5,832,724	---	---	10,036,136
1. Change in cash flow of the year: (1) Operation Activities: Net cash inflow resulted from reduction in financial assets held for trading and increase of payables. (2) Investing Activities: Net cash outflow resulted from increase in available-for-sale financial assets, discount, and loan. 2. Remedial measure for expected cash shortfall and liquidity analysis: The Bank plans in the coming year to increase the deposit and remittance, deposit of the CBC and other banks, and to issue rights issue in support of held-for-trading financial assets, available-for-sale financial assets, discounts, and loan increase. No insufficient working cash is found.						

**4. Influence of Major Capital Expenditures**

Planning item	Actual/Expected Capital Resources	Actual/Expected Date of Completion	Required Capital	Actual/Expected Capital Performing Status				
				2013 - 2015	2012	2011	2010	2009
Land, house and building	Self-owned Fund	2009 – 2012	0	---	0	0	0	0
Other equipment	Self-owned Fund	2009 – 2012	224,750	---	81,753	44,748	76,150	22,099

**5. The Reinvestment Policy for the Past Year**December 31 2011  
In NT\$ 1,000

Invested Company	Sunny Securities Co., Ltd.	Sunny Life Insurance Agent Co., Ltd.	Sunny Property Insurance Brokerage Co., Ltd.	Gold Sunny Assets Management Co., Ltd.
Major Business	Securities Investment	Life Insurance Brokerage	Property Insurance Brokerage	Financial Institution Creditor's Right (Money) Appraisal and Auction
Collected Capital	502,000	52,500	6,050	50,000
Shareholding (%)	98.12%	39.99%	20.00%	100.00%
Amount	495,549	21,000	1,210	50,000
Par Value	498,756	32,141	2,728	26,345
Yearly Income	66	19,287	2,039	-9,579
Recognized Invested Income	70	7,723	408	-9,579
Main Factor of Profit (Loss)	The revenue of agency service stays profitable.	Profit is infused by commission income from sales of life insurance products.	Profit is infused by commission income from sales of property insurance products.	Loss of claim recovery

## 6. Analysis and Evaluation of Risk Management

### (1) A Series of Qualitative and Quantitative Requirements for Risk Management

#### 1. Credit Risk Management System and Accrued Capital

#### (1) 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</p> <p>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>(1) Credit risk identification:</p> <p>Of all products and businesses, including all transactions that exist in the Bank logbook and the transaction logbook and on/off 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> <p>Prior to launching 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:</p> <p>To evaluate the customer's creditworthiness using the five categories of the borrowers, 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.</p> <p>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>(3) Credit risk monitoring:</p> <p>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.</p> <p>A written credit verification and lending guideline is to be established, 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.</p> <p>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.</p> <p>To precisely implement the review and loan follow-up evaluation work, with which to step up post-lending management and debt claim securitization maintenance.</p> <p>To routinely evaluate and monitor the quality of all types of assets by stepping up managing 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>(4) Credit risk reporting:</p> <p>To routinely declare various caps and risk concentration caps with the risk management department for submitting to the president, and the risk management department is to file a report with the board of directors, which will enable the risk management department to precisely grasp the business operating units' credit risks.</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 qualitative indicators implemented, and the disclosure of capital adequacy-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 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>

Disclosure Item	Content
2. Credit risk management organization and structure	<ol style="list-style-type: none"> <li>1. Board of Directors The highest decision maker of the Bank's credit risk management which approves the Bank's credit risk management organization structure and regulations.</li> <li>2. Risk Management Department This is the department of the Bank in charge of review and monitoring of credit risk management agenda.</li> <li>3. High-ranking management It oversees the implementation of the credit risk management policies and structure and coordinates with various departments for credit risk matters.</li> <li>4. Auditing Department The credit risk management processes and mechanism are included in this department's auditing scope.</li> <li>5. Risk Management Department It collects information regarding the Bank's overall credit risks on a regular basis and reports it to the board of directors and risk management committee.</li> </ol>
3. The scope and characteristics of the credit risk reporting and measurement system	The credit risk exposure of various risk constructs are monitored regularly and irregularly based on related credit risk management reports, while a cap-based monitoring mechanism is established (for country risk, group risk, industry risk, etc.), 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 to a higher supervisor.
4. Credit risk hedging and mitigation policies, and strategies and process to monitor the continuous effectiveness of hedging and risk mitigation tools	<ol style="list-style-type: none"> <li>1. To specify and levy for collaterals or guarantors, or to offload the liability claims in the secondary market, or file for liability claim securitization or trading on credit derivatives.</li> <li>2. Through negotiation with the borrower account or a transaction party for financial or non-financial restrictive clauses, the Bank would prevent or monitor changes in the borrower account or a transaction party's credit risks.</li> <li>3. To forward some of the medium and small business loans that have insufficient collaterals to the "SMEG" to step up safeguarding the liability claims.</li> </ol>
5. Approach adopted for the regulatory reserve	The Bank adopts the standard approach to allocate its legally designated capitalization.

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

December 31 2011 (Note)

In NT\$ 1,000

Type	Exposure after Risk Mitigation	Accrued Capital
Sovereigns	126,785	---
Non-central Government Public Sector Entities	3,249,983	48,000
Banks (including multilateral development banks, MDBS)	4,616,330	146,152
Corporate (including securities and insurance firms)	51,844,330	4,140,168
Claims on Retail	77,898,165	5,379,403
Residential Properties	45,249,943	1,634,403
Equity Security Investments	0	---
Other Assets	62,601,631	841,195
Total	245,587,167	12,189,578

Note: Please fill the form according to the data as of the previous quarter of the publication date of the annual report.

