



陽信銀行
SUNNY BANK

Stock Code: 2895

Date of publication: 29 February 2016

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

MOPS website: <http://newsmops.tse.com.tw>

Sunny Bank Annual Report

20 15



Spokesperson

Name: Ho, Kun-Tang

Position: Senior Vice President

TEL: (02) 2820-8166 Ext. 613

E-mail: splan@sunnybank.com.tw

The Deputy Spokesperson

Name: Kuo, Cheng-Hung

Position: Assistant Vice President

TEL: (02) 2820-8166 Ext. 731

E-mail: splan@sunnybank.com.tw

Address and Telephone Number of Head Office and Domestic Branch Offices

See P. 147~P.152 for details on " IX. Service Network"

Stock Transfer Agency

Name: Sunny Bank General Administration (Shareholders Section)

Address: 4F., No.88, Sec. 1, Shipai Rd., Beitou Dist., Taipei City 112, Taiwan (R.O.C.)

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

TEL: (02) 2820-8166 Ext. 575

Credit Rating Institution

Titles: Taiwan Ratings Co., Ltd

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

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

TEL: (02) 8722-5800

Names of CPAs certifying financial statements of the most recent year

Name : Chen, Jie-Jhong 、 Wu, Yi-Chun

Business Office: Deloitte & Touche

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

Website : <http://www.deloitte.com.tw>

TEL : (02) 2545-9988

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

Bank Website:

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

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IX. Service Network

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Financial Statements

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I. Letter to Shareholders

1. 2015 Operating Performance
2. Overview of the 2016 Business Plan
3. Future Development Strategies
4. Impacts from External Competitive Environment, Regulatory Environment, and Macroeconomic Environment
5. Credit Rating

Dear Shareholders,

On behalf of the Sunny Bank, we would like to thank all of you for your support and caring over the years. In spite of a continuous recovery in 2016, the world economy is having a rather unbalanced development: economic activities continue to expand in major areas of the United States; economic recovery carries on in euro zones with improved deflation; the slowing down growth of emerging economies has affected Japan's export and production; the Mainland China suffers from overcapacity, reduced profit for manufacturing industry, local government debts, increased scale of enterprise debts and so on, resulting increased financial risks. Besides, the slowing down global demand also brings more pressures to the Mainland China in terms of economy downturn.

The global economy is still confronted with a number of variables including currency policy of the United States, a slowing down growth for Mainland China and some emerging economies, geopolitical risks, IS terrorist attacks, changes of the international crude oil and commodity prices, fluctuation of the global financial, stock and exchange markets and so on. All of them shall be paid attention to continuously as they can affect the prospect of global economy. Nevertheless, under the growth policy promoted by principal countries of the world, it is predicted that the global economy will continue to grow slowly in 2016 as expected.

In regard to the domestic economy, the feeble growth of global economy has resulted in a slowing external demand. Following the rise of IoT and intelligence design applications, semiconductor players are expected to increase their production capacity of high-end products. Plus the increased investment in aircrafts among aviation companies, the momentum of private investment may be maintained. According to the report released by Directorate-General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan in February 2016, the economic growth of 2015 is 0.75% and is estimated to reach 1.47% in 2016.

Nevertheless, confronted by the fierce competition of financial environment, the Bank will, with careful plans conducted by our professional management team and efforts of all staffs, continue to strictly control the credit quality and proactively enhance the scale of all our services in order to increase our profit stably.

Our Bank's profit has been growing stably in recent years. Our net profit after tax was NT\$2,057,272,000 in 2015 compared with NT\$1,988,903,000 in 2014, which had an increase of NT\$68,369,000. Looking forward into the future, the Bank will endeavor to maintain a steady operation and to maximize the profit for all of our shareholders. The followings are a summary of our 2015 operating performance and 2016 business plan:

1. 2015 Operating Performance

(1) Optimizing Operating Channels to Create Maximum Value

In regard to distribution network, the Bank has relocated Dali Branch and Datong Branch to enhance the distribution value and operation benefits of our branch offices in 2015. To follow Financial Supervisory Commission's (FSC) policy of balancing urban-rural development, the Bank also set up Yunlin Branch, Nantou Branch, Taitung Branch and Yilan Branch. Now our Bank has 103 branch offices nationwide, providing an even more complete financial service network.

(2) Business Plan and Strategy Implementation Results

The Bank endeavored to improve asset quality and achieved significant performance in 2015. Our non-performing loan ratio at the end of 2014 was 0.33% and then reduced to 0.07% at the end of 2015, counting a decrease of 0.26%; the year-end coverage ratio increased from 326.75% in 2014 to 1,704.83% at the end of 2015 with an increase of 1,378.08%, turning it one of the top 5 banks among 39 domestic banks with a good coverage like a public bank. Regarding the business development, the Bank's total deposit in 2015 had an increase of NT\$32.5 billion comparing with previous year, whereas the outstanding loan had an increase of NT\$23.1 billion comparing with 2014. All of these have shown a good operating result in overall.



Unit: NT\$1,000

Main Business Items	2015	2014	Growth Rate Compared to Last Year (%)
Deposit (Year End Balance)	319,108,662	286,627,434	11.33
Loan (Year End Balance)	240,727,815	217,577,878	10.64
Wealth Management Business	13,905,704	18,857,258	(26.26)
Import / Export and Foreign Exchange Businesses (thousand in USD)	3,281,830	2,549,174	28.74
Trust Property Scale	51,619,087	51,027,005	1.16
Investments in Equity Method (Year End)	1,677,771	1,329,809	26.17

(3) Budget Execution

The Bank's overall operation has an obvious improvement in 2015. The scale of deposits and loans largely increased and its earnings after tax reached NT\$2.057 million.

(4) Financial Income / Expense and Profitability Analysis

Unit: NT\$1,000; for EPS in NT\$1.

Main Business Item	2015	2014	Compared to Last Year (%)
Net Interest Income	4,106,581	3,668,874	11.93
Net Non-Interest Income	1,633,183	1,444,471	13.06
Net Income	5,739,764	5,113,345	12.25
Bad Debt Expenses and Guarantee Liability Provisions (reversal)	185,703	(221,857)	183.70
Operating Expenses	3,190,638	3,015,163	5.82
Net Profit Before Tax	2,363,423	2,320,039	1.87
Net Profit After Tax	2,057,272	1,988,903	3.44
EPS Before Tax	1.40	1.54	(9.09)
EPS After Tax	1.22	1.32	(7.58)

Notes:

- Bad debt expenses and guarantee liability provisions: Mainly to comply with regulator's requirements that 1% of type I loan should be reserved as allowance improve the asset quality as well as to increase the coverage ratio.
- An increase of net profit before and after tax: Mainly caused by the increase of net interest income transaction fee income

(5) Research and Development

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

2. Overview of the 2016 Business Plan

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

(1) Expanding the Business Scale

It is expected that the total amount of deposits (NTD and foreign currency) will reach NT\$333.2 billion with an average annual growth of NT\$11.5 billion and an average business operation of NT\$321.7 billion; the total amount of loans (NTD and foreign currency) will reach NT\$257.1 billion with an average annual growth of NT\$8.55 billion (\$7.05 billion for NTD and \$1.5 billion for foreign currency) and the average business operation will be NT\$248.5 billion. To expand its scale of deposits and loans, the Bank will set the minimum deposit / loan amount and project schedule for each county / city Branch. It will not only focus on creating and enlarging the channel scale and economic benefits, but also visit customers and develop local markets with the spirit of offering customers a “smile service”. By doing so, the Bank will be able to promote the customer satisfaction level comprehensively and to expand the customer base.

(2) Increasing Revenue Diversity

Interest income is the main source of revenue for traditional commercial banks. To reach the profitable target of the Bank's six-year growth project, the Bank not only continues to increase its scale of deposit and loans for generating more interest income, but also plans to increase the proportion of non-profit revenue (such as finance income, trust income, foreign exchange income, investment income and credit card income) through development strategies proposed by related business management departments:

- a. Finance: To introduce new finance products and to increase production of financial management.
- b. Trust: To develop and launch new products such as children's education trust fund, elderly trust fund, and trust fund for people with physical / mental difficulties; to expand the scale of original products such as real estate presale trust fund, real-estate property trust fund and funeral trust fund.
- c. Foreign exchange: Develop trade finance services for SMEs, enhance the foreign exchange efficiency of designated branches, and conducting employee trainings.
- d. Investment: To establish a professional investment team, and to increase transaction instruments (bills and bonds) and operators in order to enlarge financial operation benefits.
- e. Credit card: Develop online business and increase the revenue generated from transaction fees.

(3) Continuing to Boost Income

The projected net income of 2015 is based on 2014's regular surplus before tax, which is NT\$2.3 billion (excluding NT\$300 million retrieved from Kolin Development at once and NT\$50 million non-recurrent surplus retrieved from Leman Brothers), plus the growth rate of 17% to get the total earnings before tax NT\$2.7 billion.

(4) Stabilizing Funding Sources and Reducing Funding Costs

In 2016, the Bank will do its best to maintain stable funding sources and reduce funding costs. That is, to satisfy our business development needs with stable funding. In the meantime, we will, on the premise that the deposit volume is stable, increase the proportion of demand deposit to reduce funding costs and enhance profitability.



(5) Adjusting Loan Structures

To have a steady operation and to cooperate with policies of the competent authorities, the Bank has adjusted its lending target focus on SMEs loans and related services (such as foreign exchanges), fiduciary loans and other capital loans not listed in Article 72-2 of the Banking Act as they are offering a good profitability. Furthermore, under the consideration of risk control, the SME loans will be conducted by having a real estate security interest or small and medium business credit guarantee fund together with the second lien or offering of other valuable guarantees. Besides, it is also important to select the customers and know their actual operating status to ensure their payment resources to lower the overall credit risk.

(6) Improving Asset Quality

The Bank's goal is to ensure the non-performing loan ratio is under 0.18% and the loan-loss coverage ratio over 663.878% by the end of 2016. In addition, the Bank will strengthen the credit quality of new loans so as to reduce non-performing loan balance while working to collect distressed debts and increase recovery of bad debts as a way to continue to improve asset quality.

(7) Maintaining the BIS Ratio

To comply with regulations of competent authorities, to strengthen the Bank's capital structure, and to gradually increase the BIS ratio according to the BASEL III schedule and have it reached 10.5% as soon as possible (as the 2019 standard level requested by BASEL III), the Bank will continue to pay attention to the proportion of loan products in 2016 in order to have the best allocation for risk assets. Besides, it will continue to increase level of profitability, increase capital in cash according to the plan, and issue subordinated bank debentures in order to increase its own capital and the BIS ratio.

(8) Developing e-Services

Following the popularization and prosperous development of telecommunications network and mobile technology, emerging technology has gradually changed its payment methods and pattern. With diverse technology applications, banks have developed digital financial services as a new service pattern to create more values. Therefore, aiming to promote our market competitions, Sunny Bank's major tasks in regard to electronic financial business in 2016 are:

- a. To continuously expand and increase the APP function of mobile bank, to enhance the online banking service items and procedures, and to provide our customers the Bank3.0 digital financial service.
- b. To acquire the operating license for e-payment (Third-Party Payment) from the competent authority FSC, and to launch the third-party payment platform built by the Bank together with its mobile APP in order to provide customers a cash flow payment service that is securer and more convenient than safekeeping, helping to further expand the Bank's cash flow and to enhance its operating efficiency.
- c. To construct the mobile payment service including issuing TSM mobile debit card and HCE mobile credit card; to develop mPOS the payment / deposit APP and to integrate it with the Bank's third-party payment platform to provide the O2O (Online to Offline) virtual and physical integration service; and to innovate the mobile payment pattern by cooperating with logistics companies, helping to expand the Bank's mobile payment service pattern.



3. Future Development Strategies

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

4. Impact from External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

Despite a moderate recovery in the global economy, over-banking and weak capital demand in Taiwan, together with the central bank's tight credit control strategy, have reduced the scope for banks to develop lending businesses.

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

5. Credit Rating

On July 7 in 2015, Taiwan Ratings has given the Bank "twBBB+ / stable / twA-2" for its long- and short-term credit ratings and rating outlook.

Chairman CHEN, SHENG-HUNG (with seal)



President DING, WEI-HAO (with seal)



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II. Bank Profile

1. Date of Registration
2. Company Overview

1. Date of Registration

Date of Registration: September 1, 1997

Date of Commencement of Business: September 1, 1997

2. Company Overview

Previously known as “Yang Ming Shan Credit Cooperative”, the Bank was established on October 2, 1957 and reorganized into bank on April 28, 1997 as approved by the Ministry of Finance. Later in the same year, Sunny Bank Corporation Ltd. officially started its operation on September 1, 1997. It was among the first group of credit cooperatives being reorganized into banks after the Ministry of Finance stipulated and issued “Standards and Regulations of Reorganizing Credit Cooperatives into Commercial Banks” on December 6, 1995 according to File No. Tai-Tsai-Jung No. 84784492.

On April 16, 1998, the Bank passed the ISO-9002 certification for its information and quality audit systems, and became the first certified bank in the nation. Before the annual meeting of shareholders held on June 4 of the same year, it announced this accreditation at a press conference and declared that it would uphold the quality policy of being “steady, proactive, professional and enthusiastic” in order to have a sustainable business operation. Also to cooperate with the government policy and to solve issues of distressed financial institutions, Sunny Bank Co., Ltd. undertook the business of Yuanlin Credit Cooperative in Changhua and 2nd Credit Cooperative in Pingtung respectively on September 15, 2001. On August 24, 2002, it then took over the business of Tainan 5th Credit Cooperative and increased 21 branches. On July 20, 2004, it was approved to expand its business area and became a nationwide bank. To have competitive advantages in hand and to enlarge the scale and scope of its operation, Sunny Bank Co., Ltd merged with Kao Shin Commercial Bank on November 26, 2005, and increased its Branch number from 62 to 96. To bring the channel synergy of its branches into full play, the Bank has carefully planned its service location and established the Luotong Branch in September of 2007, which successfully expanded its service area to Eastern Taiwan. Then the Chupei, Chungsing and Changhua branches were successfully opened as well as the Eastern Taoyuan and Nangang branches (2010), Beitun Branch (2011), Tucheng and Keelung branches (2012). To have its service area covered every administration area in the Taipei City, the Bank established the Wanhua Branch in 2013. To cooperate with FSC's policy of balancing urban-rural development, the Bank has set up Hualien Branch, Miaoli Branch and Longjing Branch in 2014. To increase the distribution value of our branch offices and to cooperate with FSC policy mentioned above, the Bank has not only relocated Dali and Datong branches, but also set up Yunlin, Nantou, Taitung and Yilan branches in 2015. The Bank, which now has a network of 103 branch offices that covers principal administrative areas across the nation, has an even more complete financial service network: not only can its branch offices support each other in business geographically, but also the Bank is managed to, through complementary support of the region and channel integration, enhance its market competitiveness and enlarge its business scale to increase its market share and to maximize its operating performance in overall.

To adapt to the rapidly changing financial market and to offer customers diversified financial services, the Bank not only bettered the operating capital, but also actively integrated itself into other financial areas and reinvested in Sunny Securities Co., Ltd., Sunny Life Insurance Brokerage Co., Ltd., Sunny Property & Insurance Brokerage Co., Ltd., Sunny Assets Management Co., Ltd., Sunny International Leasing Co., Ltd. and Sunny E-Commercial Co., Ltd.. These companies engage in brokerage, trading and settlement of listed and over-the-counter stocks, offer customers a variety of insurance products, carry out the purchase, valuation and auctioning of financial claims of financial institutions, and provide leasing and e-Business services. We hope to build on our existing customer contacts and regional presence in order to expand our services and satisfy our customers' diverse financial needs

The Bank will continue to focus on business development, to strengthen the quality and quantity of loans, and continue to clean up distressed assets, minimize our all cost through expense assessment. We will raise capital adequacy ratio to strengthen financial and operational structure, diversify our incomes, improve customer service quality, enhance organizational efficiency, and to build an effective result-oriented culture to reach the goal of having sustainable management.



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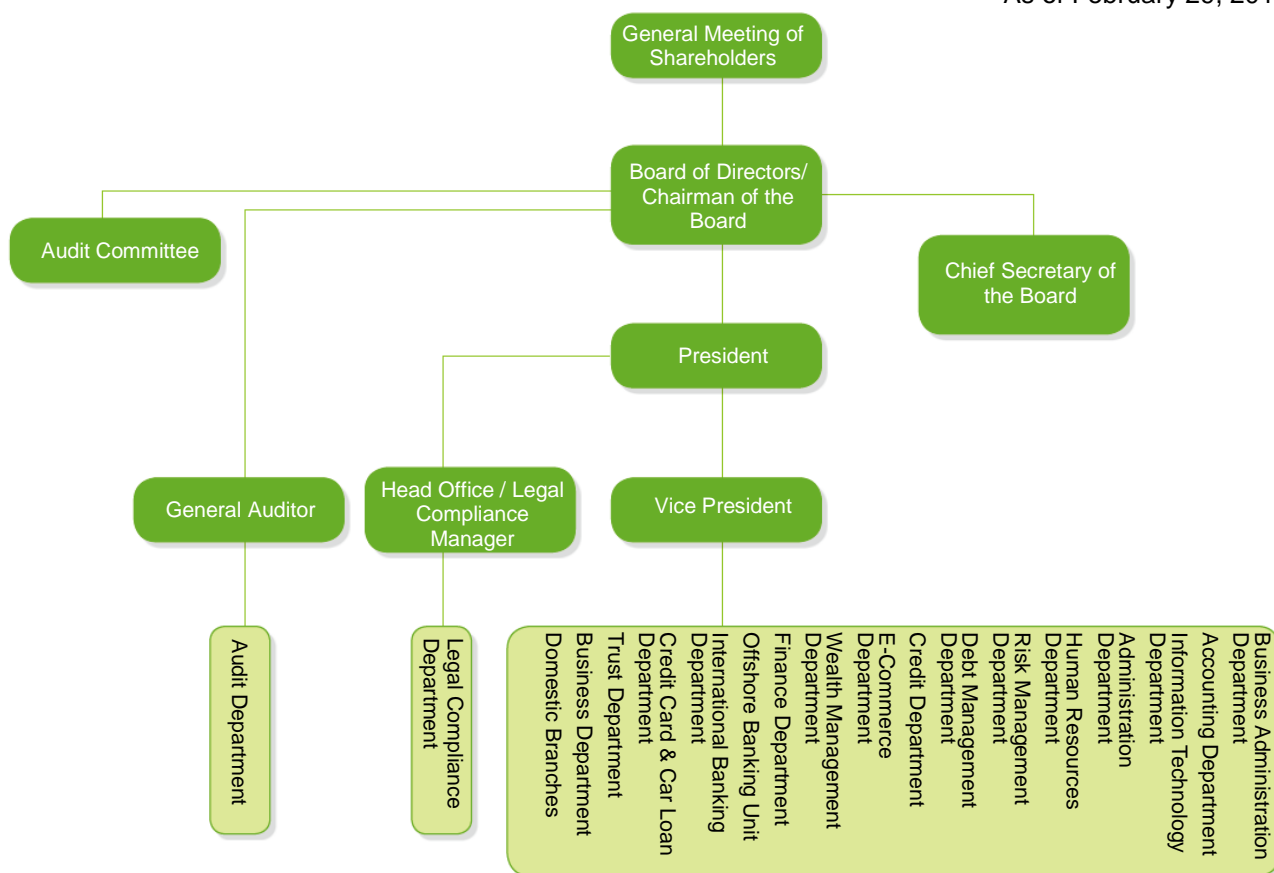
III. Corporate Governance Report

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1. Organization

(1) Organization Chart

As of February 29, 2016



(2) Major Business of Each Department

The Bank operates a headquarter and branches, and the headquarter is supported by the Business Administration Department, Accounting Department, Information Technology Department, Administration Department, Human Resources Department, Risk Management Department, Debt Management Department, Credit Department, E-Commerce Department, Wealth Management Department, Finance Department, Offshore Banking Unit, International Banking Department, Credit Card and Car Loan Department, Trust Department and Business Department; their major responsibilities are as follows:

- Business Administration Department: Operating strategies, administration policy, operating development plans and the overall marketing campaign proposal development and performance evaluation.
- Accounting Department: Operating budget compilation and review, approval and allocation, reconciliation and audit-related compilation, among other accounting management-related undertakings.
- Information Technology Department: Planning, drafting and management of the information business system and information operating system.
- Administration Department: Word processing, file management, general management, capital expenditures, and renovation.
- 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.
- Risk Management Department: The risk management policy, system, and mechanism's

- drafting, structuring and execution, as well as overall operating risk assessment, supervision, and control.
- g. Debt Management Department: Loan review follow-up evaluation, overdue loan repayment collection, recourse debt collection, and pre-consultation's planning, supervision, and management.
 - h. Credit Department: The Bank-wide lending policy drafting (revising) and loan review operations' supervision and management.
 - i. E-Commerce Department: Operating strategy for e-banking, product development, management of e-banking systems and marketing
 - j. 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.
 - k. Finance Department: The NTD-denominated and foreign currency-denominated capital operation and management, and financial and investment management.
 - l. Offshore Business Unit: The foreign exchange business's planning, promotion, and management.
 - m. International Banking Department: Deposit and remittance of offshore companies, import, export and foreign currency credit, and non-discretionary money trusts
 - n. Credit Card and Car Loan Department: The credit card product and car loan business' planning, promotion, and management.
 - o. Trust Department: The trust business' planning, promotion, and management.
 - p. Business Department: Operation of the deposit, exchange clearance, cashiering, representation, loan, foreign exchange, trust and money-management business processing.

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. Legal Compliance Department is under the President. It is a unit that ensures legal compliance and is responsible for the planning, management and execution of legal compliance system. The Legal Compliance Department Manager, whom shall be designated by the President, is responsible for managing the Bank's legal compliance relevant affairs.



III. Corporate Governance Report

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

(1) Board and Supervisors

Position (Note 1)	Nationality or Place of Registrati on	Name	Date Elected (Emple yed)	Term	Initial Elected Date (Note 2)	Holding at Election		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience (Note 3)	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	Relations hip
Chairman	The Republic of China	Fu Li Yang Investment Co., Ltd.	June 15, 2015	3 years	June 15, 2015	145,784 ,879	8.36	155,659, 813	8.93	-	-	-	-	The 3 rd to 7 th Taipei City Councilor, President Director of Yang Ming Shan Credit Union, the 1 st - 4 th Chairman and 5 th and 6 th Managing Director of Sunny Bank, and the 4 th & 5 th legislator Graduated from University	Shareholder of Chuan Yam Construction Co., Ltd. and Chairman of Sunny Foundation	Director	Chen, Chin- Chia	Brothers
		Chen, Sheng-Hung				-	-	7,915,11 2	0.45	3,563,67 8	0.20	-	-			Manager	Ho, Li-Wei	Father & Son
																Manager	Chen, Ya-I	Father & Son
Managing Director	The Republic of China	Liu, Chen-Sheng	June 15, 2015	3 years	Septemb er 1, 1997	5,204,4 95	0.30	5,516,76 4	0.32	1,380,84 6	0.08	---	---	Chairman of Jih Chien Enterprise Co., Ltd.; Supervisor of Yang Ming Shan Credit Union; the 1 st Director and the 2 nd - 6 th 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. and Director of Sunny Culture and Education Foundation	Assistant Vice President	Liu, Ming- Chieh	Father & Son
																Manager	Liu, Ming-Che	Father & Son
																Manager	Chen, Yao-Wen	Relatives by marriage
Managing Director	The Republic of China	Chang, Wu-Ping	June 15, 2015	3 years	Septemb er 1, 1997	6,737,7 88	0.39	7,142,05 5	0.41	1,999,69 3	0.11	---	---	Director of Yang Ming Shan Credit Union; the 1 st - 5 th Director of Sunny Bank; the 6 th Managing Supervisor of Sunny Bank; graduated from Senior Commercial High School	Shareholder of Ka Bi Trading Co., Ltd. and Chairman of Ping An Construction Co., Ltd.	None	None	None
Director	The Republic of China	Chen, Chin-Chia	June 15, 2015	3 years	June 12, 2000	4,725,8 77	0.27	4,834,42 9	0.28	8,986,66 7	0.52	---	---	Director of Formosa On-line Co., Ltd.; the 2 nd , 3 rd , 5 th and 6 th Director of Sunny Bank; the 4 th Managing Director of Sunny Bank; graduated from university	Director of Po Yun Enterprise Co., Ltd. and Director of Sunny Culture and Education Foundation	Chairman	Chen, Sheng-Hung	Brothers

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Position (Note 1)	Nationality or Place of Registrati on	Name	Date Elected (Emple yed)	Term	Initial Elected Date (Note 2)	Holding at Election		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience (Note 3)	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	Relations hip
Director	The Republic of China	Hsieh, Yi-Tung	June 15, 2015	3 years	June 22, 2009	399,264	0.02	500,219	0.03	1,358,628	0.08	---	---	Manager of The First Cooperative Association of Kaohsiung City; Assistant Manager of Business Department of Kao Shin Bank; and Branch Assistant Manager of Sunny Bank; the 5 th and 6 th Director of Sunny Bank; graduated from College	None	None	None	None
Director	The Republic of China	Ho, Shun-Cheng	June 15, 2015	3 years	Septemb er 1, 1997	4,828,764	0.28	5,118,489	0.29	6,006,502	0.34	---	---	Person-in-Charge of Yuan Shun Jewelry Co., Ltd.; Director of Yang Ming Shan Credit Union; the 1 st to 6 th Director of Sunny Bank; Director of Sunny Life Insurance Brokerage Co., Ltd. and Director of Sunny Property Insurance Brokerage Co., Ltd.; graduated from Senior High School	Director of Hong Kuan Co., Ltd., Director of Sunny Culture and Education Foundation	None	None	None
Director	The Republic of China	Tsai, Wen-Hsiung	June 15, 2015	3 years	Septemb er 1, 1997	7,513,765	0.43	8,205,910	0.47	4,459,816	0.26	---	---	C.P.A. of Chang Chi Union Accounting Office; Supervisor of Yang Ming Shan Credit Union; Director of Jui Hsiang Investment Co., Ltd.; the 1 st – 6 th Supervisor of Sunny Bank; Chairman of Sunny Securities Co., Ltd.; graduated from Graduate School	Director of Jui Hsiang Development Co., Ltd. and Director of Sunny Culture and Education Foundation	None	None	None
Director	The Republic of China	Chang, Shu-Ming	June 15, 2015	3 years	June 15, 2015	6,649	0.00	7,047	0.00	---	---	---	---	Chairman of Cherng Yang Printing Co., Ltd., Chairman of Rising Sun Publishing Co., Ltd., Chairman of Ink Literary Monthly Co., Ltd., Chairman of Xinming Constructions Co., Ltd., Chairman of Gold Sunny Assets Management Co., Ltd.; graduated from college.	Chairman of Cherng Yang Printing Co., Ltd., Chairman of Rising Sun Publishing Co., Ltd., Director of Ink Literary Monthly Co., Ltd., Director of Hai Wang Printing Co., Ltd., , Director of Technology Books Co., Ltd., Director of Forward Graphic Enterprise Co., Ltd., Hai Wang Development and Constructions Co., Ltd., Director of Wisest Cultural Co., Ltd, Director of Xinming Constructions Co., Ltd., Director of Wisest Cultural Co., Ltd., Director of Jin Chen Investment Co., Ltd., Shareholder of Hai Wang Investment Co., Ltd., Person in Charge of Poet Tribe Magazine ("Shi Ren Bu Luo"), Person in Charge of Chen Yang Publishing, Person in Charge of Taiwan People ("Tai Wan Ren Min") Publishing	None	None	None



III. Corporate Governance Report

Position (Note 1)	Nationality or Place of Registrati on	Name	Date Elected (Emple yed)	Term	Initial Elected Date (Note 2)	Holding at Election		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience (Note 3)	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	Relations hip
Director	The Republic of China	Chang, Shu-Hua	June 15, 2015	3 years	June 15, 2015	1,362	0.00	1,443	0.00	---	---	---	---	Chairman of Wisest Cultural Co., Ltd. and Jin Chen Investment Co., Ltd.; graduated from college,	Chairman of Wisest Cultural Co., Ltd., Chairman of Jin Chen Investment Co., Ltd., Director of Yu Cheng Art Binding Co., Ltd., Director of Hai Wang Printing Co., Ltd., Director of Technology Books Co., Ltd., Director of Hai Wang Development and Constructions Co., Ltd., Director of Rising Sun Publishing Co., Ltd., Shareholder of Xinming Constructions Co., Ltd., Shareholder of Hai Wang Investment Co., Ltd., Shareholder of Wisest Cultural Co., Ltd.	None	None	None
Director	The Republic of China	Fu Li Yang Investment Co., Ltd.	June 15, 2015	3 years	June 15, 2015	145,784 ,879	8.36	155,659, 813	8.93	---	---	---	---	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 th Director of Sunny Bank; 5 th and 6 th supervisor of Sunny Bank; Chairman of Sunny Securities Co., Ltd.; graduated from University	Director of Sunny Culture and Education Foundation	None	None	None
		Lin, Chin-Lung				---	---	1,623,47 9	0.09	1,430,83 8	0.08	---	---					
Independent Managing Director	The Republic of China	Wu, Wen-Cheng	June 15, 2015	3 years	June 22, 2009	---	---	---	---	908,175	0.05	---	---	CPA of Guang Yan CPAs Co.; 5 th and 6 th Independent Managing Director of Sunny Bank; graduated from University	Supervisor of Young Fast Optoelectronics Co., Ltd.	None	None	None
Independent Director	The Republic of China	Wu, Fu-Kui	June 15, 2015	3 years	June 15, 2015	---	---	---	---	---	---	---	---	Legislator, Delegates of National Assembly and Adjunct Lecturer of Department of Technology Management of Chung Hua University; graduated from graduate school	None	None	None	None



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Position (Note 1)	Nationality or Place of Registrati on	Name	Date Elected (Emple yed)	Term	Initial Elected Date (Note 2)	Holding at Election		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience (Note 3)	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	Relations hip
Independent Director	The Republic of China	Yang, Chang-Feng	June 15, 2015	3 years	June 15, 2015	---	---	---	---	---	---	---	---	Director of AIPT International Law Office and Headquarter of AIPT Patent, Trademark and Law Office; graduated from graduate school	Chairman of AIPT Technology Co., Ltd., Chairman of Rui Yu Investment Co., Ltd., Chairman of AIPT Yu Feng Co., Ltd., Director of An Yi Investment Co., Ltd., Supervisor of AIPT Biotechnology Co., Ltd., Supervisor of Hong You Enterprise Co., Ltd.	None	None	None

Note 1: Representative of institutional shareholder shall mark the name of the institution and fill below table "Principal Shareholders of Corporate Shareholders".

Note 2: The time of taking the position of bank Director or Supervisor shall be filled. Any interruption shall be noted in remarks.

Note 3: In regard to experiences related to current position, anyone who ever served in auditing CPA or affiliated associated business shall have position and duty specified.

a. Institutional Shareholders

i. Major Institutional Shareholders

Name of Institutional Shareholder (Note 1)	Major Institutional Shareholders (Note 2)	Shareholding %
Fu Li Yang Investment Co., Ltd.	Hsueh Ling	99.77%

Note 1: For directors and supervisors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders.

Note 2: Name and holding percentage of major shareholders (10 largest shareholders) shall be listed. Major shareholders who are institutional shareholders shall fill "Major Shareholder as the Major Institutional Shareholders".

ii. Major Shareholder as the Major Institutional Shareholders: None



III. Corporate Governance Report

b. Professional Knowledge and Independence of Directors and Supervisors

As of December 31, 2015

Qualifications	5 years of experience and one of the following qualifications?			Independence Status (Note 2)										Number of other listed companies in which the individual is concurrent serving as an independent director
	An instructor or higher position in the field of commerce, law, finance, accounting, or other fields that meet the company's banking needs in a public or private college or university	A judge, public prosecutor, lawyer, certified public accountant, or other professional and technical specialist who has passed a national examination and has been awarded a certificate in a profession necessary for the company's banking	Previous experience in the area of commerce, law, finance or accounting, or otherwise necessary for the company's banking	1	2	3	4	5	6	7	8	9	10	
Name (Note 1)														
Representative of Fu Li Yang Investment Co., Ltd.: Chen, Sheng-Hung			√	√				√	√	√		√		
Liu, Chen-Sheng				√		√		√	√	√	√	√	√	
Chang, Wu-Ping				√			√	√	√	√	√	√	√	
Chen, Chin-Chia				√		√		√	√	√		√	√	
Hsieh, Yi-Tung					√	√	√	√	√	√	√	√	√	
Ho, Shun-Cheng				√		√		√	√	√	√	√	√	
Tsai, Wen-Hsiung		√	√	√			√	√	√	√	√	√	√	
Chang, Shu-Ming				√	√	√	√		√	√		√	√	
Chang, Shu-Hua				√	√	√	√		√	√		√	√	
Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung			√	√		√		√	√	√	√	√	√	
Wu, Wen-Cheng		√	√	√	√	√	√	√	√	√	√	√	√	
Wu, Fu-Kui	√			√	√	√	√	√	√	√	√	√	√	
Yang, Chang-Feng			√	√	√	√	√	√	√	√	√	√	√	

Note 1: For institutional shareholders, their representatives are presented.

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

- Not an employee of the Bank or any of its affiliates.
- Not a director or supervisor of the Bank or its affiliates (this, however, is excepted for independent directors of the Bank, its parent company, or the affiliate where the Bank directly or indirectly holds more than 50% share of voting rights)
- Not a natural-person shareholder holding more than 1% of the Bank's total issued stock under the name of one's own, spouse or minor children, nor is one of the Bank's top ten natural-person shareholders.
- Not a spouse, relatives within the 2nd degree of kinship or lineal relative within 5th degree of kinship of any of the persons in the preceding three subparagraphs.
- Not a director, supervisor, or employee of the corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Bank or that holds shares ranking in the top five in holdings.
- Not a director, supervisor, manager or shareholder holding 5% or more of the share, of a specified institution that has financial or business dealings with the Bank.
- Not the head of, a partner, a director, supervisor, or manager or their respective spouse of a consulting firm, sole investor, partner, company or organization that has provided commercial, legal, financial and accounting services or consultancy to the Bank or its affiliates.
- Not a spouse or relative within the 2nd degree of kinship within directors.
- Not a person of any conditions defined in Article 30 of the Company Act.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(2) President, Vice President, Assistant Vice President, and Heads of Departments and Branches

As of Dec 31, 2015

Position (note 1)	Nationality	Name	Date Elected (Employed)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
President	The Republic of China	Ding, Wei-Hao	June 22, 2009	250,628	0.01	69,181	0.00	---	---	Graduated from Department of Banking Insurance, Feng Chia University; current President of Sunny Bank; former Chairman of Bank of Taiwan Life Insurance Co., Ltd. and Acting Chairman and President of Agricultural Bank of Taiwan.	None	None	None	None
Senior Vice President	The Republic of China	Ho, Kung-Tang	September 5, 2013	34,344	0.00	0	0.00	---	---	Graduated from Institute of Agricultural Economics, National Chung Hsing University; current Senior Vice President of Sunny Bank; former Vice President of Taiwan Cooperative Bank (TCB) and Chairman of BNP Paribas TCB Securities Investment Trust	None	None	None	None
Vice President	The Republic of China	Chang, Chi-Ming	June 22, 2009	138,341	0.01	121,881	0.01	---	---	Graduated from Department of Public Finance, National Cheng Chi University; current Vice President of Sunny Bank; former President of Risk Management Department of Sunny Bank	Director of Sunny Life Insurance Brokerage Co., Ltd. and Director of Sunny Property Insurance Agent Co., Ltd.	None	None	None
Vice President	The Republic of China	Kuo, Chih-Hung	June 22, 2009	278,054	0.02	1,563	0.00	---	---	Graduated from Department of Business Administration, Tamsui Oxford College; current Vice President of Sunny Bank; former Acting President of Individual Finance Management Department of Sunny Bank	None	None	None	None
Auditor General	The Republic of China	Tseng, Yao-Te	January 2, 2003	483,482	0.03	104,437	0.01	---	---	Graduated from Department of Accounting & Statistics, Chung Yu Junior College of Business; current the auditor general of Sunny Bank; former Manager of Audit Department	Supervisor of Sunny Life Insurance Brokerage Co., Ltd. and Supervisor of Sunny Property Insurance Agent Co., Ltd.	None	None	None
Head Office / Legal Compliance Manager	The Republic of China	Li, Wen-Kuang	February 06, 2010	139,511	0.01	15,761	0.00	---	---	Graduated from Department of Law, Soochow University; current Legal Compliance Department of Head Office; former Manager of Legal Affairs Department	Director of Sunny Securities Co., Ltd.	None	None	None
Chief Secretary	The Republic of China	Wu, Jui-Hsiang	July 1, 2009	156,084	0.01	0	0.00	---	---	Graduated from Department of Business Administration, National Chung Hsing University; current Chief Secretary of Sunny Bank; former Researcher of Chairman Office, Bank Taiwan Life Insurance Co., Ltd and President Secretary and Acting Auditor-General of Agricultural Bank of Taiwan	None	None	None	None
Assistant Vice President	The Republic of China	Chen, Cheng-Feng	February 6, 2010	333,437	0.02	0	0.00	---	---	Graduated from International Trade, Chihlee Institute of Technology; current Assistant Vice President of Human Resources Department and Administration Department of Sunny Bank; former Assistant Vice President of Branch Operation Management Department of Sunny Bank	None	None	None	None
Assistant Vice President	The Republic of China	Lu, Kun-Fa	May 29, 2013	135,358	0.01	0	0.00	---	---	Graduated from Department of International Business, National Chengchi University (NCCU); current Assistant Vice President of International Banking Department of Sunny Bank; former Manager of Taiwan Business Bank (TBB)	None	None	None	None
Assistant Vice President	The Republic of China	Huang, Yen-Chun	March 14, 2007	436,637	0.03	57,140	0.00	---	---	Graduated from Department of Banking, Tam kang University; current Assistant Vice President (former Manager) of Information Technology Department of Sunny Bank	Director of Sunny Securities Co., Ltd.	None	None	None
Assistant Vice President	The Republic of China	Li, Yu-Sheng	February 9, 2015	217,323	0.01	0	0.00	---	---	Graduated from Department of Economics, Chinese Culture University; Assistant Vice President of Debt Management Department of Sunny Bank; former Manager of Debt Management Department	Director of Gold Sunny Assets Management Co., Ltd.	None	None	None
Assistant Vice President	The Republic of China	Wang, Ya-Hsun	June 22, 2009	615,070	0.04	1,704	0.00	---	---	Graduated from Department of Accounting & Statistics, Tamsui Oxford College; currently assistant Vice President of Debt Management Department of Sunny Bank; former	Chairman of Sunny E-Commercial Co., Ltd.	None	None	None

III. Corporate Governance Report

Position (note 1)	Nationality	Name	Date Elected (Employed)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
										Assistant Vice President of Business Management Department				
Assistant Vice President	The Republic of China	Wang, Chien-Yi	April 1, 2008	67,318	0.00	0	0.00	---	---	Graduated from Department of International Trade, Soochow University; current Assistant Vice President of Wealth Management Department of Sunny Bank; former Manager of Canadian Branch of HSBC	Director of Sunny Securities Co., Ltd.	None	None	None
Assistant Vice President	The Republic of China	Liu, Ming-Chieh	March 14, 2007	675,700	0.04	258,457	0.01	---	---	Graduated from Department of Applied Business, Open University, National Taipei College of Business; current the Assistant Vice President of Business Department of Sunny Bank; former Manager of Financial Revenue, North 1st District	None	Manager	Chen, Yao-Wen	Relatives by marriage
													Liu, Ming-Che	Brother
Assistant Vice President	The Republic of China	Chen, I-Huan	February 9, 2015	545,442	0.03	59,273	0.00	---	---	Graduated from Zhuhai Commercial High School; current Assistant Vice President of Shipai Branch of Sunny Bank, former Manager of Shipai Branch	None	None	None	None
Assistant Vice President	The Republic of China	Liu, Yen-Hsing	February 9, 2015	92,896	0.01	96,086	0.01	---	---	Graduated from Department of Accounting and Statistics of Chung Yu Junior College of Business Administration; current Assistant Vice President of Mucha Branch of Sunny Bank; former Manager of Mucha branch	None	None	None	None
Assistant Vice President	The Republic of China	Yu, Shih-Jun g	March 14, 2007	77,162	0.00	645	0.00	---	---	Graduated from Department of Commerce, Shih Hsin Professional School of Industry & Commerce; current Assistant Vice President of Chunghsin Branch of Sunny Bank; former Manager of Mucha Branch	None	None	None	None
Assistant Vice President	The Republic of China	Chen, Yang-Yu	February 6, 2010	60,275	0.00	0	0.00	---	---	Graduated from Graduate Institute of Department of Agricultural Economics, National Chung Hsing University; current Assistant Vice President of Taichung Branch of Sunny Bank; former Senior specialist of Taiwan Cooperative Bank	None	None	None	None
Assistant Vice President	The Republic of China	Hsieh, Yi-Tung	November 26, 2005	500,219	0.03	1,358,628	0.08	---	---	Graduated from Department of Accounting, Open University of Commerce (National Cheng Kung University); current Assistant Vice President of Chingnien Branch of Sunny Bank; former Assistant Vice President Mintsu Branch of Sunny Bank	None	None	None	None
Assistant Vice President	The Republic of China	Huang, Hsien-Chang	February 6, 2010	89,892	0.01	0	0.00	---	---	Graduated from Department of Agricultural Economics, National Taiwan University; current Assistant Vice President of Liwen Branch of Sunny Bank; former Manager of Xinxing Branch, Taiwan Cooperative Bank	None	None	None	None
Manager	The Republic of China	Sung, Ping-Ping	March 14, 2007	85,597	0.00	0	0.00	---	---	Graduated from Department of Business Administration of National Taipei University of Business; current Manager of Credit Card and Car Loan Department of Sunny Bank; former Manager of Credit Card Department	Supervisor of Sunny Securities Co., Ltd. and Director of Sunny E-Commercial Co., Ltd.	None	None	None
Manager	The Republic of China	Lee, Ching-Cheng	August 15, 2001	130,896	0.01	0	0.00	---	---	Graduated from Department of Business Administration, Fu Jen Catholic University; current Manager of Trust Department of Sunny Bank; former Assistant Manager of Trust Department	None	None	None	None
Manager	The Republic of China	Chen, Hui-Ling	August 11, 2006	108,827	0.01	0	0.00	---	---	Graduated from Department of Finance, National Taiwan University; current Manager (and former Assistant Manager) of Finance Department	Supervisor of Gold Sunny Assets Management Co., Ltd.	None	None	None
Manager	The Republic of China	Chao, Hui-Chen	August 1, 2015	1,651,651	0.09	0	0.00	---	---	Graduated from MBA of Monmouth University of New Jersey, United States; current Manager of International Banking Department of Sunny Bank; former Assistant Vice Manager of Offshore Banking Department	None	None	None	None
Manager	The Republic of China	Yang, Lien-Tse	December 9, 1999	421,360	0.02	607,285	0.03	---	---	Graduated from Department of Accounting, Graduate School of Soochow University (On-job Training Courses); current Manager of Risk Management Department of Sunny Bank; former Manager of Accounting Section, Business	None	None	None	None



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Position (note 1)	Nationality	Name	Date Elected (Employee d)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
Department														
Manager	The Republic of China	Kuo, Cheng-H ung	February 6, 2010	159, 154	0.01	0	0.0 0	---	---	Graduated from Graduate School of National Central University; current Manager of Business Administration Department of Sunny Bank; former Assistant Manager of Lanya Branch and Business Administration Department	Director of Sunny Securities Co., Ltd.	None	None	None
Manager	The Republic of China	Chen, Ya-I	Novembe r 20, 2013	1,43 6,45 8	0.08	529, 801	0.0 3	---	---	Graduated from Lih-Ren High School of Industry and Commerce; current Manager of Business Administration Department of Sunny Bank; former Assistant Manager of Taishan Branch and Business Administration Department	None	Manag er	Ho, Li-Wei	Broth ers
Manager	The Republic of China	Ho, Li-Wei	January 29, 2013	2,84 0,55 5	0.16	0	0.0 0	---	---	Graduated from the La Sierra University MBA Program; current Manager of Wealth Management Department of Sunny Bank; former Assistant Vice President of Lanya Branch	Director of Sunny International Leasing Co., Ltd.	Manag er	Chen, Ya-I	Broth ers
Manager	The Republic of China	Kan, Wu-Chen g	Decembe r 1, 2006	113, 475	0.01	0	0.0 0	---	---	Graduated from Department of International Trade, Soochow University; current Manager of Credit Auditing Department of Sunny Bank; former Manager of Corporate Finance Department	Director of Sunny International Leasing Co., Ltd. and Supervisor of Sunny Finance and Leasing (China) Co., Ltd.	None	None	None
Manager	The Republic of China	Liu, Tsung-H siun	February 6, 2010	65,6 72	0.00	143, 870	0.0 1	---	---	Graduated from Graduate School of Financial Information, National Kaohsiung University of Applied Science; current Manager of Accounting Department; former Assistant Manager of Haiguang Branch and Business Administration Department	Supervisor of Sunny International Leasing Co., Ltd.	None	None	None
Manager	The Republic of China	Cheng, Yen-Chin g	July 9, 2014	0	0.00	41,2 00	0.0 0	---	---	Graduated from Department of Computer Science, National Chiao Tung University; current Manager of E-Commerce Department of Sunny Bank; former Vice President of Business Development Department of Cai Hong Technology Company	Director of Gold Sunny Assets Management Co., Ltd. and Director of Sunny E-Commercial Co., Ltd.	None	None	None
Manager	The Republic of China	Chu, Chia-Lun g	August 11, 2006	159, 953	0.01	0	0.0 0	---	---	Graduated from Department of Cooperative Economics, National Chung Hsing University; current Manager of Beitou Branch of Sunny Bank; former Manager of Banciao Branch	None	None	None	None
Manager	The Republic of China	Kuo, Su- Chu	August 21, 2013	267, 148	0.02	46,3 60	0.0 0	---	---	Graduated from Department of Comprehensive Commerce, Shih Hsin Professional School of Industry & Commerce; current Manager of Shihlin Branch of Sunny Bank; former Assistant Manager of Credit Department and Shihlin Branch	None	None	None	None
Manager	The Republic of China	Chen, Chi-Chua n	October 16, 2003	511, 504	0.03	86,7 28	0.0 0	---	---	Graduated from Department of Finance of Ming Chuan University; current Manager of Datun Branch of Sunny Bank; former Manager of Yonghe Branch and Senior Specialist of Sales Management Department	None	None	None	None
Manager	The Republic of China	Lu, Sheng- Yu	March 14, 2005	177, 118	0.01	0	0.0 0	---	---	Graduated from Department of Accounting, Feng Chia University; current Manager of Chiantan Branch of Sunny Bank; former Manager of Chunghsin Branch	None	None	None	None
Manager	The Republic of China	Hu, Chi-Min	Decembe r 1, 2009	139, 406	0.01	67,5 95	0.0 0	---	---	Graduated from Department of Economics, Feng Chia University; current Manager of Shetzi Branch of Sunny Bank; former Manager of Xinyi Branch	None	None	None	None
Manager	The Republic of China	Chen, Yao-Wen	July 1, 2002	61,8 31	0.00	253, 589	0.0 1	---	---	Graduated from Institute of Computer Science and Information Engineering, National Chung Cheng University; current Manager of Lanya Branch of Sunny Bank; former Manager of Longjian Branch	None	Manag er	Liu, Ming- Che Liu, Ming- Chieh	Relati ves by marria ge