## 2. Asset Securitization Risk Management System, Exposure and Accrued Capital

### (1) Asset Securitization Risk Management System

Disclosure item	Content
1.Asset securitization management strategies and process	<p>1. Asset securitization risk management objective and strategy</p> <p>(1) To strengthen the asset/liability management capability by diversifying the source of capital and reducing the capital cost.</p> <p>(2) To utilize asset portfolio reconfiguration, trust and credit enhancement for creating a diverse, long-term fund-raising platform.</p> <p>(3) To utilize the securitization process to remove assets from the balance sheet, and raise the self-owned capital, and reduce the asset scale.</p> <p>(4) To act as an underwriter institution to generate service fee.</p> <p>2. Asset securitization risk management process</p> <p>(1) To utilize a host of external institutions, such as a credit rating agency, to ensure that it meets the asset guidelines of a trust contract at the time when the asset is being transferred.</p> <p>(2) To rely at the same time on the credit enhancement mechanism to reduce the investor's likelihood to face the asset credit risk.</p> <p>(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.</p> <p>(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.</p> <p>(5) By utilizing a trust asset transfer pricing adequacy opinion letter issued by financial consultants, it enables the pricing evaluation risk to be rationally controlled.</p> <p>(6) By drafting a variety of contracts, such as the service contract and trust contract, to avoid conflicts of interest to undermine the investor's equity.</p>
2.Asset securitization management organization and structure	<p>1. Planning department: Responsible for the transaction framework, external institutions' selection and appointment, document submission to the competent government authorities and the like.</p> <p>2. Authorization department: The board of directors is to authorize various responsible units to execute the securitization transactions.</p> <p>3. Information department: Responsible for developing relevant reports, information system specifications and data retention.</p> <p>4. Transaction department: Compiling and issuing the report for risk monitoring.</p>
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, including initial asset account figure, balance, payment on overdue loan, interest rates, and the like.
4. Policies of hedging or risk 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 subordinated beneficiary securities held by the initial underwriting institute still faces credit risk, approaches to be adopted for reducing the risk are as follows,</p> <p>1. If the anticipated loss on the exposure held has not been high, the Bank is to absorb it on its own.</p> <p>2. If the anticipated loss on the exposure held poses significant impact to the earnings or capitalization, a bad debt reserve will be increased to absorb the losses in advance.</p> <p>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 approach to transfer the risk to the trading party.</p>
5.Approach adopted for the regulatory capital	The Bank currently adopts the standard approach to allocate the capital.

(2) State of trading asset securitization: None

(3) Exposures of asset securitization and capital to be allocated: None

(4) Summary of Investment in Securitized Products.

In NT\$ 1,000

Item (Note 1)	Accounting Account for Recognition	Original Cost	Accumulated Gain or Loss on Evaluation	Accumulated Impairment	Par Value
ABCP	Available for sale	0	3,395	0	3,395
REAT	Available for sale	40,236	-1	0	40,235



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

1. Mortgage-Backed Security (MBS): Including Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities or assets backed securities (CMBS), Collateralized Mortgage Obligation (CMO), and other mortgage-backed securities.
2. Beneficiary securities or Asset-Backed Security (ABS): Including Commercial Loan Obligation or assets backed securities (CLO), Collateralized Bonds Obligation or assets backed securities (CBO), Credit Card Loan Obligation or assets backed securities, Auto Loan Obligation or assets backed securities, Consumer Loan/Cash Card Loan Obligation or assets backed securities, Lease Receivables Obligation or assets backed securities, and other obligations or assets backed securities.
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.

- (5) 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
- (6) Information on the position held by the Bank, as a securitization initiation institutes, for the purpose of credit enhancement should be disclosed: None
- (7) Information on Bank's service as a credit-damaged buying institute or a clearance buying institutes should be disclosed: None
- (8) Information on the Bank's service as a securitized product guarantor or its provision of liquidity facility should be disclosed: None

### 3. Operational Risk Management System and Accrued Capital

#### (1) Operational Risk Management System

Disclosure item	Content
1. Operational risk strategies, objectives, policy and process	<p>1. Operational risk management objective and strategy</p> <p>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</p> <p>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:</p> <p>A. All unit personnel should identify the potential operational risks and their causes and effects in managing potential operational risks in the routine operations, report such matters to the higher supervisors, and choose proper counterstrategies, which are to be submitted to the business administration unit as per relevant stipulations.</p> <p>B. Prior to launching new products, new services, operating process and information systems, all business administration units should conduct adequate operational risk identification.</p> <p>(2) Operational risk measurement:</p> <p>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.</p> <p>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) Operational risk monitoring:</p> <p>A. All operating units, when encountering an operational risk-related loss incident,</p>

	<p>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 units and the audit division.</p> <p>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:</p> <p>To routinely report the state of loss incident to risk management department, and then submit to president. Risk management department routinely reports to board of directors, so the department can precisely grasp the market risk of business units.</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 operational 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>When coming across any major operational risk incidents that might impair the Bank's state of finances or operations, or in breach of laws and regulations, all relevant units must adopt proper countermeasures at once.</p>
2. Operational risk management organization and structure	<p>1. Board of Directors</p> <p>The highest decision maker of the Bank's operational risk management which approves the Bank's operational risk management organization structure and regulations.</p> <p>2. Risk Management Department</p> <p>This is the department of the Bank in charge of review and monitoring of operational risk management agenda.</p> <p>3. High-ranking management</p> <p>It oversees the implementation of the operational risk management policies and structure and coordinates with various departments for operational risk matters.</p> <p>4. Auditing Department</p> <p>The operational risk management processes and mechanism are included in this department's auditing scope.</p> <p>5. Risk Management Department</p> <p>It collects information regarding the Bank's overall operational risks on a regular basis and reports it to the board of directors and risk management committee.</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.
4. Operational risk hedging and mitigation policies, and strategies and process to monitor the continuous effectiveness of hedging and risk mitigation tools	<p>1. In response to operational risk-related loss incidents where the probability and the amount of loss are both high, adequate measures should 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, measures should be taken to minimize/transfer impacts after risks arise, such as insurance and outsourcing. It is imperative to take into account the validity when the residual risk that cannot be fully cover by the risk exposure or a 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 to allocate the capital.

## (2) Operational Risk Capital Requirement

December 31 2011 (Note)  
In NT\$ 1,000

Year	Gross Operating Profits	Capital Requirement
2008	2,709,320	---
2009	2,713,762	
2010	3,516,129	
Total	8,939,211	446,961

Note: Please fill the form according to the data as of the previous quarter of the publication date of the annual report.