III. Corporate Governance Report

Position (note 1)	Nationality	Name	Date Elected (Employee d)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
Manager	The Republic of China	Lo, Chun-Ju	September 1, 2014	22,725	0.00	0	0.00	---	---	Graduated from Institute of Business Innovation and Entrepreneurship Management, Shih Chien University; current Manager of Tienmu Branch of Sunny Bank; former Branch Manager of Bank of SinoPac	None	None	None	None
Manager	The Republic of China	Li, Tai-Ju	December 1, 2007	198,037	0.01	0	0.00	---	---	Graduated from General Department of Tamkang High School; current Manager of Shechung Branch of Sunny Bank; former Manager of Dongning Mini Branch	None	None	None	None
Manager	The Republic of China	Lin, Kuo-Hung	July 7, 2003	200,949	0.01	17,865	0.00	---	---	Graduated from Department of Business Administration, Feng Chia University; current Manager of Jilin Branch of Sunny Bank; former Manager of Tienmu Branch	None	None	None	None
Manager	The Republic of China	Lung, Wan-Li	May 10, 2007	95,630	0.01	0	0.00	---	---	Graduated from Department of Business Administration, Soochow University; current Manager of Chengkung Branch of Sunny Bank; former Manager of Minsheng Branch	None	None	None	None
Manager	The Republic of China	Shen, Yu-Hsing	March 28, 2008	61,882	0.00	0	0.00	---	---	Graduated from Department of International Trading, Tamsui Oxford College; current Manager of Minsheng Branch of Sunny Bank; former Manager of Chengkung Branch	None	None	None	None
Manager	The Republic of China	Chang, Ming-Tsai	July 1, 2015	63,085	0.00	12,528	0.00	---	---	Graduated from Department of Business Administration of National Taipei University of Business; Manager of Yanji Branch of Sunny Bank; former Assistant Vice President of Credit Department	None	None	None	None
Manager	The Republic of China	Chen, Cheng-Ting	July 1, 2015	116,451	0.01	3,369	0.00	---	---	Graduated from Department of Business Administration, Tunghai University; former Assistant Vice President of Credit Department	None	None	None	None
Manager	The Republic of China	Liu, Hung-Chi	October 12, 2015	12,005	0.00	0	0.00	---	---	Graduated from Institute of Applied Economics, National Taiwan Ocean University; current Manager of Nanjin Branch of Sunny Bank; former Sales Manager of Shin Kong Commercial Bank.	None	None	None	None
Manager	The Republic of China	Chen, Kuo-Chuan	March 19, 2014	164,417	0.01	0	0.00	---	---	Graduated from Department of Accounting of National Chung Hsing University; current Manager of Jingmei Branch of Sunny Bank; former Assistant Vice President of Jingmei Branch of Sunny Bank	None	None	None	None
Manager	The Republic of China	Liu, Ming-Chieh	February 1, 2012	11,404,331	0.08	106,000	0.01	---	---	Graduated from Institute of Russian and Slavic Studies, Tamkang University; current Manager of Xinyi Branch of Sunny Bank; former Manager of Yenching Branch	None	Manager	Liu, Ming-Chieh	Brothers
Manager	The Republic of China	Chen, Hsien-Chun	February 23, 2006	138,052	0.01	0	0.00	---	---	Graduated from Business Administration Department, Takming University of Science and Technology; current Manager of Chunggho Branch of Sunny Bank; former Manager of Chungli Branch	None	None	None	None
Manager	The Republic of China	Chuang, Yung-Fu	July 1, 2002	130,336	0.01	0	0.00	---	---	Graduated from Department of Accounting, Feng Chia University; current Manager of Yonghe Branch of Sunny Bank; former Manager of Wugu Branch	None	None	None	None
Manager	The Republic of China	Chen, Chih-Hao	May 3, 2006	121,853	0.01	98,068	0.01	---	---	Graduated from Banking Insurance, National Taipei College of Business; current Manager of Luzhou Branch of Sunny Bank; former Manager of Zhubei Branch and senior specialist of Credit Department	None	None	None	None
Manager	The Republic of China	Chiang, Tung-Sheng	July 1, 2002	219,024	0.01	0	0.00	---	---	Graduated from Department of Business Administration, Takming College; current Manager of Banqiao Branch of Sunny Bank, former Manager of Shetzi Branch	None	None	None	None
Manager	The Republic of China	Ho, Chun-Liang	May 31, 2010	115,834	0.01	149	---	---	---	Graduated from Department of Accounting, Tung Hai University; current Manager of Taishan Branch of Sunny Bank; former Manager of Xinfu Mini Branch	None	None	None	None



SUNNY BANK Annual Report 2015

Position (note 1)	Nationality	Name	Date Elected (Employed)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
Manager	The Republic of China	Huang, Chi-Wei	October 11, 2005	152,708	0.01	125,235	0.01	---	---	Graduated from Department of Public Finance and Tax Administration, Takming Junior College of Commerce; current Manager of Xinde Mini Branch of Sunny Bank; former Senior Specialist of Jingmei Branch	None	None	None	None
Manager	The Republic of China	Hu, Chun-Wei	May 3, 2006	156,904	0.01	0	0.00	---	---	Graduated from Department of German, Chinese Culture University; current Manager of Hsichou Branch of Sunny Bank; former Manager of Xiaogang Branch	None	None	None	None
Manager	The Republic of China	Li, Chun-Chie	May 29, 2013	38,524	0.00	0	0.00	---	---	Graduated from the U.S. Texas State University MBA Program; current Manager of Guting Branch of Sunny Bank; former Manager of Taichung Bank (TCB) Department	None	None	None	None
	The Republic of China	Huang, Hsin-Fa	January 27, 2014	31,741	0.00	37,100	0.00	---	---	Graduated from Department of Management, National Taipei College of Business; current Manager of Xinzhuang Branch of Sunny Bank; former Assistant Vice President of Shin Kong Commercial Bank	None	None	None	None
Manager	The Republic of China	Wei, Chun-Chih	January 29, 2013	174,333	0.01	17,214	0.00	---	---	Graduated from the Graduate Institute of Mathematics, Tamkang University; current Manager of Sanchung Branch of Sunny Bank; former Manager of Chungshing Branch	None	None	None	None
	The Republic of China	Yang, Yi-Chen	December 1, 2009	52,535	0.00	0	0.00	---	---	Department of General Business, Daojiang High School of Commerce; current Manager of Shuanghe Branch of Sunny Bank; former Assistant Vice President of Zhongxing Branch	None	None	None	None
Manager	The Republic of China	Tsai, Chien-Li	July 18, 2005	162,345	0.01	0	0.00	---	---	Graduated from Department of Industrial Engineering, Tung Hai University; current Manager of Daye Branch of Sunny Bank; former Manager of Chiayi Branch	None	None	None	None
Manager	The Republic of China	Liu, Yi-Fang	August 22, 2011	60,130	0.00	0	0.00	---	---	Graduated from Department of Accounting and Statistics, National Taipei College of Business; current Manager of Fuxing Branch of Sunny Bank; former Manager of Nanking Branch and Assistant Manager of Nanking Branch	None	None	None	None
Manager	The Republic of China	Li, Ting-Tung	June 1, 2013	74,934	0.00	0	0.00	---	---	Department of Business Administration, Open College Affiliated With National Taipei College of Business; Manager of Taoyuan Branch of Sunny Bank; former Manager of Hua Nan Bank &	None	None	None	None
Manager	The Republic of China	Hsieh, Yeh-Hsiang	May 1, 2012	57,099	0.00	0	0.00	---	---	Graduated from Department of Statistics, National Taipei College of Business; current Manager of Daan Branch of Sunny Bank; former Manager of Taiwan Cooperative Bank	None	None	None	None
Manager	The Republic of China	Shih, Bo-Fu	May 13, 2010	60,462	0.00	0	0.00	---	---	Graduated from Department of Business Administration, Fen Jia University; current Manager of Xindian Branch of Sunny Bank; former Manager of Business Department, Land Bank of Taiwan	None	None	None	None
Manager	The Republic of China	Lin, Yung-Chen	February 11, 2015	16,433	0.00	0	0.00	---	---	Graduate School of Department of Finance, National Central University; current Manager of Xinfu Mini Branch of Sunny Bank; former Assistant Vice President of Jilin Branch	None	None	None	None
Manager	The Republic of China	Ku, Tien-Chieh	March 19, 2014	70,995	0.00	21,200	0.00	---	---	Graduated from Department of Business Administration of the Open University Affiliated to Taichung Institute of Commerce; current Manager of Yuanlin Branch of Sunny Bank; former Manager of Shetou Mini Branch	None	None	None	None
Manager	The Republic of China	Hsieh, Tsung-Yu	July 1, 2015	16,819	0.00	0	0.00	---	---	Graduated from Business Administration Department, Da-Yeh University; current Manager of Shetou Mini Branch of Sunny Bank; former Manager of Jingwu Branch and Assistant Vice President Shetou Mini Branch	None	None	None	None
Manager	The Republic of China	Li, Hsu-Chang	July 9, 2007	132,292	0.01	5,090	0.00	---	---	Graduated from Department of Business Administration, Yung Ta Institute of Technology and Commerce; current Manager of Pingtung Branch of Sunny Bank; former Manager of Ligang Mini Branch	None	None	None	None
Manager	The Republic of China	Liu, Kuo-Yin	November 24, 2012	62,742	0.00	44,096	0.00	---	---	Graduated from Department of Finance, Meiho University; current Manager of Zhongheng Mini Branch of Sunny Bank; former Manager of Donggang Mini Branch	None	None	None	None

III. Corporate Governance Report

Position (note 1)	Nationality	Name	Date Elected (Employee d)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
Manager	The Republic of China	Juan, Chien-Chung	August 17, 2009	132,887	0.01	84,069	0.00	---	---	Graduated from Department of Statistics, Tamkang University; current Manager of Xinpu Branch of Sunny Bank; former Manager of Jianguo Branch	None	None	None	None
Manager	The Republic of China	Hsu, Sheng-Pin	November 23, 2015	0	0.00	0	0.00	---	---	Graduated from Department of Finance and Insurance, Shu-Te University; current Manager of Kaohsiung of Sunny Bank; former Manager of Jingcheng Branch	None	None	None	None
Manager	The Republic of China	Hsu, Pao-Yuan	February 1, 2012	74,642	0.00	0	0.00	---	---	Graduated from Department of Coop Economics, Tamkang University; current Manager of Zhonghua Branch of Sunny Bank; former Manager of Sales Department of Jingcheng Branch	None	None	None	None
Manager	The Republic of China	Tsai, Wei-Yung	May 1, 2015	75,458	0.00	0	0.00	---	---	Department of Accounting, Aletheia University; current Manager of Chiayi Branch of Sunny Bank; former Senior Specialist of Chiayi Branch	None	None	None	None
Manager	The Republic of China	Yang, Pao-Kuei	August 30, 2007	125,301	0.01	0	0.00	---	---	Graduated from Department of Applied Chemistry, Chia Nan College of Pharmacy & Science; current Manager of Tainan Branch of Sunny Bank; former Manager of Jiankang Branch	None	None	None	None
Manager	The Republic of China	Yang, Ying-Chung	February 23, 2006	92,858	0.01	141,682	0.01	---	---	Graduated from Department of Accounting, National Chengchi University; current Manager of Jiankang Branch of Sunny Bank; former Manager of Tainan Branch	None	None	None	None
Manager	The Republic of China	Chen, Chu-Wen	July 9, 2010	131,515	0.01	0	0.00	---	---	Graduated from Department of Business Administration, Feng Chia University; current Manager of Dongning Mini Branch of Sunny Bank; former Manager of Chiayi Branch	None	None	None	None
Manager	The Republic of China	Tseng, Chien-Chia	August 8, 2002	208,699	0.01	21,356	0.00	---	---	Graduated from Department of Economics, Chinese Culture University; current Manager of Anshun Branch of Sunny Bank; former Manager of Xihua Branch	None	None	None	None
Manager	The Republic of China	Cheng, Yuen-Te	February 10, 2010	69,424	0.00	0	0.00	---	---	Graduated from Department of Banking Management, Tamsui Institute of Business Administration; current Manager of Xihua Branch of Sunny Bank; former Manager of Anshuen Branch	None	None	None	None
Manager	The Republic of China	Tu, Yung-Yen	September 1, 2012	42,860	0.00	0	0.00	---	---	Graduated from Department of Business Administration of the Open University Affiliated to Taichung Institute of Commerce; current Manager of Hsinchu Branch of Sunny Bank; former Manager of Zhubei Branch	None	None	None	None
Manager	The Republic of China	Wu, Sheng-Yi	October 16, 2009	61,042	0.00	0	0.00	---	---	Graduated from Department of Business Administration, Tung Hai University; current Manager of Jingwu Branch of Sunny Bank; former Branch Manager of Farmers Bank of China	None	None	None	None
Manager	The Republic of China	Chien, Shih-Yao	November 24, 2012	45,373	0.00	0	0.00	---	---	Graduated from Graduate Institute of Finance, Economics and Business Decision, National Kaohsiung University of Applied Science; current Manager of Zuoying Branch of Sunny Bank; former Branch Manager of Citibank, Taiwan	None	None	None	None
Manager	The Republic of China	Chiu, Chih-Wei	August 15, 2014	151,818	0.01	42,751	0.00	---	---	Graduated from Department of Business Administration, Takming University of Science and Technology; current Manager of Xiangshang Branch of Sunny Bank; former Assistant Vice President of Taichung	None	None	None	None
Manager	The Republic of China	Wang, Lien-Ta	January 29, 2013	109,482	0.01	0	0.00	---	---	Graduated from Department of Finance, Chihlee Institute of Technology; current Manager of Neihu Branch of Sunny Bank; former Assistant Manager of Shipai Branch	None	None	None	None
Manager	The Republic of China	Huang, Cheng-Chin	December 17, 2010	49,514	0.00	0	0.00	---	---	Graduated from Department of Land Economics, National Chengchi University; current Manager of Zhongli Branch of Sunny Bank; former Expert Commissioner of 3 rd regional center of Land Bank of Taiwan	None	None	None	None
Manager	The Republic of China	Huang, Chien-Chih	October 14, 2015	128,700	0.01	0	0.00	---	---	Graduated from Department of Banking and Finance, Tamkang University; current Manager of Wugu Branch of Sunny Bank; former Assistant Vice President of Wugu Branch.	None	None	None	None



SUNNY BANK Annual Report 2015

Position (note 1)	Nationality	Name	Date Elected (Employed)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
Manager	The Republic of China	Huang, Shou-Wei	August 30, 2007	68,969	0.00	0	0.00	---	---	Graduated from Department of Business Administration, Chung Hua University; current Manager of Linsen Branch of Sunny Bank; former senior specialist of Credit Department	None	None	None	None
Manager	The Republic of China	Chiu, Ming-Hua	March 25, 2010	42,004	0.00	0	0.00	---	---	Graduated from Department of Business, National Open University; current Manager of Xinxing Branch of Sunny Bank; former Manager of SMEs Department of Citibank, Taiwan	None	None	None	None
Manager	The Republic of China	Liu, Min-Hsiang	November 26, 2005	103,215	0.01	99,322	0.01	---	---	Graduated from Department of Finance, National Sun Yat-Sen University; current Manager of Sanfeng Branch of Sunny Bank; former Manager of Haiguang Branch	None	None	None	None
Manager	The Republic of China	Chen, Ming-Yueh	February 11, 2015	25,261	0.00	0	0.00	---	---	Graduated from Department of International Business of Open College affiliated to National Cheng Kung University; current Manager of Siwei Branch of Sunny Bank; former Manager of Jianguo Branch	None	None	None	None
Manager	The Republic of China	Tsuei, Ching-Chih	November 26, 2005	72,080	0.00	198	0.00	---	---	Graduated from Department of Journalism, Chinese Culture University; current Manager of Dagong Branch of Sunny Bank; former Manager of Linyuan Mini Branch	None	None	None	None
Manager	The Republic of China	Hsu, Chen-Huang	August 11, 2006	31,575	0.00	0	0.00	---	---	Graduated from the Tamkang University MBA Program; current Manager of Dashun Branch of Sunny Bank; former Manager of Pingdeng Branch	None	None	None	None
Manager	The Republic of China	Pan, Cheng-Jen	November 26, 2005	317,159	0.02	268,916	0.02	---	---	Graduated from Department of International Trade, Cheng Shiu University; current Manager of Haiguang Branch of Sunny Bank; former Manager of Dagong Branch	None	None	None	None
Manager	The Republic of China	Lu, Han-Kun	October 1, 2002	356,774	0.02	108,306	0.01	---	---	Graduated from Department of Finance, National Kaohsiung First University of Science and Technology; current Manager of Qianzhen Branch of Sunny Bank; former senior specialist of Wuchia Branch	None	None	None	None
Manager	The Republic of China	Chao, Yu-Chin	November 26, 2005	1,681,260	0.10	58,115	0.00	---	---	Graduated from the graduate course in Accounting, the George Washington University; current Manager of Pingdeng Branch of Sunny Bank; former Senior Specialist of Liwen Branches	None	None	None	None
Manager	The Republic of China	Li, Chun-Yu	October 1, 2014	57,504	0.00	0	0.00	---	---	Graduated from Department of Business Administration, Feng Chia University; current Manager of Xiaogang Branch of Sunny Bank; former Assistant Vice President of Pingdeng Branch	None	None	None	None
Manager	The Republic of China	Chung, Min-Yuan	April 1, 2009	113,357	0.01	36,671	0.00	---	---	Graduated from Department of Business, National Taiwan University; current Manager of Youchang Branch of Sunny Bank; former Manager of Pingtung Branch	None	None	None	None
Manager	The Republic of China	Hung, Chien-Ming	April 1, 2009	105,336	0.01	0	0.00	---	---	Graduated from Master of Commerce, National Kaohsiung First University of Science and Technology; current Manager of Jianguo Branch of Sunny Bank; former Manager of Donggang Mini Branch	None	None	None	None
Manager	The Republic of China	Hsu, Chin-Ken	February 1, 2012	130,922	0.01	20,975	0.00	---	---	Graduated from Department of Public Finance, Feng Chia University; current Manager of Wuji Branch of Sunny Bank; former Assistant Manager of Debt Management Department	None	None	None	None
Manager	The Republic of China	Hung, Jung-Tsung	August 11, 2006	141,231	0.01	0	0.00	---	---	Graduated from Department of Accounting, National Chung Hsing University; current Manager of Dingli Branch of Sunny Bank; former Manager of Debt Management Department Manager and Credit Auditing Department	None	None	None	None
Manager	The Republic of China	Wu, Pi-Chu	March 20, 2013	50,951	0.00	0	0.00	---	---	Graduated from the Royal Roads University (Canada) MBA Program; current Manager of Nanzi Branch of Sunny Bank; former Manager of Chunghua Branch	None	None	None	None
Manager	The Republic of China	Chung, Shu-Jung	April 3, 2006	77,371	0.00	11,360	0.00	---	---	Graduated from Department of Business, National Taiwan University; current Manager of Cishan Branch of Sunny Bank; former Manager of Dashuen Branch	None	None	None	None



III. Corporate Governance Report

Position (note 1)	Nationality	Name	Date Elected (Employee d)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
Manager	The Republic of China	Cheng, Yu-Chao	April 15, 2015	2,000	0.00	0	0.00	---	---	Graduated from Department of Law, Chinese Culture University; current Manager of Gangshan Branch of Sunny Bank; former Manager of Yuan Ta Bank	None	None	None	None
Manager	The Republic of China	Shih, Yung-Hsiang	August 28, 2013	136,801	0.01	0	0.00	---	---	Graduated from Department of Banking and Finance, Tamkang University; current Manager of Ligang Mini Branch of Sunny Bank; former Assistant Manager of Dashun Branch	None	None	None	None
Manager	The Republic of China	Wang, Wei-Kuan	July 1, 2015	59,939	0.00	0	0.00	---	---	Graduated from Department of Economics, Feng Chia University; current Manager of Yongkang Mini Branch of Sunny Bank; former Assistant Vice President of Jiankang Branch	None	None	None	None
Manager	The Republic of China	Kou, Chien-Yun	May 17, 2011	71,931	0.00	0	0.00	---	---	Graduated from Department of Statistics, National Chenchi University; current Manager of Rende Branch of Sunny Bank; former Expert Commissioner of Debt Management Department of Taiwan Cooperative Bank	None	None	None	None
Manager	The Republic of China	Wang, Chien-Chung	January 27, 2014	34,138	0.00	0	0.00	---	---	Graduated from Department of Business Administration, Chinese Culture University; current Manager of Taipei Branch of Sunny Bank; Former Assistant Vice President of Trust Department	None	None	None	None
Manager	The Republic of China	Kuo, Mao-Chien	February 11, 2015	36,049	0.00	0	0.00	---	---	Graduated from Department of Business Administration, Tamkang University; current Manager of Changan of Sunny Bank; former Assistant Vice President of Shezhi Branch	None	None	None	None
Manager	The Republic of China	Pang, Chih-Wei	February 1, 2012	58,125	0.00	0	0.00	---	---	Graduated from EMBA, National Dong Hwa University; current Manager of Luodong Branch of Sunny Bank; former Manager of Sanchong Branch, HSBC	None	None	None	None
Manager	The Republic of China	Chang, Yung-Ming	February 11, 2015	44,950	0.00	0	0.00	---	---	Graduated from Department of Economics, National Chung Hsing University; current Manager of Zhubei Branch of Sunny Bank; former Assistant Vice President of Mucha Branch.	None	None	None	None
Manager	The Republic of China	Ken, Yu-Chuan	August 17, 2011	127,749	0.01	0	0.00	---	---	Graduated from Department of Accounting and Statistics, Takming Junior College; current Manager of Chongxin Branch of Sunny Bank; former Assistant Manager of Chenggong Branch	None	None	None	None
Manager	The Republic of China	Wu, Jung-Chi	April 9, 2007	63,538	0.00	0	0.00	---	---	Graduated from Department of Economics, Fu Jen Catholic University; current Manager of Changhua Branch of Sunny Bank; former Manager of Huacheng Branch	None	None	None	None
Manager	The Republic of China	Chen, Cheng-Yi	March 18, 2005	138,675	0.01	0	0.00	---	---	Graduated from Department of Marine Engineering, National Kaohsiung Institute of Marine Technology; current Manager of Eastern Taoyuan Branch of Sunny Bank; former Manager of Zhongli Branch	None	None	None	None
Manager	The Republic of China	Pan, Kuang-Chu	September 23, 2004	134,428	0.01	48,829	0.00	---	---	Graduated from Department of Banking, Tamkang University; current Manager of Nangang Branch of Sunny Bank; former Senior Specialist of Chunghsing Branch	None	None	None	None
Manager	The Republic of China	Chen, Yi Hsiu	December 1, 2009	68,275	0.00	0	0.00	---	---	Graduated from Department of Business Administration, Fu Jen Catholic University; current Manager of Beitun Branch of Sunny Bank; former Manager of Shetou Mini Branch	None	None	None	None
Manager	The Republic of China	Tseng, Chieh-Chang	July 18, 2005	106,598	0.01	0	0.00	---	---	Graduated from Department of Banking and Finance, Takming University of Science and Technology; current Manager of Tucheng Branch of Sunny Bank; former senior specialist of Credit Department	None	None	None	None
Manager	The Republic of China	Lin, Chih-Chiang	August 22, 2011	139,973	0.01	0	0.00	---	---	Graduated from Department of International Trade, Chungyu Institute of Technology; current Manager of Keelung Branch of Sunny Bank; former Assistant Manager of Credit Department	None	None	None	None
Manager	The Republic of China	Chou, Chih-Wei	August 11, 2006	209,551	0.01	264,848	0.02	---	---	Graduated from Department of Industrial Management, National Taiwan University of Science and Technology; current Manager of Wanhwa Branch of Sunny Bank; former Senior Specialist of Credit Department	None	None	None	None



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Position (note 1)	Nationality	Name	Date Elected (Employe d)	Present Holding		Current Shares of Spouse and Minors		Holding Shares with Other Names		Major Education & Experience (Note 2)	Concurrent Positions at our Bank and Other Companies	Other Managers as Spouse, Minors or any other Relatives within the second level relationships		
				Sha res	Rati o %	Sha res	Rati o %	Sha res	Rati o %			Positi on	Name	Relati onshi p
Manager	The Republic of China	Chou, Pai-Cheng	February 11, 2015	106,587	0.01	21,731	0.00	---	---	Graduated from Department of International Business, National Taipei College of Business; current Manager of Hualien Branch of Sunny Bank; former Manager of Branch Preparatory Office of Sales Management Department	None	None	None	None
Manager	The Republic of China	Su, Po-Nien	February 2, 2015	10,380	0.00	0	0.00	---	---	Graduated from Department of International Business, Tamsui Oxford University College; current Manager of Miaoli Branch of Sunny Bank; former Manager of Standard Chartered Bank	None	None	None	None
Manager	The Republic of China	Pan, Lien-Huang	November 9, 2015	10,130	0.00	0	0.00	---	---	Graduated from Department of Applied Business, Open College Affiliated to National Taichung University of Science and Technology; current Manager of Longjing of Sunny Bank; former Manager of Standard Chartered Bank	None	None	None	None
Manager	The Republic of China	Li, Tsung-Yen	October 1, 2014	41,643	0.00	0	0.00	---	---	Graduated from Department of Statistics, Feng Chia University; current Manager of Yunlin Branch of Sunny Bank; former Trust Specialist of Cota Bank	None	None	None	None
Manager	The Republic of China	Chen, Shih-Ming	August 18, 2014	21,200	0.00	0	0.00	---	---	Graduated from Graduate Institute of Informatics, Department of Information Management, Chaoyang University of Technology; current Manager of Nantou Branch of Sunny Bank; former Manager of Dali Branch	None	None	None	None
Manager	The Republic of China	Chen, Nien-Hui	August 28, 2008	129,038	0.01	29,904	0.00	---	---	Graduated from Department of Applied Business, National Taichung Institute of Technology; current Manager of Dali Branch of Sunny Bank; former Manager of Longjing Branch	None	None	None	None
Manager	The Republic of China	Kao, Chih-Li	March 1, 2003	540,895	0.03	118,507	0.01	---	---	Studied at Department of Computer, Tamkang University; current Manager of Chilin Branch of Sunny Bank; former Manager of Sanchung Branch	None	None	None	None
Manager	The Republic of China	Chang, Hsueh-Fang	April 15, 2015	9,380	0.00	0	0.00	---	---	Graduated from Department of Accounting of Open College Affiliated to National Taipei College of Business; current Manager of Taitung Branch of Sunny Bank; former Manager of Cosmos Bank	None	None	None	None
Manager	The Republic of China	Lin, Yu-Chin	April 1, 2015	10,005	0.00	0	0.00	---	---	Graduated from Department of Banking Management, Tamsui Institute of Business Administration; current manager of Yilan Branch of Sunny Bank; former Manager of Shin Kong Commercial Bank	None	None	None	None
Manager	The Republic of China	Fu, Chien-Hua	August 13, 2014	52,158	0.00	1,060	0.00	---	---	Graduated from Department of Business Administration, National Taichung Institute of Technology; current Manager of Linyuan Mini Branch of Sunny Bank; former Manager of Siwei Branch	None	None	None	None
Manager	The Republic of China	Tseng, Yin-Shih	July 11, 2015	100,592	0.01	0	0.00	---	---	Graduated from Department of Aquaculture, National Pingtung University of Science and Technology; current Manager of Meinong Mini Branch of Sunny Bank; former First-Class Assistant Manager of Wujia Branch	None	None	None	None

Note 1: Information of President, Vice President, Assistant Vice President, and department and branch managers shall be included. Those whose positions are equal to President, Vice President or Assistant Vice President shall be disclosed regardless the name of the position.

Note 2: In regard to experiences related to current position, anyone who ever served in auditing CPA or affiliated associated business shall have position and duty specified.



III. Corporate Governance Report

3. Distribution of Remunerations to Directors, Supervisors, President, Vice Presidents and Employees

(1) Remuneration to Directors (including Independent Directors)

As of December 31, 2015

Unit: NT\$ 1,000; %

Position	Name	Remuneration to Directors								Ratio of total remuneration (A+B+C+D) to Net Income After tax (%)	Compensation, Bonus and Special Disbursement (E)	Pension (F)	Remuneration Received by Director Who are also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income after Tax (%)	Other Remuneration				
		Remuneration (A)		Pension (B)		Apportion of Surplus (C) (Note 3)		Business Affairs Expense (D)					Employee Bonus from Apportion to Surplus (G) (Note 3)				Employee Share Subscription Warrants (H)		Acquiring the Number of New Restricted Employee Shares							
		Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	All Companies included in the Financial Statement	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement							
Chairman	Chen, Sheng-Hung (Note 1)																									
Chairman	Lin, Peng-Lang (Note 2)																									
Managing Director	Chen, Sheng-Hung (Note 2)																									
Managing Director	Chang, Wu-Ping (Note 1)																									
Managing Director	Liu, Chen-Sheng																									
Independent Managing Director	Wu, Wen-Cheng																									
Director	Ho, Shun-Cheng																									
Director	Lin, Chin-Lung (Note 1)																									
Director	Cheng-Yu (Note 2)																									
Director	Chen, Chin-Chia	28,799	32,063	0	0	19,677	19,853	3	458	2.36	2.55	3,601	3,601	0	0	112	0	112	0	0	0	0	0	2.54	2.73	0
Director	Chen, Chin-Yi (Note 2)																									
Director	Chen, Chien-Yang (Note 2)																									
Director	Chang, Shu-Ming (Note 1)																									
Director	Chang, Shu-Hua (Note 1)																									
Director	Tsai, Wen-Hsiung (Note 1)																									
Director	Chao, Fu-Tien (Note 2)																									
Director	Hsieh, Yi-Tung																									
Independent Director	Wu, Fu-Kui (Note 1)																									
Independent Director	Yang, Chang-Feng (Note 1)																									
Independent Director	Liu, Hsiang-Tun (Note 2)																									
Independent Director	Chen, Chin-Chia																									

Note 1: The Board of Directors and Supervisors were re-elected in 2015, where the 6th Board of Directors took over the office on June 15, 2015

Note 2: The Board of Directors and Supervisors were re-elected in 2015, where the 5th Board of Directors left the office on June 15, 2015

Note 3: Remunerations to Directors and employees are only an estimated amount, where relevant operations shall only be conducted after the resolution of Board of Directors. The amount of this year's employee remuneration shall be calculated according to the distributed amount of the previous year.

Note 4: Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act. This table is solely for information disclosure, and not for taxation purposes.

Remuneration Bracket

Range of Remuneration to Directors	Name of Directors			
	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 Financial Statement I	Sunny Bank	All Companies included in the Financial Statement J
Less than NT\$2,000,000	Chang Wu-Ping, Wu Wen-Cheng, Lin Chin-Lung, Lin Cheng-Yu, Chen Chin-Yi, Chen Chien-Yang, Chang Shu-Ming, Chang Shu-Hua, Tsai Wen-Hsiung, Chao Fu-Tien, Wu Fu-Kui, Yang Chang-Feng, Liu, Hsiang-Tun, Chang Ping-Chung	Chang Wu-Ping, Wu Wen-Cheng, Lin Chin-Lung, Lin Cheng-Yu, Chen Chien-Yang, Chang Shu-Ming, Chang Shu-Hua, Tsai Wen-Hsiung, Chao Fu-Tien, Wu Fu-Kui, Yang Chang-Feng, Liu, Hsiang-Tun, Chang Ping-Chung	Chang Wu-Ping, Wu Wen-Cheng, Lin Chin-Lung, Lin Cheng-Yu, Chen Chin-Yi, Chen Chien-Yang, Chang Shu-Ming, Chang Shu-Hua, Tsai Wen-Hsiung, Chao Fu-Tien, Wu Fu-Kui, Yang Chang-Feng, Liu, Hsiang-Tun, Chang Ping-Chung	Chang Wu-Ping, Wu Wen-Cheng, Lin Chin-Lung, Lin Cheng-Yu, Chen Chien-Yang, Chang Shu-Ming, Chang Shu-Hua, Tsai Wen-Hsiung, Chao Fu-Tien, Wu Fu-Kui, Yang Chang-Feng, Liu, Hsiang-Tun, Chang Ping-Chung
NT\$2,000,000 (Included) ~ NT\$5,000,000(not included)	Ho Shun-Chen, Chen Chin-Chia, Liu Chen-Sheng, Hsieh Yi-Tung	Ho Shun-Chen, Chen Chin-Chia, Chen Chin-Yi, Liu Chen-Sheng, Hsieh Yi-Tung	Ho Shun-Chen, Chen Chin-Chia, Liu Chen-Sheng	Ho Shun-Chen, Chen Chin-Chia, Chen Chin-Yi, Liu Chen-Sheng
NT\$5,000,000 (Included) ~ NT\$10,000,000(not included)	Cheng, Sheng-Hung	Cheng, Sheng-Hung	Cheng Sheng-Hung and Hsieh Yi-Tung	Cheng Sheng-Hung and Hsieh Yi-Tung
NT\$10,000,000 (Included) ~ NT\$15,000,000(not included)	Lin, Peng-Lang	Lin, Peng-Lang	Lin, Peng-Lang	Lin, Peng-Lang
NT\$15,000,000 (Included) ~ NT\$30,000,000(not included)	None	None	None	None
NT\$30,000,000 (Included) ~ NT\$50,000,000(not included)	None	None	None	None
NT\$50,000,000 (Included) ~ NT\$100,000,000(not included)	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	20 people	20 people	20 people	20 people

(2) Remuneration to Supervisors

As of December 31, 2015
Unit: NT\$ 1,000; %

Position	Name	Remuneration to Supervisors								Ratio of total Remuneration (A+B+C+D) to Net Income after Tax (%)		Other Remuneration
		Remuneration (A)		Pension (B)		Apportion of Surplus (C) (Note 2)		Business Affairs Expense (D)				
		Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	
Managing supervisor	Chang, Wu-Ping (Note 1)											
Supervisor	Wu, Hsi-Hui (Note 1)											
Supervisor	Tsai, Wen-Hsiung (Note 1)	2,035	2,244	0	0	4,688	4,688	0	104	0.33	0.34	0
Supervisor	Lin, Chin-Lung (Note 1)											
Supervisor	Hsu, Wen-Tung (Note 1)											

Note 1: The Board of Directors and Supervisors were re-elected in 2015, where the 5th Supervisors left the office on June 15, 2015

Note 2: Remunerations to Supervisors are only an estimated amount, where relevant operations shall only be conducted after the resolution of Board of Directors.

Note 3: Remuneration disclosed herein is different from the term "income" as defined in the Income Tax Act. This table is solely for information disclosure, and not for taxation purposes.

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Remuneration Bracket

Range of Remunerations to Supervisors	Name of Supervisors	
	Total Amount of the First 4 (A+B+C+D)	
	Sunny Bank	All Companies included in the Financial Statement
Less than NT\$2,000,000	Chang Wu-Ping, Wu His-Hui, Tsai Wen-Hsiung, Lin Chin-Lung, Hsu Wen-Tung	Chang Wu-Ping, Wu His-Hui, Tsai Wen-Hsiung, Lin Chin-Lung, Hsu Wen-Tung
NT\$2,000,000 (Included) ~ NT\$5,000,000 (not included)	None	None
NT\$5,000,000 (Included) ~ NT\$10,000,000 (not included)	None	None
NT\$10,000,000 (Included) ~ NT\$15,000,000 (not included)	None	None
NT\$15,000,000 (Included) ~ NT\$30,000,000 (not included)	None	None
NT\$30,000,000 (Included) ~ NT\$50,000,000 (not included)	None	None
NT\$50,000,000 (Included) ~ NT\$100,000,000 (not included)	None	None
Over NT\$100,000,000	None	None
Total	5 people	5 people

(3) Remuneration to President and Vice Presidents

As of December 31, 2015
Unit: NT\$ 1,000; %

Position	Name	Remuneration (A)		Pension (B)		Bonus and Special Disbursement (C)		Employee Bonus from Apportion of Surplus (D) (Note 1)				Ratio of total Remuneration (A+B+C+D) to Net Income after Tax (%)		Acquiring the Number of Employee Stock Option Certificates		Acquiring the Number of new Restricted Employee Shares		Other Remuneration
		Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank		All Companies included in the Financial Statement		Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement	
								Cash Dividend	Stock Bonuses	Cash Dividend	Stock Bonuses							
President	Ding, Wei-Hao	17,237	19,757	0	0	10,429	11,105	2,699	0	2,699	0	1.48	1.63	0	0	0	0	0
Senior Vice President	Ho, Kung-Tang (Note 2)																	
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																	
Legal Compliance Department Manager of Head Office	Li, Wen-Kuang																	

Note 1: Remunerations to Directors and employees are only an estimated amount, where relevant operations shall only be conducted after the resolution of Board of Directors. The amount of this year's employee remuneration shall be calculated according to the distributed amount of the previous year.

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

Remuneration Bracket

Range of Remuneration to President and Vice Presidents	Name of President and Vice Presidents	
	Sunny Bank	All Companies included in the Financial Statement
Less than NT\$2,000,000	-	-
NT\$2,000,000 (Included) ~ NT\$5,000,000 (not included)	Ho Kung-Tang, Lin Chih-Liang, Chou San-Ho, Chang Chi-Ming, Kuo Chih-Hung, Tseng Yao-Te, Li Wen-Kuang	Ho Kung-Tang, Lin Chih-Liang, Chou San-Ho, Chang Chi-Ming, Kuo Chih-Hung, Tseng Yao-Te, Li Wen-Kuang
NT\$5,000,000 (Included) ~ NT\$10,000,000 (not included)	Ding Wei-Hao	Ding Wei-Hao
NT\$10,000,000 (Included) ~ NT\$15,000,000 (not included)	None	None
NT\$15,000,000 (Included) ~ NT\$30,000,000 (not included)	None	None
NT\$30,000,000 (Included) ~ NT\$50,000,000 (not included)	None	None
NT\$50,000,000 (Included) ~ NT\$100,000,000 (not included)	None	None
Over NT\$100,000,000	None	None
Total	8 people	8 people

(4) Name of Managers to Whom Employee's Bonuses are paid and the Distribution of Bonuses.

As of December 31, 2015
Unit: NT\$ 1,000; %

Position (Note 1)		Name (Note 1)	Amount of Stock (Note 2)	Amount of Cash (Note 2)	Total	Ratio to Net Income after Tax (%)
Managers (Note 3)	President	Ding, Wei-Hao	-	15,591	15,591	0.75
	Chirf Secretary	Wu, Jui-Hsiang				
	Vice President	Chang Chi-Ming				
	Vice President	Kuo Chih-Hung				
	Vice President	Ho Kung-Tang				
	General Auditor	Tseng Yao-Te				
	Legal Compliance Department Manager	Li Wen-Kuang				
	Executive Assistant Vice President	Yu, Shih-Jung				
	Executive Assistant Vice President	Wang Ya-Hsun				
	Executive Assistant Vice President	Huang, Yen-Chun				
	Executive Assistant Vice President	Chen, Cheng-Feng				
	Executive Assistant Vice President	Chen I-Huan				
	Executive Assistant Vice President	Liu, Ming-Chieh				
	Executive Assistant Vice President	Li, Yu-Sheng				
	Executive Assistant Vice President	Liu, Yen-Hsing				
	Executive Assistant Vice President	Hsieh, Yi-Tung				
	Executive Assistant Vice President	Wang, Chien-I				
	Executive Assistant Vice President	Chen, Yang-Yu				

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Position (Note 1)	Name (Note 1)	Amount of Stock (Note 2)	Amount of Cash (Note 2)	Total	Ratio to Net Income after Tax (%)
Executive Assistant Vice President	Huang, Hsien-Chang				
Executive Assistant Vice President	Lu, Kun-Fa				
Manager	Yang, Lien-Tse				
Manager	Kao, Chih-Li				
Manager	Kuo, Su-Chu				
Manager	Yang, Yi-Chen				
Manager	Chen, Chih-Hao				
Manager	Chen, Chi-Chuan				
Manager	Li, Tai-Ju				
Manager	Chen, Kuo-Chuan				
Manager	Chiang, Tung-Sheng				
Manager	Pan, Kuang-Chu				
Manager	Hung, Jung-Tsung				
Manager	Chen, Chu-Wen				
Manager	Yang, Yi-Chen				
Manager	Liu, Tsung-Hsiun				
Manager	Tseng, Chien-Chia				
Manager	Keng, Yu-Chuan				
Manager	Chuang, Yung-Fu				
Manager	Lin, Kuo-Hung				
Manager	Li, Ching-Cheng				
Manager	Chen, Yao-Wen				
Manager	Lu, Sheng-Yu				
Manager	Lin, Chih-Chiang				
Manager	Huang, Chi-Wei				
Manager	Chen, Hsien-Chun				
Manager	Chou, Chih-Wei				
Manager	Chen, Cheng-Ting				
Manager	Chen, Hui-Ling				
Manager	Tsai, Chien-Li				
Manager	Lu, Han-Kun				
Manager	Ho, Chun-Liang				
Manager	Chiu, Chih-Wei				
Manager	Tseng, Chieh-Chang				
Manager	Chou, Pai-Cheng				

Position (Note 1)	Name (Note 1)	Amount of Stock (Note 2)	Amount of Cash (Note 2)	Total	Ratio to Net Income after Tax (%)
Manager	Chen, Ya-I				
Manager	Kuo, Cheng-Hung				
Manager	Juan, Chien-Chung				
Manager	Hu, Chi-Min				
Manager	Wang, Lien-Ta				
Manager	Chang, Ming-Tsan				
Manager	Huang, Chien-Chih				
Manager	Hu, Chun-Wei				
Manager	Chu, Chia-Lung				
Manager	Shih, Yung-Hsiang				
Manager	Hsieh, Tsung-Yu				
Manager	Wei, Chun-Chih				
Manager	Liu, Ming-Che				
Manager	Li, Hsu-Chang				
Manager	Chung, Min-Yuan				
Manager	Yang, Pao-Kui				
Manager	Hsu, Chen-Huang				
Manager	Chen, Cheng-I				
Manager	Sung, Ping-Ping				
Manager	Liu, Kuo-Yin				
Manager	Lin, Yung-Chen				
Manager	Ho, Li-Wei				
Manager	Kuo, Mao-Chien				
Manager	Hung, Chien-Ming				
Manager	Chen, Nien-Hui				
Manager	Hsu, Chin-Ken				
Manager	Pan, Cheng-Jen				
Manager	Liu, Min-Hsiang				
Manager	Tsui, Ching-Chih				
Manager	Wang, Chien-Chung				
Manager	Chao, Hui-Chen				
Manager	Chen, I-Hsu				
Manager	Chung, Hsu-Jung				
Manager	Li, Chun-Yu				
Manager	Wang, Wei-Kuan				
Manager	Kan, Wu-Cheng				



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Position (Note 1)	Name (Note 1)	Amount of Stock (Note 2)	Amount of Cash (Note 2)	Total	Ratio to Net Income after Tax (%)
Manager	Chang, Yung-Ming				
Manager	Shen, Yu-Hsin				
Manager	Huang, Shou-Wen				
Manager	Wu, Jung-Chi				
Manager	Lung, Wan-li				
Manager	Liu, I-Fang				
Manager	Ku, Tien-Chieh				
Manager	Tu, Yung-Yen				
Manager	Wu, Sheng-I				
Manager	Cheng, Yuan-Te				
Manager	Chiu, Ming-Hua				
Manager	Shih, Po-Fu				
Manager	Huang, Cheng-Chin				
Manager	Tsai, Wei-Yung				
Manager	Kuo, Chien-yun				
Manager	Hsu, Pao-Yuan				
Manager	Pang, Chih-Wen				
Manager	Hsieh, Yeh-Hsiang				
Manager	Chien, Shih-Yao				
Manager	Chao, Yu-Chin				
Manager	Wu, Pi-Chu				
Manager	Li, Chun-Che				
Manager	Li, Ting-Tung				
Manager	Huang, Hsin-Fa				
Manager	Chen, Ming-Yueh				
Manager	Cheng, Yen-Ching				
Manager	Chen, Shih-Ming				
Manager	Lo, Chun-Ju				
Manager	Li, Tsung-Yen				
Manager	Su, Po-Nien				
Manager	Lin, Yu-Chin				
Manager	Cheng, Yu-Chao				
Manager	Chang, Hsueh-Fang				
Manager	Liu, Hung-Chi				
Manager	Pan, Lien-Huang				
Manager	Hsu, Sheng-Wu				

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Note 1: Individual names and positions shall be disclosed together with the distribution of profit as a summary

Note 2: Refers to employee remunerations for managers (stock and cash) that are distributed according to resolutions of the Board of Directors. Where the amount cannot be predicted, last year's ratio of profit distribution shall be used to calculate the amount for this year. Net income after the tax refers to the net profit stated in separate or individual financial statements of the most recent year.

Note 3: The scope of applications of the term "managers" shall refer to regulations of Letter Tai-Cai-Zheng-San-Zi No. 0920001301 issued by Financial Supervisory Commission on March 27, 2003. Below is the scope of applications:

- (1) President and those with equivalent level
- (2) Vice President and those with equivalent level
- (3) Executive Vice President and those with equivalent level
- (4) Director of Finance Department
- (5) Director of Accounting Department
- (6) Other people who manage corporate affairs and have the right to sign papers.

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

- a. Analysis of the ratio between total remuneration for the last two years to the net income after tax, the former being paid to Directors, Supervisors, President, and Vice Presidents.
- Remunerations to the Bank's Directors, Supervisors, President and Vice Presidents (including those stated in financial statements) in 2015 are increased due to enhanced operating performance and the proportion of adopting new Articles of Incorporation. Apart from Supervisors whose remunerations are only calculated until June 15 due to the re-election of Directors and Supervisors of 2015, proportions of other parties have shown an increase.