#### 4. Market Risk Management System and Accrued Capital

##### (1) Market Risk Management System

Disclosure item	Content
1. Market risk strategies, objectives, policy and process	<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 regulations set by competent government authorities. It ensures a full compliance to the market risk management mechanism's caps and stop-loss management stipulations, making sure the Bank's risks are managed adequately.</p> <p>2. Market risk management process A market risk management mechanism has been instilled to effectively identify, measure, monitor and report all probable market risks arisen from the routine business activities and management process.</p> <p>(1) Market risk identification: a. When the position 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 position. 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' exposure, including the position cap, stop loss cap and levels of market risk concentration.</p> <p>(3) Market risk monitoring: a. To define the market risk transaction and stop loss caps according to the operating strategy and market conditions by developing a comprehensive risk monitoring process that can be enforced continuously throughout the business activity. b. To instill a clear reporting process, and routinely generate the monitoring reports on various types of position management, such as gain or loss, risk caps and so forth. c. To monitor whether the position fluctuations, changes of the gain or loss, trading modes and trading 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 gain or loss, 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 stop loss 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 adequacy-related information is to be submitted according to the format, content, method and frequency specified by government authorities.</p>
2. Market risk management organization and structure	<p>1. Board of Directors The highest decision maker of the Bank's market risk management which approves the Bank's market risk management organization structure and regulations.</p> <p>2. Risk Management Department This is the department of the Bank in charge of review and monitoring of market risk management agenda.</p> <p>3. High-ranking management It oversees the implementation of the market risk management policies and structure and coordinates with various departments for market risk matters.</p> <p>4. Auditing Department The market risk management processes and mechanism are included in this department's auditing scope.</p> <p>5. Risk Management Department It collects information regarding the Bank's overall market risks on a regular basis and reports it to the board of directors and risk management committee.</p>

3. The scope and characteristics of the market risk reporting and measurement system	At the onset of a market risk incident, various types of market risk management information is to be gathered, and routinely sorted and analyzed for reporting.
4. Market risk hedging and mitigation policies, and strategies and process to monitor the continuous effectiveness of hedging and risk mitigation tools	1. Of financial products that appear with asymmetrical risk and return or with high risks and high return, such type of products shall not be traded after 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 should be taken to mitigate or transfer the risks.
5. Approach adopted for the regulatory reserve	The Bank currently adopts the standard approach to allocating the capital.

## (2) Market Risk Capital Requirement

December 31 2011 (Note)  
In NT\$ 1,000

Risk type	Capital requirement
Interest Rate Risk	149,811
Equity Securities Risk	155,326
Foreign Exchange Risk	176,831
Commodity Risk	0
Total	481,968

Note: Please fill the form according to the data as of the previous quarter of the publication date of the annual report.

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

### (1) Structure Analysis of the Maturation of NTD

December 31 2011  
In NT\$ 1,000

	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	241,986,244	32,851,568	29,529,694	31,022,553	35,771,249	112,811,180
Primary Funds Outflow upon Maturity	277,997,505	32,852,814	35,396,701	44,955,025	88,240,931	76,552,034
Capital Gap	-36,011,261	-1,246	-5,867,007	-13,932,472	-52,469,682	36,259,146

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.

March 31 2010  
In NT\$ 1,000

	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	248,104,593	56,334,340	22,479,649	18,366,942	37,138,451	113,785,212
Primary Funds Outflow upon Maturity	286,698,024	34,045,784	36,363,771	47,918,715	90,421,798	77,947,952
Capital Gap	-38,593,431	22,288,556	-13,884,122	-29,551,773	-53,283,347	35,837,260

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.

## (2) Structure Analysis of the Maturation of USD

December 31 2011

In USD

	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	303,868	113,543	70,493	29,913	1,731	88,188
Primary Funds Outflow upon Maturity	275,850	189,763	40,664	21,298	21,487	2,638
Capital Gap	28,018	-76,220	29,829	8,615	-19,756	85,550
Cumulative Gap	28,018	-76,220	-46,391	-37,776	-57,532	28,018

Note 1: This table only includes the total amount of USD in the head office and both of domestic and foreign branches, unless otherwise stated. Please fill based on carrying amount, while amount not carried is not required to be filled (such as issuance of negotiable CD, bonds or stocks).

Note 2: If foreign assets accounts for over 10% of total assets of the Bank, supplementary disclosure information should be provided.

March 31 2010

In USD

	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	310,076	89,219	94,578	40,187	20,767	65,325
Primary Funds Outflow upon Maturity	283,533	181,339	54,484	24,109	21,389	2,212
Capital Gap	26,543	-92,120	40,094	16,078	-622	63,113
Cumulative Gap	26,543	-92,120	-52,026	-35,948	-36,570	26,543

Note 1: This table only includes the total amount of USD in the head office and both of domestic and foreign branches, unless otherwise stated. Please fill based on carrying amount, while amount not carried is not required to be filled (such as issuance of negotiable CD, bonds or stocks).

Note 2: If foreign assets accounts for over 10% of total assets of the Bank, supplementary disclosure information should be provided.

## (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) The Company Act (amended on 06.29.2011, 11.09.2011, 12.28.2011 and 01.01.2012)
- (2) Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution between the Taiwan Area and the Mainland Area (amended on 09.07.2011)
- (3) Regulations Governing the Preparation of Financial Reports by Public Banks (amended on 12.30.2011)
- (4) Financial Consumer Protection Act, Rules Governing Financial Service Conducting Advertisement Soliciting and Business Promotion Activities, Rules Governing Financial Service Providing Important Contents of Contract and Risk Disclosure before Offering Financial Instruments or Services and Rules Governing Financial Service Ensuring Fitness of Financial Instruments or Services for Financial Consumers (promulgated on 12.30.2011)

### 2. Influence of major policy changes

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 business activity, and following the thriving 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 software and hardware 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 excels the credit verification and lending quality to reduce the Bank's lending risk, but also help 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 diversify the risks of technological change and industry change to the Bank investment.

#### **(4) Influence of Change in Image on the Bank and Relative Measures**

The Bank has consistently upheld a "solid, innovative, professional and passionate" quality policy for a sustainable management in supporting the government's policy since its establishment, creating a quality culture, employees who are active, passionate, voluntary and with a thoughtful service attitude, and has been stepping up internal risk management and compliance of laws and regulations by timely cautioning for its asset quality and capital adequacy ratio, to maintain a sound financial standing, and to utilize various activities to deeply explore the customers and excel the company's corporate image.

#### **(5) Expected effects and possible risks for merging: None**

#### **(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 and Responding Measures:**

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

#### **(7) Risks and Responding Measures for Business Concentration:**

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

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

#### **(9) Lawsuit or non-suit events, the Bank should identify the Bank directors, auditors, president, major shareholders with a total shareholding exceeding 1% or affiliated companies involving in a major litigation, non-litigation or administrative dispute litigation cases that have been confirmed or remain pending and up to the publication of the annual report, where the results could pose a major impact to the depositors or the shareholders' equity or the securities share price:**

##### **1. Case 1: Damage claim**

(1) Lawsuit commencing from: January 22, 2010

(2) Major Parties: Plaintiff – 83 people including Chen, Tsai-Hwa and others

Defendant – 8 people including Wang, Yi-Chou and others (including the bank)

- (3) Dispute: Wang, Yi-Chou and others in Cheng Feng Development Project are accused of violation of the Banking Act. The plaintiff requested incidental civil procedures in the second sentence of criminal procedures and joint liability for damages on rights infringement of the defendant. After ruling of the second sentence, the case was transferred to civil court of the High Court.
- (4) Target Amount: NT\$73,140,000 and the interest calculated as 5% per annum interest rate from the next day of the arrival of complain manuscripts to reimbursement date.
- (5) Result as of publication of annual report: The case is currently under trial at Taiwan High Court Kaohsiung Branch Court.

## 2. Case 2: Damage claim

- (1) Lawsuit commencing from: April 9, 2010
- (2) Major Parties: Plaintiff – 70 people including Huang, Hsin-Rui and others;  
Defendant – 8 people including Wang, Yi-Chou and others (the Bank is an additional defendant)
- (3) Dispute: Wang, Yi-Chou and others in Cheng Feng Development Project are accused of violation of the Banking Act. The plaintiff requested incidental civil procedures in the first sentence of criminal procedures and joint liability for damages on rights infringement of the defendant. After ruling to transfer to civil court of the Dist. Court, the Bank was added as an additional defendant.
- (4) Target Amount: NT\$72,900,000 and the interest calculated as 5% per annum interest rate from the next day of the arrival of complain manuscripts to reimbursement date.
- (5) Result as of publication of annual report: The civil court of Kaohsiung Dist. Court on February 22, 2011 rejected the plaintiff's complaint and the implementation of the false claims, the plaintiff has filed counter-appeal.

## 3. Case 3: Claim damage

- (1) Lawsuit commencing from: January 4, 2011
  - (2) Major parties: Plaintiff: Wu, Tsai-Zao and others  
Defendant: Chang, Shu-Luan and the Bank
  - (3) Dispute: the plaintiff requested incidental civil procedures and joint liability for damages as the employer because the employees of the defendant are suspected of misappropriation, forging document, and fraud to cause damage to the plaintiff.
  - (4) Target amount: NT\$ 56,183,179 and the interest calculated as 5% per annum interest rate from the next day of the arrival of complain manuscripts to reimbursement date.
  - (5) Result as of publication of annual report: The case is currently under trial at Changhua Dist. Court.
- (10) Other important risks and correspondent measures: None

## 7. Crisis Management Mechanism

“Important Events Report, Control and Following” and “Emergency Capital Raising and Response Procedure” are set by the Bank to deal with crisis.

### (I) Important Events Report, Control and Following

- 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 rapidly adopt the response plan to mitigate the impact of an incident, and to maintain the normal operation of the business activity.
- 2. Urgent contingency policy:
  - (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 notify the system commissioner by telephone and present a report to the host unit (a report shall still be filed even during the non-business hours), and the process documented as a written record.

- (2) The Bank's host 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 host unit within three days following the occurrence of the incident.
- (4) The audit department shall be in charge of faxing relevant information by complying with the authorities' instructions, and shall promptly notify the Banking Bureau of the FSC, the CBC and Central Deposit Insurance Corporation on relevant incident scenario, state of disposition, and state of improvement within one week following the occurrence of the incident.
- (5) Post-disaster act: all bank units, following the reporting of a major incident, shall enlist the incident under a special project for monitoring, and shall promptly notify the Bank's host unit on the case's subsequent development.

The Bank's host unit, in response to major incidental cases reported, shall assign designated personnel to file and monitor the case through a designated case process, and to voluntarily or routinely follow up the subsequent development and state of improvement, depending on the severity and urgency of a case, and to document the process in written records to timely resolve the problem. Once there are concrete results, a report will be sent to the chairman, and the audit department will file a report with authorities. For suspected deficiencies in alleged fraud cases or major incidental cases, the audit department should review the situation every three months until the circumstances have been improved.

## **(II) "Emergency capital raising and response procedure"**

### **1. Objective**

An emergency response plan is drafted according to the Bank's "Liquidity Risk Management Measure" to successfully raise the capital at times of urgent needs in order to respond to a large deposit loss at the Bank, or even at the time of a major incident.

### **2. Requisite hypothesis**

In the wake of a major contingency, 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 classified by the deposit types as follows,

- (1) Provided that on the demand deposits (including the checking deposit, demand deposit, and savings deposit), 9% of the total balance will be withdrawn on day one, 6% will be withdrawn on day two, and 2% will be withdrawn on day three.
- (2) Provided that on the time deposit and CD (including time deposit, time savings deposit, and negotiable certificate of deposit (NCD)), 12% of the total balance will be withdrawn on day one, 7% will be withdrawn in day two, and 4% will be withdrawn on day three.

### **3. Emergency response procedure**

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

- (1) To evaluate the market impact trend.
- (2) To review the current liquidity positions.
- (3) To plan the source of fund raising.
- (4) To determine the response action procedure.

### **4. Immediate actions to be taken**

- (1) To present the cash liquid positions on all currency.
- (2) To liquidate the notes, bonds and the investment position of various marketable securities.
- (3) To obtain peer capital of a fixed period of time.
- (4) To extend the Bank's liability expiry date, and to avoid concentration on the same expiry date.
- (5) To narrow down the liquidity position gap.



- (6) To discuss 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 fund

- (1) To verify the Bank's available fund and source of fund that can be collateralized (including the CBC's reserve A account and reserve B account, Financial Information Service, peer deposits, financial bonds, and various marketable securities investment instruments and the like).
- (2) To liquidate investment exposure.
  - A. To verify the investment exposure held
  - B. To review the market conditions of the liquid assets that can be liquidated
  - C. To calculate the market valuation and state of gain or deficit following the liquidation
- (3) To liquidate the foreign exchange positions: to liquidate the Bank's foreign currency positions of all currency.
- (4) To secure interbank loans
  - A. To identify the position as interbank loans
  - B. To obtain peer support by utilizing the established peer relationships
  - C. To rally for the authorities' moral persuasion in an attempt to derive peer capital assistance with a longer date
- (5) To expand the trading on notes and bonds RP transactions
  - A. To verify the RP position
  - B. To persuade the customers and peer support by utilizing the established relationships
- (6) To retain the Bank's deposit accounts
  - A. To identify the source of the Bank's major deposits
  - B. To persuade loyal customers not to make withdrawal prematurely by utilizing the established relationships
- (7) The CBC's rediscounting window and its financing service
  - To review qualified marketable securities that can be discounted for cash, and to file for fund raising as per the "Directions for the Central Bank of China Accommodations to Banks".