Position \ Ratio (note)	2015		2014	
	Sunny Bank	All Companies included in the Financial Statement	Sunny Bank	All Companies included in the Financial Statement
Directors	2.54%	2.73%	1.89%	2.02%
Supervisors	0.33%	0.34%	0.56%	0.58%
President and Vice Presidents	1.48%	1.63%	1.32%	1.34%

Note: The net profit after tax of the 2015 and 2014 individual financial statement were NT\$2,057,272 and NT\$1,988,903

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

The remunerations for directors and supervisors are determined at board meetings which are authorized by the General Meeting of Shareholders in commensuration with industry payout standards, as stipulated in Article 40 of the Bank's Article of Incorporation. The Board of Directors may determine a fixed amount 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.



4. Corporate Governance Operations

(1) Operations of Board of Directors

1. The 6th Board of Directors held 3 meetings (from January 1 to June 14, 2015). The attendance of Directors and supervisors is as follows:

Title	Name	Attendance (Presence) in Person	Attendance by Proxy	Attendance (Presence) Rate (%)	Remarks
Chairman	Lin, Peng-Lang	3	0	100	None
Managing Director	Chen, Sheng-Hung	3	0	100	None
Managing Director	Liu, Chen-Sheng	3	0	100	None
Independent Managing Director	Wu, Wen-Cheng	3	0	100	None
Director	Chen, Chien-Yang	3	0	100	None
Director	Chen, Chin-Chia	0	0	0	None
Director	Chen, Chin-Yi	3	0	100	None
Director	Ho, Shun-Cheng	3	0	100	None
Director	Lin, Cheng-Yu	3	0	100	None
Director	Chao, Fu-Tien	3	0	100	None
Director	Hsieh, Yi-Tung	3	0	100	None
Independent Director	Liu, Hsiang-Tun	3	0	100	None
Independent Director	Chang, Ping-Chung	2	0	67	None
Managing Supervisor	Chang, Wu-Ping	3	0	100	None
Supervisor	Wu, Hsi-Hui	0	0	0	None
Supervisor	Tsai, Wen-Hsiung	3	0	100	None
Supervisor	Lin, Chin-Lung	3	0	100	None
Supervisor	Hsu, Wen-Tung	3	0	100	None

2. The 7th Board of Directors held 6 meetings (from June 15 to December 31, 2015). The attendance of Directors and supervisors is as follows:

Title	Name	Attendance (Presence) in Person	Attendance by Proxy	Attendance (Presence) Rate (%)	Remarks
Chairman	Representative of Fu Li Yang Investment Co., Ltd.:Chen, Sheng-Hung	6	0	100	None
Managing Director	Liu, Chen-Sheng	6	0	100	None
Managing Director	Chang, Wu-Ping	5	0	83	None
Independent Managing Director	Wu, Wen-Cheng	6	0	100	None
Director	Hsieh, Yi-Tung	6	0	100	None
Director	Chen, Chin-Chia	3	0	50	None
Director	Ho, Shun-Cheng	6	0	100	None
Director	Tsai, Wen-Hsiung	6	0	100	None
Director	Chang, Shu-Ming	6	0	100	None
Director	Chang, Shu-Hua	6	0	100	None
Director	Representative of Fu Li Yang Investment Co., Ltd.: Lin, Chin-Lung	5	0	83	None
Independent Managing Director	Wu, Fu-Kui	6	0	100	None
Independent Managing Director	Yang, Chang-Feng	6	0	100	None

Other Noticeable Particulars:

1. In regard to items listed in Article 14-3 of Securities and Exchange Act or a resolution of Board of Directors that is rejected or retained by an Independent Board Director with proved records or a written statement, it is a must to specify the date of Board of Directors meeting, term of Board of Directors, resolution, opinion of the Independent Board Director and the Company's response.
2. In regard to the execution of Directors' interest avoidance of any involving resolution, Directors' names, resolution content, reasons for interest avoidance and the voting participation should be included:

Date	Term / No. of Meeting	Name of Directors	Resolution	Reasons for Interest Avoidance	Voting Participation
February 6, 2015	The 6 th term & 18 th meeting	Chen Sheng-Hung, Liu Cheng-Sheng, Ho Shun-Cheng, Chen Chin-Yi, Lin Cheng-Yu, Chen Chien-Yang	The Bank's donation to Sunny Culture & Education Foundation	Donation to interested parties as regulated in Regulations Governing Procedure for Board of Directors Meetings of Public Companies	Discussion and voting avoided
February 6, 2015	The 6 th term & 18 th meeting	Chang Ping-Chung	The Bank and its affiliate Gold Sunny Assets Management Co., Ltd. have signed the Entrusted Construction Agreement	Transaction to interested parties as regulated in Regulations Governing Procedure for Board of Directors Meetings of Public Companies	Discussion and voting avoided
April 14, 2015	The 6 th term & 19 th meeting	Wu Wen-Cheng	Nomination of Independent Directors	Involvement of personal interests	Discussion and voting avoided
April 14, 2015	The 6 th term & 19 th meeting	Chen Sheng-Hung	Credit Granting	Loans to interested parties as regulated in The Banking Act	Discussion and voting avoided
April 28, 2015	The 6 th term & 20 th meeting	Chen Sheng-Hung	Credit Granting	Loans to interested parties as regulated in The Banking Act	Discussion and voting avoided
June 25, 2015	The 7 th term & 3 rd meeting	Chang Shu-Ming, Chang Shu-Hua	In regard to the second batch of distressed debts, the Bank's affiliate Gold Sunny Assets Management Co. Ltd. applied for an extended payment term and The Bank's affiliate Gold Sunny Assets Management Co. Ltd. applied for the purchase of the second batch of distressed debts and supplemented with the contract.	Transaction to interested parties as regulated in Regulations Governing Procedure for Board of Directors Meetings of Public Companies	Discussion and voting avoided
June 25, 2015	The 7 th term & 3 rd meeting	Wu Wen-Cheng, Wu Fu-Kui, Yang Chang-Feng	Honorarium for Independent Directors to participate in Audit Committee meetings.	Involvement of personal interests	Discussion and voting avoided
June 25, 2015	The 7 th term & 3 rd meeting	Chen Sheng-Hung	Remuneration to the Chairman	Involvement of personal interests	Discussion and voting avoided
June 25, 2015	The 7 th term & 3 rd meeting	Chen Sheng-Hung	Amendment to the Bank's Regulations Governing the Distribution of Performance Bond and Regulations Governing the Performance Assessment, Awards and Rewards.	Amendment to regulations of issuing awards	Discussion and voting avoided
December 15, 2015	The 7 th term & 6 th meeting	Chang Shu-Ming, Chang Shu-Hua	Credit Granting	Loans to interested parties as regulated in The Banking Act	Discussion and voting avoided
December 15, 2015	The 7 th term & 6 th meeting	Chen Sheng-Hung	Credit Granting	Loans to interested parties as regulated in The Banking Act	Discussion and voting avoided

3. Goals of enhancing the function of Board of Directors of the year and the most recent year (such as establishing the Audit Committee to enhance the transparency of information) and an implementation assessment: The Audit Committee was established on June 15, 2015.

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(2) Operations of Audit Committee or Supervisors' Participation of Board of Directors Meeting.

1. The 6th Board of Directors held 3 meetings (from January 1 to June 14, 2015). The attendance of supervisors is as follows:

Title	Name	Attendance (Presence) in Person	Attendance (Presence) Rate (%)	Remarks
Managing Supervisor	Chang, Wu-Ping	3	100	None
Supervisor	Wu, Hsi-Hui	0	0	None
Supervisor	Tsai, Wen-Hsiung	3	100	None
Supervisor	Lin, Chin-Lung	3	100	None
Supervisor	Hsu, Wen-Tung	3	100	None

2. The 1st Audit Committee 5 meetings (from June 15 to December 31, 2015). The attendance of Independence Managing Directors is as follows:

Title	Name	Attendance (Presence) in Person	Attendance by Proxy	Attendance (Presence) Rate (%)	Remarks
Independent Managing Director	Wu, Wen-Cheng	5	0	100	None
Independent Director	Wu, Fu-Kui	5	0	100	None
Independent Director	Yang, Chang-Feng	5	0	100	None

Other Noticeable Particulars:

1. In regard to items listed in Article 14-5 of Securities and Exchange Act or a resolution of Board of Directors (shall be agreed by more than two third of Directors) that is rejected by the Audit Committee, it is a must to specify the date of Board of Directors meeting, term of Board of Directors, resolution, opinion of the Audit Committee and the Company's response.

Date	Term / No. of Meeting	Resolution	Resolution of the Audit Committee	The Company's Response towards the Opinion of Audit Committee
June 25, 2015	The 7 th term & 3 rd meeting	Remunerations to the 7 th Board of Directors	No resolution is made due to interest avoidance of participated Independent Directors. A resolution shall be reported to and made by the Board of Directors.	None
June 25, 2015	The 7 th term & 3 rd meeting	Honorarium for Independent Directors to participate in Audit Committee	No resolution is made due to interest avoidance of participated Independent Directors. A resolution shall be reported to and made by the Board of Directors.	None

2. In regard to the execution of Independent Directors' interest avoidance of any involving resolution, Directors' names, resolution content, reasons for interest avoidance and the voting participation should be included:

Date	Term / No. of Meeting	Name of Directors	Resolution	Reasons for Interest Avoidance	Voting Participation
June 25, 2015	The 1 st term & 2 nd meeting	Wu, Wen-Cheng, Wu, Fu-Kui, Yang, Chang-Feng	Remunerations to the 7 th Board of Directors	Involvement of personal interests	Discussion and voting avoided
June 25, 2015	The 1 st term & 2 nd meeting	Wu, Wen-Cheng, Wu, Fu-Kui, Yang, Chang-Feng	Honorarium for Independent Directors to participate in Audit Committee	Involvement of personal interests	Discussion and voting avoided

(3) 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>

(4) Execution of Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for The Banking Industry”:

Evaluation Items	Execution (Note 1)			Discrepancy with Bank Industry's Corporate Governance Principles and Reasons
	Yes	No	Interpretations	
1. Ownership Structure and Shareholders' Equity				
(1) Does the Bank implement a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations and if relevant procedures are conducted accordingly?	√		(1) Stocks Affairs Section is set up under Administration Department for shareholders' related affairs. Communication channel is smooth.	No Discrepancy
(2) Does the Bank keep track on the major shareholders and their ultimate controller?	√		(2) Stock Services Section under the Administration Department is in charge of monitoring shareholding of shareholders.	
(3) Does the Bank set up a firewall and risk control mechanism to reduce risks involved in operations with its affiliates?	√		(3) Affiliated relevant affairs are conducted according to The Banking Act, regulations of the competent authority and the Bank's internal management rules	
2. Organization and Responsibilities of the Board of Directors				
(1) Apart from the Remuneration Committee and Audit Committee, does the Bank voluntarily set up other functional committees?		√	(1) The Bank has, on April 14 of 2015, established Audit Committee and stipulated Regulations Governing the Audit Committee. The Committee is formed by all Independent Directors. The Bank also stipulated regulations governing employee remunerations, rewards and awards. It is planned to set up Remuneration Committee.	No Discrepancy
(2) Does the Bank periodically evaluate the independence of CPAs?	√		(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.	
3. Does the Bank establish communication channels with interested parties?	√		Smooth communication channels have been established as regulated.	No Discrepancy
4. Disclosure of Information				
(1) Does the Bank set up website to disclose financial and corporate governance relevant information?	√		(1) The Bank website: http://www.sunnybank.com.tw , which discloses financial status and corporate governance information.	No Discrepancy
(2) Does the Bank have other information disclosure channels (such as establishing the English website, appointing a personnel to collect and disclose the Bank's information, implementing spokesman's system and placing information of the investor conference on the Bank's website)	√		(2) The Bank has appointed personnel to collect and disclose the Bank's information. It also established spokesman's system.	

III. Corporate Governance Report

Evaluation Items	Execution (Note 1)			Discrepancy with Bank Industry's Corporate Governance Principles and Reasons
	Yes	No	Interpretations	
5. Does the Bank have other relevant information that facilitate the Bank's corporate governance practices (including but not limited to employees' rights and interests, cares to employees, investor relations, rights and benefits of interested parties, continuous education of Directors and Supervisors, implementation of risk management policy and risk evaluation standards, liability insurances purchased by the Bank for Directors and Supervisors, and donations to political parties, stakeholders and public welfare groups)	√		<p>1. Employees' rights and interests:</p> <p>(1) Employees are provided with labor insurance, health insurance and group insurance.</p> <p>(2) Meetings are held on a regular basis between employers and employees to maintain an open channel of communications.</p> <p>(3) Work principles are established and modified according to the changes in laws, labor agreement or management system; work principles are provided at the Bank's internal website for employees' access after submitted to the bureaus of labor affairs of Taipei City governments.</p> <p>2. Cares to employees:</p> <p>(1) Free physical checkups for employees on a regular basis.</p> <p>(2) "Employee Welfare Committee" is established as legally required in order to provide employee welfare; such as birthday gift bonus, bonus for Chinese Lunar New Year, Dragon Boat Festival and Moon Festival and subsidies for weddings, funerals, emergencies, accidents, and club activities.</p> <p>3. Continuous education of Directors and Supervisors: the Bank continues to keep the Directors and Supervisors updated with amendment to regulations of corporate governance and helps Directors and Supervisors arranging education courses.</p> <p>4. Risk management policy and risk measurement standard execution: The Bank has established Trust Department, Risk Management Department and Debt Management Department to proceed with load review on loan cases, including country risk, market risk, operational risk, and credit risk as well as debt collection and management to perform conscientious and complete risk management. Besides, the Bank has standardized operating procedures to prevent operational risks and conducted internal audit for implementation results.</p> <p>5. Client policy execution: the Bank has established customer service center to provide consultation services. It also set up client complaint channels to respond to customers' needs and to maintain their rights and benefits.</p> <p>6. Liability insurance on for Directors and Supervisors: the Bank has not purchased liability insurance for directors and supervisors.</p> <p>7. Donations to political parties, stakeholders and charity groups: The Bank has stipulated "Regulations Governing Donation Outlay" to regulate donations to political parties, stakeholders and charity groups. Please refer to "(6) Performance of social responsibilities" for details</p>	No Discrepancy

Evaluation Items	Execution Status (Note 1)			Discrepancy with Bank Industry's Corporate Governance Principles and Reasons
	Yes	No	Interpretations	
6. Does the Bank have corporate governance report or does it entrust other professional institution to make the said report? (If any, please specify opinions of the Board of Directors, results of the self / outsourced governance evaluation, main deficiency and improvements) (Note 2)		√	The Bank has not conducted corporate governance reports or entrusted other professional institutions to make the said report.	No Discrepancy

Note 1: Whether "Yes" or "No" has been ticked the field "Execution", it is a must to make descriptions in the field of "Interpretation".

Note 2: The term "corporate governance report" refers to an evaluation conducted by the Company itself. The said report shall describe the operation and execution of the Company operations according to its corporate governance items with details.

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



(6) Performance of social responsibilities:

Evaluation Items	Execution Status (Note 1)			Discrepancy with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons (Note 3)
	Yes	No	Interpretations	
1. Implementation of Corporate Governance				
(1) Does the Bank stipulate corporate social responsibility policy or system as well as the review mechanism for discussing relevant performances?	√		(1) The Bank conducts donation relevant affairs according to "Regulations Governing Donation Outlays"	Not a listed or OTC bank, no need to fill this field.
(2) Does the Bank hold regular trainings in regard to corporate social responsibilities?	√		(2) The Bank holds relevant educational trainings on a regular basis	
(3) Does the Bank set up a dedicated (or part-time) department promoting corporate social responsibility, and such department is established upon the authorization of high-level management is and shall report to Board of Directors)		√	(3) The Bank has not yet established a dedicated (or part-time) department promoting corporate social responsibilities. However, the Bank's Directors do participate in relevant training classes and are informed with propagations of relevant policies and order.	
(4) Does the Bank stipulate reasonable remuneration policies and combine the employee performance evaluation system with its corporate social responsibility policies to set up a specific and effective merit and demerits systems?		√	(4) The Bank has set regulations governing employee remunerations and rewards. At the moment, the employee performance evaluation system is not combined with the Bank's corporate social responsibility policies.	
2. Development of a Sustainable Environment				
(1) Does the Bank commits to enhance the use of all types of resources and to use recycled materials that lower impacts to the environment?	√		(1) Single-sided paper recycling boxes are set up in copy rooms to encourage double-sided copies and save paper.	Not a listed or OTC bank, no need to fill this field.
(2) Does the Bank build an appropriate environmental management system according to the industry's characteristics?	√		(2) Regulations of use are established in the offices and activity areas. In addition to no smoking, the indoor temperature is set at 27°C to save air-conditioning; at the same time garbage sorting and reduction are enforced.	
(3) Does the Bank pay attention to climate changes that cause impacts to its operations, examine greenhouse gases, and develop carbon emission and greenhouse gas reduction strategies?	√		(3) The Bank has gradually installed the T5 energy saving lamp to achieve carbon reduction.	

Evaluation Items	Execution Status (Note 1)			Discrepancy with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons (Note 3)
	Yes	No	Interpretations	
3. Maintenance of Social Welfare				
(1) Does the Bank follow relevant regulations and international convention on human rights to stipulate relevant management policies and procedures?	√		(1) Work principles are established and modified according to the changes in laws, labor agreement or management system; work principles are provided at the Bank's internal website for employees' access after submitted to the bureaus of labor affairs of Taipei City governments.	Not a listed or OTC bank, no need to fill this field.
(2) Does the Bank establish a compliant mechanism and channel for employees and have them well handled?	√		(2) The Bank has established complaint hotline and channel for employees and have handled relevant operations according to the mechanism.	
(3) Does the Bank provide employees a safe and healthy working environment, and provide safety and health education to its employees on a regular basis?	√		(3) To prevent vocational disasters effectively and to protect employees' safety and health, "Safety and Health Work Rules" is stipulated to ensure the environment safety and health of employees.	
(4) Does the Bank establish a mechanism for regular communications with its employees and inform its employees, in appropriate ways, operational changes that may cause a critical influence to them?	√		(4) The Bank holds regular labor-management meetings to maintain a smooth communications channel and to announce important operation policies through Bank news, weekly seminars, instant document system and so on.	
(5) Does the Bank build an effective vocational training plan for its employee?	√		(5) The Bank launches training programs for reserved managers on a regular basis.	
(6) Does the Bank develop consumer rights policies and complaint procedures in regard to its research and development, purchasing, operational and service procedures?	√		(6) To do our best to protect customers' rights and benefits, the Bank has stipulated relevant regulations according to regulations stipulated by the competent authority and to make amendments according to relevant regulations. To properly handle customers' complaints, the "Regulations Governing Customer Complaints" are stipulated accordingly.	
(7) Does the Bank follow relevant regulations and international standards for marketing activities and marks of its products and service?	√		(7) The Bank has stipulated "Operating Procedures for Advertising, Business Solicitation and Sales Promotion Activities in Regard to the Principal of Financial Products and Services" to regulate advertisement, business solicitation and sales promotions to ensure financial customers' rights and benefits.	
(8) Before forming a partnership with its suppliers, does the Bank evaluate the suppliers' past experience to ensure that it has not made any influence to the environment and society?		√	(8) Before forming a partnership, the Bank always evaluates suppliers' past to ensure there is no bad record.	
(9) Do the Bank's contracts with major suppliers include terms and conditions of terminating or rescinding the contract at any time if the suppliers violate its corporate social responsibility policies and such violation creates predominate influence to the environment and society?		√	(9) Will follow legal regulations to implement corporate governance schedule and regulations and to make amendment to its contracts with major suppliers.	

III. Corporate Governance Report

Evaluation Items	Execution Status (Note 1)			Discrepancy with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons (Note 3)
	Yes	No	Interpretations	
4. Enhancement of information disclosure: Does the Bank disclose important and reliable information in regard to corporate social responsibility on its website and public information observation station?	√		The Bank releases information related to its execution of holding corporate social responsibility relevant activities on printed media.	Not a listed or OTC bank, no need to fill this field.
5. Where the Bank has stipulated corporate social responsibility principles according to "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please specify its operations and discrepancy with the Best Practice Principles: The Bank is not a listed or OTC bank and no corporate social responsibility principles are stipulated.				
6. Other important information that helps to understand operations of corporate social responsibility:				
(1) Upholding its philosophy of making contributions to the society, the Bank has been proactively played its role as an "enterprise citizen" by participating public welfare activities to fulfill its social responsibility. The Bank has, for four consecutive years, held "Dreams Come True Program for Children in Remote Areas" by providing materials to 1,000 children. Their love and warmth have encouraged these children and made them brave to realize their dreams.				
(2) The Bank donated NT\$1,500,000 to Sunny Culture & Education Foundation to support the Foundation in promoting all types of public welfare activities.				
7. Please make specifications if the Bank's corporate social responsibility report has passed examination of relevant institution: None				

Note 1: Whether "Yes" or "No" has been ticked the field "Execution", it is a must to make descriptions in the field of "Interpretation".

Note 2: Where the Bank has already complied the corporate social responsibility report, the interpretation shall note the method of checking corporate social responsibility report and to replace it with index page.

Note 3: Non-listed banks do not need to fill the field "Discrepancy with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons"

(7) Implement integrity of operation and measures adopted

Evaluation Items	Execution Status (Note 1)			Discrepancy with Business Integrity Policy for TWSE/GTSM Listed Companies and Reasons (Note 2)
	Yes	No	Interpretations	
1. Establishment of Policy and Scheme of Business Integrity				
(1) Does the Bank, in its scheme and public documents, include business integrity policy, methods and commitment of Board of Directors and management level in regard to an proactive implementation of the integrity policy?		√	(1) The Bank has not yet stipulated business integrity policy. The Bank will follow legal regulations to conduct the corporate governance schedule according to relevant regulations and implement measures related to business integrity.	Not a listed or OTC bank, no need to fill this field.
(2) Does the Bank develop and realize schemes of preventing actions violating business integrity and specify operating procedures, guidelines, punishments and appeal system in each scheme?	√		(2) The Bank has stipulated work principles for employees to prevent actions that violate business integrity. It has also installed a stakeholder query system to ensure that stakeholders' conditions are not better than other parties of the same category while conducting trading activities. Besides, it is also specified that important financial transactions related to stakeholders shall be reported to the Board of Directors for approval. In regard to pre-job trainings, specialists are also appointed to teach new employees professional ethics, principles of good faith and relevant internal and external regulations to prevent dishonest actions.	
(3) Does the Bank conduct any preventive measures in regard to dishonest and risky operations as stated in Paragraph 2 of Article 7 of "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" or other those in ranges of other operations?	√		(3) The Bank's Employee Work Principles have specified that employees shall not seek personal interests with their job. Besides, it is also specified in the Bank's "Regulations Governing the Procurement of Devices and Equipment" and "Implementations of Procurement and Expenditures" that every procurement item shall be reported to the authorized level for approval and be complied with relevant regulations and internal operating procedures.	

III. Corporate Governance Report

Evaluation Items	Execution Status (Note 1)			Discrepancy with Business Integrity Policy for TWSE/GTSM Listed Companies and Reasons (Note 2)
	Yes	No	Interpretations	
2. Realization of Honest Business				
(1) In regard to those that the Bank deals transactions with, does the Bank confirm whether they have history of dishonest conducts and specify business integrity relevant terms and conditions in the contract?	√		(1) Suppliers of transaction or purchase are checked using the stakeholder inquiry system if they are stakeholders. Their companies' authenticity is double-checked through Dept. of Commerce, Ministry of Economic Affairs. Suppliers' transaction histories are verified to ensure the business integrity of those whom the Bank does business with.	Not a listed or OTC bank, no need to fill this field.
(2) Does the Bank establish a dedicated (or part-time) department promoting corporate integrity, and such department will be directly controlled by Board of Directors and report to Directors on a regular basis?		√	(2) The Bank has not yet established a dedicated (or part-time) department promoting corporate integrity, and such department will be developed according to applicable laws and the Bank's governance progress.	
(3) Does the Bank stipulate policies that prevent conflicts of interests, provide an appropriate channel for declaration, and implement these policies?	√		(3) The Bank's "Regulations Governing the Board of Directors Meetings" already specified regulations governing conflict of interests.	
(4) Does the Bank, for the purpose of implementing business integrity, establish effective accounting system and internal control system, and conduct regular inspections by internal inspection units or through an entrusted CPA?	√		(4) The Bank has rigorous accounting system and dedicated accounting department. The financial statement is reviewed by certified CPA to ensure that the financial information provided is correct. Internal audit system, self-examination system, legal compliance management system and risk management mechanism are established according to relevant regulations.	
(5) Does the Bank hold regular internal and external educational trainings in regard to maintain the business integrity?	√		(5) In regarding to regular employee educational trainings, the Bank has emphasized on corporate ethnics and listed moral characters as criteria of employees' performance evaluation.	
3. Operations of the Bank's Reporting System				
(1) Does the Bank set specific reporting and rewarding systems, establish convenient reporting channel, and appoint personnel to handle reporting relevant affairs?	√		(1) The Bank has a HR review panel and the Department of Auditing Management, as well as an open channel for fault plat reporting and appealing. Also, review meetings are held from time to time on merits and demerits based on the work principles of the Bank.	Not a listed or OTC bank, no need to fill this field.
(2) Does the Bank stipulate investigation operating procedures and relevant confidentiality mechanism in regard to reporting affairs?	√		(2) All the reported incidents are processed according to relevant procedures on the premise of confidentiality.	
(3) Does the Bank adopt measures to protect person who reports the incidents and to avoid the person being improperly affected by the reporting issue?	√		(3) The Bank complies with Labor Standards Act, where Article 74 of the Act has specified that an employer may not discharge, transfer or take any unfavorable measure against the worker who files a complaint according to the preceding paragraph.	

Evaluation Items	Execution Status (Note 1)			Discrepancy with Business Integrity Policy for TWSE/GTSM Listed Companies and Reasons (Note 2)
	Yes	No	Interpretations	
4. Enhancement of Information Disclosure Does the Bank disclose its business integrity policy and performance on its website and public information observation stations?	√		The Bank has disclosed its implementation of business integrity policy on its official website, public information observation station and annual report.	Not a listed or OTC bank, no need to fill this field.
5. Where the Bank has stipulated Business Integrity Policy according to "Business Integrity Policy for TWSE/GTSM Listed Companies", please specify its operations and discrepancy with the Business Integrity Policy for TWSE/GTSM Listed Companies: Not applicable to Sunny Bank as the Bank is not a listed or OTC bank.				
6. Other important information that helps to understand operations of the Bank's business integrity policy (such as the Bank's review or amendment to business integrity policy): The Bank's performance of business integrity policy is recognized by "Stable Finance" Award issued by the Central Deposit Insurance Corporation on April 20, 2015.				

Note 1: Whether "Yes" or "No" has been ticked the field "Execution", it is a must to make descriptions in the field of "Interpretation".

Note 2: Non-listed banks do not need to fill the field "Discrepancy with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons"

(8) The inquiry for corporate governance guidelines and regulations: None

(9) Other important information to help understand corporate governance implementation:

The Company has stipulated "Ethnic Codes for Directors and Managers" according to Paragraph 1 of Article 7 of Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries and such information are disclosed in public information observation station.



(10) Internal control execution discloses the following:

- a. Statement of Internal Control

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

The internal control system of Sunny Bank Co., Ltd. from January 1 of 2015 to December 31 of 2015 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 directors and supervisors regularly (for bank’s securities business. The Bank also determines if the design and implementation of 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

Declarers

Chairman: Chen, Sheng-Hung (with seal & signature)



President: Ding, Wei-Hao (with seal & signature)



General Auditor: Tseng, Yao-Te (with seal & signature)



Compliance Officer of the Head Office: Li, Wen-Kuang (with seal & signature)



The 26th of February, 2016



**Practices to Be Improved and Corrective Procedures in the Internal Control System
December 31, 2013**

Items to be improved	Improvement	Estimated date of improvement
<p>The Financial Supervisory Commission has conducted an IT operations examination (report number 104B032) in 2015 based on principal deficiencies:</p> <p>(1) In regards to the management of information technology provided by employees or supplier instead of the Bank, no recognition mechanism is establish and it can be harmful to the Bank's network safety.</p> <p>(2) The Bank lacks of efficient control towards the storage of big data and access of database. Besides, it is often seen many users sharing one single account.</p> <p>(3) The control of the use of personal computer's USB port is not conscientious enough and the access of sharing folder is not well controlled as well.</p>	<p>The Information Technology Department has, based on inspection feedback listed in the left column, drawn improvement plans including:</p> <p>(1) Private storage cloud (2) IP / MAC management tool (3) Management tool of the highest authority</p>	<p>It is planned to complete the approval for the procurement at the end of March in 2016 and to complete the installation at the end of June in 2016</p>



b. CPA Review 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 2015, and enclose the attached documents 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. It is not for other purposes and shall not be dispatched to other persons.

Deloitte & Touche

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



Date: March 22, 2016



(11) 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: None
2. Fines imposed by the Executive Yuan's Financial Supervisory Committee as a punishment for violating laws and regulations: None
3. Punishments by the Financial Supervisory Committee, Executive Yuan, in relation to Article 61-1 of the Banking Act of The Republic of China: None
4. 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
5. Other items to be disclosed under the instructions of the Financial Supervisory Commission, Executive Yuan: None

(12) Important Resolutions of the General Meeting of Shareholders and the Board of Directors Meeting during 2012 and the period up to the annual report publication date:

1. General Meeting of Shareholders
 - (1) Passed the Bank's 2014 Business Report and Financial Statements.
 - (2) Passed the Bank's 2014 Surplus Distribution Proposal.
 - (3) Passed capital increase of the Bank by earning with new stocks.
 - (4) Passed amendment to partial articles of the Company's "Procedures for Acquisition or Disposal of Assets"; passed abolishment of the Company's "Procedures for Financial Derivatives Transactions".
 - (5) Re-elected the Bank's Directors.
2. Board of Directors
 - (1) Resolution of the 18th board meeting of the 6th Board of Directors held on February 6, 2015:
 - A. Passed the appointment of the Legal Compliance Department Manager of Head Office.
 - B. Passed the capital increase of Sunny International Leasing Co., Ltd..
 - C. Passed the amendment to partial articles of the Company's Procedures for Acquisition or Disposal of Assets; passed abolishment of the Company's Procedures for Financial Derivatives Transactions.
 - D. Passed the stipulation of the Bank's Regulations Governing Financial Derivatives Transactions.
 - E. Passed the amendment to partial articles of the Bank's Regulations Governing Financial Derivatives Transactions.
 - F. Passed the application of Principal Guaranteed Foreign Currency Structured Products connected to Foreign Exchange Option.
 - G. Passed the amendment to the Bank's Accounting System.
 - H. Passed the 2014 Business Report, Individual Financial Statement, the Bank and affiliates' Consolidated Financial Statements.
 - I. Passed the 2014 Surplus Distribution Proposal.
 - J. Passed 2014 Capital Increase by Earning with New Stocks.
 - K. Passed amendment to partial articles of the Bank's Regulations Governing the Nation's Risk Management.
 - L. Passed the evaluation report and business plan for establishing Hong Kong Branch.
 - M. Passed amendment to partial articles of the Bank's Table of Authorized Credit Amount.
 - N. Passed the application of the third party online payment.
 - O. Passed the production of Internal Control System Statements.
 - P. Passed proposal of signing entrusted construction agreement with Gold Sunny Assets Management Co., Ltd..

- Q. Passed amendment to partial articles of the Bank's Standards for Warning Ratio of Capital Adequacy.
- R. Passed the Re-election of Board of Directors at the 2015 general Meeting of Shareholders.
- (2) Resolution of the 19th board meeting of the 6th Board of Directors held on April 14, 2015:
 - A. Passed the issuance of subordinated bank debenture.
 - B. Passed the application of UnionPay card acquirer.
 - C. Passed amendment to partial articles of the Bank's Article of Incorporation.
 - D. Passed the stipulation of the organization of the Bank's Audit Committee.
 - E. Passed amendment to partial articles of the Bank's Regulations Governing the Board of Directors.
 - F. Passed amendment to partial articles of the Bank's Work Principles.
 - G. Passed the nomination of Wu Wen-Cheng, Wu Fu-Kui and Yang Chang-Feng as Independent Directors candidates.
- (3) Resolution of the 20th board meeting of the 6th Board of Directors held on April 28, 2015:
 - A. Passed amendment to partial articles of the Bank's Regulations Governing the Operations of the Issuance of bank debentures.
 - B. Passed amendment to partial articles of the Bank's Regulations Governing the Control of Credit Information Query Operations.
 - C. Passed amendment to partial articles of the Bank's Regulations Governing Investments in Other Enterprise.
 - D. Passed amendment to partial articles of the Bank's Regulations Governing Disposals of Distressed Debts.
- (4) Resolution of the 1st board meeting of the 7th Board of Directors held on June 15, 2015:
 - A. Passed the election of the 7th Board of Directors. Board Director Chen Sheng-Hung, Board Director Chang Wu-Ping, Board Director Liu Cheng-Sheng and Independent Board Director Wu Wen-Cheng were elected (At the first meeting of the 7th Board of Directors held on June 15 of 2015, Directors have elected Board Director Cheng Sheng-Hung as the 7th Chairman of the Bank).
 - B. Passed the election of the Convener of the 1st Audit Committee. The Independent Board Director Wu Wen-Cheng was elected.
- (5) Resolution of the 2nd board meeting of the 7th Board of Directors held on June 15, 2015: Passed the employment of President Ding Wei-Hao, Senior Vice President Ho Kung-Tang, Vice President Chang Chi-Ming, Vice President Chou San-Ho, Vice President Lin Chi-Liang, Vice President Kuo Chih-Hung, General Audit Tseng, Yao-Te and Chief Secretary Wu Jui-Hsiang.
- (6) Resolution of the 3rd board meeting of the 7th Board of Directors held on June 25, 2015:
 - A. Passed the Appointment of Deloitte & Touche for Certification of 2015.
 - B. Passed the signing of derivative transaction agreement with KGI Bank. ISDA 2002 Master Agreement (principal agreement) and ISDA Schedule to the 2002 Master Agreement (additional agreement) were signed.
 - C. Passed amendment to partial articles of the Bank's Regulations Governing Derivatives Transactions.
 - D. Passed amendment to partial articles of the Bank's Regulations Governing the Management of Overseas Securities.
 - E. Passed amendment to partial articles of the Bank's Work Performance Assessment and Merit / Demerit Systems.
 - F. Passed amendment to partial articles of the Bank's Regulations Governing the Distribution of Performance Bond.
- (7) Resolution of the 4th board meeting of the 7th Board of Directors held on August 19, 2015:
 - A. Passed amendment to partial articles of the Bank's Regulations Governing the Disclosure of Important Agreement Content and Possible Risks Before Providing Financial Products or Services.
 - B. Passed amendment to partial articles of the Bank's Regulations Governing Consumer Protection.
 - C. Passed amendment to partial articles of the Bank's Regulations Governing the Remuneration System.
 - D. Passed Regulations Governing the Scope of Duties of Independent Directors.

- E. Passed the Issuance of Non-Maturity Non-Cumulative Subordinated Bank Debentures.
 - F. Passed the Individual Financial Statements and the Consolidated Financial Statements of the first half of 2015.
 - G. Passed amendment to partial articles of the Bank's Regulations Governing Loan Operations and General Trust principles.
 - H. Passed amendment to the Bank's Table of Authorized Credit, Credit Card and Car Loan Amounts.
 - I. Passed amendment to partial articles of the Bank's Regulations Governing the Procedures for Banking Institutions to Deal with Non-performing / Non-accrual Loans.
 - J. Passed amendment to partial articles of the Bank's Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans, Regulations Governing the Negotiation and Authorization of Processing Consumer Debt Clearance Act, and the Regulations Governing Disposals of Distressed Debts.
 - K. Passed the Bank's 2015 Internal Audit in Banks and the Supervisor's Relationship with Auditors.
 - L. Passed amendment to partial articles of the Bank's Legal Compliance System Implementation Rules.
 - M. Passed amendment to partial articles of the Bank's Regulations Governing the Maintenance of Personal Data Security.
 - N. Passed amendment to partial articles of the Bank's Regulations Governing Operations of Derivative Financial Products
 - O. Passed the bank's Internal Control System for Bond Dealing Businesses.
 - P. Passed amendment to partial articles of the Bank's Internal Audit Implementation Rules (Bond Dealing Business of Ministry of Financial Affairs).
 - Q. Passed the Bank's Regulations Governing Self-Assessment.
 - R. Passed the Bank's Regulations Governing Internal Audit.
 - S. Passed amendment to the Bank's Rules Establishing Standards for the Internal Control Systems of Shareholder Services Units.
 - T. Passed the Bank's Internal Implementation Rules for Shareholder Services Units (the Bank's own shareholder services).
 - U. Passed amendment to partial articles of the Bank's Regulations Governing the Employment and Contracted Salary, Regulations Governing Job Rotation and Temporarily Transfer, and Work Performance Assessment and Merit / Demerit Systems.
- (8) Resolution of the 5th board meeting of the 7th Board of Directors held on October 13, 2015:
- A. Passed amendment to partial articles of the Bank's Regulations Governing Trust Operations of International Financial Branch Offices.
 - B. Passed amendment to partial articles of the Bank's Regulations on Disposing Distressed Debts.
 - C. Passed Capital Increase for 2015.
 - D. Passed the stipulation of the Bank's Regulations Governing the Issuance of Foreign-Currency Denominated Negotiable Certificate of Deposit.
 - E. Passed the application of engaging brokering, trading, certification and underwriting bonds within and outside the territory of the Republic of China.
 - F. Passed amendment to partial articles of the Bank's Regulations Governing Employees' Grade and Employee Promotion Assessment Standards
- (9) Resolution of the 6th board meeting of the 7th Board of Directors held on December 15, 2015:
- A. Passed amendment to the Bank's Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Insurance Sector.
 - B. Passed amendment to partial articles of the Bank's Standards for Warning Ratio of Capital Adequacy.
 - C. Passed amendment to partial articles of the Bank's Regulations Governing the Establishment of Risk Management Committee.
 - D. Passed the Application of Business Plan for Mobile Financial Card Services.
 - E. Passed amendment to the Electronic Payment Business Plan.
 - F. Passed amendment to partial articles of the Bank's Articles of Incorporation.
 - G. Passed Stipulation of the Bank's 2016 Budget Report and Business Plan.

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- H. Passed stipulation of the Bank's 2016 Audit Plan.
- I. Passed stipulation of the Financial Department's 2016 Bond Dealer Audit Plan.
- J. Passed amendment to partial articles of the Bank's Regulations Governing Operations of Derivative Financial Products.
- K. Passed amendment to partial articles of the Bank's Foreign Exchange Fund Management and Operational Procedures.
- L. Passed amendment to partial articles of the Bank's Operational Procedures for Stock Trading and Beneficiary Certificate.
- M. Passed amendment to partial articles of the Bank's Regulations Governing the Investment of Negotiable Securities.
- N. Passed the Stipulation of the Bank's Regulations Governing the Application of External Inspection Report.
- O. Passed amendment to partial articles of the Bank's Board of Directors Meeting Rules.
- P. Passed amendment to partial articles of the Bank's Ethnic Codes for Directors and Managers.
- Q. Passed the stipulation of Regulations Governing the Markup of Interest Rate for All Types of Credit Products in 2016.
- R. Passed amendment to partial articles of the Bank's Regulations Governing the Markup of Interest Rate for Credit Products
- S. Passed Additional Credit Limit for High-Risk Industries in Mainland China.

(13) The major content of record of written statements for any dissenting opinions from directors or supervisors regarding important resolutions of the Board in the most recent fiscal year before publishing the annual report: None

(14) The summary of resignation and discharging of people related to the Financial Report (including Chairman, President, Accounting Supervisors and Auditing Supervisors) in the most recent fiscal year before publishing the annual report:

Position	Name	Date of Arrival	Date of Dismissal	Reasons for Resignation or Dismissal
Chairman	Lin, Peng-Lang	July 1, 2009	June 15, 2015	Personal factors

Note: Bank relevant personnel refer to the Chairman, President, Finance Manager, Accounting Manager, Interior Audit Manager and so on.



5. CPA Fees

Information of CPA Fees

C.P.A. Office	C.P.A. Name		Auditing Period	Remark
Deloitte & Touche	Chen, Chieh-Chung	Wu, I-Chun	2015	None

Note: Where there is any change in CPA or CPA office during the year, it is a must to list their examination periods separately and to note down the reasons of changing CPA or CPA office in Remarks

Unit: NT\$ 1,000

Amount	Item	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			

CPA Firm	Name of CPA	Audit Fee	Non-audit Fee					CPA Audit Period	Remarks
			System Design	Company Registration	Human Resources	Others	Subtotal		
Deloitte & Touche	Chen, Chieh-Chung Wu, I-Chun	\$2,133	---	---	---	\$867	\$867	2015	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 client over NT\$ 50 million, FATCA compliance services and reimbursement.

Note 1: Where there is any change in CPA or CPA office during the year, it is a must to list their examination periods separately and to note down the reasons of changing CPA or CPA office in Remarks. Information on the payment of audit and non-audit fees shall also be disclosed accordingly.

Note 2: Non-audit fees shall be listed according to services items. If the "Others" of the non-audit fee is more than 24% of the total amount of audit fees, it is a must to specify the service content in Remarks.

6. Alternation of CPA

- (1) Information about previous CPA: None
- (2) Information about the succeeding CPA: None
- (3) Feedback of the former CPA in regard to matters regulated in Subparagraph 1 and 2-3 of Paragraph 6 of Article 10 of Criteria Governing Information to be Published in Annual Reports of Banks: None.

7. The Bank's Chairman, President, and Financial or Accounting Managers, who ever served in CPA or Affiliated Associated Business in the Most Recent Years: None



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

(1) Changes of Shareholding

Title	Name	2015		Until February 29 of the Year	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Managing Director	Liu, Cheng-Sheng	312,322	---	---	---
Managing Director	Chang, Wu-Ping	404,267	---	---	---
Director	Ho, Shun-Cheng	289,725	---	---	---
Director	Hsieh, Yi-Tung	100,955	---	---	---
Director	Tsai, Wen-Hsiung	692,145	---	---	---
Director	Chang, Shu-Hua	81	---	---	---
Director	Chang, Shu-Ming	398	---	---	---
Director	Fu Li Yang Investment Co., Ltd.	9,874,934	---	---	---
Director	Chen, Chin-Chia	108,552	---	---	---
Institutional Shareholder Representative	Chen, Sheng-Hung (Note 3)	448,025	---	---	---
Institutional Shareholder Representative	Lin, Chin-Lung (Note 3)	136,935	---	---	---
President	Ding, Wei-Hao	65,507	---	---	---
Senior Vice President	Ho, Kung-Tang	1,944	---	---	---
Vice President	Chang, Chi-Ming	35,328	---	---	---
Vice President	Kuo, Chih-Hung	23,453	---	---	---
Vice President	Chen, Yang-Yu	3,411	---	---	---
General Auditor	Tseng, Yao-Te	27,366	---	---	---
Legal Compliance Department Manager of Head Office	Li Wen-Kuang	22,047	---	---	---
Chief Secretary	Wu, Jui-Hsiang	31,476	---	---	---
Executive Assistant Vice President	Chen, Cheng-Feng	33,024	---	---	---
Executive Assistant Vice President	Lu, Kun-Fa	47,284	---	---	---
Executive Assistant Vice President	Huang, Yen-Chun	24,715	---	---	---
Executive Assistant Vice President	Li, Yu-Sheng	23,287	---	---	---
Executive Assistant Vice President	Wang, Ya-Hsun	34,815	---	---	---
Executive Assistant Vice President	Wang, Chien-Yi	18,527	---	---	---
Executive Assistant Vice President	Liu, Ming-Chieh	38,247	---	---	---

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Title	Name	2015		Until February 29 of the Year	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Executive Assistant Vice President	Chen, I-Huan	30,874	---	---	---
Executive Assistant Vice President	Liu, Yen-Hsing	5,258	---	---	---
Executive Assistant Vice President	Yu, Shih-Jung	4,367	---	---	---
Executive Assistant Vice President	Hsieh, Yi-Tung (Note 4)	100,955	---	---	---
Executive Assistant Vice President	Huang, Hsien-Chang	14,522	---	---	---
Executive Assistant Vice President	Sung, Ping-Ping	9,562	---	---	---
Executive Assistant Vice President	Lee, Ching-Cheng	17,786	---	---	---
Executive Assistant Vice President	Chen, Hui-Ling (Note 4)	67,208	---	---	---
Executive Assistant Vice President	Kuo, Cheng-Hung	14,669	---	---	---
Executive Assistant Vice President	Kan, Wu-Cheng	16,805	---	---	---
Executive Assistant Vice President	Chu, Chia-Lung	18,492	---	---	---
Executive Assistant Vice President	Lu, Sheng-Yu	20,171	---	---	---
Executive Assistant Vice President	Wang, Lien-Ta	15,164	---	---	---
Manager	Chao, Hui-Chen	102,102	---	---	---
Manager	Yang, Lien-Tse	23,850	---	---	---
Manager	Chen, Ya-I	615,911	---	---	---
Manager	Ho, Li-Wei	160,786	---	---	---
Manager	Liu, Tsung-Hsiun (Note 4)	3,717	---	---	---
Manager	Cheng, Yen-Ching	0	---	---	---
Manager	Kuo, Su-Chu	24,442	---	---	---
Manager	Chen, Chi-Chuan (Note 1)	28,953	---	---	---
Manager	Hu, Chi-Min	7,890	---	---	---
Manager	Chen, Yao-Wen	(43,996)	---	---	---
Manager	Lo, Chun-Ju	10,725	---	---	---
Manager	Li, Tai-Ju	11,209	---	---	---
Manager	Lin, Kuo-Hung	11,374	---	---	---
Manager	Lung, Wan-Li	15,205	---	---	---
Manager	Shen, Yu-Hsing	13,295	---	---	---
Manager	Chang, Ming-Tsan	12,061	---	---	---
Manager	Chen, Cheng-Ting	17,952	---	---	---
Manager	Liu, Hung-Chi	12,005	---	---	---
Manager	Chen, Kuo-Chuan	9,306	---	---	---
Manager	Liu, Ming-Che	79,490	---	---	---



Title	Name	2015		Until February 29 of the Year	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Manager	Chen, Hsien-Chun	14,418	---	---	---
Manager	Chuang, Yung-Fu	7,377	---	---	---
Manager	Chen, Chih-Hao	10,670	---	---	---
Manager	Chiang, Tung-Sheng	12,397	---	---	---
Manager	Ho, Chun-Liang	16,467	---	---	---
Manager	Huang, Chi-Wei (Note 1)	17,610	---	---	---
Manager	Hu, Chun-Wei	17,966	---	---	---
Manager	Li, Chun-Che	6,897	---	---	---
Manager	Huang, Hsin-Fa	6,513	---	---	---
Manager	Wei, Chun-Chih	28,735	---	---	---
Manager	Yang, Yi-Chen	(7,767)	---	---	---
Manager	Tsai, Chien-Li (Note 1)	18,268	---	---	---
Manager	Liu, Yi-Fang	12,842	---	---	---
Manager	Li, Ting-Tung	31,619	---	---	---
Manager	Hsieh, Yeh-Hsiang (Note 1)	7,949	---	---	---
Manager	Shih, Bo-Fu	3,422	---	---	---
Manager	Lin, Yung-Chen	3,760	---	---	---
Manager	Ku, Tien-Chieh	31,499	---	---	---
Manager	Hsieh, Tsung-Yu	9,329	---	---	---
Manager	Li, Hsu-Chang	12,205	---	---	---
Manager	Liu, Kuo-Yin	29,068	---	---	---
Manager	Juan, Chien-Chung	23,288	---	---	---
Manager	Hsu, Sheng-Pin	0	---	---	---
Manager	Hsu, Pao-Yuan	20,029	---	---	---
Manager	Tsai, Wei-Yung	13,120	---	---	---
Manager	Yang, Pao-Kuei	16,649	---	---	---
Manager	Yang, Ying-Chung	14,694	---	---	---
Manager	Chen, Chu-Wen (Note 1)	12,161	---	---	---
Manager	Tseng, Chien-Chia	21,605	---	---	---
Manager	Cheng, Yuen-Teh	14,547	---	---	---
Manager	Tu, Yung-Yen	7,143	---	---	---



III. Corporate Governance Report

Title	Name	2015		Until February 29 of the Year	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Manager	Wu, Sheng-Yi	14,780	---	---	---
Manager	Chien, Shih-Yao	7,285	---	---	---
Manager	Chiu, Chih-Wei	17,088	---	---	---
Manager	Huang, Cheng-Chin	2,802	---	---	---
Manager	Huang, Chien-Chih	15,662	---	---	---
Manager	Huang, Shou-Wen	14,978	---	---	---
Manager	Chiu, Ming-Hua (Note 1)	(34,184)	---	---	---
Manager	Liu, Min-Hsiang	10,559	---	---	---
Manager	Chen, Ming-Yueh	10,261	---	---	---
Manager	Tsuei, Ching-Chih	4,080	---	---	---
Manager	Hsu, Chen-Huang	1,787	---	---	---
Manager	Pan, Cheng-Jen	37,178	---	---	---
Manager	Lu, Han-Kun	20,194	---	---	---
Manager	Chao, Yu-Chin	104,722	---	---	---
Manager	Li, Chun-Yu	11,750	---	498	---
Manager	Chung, Min-Yuan	15,737	---	---	---
Manager	Hung, Chien-Ming	13,509	---	---	---
Manager	Hsu, Chin-Ken	16,377	---	---	---
Manager	Hung, Jung-Tsung	17,079	---	---	---
Manager	Wu, Pi-Chu	7,601	---	---	---
Manager	Chung, Shu-Jung (Note 1)	14,997	---	---	---
Manager	Cheng, Yu-Chao	2,000	---	---	---
Manager	Shih, Yung-Hsiang	16,234	---	---	---
Manager	Wang, Wei-Kuan	11,739	---	---	---
Manager	Kou, Chien-Yun	4,071	---	---	---
Manager	Wang, Chien-Chung (Note 1)	5,705	---	---	---
Manager	Kuo, Mao-Chien	4,870	---	---	---
Manager	Pang, Chih-Wen	19,450	---	---	---
Manager	Chang, Yung-Ming	11,393	---	---	---
Manager	Ken, Yu-Chuan	7,231	---	---	---
Manager	Wu, Jung-Chi	13,624	---	---	---



Title	Name	2015		Until February 29 of the Year	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Manager	Chen, Cheng-Yi (Note 1)	12,566	---	---	---
Manager	Pan, Kuang-Chu	12,326	---	---	---
Manager	Chen, Yi Hsiu	13,185	---	---	---
Manager	Tseng, Chieh-Chang	6,033	---	---	---
Manager	Lin, Chih-Chiang	23,022	---	---	---
Manager	Chou, Chih-Wei	11,861	---	---	---
Manager	Chou, Pai-Cheng	14,523	---	---	---
Manager	Su, Po-Nien	10,380	---	---	---
Manager	Pan, Lien-Huang	10,130	---	---	---
Manager	Li, Tsung-Yen	11,643	---	---	---
Manager	Chen, Shi-Ming	1,200	---	---	---
Manager	Chen, Nien-Hui	16,271	---	---	---
Manager	Kao, Chih-Li	41,116	---	---	---
Manager	Chang, Hsueh-Fang	9,380	---	---	---
Manager	Lin, Yu-Chin	10,005	---	---	---
Manager	Fu, Chien-Hua	9,895	---	---	---
Manager	Tseng, Yin-Shih	6,637	---	---	---
Manager	Chen, Shu-Ching (Note 2)	34,374	---	---	---
Manager	Chu, Shu-Chun (Note 2)	6,239	---	---	---
Manager	Chung, Ling-Ling (Note 2)	6,094	---	---	---
Manager	Mo, I-Fan (Note 2)	2,651	---	---	---
Manager	Chu, Chun-Feng (Note 2)	9,377	---	---	---
Manager	Yang, Chin-Ping (Note 2)	10,375	---	---	---
Manager	Lu, Tung-Sheng (Note 2)	(11,082)	---	---	---
Manager	Chen, Li-Na (Note 2)	4,417	---	---	---
Manager	Hsu, Ta-Kuang (Note 2)	10,794	---	---	---



III. Corporate Governance Report

Title	Name	2015		Until February 29 of the Year	
		Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares	Increase/ Decrease of shareholdings	Increase/ Decrease of pledged shares
Manager	Chien, Chuan-Jen (Note 2)	202	---	---	---
Manager	Chen, Po-Chih (Note 2)	0	---	---	---
Sunny Culture & Education Foundation (Note 5)		783,218	---	---	---
Chuan Yang Constructions Co., Ltd. (Note 5)		4,345,801	---	---	---
Fu Li Yang Investment Co., Ltd. (Note 5)		9,874,934	---	---	---
Po Yun Enterprise Co., Ltd. (Note 5)		263,723	---	---	---
Hsueh, Ling (Note 5)		201,717	---	---	---
Chen, Chin-Liang (Note 5)		12,401	---	---	---
Chen, Chin-Chung (Note 5)		15,173	---	---	---
Chen, Chin-Fu (Note 5)		88	---	---	---
Chen, Li-Fen (Note 5)		4,576	---	---	---
Hsueh, Tsung-Tai (Note 5)		137	---	---	---
Ho, Li-Wei (Note 5)		160,786	---	---	---
Chen, Ya-I (Note 5)		615,911	---	---	---
Ho, Chih-Wei (Note 5)		10,751	---	---	---
Chen, Pei-Yu (Note 5)		447,338	---	---	---
Chen, Yu-Li (Note 5)		13,428	---	---	---

Note 1: Manager Chen Chie-Chung resigned on January 20, 2016; Manager Wang Chien-Chung resigned on January 21, 2016; Manager Huang Chi-Wei resigned on January 21, 2016; Manager Chung Hsu-Jung resigned on January 21, 2016; Manager Tsai Chien-Li resigned on January 21, 2016; Manager Chen Chu-Wen resigned on January 21, 2016; Manager Chiu Ming-Hua resigned on February 29, 2016; Manager Hsieh Yeh-Hsiang resigned on February 29, 2016.

Note 2: Manager Chen Shu-Ching took over the office on January 21, 2016; Manager Chu Shu-Chun took over the office on January 21, 2016; Manager Chung Ling-Ling took over the office on January 21, 2016; Manager Mo I-Fan took over the office on January 21, 2016; Manager Chu Chun-Feng took over the office on January 21, 2016; Manager Yang Chin-Ping took over the office on January 21, 2016; Manager Lu Tung-Sheng took over the office on January 21, 2016; Manager Chen Li-Ching took over the office on January 21, 2016; Manager Hsu Ta-Kuang took over the office on January 21, 2016; Manager Chien Chuan-Jen took over the office on January 21, 2016; Manager Chen Po-Chih took over the office on February 1, 2016.

Note 3: Representatives of the Institutional Shareholder Fu Li Yang Investment Co., Ltd. are Chen Sheng-Hung and Lin Chin-Lung.

Note 4: Board Director Hsieh Yi-Tung is also the Executive Vice President; Manager Chen Hui-Ling is also the Manager of Finance Department; Manager Liu Tsung-Hsiun is also the Manager of Accounting Department.

Note 5: It is a must to file according to Article 11 of Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank

(2) Transfer of shareholdings: None

(3) Pledge of shareholdings: None



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

As of December 31, 2015
Unit: Share, %

Name (Note 1)	Shareholding		Shareholding by Spouse and Minors		Shareholding entitled to other name		10 largest shareholders and related parties as defined under the Statement of Financial Accounting Standards No. 6 (Note 3)		Remark
	Share	% (Note 2)	Share	% (Note 2)	Share	% (Note 2)	Title or Name	Relationship (Note 2)	
Fu Li Yang Investment Co., Ltd.	155,659,813	8.93	---	---	---	---	---	---	---
Institutional Shareholder Representative of Fu Li Yang Investment Co., Ltd.: Chen, Sheng-Hung	7,915,112	0.45	3,563,678	0.20	---	---	Sunny Culture & Education Foundation	Controlled by the same person	---
Institutional Shareholder Representative of Fu Li Yang Investment Co., Ltd.	1,623,479	0.09	1,430,838	0.08	---	---	---	---	---
Chuan Yang Construction Co., Ltd.	76,775,833	4.40	---	---	---	---	---	---	---
Hai Wang Printing Co., Ltd.	74,258,839	4.26	---	---	---	---	Jin Chen Investment Co., Ltd.	Controlled by the same person	---
The First Insurance Co., Ltd.	67,495,961	3.87	---	---	---	---	---	---	---
Sheng Yang Construction Co., Ltd.	46,401,930	2.66	---	---	---	---	---	---	---
Farglory Life Insurance Co., Ltd.	37,866,563	2.17	---	---	---	---	---	---	---
Jin Chen Investment Co., Ltd.	17,872,939	1.03	---	---	---	---	Hai Wang Printing Co., Ltd.	Controlled by the same person	---
Hua Wei Investment Co., Ltd.	15,480,240	0.89	---	---	---	---	---	---	---
Sunny Culture & Education Foundation	12,912,642	0.74	---	---	---	---	Fu Li Yang Investment Co.	Controlled by the same person	---
TransGlobe Life Insurance Inc.	12,237,784	0.70	---	---	---	---	---	---	---

Note 1: Top 10 Shareholders shall be listed and institutional shareholders shall have their names and representative 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: Regarding shareholders disclosed in the list (including natural and legal persons), their relationship between one another shall be revealed according to the Regulations Governing the Preparation of Financial Reports by Public Banks.

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

As of December 31, 2012
Unit: Share, %

1 Invested Enterprises (Note)	The Bank's Investment		The Investment Affiliate Directly or Indirectly Controlled and by the Bank, its Directors, Supervisors, President, Vice Presidents, Executive Vice Presidents, the Heads of Departments and Branches		Omnibus Investment	
	Share	%	Share	%	Share	%
Sunny Securities Co., Ltd.	49,554,943	98.72	645,057	1.28	50,200,000	100.00
Sunny Life Insurance Brokerage Co., Ltd.	2,100,000	39.99	3,150,042	60.01	5,250,042	100.00
Sunny Property Insurance Agent Co., Ltd.	121,000	20.00	484,000	80.00	605,000	100.00
Gold Sunny Assets Management Co., Ltd.	15,000,000	100.00	0	0.00	15,000,000	100.00
Sunny International Leasing Co., Ltd.	83,000,000	100.00	0	0.00	83,000,000	100.00
Financial Information Service Co., Ltd.	12,621,960	2.42	0	0.00	12,621,960	2.42
Taiwan Financial Asset Service Corp.	5,000,000	2.94	0	0.00	5,000,000	2.94
Taiwan Depository And Clearing Corp.	998,788	0.29	0	0.00	998,788	0.29
Sunlight Asset Management Ltd.	66,587	1.11	0	0.00	66,587	1.11
Taiwan Mobile Payment Co., Ltd.	600,000	1.00	0	0.00	600,000	1.00

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

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IV. Capital Raising

1. Capital and Share
2. Issuance of Financial Debentures
3. Issuance of Special Debentures
4. Issuance of Overseas Depositary Receipts
5. Employee Share Subscription Warrants and New Restricted Employee Shares
6. Merger or Entrusted for Other Financial Institutions
7. Fund Utilization Plans

1. Capital and Share

(1) Source of Capital

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

Year/ month	Par value	Authorized Capital Stock		Paid-up Capital		Remarks	
		Shares	Amount	Shares	Amount	Source of Capital Stock	Others
August, 2015	10	2,000,000	20,000,000	1,683,674	16,836,740	Capital increased for reinvestment 953,023,150	According to FSC approval letter: Jin-Guan-Zheng-Fa No. 1040027510 issued on July 28, 2015
August, 2015	10	2,000,000	20,000,000	1,743,674	17,436,740	Cash capital increased 600,000,000	According to FSC approval letter: Jin-Guan-Zheng-Fa No. 1040043071 issued on November 4, 2015

Note 1: Shall list data of the year until the date of publishing the annual report.

Note 2: Regarding the part of capital increase, it is a must to mark the effective (approval) date and document number.

Note 3: Those who issue stocks with the amount lower than par value shall be marked in noticeable way.

Note 4: If monetary claims against the company or technology needed by the company are offset against share payments, such information shall be specified, and the type and amount of such offset shall also be noted.

Note 5: Prominently indicate any instance of private placement

Unit: shares

Stock Type	Authorized Capital Stock			Remarks
	Outstanding stock (Note)	Un-issued shares	Total	
Common Stock	1,743,674,216	256,325,784	2,000,000,000	Non-Listed & OTC Bank Stock

Note: Including the 463,072 shares of the mother company held by the affiliate that are considered treasury stocks.

(2) Structure of Shareholders

As of December 31, 2015

Shareholder Structure	Government Institutions	Financial Institutions	Other Corporations	Individuals	Foreign institutions and Foreigners	Total
No. of persons	2	1	221	125,237	5	125,466
Shares	11,978,060	4,740	6,259,586,220	11,165,136,920	36,220	17,436,742,160
Shareholding (%)	0.07	0.00	35.89	64.04	0.00	100.00

(3) Equity Distribution

Par value: NT\$ 10
As of December 31, 2015

Grades	No. of Shareholders	Shareholdings	Shareholding (%)
1 to 999	71,914	22,179,990	1.27
1,000 to 5,000	43,431	98,729,929	5.66
5,001 to 10,000	2,773	19,391,484	1.11
10,001 to 15,000	1,205	14,124,275	0.81
15,001 to 20,000	630	11,009,537	0.63
20,001 to 30,000	890	21,727,225	1.25
30,001 to 50,000	1,239	47,759,315	2.75
50,001 to 100,000	1,335	92,955,197	5.33
100,001 to 200,000	1,049	141,234,616	8.10
200,001 to 400,000	545	150,117,529	8.61
400,001 to 600,000	172	82,908,763	4.75
600,001 to 800,000	79	54,854,819	3.15
800,001 to 1,000,000	43	38,772,300	2.22
1,000,001 to 999,999,999	161	947,909,237	54.36
Total	125,466	1,743,674,216	100.00

(4) List of Major Shareholders

As of December 31, 2015

Major Shareholders	No. of Shares	Shareholding (%)
Fu Li Yang Investment Co., Ltd.	155,659,813	8.93
Chuan Yang Construction Co., Ltd.	76,775,833	4.40
Hai Wang Printing Co., Ltd.	74,258,839	4.26
The First Insurance Co., Ltd.	67,495,961	3.87
Sheng Yang Construction Co., Ltd.	46,401,930	2.66
Farglory Life Insurance Co., Ltd.	37,866,563	2.17
Jin Chen Investment Co., Ltd.	17,872,939	1.03
Hua Wei Investment Co., Ltd.	15,480,240	0.89
Sunny Culture & Education Foundation	12,912,642	0.74
TransGlobe Life Insurance Co., Ltd.	12,237,784	0.70

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



(5) Market price, net worth, earnings, and dividend data for the most recent 2 years

Unit: NT\$, 1,000 shares

Major Shareholders		Shares	2015	2014 (Note 5)	As of February 29 of the year (Note 2)
Price/ share	Maximum		Note 1	Note 1	Note 1
	Minimum		Note 1	Note 1	Note 1
	Average		Note 1	Note 1	Note 1
Net worth/ share	Before Distribution		11.95	11.57	12.30
	After Distribution		Note 3	10.92	12.30
Earnings/ share	Weighted Average No. of Shares		1,683,704	1,503,737	1,743,211
	Earnings/ share	Before the Adjustment	1.22	1.40	0.30
		After the Adjustment	-	1.32	-
Earnings/ share	Cash Dividend		-	-	-
	Free Distribution	Earnings Distribution	-	-	-
		Capital surplus distribution	-	-	-
	Unpaid Dividend		-	-	-
Analysis on investment returns	P/E		Note 1	Note 1	Note 1
	Price / dividend yield		Note 1	Note 1	Note 1
	Cash dividend yield		Note 1	Note 1	Note 1

Note 1: Not applicable because the Bank is not a listed company.

Note 2: The financial data for February 29, 2016, have not been audited and certified by accountants.

Note 3: Distribution of earnings in 2015 will be decided at the 2016 annual general meeting of shareholders.

Note 4: Where stock distribution shall be retroactively adjusted, it is a must to list earnings per share before and after the adjustment.

Note 5: The 2014 data calculated according to the retrospective application of the previous year according to 2013 IFRSs recognized by FSC and Regulations Governing the Preparation of Financial Reports by Public Banks.

(6) Equity Policy and Distribution**1. Dividend Policy**

In the event of earnings made at the end of the fiscal year, said earnings shall be used to pay taxes and cover losses from previous years, and 30% of after-tax earnings shall be set aside as legal reserve, unless and until the accumulated legal reserve equals the Bank's paid-in capital; then special surplus reserve shall be set aside or reversed according to relevant regulations. Where there is any surplus, the Board of Directors shall combine it with non-distributed surplus of previous year and submit the bonus distribution proposal to General Meeting of Shareholders for distribution. The surplus shall be distributed in stock or cash dividends.

Unless and until the accumulated legal reserve equals the Bank's paid-in capital, maximum cash payouts shall not exceed 15% of the Bank's paid-in capital. In order to maintain a sound financial structure and capital adequacy, the Bank will distribute dividends according to its capital budgeting. The Bank follows the principle of retaining capital to distribute stock dividends; however, in the event of a capital budget surplus and a capital adequacy ratio higher than is required by the regulator, cash dividends may be distributed, which cannot be less than 10% of total dividends. Stock dividends may be distributed instead of cash dividends if the latter are no more than NT\$0.1 per share.

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

The Bank's proposal for 2015 earnings distribution is a stock dividend of NT\$0.60 per share and a cash dividend of NT\$0.20 per share.

(7) Effect of Free Distribution Proposed at this General Meeting of Shareholders to the Bank's Operation Performance and EPS

No announcement on the 2016 Financial Forecast is made by the Bank. According to Tai-Cai-Zheng-Yi-Zhi Letter No. 00371 issued by Securities and Futures Commission of the Ministry of Finance on February 1, 2000, those who do not announce their financial statements do not need to disclose this information.

(8) Remunerations Paid to Employees, Directors and Supervisors

1. Percentage or range of employee bonuses and compensation for Directors and supervisors as stipulated in the Bank's Articles of Incorporation

Where there is any profit of the year, the Bank shall, depending on the status of profitability, allocate 2% to its employees and less than 1% to Directors and Supervisors as remunerations. However, if there is any cumulative deficiency, the Bank shall reserve a certain amount to make up the deficiency.

Employees' remunerations shall be distributed in stock or cash and the distributed targets shall be the Bank's employees who comply with certain qualifications. Remunerations to Directors and Supervisors shall be distributed mainly in Cash.

The distribution ratio of remunerations to employees, Directors and Supervisors as well as the distribution methods and targets shall be finalized at Board of Directors meeting, which shall be participated by more than two third of Directors and agreed by more than participant Directors, and reported to General Meeting of Shareholders.

2. The basis for estimating the amount of remunerations to employees, Directors and supervisors, for calculating the number of shares to be distributed as bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

Total employee bonuses and compensation for Directors and supervisors in 2015 are estimated at NT\$73,095,000. This estimate is based on the probable amount of distribution, based on past experience. If a different amount is decided at the annual general meeting of shareholders, this will be treated as a change in accounting estimates and the amount will be paid within the same fiscal year.

3. Employee bonuses proposed by the Board of Directors
 - (1) Distributed NT\$48,730,000 to employees as cash bonuses and NT\$24,365,000 to Directors and Supervisors as compensations.
 - (2) The value of proposed distribution of bonus shares to employees and the size of such an amount as a percentage of the after-tax net income presented in the parent company only financial reports or individual financial reports for the current period and total employee bonuses: No information is to be disclosed as the Bank does not have plans to distribute bonus shares to its employees.
 - (3) Imputed EPS after any proposed distribution of employee bonuses and board director/supervisor compensation: Not applicable as employee bonuses and board director/supervisor compensation have been listed as expenditures of current years since 2008.
4. Actual distribution of remunerations to employees, Directors and supervisors in the previous fiscal year (including the number of shares distributed, value, and share prices). In the event of any discrepancy between the actual distribution and the recognized remunerations to employees, Directors and supervisors, describe the discrepancy, its cause, and how it will be resolved.

The annual general meeting of shareholders passed a resolution on June 15, 2015, to distribute NT\$39,917,000 to employees and NT\$19,959,000 to Directors and supervisors. There is no discrepancy with employee bonuses and board director / supervisor compensations as stated in 2014 Financial Statements.

(9) Shares Purchased by the Bank: None



2. Issuance of Financial Debentures

Types of Subordinated Financial Debentures	The First Type A Bond Subordinated Financial Debentures in 2010	The First Type B Bond Subordinated Financial Debentures in 2010
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-Zi No. 09800208270 dated May 11, 2009	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-Zi No. 09800208270 dated May 11, 2009
Date of Issuance	30-Apr-10	30-Apr-10
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$570,000,000	NT\$230,000,000
Interest Rate	At single interest rate of APR 3.25% with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 1.83% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years from April 30, 2010, to April 30, 2017	7 years from April 30, 2010, to April 30, 2017
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\$570,000,000	NT\$230,000,000
Paid-In Capital of Previous Year	NT\$12,249,729,810	NT\$12,249,729,810
Net Value of Previous Year	NT\$10,325,996,649	NT\$10,325,996,649
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	10.36%	12.59%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: April 27, 2010 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: April 27, 2010 Credit rating: twBBB-

Types of Subordinated Financial Debentures	The Second Type A Bond Subordinated Financial Debentures in 2010	The Second Type B Bond Subordinated Financial Debentures in 2010
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 09900358410 dated on September 10, 2010	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 09900358410 dated on September 10, 2010
Date of Issuance	29-Oct-10	29-Oct-10
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$300,000,000
Interest Rate	At single interest rate of APR 3.25% with annual payment	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 1.71% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years from October 29, 2010, to October 29, 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\$500,000,000	NT\$300,000,000
Paid-In Capital of Previous Year	NT\$12,249,729,810	NT\$12,249,729,810
Net Value of Previous Year	NT\$10,325,996,649	NT\$10,325,996,649
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	17.43%	20.34%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: October 28, 2010 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: October 28, 2010 Credit rating: twBBB-

IV. Capital Raising

Types of Subordinated Financial Debentures	The Third Bond Subordinated Financial Debentures in 2010	The First Type A Bond Subordinated Financial Debentures in 2011
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 09900358410 dated September 10, 2010	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10000161450 dated May 23, 2011
Date of Issuance	11-Nov-10	27-Jun-11
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$400,000,000	NT\$100,000,000
Interest Rate	At single interest rate of APR 3.25% with annual payment	At single interest rate of APR 2.85% with annual payment
Maturity	6 years and 11 months from November 11, 2010, to October 11, 2017	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 credit.
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. Shao, Chih-Ming, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$400,000,000	NT\$100,000,000
Paid-In Capital of Previous Year	NT\$12,249,729,810	NT\$12,249,729,810
Net Value of Previous Year	NT\$10,325,996,649	NT\$11,343,831,589
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	24.21%	22.92%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: November 5, 2010 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: June 24, 2011 Credit rating: twBBB-

Types of Subordinated Financial Debentures	The First Type B Bond Subordinated Financial Debentures in 2011	The Second Bond Subordinated Financial Debentures in 2011
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10000161450 dated May 23, 2011	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10000161450 dated on May 23, 2011
Date of Issuance	27-Jun-11	30-Sep-11
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$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 1.25% single tactical interest, with a quarterly resetting and annual interest payment.	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 June 27, 2011, to June 27, 2018	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 credit.	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. Chen, Chie-Chung, 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\$200,000,000
Paid-In Capital of Previous Year	NT\$12,249,729,810	NT\$12,249,729,810
Net Value of Previous Year	NT\$11,343,831,589	NT\$11,343,831,589
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	27.33%	29.09%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: June 24, 2011 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: September 26, 2011 Credit rating: twBBB-

IV. Capital Raising

Types of Subordinated Financial Debentures	The First Type A Bond Subordinated Financial Debentures in 2012	The First Type B Bond Subordinated Financial Debentures in 2012
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10100148670 dated on May 17, 2012	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10100148670 dated on May 17, 2012
Date of Issuance	30-May-12	30-May-12
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$600,000,000
Interest Rate	At single interest rate of APR 2.45% 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 0.97% single tactical interest, with a quarterly resetting and annual interest payment.
Maturity	7 years from May 30, 2012, to May 30, 2019	7 years from May 30, 2012, to May 30, 2019
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. Chen, Chie-Chung, Deloitte & Touche Taiwan	C.P.A. Chen, Chie-Chung, 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\$600,000,000
Paid-In Capital of Previous Year	NT\$12,749,729,810	NT\$12,749,729,810
Net Value of Previous Year	NT\$11,343,831,589	NT\$11,343,831,589
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	33.50%	38.79%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: May 25, 2012 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: May 25, 2012 Credit rating: twBBB-

Types of Subordinated Financial Debentures	The Second Bond Subordinated Financial Debentures in 2012	The First Type A Bond Subordinated Financial Debentures in 2013
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10100148670 dated May 17, 2012	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10200071820 dated March 19, 2013
Date of Issuance	29-Jun-12	30-Apr-13
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$200,000,000	NT\$1,450,000,000
Interest Rate	At single interest rate of APR 2.45% with annual payment	At single interest rate of APR 2.45% with annual payment
Maturity	6 years and 11 months from June 29, 2012, to May 29, 2019	7 years from April 30, 2013, to April 30, 2020
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. Chen, Chie-Chung, Deloitte & Touche Taiwan	C.P.A. Chen, Chie-Chung, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$200,000,000	NT\$1,450,000,000
Paid-In Capital of Previous Year	NT\$12,749,729,810	NT\$12,749,729,810
Net Value of Previous Year	NT\$11,721,518,419	NT\$11,721,518,419
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use Plan	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.	Access to a stable middle and long-term source of operating funds to improve the bank's capital structure.
Ratio of Applied Shares and Prior Shares Outstanding to Prior Year's Final Net Worth (%)	39.24%	51.61%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: June 25, 2012 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: April 9, 2013 Credit rating: twBBB-



IV. Capital Raising

Types of Subordinated Financial Debentures	The First Type B Bond Subordinated Financial Debentures in 2013	The First Type A Bond Subordinated Financial Debentures in 2014
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10200071820 dated March 19, 2013	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10200356420 dated January 3, 2014
Date of Issuance	30-Apr-13	31-Mar-14
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$50,000,000	NT\$1,450,000,000
Interest Rate	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.77% single tactical interest, with a quarterly resetting and annual interest payment.	At single interest rate of APR 2.35% with annual payment
Maturity	7 years from April 30, 2013, to April 30, 2020	7 years from March 31, 2014 to March 31, 2021
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. Chen, Chie-Chung, Deloitte & Touche Taiwan	C.P.A. Chen, Chie-Chung, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$50,000,000	NT\$1,450,000,000
Paid-In Capital of Previous Year	NT\$12,749,729,810	NT\$13,349,729,810
Net Value of Previous Year	NT\$11,721,518,419	NT\$13,557,437,929
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	52.04%	55.69%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: April 9, 2013 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: March 19, 2014 Credit rating: twBBB-

Types of Subordinated Financial Debentures	The First Type B Bond Subordinated Financial Debentures in 2014	The Second Bond Subordinated Financial Debentures in 2014
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10200356420 dated January 3, 2014	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10300205720 dated July 21, 2014
Date of Issuance	31-Mar-14	26-Aug-14
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$50,000,000	NT\$700,000,000
Interest Rate	Floating interest rates according to the listed floating interest rates of general deposit for one-year CD in Bank of Taiwan plus 0.67% single tactical interest, with a quarterly resetting and annual interest payment.	At single interest rate of APR 2.35% with annual payment
Maturity	7 years from March 31, 2014 to March 31, 2021	7 years from August 26, 2014 to August 26, 2021
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. Chen, Chie-Chung, Deloitte & Touche Taiwan	C.P.A. Chen, Chie-Chung, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$50,000,000	NT\$700,000,000
Paid-In Capital of Previous Year	NT\$13,349,729,810	NT\$13,349,729,810
Net Value of Previous Year	NT\$13,557,437,929	NT\$14,240,894,913
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	56.06%	58.28%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: March 19, 2013 Credit rating: twBBB-	Taiwan Rating Co., Ltd. Assessment Date: August 7, 2014 Credit rating: twBBB-

IV. Capital Raising

Types of Subordinated Financial Debentures	The Third Bond Subordinated Financial Debentures in 2014	The Second Bond Subordinated Financial Debentures in 2015
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10300205720 dated July 21, 2014	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10400109750 dated May 18, 2015
Date of Issuance	30-Dec-14	8-Oct-15
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$800,000,000	NT\$400,000,000
Interest Rate	At single interest rate of APR 2.45% with annual payment	At single interest rate of APR 2.50% with annual payment
Maturity	7 years from December 30, 2014 to December 30, 2021	7 years from October 8, 2015 to October 8, 2022
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. Chen, Chie-Chung, Deloitte & Touche Taiwan	C.P.A. Chen, Chie-Chung, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$800,000,000	NT\$400,000,000
Paid-In Capital of Previous Year	NT\$13,349,729,810	NT\$15,883,719,010
Net Value of Previous Year	NT\$14,990,894,913	NT\$18,042,892,205
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	60.70%	49.88%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	Taiwan Rating Co., Ltd. Assessment Date: December 17, 2014 Credit rating: twBBB-	No credit assessment institution is entrusted to conduct the rating

Types of Subordinated Bank Debentures	The Third Bond Subordinated Bank Debentures in 2015	The Fourth Non-Maturity Non-Cumulative Subordinated Bank Debenture in 2015
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10400109750 dated May 18, 2015	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10400219660 dated September 11
Date of Issuance	10-Nov-15	24-Dec-15
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$700,000,000
Interest Rate	At single interest rate of APR 2.50% with annual payment	At single interest rate of APR 4.50% with annual payment
Maturity	7 years from November 10, 2015 to November 10, 2022	Non-Maturity
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. Chen, Chie-Chung, Deloitte & Touche Taiwan	C.P.A. Chen, Chie-Chung, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	Total payback upon deadline	Total payback upon deadline
Unpaid balance	NT\$400,000,000	NT\$700,000,000
Paid-In Capital of Previous Year	NT\$15,883,719,010	NT\$15,883,719,010
Net Value of Previous Year	NT\$18,042,892,205	NT\$18,042,892,205
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	52.65%	56.53%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	No credit assessment institution is entrusted to conduct the rating	No credit assessment institution is entrusted to conduct the rating



IV. Capital Raising

Types of Subordinated Bank Debentures	The Fifth Non-Maturity Non-Cumulative Subordinated Bank Debenture in 2015	The First Bond Subordinated Bank Debentures in 2016
Approval date and number of central competent authority	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10400219660 dated September 11	Issued by Financial Supervisory Commission (Executive Yuan) with the FSC approval letter: Jin-Guan-Yin-He-Zi No. 10400109750 dated May 18, 2015
Date of Issuance	31-Dec-15	27-Jan-16
Par Value	NT\$10,000,000	NT\$10,000,000
Site of Issuance and Trading	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\$200,000,000	NT\$1,100,000,000
Interest Rate	At single interest rate of APR 4.50% with annual payment	At single interest rate of APR 2.46% with annual payment
Maturity	Non-Maturity	7 years from January 27, 2016 to January 27, 2023
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. Chen, Chie-Chung, Deloitte & Touche Taiwan	C.P.A. Chen, Chie-Chung, Deloitte & Touche Taiwan
Certifying Financial Institution	None	None
Repayment method	The Bank has the right to redeem the debts earlier 7 years after the issuance	Total payback upon deadline
Unpaid balance	NT\$200,000,000	NT\$1,100,000,000
Paid-In Capital of Previous Year	NT\$15,883,719,010	NT\$15,883,719,010
Net Value of Previous Year	NT\$18,042,892,205	NT\$18,642,892,205
Contract Performance	Normal	Normal
Redemption or prepayment terms	None	None
Restrictive Clauses	Subordinated Financial Debentures	Subordinated Financial Debentures
Fund Use 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 (%)	57.64%	61.69%
Considered as Qualified Capital and Its Tiers	Tier 2	Tier 2
Credit rating agency names, assessment date and its credit rating	No credit assessment institution is entrusted to conduct the rating	No credit assessment institution is entrusted to conduct the rating

3. Issuance of Special Debentures: None

4. Issuance of Overseas Depositary Receipts: None

5. Employee Share Subscription Warrants and New Restricted Employee Shares: None

6. Merger or Entrusted for Other Financial Institutions: None

7. Fund Utilization Plans: None

The issuance of bank debentures is focused on mid- and long-term funds on the purpose of increase loaning amount. The raised funds are used in loans with relatively higher profitability to increase the contributions of loan spread to surplus. Besides, fund operating efficiency is enhanced with an expectation of accumulating annual surplus generated from bank debentures at maturity. Whenever there is any regression in global economy, a dramatic decrease in domestic stock market, and a low long-term interest rate, the newly issued bank debentures will be used to pack back old bank debentures with relatively higher interest rate.

To increase capital adequacy ratio, the Bank has issued Subordinated bank debentures in 2002, 2006, 2007, 2009, 2010, 2011, 2012, 2013, 2014 and 2015. Most of them can be calculated as the Tier-2 seven-year Subordinated bank debentures. Besides, the Bank has, at the end of 2015, issued non-maturity non-cumulative Subordinated bank debentures that can be calculated as Tier-1 capital at the end of 2015 with a total amount of NT\$900 million, helping to stabilize the Bank's long-term funds and to enhance its ability of undertaking risks. Therefore, it is known that the Bank has, through various fund raising channels, reached its goal of enhancing capital structure and business development.



5

V. Operation Overview

1. Contents of Business
2. The Employee Profile
3. Corporate Social Responsibility and Ethical Behavior
4. Number of Non-Supervisory Employees, Average Annual Employee Benefits Expenses and Difference Comparing with Last Year.
5. Information Infrastructure
6. Employer-Employee Relationships
7. Important Contracts/Agreements
8. Transactions of Securitized Commodity

1. Contents of Business

(1) Main Business

1. Deposit Business

As of the end of 2015, the bank reports a total deposit balance at NT\$319,108,662,000, up by NT\$32,481,228,000 compared with NT\$286,627,434,000 reported at the end of 2014, of which the flexible deposits accounts for 34.14% of the total deposit balance, and the time deposits accounts for 65.86% of the total deposit balance.

Unit: NT\$1,000

Item \ Year	Balance at the end of 2015	Balance at the end of 2014	Annual Growth Rate (%)
Deposits	319,108,662	286,627,434	11.33

Deposit Balance Comparison

Unit: NT\$1,000

Item \ Year	2015		2014	
	Balance at the end of year	Percentage (%)	Balance at the end of year	Percentage (%)
Checking deposits	2,703,884	0.85	2,821,514	0.99
Demand deposits	31,844,431	9.98	30,400,732	10.61
Foreign exchange demand deposits	6,034,074	1.89	5,053,942	1.76
Demand savings deposit	67,635,045	21.19	64,557,715	22.52
Employee saving deposits	725,639	0.23	722,750	0.25
Time deposits	73,396,888	23.00	63,218,263	22.06
Foreign exchange time deposits	18,311,926	5.74	12,702,763	4.43
Negotiable certificates of deposit	10,158,100	3.18	7,887,600	2.75
Time savings deposits	108,298,675	33.94	99,262,155	34.63
Total	319,108,662	100.00%	286,627,434	100.00%

2. Loans

The total balance of loans issued accumulates to NT\$240,727,815,000 as of the end of 2015, increased by NT\$23,149,937 compared with NT\$217,577,878,000 reported at the end of 2014.

Unit: NT\$1,000

Item \ Year	Balance at the end of 2015	Balance at the end of 2014	Annual Growth Rate (%)
Loan	240,727,815	217,577,878	10.64

Loan Balance Comparison

Unit: NT\$1,000

Item \ Year	2015		2014	
	Balance at the end of year	Percentage (%)	Balance at the end of year	Percentage (%)
Short-term loans	22,447,296	9.32	17,723,902	8.15
Short-term secured loans	52,134,597	21.66	44,210,957	20.32
Medium-term loans	23,677,811	9.84	19,138,170	8.80
Medium-term secured loans	65,512,680	27.21	56,246,323	25.85
Long-term loans	1,853,961	0.77	2,045,260	0.94
Long-term secured loans	74,929,660	31.13	77,694,536	35.70
Non-performing loans	71,228	0.03	463,293	0.21
Export negotiation	100,582	0.04	55,437	0.03
Total	240,727,815	100.00	217,577,878	100.00

(1) Loans to Individuals

In regard to housing loan policies, the Bank has, apart from advantageous housing loans provided through the Government's policy of "Subsidies for Purchase and Maintenance Housing Loans", selected item with explicit payment source and good collateral position, increased offer rate to reduce notional amount through pricing strategy, and been proactively undertaken short- and mid-term guarantee working capital as well as the Bank's / other banks' subordinated loans for clients with good interest / principal payment records to enhance the efficiency of using the Bank's capital and interest income. Besides, in regard to credit policy, the Bank has launched mail loan to mitigate the regression of credit loan. Until the end of 2015, the balance of loans offered to individuals (excluding car loan) was NT\$113,106 million (the balance of housing loan was NT\$112,626 million and the balance of credit loan was NT\$480 million) with an increase of NT\$2,503 million (growth rate of 2.27%) comparing with NT\$110,123 billion at the end of 2014.

(2) Loans to Businesses

The Bank launched "Happy 200" loan offering project in 2015 to adjust its credit structure and to proactively promote SMEs' credit for real estates and credit insurance; as for credit for large-sized businesses, the Bank has specially selected quality clients or those who have made specific contributions to the Bank and further developed deposit management, salary transfer and other derivative businesses to create a comprehensive marketing effects. Besides, on the premise of complying with Central Bank's Regulations Governing Land Mortgage Loans, the Bank has undertaken selected quality land and construction financing cases to maintain its lending capacity. Until the end to 2015, the balance of loans offered to businesses (excluding car loans) was NT\$108,617 million with an increase of NT\$14,451 million (growth rate of 15.35%) comparing with NT\$94,166 million at the end of 2014 (the growth rate of loans offered to SMEs was 13.25% and, following the increasing amount of loans year by year, the Bank was awarded as Number 3 of Group B of "The 10th Enhancement Project on Loans offered to SMEs by Domestic Banks"; the growth rate of loans offered to large-sized businesses was 25.37%).

3. Trade Finance and Foreign Exchange

Balance for foreign exchange deposit (including OBU) at the end of 2015 was US\$736,266,000, or an increase of US\$176,437,000 from US\$559,829,000 at the end of 2014 with a growth of 31.52%. Balance for foreign exchange loan (including OBU) at the end of 2015 was US\$434,239,000, or an increase of US\$116,283,000 from US\$317,881,000 at the end of 2014, up by 36.60%. For the volume of foreign exchange business, 2015 import/export and exchange service were US\$406,248,000 and US\$2,875,582,000, respectively, totaling US\$3,281,830,000, an increase of US\$732,656,000 from US\$2,549,174,000 at the end of 2014.

Unit: USD1,000

Item	Year	2015	2014	Growth Rate (%)
Foreign currency deposit (item)		736,266	559,829	31.52
Foreign currency loan (item)		434,239	317,881	36.6
Import / Exchange Services		406,248	418,986	(3.04)
Remittance Services (including simplified currency exchange services)		2,875,582	2,130,188	34.99
Income from Trade Finance and FX (NT\$1,000)		438,707	597,042	(26.52)

4. Credit Card

- (1) In 2015, there were 11,617 credit cards issued in the year and 70,724 cards were in circulation at the end of December 2015. In 2016, 1,786 credit cards were issued until February and 71,326 credit cards were in circulation.
- (2) Consumption amount: credit card consumption during 2015 amounted to NT\$2.854 million with an increase of NT\$9 million compared to 2014.
- (3) Revolving Credit Balance: The revolving credit balance at the end of December in 2015 is NT\$255 million with a decrease of NT\$30 million compared with the amount at the end of December in 2014.

Unit: cards, NT\$1,000

Item	Year	2015	2014
Total number of card issued		538,817	527,200
Total number of valid cards in circulation		38,212	37,594
Total consumption amount		2,853,574	2,845,041
Revolving Credit Balance		254,965	285,233

5. E-Commerce

In regard to digital finance development, the Bank has initiated the one-time password (OTP) function that guarantees the transaction security. Until the end of 2015, the Bank had completed 403,393 transfer transactions with personal online banking; the number of transaction in virtual channel (telephone banking) had a growth of 10% comparing with the same period of last period. The newly launched enterprise online has provided clients an easy-to-use and intuitive operational interface and experience. About 105 companies have applied for this function after the launch and the number is still growing stably every month.

6. Wealth Management Business

The Bank's core business is to sell funds and insurance, where its investment allocation strategies are adjusted according to the changes of market status. Therefore, the proportion of the funds and insurance in the Bank's structure changed from time to time: if the overall economy was growing and prosperous, more funds were allocated; if the economy was in a slump and the market was slow, the Bank tended to focus on investment-oriented insurance products that were relatively more expensive. Started from the second half year of 2014, the global investment market was affected by the dropping oil price. Therefore, in 2015, the Bank mainly focused on the purchase of insurance products with installed payments at a fixed permanent interest rate and repayment of principal, offering clients less pressure on the payment and a highly flexible use of capital. Although the overall insurance sales volume was decreased, the Bank was managed to generate a higher transaction fee income. In 2015, the Bank's overall finance transaction fee income reached the highest point in history.

Looking forward into the future, the Bank continues to aim at a stable growth, arrange educational trainings for finance products, do its best to generate the maximum efforts and target on products with fixed income. Through finance consultants, the Bank's branch offices will be consulted to proactively promote finance management relevant activities, know well their mutual marketing targets and progress, and accurately estimate the achievement status of branch offices through expedite planning. Besides, not only will professional investment researchers make adjustments on the Bank's product strategies and investment recommendations according to the market status, but also Finance Management Department will announce the list of branch offices

with exceptional performances to encourage all branch offices, create common goal for all branch offices and motivate them reaching the target.

A Comparison of Wealth Management Businesses in 2015 and 2014

Unit: NT\$1,000

Item	Year	2015		2014	
		Sales Volume	Income	Sales Volume	Income
Funds		6,954,999	221,600	10,393,755	257,957
Insurance		6,950,705	501,276	8,463,503	326,523
Total		13,905,704	722,876	18,857,258	584,480

7. Trust

- (1) Real Estate Trust: Mainly based on development trust and trust with pre-sale home payment trust.
- (2) Money Trust: Mainly on specific money trust, prepayment trust, real estate ("Good Home") transaction security trust, and affairs governing the safeguards of securities, investment and trust funds.
- (3) Until the end of 2015, the balance of trust assets entrusted to the Bank for management was NT\$51,619,087,000 with an increase of NT\$592,082,000 (1.16% increase) comparing with NT\$51,027,005,000 at the end of 2014.
 - A. The balance of money trust asset at the end of 2015 was NT\$31,577,549,000, counting 61.17% of the Bank's trust business
 - B. The balance of real estate trust asset at the end of 2015 was NT\$18,799,370,000, counting 36.42% of the Bank's trust business.
 - C. The balance of trust of loans and security interests was NT\$1,242,168,000, counting 2.41 % of the Bank's trust business.
- (4) Other obligatory businesses
 - A. In 2015, the total assets for guaranty bond of operation was NT\$465,000 with a decrease of NT\$25,000,000 (5.10% decrease) comparing with NT\$ 490,000,000 in 2014.
 - B. In 2015, the undertaken certification amount was NT\$2,125,454,000 with an increase of NT\$706,704,000 (49.81% increase) comparing with NT\$1,418,750,000 in 2014.

Unit: cards, NT\$1,000

Item	Year	2015	2014
Trust		51,619,087	51,027,005
Trust of money		31,577,549	35,109,482
Specific trust of money to invest domestic and foreign beneficiary certificates		24,809,687	24,802,230
Other trusts of money		1,969,476	2,409,566
Custody of securities investment and trust funds		4,798,386	7,897,686
Trust of real estate		18,799,370	14,675,355
Trust of securities		0	0
Trust of money claim and guaranteed right of object		1,242,168	1,242,168
Other affiliated businesses			
Custody of operating bonds		465,000	490,000
Certification		2,125,454	1,418,750

8. Investment

The Bank has made a profit of NT\$346,475,000 in 2014 and NT\$470,588,000 in 2015 with securities trade. The details of the gain / loss are described below:

(1) Gain (loss) on bonds:

This is the interest income and disposal gain (loss) derived from trading bonds of governments at all levels, corporate bonds (NTD / USD) and bank debentures. The Bank generated NT\$90,763,000 of gain in 2014 and NT\$265,885,000 in 2015. The increase in interest and profits were caused by an increased bond position of NT\$10 billion in 2015; and a decreased interest rate of Taiwanese bond market and an increased bond price, where the bonds were sold at high price.

(2) Gain (loss) on stocks:

This is the gain (loss) made from buying and selling stocks of public and OTC companies. The stock index increased by 8.08% in 2014 with a profit of NT\$90,832,000, whereas the stock index of 2015 was affected by the economy of Mainland China and may cause a slow down of the global economy. The stock index of the year decreased 10.41% with a deficit of NT\$6,989,000.

(3) Gain (loss) on beneficiary certificates:

This is the gain (loss) made from buying and selling funds, where the bank had a profit of NT\$17,917,000 in 2014 and NT\$29,243,000 in 2015. A good forecast towards the stock market was the main reason of having an increase on the investment of stock fund.