#### 6. Capital payout methods:

- (1) Central Bank reserve A account: Acts as the Bank's main account for financing, the source of fund should first be allocated to the account, which will facilitate the operation of the Bank-wide liquidity financing center.
- (2) Financial Information Service: Persuade the customers to withdraw the funds using the financial payment transfer method to stop depleting the cash held in vault, and to alleviate the customer traffic queuing at the counter.
- (3) Cash held in vault: Provided that the loss of deposits accounts for 12% of the equivalent cash held in vault, then the amount would roughly be equivalent 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 contingency measures in terms of how best to distribute cash to all units (including those located in other 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



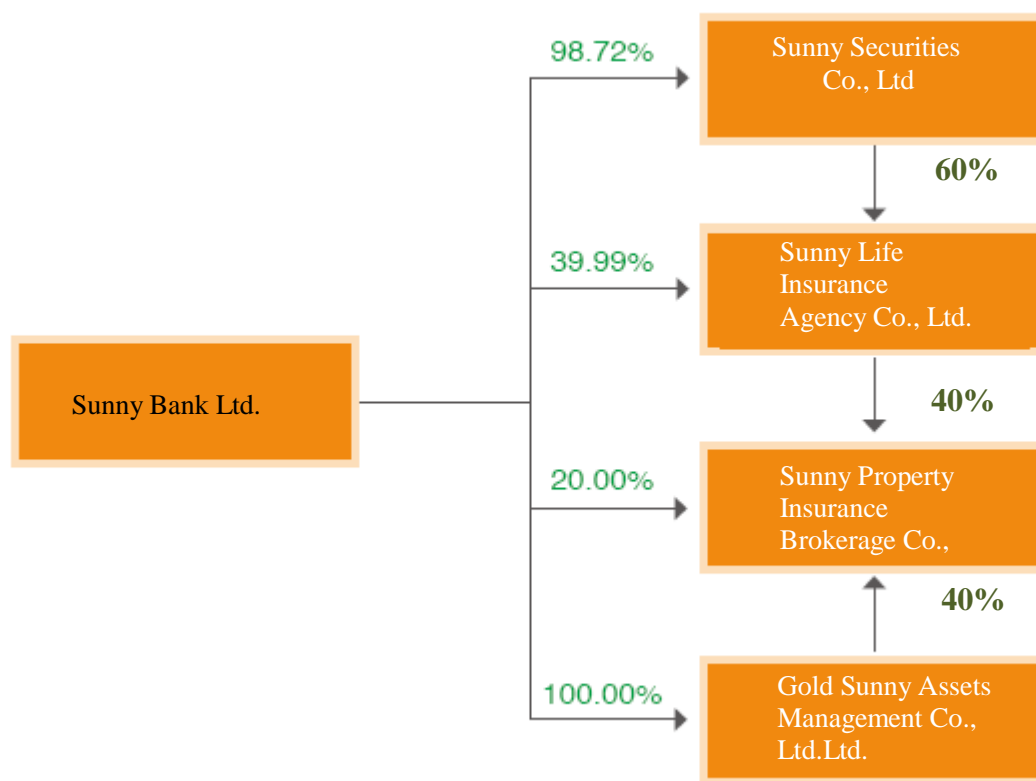
## VIII. Special Notes

## 1. Information of Affiliates

### A. Affiliates' Status

#### (1) Organization Chart of Affiliates

As of Dec 31 2011



#### (2) Basic Information of Affiliates

In NT\$ 1,000

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business
Sunny Securities Co., Ltd.	02.04.1998	No.165 B2, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City	502,000	Marketable Securities Entrusting and Trading in the stock exchange, as well as futures introducing broker business
Sunny Life Insurance Agency Co., Ltd.	02.15.2001	2F., No.205, Chang'an W. Rd., Datong Dist., Taipei City	52,500	Life Insurance Brokerage
Sunny Property Insurance Brokerage Co., Ltd.	08.14.2003	2F., No.205, Chang'an W. Rd., Datong Dist., Taipei City	6,050	Property Insurance Brokerage
Gold Sunny Assets Management Co., Ltd.	10.23.2006	5F., No.255, Zhongzheng Rd., Shilin Dist., Taipei City	50,000	Financial Institution Creditor's Right (Money) Appraisal and Auction

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

## (4) Directors and Supervisors of Affiliated Companies

December 31 2011  
In 1,000 shares and %

Company Name	Title	Name	Shareholdings	
			Shares	%
Sunny Securities Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Chang, Ling-Ling	49,555	98.72
	Director	Sunny Bank Co., Ltd Representative: Chen, Sheng-Hung		
	Director	Sunny Bank Co., Ltd Representative: Chen, Yu-Liang		
	Director	Sunny Bank Co., Ltd Representative: Hsu, Su-Ching		
	Director	Sunny Bank Co., Ltd Representative: Chao, Shu-Chen		
	Supervisor	Sunny Bank Co., Ltd Representative: Hsu, Yueh-Fang		
Gold Sunny Assets Management Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Lin, Ming-Cheng	5,000	100.00
	Director	Sunny Bank Co., Ltd Representative: Wang, Ya-Hsun		
	Director	Sunny Bank Co., Ltd Representative: Li, Yu-Sheng		
	Supervisor	Sunny Bank Co., Ltd Representative: Kuo, Chih-Hung		
Sunny Life Insurance Brokerage Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Chen, Chin-Yi	2,100	39.99
	Director	Sunny Bank Co., Ltd Representative: Ho, Hsuen-Cheng		
	Director	Sunny Bank Co., Ltd Representative: Huang, Cheng-Nan		
	Director	Sunny Securities Co., Ltd Representative: Chao, Fu-Tien	3,150	60.00
	Supervisor	Sunny Securities Co., Ltd Representative: Hsu, Wen-Tung		
Sunny Property Insurance Brokerage Co., Ltd.	Chairman	Sunny Bank Co., Ltd Representative: Chen, Chin-Yi	121	20.00
	Director	Sunny Bank Co., Ltd Representative: Ho, Hsuen-Cheng	242	40.00
	Director	Sunny Life Insurance Brokerage Co., Ltd. Representative: Huang, Cheng-Nan		
	Director	Sunny Life Insurance Brokerage Co., Ltd. Representative: Chao, Fu-Tien	242	40.00
	Supervisor	Gold Sunny Assets Management Co., Ltd. Representative: Hsu, Wen-Tung		