(4) Gain (loss) on short-term commercial papers:

This is the interest income, disposal gain (loss) and transaction fees derived from buying and selling short-term commercial papers (including CP2 and NCD). The profit was NT\$153,106,000 in 2014 and NT\$172,389,000 in 2015. As the transaction of short-term commercial papers increased dramatically and the Bank participated in the bidding of non-guarantee commercial paper issued by several government-owned corporations, the profit of the 2015 short-term commercial papers had an increase of NT\$19,283,000 comparing with the previous year. Furthermore, the interest income of short-term commercial papers and disposal benefits were also adjusted according to the increase of certifying and underwriting short-term bills.

(5) Gain (loss) on valuation:

This is the gain (loss) on valuation of securities according to market prices, where the Bank had a loss of NT\$31,946,000 in 2014 and a loss of NT\$7,604,000 in 2015. Stock items have affected the valuation, where the sold stock position has created a loss in valuation and the reduced position is counted as disposal loss.

(6) Stock dividends:

These are the cash dividends distributed by listed and OTC companies, where the cash dividend distributed in 2014 was NT\$25,803,000 and NT\$17,664,000 in 2015.

To sum up, in regard to the Bank's performance in securities trade, the stock index increased 8.08% in 2014 and the Bank received a profit of NT\$90,832,000 from stocks, a profit of NT\$17,917,000 from beneficiary certificates and a loss of NT\$31,946,000 from valuation (mainly affected by stock items). In total, the Bank obtained a profit of NT\$346,475,000 from securities trade throughout the year. In 2015, the stock index decreased 10.41% and the Bank received a deficit of NT\$6,989,000 from stocks, a profit of NT\$29,243,000 from beneficiary certificates and a loss of NT\$7,604,000 (mainly affected by stock items). In total, the Bank obtained a net profit of NT\$470,588,000.



V. Operation Overview

Unit: NT\$1,000

Item \ Year	2015	2014	Increase / decrease
Bonds	265,885	90,763	175,122
Stocks	(6,989)	90,832	(97,821)
Beneficiary certificates	29,243	17,917	11,326
Short-term commercial papers	172,389	153,106	19,283
Unrealized gain or loss	(7,604)	(31,946)	24,342
Stock dividend	17,664	25,803	(8,139)
Total investment income	470,588	346,475	124,113

(2) Assets of Each Operation as a Percentage of Total Assets and Changes thereto

Unit: NT\$1,000

Business Items \ Year	2015		2014	
	Amount	Asset %	Amount	Percentage (%)
Total Assets	361,829,295	100.00	328,109,630	100.00
Net loan and allowance	237,737,794	65.70	215,226,707	65.60
Securities available for sale	70,594,664	19.51	48,668,729	14.83
Due from CBC and Banks	21,151,246	5.85	21,393,765	6.52
Total Liabilities	340,984,015	94.24	309,749,063	94.40
Deposits and remittances	319,117,827	88.20	286,645,020	87.36
Bank debentures payable	10,400,000	2.87	9,100,000	2.77
Due from CBC and Banks	5,573,606	1.54	6,483,606	1.98

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) Net Income from Operations as a Percentage of Total Net Income and Changes thereto

Unit: NT\$1,000

Business Items \ Year	2015		2014	
	Amount	Percentage (%)	Amount	Percentage (%)
Net interest income	4,106,581	71.55	3,668,874	71.75
Net fee income	1,056,997	18.41	890,145	17.41
Others	576,186	10.04	554,326	10.84
Total net income	5,739,764	100.00	5,113,345	100.00

(4) Business Plan of the Year

1. Deposit Business

- (1) To increase the loan to deposit ratio and to improve the deposit structure
- (2) To simplify operating procedures and to enhance the service efficiency
- (3) Considering trust clients and clients nearby branch offices as the main client basis while increasing NTD and USD deposits. The balance of NTD and USD deposits at the end of 2016 is expected to grow to NT\$333,200 million with an annual growth of NT\$11.5 billion. The target of average trading volume is NT\$321,700 million.

2. Loan Business

To continuously improve the loan structure, the Bank not only continues to focus on the promotion of personal real estates revolving loan for guarantee and profitability, but also selects SMEs with good quality, profitability and capacity for offering real estate loans. Besides, subordinated loan of other bank / the Bank is promoted continuously to reduce the occurrence of transferring loans with house-purchasing loans. Besides, the loan conditions are offered according to credit terms. A high interest rate and a short period will help to enhance the Bank's capital use efficiency.

(1) Implementation of Auditing Measures and Project Undertaking

- A. Auditing of internal operation and management performance in 2016: Apart from auditing short- and mid-term guarantee revolving loan, full guarantee for SMEs' real estates, SMEs' credit insurance and the number of new SME clients, the scoring in regard to full guarantee for SMEs' real estates and amount of offered loans are increased to motivate branch offices taking relevant activities.
- B. The Bank has launched the "Hou-You-Li 218" loaning project, which provides rewards and encouragements to branch offices engaging in above stated business activities.

- (2) Enhancement on the Control of Loaning Risks: The Bank not only continues to select quality clients according to "Regulations Governing the Applications of SMEs", but also implements credit checking and surveying works during loan applications and tracking operations after loans are approved.

3. Foreign Exchange Business

(1) Enhancement on Drawing USD and RMB deposits

Foreign currency investments are rising in recent years. Apart from the USD deposit, the amount of RMB deposit has been abruptly increased after the service is launched. According to the data newly announced by Society for Worldwide Interbank Financial Telecommunication (SWIFT) in August of 2015, RMB already became one of the world's top four payment currencies. To have a stable foreign currency source to maintain the Bank's amount of USD and RMB deposits and to keep the interest margin of deposit / loan, the Bank has timely launched foreign currency deposit activities to have a smooth application of foreign currency capital and further increase net interest generated from foreign exchange settlement.

(2) Expanding DBU and OBU Trade Finance

At the moment, Taiwanese companies mainly manipulate their capital through "Offshore Banking Unit (OBU)" established by their parent companies in Taiwan to take orders and to produce products in overseas. The trade finance provided by OBU is used to support the financing of their companies overseas. An expansion on OBU trade financing activities not only enhances the credit amount of foreign exchange remittance, but also helps the Bank to increase its profits.

(3) Deployment and Establishment of Offices in Overseas

As the proportion of profit generated from financing companies' overseas branch offices and OBU has been continuously increased in regard to the total revenue of banks in recent years, the Bank is therefore planned to expand its map of establishing offices in overseas with an expectation of participating in overseas joint-loan relevant activities to increase its profit. The Bank's plan of establishing its first overseas branch office in Hong Kong was approved by FSC in March of 2015 and the Bank also submitted its application to the authority in Hong Kong accordingly.

- (4) The Launch of Online Banking for Transactions above NT\$500,000 and the Automatic CBC Reporting Function

The Bank has gradually launched business online banking and mobile APP in regard to foreign exchange settlement. To enhance its market competitiveness, it has launched the business online banking service for remittance above NT\$500,000 in 2015. Besides, it also followed CBC's schedule to plan the automatic CBC reporting function for online and over-the-counter foreign exchange transactions, helping clients to instantly report their amount of remittance through the internet. The service, which will be officially launched in October of 2016, is expected to facilitate the Bank's foreign exchange settlements.

4. Credit Card Business

- (1) Issuance of Credit Cards

Following the technology progress and the development and popularization of smart phones, credit card like payment cards have been progressed from contact (bar magnetic / chip) to near field communication (NFC) design. The original card design is also transformed from substantial cards to SIM cards, SD cards and virtual card (with codes only). Following the change of the overall payment environment, the Bank's ability to provide clients a more appropriate and convenient service can affect its credit card business. Therefore, developing new payment cards will be the Bank's primary work in the future.

2015 was the first year of building the Bank's electronic and mobile payment infrastructure. The Bank officially released sensing credit card in September of 2015 to provide clients an even more convenient payment and to build the infrastructure for the future mobile payment service. Besides, to increase the client loyalty and the rage of card applications, the Bank cooperated with iPASS corporation to issue "iPASS" (was officially launched in March of 2016). This service is integrated with another type of easy-to-pay tool (deposit-type electronic wallet), enabling clients to use the service in transportation and channels for small amount purchases. In regard to the mobile payment of mobile phones, the Bank launched the preparatory plan starting from 2015 and it is expected to complete the plan in Q3 of 2016.

Based on the principles of maintaining a stable and sound operation, the Bank's credit card services are provided to serve the Bank's clients as its primary mission. Therefore, the Bank's aims to increase the card holding rate and the cards are mostly issued by its branch offices.

To respond to multifold credit card markets, the Bank continues to develop and provide diversified cards. It is expected to, with a complete product map, satisfy clients' diverse demands. For example, to provide VIP business cards to clients holding largest assets and business clients, or platinum card or iPASS joint name card to general clients, helping them to handle applications of life.

In regard to the drawdown rate of credit cards, clients' preference and their category are analyzed according to different festival, seasonal and client demands. Relevant information is adopted in terms of holding marketing and prize exchanging campaign to increase the client loyalty. Besides, for clients who do not use the credit card for a long period of time, below promotional activities were also taken place:

- A. After the card is issued, the Bank shall launch activities to motivate clients activating new cards such as introducing card characteristics and concurrent marketing activities through the service hotline.
- B. For clients who have not been a long time not using the card, the Bank has planned the "Let's Use Your Credit Card" project. This helps to maintain the number of valid cards as well as the Bank's market share.
- C. Provide clients diverse, budget and excellent products (shall be exchanged with bonus points)
- D. Enhance the telephone marketing function, to provide card registration or consumption installment campaigns to increase the card issuance rate and transaction fee income.
- E. Use low-cost and efficient electronic media such as SMS, EDM, electronic bills and the CardU website to inform clients various credit card and installment promotions; plan to replace SMS with smart phone's APP Push function.
- F. To well use and promote promotional activities provided by international organizations to motivate clients use the Bank's credit cards to make assumptions

- G. In regard to large consumptions such as insurance fees and overseas traveling, the Bank also provides various discounted feedback solutions.

(2) Acquiring Business

At the moment, there are 33 domestic acquirers. According to the credit card data published by FSC in December of 2015, CTBC has 96,112 appointed shops, which count the most. Starting from the launch of acquiring service in December of 2014 to December of 2015, the Bank has accumulated 118 appointed shops with a total transaction amount over NT\$200 million. In 2016, the Bank will launch "E-Deposit with Advantageous Interests" deposit project with advantageous interest rate and "Appointed Shop Rewarding Campaign" promotional activity for appointed shops. These campaigns will be launched to solicit for referral stores of National Credit Card Center, deposit clients and credit clients.

5. Electronic Banking

- A. Continued to increase and expand the mobile banking APP function; to enhance online banking service items and procedures to provide clients the digital finance services of Bank 3.0.
- B. Acquired the e-payment (third party payment) operating license issued by the competent authority FSC. The third party payment service platform built by the Bank was launched together with a mobile APP integrated with the convenient cash payment service to secure and protect clients' assets and to enhance the Bank's operating efficiency.
- C. Constructed mobile payment services, where the TSM mobile banking card and HCE mobile credit card are issued. Besides, not only has the Bank's mPOS receivables and payment APP been developed, but also its self-built third party payment platform was integrated to provide an online to offline (O2O) cash service integrated with the reality and virtuality. Furthermore, the Bank has developed an innovative mobile payment method by cooperating with logistic companies, helping to expand the Bank's mobile cash business activities.

6. Wealth Management Business

The Bank's wealth management activities aim to have a sustainable operation and stable growth. It has not only enhanced wealth management personnel's professional capability through a well-structured training plan, but also provided clients an even more quality, professional and efficient financing and wealth management service through its complete network of branch offices.

7. Trust Business

(1) Real Estate Trust

- A. Development Trust: To continue real estate development trust coordinated with land and construction loans. To cooperate with constructors to conduct integrated trust associated with landlord's willingness for co-construction or real estate trust that is provided to areas with expropriation and urban planning that involves with relatively larger number of people and longer expectation period.
- B. Management Trust: After setting up the property management account, the tenant deposits go directly into the designated trust account (if the property is the Bank's collateral, the rental can be the payment resource of the loan).
- C. 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.

(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: To expand, promote and integrate with instant prepaid trust for credit card acquirers, gift voucher traders and gift voucher issuing firms; and launched a joint marketing platform mechanism to attract trustors to sign gift voucher trust and to effectively expand the scale of gift voucher trust assets.
- C. General Money Trust: Apart from trusts established for children's education, retirement life and people with physical or mental disability, the Bank plans to include insurance trust and to

promote this product through branch offices. It is the Bank's expectation to provide easy-to-access and customized trusts featuring functions of protecting their assets, transferring their assets and saving tax that help them to have an early plan on taking care of their parents, elders, children and themselves.

- D. Specific Money Trust: To enhance the accounting automation of fund business in order to effectively reduce manual operation costs and risks. The fund system service function and interface are also upgraded to increase the client satisfaction level.

(5) Market Analysis

1. Analysis on Area of the Banking Service Operations

The global economy is slowly coming back. However, the domestic financial environment has been suffering from overbanking in Taiwan for a very long time and the weak demands for capitals. Plus, the Central Bank tightened its grip on the mortgage policy in the real estate market. All of these compress the room lending of development of banks directly and indirectly. As the financial liberation and internationalization, foreign banks and financial holding companies are managed to, with resources and innovation technology provided by their parent corporations, build a close connection with domestic clients, making domestic banks feeling pressure. The "Plan for the Development of Financial Business with Characteristics of China and Taiwan" proposed by Financial Supervisory Commission and the "MOU for monetary clearing between China and Taiwan" proposed by Central Bank, both approved by the Executive Yuan on September 6, 2012, marked a new chapter for the financial society in China and Taiwan and facilitated new business opportunities. As the cross-strait financial institutions will have more contacts and cooperation, domestic banks will proactively promote overseas business and develop Asia-Pacific markets.

In 2015, FSC has launched the "Building a Digital Financial Environment 3.0" plan. Besides, to respond to the trend, development and progress of mobile communication, social media, big data, cloud and other ITC technology, banks of the nation have been proactively developed e-banking service and relevant services to provide customers an even more convenient financial service.

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

(1) The Supply Side

According to the CBC statistics, as of the end of December, 2015, the total of financial institutions (including domestic banks, small and medium 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) is 429 companies with 6,048 branches.

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

(2) The Demand Side

Following the popularization and progress of communications network and mobile technology, emerging technologies have gradually changed the payment pattern and type. E-commerce gradually and closely bonds with every industry. The important role of cash flow played by banks in the industrial chain of e-commerce helps create greater added values. As a result, the key needs is the services related to electronic banking, ranging from mobile payment, integral investment suggestions, tax planning, wealth management as well as digital technology, give better interactions and experiences for the client.

With a steady deregulation in the cross-strait and south-east Asian financial policy, local banks now carry out more business activities in overseas through the establishment of affiliates, branch offices, representative offices and OBU to expand the their map to Mainland China and South-East Asia. Therefore, finding appropriate oversea business locations and increasing the percentage of offshore profits will become a major task in the future.

(3) Potential Growth

To have a stable operation and to cooperate with policies of the competent authority, banks will gradually switch their loaning strategy from housing loans to SME loans, peripheral products (such as trade finance) and personal loans that are more profitable through the widening of interest margin. Those lower the threshold and cost of funds of the capital market, which benefit to corporate businesses. For better risk management, the SME loans will be required with subordinated real estate as collaterals or credit fund guarantee or provision of other valuable collaterals. Client screening will be enforced and efforts will be made to find out the exact business operation status of clients in order to secure the payments source and lower the overall lending risks.

3. Competitive Niches, Outlook and Solutions

(1) Competitive Niches

- A. A network of a total 103 domestic branches, mainly located in metropolitan Taipei and Kaohsiung. Principal administration areas have established branches with a complete financial service network.
- B. Good locations, friendly and efficient services and smooth interaction with clients
- C. Vying for a good reputation and 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) in northern, central and southern Taiwan, together with their professional wealth management personnel in branch offices, to offer clients a comprehensive one-stop shopping for a diverse range of professional financial services for maximum synergy in cross marketing.

(2) Outlook

A. Favorable Factors

- a. The overall financial environment has become sounder. The authorities have opened and encouraged research and development of new 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 even sounder.
- e. The Bank will continue to plan the establishment and relocation of branch offices in order to expand its financial services and to promote the comprehensive channel value.

B. Unfavorable Factors

- a. As the phenomenon of over-competition in domestic banking industry is less likely to be eliminated in a short time, the sales of all types of financial products have created a price war. Although the Bank has some advantages in traditional deposit and lending services, the bank, relying primarily on the conventional deposit and lending service, may be kept from expanding the interest rate spread to excel the operating revenue.
- b. CBC's credit control policy towards the housing market is not totally untied, which has limited banks' development of trust relevant activities.
- c. With resources and IT technology provided by the parent company, foreign banks are posing a threat to local banks' wealth management and SME banking services.
- d. Confronted with financial holding companies' advantages in economies of scale and channels, the Bank not only forms strategic alliance with insurance and securities channels, but also focuses on cross-strait financial markets and global services for its development. With the diverse content of its products and resource sharing, it has managed to create enormous pressure to the promotion of SME

banking business.

C. Solutions

- a. Continuing to inject resources and 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. Adjusting the Bank's branch office allocation to maximize its channel advantages with 103 nationwide branch offices.
- c. 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. To intensify employees' trainings, realize their passion towards the services, enhance the efficiency of the organization and bring the corporate culture into full play.
- e. Improving security codes and system performance of online banking to ensure the transaction security of our clients; launching electronic banking services and relevant business to increase clients' satisfaction level and enhance the Bank's market competitiveness.
- f. By expanding the scope of foreign exchange business and recruiting good hands specialized in international finance to grasp the opportunity of financial openness and stabilize the Bank's deployment of the Financial Market of Asia Pacific.

(6) Research of Financial Products and Business Development:

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

(1) Major Financial Products

- A. Upgraded online banking in 2014, launched mobile e-banking APP and organized mobile e-banking promotions to enhance the Bank's market competitiveness.
- B. Established "New Product Development Committee" in 2014 to enhance the Bank's ability and efficiency of developing new products. New Product Launch team meetings are also taken place on a regular basis to track market status and product information.
- C. Products launched in 2015 include:
 - a. ATM card's Smart Pay acquiring service was launched on February 2, 2015.
 - b. Motorcycle business was launched on April 1, 2015.
 - c. Real estate subordinate credit loan was launched on January 13, 2015.
 - d. Sensing credit card was launched on September 1, 2015
 - e. The Bank's e-banking and mobile APP were upgraded with function optimizer on October 19, 2015.
 - f. The first stage of issuing foreign currency negotiable certificate of deposit (NCD) was launched on August 31, 2015.
- D. A reinvestment was made to establish "Sunny E-Commercial Co., Ltd." in 2014 to promote e-commerce. In 2015, "Sunny Online Shopping" was established for online shopping with an expectation of increasing the width and depth of client services, enhancing the client loyalty and promoting the Bank's e-payment tool.

(2) New business units

- A. To respond to the fast development of Fintech in the era of internet, and to provide customers instant, convenient, secured and diversified finance services, the Bank established the "E-Commerce Department" in 2014. The Department has E-Commerce Section, E-Banking Section and Marketing Section under it, helping to facilitate the promotion of relevant businesses.
- B. In 2014, the Bank followed legal regulations to rename Legal Department to Legal Compliance Department, which is responsible for the planning, management and execution of legal compliance system.

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

The existing function of designated foreign currency units are divided into 4 levels for better internal control and business promotion. In 2014, the Bank has gradually launched the designated foreign currency unit business level by level with an expectation of improving the professional ability of staff in foreign currency. Besides, it is the Bank's plan to request for CBC's approval of upgrading the Bank's online banking function for foreign currency including settlement / purchase above NT\$500,000, online L/C etc. to make the Bank's foreign currency settlement more human-like and further increase clients' willingness of adopting the Bank's services.

The e-commerce has bonded closely with all aspects of business. The important role of cash flow played by banks in the industrial chain of e-commerce helps create greater added values. Therefore, in order to improve the market competitiveness and offer clients the brand new e-commerce experience, the Bank has upgraded its two-stage online banking system in October of 2013 and January of 2015. Besides, the Bank's installation of mobile banking (App) was completed in May of 2014. Later in 2015, the Bank has fully installed and launched online business banking, continuing to maximize the convenience and security of its services. To simplify its operating procedures, the Bank installed the seal comparison system in the first half of 2013. Based on the system, the Bank plans to complete the installation of e-form in 2016 to increase employees' work efficiency and customers' satisfaction level.

Moreover, the Bank has launched the online credit card acquiring service in September of 2014 and upgraded the online ATM system in January of 2015. The Bank plans to complete the installation of the third-party payment service platform and officially launch the third party payment business (online transaction reimbursement and payment).

(7) Long and Short Term Business Development Plans

1. Short-term business development plans

The Bank's primary goal is to strengthen its business physique and to improve its financial structure in order to maintain a good loan-to-deposit ratio and to have a balanced development of deposit and loan services. The Bank aims to, through deepening the client relation and promoting "service motivated business", expand its client base and maximize their contribution.

The Bank plans to increase capital with cash or issue subordinated bonds to ensure its operating fund and to enhance its capital adequacy ratio. Besides, it is the Bank's goal to maintain its overdue loan ratio below 0.18% and the coverage rate for bad debt allowance above 663.87%.

2. Mid- and long-term business development plan

From the mid-term perspective, the Bank plans to launch branch relocation in order to enhance the overall channel value, operating performance and nationwide market shares in order to maximize benefits of economy of scale. In the meantime, it also continues to maintain its capital structure and cooperate the BASEL III schedule to gradually increase its capital adequacy ratio (BIS) to 10.5% (BASEL III demanded standard by 2019). The Bank also implemented the "Six Year Sales Growth Plan", heading towards the goal of reaching NT\$500 billion of total assets and NT\$4 billion of net profit as its mid-term goals.

In regard to its long-term perspective, the Bank aims to expand its range of financial services, develop overseas services, launch and develop new products, create diverse income and enhance its capital structure in order to enhance its competitiveness and profitability, ensuring a sustainable development of business and reaching corporate targets.



2. The Employee Profile

Year		2015	2014	Until February 29 of the year (Note)
Number of Employees	Above Executive Vice President	125	123	127
	Heads	386	396	386
	Office Employees	1,371	1,415	1,420
	Total	1,882	1,934	1,933
Average Age		39.72	39.01	39.44
Average years of service		11.16	10.51	10.8
Education background	PhD	0.11	0.10	0.10
	Master	8.82	8.84	8.85
	College	82.15	81.85	82.41
	Senior High School	8.66	9.00	8.38
	Under Senior High School	0.37	0.31	0.36
Professional licenses held by employees	Basic Proficiency Test for Bank Internal Control	1,145	1,166	1,147
	Proficiency Test for Trust Operations Personnel	1,448	1,488	1,452
	Trust Operations Management Personnel	436	570	435
	Trust Operations Supervisor	10	10	10
	Proficiency Test for Life Insurance Specialist	1,560	1,562	1,564
	Proficiency Test for Investment-oriented Insurance Personnel	760	732	768
	Proficiency Test for Property Insurance Personnel	1,497	1,518	1,500
	Proficiency Test for Financial Planning Personnel	366	376	370
	Basic Proficiency Test for International Banking Personnel	399	412	399
	Basic Proficiency Test for Bank Lending Personnel	701	705	703
	Advanced Proficiency Test for Bank Lending Personnel	20	23	20
	Proficiency Test for Futures Specialist	270	286	267
	Proficiency Test for Securities Specialist	210	205	214
	Proficiency Test for Senior Securities Specialist	167	188	163
	Proficiency Test for Securities Investment Trust and Consulting Professionals (3 Sections)	137	143	135
	Proficiency Test for Bill Finance Specialist	61	62	60
	Proficiency Test for Financial Risk Management Personnel	3	4	3
	Proficiency Test for Bank Collateral Appraisal Personnel	16	17	17
	Qualification of Financial Market Knowledge & Professional Ethics Test	1,451	1,424	1,461

Year		2015	2014	Until February 29 of the year (Note)
	Qualification of Investment Trust and Consulting Regulations Test	921	906	921
	Consultant of Financial Planning (CFP)	4	4	4
	Proficiency Test for Bond Specialist	17	19	18
	Proficiency Test for Securities Investment Analyst	5	4	5
	Proficiency Test for Life Insurance Representative to Sell Foreign Currency Receiving and Paying in Non-Investment Oriented Insurance Products	571	527	580
	Certificate of Completion of Risk Management for Foreign Exchange Derivatives Course	175	184	175

Note: Shall fill data of the year up to the annual report publication date.

3. Corporate Social Responsibility and Ethical Behavior

The Bank is in the forefront of enacting the “Corporate Citizen” role by upholding its consistent philosophy of giving back to the society. In 2015, it has participated in social welfare activities to fulfill its corporate social responsibilities. For example, it has, for four consecutive years, held “Dream Come True for Children in Remote Areas” scheme. The scheme delivers not only love and warmth, but also physical materials to 1,000 children, inspiring and encouraging them to build dreams. The Bank also donated NT\$1.5 million to Sunny Culture and Education Foundation, supporting it to promote all types of public welfare activities.

To respond to the government’s policy of saving power and reducing carbon emission and to support the goal of having a sustainable environmental development, the Bank has invested over NT\$14 million to replace all of its lighting equipment with LED lights to reduce energy waste. This action was recognized and praised by governmental institutions.

4. Number of Non-Supervisory Employees, Average Annual Employee Benefits Expenses and Difference Comparing with Last Year.

Year		2015	2014
Business Items			
	Number of non-supervisor employees	1,392	1,433
	Average welfare expenses	791,413	766,592
	Discrepancy with the previous year	24,821 -	
	Growth rate (%)	3.14 -	



5. Information Infrastructure

(1) Major Information Systems and Maintenance thereof

1. NTD and foreign currency banking system HP Non-Stop mainframe;
2. Telephone banking;
3. Online banking (mobile APP);
4. The trust system;
5. The Wealth management system;
6. The bills and bonds system;
7. RCE;
8. ACH;
9. The stock affairs management system;
10. The collection management system;
11. Online seal comparison system;
12. E-JCIC;
13. The internet ATM system;
14. The XML financial payments system;
15. The E-LOAN system;
16. E-Billing system;
17. Client Service Center CTI;
18. Corporate finance lending system;
19. Business client consignment processing;
20. OTC electronic bond trading system;
21. Credit card issuance and accounting system;
22. Sunny Online Shopping;
23. International leasing system;
24. Router instant information source system;
25. SWIFT foreign exchange online system;
26. CBC information sharing system;
27. Reimbursement and issuance system;
28. Bill centralized custody system;
29. TEJ Taiwan Economic Journal system



(2) Plans for System Development or Procurement

1. To upgrade virtual machine (VM) and the capacity of storage equipment's;
2. To introduce coding inspection tools;
3. To introduce automated warning system that detects problems of network equipment's and inspection tools for broadband traffic jam and interrupted transmission;
4. To install IP/MAC control mechanism, the highest authority control mechanism and private storage cloud system;
5. Computer system IT security checking;
6. To upgrade customer service system / telephone banking;
7. To transpose credit card issuance and accounting systems;
8. To upgrade business finance lending system and to increase collateral management system;
9. To upgrade consumer finance loan (housing loan, credit loan, car loan etc.) application system;
10. To install online filing service (Bank 3.0) and mobile payment / APP intermediary system;
11. To install TSM, HCE credit card and ATM card;
12. To install mPOS mobile payment system;
13. To upgrade AD (domain registration) and Windows Update systems;
14. To expand the power of machine room;
15. To replace the seal comparison system;
16. To replace ATM, automated passbook update machine, chip reader and decoder;
17. To replace terminal servers of branch offices;
18. To replace IPS (intrusion prevention system);
19. To expand the machine room

(3) Emergency Back-Up and Security Measures

1. Goal: In times of disaster, our employees, who are regularly drilled in such measures, will use the regular back-ups to restore systems and undertake a recovery plan to maintain banking operations and minimize the impact of computer data loss and the interruption to operations.
2. Scope of business continuity plan
 - (1) System back-up center and task force
 - (2) Evaluation of organization and environment of current IT office
 - (3) Reorganization of system structure and operating system process
 - (4) Setting up of disaster back-up plan
 - (5) Training plans to be carried out where needed
 - (6) Compilation of relevant documents
 - (7) Revision of plans in light of problems



6. Employer-Employee Relationships

(1) Employee Benefits, Retirement System and its Implementation, Employee-Employer Agreements, and Measures to Protect Employee Rights.

- a. Employee benefits
 - (1) Labor insurance, health insurance, group insurance, and employer liability insurance.
 - (2) Health check-ups for employees
 - (3) Wide range of benefits provided by the Employee Welfare Committee, including birthday gifts, bonuses for Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival, and subsidies for weddings, funerals, emergencies, disasters, and group events.
- b. Retirement system and the implementation thereof
 - (1) Regular Employee Pension Supervisory Committee meetings
 - (2) For employees who started working for the Bank from July 1, 2005, or who opted for the new Labor Pension Act, the Bank sets aside part of their salaries in a monthly contribution to their retirement accounts according to the applicable regulations. For those who are eligible for the defined benefit retirement plan (old system), the Bank also contributes monthly pension reserve in accordance with the regulations.
 - (3) Pension is paid when employees retire.
- c. Employee-employer agreements and measures to protect employee rights
 - (1) Work policy: Revised in accordance with new regulations, employee-employer agreements, or our management system. All changes in work policy are reported to the relevant labor authorities, announced in notices to employees, and published on our internal website for the reference of employees.
 - (2) Regular labor-management meetings.

(2) Loss arising from labor-employer disputes in recent years and the period until the publication date:

Chen, an employee of the Bank, filed a civil lawsuit against the Bank (Lao-Shang-Yi-Zi No. 41 of year 2014). Chen claims that the Bank shall pay the complainant NT\$106,486 for compensations plus the interest, which shall be calculated from January 24 of 2013 to the payment clearance date based on an annual interest rate of 5%. The Bank has, according to the second-instance judgment of the civil court of Taiwan High Court In the trial of second instance, paid NT\$179,823 to Chen in April of 2015.

7. Important Contracts/Agreements

As of February 29, 2016

Contract Type	Counterpart	Contract Period	Content	Restrictions
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.

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Contract Type	Counterpart	Contract Period	Content	Restrictions
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, 2015 ~ January 1, 2016	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
Maintenance Contract	Netranger Tech	March 31, 2015 ~ March 31, 2017	Maintenance of the "Symatec Corporation Anti-Virus System"	None
Maintenance Contract	Docutek Solutions, Inc.	June 1, 2013 ~ May 31, 2016	Authorization of the Websense Software	None
Maintenance Contract	Dimension Data	August 1, 2015 ~ July 31, 2017	Maintenance of the Bank's network equipment	None
Maintenance Contract	Green-Computing	July 1, 2013 ~ June 30, 2016	Purchase and maintenance of the e-mail software	None
Maintenance Contract	Sun Morn Incorporation	July 1, 2015 ~ June 30, 2017	Maintenance of the "Auto Fire Detectors inside the Machine Room of Information Department"	None
Maintenance Contract	Sun & Moon Rise Technology	July 1, 2015 ~ June 30, 2017	Maintenance of the asset management software	None
Maintenance Contract	Zhong Yi Information	July 1, 2015 ~ June 30, 2016	Maintenance of the terminal facilities (all)	None
Maintenance Contract	RichSmart Technology	August 30, 2014 ~ August 29, 2017	Maintenance of the "Joint Credit Information Center's hardware security module HA2000" and "Central Bank's encrypted communication device HA500"	None
Maintenance Contract	Tai Win Technology	March 16, 2015 ~ March 15, 2018	Maintenance of the routers and modem devices	None
Maintenance Contract	Sea Power Tech	October 1, 2014 ~ September 30, 2016	Maintenance of the "SPAM"	None
Maintenance Contract	AskCredit	April 1, 2015 ~ March 31, 2017	Maintenance of E-JCJC	None
Maintenance Contract	TSC Technologies Inc.	March 1, 2014 ~ February 28, 2017	Maintenance of the "Report CD check system (RPS)"	None
Maintenance Contract	IBM	January 1, 2016 ~ December 31, 2018	Hardware of the credit trust system mainframe AS-400 and the service system mainframe AS-400	None
Entrusted Construction Contract	Gold Sunny Assets Management Co., Ltd	24 months starting from the contract signing date	Acquired Land No. 468 and 468-3, Yuanlin Section, Yuanlin Township, Changhua County. The land belonged to the Bank and was entrusted to constructor to build apartment and commercial building. It is planned that, after the completion of the construction, the Bank will acquire spaces of the first and second floors and four parking lots in underground. Apart from 25.60% of the property that the Bank intends to have as the owner of the land, the rest 74.40% will be sold to increase the capital of Gold Sunny Assets Management Co., Ltd.	None

8. Transactions of Securitized Commodity: None



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VI. Financial Status

1. Brief Balance Sheets and Income Statements in the Last 5 Years
2. Financial Analysis in the Last 5 Years
3. Scan of the Audit Committee Review Report for Financial Statements
4. Financial Statements
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1. Brief Balance Sheets and Income Statements in the Last 5 Years

(1) Brief Balance Sheet and Comprehensive Income Statements

Simplified Balance Sheet (Consolidated) - International Financial Reporting Standards (IFRS)

Unit: NT\$1,000

Items	Year (Note 2)	Financial Information of Recent 5 Years (Note 2)					Financial Data Collected before February 29 of the year
		2015	2014	2013	2012	2011	
Cash and cash equivalents, dues from the central bank and other banks		26,598,701	28,333,518	51,189,870	51,149,151	---	25,748,901
Financial assets at fair value through profit or loss		9,734,953	18,304,970	14,951,049	4,639,385	---	11,956,938
Available-for-sale financial assets		70,594,664	48,674,027	4,924,196	2,960,387	---	69,518,919
Notes and bonds issued under resale agreement		5,000	110,000	1,952,061	958,261	---	0
Receivables - net		3,549,774	3,043,245	2,193,318	1,247,203	---	3,328,171
Current tax assets		36,858	66,357	127,302	112,115	---	48,703
Discounts and Loans - net		238,052,110	215,691,619	202,807,580	189,949,281	---	241,591,857
Hold-to-maturity financial assets		1,904,361	1,067,515	1,071,615	1,172,437	---	6,028,711
Other financial assets - net		1,513,173	3,112,418	2,210,365	361,252	---	1,520,242
Property and equipment - net		9,485,506	9,365,968	9,371,836	9,453,814	---	9,499,132
Investment property - net		89,675	875	0	0	---	109,729
Intangible assets - net		1,063,409	1,056,420	1,048,502	1,051,971	---	1,063,941
Deferred tax assets - net (Note 3)		222,922	389,722	686,337	822,184	---	222,951
Other assets		372,170	418,243	530,837	533,216	---	393,449
Total assets		363,223,276	329,634,897	293,064,868	264,410,657	---	371,031,644
Due to central bank and other banks		5,573,606	6,483,606	7,096,606	8,166,220	---	8,143,606
Statement of financial assets at fair value through profit or loss		16,621	7,307	9,978	3,924	---	2,886
Notes and bonds Issued under repurchase agreement		2,850,039	3,903,419	500,122	1,972,826	---	5,100,133
Payables		2,679,094	3,101,169	2,511,757	3,553,931	---	3,744,418
Current tax liabilities		24,103	9,751	15,256	13,992	---	23,039
Deposits and remittances		318,609,421	286,279,355	258,220,132	229,153,709	---	319,136,044
Bonds payable		10,400,000	9,100,000	9,301,400	8,103,900	---	11,500,000
Other financial liabilities		1,520,997	1,671,055	462,027	0	---	1,045,893
Liability reserves (Note 3)		282,475	250,789	262,164	313,770	---	287,926
Deferred tax liabilities		119,200	141,701	141,613	133,555	---	119,200
Other liabilities		302,440	307,619	275,717	228,684	---	479,025
Total liabilities	Before distribution	342,377,996	311,255,771	278,796,772	251,644,511	---	349,582,170
	After distribution	Note 1	311,573,445	278,796,772	251,644,511	---	349,582,170
Equity attributable to owners of the parent							
Capital	Before distribution	17,436,742	15,883,719	13,349,730	12,749,730	---	17,436,742
	After distribution	Note 1	16,836,742	13,883,719	12,749,730	---	17,436,742
Capital Surplus		48,717	43,950	4,500	0-	---	48,717
Retained earnings	Before distribution	3,153,207	2,423,802	973,105	93,957	---	3,679,167

VI. Financial Status

Items	Year (Note 2)	Financial Information of Recent 5 Years (Note 2)					Financial Data Collected before February 29 of the year
		2015	2014	2013	2012	2011	
(Note 3) After distribution		(Note 1)	1,153,105	439,116	93,957	---	3,679,167
Other equity		210,122	31,162	(62,874)	(80,964)	---	288,356
Treasury shares		(3,508)	(3,508)	(3,508)	(3,508)	---	(3,508)
Non-controlling interest		0	1	7,143	6,931	---	0
Total Equity	Before distribution	20,845,280	18,379,126	14,268,096	12,766,146	---	21,449,474
	After distribution	(Note 1)	18,061,452	14,268,096	12,766,146	---	21,449,474

Note 1: The profit of 2015 will be decided by the General Meeting of Shareholders in 2016.

Note 2: Above financial data have all been audited and accredited by CPA except those for February 29, 2016. Besides, no financial data was collected according to IFTS in 2011.

Note 3: Above accounting data of 2014 and 2013 have been retroactively adjusted due to FSC's adoption of IFRSs for 2013 and amendment rules related to the Regulations of Governing Preparation of Financial Reports by Public Banks

Brief Comprehensive Income Statement (Consolidated) - International Financial Reporting Standards (IFRS)

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

Items	Year (Note 1)	Financial Information of Recent 5 Years					Financial Data Collected before February 29 of the year
		2015	2014	2013	2012	2011	
Interest Revenues		7,172,897	6,387,786	5,679,484	5,225,549	---	1,183,351
Minus: Interest Expenses		2,927,074	2,608,819	2,328,071	2,217,558	---	488,493
Net Interest Income		4,245,823	3,778,967	3,351,413	3,007,991	---	694,858
Other Net Income except Interest		1,721,582	1,526,931	1,392,936	1,089,618	---	340,588
Net Operating Income		5,967,405	5,305,898	4,744,349	4,097,609	---	1,035,446
Bad Debt Expenses and Guarantee Liability Provisions		219,541	(202,083)	778,402	143,043	---	(19,105)
Operating Expenses (Note 2)		3,351,000	3,166,651	2,941,857	2,652,977	---	525,126
Net Profit Before Tax of Operating Departments		2,396,864	2,341,330	1,024,090	1,301,589	---	529,425
Income Tax Expense (Note 2)		(339,592)	(352,311)	(163,362)	(62,693)	---	(3,465)
Current Net Profit of Operating Departments		2,057,272	1,989,019	860,728	1,238,896	---	525,960
Profit or Loss of Discontinued Operations		0	0	0	0	---	0
Net Profit (or Net Loss) for the Period (Note 2)		2,057,272	1,989,019	860,728	1,238,896	---	525,960
Other Comprehensive Income (Net Income after Tax) for the Period		121,790	90,210	16,664	4,792	---	78,234
Total Comprehensive Income of the Period (Note 2)		2,179,062	2,079,229	877,392	1,243,688	---	604,194
Net Profit attributable to Owner of the Parent		2,057,272	1,989,903	860,500	1,238,802	---	525,960
Net Profit attributable to Non-Controlling Interest		0	116	228	94	---	0
Total Comprehensive Income attributable to Owner of the Parent		2,179,062	2,079,113	877,180	1,243,589	---	604,194
Total Comprehensive Income attributable to Non-Controlling Interest		0	116	212	99	---	0
Earnings (Loss) per share		1.22	1.32	0.63	0.93	---	0.30

Note 1: Above financial data have all been audited and accredited by CPA except those for February 29, 2016. Besides, no financial data was collected according to IFTS in 2011.

Note 2: Above accounting data of 2014 have been retroactively adjusted due to FSC's adoption of IFRSs for 2013 and amendment rules related to Regulations Governing the Preparation of Financial Reports by Public Banks

Simplified Balance Sheet (Individual) - International Financial Reporting Standards (IFRS)

Unit: NT\$1,000

Items	Year (Note 2)	Financial Information of Recent 5 Years					Financial Data Collected before February 29 of the year
		2015	2014	2013	2012	2011	
Cash and cash equivalents, Dues from the Central Banks & Other Banks		26,520,328	28,038,605	50,935,916	50,583,713	---	25,514,492
Financial assets at fair value through profit or loss		9,734,953	18,291,522	14,935,197	4,620,712	---	11,956,938
Available-for-sale financial assets		70,594,664	48,668,729	4,917,626	2,953,917	---	69,518,919
Notes and Bonds Issued under Resale Agreement		---	---	1,947,061	958,261	---	0
Receivables - Net		1,271,812	1,253,411	1,241,239	1,052,941	---	1,326,336
Current tax assets		36,403	65,843	126,913	111,648	---	48,248
Discounts and Loans - Net		237,737,794	215,226,707	202,421,259	189,949,281	---	241,328,636
Hold-to-maturity Financial Assets		1,903,364	1,066,518	1,070,618	1,171,441	---	6,027,713
Investments accounted for using the equity method - Net		1,677,771	1,329,809	1,271,647	1,205,638	---	1,713,466
Other Financial Assets - Net		1,387,707	3,079,354	2,177,301	325,252	---	1,440,941
Property and equipment - Net		9,475,320	9,347,420	9,347,187	9,431,883	---	9,458,386
Intangible Assets - Net		1,051,920	1,049,592	1,047,238	1,050,605	---	1,052,853
Deferred tax assets - Net (Note 3)		215,867	387,845	682,862	819,948	---	215,867
Other Assets		221,392	300,474	279,106	326,581	---	298,056
Total Assets		361,829,295	328,105,829	292,401,170	264,561,821	---	369,900,851
Due to Central Banks and Other Banks		5,573,606	6,483,606	7,096,606	8,166,220	---	8,143,606
Statement of financial assets at fair value through profit or loss		16,621	7,307	9,978	3,924	---	2,886
Notes and Bonds Issued under Repurchase Agreement		2,850,039	3,903,419	500,122	1,972,826	---	5,100,133
Payables		2,359,677	2,927,590	2,080,148	3,313,674	---	3,433,769
Deposits and Remittances		319,117,827	286,645,020	258,493,252	229,574,788	---	319,540,685
Bonds Payable		10,400,000	9,100,000	9,304,900	8,109,400	---	11,500,000
Liability Reserves (Note 3)		285,572	254,510	262,089	313,770	---	287,926
Deferred tax liabilities		115,134	138,293	140,041	133,555	---	115,134
Other Liabilities		265,539	266,959	253,081	214,449	---	327,238
Total liabilities	Before distribution	340,984,015	309,726,704	278,140,217	251,802,606	---	348,451,377
	After distribution	(Note 1)	310,044,378	278,140,217	251,802,606	---	348,451,377
Capital	Before distribution	17,436,742	15,883,719	13,349,730	12,749,730	---	17,436,742
	After distribution	(Note 1)	16,836,742	13,883,719	12,749,730	---	17,436,742
Capital Surplus		48,717	43,950	4,500	0	---	48,717
Retained earnings	Before distribution	3,153,207	2,423,802	973,105	93,957	---	3,679,167
(Note 3)	After distribution	(Note 1)	1,153,105	439,116	93,957	---	3,679,167
Other equity		210,122	31,162	(62,874)	(80,964)	---	288,356
Treasury shares		(3,508)	(3,508)	(3,508)	(3,508)	---	(3,508)
Total Equity	Before distribution	20,845,280	18,379,125	14,260,953	12,759,215	---	21,449,474
	After distribution	(Note 1)	18,061,451	14,260,953	12,759,215	---	21,449,474

Note 1: The profit of 2015 will be decided by the General Meeting of Shareholders in 2016.

Note 2: Above financial data have all been audited and accredited by CPA except those for February 29, 2016. Besides, no financial data was collected according to IFTS in 2011.

Note 3: Above accounting data of 2014 and 2013 have been retroactively adjusted due to FSC's adoption of IFRSs for 2013 and amendment rules related to Regulations Governing the Preparation of Financial Reports by Public Banks

Brief Comprehensive Income Statement (Individual) - International Financial Reporting Standards (IFRS)

Unit: NT\$1,000 except NT\$ for earnings per share

Items	Year (Note 1)	Financial Information of Recent 5 Years					Financial Data Collected before February 29 of the year
		2015	2014	2013	2012	2011	
Interest Revenues		6,999,927	6,252,883	5,641,293	5,213,325	---	1,167,802
Minus: Interest Expenses		2,893,346	2,584,009	2,325,058	2,219,095	---	485,664
Net Interest Income		4,106,581	3,668,874	3,316,235	2,994,230	---	682,138
Other Net Income except Interest		1,633,183	1,444,471	1,239,773	962,945	---	326,714
Net Operating Income		5,739,764	5,113,345	4,556,008	3,957,175	---	1,008,852
Bad Debt Expenses and Guarantee Liability Provisions		185,703	(221,857)	747,965	127,664	---	(17,350)
Operating Expenses (Note 2)		3,190,638	3,015,163	2,807,459	2,542,808	---	500,242
Net Profit Before Tax of Operating Departments		2,363,423	2,320,039	1,000,584	1,286,703	---	525,960
Income Tax Expense (Note 2)		(306,151)	(331,136)	(140,084)	(47,901)	---	0
Current Net Profit of Operating Departments		2,057,272	1,988,903	860,500	1,238,802	---	525,960
Profit or Loss of Discontinued Operations		---	---	---	---	---	0
Net Profit for the Period (Note 2)		2,057,272	1,988,903	860,500	1,238,802	---	525,960
Other Comprehensive Income (Net Income after Tax) for the Period		121,790	90,210	16,680	4,787	---	78,234
Total Comprehensive Income of the Period (Note 2)		2,179,062	2,079,113	877,180	1,243,589	---	604,194
Earnings (Loss) per share		1.22	1.32	0.63	0.93	---	0.30

Note 1: Above financial data have all been audited and accredited by CPA except those for February 29, 2016. Besides, no financial data was collected according to IFTS in 2011.

Note 2: Above accounting data of 2014 have been retroactively adjusted due to FSC's adoption of IFRSs for 2013 and amendment rules related to Regulations Governing the Preparation of Financial Reports by Public Banks

(2) Brief Balance Sheet and Comprehensive Income Statements – National Financial Reporting Standards

Brief Balance Sheet (Consolidated)

Unit: NT\$1,000

Items	Year (Note 2)	Financial Information of Recent 5 Years				
		2015	2014	2013	2012	2011
Cash, Dues from the Central Banks & Other Banks		---	---	---	51,182,151	54,285,275
Financial asset with change in fair value being recorded as gains or losses		---	---	---	4,639,008	2,794,913
Notes and Bonds Issued under Resale Agreement		---	---	---	958,261	420,380
Receivables		---	---	---	1,140,840	1,046,936
Discounts and Loans		---	---	---	189,949,281	177,345,283
Financial asset available for sale		---	---	---	2,960,387	1,240,422
Hold-to-maturity Financial Assets		---	---	---	1,172,437	996
Investments accounted for using the equity method		---	---	---	---	---
Other Financial Assets		---	---	---	328,252	328,577
Fixed Assets - Net		---	---	---	8,930,748	8,998,130
Intangible Assets - Net		---	---	---	1,051,971	1,057,998
Other Assets		---	---	---	1,847,691	1,896,118
Total Assets		---	---	---	264,161,027	249,415,08
Due to Central Banks and Other Banks		---	---	---	8,166,220	7,311,459
Financial liabilities with change in fair value being recorded as gains or losses		---	---	---	3,924	1,939
Notes and Bonds Issued under Repurchase Agreement		---	---	---	1,972,826	689,526
Payables		---	---	---	3,356,885	3,065,797
Deposits and Remittances		---	---	---	229,153,709	219,354,071
Bank debentures Payable		---	---	---	8,103,990	6,803,900
Estimated reserve provided for land value increment tax		---	---	---	133,325	133,325
Other Liabilities		---	---	---	306,012	326,802
Total liabilities	Before distribution	---	---	---	251,196,801	237,686,819
	After distribution (Note 1)	---	---	---	251,196,801	237,686,819
Rights of the Parent Company's Shareholders						
Capital	Before distribution	---	---	---	12,749,730	12,749,730
	After distribution					
Capital Surplus		---	---	---	---	12,598
Retained earnings	Before distribution	---	---	---	82,932	-1,159,531
(accumulated loss)	After distribution (Note 1)	---	---	---	82,932	-1,159,531
Unrealized revaluation increment		---	---	---	256,642	256,642
Unrealized gains and losses of financial products		---	---	---	-76,360	-108,599
Shareholders' Rights and Other Items		---	---	---	-55,505	-29,321
Minor Shares		---	---	---	6,787	6,690
Total Equity	Before distribution	---	---	---	12,964,226	11,728,209
	After distribution (Note 1)	---	---	---	12,964,226	11,729,209

Note 1: Profit distribution of 2012: losses were covered before legal reserve was allocated; also, the balance under the "unrealized profit or loss on financial instruments" of shareholders' equity was allocated as special reserve. The total undistributed profit of 2012 was NT\$0.

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

Brief Comprehensive Income Statement (Consolidated)

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

Items	Year (Note 1)	Financial Information of Recent 5 Years				
		2015	2014	2013	2012	2011
Net Interest Income		---	---	---	3,022,115	2,982,740
Other Net Income (loss) except Interest		---	---	---	1,045,938	619,041
Bad Debt Expenses		---	---	---	138,018	551,247
Operating Expenses		---	---	---	2,638,270	2,538,171
Net Profit Before Tax of Operating Departments		---	---	---	1,291,765	512,363
Net Profit After Tax of Operating Departments		---	---	---	1,229,959	500,230
Net Profit or Loss (Net Income after Tax) for the Period		---	---	---	0	0
Extraordinary Gains and Losses (Net Income after Tax)		---	---	---	0	0
Cumulative Effect of Changes in Accounting Principles (Net Income after Tax)		---	---	---	0	0
Current Profit and Loss		---	---	---	1,229,959	500,230
Earnings (Loss) per share		---	---	---	0.96	0.40

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

Brief Balance Sheet (Individual)

Unit: NT\$1,000

Items	Year (Note 2)	Financial Information of Recent 5 Years				
		2015	2014	2013	2012	2011
Cash, Dues from the Central Banks & Other Banks		---	---	---	50,583,713	54,193,313
Financial asset with change in fair value being recorded as gains or losses		---	---	---	4,620,335	2,653,828
Notes and Bonds Issued under Resale Agreement		---	---	---	958,261	360,380
Receivables		---	---	---	1,158,387	1,053,611
Discounts and Loans		---	---	---	189,949,281	177,345,283
Financial asset available for sale		---	---	---	2,953,917	1,234,495
Hold-to-maturity Financial Assets		---	---	---	1,171,441	0
Investments accounted for using the equity method		---	---	---	1,194,660	559,970
Other Financial Assets		---	---	---	325,252	325,577
Fixed Assets - Net		---	---	---	8,908,817	8,977,087
Intangible Assets - Net		---	---	---	1,050,605	1,056,835
Other Assets		---	---	---	1,637,927	1,693,783
Total Assets		---	---	---	264,512,596	249,454,162
Due to Central Banks and Other Banks		---	---	---	8,166,220	7,311,459
Financial liabilities with change in fair value being recorded as gains or losses		---	---	---	3,924	1,939
Notes and Bonds Issued under Repurchase Agreement		---	---	---	1,972,826	689,526
Payables		---	---	---	3,313,787	3,036,783
Deposits and Remittances		---	---	---	229,574,788	219,449,892
Bank debentures Payable		---	---	---	8,109,400	6,809,400
Estimated reserve provided for land value increment tax		---	---	---	133,325	133,325
Other Liabilities		---	---	---	280,887	300,319
Total liabilities	Before distribution	---	---	---	251,555,157	237,732,643
	After distribution (Note 1)	---	---	---	251,555,157	237,732,643
Capital	Before distribution	---	---	---	12,749,730	12,749,730
	After distribution	---	---	---	---	---
Capital Surplus		---	---	---	0	12,598
Retained earnings	Before distribution	---	---	---	82,932	(1,159,531)
(accumulated loss)	After distribution (Note 1)	---	---	---	82,932	(1,159,531)
Unrealized revaluation increment		---	---	---	256,642	256,642
Unrealized gains and losses of financial products		---	---	---	(76,360)	(108,599)
Shareholders' Rights and Other Items		---	---	---	(55,505)	(29,321)
Total Equity	Before distribution	---	---	---	12,957,439	11,721,519
	After distribution (Note 1)	---	---	---	12,957,439	11,721,519

Note 1: Profit distribution of 2012: the losses were covered before the legal reserve was allocated; also, the balance under the "unrealized profit or loss on financial instruments" of shareholders' equity was allocated as special reserve. The total undistributed profit of 2012 was NT\$0.

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

Brief Comprehensive Income Statement (Consolidated)

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

Items	Year (Note 1)	Financial Information of Recent 5 Years				
		2015	2014	2013	2012	2011
Net Interest Income		---	---	---	3,016,733	2,981,377
Other Net Income (loss) except Interest		---	---	---	919,309	498,539
Bad Debt Expenses		---	---	---	131,018	539,247
Operating Expenses		---	---	---	2,528,154	2,433,059
Net Profit Before Tax of Operating Departments		---	---	---	1,276,870	507,610
Net Profit After Tax of Operating Departments		---	---	---	1,229,865	500,228
Net Profit or Loss (Net Income after Tax) for the Period		---	---	---	0	0
Extraordinary Gains and Losses (Net Income after Tax)		---	---	---	0	0
Cumulative Effect of Changes in Accounting Principles (Net Income after Tax)		---	---	---	0	0
Current Profit and Loss		---	---	---	1,229,865	500,228
Earnings per share		---	---	---	0.96	0.40

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

(3) Auditing Opinions by Certified Public Accountants (CPA)

Year	CPA Office	Name of CPA	Auditing Opinion
2011	Deloitte & Touche	Chen, Chie-Chung/ Chen, Chao-Feng	Remaining opinion (note 1)
2012	Deloitte & Touche	Chen, Chie-Chung/ Wu, Yi-Chun	No remaining opinion
2013	Deloitte & Touche	Chen, Chie-Chung/ Wu, Yi-Chun	No remaining opinion
2014	Deloitte & Touche	Chen, Chie-Chung/ Wu, Yi-Chun	No remaining opinion
2015	Deloitte & Touche	Chen, Chie-Chung/ Wu, Yi-Chun	No remaining opinion

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 in the Last 5 Years

(1) Financial Analysis

Financial Analysis (Consolidated) - International Financial Reporting Standards (IFRS)

Unit: NT\$1,000, %

Subject		Financial Analysis for the Last Five Years				
		2015	2014	2013	2012	2011
Operating Ability	Ratio of Loans to Deposits	75.65	76.16	79.54	83.73	---
	Ratio of Overdue Loans	0.07	0.33	0.59	0.58	---
	Ratio of Interest Expense to Average Deposits	0.85	0.83	0.80	0.83	---
	Ratio of Interest Revenue to Average Loans	2.74	2.66	2.61	2.57	---
	Total Asset Turnover (times)	0.02	0.02	0.02	0.02	---
	Average Operating Revenue Per Employee	3,002	2,612	2,563	2,061	---
	Average Earnings Per Employee	1,035	979	465	623	---
Profitability	Return on Tier-1 Capital	12.83	15.59	8.38	11.64	---
	Return on Assets	0.59	0.64	0.31	0.48	---
	Rate of Return on Shareholders' Equity	10.49	12.18	6.37	10.20	---
	Net Income Ratio	34.48	37.49	18.14	30.23	---
	Earnings Per Share (NT\$) (Note 1)	1.22	1.32	0.63	0.93	---
Financial structure	Total Debt Ratio	94.25	94.42	95.13	95.16	---
	Fixed Asset to Shareholders' Equity Ratio	45.50	50.96	65.78	74.05	---
Growth	Assets Growth Rate	10.19	12.48	10.84	5.96	---
	Profit Growth Rate	2.37	128.63	(21.32)	154.04	---
Cash flow	Cash Flow Ratio	181.16	80.09	42.58	154.10	---
	Cash Flow Adequacy Ratio	5,294.64	7,189.36	8,502.40	12,494.61	---
	Cash Flow Satisfied Ratio	(95.59)	(24.66)	(111.33)	(723.52)	---
Liquid Reserves Ratio		24.83	20.39	21.95	17.56	---
Total Secured Loans of Stakeholders		2,661,886	2,547,535	2,458,421	2,006,652	---
Ratio of Total Secured Loans of Stakeholders to total loans		1.09	1.16	1.18	1.03	---
Scale of Operation	Market Share of Assets	0.53	0.52	0.50	0.50	---
	Market Share of Net Worth	0.39	0.38	0.33	0.32	---
	Market Share of Deposits	0.99	0.94	0.90	0.85	---
	Market Share of Loans	0.93	0.87	0.86	0.84	---

Description for changes in ratios:

1. Decrease of ratio of overdue loans: Mainly caused by the decrease of overdue loan and the increase of net loan and allowance.
2. Decrease of profit growth: Mainly caused by the smaller growth of pre-tax profit in 2015 comparing with 2014.
3. Increase of the cash flow ratio: Mainly caused by the increase of net cash from business activities
4. Decrease of cash flow adequacy ratio: Mainly caused by the increase of capital and distribution of cash dividend in 2015
5. Decrease of cash flow satisfied ratio: Mainly caused by the smaller net cash from investment in 2015 comparing with 2014. Besides, the growth rate of the net profit of business activities in 2015 is smaller than that of investments
6. Increase of liquid reserves ratio: Mainly caused by the Bank's adjustment made to actual liquid reserves, which resulted in a bigger increase of liquid reserves comparing with loans.

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 CPA

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 = Expense of deposit related interest / Annual Average deposits
 - (4) Ratio of interest revenue to average loans = Revenue of credit related interest / Annual Average loans
 - (5) Total asset turnover=Net income/ Total Average Asset
 - (6) Average operating revenue per employee (Note 7) = Net income/ Number of Total employees
 - (7) Average earnings per employee = Net Income after Tax/ Number of 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) Equity return ratio = 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) Fix Asset to Equity Ratio = Net Fix Asset / 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 / (due from other banks + commercial paper payable + financial liability at fair value through profit or loss + Repurchase Agreements & Bonds Liability + Payables of maturity within one year
 - (2) Net Cash Flow Adequacy Ratio =Net operating cash in the last five years/ (capital expenditures + cash dividends) in the last five year
 - (3) Cash Flow Satisfied Ratio = Operating Cash / Invested Cash
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: Total liabilities should deduct of guarantee and contingency loss reserves.

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, the calculation should considering the period of outstanding when there are transactions of cash capital increase 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 form earnings or surplus.
4. In case the preferred shares are non-convertible accumulated preferred shares, the annual dividends (whether distributed or not) shall be deducted from income 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 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 banks of the Mainland China, branches of foreign banks, credit cooperative, and credit departments of fishermen's and farmers' association.

Note 7: Operating income means the total amount of interest and non-interest income.

Note 8: While cash flow analysis is measured, special attention should be paid to the following matters:

1. Net operating cash flow is net 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.

Financial Analysis (Individual) - International Financial Reporting Standards (IFRS)

Unit: NT\$1,000, %

Subject		Year (Note 2)	Financial Analysis for the Last Five Years				
			2015	2014	2013	2012	2011
Operating Ability	Ratio of Loans to Deposits	75.44	75.90	79.31	83.58	---	
	Ratio of Overdue Loans	0.07	0.33	0.59	0.58	---	
	Ratio of Interest Expense to Average Deposits	0.85	0.83	0.80	0.83	---	
	Ratio of Interest Revenue to Average Loans	2.73	2.65	2.61	2.57	---	
	Total Asset Turnover (times)	0.02	0.02	0.02	0.02	---	
	Average Operating Revenue Per Employee	3,050	2,644	2,606	2,088	---	
	Average Earnings Per Employee	1,093	1,028	492	654	---	
Profitability	Return on Tier-1 Capital	13.18	16.15	8.62	11.99	---	
	Return on Assets	0.60	0.64	0.31	0.48	---	
	Rate of Return on Shareholders' Equity	10.49	12.19	6.37	10.21	---	
	Net Income Ratio	35.84	38.90	18.89	31.31	---	
	Earnings Per Share (NT\$) (Note 1)	1.22	1.32	0.63	0.93	---	
Financial structure	Total Debt Ratio	94.23	94.39	95.12	95.17	---	
	Fixed Asset to Shareholders' Equity Ratio	45.46	50.86	65.64	73.92	---	
Growth	Assets Growth Rate	10.28	12.21	10.52	6.04	---	
	Profit Growth Rate	1.87	131.87	(22.24)	153.48	---	
Cash flow	Cash Flow Ratio	188.44	90.08	51.90	157.80	---	
	Cash Flow Adequacy Ratio	2,880.53	3,127.85	3,071.88	4,621.96	---	
	Cash Flow Satisfied Ratio	(96.32)	(27.30)	(131.74)	(604.97)	---	
Liquid Reserves Ratio		24.83	20.39	21.95	17.56	---	
Total Secured Loans of Stakeholders		2,661,886	2,547,535	2,458,421	2,006,652	---	
Ratio of Total Secured Loans of Stakeholders to total loans		1.09	1.16	1.18	1.03	---	
Scale of Operation	Market Share of Assets	0.53	0.52	0.50	0.50	---	
	Market Share of Net Worth	0.39	0.28	0.33	0.32	---	
	Market Share of Deposits	0.99	0.94	0.90	0.85	---	
	Market Share of Loans	0.93	0.87	0.86	0.84	---	

Description for changes in ratios:

1. Reduction of ratio of overdue loans: Due to the decrease of overdue loan and the increase of net loan and allowance.
2. Reduction of profit growth: Due to the smaller growth of pre-tax profit in 2015 comparing with 2014.
3. Increase of the cash flow ratio: Due to the increase of net cash from business activities
4. Decrease of cash flow satisfied ratio: Due to the smaller net cash from investment in 2015 comparing with 2014. Besides, the growth rate of the net profit of business activities in 2015 is smaller than that of investments.
5. Increase of liquid reserves ratio: Due to the Bank's adjustment made to actual liquid reserves, which resulted in a bigger increase of liquid reserves comparing with loans.

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 CPA

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 = Expense of deposit related interest /Annual Average deposits
 - (4) Ratio of interest revenue to average loans = Revenue of credit related interest / Annual Average loans
 - (5) Total asset turnover=Net income/ Total Average Asset
 - (6) Average operating revenue per employee (Note 7) = Net income/Number of Total employees
 - (7) Average earnings per employee = Net Income after Tax/ Number of 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) Equity return ratio = 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) Fix Assets to Equity Ratio = Net Fix 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 + Repurchase Agreements & Bonds Liability + Payables of maturity within one year
 - (2) Net Cash Adequacy Ratio =Net operating cash in the last five years/ (capital expenditures + cash dividends) in the last five year
 - (3) Cash Flow Satisfied Ratio = Operating Cash / Invested 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: Total liabilities should deduct of guarantee and contingency loss reserves.

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, the calculation should consider the period of outstanding when there are transactions of cash capital increase 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 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 banks of the Mainland China, branches of foreign banks, credit cooperative, and credit departments of fishermen's and farmers' association.

Note 7: Operating income means the total amount of interest and non-interest income.

Note 8: While cash flow analysis is measured, special attention should be paid to the following matters:

1. Net operating cash flow is net 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.

Financial Analysis (Consolidated) - National Financial Reporting Standards

Unit: NT\$1,000, %

Subject		Year (Note 2)	Financial Analysis for the Last Five Years				
			2015	2014	2013	2012	2011
Operating Ability	Ratio of Loans to Deposits	---	---	---	83.73	81.53	
	Ratio of Overdue Loans	---	---	---	0.58	0.75	
	Ratio of Interest Expense to Average Deposits	---	---	---	1.00	0.95	
	Ratio of Interest Revenue to Average Loans	---	---	---	2.84	2.83	
	Total Asset Turnover (times)	---	---	---	0.02	0.01	
	Average Operating Revenue Per Employee	---	---	---	2,046	1,943	
	Average Earnings Per Employee	---	---	---	619	270	
Profitability	Return on Tier-1 Capital	---	---	---	11.56	4.89	
	Return on Assets	---	---	---	0.48	0.21	
	Rate of Return	---	---	---	9.96	4.43	
	Net Income Ratio	---	---	---	30.23	13.89	
	Earnings Per Share (NTD) (Note 1)	---	---	---	0.96	0.40	
Financial structure	Total Debt Ratio	---	---	---	95.08	95.27	
	Property and equipment to Shareholders' Equity Ratio	---	---	---	68.89	76.72	
Growth	Assets Growth Rate	---	---	---	5.91	6.12	
	Profit Growth Rate	---	---	---	152.12	(15.29)	
Cash flow	Cash Flow Ratio	---	---	---	0.09	22.69	
	Cash Flow Adequacy Ratio	---	---	---	7,830.41	3,255.93	
	Cash Flow Satisfied Ratio	---	---	---	(0.10)	(17.07)	
Liquid Reserves Ratio		---	---	---	17.56	18.74	
Total Secured Loans of Stakeholders		---	---	---	2,006,652	2,321,463	
Ratio of Total Secured Loans of Stakeholders to total loans		---	---	---	1.20	1.28	
Scale of Operation	Market Share of Assets	---	---	---	0.50	0.49	
	Market Share of NET WORTH	---	---	---	0.32	0.32	
	Market Share of Deposits	---	---	---	0.85	0.84	
	Market Share of Loans	---	---	---	0.84	0.81	

Description for changes in ratios:

1. Decrease of ratio of overdue loans: Mainly caused by the decrease of overdue loan and the increase of net loan and allowance.
2. Increase of the non-interest net profit to net profit ratio, total asset turnover, average operating revenue per employee, average earnings per employee, return on tier-1 capital, return on assets, rate of return on shareholders' equity, net income ratio, earnings per share, pre-tax net profit to capital ratio, fixed asset to shareholders' equity ratio and profit growth rate: Mainly caused by the collection of bad debt of the previous year, plus the unlisted losses due to sale of nonperforming loans have been amortized in 2011. These have largely decreased the annual loss of 2012. Moreover, the net profit and net gain (loss) before / after the tax also increased due to the increase of net fee income, financial assets at fair value through profit / loss and net indebtedness.
3. Decrease of cash flow ratio: Mainly caused by the decrease of net cash inflow generated from business activities in 2012.
4. Increase of cash flow adequacy ratio: Mainly caused by the increase of net cash inflow generated from business activities over the last 5 years.
5. Increase of cash flow satisfied ratio: Mainly caused by the decrease of net cash inflow generated from business activities in 2012. Besides, investment activities over the last two years also have caused net cash outflow.

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 CPA

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/Annual Average deposits
 - (4) Ratio of interest revenue to average loans = Interest revenue/ Annual Average loans
 - (5) Total asset turnover=Net income/ Total Average Asset
 - (6) Average operating revenue per employee (Note 7) = Net income/ Total Number of employees
 - (7) Average earnings per employee =Net Income after Tax/ Total Number of 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 Amount of Shareholders' 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 / (due from other banks + commercial paper payable + financial liabilities with change in fair value being recorded as gains or losses + Repurchase Agreements & Bonds Liability + Payables of maturity within one year
 - (2) Net Cash Flow Adequacy Ratio =Net operating cash in the last five years/ (capital expenditures + cash dividends) in the last five year
 - (3) Cash Flow Satisfied Ratio = Operating Cash / Invested Cash
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: Total liabilities should deduct of guarantee reserve, reserve for share trading, reserve for the loss of contract violation, and contingency loss reserve.

Note 5: Attention should be paid to for using the above formulas.

1. It is calculated on a basis of weighted average number of shares instead of the number of shares issued at the end of the year.
2. Weighted average numbers of shares, the calculation should consider the period of outstanding when there are transactions of cash capital increase 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 from earnings or 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 income 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 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 income means to the total amount of interest and non-interest income.

Note 8: While cash flow analysis is measured, special attention should be paid to the following matters:

1. Net operating cash flow is net 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.

Financial Analysis (Individual) - National Financial Reporting Standards

Unit: NT\$1,000, %

Subject		Year (Note 2)	Financial Analysis for the Last Five Years				
			2015	2014	2013	2012	2011
Operating Ability	Ratio of Loans to Deposits		---	---	---	83.58	81.50
	Ratio of Overdue Loans		---	---	---	0.58	0.75
	Ratio of Interest Expense to Average Deposits		---	---	---	1.00	0.95
	Ratio of Interest Revenue to Average Loans		---	---	---	2.83	2.83
	Total Asset Turnover (times)		---	---	---	0.01	0.01
	Average Operating Revenue Per Employee		---	---	---	2,077	1,991
	Average Earnings Per Employee		---	---	---	649	286
Profitability	Return on Tier-1 Capital		---	---	---	11.90	4.95
	Return on Assets		---	---	---	0.48	0.21
	Rate of Return		---	---	---	9.97	4.43
	Net Income Ratio		---	---	---	31.25	14.37
	Earnings Per Share (NTD) (Note 1)		---	---	---	0.96	0.40
Financial structure	Total Debt Ratio		---	---	---	95.09	95.27
	Property and equipment to Shareholders' Equity Ratio		---	---	---	68.75	76.59
Growth	Assets Growth Rate		---	---	---	6.04	6.38
	Profit Growth Rate		---	---	---	151.55	(14.75)
Cash flow	Cash Flow Ratio		---	---	---	(1.33)	23.74
	Cash Flow Adequacy Ratio		---	---	---	2,917.84	2,646.62
	Cash Flow Satisfied Ratio		---	---	---	1.39	(17.62)
Liquid Reserves Ratio			---	---	---	17.56	18.74
Total Secured Loans of Stakeholders			---	---	---	2,006,652	2,321,463
Ratio of Total Secured Loans of Stakeholders to total loans			---	---	---	1.20	1.28
Scale of Operation	Market Share of Assets		---	---	---	0.50	0.49
	Market Share of NET WORTH		---	---	---	0.32	0.32
	Market Share of Deposits		---	---	---	0.85	0.84
	Market Share of Loans		---	---	---	0.84	0.81

Description for changes in ratios:

1. Decrease of non-performing ratio: Mainly caused by the Bank's effort on improving the asset quality and accelerating its provision on write off bad debts.
2. Increase of employees' average profit, Type I return on capital (ROC), ROA, ROE, net profit ratio and EPS: The main reason is that the bad debt expenses over the years and loss caused by the selling of distressed debt were all settled in 2011. Relevant expenses in 2012 were therefore decreased and resulted in an increase of the loss / gain before and after tax.
3. Decrease of the cash flow ratio and cash flow satisfied ratio: Mainly caused by the cash flow obtained from operating activities held in 2012 as they are mainly net cash flow.

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 CPA

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/Annual Average deposits
 - (4) Ratio of interest revenue to average loans = Interest revenue/ Annual Average loans
 - (5) Total asset turnover=Net income/ Total Average Asset
 - (6) Average operating revenue per employee (Note 7) = Net income/ Total Number of employees
 - (7) Average earnings per employee = Net Income after Tax/ Total Number of 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 Amount of Shareholders' 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 / (due from other banks + commercial paper payable + financial liabilities with change in fair value being recorded as gains or losses + Repurchase Agreements & Bonds Liability + Payables of maturity within one year
 - (2) Net Cash Flow Adequacy Ratio =Net operating cash in the last five years/ (capital expenditures + cash dividends) in the last five year
 - (3) Cash Flow Satisfied Ratio = Operating Cash / Invested Cash
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: Total liabilities should deduct of guarantee reserve, reserve for share trading, reserve for the loss of contract violation, and contingency loss reserve.

Note 5: Attention should be paid to for using the above formulas.

1. It is calculated on a basis of weighted average number of shares instead of the number of shares issued at the end of the year.
2. Weighted average numbers of shares, the calculation should consider the period of outstanding when there are transactions of cash capital increase 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 from 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 income 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 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 income means the total amount of interest and non-interest income.

Note 8: While cash flow analysis is measured, special attention should be paid to the following matters:

1. Net operating cash flow is net 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

Capital Adequacy Ratio (Consolidated) - International Financial Reporting Standards (IFRS)

Unit: NT\$1,000, %

Analysis Items			Year (Note 1)		Capital Adequacy Ratio for the Last Five Years				
			2015	2014	2013	2012	2011		
Self-Owned Capital	Common Equity		19,418,166	17,079,636	12,952,072	11,500,618	---		
	Additional Tier 1 Capital		851,685	0	0	0	---		
	Tier 2 Capital		8,664,750	8,171,841	6,033,823	5,504,797	---		
	Self-Owned Capital		28,934,601	25,251,477	18,985,895	17,005,415	---		
Total Risk-Weighted Assets	Credit Risk Standardized Approach	Standardized Approach	232,458,256	205,749,136	190,158,210	171,362,100	---		
		Internal Ratings-based Approach	0	0		0	---		
		Credit Valuation Adjustment	267	339	231	0	---		
		Asset Securitization	0	0	0	0	---		
	Operational Risk Based Indicator Approach	Basic Indicator Approach	9,774,824	8,665,326	7,825,867	7,180,781	---		
		Standardized Approach / Alternative Standardized Approach	0	0	0	0	---		
		Advanced Measurement Approach	0	0	0	0	---		
	Market Risk	Standardized Approach	6,529,714	3,775,728	4,800,687	6,597,324	---		
		Internal Model Approach	0	0	0	0	---		
	Total Risk-Weighted Assets		248,763,061	218,190,529	202,784,995	185,140,205	---		
	Capital Adequacy Ratio (BIS)		11.63	11.57	9.36	9.19	---		
Ratio of Tier 1 Capital to Risk Weighted Assets Ratio		8.15	7.83	6.39	6.21	---			
Ratio of Common Capital to Risk Weighted Assets Ratio		7.81	7.83	6.39	---	---			
Leverage Ratio (Note 4)		5.56	4.89	4.44	---	---			

Note 1: Financial data have been audited and accredited by CPA

Note 2: Self-owned capital, risk-weighted assets and exposure measure shall comply with "the Regulations Governing the Capital Adequacy and Capital Category of Banks" and "the Methods for calculating Bank's regulatory capital and Risk Weighted Assets".

Note 3: Calculation formula should be listed at the end of annual report as follows:

1. Self-owned Capital = Common Equity + Additional Tier 1 Capital + Tier 2 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 Weighted Assets ratio = (Common Equity + Additional Tier 1 Capital) / Total Risk-Weighted Assets
5. Common Equity to Risk Weighted Assets ratio = Common Equity / Total Risk-Weighted Assets
6. Leverage Ratio = Net Tier 1 Capital / Total Risk Exposure

Note 4: The leverage ratio is disclosed starting from 2015

Capital Adequacy Ratio (Individual) - International Financial Reporting Standards (IFRS)

Unit: NT\$1,000, %

Analysis Items			Year (Note 1)	Capital Adequacy Ratio for the Last Five Years				
			2015	2014	2013	2012	2011	
Self-Owned Capital	Common Equity		19,011,079	16,442,205	12,311,870	10,896,501	---	
	Additional Tier 1 Capital		432,242	0	0	0	---	
	Tier 2 Capital		7,826,037	7,506,936	5,399,500	4,908,167	---	
	Self-Owned Capital		27,269,358	23,929,141	17,711,370	15,804,668	---	
Total Risk-Weighted Assets	Credit Risk Standardized Approach	Standardized Approach	229,463,752	202,909,816	188,899,687	171,224,219	---	
		Internal Ratings-based Approach	0	0	0	0	---	
		Credit Valuation Adjustment	267	339	231	0	---	
		Asset Securitization	0	0	0	0	---	
	Operational Risk Based Indicator Approach	Basic Indicator Approach	9,515,482	8,424,881	7,573,503	6,942,249	---	
		Standardized Approach / Alternative Standardized Approach	0	0	0	0	---	
		Advanced Measurement Approach	0	0	0	0	---	
	Market Risk	Standardized Approach	6,529,558	3,738,110	4,755,955	6,547,039	---	
		Internal Model Approach	0	0	0	0	---	
	Total Risk-Weighted Assets		245,509,059	215,073,146	201,229,376	184,713,507	---	
Capital Adequacy Ratio (BIS)			11.11	11.13	8.80	8.56	---	
Ratio of Tier 1 Capital to Risk Weighted Assets Ratio			7.92	7.64	6.12	5.90	---	
Ratio of Common Capital to Risk Weighted Assets Ratio			7.74	7.64	6.12	---	---	
Leverage Ratio (Note 4)			5.38	4.83	4.38	---	---	

Note 1: Above financial data have been audited and accredited by CPA

Note 2: Self-owned capital, risk-weighted assets and exposure measure shall comply with "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Methods for calculating Bank's regulatory capital and Risk Weighted Assets".

Note 3: Calculation formula should be listed at the end of annual report as follows:

1. Self-owned Capital = Common Equity + Additional Tier 1 Capital + Tier 2 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 Weighted Assets ratio = (Common Equity + Additional Tier 1 Capital) / Total Risk-Weighted Assets
5. Common Equity to Risk Weighted Assets ratio = Common Equity / Total Risk-Weighted Assets
6. Leverage Ratio = Net Tier 1 Capital / Total Risk Exposure

Note 4: The leverage ratio is disclosed starting from 2015

Capital Adequacy Ratio (Consolidated) - National Financial Reporting Standards

Unit: NT\$1,000

Analysis Items		Capital Adequacy Ratio for the Last Five Years					Capital Adequacy Ratio collected before February 29 of the year (Note 5)
		2015	2014	2013	2012	2011	
Self-Owned Capital	Tier-1 Capital						
	Common Stock	---	---	---	12,749,730	12,749,730	
	Perpetual Non-Cumulated Preferred Stock	---	---	---	0	0	
	Non-Cumulated Subordinated Debts without Maturity Dates	---	---	---	0	0	
	Capital Collected in Advance	---	---	---	0	0	
	Capital Surplus (Except for Property Appraisal Surplus)	---	---	---	0	12,598	
	Legal Reserve	---	---	---	0	0	
	Special Reserve	---	---	---	0	22,691	
	Accumulated Reserve	---	---	---	82,931	0	
	Minority Interest	---	---	---	6,787	6,690	
	Other Shareholders' Equity	---	---	---	(147,033)	(151,155)	
	Minus: Goodwill	---	---	---	1,034,579	1,034,579	
	Minus: Unamortized Loss on Sales of Non-performing Loan	---	---	---	0	0	
	Minus: Capital Allowance	---	---	---	157,218	751,076	
	Total Tier-1 Capital	---	---	---	11,500,618	10,854,899	
	Tier-2 Capital						
	Perpetual Cumulated Preferred Stock	---	---	---	0	0	Not applicable
	Cumulated Subordinated Debts without Maturity Dates	---	---	---	0	0	
	Fixed Assets Appraisal Surplus	---	---	---	256,642	256,642	
	45% of Unrealized Gains on Financial instruments in Available-for-sale	---	---	---	6,826	5,956	
	Convertible Bonds	---	---	---	0	0	
	The Operating Reserve and Allowance for Bad Debt	---	---	---	858,267	408,922	
	Long-term Subordinated Debts	---	---	---	4,540,280	4,441,060	
	Non-perpetual Preferred Stocks	---	---	---	0	0	
	The Sum of Perpetual Non-Cumulated Preferred Stock and Non-Cumulated Subordinated Debts without Maturity Dates Exceeds 15% of Total Tier 1 Asset	---	---	---	0	0	
	Minus: Capital Allowance	---	---	---	157,218	751,076	
	Total Tier-2 Capital	---	---	---	5,504,797	4,361,504	
	Tier-3 Capital						
	Short-term Subordinated Debts	---	---	---	0	0	
	Non-perpetual Preferred Stocks	---	---	---	0	0	
	Total Tier-3 Capital	---	---	---	0	0	
	Self-owned Capital	---	---	---	17,005,415	15,216,403	

VI. Financial Status

Analysis Items			Year (Note 1)	Capital Adequacy Ratio for the Last Five Years					Capital Adequacy Ratio collected before February 29 of the year (Note 5)
			2015	2014	2013	2012	2011		
Risk-Weighted Assets	Credit Risk	Standardized Approach	---	---	---	171,362,100	153,013,236		
		Internal Ratings-based Approach	---	---	---	0	0		
		Asset Securitization	---	---	---	0	0		
	Operational Risk	Basic Indicator Approach	---	---	---	7,180,781	5,823,776		
		Standardized Approach /Alternative Standardized Approach	---	---	---	0	0		
		Advanced Measurement Approach	---	---	---	0	0		
	Market risk	Standardized Approach	---	---	---	6,597,324	6,320,499		
		Internal Model Approach	---	---	---	0	0		
	Total Risk-Weighted Assets		---	---	---	185,140,204	165,157,511		
	Capital Adequacy Ratio (BIS)		---	---	---	9.19	9.21		
Ratio of Tier 1 Capital to Risky Asset		---	---	---	6.21	6.57			
Ratio of Tier 2 Capital to Risky Asset		---	---	---	2.98	2.64			
Ratio of Tier 3 Capital to Risky Asset		---	---	---	---	---			
Ratio of Total Common Stock to Total Asset		---	---	---	4.83	5.10			

Note 1: Above financial data have been audited and accredited by accountants

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: Listed companies or companies whose stock is already traded at business place of securities firms shall list information before the quarter of publishing the annual report. Besides, it is a must to note if the financial statements have been certified and / or reviewed by CPA. If not, it is also a must to note it down.

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 Ratio (Individual) - National Financial Reporting Standards

Unit: NT\$1,000

Analysis Items			Year (Note 1)	Capital Adequacy Ratio for the Last Five Years					Capital Adequacy Ratio collected before February 29 of the year (Note 5)
			2015	2014	2013	2012	2011		
Self-Owned Capital	Tier-1 Capital	Common Stock	---	---	---	12,749,730	12,749,730	Not applicable	
		Perpetual Non-Cumulated Preferred Stock	---	---	---	0	0		
		Non-Cumulated Subordinated Debts without Maturity Dates	---	---	---	0	0		
		Capital Collected in Advance	---	---	---	0	0		
		Capital Surplus (Except for Property Appraisal Surplus)	---	---	---	0	12,598		
		Legal Reserve	---	---	---	0	0		
		Special Reserve	---	---	---	0	22,691		
		Accumulated Reserve	---	---	---	82,931	0		
		Minority Interest	---	---	---	0	0		
		Other Shareholders' Equity	---	---	---	(147,033)	(151,155)		
		Minus: Goodwill	---	---	---	1,034,579	1,034,579		
		Minus: Unamortized Loss on Sales of Non-performing Loan	---	---	---	0	0		
		Minus: Capital Allowance	---	---	---	754,548	1,031,061		
		Total Tier-1 Capital	---	---	---	10,896,501	10,568,224		
	Tier-2 Capital	Perpetual Cumulated Preferred Stock	---	---	---	0	0		
		Cumulated Subordinated Debts without Maturity Dates	---	---	---	0	0		
		Fixed Assets Appraisal Surplus	---	---	---	256,642	256,642		
		45% of Unrealized Gains on Financial instruments in Available-for-sale	---	---	---	6,826	5,956		
		Convertible Bonds	---	---	---	0	0		
		The Operating Reserve and Allowance for Bad Debt	---	---	---	858,267	408,922		
		Long-term Subordinated Debts	---	---	---	4,540,280	4,442,860		
		Non-perpetual Preferred Stocks	---	---	---	0	0		
		The Sum of Perpetual Non-Cumulated Preferred Stock and Non-Cumulated Subordinated Debts without Maturity Dates Exceeds 15% of Total Tier 1 Asset	---	---	---	0	0		
		Minus: Capital Allowance	---	---	---	754,548	1,031,061		
		Total Tier-2 Capital	---	---	---	4,908,167	4,083,319		
		Tier-3 Capital	Short-term Subordinated Debts	---	---	---	0	0	
			Non-perpetual Preferred Stocks	---	---	---	0	0	
Total Tier-3 Capital	---		---	---	0	0			
Self-owned Capital		---	---	---	15,804,668	14,651,543			

VI. Financial Status

Analysis Items			Year (Note 1)	Capital Adequacy Ratio for the Last Five Years					Capital Adequacy Ratio collected before February 29 of the year (Note 5)
			2015	2014	2013	2012	2011		
Risk-Weighted Assets	Credit Risk	Standardized Approach	---	---	---	171,224,219	152,369,727		
		Internal Ratings-based Approach	---	---	---	0	0		
		Asset Securitization	---	---	---	0	0		
	Operational Risk	Basic Indicator Approach	---	---	---	6,942,249	5,587,007		
		Standardized Approach /Alternative Standardized Approach	---	---	---	0	0		
		Advanced Measurement Approach	---	---	---	0	0		
	Market risk	Standardized Approach	---	---	---	6,547,039	6,024,600		
		Internal Model Approach	---	---	---	0	0		
	Total Risk-Weighted Assets		---	---	---	184,713,507	163,981,334		
	Capital Adequacy Ratio (BIS)			---	---	---	8.56	8.93	
Ratio of Tier 1 Capital to Risky Asset			---	---	---	5.90	6.44		
Ratio of Tier 2 Capital to Risky Asset			---	---	---	2.66	2.49		
Ratio of Tier 3 Capital to Risky Asset			---	---	---	0	0		
Ratio of Total Common Stock to Total Asset			---	---	---	4.82	5.11		

Note 1: Above financial data have been audited and accredited by accountants

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: Listed companies or companies whose stock is already traded at business place of securities firms shall list information before the quarter of publishing the annual report. Besides, it is a must to note if the financial statements have been certified and / or reviewed by CPA. If not, it is also a must to note it down.

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".

3. Scan of the Audit Committee Review Report for Financial Statements

Audit Report of Audit Committee, Sunny Bank Co., Ltd.

It is hereby to approve the 2015 Individual and Consolidated Financial Statements produced and submitted by the Board of Directors have been audited and certified by CPAs Chen, Chieh-Chung and Wu, I-Chun of Deloitte & Touche Taiwan together with business report and earning distribution table. After reviewing the results by Audit Committee members, no unconformity in all statements is found. The Annual Report is thereby prepared according to Article 14-4 and 14-5 of Securities and Exchange Act, and Article 219 of Corporate Law.

To: 2016 General Meeting of Shareholders, Sunny Bank Co., Ltd

Independnet Managing Board Director

Wu, Wen-Cheng



Independent Board Director

Wu, Fu-Kui



Independent Board Director

Yang, Chang-Feng



Date: March 22, 2016



4. Financial Statements

Please refer to Annex I. Financial Statements from page 151 to 266.

5. The Bank's Individual Financial Statements audited by CPAs

Please refer to Annex II. The Bank's Individual Financial Statements audited by CPAs from page 267 to 376.

6. Effect of Financial Difficulties Experienced by the Bank and Related Enterprises on the Bank's Financial Status in Most Recent Year and to the Annual Report Publication Date: None



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VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

1. Financial Status
2. Financial Performance
3. Cash Flow
4. Influence of Major Capital Expenditures on Financial Operations
5. Reinvestment Policy
6. Risk Analysis and Assessment
7. Crisis Management Mechanism
8. Other Important Events

VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

1. Financial Status

Unit: NT\$ 1,000

Item	Year	2015	2014	Difference	
				Amount	%
Cash and Cash Equivalents, Dues from Central Bank and Other Banks		26,598,701	28,333,518	(1,734,817)	(6)
Financial Assets at Fair Value through Profit/Loss		9,734,953	18,304,970	(8,570,017)	(47)
Financial bill and bond liabilities under resale agreement		5,000	110,000	(105,000)	(95)
Receivables		3,549,774	3,043,245	506,529	17
Current Tax Assets		36,858	66,357	(29,499)	(44)
Discounts and Loans		238,052,110	215,691,619	22,360,491	10
Available-for-Sale Financial Assets		70,594,664	48,674,027	21,920,637	45
Hold-to-maturity Financial Assets		1,904,361	1,067,515	836,846	78
Other Financial Assets		1,513,173	3,112,418	(1,599,245)	(51)
Property and Equipment		9,485,506	9,365,968	119,538	1
Investment Property		89,675	875	88,800	10149
Intangible Assets		1,063,409	1,056,420	6,989	1
Deferred Tax Assets (DTA)		222,922	389,722	(166,800)	(43)
Other Assets		372,170	418,243	(46,073)	(11)
Total Assets		363,223,276	329,634,897	33,588,379	10
Deposits in the CBC and Other Banks		5,573,606	6,483,606	(910,000)	(14)
Financial Liabilities at Fair Value through Profit/Loss		16,621	7,307	9,314	127
Notes and Bonds Issued under Repurchase Agreement		2,850,039	3,903,419	(1,053,380)	(27)
Payables		2,679,094	3,101,169	(422,075)	(14)
Current Tax Liabilities		24,103	9,751	14,352	147
Deposits and Remittances		318,609,421	286,279,355	32,330,066	11
Bank debentures Payable		10,400,000	9,100,000	1,300,000	14
Other Financial Liabilities		1,520,997	1,671,055	(150,058)	(9)
Liability Reserves		282,475	250,789	31,686	13
Deferred tax liabilities		119,200	141,701	(22,501)	(16)
Other Liabilities		302,440	307,619	(5,179)	(2)
Total Liabilities		342,377,996	311,255,771	31,122,225	10
Equity attributable to owners of the parent					
Capital		17,436,742	15,883,719	1,553,023	10
Capital Surpluses		48,717	43,950	4,767	11
Retained Earnings		3,153,207	2,423,802	729,405	30
Other Equity		210,122	31,162	178,960	574
Treasury shares		(3,508)	(3,508)	---	---
Non-controlling interest		0	1	(1)	(100)
Total Equity		20,845,280	18,379,126	2,466,154	13

Description for changes in ratios:

1. Decrease of financial assets at fair value through profit/loss: Mainly caused by the reinvestment from short-term bills to other positions.
2. Decrease of financial bill and bond liabilities under resale agreement and notes and bonds issued under repurchase agreement: Mainly caused by deployment of capital for necessary financial measures.
3. Decrease of current tax assets: mainly caused by returns of approved income tax in 2013
4. Increase of available-for-sale financial assets: Mainly caused by the increase of government bonds and commercial papers.
5. Increase of hold-to-maturity financial assets: Mainly caused by the increase of government bonds.
6. Decrease of other financial assets: Mainly caused by the decrease of fixed time deposit in overseas banks.
7. Increase of investment property: Mainly caused by the increasing number of affiliates' lands and buildings due to investment on accommodation and business building.
8. Decrease of deferred tax assets (DTA): Mainly caused by the increase of pre-tax incomes, increase of deficit offset and decrease of deferred tax asset.
9. Increase of financial liabilities at fair value through profit/loss: Mainly caused by the exchange rate, resulting an increased appraisal on FX SWAP.
10. Increase of tax liabilities: Mainly caused by the increase of affiliates' income tax payable.
11. Increase of Retained Earnings: Mainly caused by the increase of statutory surplus reserve and after-tax net income
12. Increase of other equity: Mainly caused by the increased appraisal on available-for-sale financial assets.
13. Decrease of Non-controlling interest: Mainly caused by merged companies' acquisition of non-controllable benefits and rights.

2. Financial Performance

Unit: NT\$ 1,000

Item	Year	2015	2014	Difference	
				Amount	%
Net Interest Income		4,245,823	3,778,967	466,856	12
Net Income Non-Interest		1,721,582	1,526,931	194,651	13
Net Income		5,967,405	5,305,898	661,507	12
Bad Debt Expenses and Guarantee Liability Provisions (revolving)		219,541	(202,083)	421,624	209
Operating Expenses		3,351,000	3,166,651	184,349	6
Net Income Before Tax		2,396,864	2,341,330	55,534	2
Income Tax Expenses		(339,592)	(352,311)	12,719	(4)
Net profit of the year		2,057,272	1,989,019	68,253	3

Description of the analysis of the change:

Increase on bad debt expenses and guarantee liability provisions: Mainly caused by the regulation that competent authorities with Type 1 normal loans should prepare 1% amount as the allowance (1.5% amount as the allowance for credit lines in Mainland China), and to improve the asset quality as well as to increase the coverage ratio.

VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

3. Cash Flow

(1) Cash Flow Change Analysis of the Most Recent Year

Item	Year	2015	2014	Increment (%)
Cash Flow Ratio (%)		181.16	80.09	126.2
Cash Flow Adequacy Ratio (%)		5,294.64	7,189.36	(26.35)
Cash Flow Satisfied Ratio (%)		(95.59)	(24.66)	(287.63)

Description of the analysis of the change:

1. Increase of cash flow ratio: Mainly caused by the increase of net cash generated from business activities in 2015
2. Decrease of cash flow adequacy ratio: Mainly caused by the increase of capital expenditure and distribution of cash dividend
3. Decrease of cash flow reinvestment ratio: Mainly caused by the bigger investment cash flow in 2015 comparing with 2014. Besides, the increase of net cash flow generated from business activities is smaller than the increase of investment net cash flow in 2015.