## (2) Affiliates' Operation Status:

In NT\$ 1,000 except NT\$ for earnings (losses) per share

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Profit/Loss This Term	EPS (or loss)
Sunny Securities Co., Ltd.	\$502,000	545,001	24,425	520,576	70,264	66	---
Gold Sunny Assets Management Co., Ltd.	50,000	457,310	430,965	26,345	48,165	-9,579	-1.92
Sunny Life Insurance Brokerage Co., Ltd.	52,500	119,494	30,366	89,128	207,871	19,287	3.67
Sunny Property Insurance Brokerage Co., Ltd.	6,050	15,731	2,091	13,639	16,941	2,039	3.37

2. The private placement of marketable securities and financial debentures for the year 2010 and as of the publication of the annual report: None

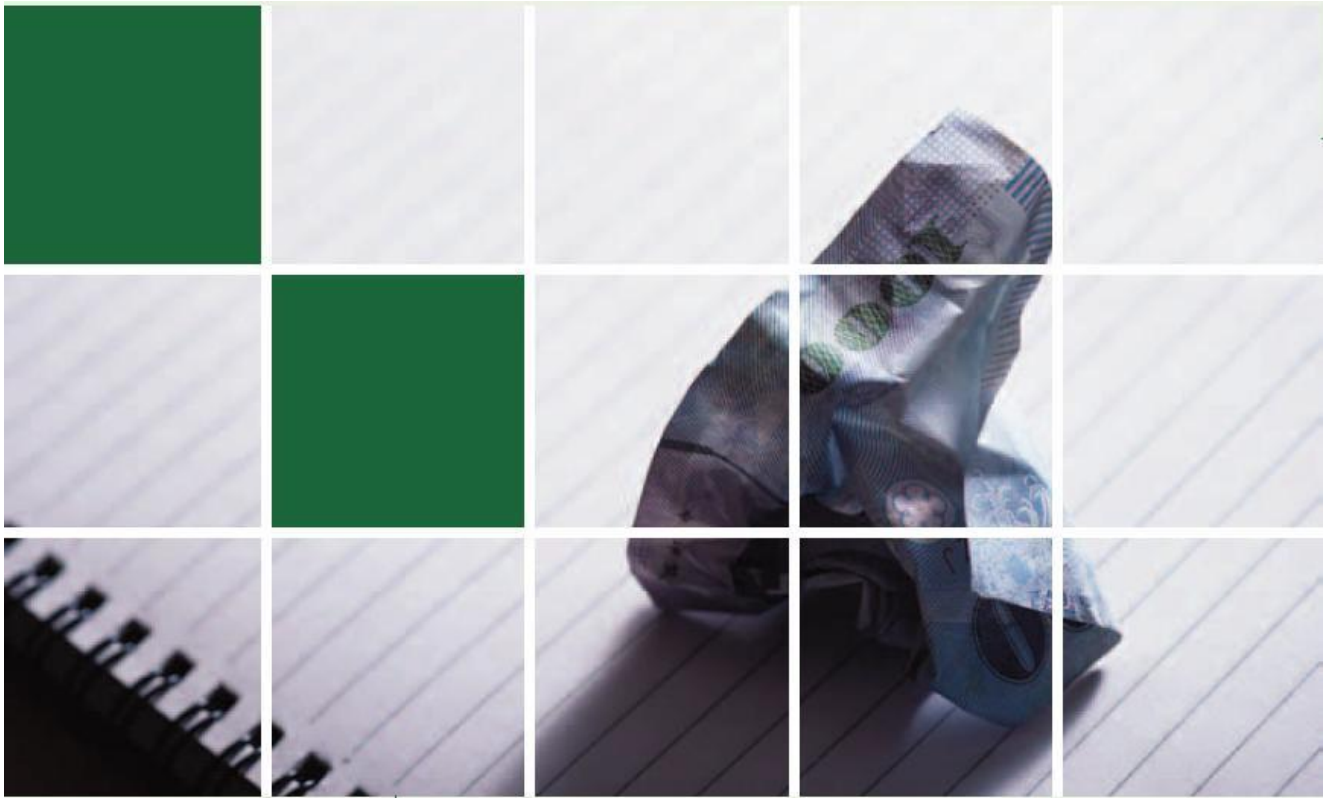
3. Holding or disposal of the Bank stocks by subsidiaries for the year 2010 and as of the publication of the annual report

March 31 2011  
In NT\$ and % for shares

Subsidiary	Paid-in Capital	Source of Fund	Shareholdings of the Bank	Date of acquisition or disposal	Shares and Amount Acquired	Shares and Amount Disposed	Profit Loss	Shares and Amount Held as of publication Date of the Annual Report	Pledge Creation	The Bank's Endorsement & Guarantee to Subsidiaries	The Bank's Loans to Subsidiaries
Sunny Securities Co., Ltd.	502,000,000	Self-owned Capital	98.72	---	---	---	---	---	---	---	---
Gold Sunny Assets Management Co., Ltd.	50,000,000	Self-owned Capital	100.00	---	---	---	---	---	---	---	---
Sunny Life Insurance Brokerage Co., Ltd.	52,500,420	Self-owned Capital	39.99	---	---	---	---	420,059 shares NT\$ 4,200,59	---	---	---
Sunny Property Insurance Brokerage Co., Ltd.	6,050,000	Self-owned Capital	20.00	---	---	---	---	---	---	---	---

4. Additional Supplementary Remarks: None

5. For the year 201 and as of the publication of the annual report, any incident that occurs as cited under heading 2, par 2, Article 36 of the Securities and Exchange Act that poses major impacts on the shareholders' equity or the securities' share price: None



## **IX. List of Head Office and Business Units**

Unit Name	Address		Tel.	
Taipei City				
Head Office	11163	No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02)	2820-8166
Business Department(Note)	11163	No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02)	2882-2330
Shih Lin Branch	11169	No. 82, Tapei Rd., Shihlin Dist., Taipei City	(02)	2882-3660
Chien Tan Branch	11166	No. 131, Tungho St., Shihlin Dist., Taipei City	(02)	2885-4181
She Tzu Branch(Note)	11173	No. 260, Sec. 5, Yenping N. Rd., Shihlin Dist., Taipei City	(02)	2812-1112
Lan Ya Branch	11155	No. 169, Sec. 6, Chungshan N. Rd., Shihlin Dist., Taipei City	(02)	2836-2072
Tien Mu Branch	11153	No. 15, Tienmu E. Rd., Shihlin Dist., Taipei City	(02)	2873-2500
She Chung Branch	11175	No. 220, Shechung St., Shihlin Dist., Taipei City	(02)	2815-1415
Administration Management Department	11271	No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Credit Card Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2822-0122
Trust Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Finance Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Wealth Management Department	11271	No. 88, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Shih Pai Branch (Note)	11271	No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2823-8480
Pei Tou Branch	11246	No. 152, Kuangming Rd., Peitou Dist., Taipei City	(02)	2891-7361
Ta Tun Branch	11252	No. 304, Chungho St., Peitou Dist., Taipei City	(02)	2891-9196
Chi Lin Branch	10459	No. 304 Chihlin Rd., Chungshan Dist., Taipei City	(02)	2561-1188
Lung Chiang Branch	10475	No. 49, Lane 356, Lungchiang Rd., Chungshan Dist., Taipei City	(02)	2516-5945
Taipei Branch	10451	No. 43, Sec. 1, Mingsheng E. Rd., Chungshan Dist., Taipei City	(02)	2563-3710
Chung Hsing Branch (Note)	10478	No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City	(02)	2516-5268
Min Sheng Branch	10589	No. 167, Sec. 5, Minsheng E. Rd., Sungshan Dist., Taipei City	(02)	2760-6335
Yen Chi Branch	10558	No. 11, Yenchi St., Sungshan Dist., Taipei City	(02)	2578-6201
Nan king Branch	10553	No. 132, Sec. 4, Nanking Ed., Rd., Sungshan Dist., Taipei City	(02)	2579-0229
Fuh Sing Branch	10547	No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-6166
Offshore Banking Unit	10547	2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-1616
International Banking Department	10547	2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-1616
Cheng Kung Branch(Note)	11489	No.70, Sec. 4, Chengkung Rd., Neihu Dist., Taipei City	(02)	2792-2433
Nei Hu Branch (Note)	11493	No. 250, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	(02)	2658-6698
Mu Cha Branch (Note)	11648	No. 96, Sec. 3, Mucha Rd., Wenshan Dist., Taipei City	(02)	2234-5890
Ching Mei Branch	11669	No. 95-12, Chinghou St., Wenshan Dist., Taipei City	(02)	2930-0202
Ku Ting Branch	10080	No. 40, Sec. 2, Tingchou Rd., Chungcheng Dist., Taipei City	(02)	8369-2288
Hsin Yi Branch	10681	No. 188, Sec. 4, Hsinyi Rd., Taan Dist., Taipei City	(02)	2706-8388
Ta An Branch	11056	No. 225, Sec. 3, Hoping E. Rd., Hsinyi Dist., Taipei City	(02)	2733-7711
Chang An Branch	10350	No. 205, Changan W. Rd., Tatung Dist., Taipei City	(02)	2559-5500
Nan Gang Branch	11578	No.97, Sec. 2, Nangang Rd., Nangang Dist., Taipei City	(02)	2785-1001
New Taipei City				
Pan Chiao Branch (Note)	22063	No. 133, Sec. 1, Szuchuan Rd., Panchiao Dist., New Taipei City	(02)	2955-0008
His Chou Branch	22072	No. 89, Sec. 3, Tuhsing Rd., Panchiao Dist., New Taipei City	(02)	2681-9960
Hsin Pu Branch	22049	No. 245, Szuwei Rd., Panchiao Dist., New Taipei City	(02)	8253-7789
Yung Ho Branch(Note)	23443	No. 188, Sec. 1, Chungshan Rd., Yungho Dist., New Taipei City	(02)	2926-5899
Chung Ho Branch (Note)	23553	No. 245, Chienyi Rd., Chungho Dist., New Taipei City	(02)	2222-5199
Hsin Ho Mini-Branch	23570	No. 89, Huahsin St., Chungho Dist., New Taipei City	(02)	8941-9339
Shuang Ho Branch	23556	No. 722, Chingping Rd., Chungho Dist., New Taipei City	(02)	8242-3919
San Chung Branch	24151	No. 108, Sec. 4, Tzuchiang Rd., Sanchung Dist., New Taipei City	(02)	8981-7171
Chung Hsin Branch	24144	1F, No. 28, Sec. 4, Chunghsin Rd., Sanchung Dist., New Taipei City	(02)	2977-9886
Hsin Chuang Branch	24260	No. 533, Lungan Rd., Hsinchuang Dist., New Taipei City	(02)	8201-9069
Hsin Fu Mini-Branch	24247	No. 800, Hsingfu Rd., Hsinchuang Dist., New Taipei City	(02)	2998-3366
Lu Chou Branch	24747	No. 393, Chihsien Rd., Luchou Dist., New Taipei City	(02)	8282-2068
Hsin Tien Branch	23148	No. 263-5, Chungcheng Rd., HsinTien Dist., New Taipei City	(02)	8911-7676