(2) Liquidity Analysis for Next Year:

Unit: NT\$ 1,000

Cash Balance at the Start of the Period	Expected Net Operating Cash Flow for the Whole Year ②	Expected Cash Flow for the Whole Year ③	Expected Cash Surplus (Deficit) ①+②+③	Remediation Measures Against Expected Cash Flow Deficit	
				Investment	Financing
5,447,455	8,836,663	(7,841,878)	6,442,240	-	-

Descriptions:

1. Analysis on the change of cash flow of the year:
 - (1) Business activities: the net cash inflow is caused by the increase of forecasted deposit and remittance.
 - (2) Investment activities: the net cash outflow is caused by the forecasted available-for-sale financial assets
 - (3) Financing activities: the net cash inflow is mainly caused by the increased number of issued financial bonds.
2. Remedial measure for expected cash shortfall and liquidity analysis: The Bank plans in the coming year to increase the deposit and remittance for the increasing number of available-for-sale financial assets. No insufficient working cash is found.

4. Influence of Major Capital Expenditures on Financial Operations

Unit: NT\$ 1,000

Planning item	Actual/Expected Capital Resources	Actual/Expected Date of Completion	Required Capital	Actual/Expected Capital Performing Status				
				2012	2013	2014	2015	2016
Land, houses and buildings	Self-owned Fund	2012 to 2016	0	0	0	0	0	0
Other equipment	Self-owned Fund	2012 to 2016	1,039,531	81,408	65,325	134,577	302,791	455,430

5. Reinvestment Policy

December 31, 2015

Unit: 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.	Sunny International leasing Co., Ltd.
Major Business	Securities Investment and introducing broker business	Life Insurance Brokerage	Property Insurance Brokerage	Financial Institution Creditor's Right (Money) Appraisal and Auction	Leasing
Collected Capital	502,000	52,500	6,050	150,000	830,000
Shareholding (%)	98.72	39.99	20.00	100.00	100.00
Amount	523,894	9,852	1,000	97,939	830,000
Par Value	578,957	56,460	1,988	144,582	895,784
Yearly Income	38,277	71,841	1,917	13,534	55,164
Recognized Invested Income	37,799	28,648	383	13,534	55,164
Main Factor of Profit (Loss)	Good performance is expected in long-term investment.	Selling life insurance products with commission incomes.	Profit is infused by commission income from sales of property insurance products.	Loss of claim recovery	Revenue surpluses from leasing business



VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

6. Risk Analysis and Assessment

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

a. Credit Risk Management System and Accrued Capital

i. Credit Risk Management System

Item	Content
1. Credit risk strategies, objectives, policy and process	<p>1. Credit risk management objective, strategy and policy which pertains to develop a comprehensive credit risk management mechanism that can be used to effectively identify, measure, monitor, and report various forms of credit risk, and contain the credit risk arisen within a sustainable range, and gradually systemize the credit risk management in search of solidly managing the Bank's credit risk and to achieve the operating and management objectives.</p> <p>2. Credit risk management process flow The Bank has instilled a credit risk management mechanism to effectively identify, measure, monitor and report all probable credit risks arisen from the routine business activity and management flows.</p> <p>(1) Credit risk identification: 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. 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>(2) Credit risk measurement: To evaluate the client'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. 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: A system is to be set up for monitoring individual borrowers and trading parties, and for monitoring and managing the loan portfolios. It encompasses reporting potential problematic loans and other problematic lending or transaction procedures. A written credit verification and lending guideline is to be 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. To instill a cap management system, which will avoid over concentration of credit risks, such as by country, by the same individual, same related party, or by group, industry and so forth. To precisely implement the review and loan follow-up evaluation work, with which to step up post-lending management and debt claim securitization maintenance. To routinely evaluate and monitor the quality of all types of assets by stepping up 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: 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. 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. 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>

Item	Content
2. Credit risk management organization and structure	<ol style="list-style-type: none"> 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. 2. Risk Management Department: This is the department of the Bank in charge of review and monitoring of credit risk management agenda. 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. 4. Auditing Department: The credit risk management processes and mechanism are included in this department's auditing scope. 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.
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"> 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. 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. 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.
5. Approach adopted for the regulatory reserve	The Bank adopts the standard approach to allocate its legally designated capitalization.

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

December 31, 2015

Unit: NT\$ 1,000

Type	Exposure after Risk Mitigation	Accrued Capital
Sovereignties	17,524,697	0
Non-central Government Public Sector Entities	6,087,419	97,399
Banks (including multilateral development banks, MDBS)	9,522,969	183,408
Corporate (including securities and insurance firms)	100,289,609	8,023,738
Claims on Retail	112,991,404	8,647,318
Residential Properties	15,875,516	575,078
Equity Security Investments	0	0
Other Assets	28,273,127	830,159
Total	290,564,741	18,357,100

Note 1: Please fill the data up to the previous quarter of publishing annual report.

Note 2: Capital requirement shall be exposure times risk weighing and legal minimum capital adequacy ratio after offsetting risks.

VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

b. Securitization Risk Management System, Exposure and Accrued Capital

i. Asset Securitization Risk Management System

Item	Content
1. Asset securitization management strategies and process	<ol style="list-style-type: none"> Asset securitization risk management objective and strategy <ol style="list-style-type: none"> To strengthen the asset/liability management capability by diversifying the source of capital and reducing the capital cost. To utilize asset portfolio reconfiguration, trust and credit enhancement for creating a diverse, long-term fund-raising platform. To utilize the securitization process to remove assets from the balance sheet, and raise the self-owned capital, and reduce the asset scale. To act as an underwriter institution to generate service fee. Asset securitization risk management process <ol style="list-style-type: none"> 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. To rely at the same time on the credit enhancement mechanism to reduce the investor's likelihood to face the asset credit risk. 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. 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. By utilizing a trust asset transfer pricing adequacy opinion letter issued by financial consultants, it enables the pricing evaluation risk to be rationally controlled. 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.
2. Asset securitization management organization and structure	<ol style="list-style-type: none"> Planning Department: Responsible for the transaction framework, external institutions' selection and appointment, document submission to the competent government authorities and the like. Authorization Department: The board of directors is to authorize various responsible units to execute the securitization transactions. Information Technology Department: Responsible for developing relevant reports, information system specifications and data retention. Transaction Department: Compiling and issuing the report for risk monitoring.
3. The scope and characteristics of the asset securitization risk reporting and measurement system	The service underwriter is to produce a risk report for the investor to understand the state and quality of securitized asset repayment, 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> <ol style="list-style-type: none"> If the anticipated loss on the exposure held has not been high, the Bank is to absorb it on its own. 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. 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.
5. Approach adopted for the regulatory capital	The Bank currently adopts the standard approach to allocate the capital.

ii. State of trading asset securitization: None

iii. Exposures of asset securitization and capital to be allocated: None

iv. Securities product information: None

c. Operational Risk Management System and Accrued Capital
i. Operational Risk Management System

Item	Content
1. Operational risk strategies, objectives, policy and process	<p>1. Operational risk management objective and strategy A comprehensive operational risk management mechanism is to be established to effectively identify, measure, monitor and report a host of operational risks, and contain probable operational risks within a sustainable range by steadfastly systemizing the operational risk management work, in anticipation of stabilizing the Bank's operational risk management, and to achieve the operational and management objectives.</p> <p>2. Operational risk management process flow An operational risk management mechanism is instilled to effectively identify, measure, monitor and report all probable operational risks arisen from all routine business activity and management process flows.</p> <p>(1) Operational risk identification: A. All unit personnel 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. 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: A. The Bank has steadfastly developed adequate and consistent qualitative and quantitative indicators, with which to measure the level of sudden risk on a host of operational risks. B. The Bank routinely reviews the foresaid qualitative and quantitative indicators, coordinated with operating needs and changes in the internal and external environments, to timely adjust the measurement indicators.</p> <p>(3) Operational risk monitoring: A. All operating units, when encountering an operational risk-related loss incident, shall promptly contain the damage, and report the incident to relevant units by following the Bank-specified reporting mechanism, and in the wake of any insurance adjustment or illegal matters, shall promptly notify the business units and the audit division. B. The department responsible for losses arisen from operational risks shall document a loss incident thoroughly to facilitate instilling an internal operational risk-related loss database.</p> <p>(4) Operational risk reporting: To routinely report the state of 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. 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. 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 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 This is the department of the Bank in charge of review and monitoring of operational risk management agenda.</p> <p>3. High-ranking management 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 The operational 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 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 are 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 covered 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.

VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

ii. Operational Risk Capital Requirement

December 31, 2015

Unit: NT\$ 1,000

Year	Gross Operating Profits	Capital Requirement
2013	4,526,136	---
2014	5,041,575	
2015	5,657,060	
Total	15,224,771	761,239

Note: Taking an example of making the 2014 annual report in 2015, it is a must to fill the gross operating profits of 2012, 2013 and 2014.

d. Market Risk Management System and Accrued Capital

i. Market Risk Management System

Disclosure item	Content
1. Market risk management strategy and process	<ol style="list-style-type: none"> 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. 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. <ol style="list-style-type: none"> Market risk identification: <ol style="list-style-type: none"> 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. The risks for holding equity securities include the individual risks arisen from fluctuations to the price of the equity securities. Market risk measurement: To measure a variety of market risks' exposure, including the position cap, stop loss cap and levels of market risk concentration. Market risk monitoring: <ol style="list-style-type: none"> 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. 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. 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. Market risk reporting: <ol style="list-style-type: none"> 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. 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. 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.
2. Market risk management organization and structure	<ol style="list-style-type: none"> 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. Risk Management Department This is the department of the Bank in charge of review and monitoring of market risk management agenda. High-ranking management It oversees the implementation of the market risk management policies and structure and coordinates with various departments for market risk matters. Auditing Department The market risk management processes and mechanism are included in this department's auditing scope. Risk Management Department It collects information regarding the Bank's overall market risks on a regular basis and reports it

Disclosure item	Content
	to the board of directors and risk management committee.
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 are 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	<ol style="list-style-type: none"> 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.

ii. Market Risk Capital Requirement

December 31, 2015

Unit: NT\$ 1,000

Risk type	Capital requirement
Interest Rate Risk	199,789
Equity Securities Risk	148,174
Foreign Exchange Risk	174,402
Commodity Risk	0
Total	522,365

Note: Please fill the data up to the previous quarter of publishing annual report.

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

i. Structure Analysis of the Maturation of NTD

December 31, 2015

Unit: NT\$ 1,000

	Total	Remaining Period to Maturity					
		0 to 10 days	11 to 30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow upon Maturity	337,263,909	44,554,954	34,693,790	18,799,929	38,422,611	51,164,280	149,628,345
Primary Funds Outflow upon Maturity	392,683,707	20,565,781	23,070,585	51,292,167	62,364,891	124,783,894	110,606,387
Gap	(55,419,798)	23,989,173	11,623,205	(32,492,238)	(23,942,280)	(73,619,614)	39,021,958

Note: Regarding the part of the Bank, it refers to the total amount of the entire bank in NTD.

February 29, 2016

Unit: NT\$ 1,000

	Total	Remaining Period to Maturity					
		0 to 10 days	11 to 30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow upon Maturity	345,411,657	41,766,384	35,845,982	31,972,209	26,542,461	54,114,544	155,170,077
Primary Funds Outflow upon Maturity	401,954,502	27,696,454	25,497,007	45,732,265	66,482,573	126,638,462	109,907,741
Gap	(56,542,845)	14,069,930	10,348,975	(13,760,056)	(39,940,112)	(72,523,918)	45,262,336

Note: Regarding the part of the Bank, it refers to the total amount of the entire bank in NTD.

VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

ii. Structure Analysis of the Maturation of USD

December 31, 2015

Unit: USD 1,000

	Total	Remaining Period to Maturity				
		0-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow upon Maturity	831,903	273,229	187,888	57,598	27,502	285,686
Primary Funds Outflow upon Maturity	801,103	333,158	218,136	112,763	134,006	3,040
Capital Gap	30,800	(59,929)	(30,248)	(55,165)	(106,504)	282,646

Note 1: Regarding the part of the Bank, it refers to the total amount of the entire bank in USD.

Note 2: Where the proportion of overseas assets is above 10% of the Bank's entire assets, it is a must to expose supplementary information.

February 29, 2016

Unit: USD 1,000

	Total	Remaining Period to Maturity				
		0-30 days	31-90 days	91-180 days	181 days – 1 year	Over 1 year
Primary Funds Inflow upon Maturity	822,069	289,633	164,036	55,808	32,612	279,980
Primary Funds Outflow upon Maturity	791,739	419,195	143,687	91,425	135,245	2,187
Capital Gap	30,330	(129,562)	20,349	(35,617)	(102,633)	277,793

Note 1: Regarding the part of the Bank, it refers to the total amount of the entire bank in USD.

Note 2: Where the proportion of overseas assets is above 10% of the Bank's entire assets, it is a must to expose supplementary information.

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

a. Critical policy and legal changes

- (1) Regulations Governing Internal Operating Systems and Procedures for Banks Conducting Financial Derivatives Business (Amended on January 30, 2016)
- (2) Financial Consumer Protection Act (Amended on February 4, 2015; promulgated on May 3, 2015)
- (3) The Act Governing Electronic Payment Institutions (Stipulated on February 4, 2015; promulgated on May 3, 2015)
- (4) Regulations Governing Issuance of Bank Debentures by Banks (Amended on February 17, 2015)
- (5) Rules Governing the Administration of Electronic Payment Business (Stipulated on April 27, 2015; promulgated on May 3, 2015)
- (6) Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries (Amended on May 12, 2015)
- (7) The Banking Act of The Republic of China (Amended on June 24, 2015)
- (8) Securities and Exchange Act (Amended on July 1, 2015)
- (9) Company Act (Amended on July 1, 2015; promulgated on September 4, 2015)
- (10) Regulations Governing Security Measures of the Personal Information File for Non-government Agencies Designated by Financial Supervisory Commission (Amended on July 3, 2015)
- (11) Personal Information Protection Act (Amended on December 30, 2015; promulgated on March 15, 2016)

b. 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

E-Business is closely combined with virtually every trade of business thanks to the rapid advancing and widespread applications of information technology in the world. The Bank has a big part in the e-commerce supply chain in terms of cash flow and helps create more added values. Therefore, the Bank made a re-investment and established Sunny E-Commercial Co. Ltd. and installed the online shopping mall "Sunny Online Shopping". It is our expectation to, by entering the online shopping market, expand the width and depth of our customer service, to increase the client loyalty and to bring up the development of e-payment tools.

Besides, the Bank has established multimedia system in our business hall and upgraded online banking functions (including personal and corporate online banking services), mobile banking (App), online credit card order taking and online ATM system to promote the business, enhance the Bank's image, to provide clients a brand new experiences, and to further ameliorate the Bank's service quality and efficiency. On the other hand, the Bank also continues to promote e-form for deposit and remittance activities to enhance our work efficiency and to increase clients' level of satisfaction. The third-party payment system platform is also established and relevant operations have been launched (online transaction / receivables / payment) to speed up e-finance relevant activities.

The Bank has continued to improve its information software and hardware equipment, on which relevant industry and trade database could be accessed. For example, the Bank has upgraded HP Nonstop the new accounting core mainframe, upgraded our network equipment and increased our network bandwidth. The upgrade enables our employees 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 Associated Measures

Upholding the philosophy of providing our customers a stable, prospective, professional and enthusiastic service, we have always put our clients' rights and benefits at priority and provided the best protection to their wealth. The Bank has established a spokesman mechanism, established legal compliance department and hired legal consultants. Where there is any discrepancy between news reported by mass media and the fact, we will carefully and quickly respond to it or make clarification accordingly to minimize damages to the corporate image.

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

(6) Expected effects and possible risks of expansion of branches

- a. 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 clients in different regions, segments, and attributes so as to expand the sources of the deposit and loan service and wealth management.
- b. Possible Risks and Responding Measures: The Bank's management and operation risks may ascend consequently. However, the Bank will conduct market survey and have thorough evaluation before establishing any new branch office, and with effective internal control and regulation-compliance mechanism, risks can be effectively minimized.

(7) Risks and Responding Measures for Business Concentration:

As the Bank's major businesses are centered on the deposit and loans, changes in interest rate can cause a big influence on the Bank's interest income. Therefore, we have not only paid attention to changes of the interest rate, but also continuously adjusted the asset and loan structure, developed remittance, loan and wealth management products, and expanded our business activities in overseas. By providing multiple financial services, it is our goal to increase the weight of transaction fee income to effectively lower and spread all risks and to ensure our profit source.

VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

(8) Influence and Risk of Changes in Operational Rights

The Bank is running with rather stable operational rights and transfer or change of equity in large quantity that may lead to change in operational rights and impacts and risks to the Bank is unlikely in the foreseeable future.

(9) Impacts and/or risks to the Bank due to transfer or change of equity in large quantity occurring on the Bank's directors, supervisors or major shareholders with a total shareholding exceeding 1% and response measures

In recent years and up to the date the statements were published, no transfer of equity to others from any of the Bank's directors, supervisors or major shareholders with a total shareholding exceeding 1% is observed.

(10) Lawsuit or non-suit events

1. Lawsuit commencing from: January 4, 2011
2. Major parties: Plaintiff - Wu and others
Defendant - Chang 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. Status until February 29, 2016: Taichung Court of Taiwan High Court has, in first retrial, halved our Bank's joint liability to NT\$20,112,801 according to Paragraph 1 of Article 217 of Civil Code. As no appeal was made by any of the Parties within 20 days after the delivery of the judgment, the case was closed on January 29, 2015.

(11) Other important risks and correspondent measures: None

7. Crisis Management Mechanism

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

(1) Crisis Management Mechanism

- a. 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.



- b. Urgent contingency policy:
 - i. 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.
 - ii. 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.
 - iii. 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.
 - iv. 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.
 - v. 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.

(2) “Emergency capital raising and response procedure

- a. Objective:

An emergency response plan is drafted according to the Bank's “Liquidity Risk Management Guidelines” 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.
- b. 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 client's fund withdrawals, which are classified by the deposit types as follows,

 - i. In case of 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.
 - ii. In case of 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.
- c. Emergency response procedure

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

 - i. To evaluate the market impact trend.
 - ii. To review the current liquidity positions.
 - iii. To plan the source of fund raising.
 - iv. To determine the response action procedure.
- d. Immediate actions to be taken
 - i. To present the cash liquid positions on all currency.

VII. Review and Analysis of Financial Status and Operating Results, and Risk Management

- ii. To liquidate the notes, bonds and the investment position of various marketable securities.
- iii. To obtain peer capital of a fixed period of time.
- iv. To extend the Bank's liability expiry date, and to avoid concentration on the same expiry date.
- v. To narrow down the liquidity position gap.
- vi. To discuss whether to raise the Bank's NCD and other deposit published interest rates to attract capital.
- vii. To temporarily suspend large business account loans and general credit loans.
- e. Steps for raising the fund
 - i. 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, Due from banks bank debentures, and various marketable securities investment instruments and the like).
 - ii. 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
 - iii. To liquidate the foreign exchange positions
To liquidate the Bank's foreign currency positions of all currency.
 - iv. 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
 - v. To expand the trading on notes and bonds RP transactions
 - (a) To verify the RP position
 - (b) To persuade the clients and peer support by utilizing the established relationships
 - vi. To retain the Bank's deposit accounts
 - (a) To identify the source of the Bank's major deposits
 - (b) To persuade loyal clients not to make withdrawal prematurely by utilizing the established relationships
 - vii. 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".
- f. Capital payout methods
 - i. 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.
 - ii. Financial Information Service: Persuade the clients to withdraw the funds using the financial payment transfer method to stop depleting the cash held in vault, and to alleviate the client traffic queuing at the counter.
 - iii. 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.
 - iv. NTD checking account: mainly for paying the corporate accounts, large-amount clients and financial peers.

8. Other Important Events: None



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VIII. Special Remarks

1. Information of Affiliates
2. Private Placement of Marketable Securities and Bank debentures during the Most Recent Fiscal Year before publishing the Annual Report
3. Holding or Disposal of the Bank Stocks by Affiliates during the Most Recent Fiscal Year before publishing the Annual Report
4. Additional Supplementary Remarks
5. Any circumstance as described in Subparagraph 2 of Paragraph 3 of Article 36 of Securities and Exchange Act occurred during Last Year and before publishing the Annual Report that could materially affect shareholders' equity or the prices of the company's securities

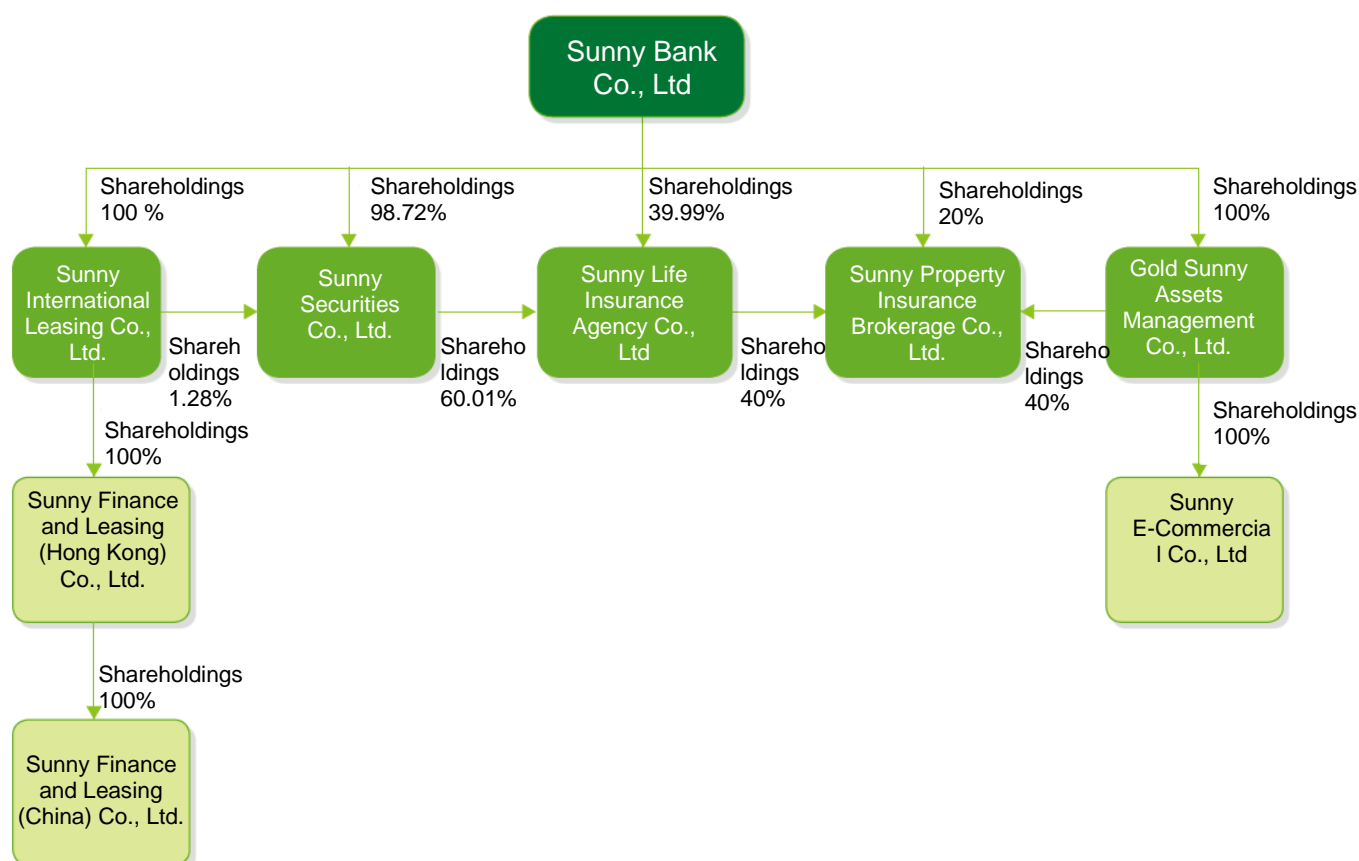
II. Special Remarks

1. Information of Affiliates

(1) Affiliates' Status

a. Organization Chart of Affiliates

As of December 31, 2015



b. Basic Information of Affiliates

Unit: NT\$ 1,000, except those with notes.

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business
Sunny Securities Co., Ltd.	Feb 4, 1998	B2, No.165, 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.	Feb 15, 2001	2F., No.205, Chang'an W. Rd., Datong Dist., Taipei City	52,500	Life Insurance Brokerage
Sunny Property Insurance Brokerage Co., Ltd.	Aug 14, 2003	2F., No.205, Chang'an W. Rd., Datong Dist., Taipei City	6,050	Property Insurance Brokerage
Gold Sunny Assets Management Co., Ltd.	Oct 23, 2006	5F., No.255, Zhongzheng Rd., Shilin Dist., Taipei City	150,000	Financial Institution Creditor's Right (Money) Appraisal and Auction
Sunny International Leasing Co., Ltd.	Nov 28, 2012	6F., No.88, Sec. 1, Shipai Rd., Beitou Dist., Taipei City	830,000	Leasing business

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	Jan 24, 2013	Unit 1405-1406, Dominion Centre, 43-59 Queen's. Road East, Wan Chai, Hong Kong	USD17 million	Financing, leasing and investment businesses
Sunny Finance and Leasing (China) Co., Ltd.	May 20, 2013	Unit D, 19F, No. 398, Middle Huaihai Road, Huangpu District, Shanghai City	USD17 million	Financing and leasing businesses
Sunny E-Commercial Co., Ltd	Aug 1, 2014	6F, No. 88, Section 1, Shipai Road, Beitou District, Taipei City	12,000	E-commerce, mobile payment platform operations and management

- c. Hold the same data of shareholders of affiliated companies: None
d. Directors, Supervisors and President of Affiliates

December 31, 2015
Unit: 1,000 shares and %

Company Name	Title	Name	Shareholdings	
			Shares	%
Sunny Securities Co., Ltd.	Chairman	Representative of Sunny Bank Co., Ltd. Chou San-Ho	49,555	98.72
	Director	Representative of Sunny Bank Co., Ltd. Kuo Cheng-Hung		
	Director	Representative of Sunny Bank Co., Ltd. Huang Yen-Chun		
	Director	Representative of Sunny Bank Co., Ltd. Wang Chien-Yi		
	Director	Representative of Sunny Bank Co., Ltd. Li Wen-Kuang		
	Supervisor	Representative of Sunny International Leasing Co., Ltd. Sung Ping-Ping	645	1.28
	President	Feng Chin-Chu	---	---
Sunny Life Insurance Brokerage Co., Ltd.	Chairman	Representative of Sunny Bank Co., Ltd. Huang Shun-Li	2,100	39.99
	Director	Representative of Sunny Bank Co., Ltd. Chang Chi-Ming		
	Director	Representative of Sunny Bank Co., Ltd. Huang Cheng-Nan		
	Director	Representative of Sunny Bank Co., Ltd. Chao Fu-Tien		
	Supervisor	Representative of Sunny Securities Co., Ltd. Chao Fu-Tien	3,150	60.01
	President	Lu I-Hsiu	---	---
Sunny Property Insurance Brokerage Co., Ltd.	Chairman	Representative of Sunny Bank Co., Ltd. Huang Shun-Li	121	20.00
	Director	Representative of Sunny Bank Co., Ltd. Chang Chi-Ming		
	Director	Representative of Sunny Life Insurance Brokerage Co., Ltd. Huang Cheng-Nan	242	40.00
	Director	Representative of Sunny Life Insurance Brokerage Co., Ltd. Chao Fu-Tien		
	Supervisor	Representative of Gold Sunny Assets Management Co., Ltd. Tseng Yao-Te	242	40.00
	President	Chen Chao-Hsiung	---	---
Gold Sunny Assets Management Co., Ltd.	Chairman	Representative of Sunny Bank Co., Ltd. Lin Chih-Liang	15,000	100.00
	Director	Representative of Sunny Bank Co., Ltd. Wang Ya-Hsun		
	Director	Representative of Sunny Bank Co., Ltd. Li Yu-Sheng		
	Supervisor	Representative of Sunny Bank Co., Ltd. Chen Hui-Ling	---	---
	President	Chen Lung-Chuan		
Sunny International Leasing Co., Ltd.	Chairman	Representative of Sunny Bank Co., Ltd. Lin Yi-Tsun	83,000	100.00
	Director	Representative of Sunny Bank Co., Ltd. Ho Li-Wei		
	Director	Representative of Sunny Bank Co., Ltd. Kan Wu-Cheng		
	Supervisor	Representative of Sunny Bank Co., Ltd.	---	---
	President	Liu Chiung-Sen		

II. Special Remarks

Company Name	Title	Name	Shareholdings	
			Shares	%
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	Director	Representative of Sunny International Leasing Co., Ltd. Lin Yi-Tsun	17,000	100.00
Sunny Finance and Leasing (China) Co., Ltd.	Executive Board Director	Representative of Sunny Finance and Leasing (Hong Kong) Co., Ltd. Liu Chiung-Sen	---	100.00
	Supervisor	Representative of Sunny Finance and Leasing (Hong Kong) Co., Ltd. Kan Wu-Cheng		
Sunny E-Commercial Co., Ltd.	Chairman	Representative of Gold Sunny Assets Management Co., Ltd. Wang Ya-Hsun	1,200	100.00
	Director	Representative of Gold Sunny Assets Management Co., Ltd. Sung Ping-Ping		
	Director	Representative of Gold Sunny Assets Management Co., Ltd. Cheng Yen-Ching		
	Supervisor	Representative of Gold Sunny Assets Management Co., Ltd. Lin Chia-Chang		

e. Operations of Affiliated Companies

Unit: NT\$1,000, except the EPS is in NTD

Company	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Income	Current Profit / Loss (After Tax)	Earning Per Share (After Tax)
Sunny Securities Co., Ltd.	502,000	864,098	278,486	585,612	72,117	(7,411)	38,277	0.76
Sunny Life Insurance Brokerage Co., Ltd.	52,500	230,857	80,931	149,926	619,706	74,066	71,841	13.68
Sunny Property Insurance Brokerage Co., Ltd.	6,050	11,921	1,983	9,938	14,953	2,453	1,917	3.17
Gold Sunny Assets Management Co., Ltd.	150,000	307,525	140,190	167,335	37,898	20,517	13,534	0.90
Sunny International Leasing Co., Ltd.	830,000	2,374,750	1,478,966	895,784	129,881	84,758	55,164	0.66
Sunny Finance and Leasing (Hong Kong) Co., Ltd.	562,122	558,100	523	557,577	---	(169)	14,654	---
Sunny Finance and Leasing (China) Co., Ltd.	562,122	618,512	80,052	538,460	18,696	3,041	14,822	---
Sunny E-Commercial Co., Ltd.	12,000	10,807	3,503	7,304	2,530	(4,199)	(4,199)	(3.50)

(2) Consolidated Financial Statements Covering Affiliated Enterprises:

Please see "Annex I: Financial Statements" from page 151 to page 266.

(3) Reports on Affiliations: Not Applicable

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



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

February 29, 2016
Unit: NT1,000; shares; %

Affiliates	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	Pledge Creation	The Bank's Endorsement & Guarantee to	The Bank's Loans to Affiliates
Sunny Securities Co., Ltd.	502,000	Self-owned Capital	98.72	---	---	---	---	---	---	300 million	200 million
Sunny Life Insurance Brokerage Co., Ltd.	52,500	Self-owned Capital	39.99	---	---	---	---	463,702 shares 4,631	---	---	---
Sunny Property Insurance Brokerage Co., Ltd.	6,050	Self-owned Capital	20.00	---	---	---	---	---	---	---	---
Gold Sunny Assets Management Co., Ltd.	150,000	Self-owned Capital	100.00	---	---	---	---	---	---	130 million	---
Sunny International Leasing Co., Ltd.	830,000	Self-owned Capital	100.00	---	---	---	---	---	---	300 million	---
Sunny E-Commercial Co., Ltd.	12,000	Self-owned Capital	100.00	---	---	---	---	---	---	---	---

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

4. Additional Supplementary Remarks: None

5. Any circumstance as described in Subparagraph 2 of Paragraph 3 of Article 36 of Securities and Exchange Act occurred during Last Year and before publishing the Annual Report that could materially affect shareholders' equity or the prices of the company's securities.

The Bank held the General Meeting of Shareholders on June 15 of 2015 for the re-election of the 7th Board of Directors and Mr. Cheng Sheng-Hung was appointed as the 7th Chairman of Sunny Bank. Besides, the Bank also established Audit Committee to replace the original supervisor system according to laws and all the committee members are formed by Independent Directors. In the future, the Bank will, under the guidance of the Chairman, strictly control the loan quality and proactively enhance the scale of all business activities in order to ensure and increase the profit and to maximize the benefits of all shareholders and employees.

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IX. Service Network

SUNNY BANK Annual Report 2015

Unit Name	Address		Tel.	
Administration Management Department	11271	No. 90, Sec. 1, Shihpai Rd., Peitou Dist., Taipei City	(02)	2820-8166
Business Department (Note)	11163	No. 255, Chungcheng Rd., Shihlin Dist., Taipei City	(02)	2882-2330
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
Shih Lin Branch	11169	No. 82, Tapei Rd., Shihlin Dist., Taipei City	(02)	2882-3660
Ta Tun Branch	11252	No. 304, Chunggho St., Peitou Dist., Taipei City	(02)	2891-9196
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
Chi Lin Branch	10459	No. 304 Chihlin Rd., Chungshan Dist., Taipei City	(02)	2561-1188
Cheng Kung Branch (Note)	11489	No.70, Sec. 4, Chengkung Rd., Neihu Dist., Taipei City	(02)	2792-2433
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
Mu Cha Branch (Note)	11648	No. 96, Sec. 3, Mucha Rd., Wenshan Dist., Taipei City	(02)	2234-5890
Lung Chiang Branch	10475	No. 49, Lane 356, Lungchiang Rd., Chungshan Dist., Taipei City	(02)	2516-5945
Nan king Branch	10553	No. 132, Sec. 4, Nanking Ed., Rd., Sungshan Dist., Taipei City	(02)	2579-0229
Ching Mei Branch	11669	No. 95-12, Chinghou St., Wenshan Dist., Taipei City	(02)	2930-0202
Chung Hsing Branch (Note)	10478	No. 36, Sec. 3, Minsheng E. Rd., Chungshan Dist., Taipei City	(02)	2516-5268
Hsin Yi Branch	10681	No. 188, Sec. 4, Hsinyi Rd., Taan Dist., Taipei City	(02)	2706-8388
Chung Ho Branch (Note)	23553	No. 245, Chienyi Rd., Chungho Dist., New Taipei City	(02)	2222-5199
Yung Ho Branch(Note)	23443	No. 188, Sec. 1, Chungshan Rd., Yunggho Dist., New Taipei City	(02)	2926-5899
Lu Chou Branch	24747	No. 393, Chihsien Rd., Luchou Dist., New Taipei City	(02)	8282-2068
Pan Chiao Branch (Note)	22063	No. 133, Sec. 1, Szuchuan Rd., Panchiao Dist., New Taipei City	(02)	2955-0008

IX. Service Network

Unit Name	Address		Tel.	
Tai Shan Branch	24347	No. 110, Sec. 1, Mingchih Rd., Taishan Dist., New Taipei City	(02)	2297-9797
Hsin Ho Mini-Branch	23570	No. 89, Huahsin St., Chunggho Dist., New Taipei City	(02)	8941-9339
His Chou Branch	22072	No. 89, Sec. 3, Tuhsing Rd., Panchiao Dist., New Taipei City	(02)	2681-9960
Ku Ting Branch	10080	No. 40, Sec. 2, Tingchou Rd., Chungcheng Dist., Taipei City	(02)	8369-2288
Hsin Chuang Branch	24260	No. 533, Lungan Rd., Hsinchuang Dist., New Taipei City	(02)	8201-9069
San Chung Branch	24151	No. 108, Sec. 4, Tzuchiang Rd., Sanchung Dist., New Taipei City	(02)	8981-7171
Shuang Ho Branch	23556	No. 722, Chingping Rd., Chunggho Dist., New Taipei City	(02)	8242-3919
Ta Yeh Mini-Branch	33049	No. 55, Sec. 1, Tayeh Rd., Taoyuan City, Taoyuan County	(03)	347-8899
Fuh Sing Branch	10547	No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-6166
Tao Yuan Branch (Note)	33048	No. 32-20, Chungshan E. Rd., Taoyuan City, Taoyuan County	(03)	336-0555
Ta An Branch	11056	No. 225, Sec. 3, Hoping E. Rd., Hsinyi Dist., Taipei City	(02)	2733-7711
Hsin Tien Branch	23148	No. 263-5, Chungcheng Rd., HsinTien Dist., New Taipei City	(02)	8911-7676
Hsin Fu Mini-Branch	24247	No. 800, Hsingfu Rd., Hsinchuang Dist., New Taipei City	(02)	2998-3366
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
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
Hsin Pu Branch	22049	No. 245, Szuwei Rd., Panchiao Dist., New Taipei City	(02)	8253-7789
Kaohsiung Branch (Note)	80766	No. 192, Chiuju 1st Rd., Sanmin Dist., Kaohsiung City	(07)	384-3163
Chung Hua Branch (Note)	70168	No. 102, Sec. 3, Chunghua E. Rd., East Dist., Tainan City	(06)	267-0751
Chia Yi Branch	60089	1F & 2F, No. 296 & 298, Chunghsing Rd., West Dist., Chiayi City	(05)	234-2023



Unit Name	Address		Tel.	
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
Tung Ning Mini-Branch	70160	No. 247, Tungning Rd., East Dist., Tainan City	(06)	237-5141
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
International Banking Department	10547	2F, No. 143, Fuhsing N. Rd., Sungshan Dist., Taipei City	(02)	2719-1616
Hsin Chu Branch	30041	No. 247, Chungyang Rd., East Dist., Hsinchu City	(03)	515-3608
Ching Wu Branch	40147	No. 188, Chingwu E. Rd., East Dist., Taichung City	(04)	2211-2368
Tsuo Ying Branch	81357	No. 102, Poai 2nd Rd., Tsuoying Dist., Kaohsiung City	(07)	556-0128
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
Nei Hu Branch (Note)	11493	No. 250, Sec. 1, Neihsu Rd., Neihsu Dist., Taipei City	(02)	2658-6698
Chung Li Branch	32097	No. 171, Chienhsing Rd., Chungli Dist., Taoyuan City	(03)	428-1116
Wu Ku Branch	24872	No. 12, Sec. 1, Chunghsing Rd., Wuku Dist., New Taipei City	(02)	8976-9000
Lin Sen Branch (Note)	30061	No. 109, Hsita Rd., East Dist., Hsinchu City	(03)	610-0189
Hsin Hsing Branch (Note)	80049	No. 6, Chungcheng 4th Rd., Hsinhsing Dist., Kaohsiung City	(07)	288-4131
Ching Nien Branch	80252	No. 169-1, Chingnien 1st Rd., Lingya Dist., Kaohsiung City	(07)	331-8526
San Feng Branch	80749	No. 293, Chunghua 3rd Rd., Sanming Dist., Kaohsiung City	(07)	231-5101
Szu Wei Branch (Note)	80245	No. 159, Chunghua 4th Rd., Lingya Dist., Kaohsiung City	(07)	333-3701
Ta Kung Branch	80342	No. 40, Takung Rd., Yencheng Dist., Kaohsiung City	(07)	531-5105
Ta Shun Branch	80787	No. 41, Tashun 2nd Rd., Sanmin Dist., Kaohsiung City	(07)	386-1622
Hai Kuang Branch	81346	No. 190, Tsuoyingta Rd., Tsuoying Dist., Kaohsiung City	(07)	582-3511
Chien Chen Branch	80266	No. 281, Santuo 2nd Rd., Lingya Dist., Kaohsiung City	(07)	711-0046

IX. Service Network

Unit Name	Address		Tel.	
Ping Teng Branch	80745	No. 283, Tzuli 1st Rd., Sanmin Dist., Kaohsiung City	(07)	321-4622
Hsiao Gang Branch	81253	No.615, Hongping Rd., Xiaogang Dist., Kaohsiung City	(07)	806-5171
Li Wen Branch (Note)	81358	No. 75, Liwen Rd., Tsuoying Dist., Kaohsiung City	(07)	558-0711
Yu Chang Branch	81156	No. 803, Chiachang Rd., Nantzu Dist., Kaohsiung City	(07)	364-6530
Chien Kuo Branch	80289	No. 124, Wumiao Rd., Lingya Dist., Kaohsiung City	(07)	715-3513
Wu Chia Branch	83084	No. 368, Wuchia 2nd Rd., Fengshan Dist., Kaohsiung City	(07)	726-0801
Ting Li Branch	80789	No. 142, Tingli Rd., Sanmin Dist., Kaohsiung City	(07)	346-5955
Nan Tzu Branch	81162	No. 55, Nantzu Rd., Nantzu Dist., Kaohsiung City	(07)	353-5513
Chi Shan Branch	84243	No. 158, Chungshan Rd., Chishan Dist., Kaohsiung City	(07)	661-2081
Mei Nung Mini-Branch	84348	No. 25, Sec. 1, Chungcheng Rd., Meinung Dist., Kaohsiung City	(07)	681-8346
Lin Yuan Mini-Branch	83248	No. 136, Tunglin W. Rd., Linyuan Dist., Kaohsiung City	(07)	643-8141
Kang Shan Branch	82065	No. 16, Tate 1st Rd., Kangshan Dist., Kaohsiung City	(07)	623-6182
Li Gang Branch	90546	No. 43, Ligang Rd., Chunlin Village, Ligang Hsiang, Pingtung County	(08)	775-7735
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
Taipei Branch	10451	No. 43, Sec. 1, Mingsheng E. Rd., Chungshan Dist., Taipei City	(02)	2563-3710
Chang An Branch	10350	No. 205, Changan W. Rd., Tatung Dist., Taipei City	(02)	2559-5500
Luo Tung Branch	26548	No. 30, Chungcheng N. Rd., Luotung Town, Yilan County	(03)	957-1259
Chu Pei Branch	30264	No. 232 & 236, East Sec. 1, Kuangming 6th Rd., Chupei City, Hsinchu County	(03)	658-5818
Chung Hsin Branch	24144	1F, No. 28, Sec. 4, Chunghsin Rd., Sanchung Dist., New Taipei City	(02)	2977-9886
Chang Hua Branch	50063	No.187, Siaoyang Rd., Changhua City, Changhua County	(04)	728-9399
East Tao Yuan Branch	33044	No.523, Jingguo Rd., Taoyuan City, Taoyuan County	(03)	316-1859
Nan Gang Branch	11578	No.97, Sec. 2, Nangang Rd., Nangang Dist., Taipei City	(02)	2785-1001
Bei Tun Branch	40462	No.172, Sec. 4, Wenxin Rd., North Dist., Taichung	(04)	2292-5258

Unit Name	Address		Tel.	
		City		
Tu Cheng Branch	23643	No.2, Ln. 33, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City	(02)	8261-1818
Kee Lung Branch	20145	No.117, Xin 1st Rd., Xinyi Dist., Keelung City	(02)	2422-2828
Wan Hua Branch	10864	1F., No.207, Sec. 2, Xiyuan Rd., Wanhua Dist., Taipei City	(02)	2305-8699
Hua Lien Branch	97342	200 Sec. 2nd, Chun-Hwa Rd., Gi An Villiage, Hua Lien County	(03)	853-9396
Miao Li Branch	36305	205 Ta-Tung Rd., Gon-Guan Villiage, Miao Li County	(037)	222-618
Long Gin Branch	43448	256-258 Taiwan 5th Ave., Long-Gin District, Taichun City	(04)	2633-0898
Yun Lin Branch	63344	No.39, Fuxing Rd., Tuku Township, Yunlin County	(05)	662-8889
Nan Tou Branch	55141	No.122, Yuanji Rd., Mingjian Township, Nantou County	(049)	273-3855
Da Li Branch	41266	No.666, Sec. 2, Guoguang Rd., Dali Dist., Taichung City	(04)	2482-0329
Da Tong Branch	10363	No.118, Sec. 3, Chengde Rd., Datong Dist., Taipei City	(02)	2598-8979
Tai Tung Branch	95493	No.112, Taiping Rd., Beinan Township, Taitung County	(089)	380-675
Yi Lan Branch	26441	No.181, Sec. 1, Yuanshan Rd., Yuanshan Township, Yilan County	(03)	923-1919



Annex I.

Financial Statements



Sunny Bank Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2015 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

SUNNY BANK LTD.

March 22, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Sunny Bank Ltd.

We have audited the accompanying consolidated balance sheets of Sunny Bank Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks, the guidelines issued by the authority, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Sunny Bank Ltd., as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report.