Unit Name	Address		Tel.	
Tai Shan Branch	24347	No. 110, Sec. 1, Mingchih Rd., Taishan Dist., New Taipei City	(02)	2297-9797
Wu Ku Branch	24872	No. 12, Sec. 1, Chunghsing Rd., Wuku Dist., New Taipei City	(02)	8976-9000
Yilan County				
Luo Tung Branch	26548	No. 30, Chungcheng N. Rd., Luotung Town, Yilan County	(03)	957-1259
Taoyuan County				
Ta Yeh Mini-Branch	33049	No. 55, Sec. 1, Tayeh Rd., Taoyuan City, Taoyuan County	(03)	347-8899
Tao Yuan Branch (Note)	33048	No. 32-20, Chungshan E. Rd., Taoyuan City, Taoyuan County	(03)	336-0555
Chung Li Branch	32097	No. 171, Chienhsing Rd., Chungli City, Taoyuan Hsien	(03)	428-2229
East Tao Yuan Branch	33044	No.523, Jingguo Rd., Taoyuan City, Taoyuan County	(03)	316-1859
Hsinchu City				
Hsin Chu Branch	30041	No. 247, Chungyang Rd., East Dist., Hsinchu City	(03)	515-3608
Lin Sen Branch (Note)	30061	No. 109, Hsita Rd., East Dist., Hsinchu City	(03)	610-0189
Hsinchu County				
Chu Pei Branch	30264	No. 232 & 236, East Sec. 1, Kuangming 6th Rd., Chupei City, Hsinchu County	(03)	658-5818
Taichung City				
Taichung Branch (Note)	40354	No. 159, Sec. 1, Taichungkang Rd., West Dist., Taichung City	(04)	2310-9996
Hsiang Shang Branch	40356	No. 166, Sec. 1, Hsiangshang S. Rd., West Dist., Taichung City	(04)	2472-2528
Ching Wu Branch	40147	No. 188, Chingwu E. Rd., East Dist., Taichung City	(04)	2211-2368
Changhua County				
Yuan Lin Branch	51052	No. 12, Chinghsiu Rd., Yuanlin Town, Changhua County	(04)	832-2171
She Tou Mini-Branch	51141	No. 257, Sec. 2, Yuanchi Rd., Shetou Hsiang, Changhua County	(04)	872-1017
Chang Hua Branch	50063	No.187, Siaoyang Rd., Changhua City, Changhua County	(04)	728-9399
Chiayi City				
Chia Yi Branch	60089	1F & 2F, No. 296 & 298, Chunghsing Rd., West Dist., Chiayi City	(05)	234-2023
Kuang Hua Branch	60045	No. 119, Kuanghua Rd., East Dist., Chiayi City	(05)	228-5830
Tainan City				
Chung Hua Branch (Note)	70168	No. 102, Sec. 3, Chunghua E. Rd., East Dist., Tainan City	(06)	267-0751
Tung Ning Branch	70160	No. 247, Tungning Rd., East Dist., Tainan City	(06)	237-5141
Tainan Branch	70050	No. 148, Sec. 2, Chungyi Rd., Jhongxi Dist., Tainan City	(06)	228-2171
Chien Kang Branch	70262	No. 370, Sec. 2, Chienkang Rd., South Dist., Tainan City	(06)	261-2136
An Shun Branch	70941	No. 202, Sec. 1, Anho Rd., Annan Dist., Tainan City	(06)	256-3146
His Hua Branch	70847	No. 359, Sec. 2, Chunghua W. Rd., Anping Dist., Tainan City	(06)	297-9880
Yung Kang Branch	71049	No. 625, Chunghua Rd., Yungkang Dist., Tainan City	(06)	203-6607
Jen Te Branch	71743	No. 273, Sec. 2, Chungcheng Rd., Jente Dist., Tainan City	(06)	270-6361
Kaohsiung City				
Kaohsiung Branch (Note)	80766	No. 192, Chiuju 1st Rd., Sanmin Dist., Kaohsiung City	(07)	384-3163
San Feng Branch	80749	No. 293, Chunghua 3rd Rd., Sanming Dist., Kaohsiung City	(07)	231-5101
Ta Shun Branch	80787	No. 41, Tashun 2nd Rd., Sanmin Dist., Kaohsiung City	(07)	386-1622
Ping Teng Branch	80745	No. 283, Tzuli 1st Rd., Sanmin Dist., Kaohsiung City	(07)	321-4622
Ting Li Branch	80789	No. 142, Tingli Rd., Sanmin Dist., Kaohsiung City	(07)	346-5955
Tsuo Ying Branch	81357	No. 102, Poai 2nd Rd., Tsuoying Dist., Kaohsiung City	(07)	556-0128
Hai Kuang Branch	81346	No. 190, Tsuoyingta Rd., Tsuoying Dist., Kaohsiung City	(07)	582-3511
Li Wen Branch (Note)	81358	No. 75, Liwen Rd., Tsuoying Dist., Kaohsiung City	(07)	558-0711
Ling Ya Branch	80250	No. 22, Fuhsing 2nd Rd., Lingya Dist., Kaohsiung City	(07)	331-0066
Ching Nien Branch	80252	No. 169-1, Chingnien 1st Rd., Lingya Dist., Kaohsiung City	(07)	331-8526
Szu Wei Branch (Note)	80245	No. 159, Chunghua 4th Rd., Lingya Dist., Kaohsiung City	(07)	333-3701
Chien Chen Branch	80266	No. 281, Santuo 2nd Rd., Lingya Dist., Kaohsiung City	(07)	711-0046
Chien Kuo Branch	80289	No. 124, Wumiao Rd., Lingya Dist., Kaohsiung City	(07)	715-3513
Hsin Hsing Branch(Note)	80049	No. 6, Chungcheng 4th Rd., Hsinhsing Dist., Kaohsiung City	(07)	288-4131
Min Tsu Branch	80047	No. 218, Chungcheng 2nd Rd., Hsinhsing Dist., Kaohsiung City	(07)	224-2426



Unit Name	Address		Tel.	
Yu Chang Branch	81156	No. 803, Chiachang Rd., Nantzu Dist., Kaohsiung City	(07)	364-6530
Nan Tzu Branch	81162	No. 55, Nantzu Rd., Nantzu Dist., Kaohsiung City	(07)	353-5513
Ta Kung Branch	80342	No. 40, Takung Rd., Yencheng Dist., Kaohsiung City	(07)	531-5105
Hsiao Gang Branch	81254	No. 178-1, Kangchuang Rd., Hsiaogang Dist., Kaohsiung City	(07)	806-5171
Wu Chia Branch	83084	No. 368, Wuchia 2nd Rd., Fengshan Dist., Kaohsiung City	(07)	726-0801
Kang Shan Branch	82065	No. 16, Tate 1st Rd., Kangshan Dist., Kaohsiung City	(07)	623-6182
Chi Shan Branch	84243	No. 158, Chungshan Rd., Chishan Dist., Kaohsiung City	(07)	661-2081
Liu Kuei Mini-Branch	84441	No. 94, Kuangfu Rd., Yipao Village, Dist., Kaohsiung City	(07)	689-2741
Mei Nung Mini-Branch	84348	No. 25, Sec. 1, Chungcheng Rd., Meinung Dist., Kaohsiung City	(07)	681-8346
Lin Yuan Mini-Branch	83248	No. 136, Tunglin W. Rd., Linyuan Dist., Kaohsiung City	(07)	643-8141
Pingtung County				
Ping Tung Branch	90074	No. 70, Chungcheng Rd., Pingtung City, Pingtung County	(08)	732-6123
Chung Cheng Mini-Branch	90062	No. 293, Chungcheng Rd., Pingtung City, Pingtung County	(08)	736-0811
Li Gang Branch	90546	No. 43, Ligang Rd., Chunlin Village, Ligang Hsiang, Pingtung County	(08)	775-7735
Tung Gang Mini-Branch	92843	No. 166, Chungcheng Rd., Tunggang Town, Pingtung County	(08)	832-0887

Note: Authorised Foreign Exchange Bank.

Sunny Bank Ltd.

Chairman: Lin Pong-Long



**SUNNY BANK**



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