March 22, 2016

Notice to Readers

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

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

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014 (Audited after Restated)		January 1, 2014 (Audited after Restated)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 5,447,455	1	\$ 6,939,753	2	\$ 4,186,300	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6, 7 and 41)	21,151,246	6	21,393,765	7	47,003,570	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	9,734,953	3	18,304,970	6	14,951,049	5
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4, 6 and 9)	5,000	-	110,000	-	1,952,061	1
RECEIVABLES, NET (Notes 4, 5, 10, 11 and 39)	3,549,774	1	3,043,245	1	2,193,318	1
CURRENT TAX ASSETS (Note 37)	36,858	-	66,357	-	127,302	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11 and 39)	238,052,110	66	215,691,619	65	202,807,580	69
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 5, 12 and 41)	70,594,664	19	48,674,027	15	4,924,196	2
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 13 and 41)	1,904,361	1	1,067,515	-	1,071,615	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 5, 11, 14 and 41)	1,513,173	-	3,112,418	1	2,210,365	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	9,485,506	3	9,365,968	3	9,371,836	3
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	89,675	-	875	-	-	-
INTANGIBLE ASSETS, NET (Notes 4, 5 and 17)	1,063,409	-	1,056,420	-	1,048,502	-
DEFERRED TAX ASSETS (Notes 3, 4, 5 and 37)	222,922	-	389,722	-	686,337	-
OTHER ASSETS, NET (Notes 4, 18 and 41)	372,170	-	418,243	-	530,837	-
TOTAL	\$ 363,223,276	100	\$ 329,634,897	100	\$ 293,064,868	100
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 19)	\$ 5,573,606	1	\$ 6,483,606	2	\$ 7,096,606	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	16,621	-	7,307	-	9,978	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4, 12, 13 and 20)	2,850,039	1	3,903,419	1	500,122	-
PAYABLES (Notes 21 and 25)	2,679,094	1	3,101,169	1	2,511,757	1
CURRENT TAX LIABILITIES (Note 37)	24,103	-	9,751	-	15,256	-
DEPOSITS AND REMITTANCES (Notes 22 and 39)	318,609,421	88	286,279,355	87	258,220,132	88
BANK DEBENTURES (Note 23)	10,400,000	3	9,100,000	3	9,301,400	3
SHORT-TERM BORROWINGS	1,201,000	-	1,521,000	-	412,000	-
OTHER FINANCIAL LIABILITIES	319,997	-	150,055	-	50,027	-
PROVISIONS (Notes 3, 4, 5, 11, 24 and 25)	282,475	-	250,789	-	262,164	-
DEFERRED TAX LIABILITIES (Notes 3, 4 and 37)	119,200	-	141,701	-	141,613	-
OTHER LIABILITIES (Note 26)	302,440	-	307,619	-	275,717	-
Total liabilities	342,377,996	94	311,255,771	94	278,796,772	95
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Share capital						
Ordinary shares	17,436,742	5	15,883,719	5	13,349,730	5
Capital surplus	48,717	-	43,950	-	4,500	-
Retain earnings						
Legal reserve	875,554	-	278,433	-	24,879	-
Special reserve	87,810	-	87,810	-	82,988	-
Unappropriated earnings	2,189,843	1	2,057,559	1	865,238	-
Total retained earnings	3,153,207	1	2,423,802	1	973,105	-
Other equity	210,122	-	31,162	-	(62,874)	-
Treasury shares	(3,508)	-	(3,508)	-	(3,508)	-
Total equity attributable to owners of the Bank	20,845,280	6	18,379,125	6	14,260,953	5
NON-CONTROLLING INTERESTS	-	-	1	-	7,143	-
Total equity	20,845,280	6	18,379,126	6	14,268,096	5
TOTAL	\$ 363,223,276	100	\$ 329,634,897	100	\$ 293,064,868	100

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

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31				Percentage
	2015		2014		Increase
			(Audited after Restated)		(Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE	\$ 7,172,897	120	\$ 6,387,786	120	12
LESS: INTEREST EXPENSE	<u>2,927,074</u>	<u>49</u>	<u>2,608,819</u>	<u>49</u>	12
NET INTEREST (Notes 4, 28 and 39)	<u>4,245,823</u>	<u>71</u>	<u>3,778,967</u>	<u>71</u>	12
NET REVENUES OTHER THAN INTEREST (Note 4)					
Commission and fee revenues, net (Note 29)	1,189,182	20	987,177	19	20
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4 and 30)	129,035	2	169,332	3	(24)
Realized gains on available-for-sale financial assets (Note 31)	94,019	1	44,704	1	110
Foreign exchange gains	123,062	2	89,829	2	37
(Impairment loss) reversal of impairment loss on assets (Notes 5 and 32)	(22,700)	-	16,128	-	(241)
Securities brokerage income	39,410	1	51,270	1	(23)
Gains on financial assets carried at cost	29,972	-	54,780	1	(45)
Purchased claim revenue received	37,898	1	42,656	1	(11)
Rental income	58,575	1	54,222	1	8
Other noninterest net revenues (Note 33)	<u>43,129</u>	<u>1</u>	<u>16,833</u>	<u>-</u>	156
Total net revenues other than interest	<u>1,721,582</u>	<u>29</u>	<u>1,526,931</u>	<u>29</u>	13
TOTAL NET REVENUES	<u>5,967,405</u>	<u>100</u>	<u>5,305,898</u>	<u>100</u>	12
ALLOWANCE (REVERSAL OF ALLOWANCE) FOR DOUBTFUL ACCOUNTS AND GUARANTEES (Notes 4, 5, 11 and 39)	<u>219,541</u>	<u>4</u>	<u>(202,083)</u>	<u>(4)</u>	209
					(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31				Percentage Increase (Decrease) %
	2015		2014 (Audited after Restated)		
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefits (Notes 3, 4, 25, 34 and 39)	\$ 2,071,462	35	\$ 2,047,238	39	1
Depreciation and amortization (Notes 4 and 35)	182,801	3	161,556	3	13
Others (Note 36)	<u>1,096,737</u>	<u>18</u>	<u>957,857</u>	<u>18</u>	14
Total operating expenses	<u>3,351,000</u>	<u>56</u>	<u>3,166,651</u>	<u>60</u>	6
INCOME BEFORE INCOME TAX	2,396,864	40	2,341,330	44	2
INCOME TAX EXPENSE (Notes 4, 5 and 37)	<u>339,592</u>	<u>5</u>	<u>352,311</u>	<u>7</u>	(4)
NET INCOME	<u>2,057,272</u>	<u>35</u>	<u>1,989,019</u>	<u>37</u>	3
OTHER COMPREHENSIVE INCOME (Notes 25 and 37)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	(68,880)	(1)	(4,610)	-	1,394
Income tax benefit relating to items that will not be reclassified subsequently	<u>11,710</u>	<u>-</u>	<u>784</u>	<u>-</u>	1,394
	<u>(57,170)</u>	<u>(1)</u>	<u>(3,826)</u>	<u>-</u>	1,394
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(22,366)	-	28,317	1	(179)
Unrealized gain on available-for-sale financial assets	199,490	3	67,770	1	194
Income tax benefit (expense) relating to items that may be reclassified subsequently	<u>1,836</u>	<u>-</u>	<u>(2,051)</u>	<u>-</u>	190
	<u>178,960</u>	<u>3</u>	<u>94,036</u>	<u>2</u>	90
Other comprehensive income for the year, net of income tax	<u>121,790</u>	<u>2</u>	<u>90,210</u>	<u>2</u>	35
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,179,062</u>	<u>37</u>	<u>\$ 2,079,229</u>	<u>39</u>	5

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31				Percentage Increase (Decrease) %
	2015		2014 (Audited after Restated)		
	Amount	%	Amount	%	
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,057,272	34	\$ 1,988,903	37	3
Non-controlling interests	<u>-</u>	<u>-</u>	<u>116</u>	<u>-</u>	(100)
	<u>\$ 2,057,272</u>	<u>34</u>	<u>\$ 1,989,019</u>	<u>37</u>	3
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,179,062	37	\$ 2,079,113	39	5
Non-controlling interests	<u>-</u>	<u>-</u>	<u>116</u>	<u>-</u>	(100)
	<u>\$ 2,179,062</u>	<u>37</u>	<u>\$ 2,079,229</u>	<u>39</u>	5
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 38)					
Basic	<u>\$1.22</u>		<u>\$1.32</u>		
Diluted	<u>\$1.22</u>		<u>\$1.32</u>		

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

(Concluded)

SUNNY BANK LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank										
	Share Capital (Note 27)			Retained Earnings (Notes 3, 27 and 40)			Other Equity				
	Shares in Thousand	Ordinary Shares	Capital Surplus (Note 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations (Notes 4 and 27)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4 and 27)	Treasury Shares (Note 27)	Non-controlling Interests (Notes 27 and 40)
BALANCE AT JANUARY 1, 2014	1,334,973	\$ 13,349,730	\$ 4,500	\$ 24,879	\$ 82,988	\$ 845,180	\$ 953,047	\$ 6,817	\$ (69,691)	\$ (3,508)	\$ 7,143
Effect of retrospective restatement	-	-	-	-	-	20,058	20,058	-	-	-	-
BALANCE AT JANUARY 1, 2014 AS RESTATED	1,334,973	13,349,730	4,500	24,879	82,988	865,238	973,105	6,817	(69,691)	(3,508)	7,143
Appropriation of the 2013 earnings	-	-	-	-	-	(253,554)	-	-	-	-	-
Legal reserve	-	-	-	253,554	-	(4,822)	-	-	-	-	-
Special reserve	-	-	-	-	4,822	(533,989)	(533,989)	-	-	-	-
Share dividends to shareholders	53,399	533,989	-	-	-	(533,989)	(533,989)	-	-	-	-
Net profit for the year ended December 31, 2014	-	-	-	-	-	1,988,903	1,988,903	-	-	-	116
Other comprehensive (loss) income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	(3,826)	(3,826)	26,266	67,770	-	-
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	1,985,077	1,985,077	26,266	67,770	-	116
Issue of ordinary shares for cash	200,000	2,000,000	-	-	-	-	-	-	-	-	-
From differences between equity purchase price and carrying amount arising from acquisition of subsidiaries	-	-	-	-	-	(391)	(391)	-	-	-	(7,258)
Value of share-based payment under employee share options	-	-	39,450	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2014 AS RESTATED	1,588,372	15,883,719	43,950	278,433	87,810	2,057,559	2,423,802	33,083	(1,921)	(3,508)	1
Appropriation of the 2014 earnings	-	-	-	-	-	(597,121)	-	-	-	-	-
Legal reserve	-	-	-	597,121	-	-	(317,674)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(953,023)	(953,023)	-	-	-	-
Share dividends to shareholders	95,302	953,023	-	-	-	(953,023)	(953,023)	-	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	-	-	2,057,272	2,057,272	-	-	-	-
Other comprehensive (loss) income for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(57,170)	(57,170)	(20,530)	199,490	-	-
Total comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	-	2,000,102	2,000,102	(20,530)	199,490	-	-
Issue of ordinary shares for cash	60,000	600,000	-	-	-	-	-	-	-	-	-
Value of share-based payment under employee share options	-	-	4,680	-	-	-	-	-	-	-	-
From differences between equity purchase price and carrying amount arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1)
Adjustments to capital surplus of cash dividends to subsidiary	-	-	87	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2015	1,743,674	\$ 17,436,742	\$ 48,717	\$ 875,554	\$ 87,810	\$ 2,189,843	\$ 3,153,207	\$ 12,553	\$ 197,569	\$ (3,508)	\$ 87
											\$ 20,845,280

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

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>For the Years Ended December 31</u>	
		2014
	2015	(Audited after Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,396,864	\$ 2,341,330
Adjustments for:		
Depreciation expenses	170,269	149,273
Amortization expenses	12,532	12,283
Allowance (reversal of allowance) for doubtful accounts and guarantees	219,541	(202,083)
Interest expenses	2,927,074	2,608,819
Interest revenues	(7,172,897)	(6,387,786)
Dividend income	(48,153)	(81,233)
Decrease in provisions	(45,361)	(9,375)
Share-based payments	4,680	39,450
(Gain) loss on disposal of property and equipment	(140)	40
Gain on disposal of available-for-sale financial assets	(76,257)	(23,720)
Impairment loss (reversal of impairment loss) on financial assets	8,208	(16,128)
Impairment loss on non-financial assets	14,492	-
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	2,199,653	(5,691,247)
Decrease (increase) in financial assets at fair value through profit or loss	8,667,286	(3,425,673)
Increase in receivables	(269,159)	(676,517)
Increase in discounts and loans	(22,581,721)	(12,720,123)
Decrease in due to the Central Bank and banks	(910,000)	(613,000)
Increase (decrease) in financial liabilities at fair value through profit or loss	9,314	(2,671)
(Decrease) increase in securities sold under agreements to repurchase	(1,053,380)	3,403,297
(Decrease) increase in payables	(342,795)	520,193
Increase in deposits and remittances	<u>32,330,066</u>	<u>28,059,223</u>
Net cash generated from operations	16,460,116	7,284,352
Interest received	7,004,224	6,166,063
Dividends received	48,153	98,443
Interest paid	(2,903,424)	(2,605,603)
Income tax (paid) received	<u>(137,896)</u>	<u>2,667</u>
Net cash generated from operating activities	<u>20,471,173</u>	<u>10,945,922</u>

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>For the Years Ended December 31</u>	
		2014
	2015	(Audited after Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	\$ (552,101,893)	\$ (215,413,352)
Proceeds from disposal of available-for-sale financial assets	530,295,164	171,948,801
Acquisition of held-to-maturity financial assets	(841,105)	-
Proceeds from repayments of held-to-maturity financial assets	-	4,100
Acquisition of property and equipment	(345,517)	(152,515)
Proceeds from disposal of property and equipment	158	50
Acquisition of intangible assets	(7,758)	(7,996)
Acquisition of investment properties	(40,861)	(875)
Increase in other financial assets	-	(877,939)
Decrease in other financial assets	1,596,692	-
Decrease in other assets	<u>29,127</u>	<u>109,255</u>
Net cash used in investing activities	<u>(21,415,993)</u>	<u>(44,390,471)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,109,000
Decrease in short-term borrowings	(320,000)	-
Issue of bank debentures	1,800,000	3,000,000
Repayment of bank debentures on maturity	(500,000)	(3,201,400)
Increase in other financial liabilities	167,628	99,025
Increase in other liabilities	-	31,902
Decrease in other liabilities	(5,179)	-
Cash dividends	(317,587)	-
Proceeds from issue of ordinary shares	600,000	2,000,000
Acquisition of subsidiary	<u>(1)</u>	<u>(7,649)</u>
Net cash generated from financing activities	<u>1,424,861</u>	<u>3,030,878</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(120,205)</u>	<u>24,011</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	359,836	(30,389,660)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,021,722</u>	<u>42,411,382</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,381,558</u>	<u>\$ 12,021,722</u>

(Continued)

SUNNY BANK LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2015 and 2014:

	December 31	
	2015	2014
Cash and cash equivalents in consolidated balance sheets	\$ 5,447,455	\$ 6,939,753
Due from the Central Bank and call loans to other banks reclassified as cash and cash equivalents under IAS 7 "Statement of Cash Flows"	6,929,103	4,971,969
Securities purchased under agreements to resell reclassified as cash and cash equivalents under IAS 7 "Statement of Cash Flows"	5,000	110,000
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 12,381,558</u>	<u>\$ 12,021,722</u>

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

(Concluded)

SUNNY BANK LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunny Bank Ltd. (the “Bank”) is a public company that deals with: (1) businesses eligible for commercial banks to operate as stated in the Act of Banking; (2) all kinds of deposit and trust business; (3) other relevant businesses approved by central authorities; (4) planning, management and operating a trust businesses stated in the Act of Banking (Department of Trust), as well as investment of national negotiable securities and trust operations. Until December 31, 2015, the Bank had 103 branches nationwide in total.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 22, 2016.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC)

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

Except for the following, whenever applied, the initial application of the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Bank and the 2013 IFRSs version would not have any material impact on the Group’s accounting policies:

1) IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 13 “Fair Value Measurement”

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

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 43 for related disclosures.

3) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

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

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations and unrealized gain (loss) on available-for-sale financial assets. However, the application of the above amendments will not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 “Employee Benefits”

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

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

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

The impact in the current year is set out below:

	December 31, 2015
Impact on Assets, Liabilities and Equity	
Decrease in deferred tax assets	<u>\$ (3,794)</u>
Decrease in net defined benefit liabilities	<u>\$ (22,320)</u>
Increase in retained earnings	<u>\$ 18,526</u>
	For the Year Ended December 31, 2015
Impact on Total Comprehensive Income	
Decrease in operating expense	\$ 39
Increase in income tax expense	<u>(7)</u>
Increase in net income for the year	<u>\$ 32</u>
Increase in total comprehensive income for the year	<u>\$ 32</u>

The impact in the prior year is set out below:

Impact on Assets, Liabilities and Equity	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>December 31, 2014</u>			
Deferred tax assets	\$ 393,523	\$ (3,801)	\$ 389,722
Net defined benefit liabilities	\$ 200,850	\$ (22,359)	\$ 178,491
Unappropriated earnings	\$ 2,039,001	\$ 18,558	\$ 2,057,559

<u>January 1, 2014</u>			
Deferred tax assets	\$ 690,445	\$ (4,108)	\$ 686,337
Net defined benefit liabilities	\$ 196,093	\$ (24,166)	\$ 171,927
Unappropriated earnings	\$ 845,180	\$ 20,058	\$ 865,238

Impact on Total Comprehensive Income	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>For the year ended December 31, 2014</u>			
Operating expense	\$ 3,164,844	\$ 1,807	\$ 3,166,651
Income tax expense	\$ 352,618	\$ (307)	\$ 352,311
Net income for the year	\$ 1,990,519	\$ (1,500)	\$ 1,989,019
Total comprehensive income for the year	\$ 2,080,729	\$ (1,500)	\$ 2,079,229

Impact on earnings per share:

Basic	\$ 1.32	\$ -	\$ 1.32
Diluted	\$ 1.32	\$ -	\$ 1.32

5) Amendments to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements. Refer to Note 44 for related disclosure.

6) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

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

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

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

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

The impairment of financial assets

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

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

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

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

3) Annual Improvements to IFRSs: 2010-2012 Cycle

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Since the operating cycle in the banking industry cannot be reasonably identified, the accounts included in the Group's financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 44 for the maturity analysis of assets and liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e. its subsidiaries).

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Please refer to Table 4.

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

The consolidated entities as of December 31, 2015 and 2014 were as follows:

Investor Company	Subsidiary	Business Nature	Percentage of Shareholding (%)	
			December 31 2015	December 31 2014
Sunny Bank Ltd.	Sunny Securities Co., Ltd. (hereinafter shortened as "Sunny Securities Co.")	Accepting orders to sell and purchase negotiable securities in centralized markets and its sales office, and dealing with commodity trading business	98.72	98.72
Sunny Bank Ltd.	King Sunny Assets Management Co., Ltd. (hereinafter shortened as "King Sunny Assets Management Co.")	Business related to the financial institution creditor's right (money) purchase	100.00	100.00
Sunny Bank Ltd.	Sunny Life Insurance Brokerage Co., Ltd. (hereinafter shortened as "Sunny Life Insurance Brokerage Co.")	Life insurance brokerage business	39.99	39.99
Sunny Bank Ltd.	Sunny Property & Insurance Brokerage Co., Ltd. (hereinafter shortened as "Sunny Property & Insurance Co.")	Property and insurance brokerage business	20.00	20.00
Sunny Bank Ltd.	Sunny International Leasing Co. (hereinafter shortened as "Sunny International Leasing Co.")	Financing and leasing business	100.00	100.00
Sunny Securities Co.	Sunny Life Insurance Brokerage Co.	Life insurance brokerage business	60.01	60.00
Sunny Life Insurance Brokerage Co.	Sunny Property & Insurance Co.	Property and insurance brokerage business	40.00	40.00
King Sunny Assets Management Co.	Sunny Property & Insurance Co.	Property and insurance brokerage business	40.00	40.00
Sunny International Leasing Co.	Sunny Securities Co.	Accepting orders to sell and purchase negotiable securities in centralized markets and its sales office, and dealing with commodity trading business	1.28	1.28
Sunny International Leasing Co.	Sunny Finance Lease (HK) Limited	Financing and leasing business	100.00	100.00
King Sunny Assets Management Co.	Sunny E-Commercial Co., Ltd. (hereinafter shortened as "Sunny E-Commercial Co.")	Internet, software design, information processing and retailing service	100.00	100.00
Sunny Finance Lease (HK) Limited	Sunny Finance and Leasing (China) Co., Ltd.	Financing and leasing business	100.00	100.00

Foreign Currencies

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

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

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

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

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

Financial Instruments

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

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

Financial assets

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

a. Measurement category

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

1) Financial assets at fair value through profit or loss

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

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

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise without this designation; or
- b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Fair value is determined in the manner described in Note 43.

Financial assets designated as at fair value through profit or loss shall be stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 43.

2) Available-for-sale financial assets

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

Fair value is determined in the manner described in Note 43.

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

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

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

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

3) Held-to-maturity investments

Government bonds, which are above certain credit ratings and on which the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

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

4) Loans and receivables

Loans and receivables (including receivables, cash and cash equivalent, and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b. Impairment of financial assets

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

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

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

- Debtors' liabilities are reclassified as overdue on the measurement date.
- Debtors have unpaid interest or overdue capital on the measurement date.
- Those are warned based on the Bank's mechanism of for abnormal or alerting borrower.
- Debtors who have submitted requests to the Bank due to financial difficulties.
- Those who ever participated in debt negotiation (including the 2006 debt negotiation mechanism, individual consistency, pre-negotiation, regeneration and liquidation).

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

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

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

Based on the above Regulations, the minimum allowance for credit losses and provision for losses on guarantees for assets that are normal excluding claims against ROC government agencies that require special mentioned, assets that are substandard, assets with doubtful collectability, and assets on which there is loss were 1%, 2%, 10%, 50% and 100%, respectively of outstanding. For enhanced risk management by banks, FSC issued Letter No. 10300329440, which requires domestic banks to allocate an allowance of at least 1.5% of repair loans and construction loans before 2016. In addition, under FSC Letter No. 10410001840, Category 1 credits granted to enterprises in the China region should be covered by an allowance of at least 1.5% of the balance of these credits before 2015.

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

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

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

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

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

c. Derecognition of financial assets

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

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

Financial liabilities and equity instruments

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

a. Measurement and recognition

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

1) Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 43.

2) Financial guarantee contracts

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

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

b. Derecognition of financial liabilities

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

Derivative Financial Instruments

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

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

Repurchase and Reverse Repurchase Transactions

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

Margin Loans and Stock Loans

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

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

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

Property, Plant and Equipment

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

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

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

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes, as well as property interest held under an operating lease if the definition of an investment property is met). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction of which the fair value is not reliably measurable are stated at cost less accumulated depreciation and accumulated impairment loss until either such time as the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Leasing

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

a. The Group as lessor

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

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

b. The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

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

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

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

c. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

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

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

Collaterals Assumed

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

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss.

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

Provisions

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

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

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefit costs

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Bank's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Preferential interest on employees' deposits

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

Under Article 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, if the Bank's preferential deposit interest rate for as stated in the employment contract exceeds the market interest rate, the excess will be subject to IAS 19 "Employee Benefits" upon the employee's retirement. The actuarial valuation assumptions and parameters are based on those announced by authority, if any.

Revenue Recognition

a. Interest income and expense

Except for financial assets and liabilities at fair value through profit or loss, all interest-earning financial assets and interest-bearing financial liabilities are accrued using the effective interest rate method and are accounted for as interest revenue and interest expense in the consolidated statement of comprehensive income.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the interest rate that is used to discount the future cash flows when assessing impairment.

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

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

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

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

b. Commission revenue

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

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

c. Dividend income

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

Share-based Payment Arrangements

Equity-settled share-based payment arrangements granted to employee and others providing similar services

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Bank's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately.

Income Tax

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

a. Current tax

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

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are generally recognized for deductible temporary differences, unused loss carry forward and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

c. Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment loss on loans and receivables

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

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

b. Fair value of financial instruments

As described in Note 43, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments with no quoted market prices in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are based on quoted market rates adjusted for specific features of the instruments. Other financial instruments were valued using a discounted cash flow analysis that includes assumptions based on quoted market prices or rates (if available). The measurement of the fair value of unlisted equity investments includes assumptions not based on observable market prices or rates. Note 43 provides information on the key assumptions used determining the fair value of financial instruments. The Group's management believes that the chosen valuation techniques and assumption used are appropriate in determining the fair value of financial instruments.

c. Impairment of goodwill

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

Impairment of goodwill is shown in Note 17.

d. Income tax

As of December 31, 2015 and 2014, the carrying amounts of deferred income tax assets were \$222,922 and \$389,722, respectively. The realizability of the deferred income tax assets mainly depend on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a material reversal of deferred income tax assets may arise, which would be recognized in profit or loss for the period in which reversal takes place.

e. Employee benefit obligation reserve

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

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

The employee benefit obligation reserve is shown in Note 25.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash on hand	\$ 3,089,953	\$ 2,891,189
Checks for clearing	715,185	1,229,796
Bank deposits and due from other banks	<u>1,642,317</u>	<u>2,818,768</u>
	<u>\$ 5,447,455</u>	<u>\$ 6,939,753</u>

Cash and cash equivalents as of December 31, 2015 and 2014 as shown in the consolidated statement of cash flow can be reconciled to the related items in the consolidated balance sheets as follows:

	December 31	
	2015	2014
Cash and cash equivalents in consolidated balance sheets	\$ 5,447,455	\$ 6,939,753
Due from the Central Bank and call loans to other banks that meet the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	6,929,103	4,971,969
Securities purchased under agreement to resell that meet the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	<u>5,000</u>	<u>110,000</u>
Cash and cash equivalents listed in the consolidated statements of cash flows	<u>\$ 12,381,558</u>	<u>\$ 12,021,722</u>

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

	December 31	
	2015	2014
Deposit reserve - checking accounts	\$ 5,437,452	\$ 8,837,012
Deposit reserve - demand accounts	8,426,026	7,565,850
Deposit reserve - foreign currencies	28,005	18,934
Call loans and overdraft to banks	6,646,266	4,567,392
Due from the Central Bank - interbank settlement funds	<u>613,497</u>	<u>404,577</u>
	<u>\$ 21,151,246</u>	<u>\$ 21,393,765</u>

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
Held-for-trading financial assets		
Commercial papers	\$ 9,274,170	\$ 17,754,973
Beneficial certificates	350,636	266,013
Government bonds	52,213	151,203
Stocks	32,767	17,087
Currency swap contracts	7,078	12,184
Forward contracts	<u>-</u>	<u>110</u>
	<u>9,716,864</u>	<u>18,201,570</u>
Financial assets designated at fair value through profit or loss		
Convertible corporate bonds	<u>18,089</u>	<u>103,400</u>
	<u>\$ 9,734,953</u>	<u>\$ 18,304,970</u>

(Continued)

	December 31	
	2015	2014
Held-for-trading financial liabilities		
Currency swap contracts	\$ 16,443	\$ 6,974
Forward contracts	<u>178</u>	<u>333</u>
	<u>\$ 16,621</u>	<u>\$ 7,307</u>
		(Concluded)

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

Outstanding derivative contracts as of December 31, 2015 and 2014 are shown as follows:

	December 31	
	2015	2014
Currency swap contracts	\$ 1,568,604	\$ 1,593,306
Forward contracts	13,194	15,407
Convertible corporate bonds with interest rate swap contracts	18,000	103,000
Convertible corporate bonds with short position option contracts	18,000	-

9. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	December 31	
	2015	2014
Government bonds	\$ 5,000	\$ 55,000
Corporate bonds	<u>-</u>	<u>55,000</u>
	<u>\$ 5,000</u>	<u>\$ 110,000</u>
Amounts of resell agreements	<u>\$ 5,005</u>	<u>\$ 110,023</u>
Dates of resell agreements	2016.1.12	2015.1.8-3.9

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

10. RECEIVABLES, NET

	December 31	
	2015	2014
Lease receivables	\$ 1,922,787	\$ 1,666,607
Interest receivables	605,318	469,824
Credit card receivables	510,452	535,994
Purchased claim receivables	205,771	257,467
Account receivable - settlement	195,769	110,276
Acceptances	150,597	168,897
Account receivables	1,001	98,269
		(Continued)

	December 31	
	2015	2014
Settlement receivables	\$ -	\$ 10,749
Other receivables	343,158	232,578
	3,934,853	3,550,661
Less: Allowance for credit losses (Note 11)	385,079	507,416
Net amount	<u>\$ 3,549,774</u>	<u>\$ 3,043,245</u>
Minimum lease payments receivables	\$ 2,099,175	\$ 1,806,330
Less: Unearned finance income	176,388	139,723
Present value of minimum lease payment	<u>\$ 1,922,787</u>	<u>\$ 1,666,607</u>
		(Concluded)

11. DISCOUNTS AND LOANS, NET

	December 31	
	2015	2014
Export negotiation	\$ 100,582	\$ 55,437
Short-term loans	22,447,296	17,723,902
Secured short-term loans	52,134,597	44,210,957
Margin loan receivables	314,316	464,912
Medium-term loans	23,677,811	19,138,170
Secured medium-term loans	65,512,680	56,246,323
Long-term loans	1,853,961	2,045,260
Secured long-term loans	74,929,660	77,694,536
Nonperforming loans transferred from loans	71,228	463,293
	241,042,131	218,042,790
Less: Premium or discount on discounts and loans	4,934	5,525
Less: Allowance for credit losses	2,985,087	2,345,646
Net amount	<u>\$ 238,052,110</u>	<u>\$ 215,691,619</u>

Please refer to Note 44 for the analysis of impairment loss on receivables, and discounts and loans.

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

	2015						
	Discounts and Loans			Receivables	Non-performing Loans Transferred from Other than Loans	Provision for Guarantee Liability	Total
	Specific Risk	General Risk	Subtotal				
Balance, January 1	\$ 464,361	\$ 1,881,285	\$ 2,345,646	\$ 507,416	\$ 1,815	\$ 21,966	\$ 2,876,843
(Reversal) provisions	(813,662)	1,095,445	281,783	(68,849)	-	(6,607)	219,541
Write-off	(557,353)	-	(557,353)	(58,207)	(13,085)	-	(629,365)
Recovery of written-off credits	909,954	-	909,954	(152)	18,593	-	928,395
Reclassification	-	-	-	4,932	(4,932)	-	-
Effect of exchange rate charges	5,057	-	5,057	(61)	-	-	4,996
Balance, December 31	<u>\$ 8,357</u>	<u>\$ 2,976,730</u>	<u>\$ 2,985,087</u>	<u>\$ 385,079</u>	<u>\$ 1,671</u>	<u>\$ 28,573</u>	<u>\$ 3,400,410</u>

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

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Negotiable certificates of deposits	\$ 40,902,352	\$ 38,801,011
Government bonds	15,382,918	7,927,818
Commercial papers	10,360,432	738,250
Bank debentures	2,250,124	-
Corporate bonds	1,156,153	1,201,650
Stocks	332,947	5,298
Beneficial certificates	209,738	-
	<u>\$ 70,594,664</u>	<u>\$ 48,674,027</u>

As of December 31, 2015 and 2014, the principal of bond investments amounting to \$2,000,000 and \$3,600,000, had been sold under repurchase agreements, respectively.

Please refer to Note 41 for information on available-for-sale financial assets pledged as security.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2015	2014
Government bonds	<u>\$ 1,904,361</u>	<u>\$ 1,067,515</u>

As of December 31 2015 and 2014, the principal of bond investments amounting to \$850,000 and \$300,000, had been sold under repurchase agreements, respectively.

Please refer to Note 41 for information relating to held-to-maturity financial assets pledged as security.

14. OTHER FINANCIAL ASSETS, NET

	December 31	
	2015	2014
Financial assets carried at cost		
Unlisted common stocks		
Financial Information Service Co., Ltd.	\$ 115,771	\$ 115,771
Taiwan Financial Asset Service Co., Ltd.	50,000	50,000
Taiwan Depository and Clearing Co., Ltd.	21,490	21,490
Protop Technology Co., Ltd.	10,782	10,782
Taiwan Mobile Payment Co., Ltd.	6,000	6,000
Sunny Real Estate Management Co., Ltd.	3,000	3,000
	<u>207,043</u>	<u>207,043</u>
Less: Accumulated impairment loss	<u>10,782</u>	<u>10,782</u>
	<u>196,261</u>	<u>196,261</u>
Debt instruments with no active markets		
Structured products	122,402	-
Structured time deposit	73,892	84,443
PPE trust beneficial right	-	30,000
Less: Accumulated impairment loss	<u>73,892</u>	<u>63,333</u>
	<u>122,402</u>	<u>51,110</u>
Other financial assets		
Time deposits not qualifying as cash and cash equivalents	1,192,833	2,862,783
Nonperforming loans transferred from other than loans	3,348	4,079
Less: Allowance for credit losses (Note 11)	<u>1,671</u>	<u>1,815</u>
	<u>1,194,510</u>	<u>2,865,047</u>
	<u>\$ 1,513,173</u>	<u>\$ 3,112,418</u>

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

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

15. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the years ended December 31, 2015 and 2014 are summarized as follows:

	For the Year Ended December 31, 2015								
	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Lease Assets	Total
Cost									
Balance, January 1	\$ 7,341,110	\$ 2,931,866	\$ 865,087	\$ 43,502	\$ 734,492	\$ 30,153	\$ 64,417	\$ 262	\$ 12,010,889
Additions	-	-	251,577	6,534	27,967	1,560	59,439	-	347,077
Disposals	-	-	(352,339)	(1,538)	(21,714)	(4,968)	-	(145)	(380,704)
Reclassification	(47,939)	-	16,361	-	13,491	-	(39,161)	-	(57,248)
Effect of foreign currency exchange differences	-	-	-	-	(7)	-	-	-	(7)
Balance, December 31	<u>7,293,171</u>	<u>2,931,866</u>	<u>780,686</u>	<u>48,498</u>	<u>754,229</u>	<u>26,745</u>	<u>84,695</u>	<u>117</u>	<u>11,920,007</u>
Accumulated depreciation									
Balance, January 1	-	1,178,645	774,273	28,692	625,978	27,245	-	88	2,634,921
Depreciation	-	65,556	53,896	5,125	43,739	1,828	-	125	170,269
Disposals	-	-	(352,335)	(1,524)	(21,714)	(4,968)	-	(145)	(380,686)
Effect of foreign currency exchange differences	-	-	-	-	(3)	-	-	-	(3)
Balance, December 31	<u>-</u>	<u>1,244,201</u>	<u>475,834</u>	<u>32,293</u>	<u>648,000</u>	<u>24,105</u>	<u>-</u>	<u>68</u>	<u>2,424,501</u>

(Continued)

For the Year Ended December 31, 2015									
	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Lease Assets	Total
<u>Accumulated impairment loss</u>									
Balance, January 1	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Balance, December 31	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<u>Net amount</u>									
Balance, December 31	<u>\$ 7,283,171</u>	<u>\$ 1,687,665</u>	<u>\$ 304,852</u>	<u>\$ 16,205</u>	<u>\$ 106,229</u>	<u>\$ 2,640</u>	<u>\$ 84,695</u>	<u>\$ 49</u>	<u>\$ 9,485,506</u>
									(Concluded)

(Concluded)

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

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

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

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

16. INVESTMENT PROPERTY, NET

	December 31	
	2015	2014
Land	\$ 87,973	\$ -
Buildings	1,702	875
	<u>\$ 89,675</u>	<u>\$ 875</u>

The movements of investment property are summarized as follow:

	December 31	
	2015	2014
<u>Cost</u>		
Balance, January 1	\$ 875	\$ -
Addition	40,861	875
Reclassifications	<u>47,939</u>	<u>-</u>
Balance, December 31	<u>\$ 89,675</u>	<u>\$ 875</u>

The above buildings of investment property shall be depreciated on a straight-line basis over an estimated useful lives of 7-61 years when construction is completed.

The Group's management was unable to reliably determine the fair value of investment property because these investment properties are apartments and commercial buildings still under construction and the alternative reliable measurements of fair value are not available.

17. INTANGIBLE ASSETS, NET

	December 31	
	2015	2014
Goodwill	\$ 1,034,579	\$ 1,034,579
Computer software	<u>28,830</u>	<u>21,841</u>
	<u>\$ 1,063,409</u>	<u>\$ 1,056,420</u>

The movements of intangible assets are shown as follows:

	For the Year Ended December 31	
	2015	2014
Balance, January 1	\$ 1,056,420	\$ 1,048,502
Additions	7,758	7,996
Amortization	(10,078)	(8,944)
Reclassifications	<u>9,309</u>	<u>8,866</u>
Balance, December 31	<u>\$ 1,063,409</u>	<u>\$ 1,056,420</u>

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

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

<u>Item</u>	<u>Years</u>
Computer software	3-5 years

18. OTHER ASSETS, NET

	December 31	
	2015	2014
Collaterals assumed		
Cost	\$ 20,859	\$ 20,859
Less: Accumulated impairment loss	<u>20,859</u>	<u>6,367</u>
Collaterals assumed, net	-	14,492
Refundable deposits	172,174	207,549
Prepayments	63,920	75,542
Operating deposits, clearing and settlement fund	16,578	37,280
Others	<u>119,498</u>	<u>83,380</u>
	<u>\$ 372,170</u>	<u>\$ 418,243</u>

19. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2015	2014
Due to banks	\$ 4,275,000	\$ 4,585,000
Call loans from banks	-	600,000
Deposits from Chunghwa Post Co., Ltd.	<u>1,298,606</u>	<u>1,298,606</u>
	<u>\$ 5,573,606</u>	<u>\$ 6,483,606</u>

20. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	December 31	
	2015	2014
Government bonds	<u>\$ 2,850,039</u>	<u>\$ 3,903,419</u>
Agreed-upon repurchase price	<u>\$ 2,850,801</u>	<u>\$ 3,907,360</u>
Maturity date	2016.1.4-2.18	2015.1.5-3.25

21. PAYABLES

	December 31	
	2015	2014
Notes and checks in clearing	\$ 715,185	\$ 1,229,796
Accrued expenses	536,188	518,670
Interest payables	394,345	373,009
Bill for collection	306,464	288,118
Accounts payable for settlement	188,383	119,883
Acceptances payable	150,508	168,611
Other payables	<u>388,021</u>	<u>403,082</u>
	<u>\$ 2,679,094</u>	<u>\$ 3,101,169</u>

22. DEPOSITS AND REMITTANCES

	December 31	
	2015	2014
Checking	\$ 2,703,623	\$ 2,819,971
Demand	37,571,360	35,301,552
Time deposits	101,665,914	83,597,626
Savings	176,659,359	164,542,620
Remittances	9,165	17,586
	<u>\$ 318,609,421</u>	<u>\$ 286,279,355</u>

23. BANK DEBENTURES

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

	Maturity Date	Rates	December 31	
			2015	2014
First subordinated bank debentures issued in 2009	2009.06.15-2015.01.15 Principal is repayable on maturity date.	Fixed interest rate of 3.00%. Interest is paid annually.	\$ -	\$ 500,000
First subordinated bank debentures issued in 2010 (A)	2010.04.30-2017.04.30 Principal is repayable on maturity date.	Fixed interest rate of 3.25%. Interest is paid annually.	570,000	570,000
First subordinated bank debentures issued in 2010 (B)	2010.04.30-2017.04.30 Principal is repayable on maturity date.	Variable interest rate plus 1.83%. Interest is paid annually.	230,000	230,000
Second subordinated bank debentures issued in 2010 (A)	2010.10.29-2017.10.29 Principal is repayable on maturity date.	Fixed interest rate of 3.25%. Interest is paid annually.	500,000	500,000
Second subordinated bank debentures issued in 2010 (B)	2010.10.29-2017.10.29 Principal is repayable on maturity date.	Variable interest rate plus 1.71%. Interest is paid annually.	300,000	300,000
Third subordinated bank debentures issued in 2010	2010.11.11-2017.10.11 Principal is repayable on maturity date.	Fixed interest rate of 3.25%. Interest is paid annually.	400,000	400,000
First subordinated bank debentures issued in 2011 (A)	2011.06.27-2018.06.27 Principal is repayable on maturity date.	Fixed interest rate of 2.85%. Interest is paid annually.	100,000	100,000
First subordinated bank debentures issued in 2011 (B)	2011.06.27-2018.06.27 Principal is repayable on maturity date.	Fixed interest rate of 1.25%. Interest is paid annually.	500,000	500,000
Second subordinated bank debentures issued in 2011	2011.09.30-2018.09.30 Principal is repayable on maturity date.	Variable interest rate plus 1.17%. Interest is paid annually.	200,000	200,000
First subordinated bank debentures issued in 2012 (A)	2012.05.30-2019.05.30 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	500,000	500,000
First subordinated bank debentures issued in 2012 (B)	2012.05.30-2019.05.30 Principal is repayable on maturity date.	Variable interest rate plus 0.97%. Interest is paid annually.	600,000	600,000
Second subordinated bank debentures issued in 2012	2012.06.29-2019.05.29 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	200,000	200,000
First subordinated bank debentures issued in 2013 (A)	2013.04.30-2020.04.30 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	1,450,000	1,450,000
First subordinated bank debentures issued in 2012 (B)	2013.04.30-2020.04.30 Principal is repayable on maturity date.	Variable interest rate plus 0.77%. Interest is paid annually.	50,000	50,000
First subordinated bank debentures issued in 2014 (A)	2014.03.31-2021.03.31 Principal is repayable on maturity date.	Fixed interest rate of 2.35%. Interest is paid annually.	1,450,000	1,450,000
First subordinated bank debentures issued in 2014 (B)	2014.03.31-2021.03.31 Principal is repayable on maturity date.	Variable interest rate plus 0.67%. Interest is paid annually.	50,000	50,000
Second subordinated bank debentures issued in 2014	2014.08.26-2021.08.26 Principal is repayable on maturity date.	Fixed interest rate of 2.35%. Interest is paid annually.	700,000	700,000
Third subordinated bank debentures issued in 2014	2014.12.30-2021.12.30 Principal is repayable on maturity date.	Fixed interest rate of 2.45%. Interest is paid annually.	800,000	800,000
Second subordinated bank debentures issued in 2015	2015.10.08-2022.10.08 Principal is repayable on maturity date.	Fixed interest rate of 2.50%. Interest is paid annually.	400,000	-
Third subordinated bank debentures issued in 2015	2015.11.10-2022.11.10 Principal is repayable on maturity date.	Fixed interest rate of 2.50%. Interest is paid annually.	500,000	-
Fourth subordinated non-accumulating redeemable bank debentures issued on December 24, 2015	No maturity date. Redeemable at par after 7 years from the date of issue.	Fixed interest rate of 4.50%. Interest is paid annually.	700,000	-
Fifth subordinated non-accumulating redeemable bank debentures issued on December 31, 2015	No maturity date. Redeemable at par after 7 years from the date of issue.	Fixed interest rate of 4.50%. Interest is paid annually.	200,000	-
			<u>\$ 10,400,000</u>	<u>\$ 9,100,000</u>

24. PROVISIONS

	December 31	
	2015	2014
Provisions for employee benefits (Note 25)	\$ 241,999	\$ 182,427
Provisions for guarantee liabilities (Note 11)	28,573	21,966
Provisions for decommissioning liabilities	8,861	7,601
Provisions for claims	<u>3,042</u>	<u>38,795</u>
	<u>\$ 282,475</u>	<u>\$ 250,789</u>

25. PROVISIONS FOR EMPLOYEE BENEFITS

	December 31	
	2015	2014
Recognized in consolidated balance sheets (accounts payable and provisions)		
Defined benefit plans	\$ 238,039	\$ 178,491
Defined contribution plans	11,448	13,464
Preferential interest rate plan for employees' deposits	<u>3,960</u>	<u>3,936</u>
	<u>\$ 253,447</u>	<u>\$ 195,891</u>

a. Defined contribution plans

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

The total expense recognized in profit or loss for the years ended December 31, 2015 and 2014 was \$63,555 and \$64,879, respectively, which represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

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

Before the end of each year, the Bank and Sunny Securities Co. assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank and Sunny Securities Co. are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund deposited in the Trust department of Bank of Taiwan is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy or strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2015	2014
Present value of defined benefit obligation	\$ 722,808	\$ 689,384
Fair value of plan assets	<u>(484,769)</u>	<u>(510,893)</u>
Net defined benefit liability	<u>\$ 238,039</u>	<u>\$ 178,491</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	<u>\$ 692,980</u>	<u>\$ (521,052)</u>	<u>\$ 171,928</u>
Service cost			
Current service cost	9,945	-	9,945
Net interest expense (income)	<u>13,613</u>	<u>(10,297)</u>	<u>3,316</u>
Recognized in profit or loss	<u>23,558</u>	<u>(10,297)</u>	<u>13,261</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	7,113	7,113
Actuarial gain - changes in demographic assumptions	(4,607)	-	(4,607)
Actuarial gain - changes in financial assumptions	(23,038)	-	(23,038)
Actuarial loss - experience adjustments	<u>28,045</u>	<u>(2,903)</u>	<u>25,142</u>
Recognized in other comprehensive income	<u>400</u>	<u>4,210</u>	<u>4,610</u>
Contributions from the employer	-	(11,308)	(11,308)
Benefits paid	<u>(27,554)</u>	<u>27,554</u>	<u>-</u>
Balance at December 31, 2014	<u>689,384</u>	<u>(510,893)</u>	<u>178,491</u>
Service cost			
Current service cost	9,989	-	9,989
Net interest expense (income)	<u>14,331</u>	<u>(10,678)</u>	<u>3,653</u>
Recognized in profit or loss	<u>24,320</u>	<u>(10,678)</u>	<u>13,642</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	7,835	7,835
Actuarial loss - changes in demographic assumptions	367	-	367
Actuarial loss - changes in financial assumptions	1,836	-	1,836
Actuarial loss - experience adjustments	<u>62,014</u>	<u>(3,172)</u>	<u>58,842</u>
Recognized in other comprehensive income	<u>64,217</u>	<u>4,663</u>	<u>68,880</u>
Contributions from the employer	-	(22,950)	(22,950)
Benefits paid	<u>(55,113)</u>	<u>55,089</u>	<u>(24)</u>
Balance at December 31, 2015	<u>\$ 722,808</u>	<u>\$ (484,769)</u>	<u>\$ 238,039</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the Group's return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	2014
Discount rate(s)	1.750%	2.125%
Expected rate(s) of salary increase	1.875%-2.000%	2.125%-2.250%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would decrease/increase as follows:

	December 31	
	2015	2014
Discount rate(s)		
0.25% increase	<u>\$ (16,273)</u>	<u>\$ (16,421)</u>
0.25% decrease	<u>\$ 16,887</u>	<u>\$ 17,060</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 16,251</u>	<u>\$ 16,461</u>
0.25% decrease	<u>\$ (15,737)</u>	<u>\$ (15,922)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	2014
The expected contributions to the plan for the next year	<u>\$ 22,691</u>	<u>\$ 13,240</u>
The average duration of the defined benefit obligation	11-12 years	12-13 years

c. Preferential interest on employees' deposits

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

The preferential interest on employees' deposits for the years ended December 31, 2015 and 2014 had not been assessed by an independent valuer because there is very little number of employees that meet those relevant criteria, instead the Bank's management gauged those assumptions used in the most recent actuarial valuation report for the estimate of the preferential interest on employee's deposits.

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

	Valuation at December 31	
	2015	2014
Discount rate	4.00%	4.00%
Expected return on employees' deposits	2.00%	2.00%
Withdrawal percentage of preferential deposits	1.00%	1.00%
The probability of preferential interest on employees' deposits is canceled within ten years	50.00%	50.00%

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

	December 31	
	2015	2014
Present value of preferential interest on employees' deposits	\$ 3,960	\$ 3,936
Fair value of plan assets	<u>-</u>	<u>-</u>
Provision of preferential interest on employees' deposits	<u>\$ 3,960</u>	<u>\$ 3,936</u>

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

26. OTHER LIABILITIES

	December 31	
	2015	2014
Advance receipts	\$ 180,402	\$ 171,109
Guarantee deposits received	104,588	114,162
Others	<u>17,450</u>	<u>22,348</u>
	<u>\$ 302,440</u>	<u>\$ 307,619</u>

27. EQUITY

Common Shares

In their meeting on June 15, 2015, the Bank's stockholders resolved to issue 95,302 thousand shares by earnings reallocated as capital, with a par value of NT\$10 each, which increased the share capital issued and fully paid to \$16,836,742. The above transaction was approved by authorities, and the record date of earnings capitalization was August 7, 2015.

To increase the Bank's cash and operating capital, raise its capital adequacy ratio, the Bank's board of directors resolved to issue 60,000 thousand ordinary shares with par value of \$10 each on October 13, 2015 which increased the issued and paid up capital to \$17,436,742. The above transaction was approved by Securities and Futures Bureau of Financial Supervisory Commission on November 4, 2015, the record date of earnings capitalization had been determined by the board to be December 29, 2015 and the change to the issued and paid up capital been registered on January 8, 2016.

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

To increase the Bank's cash and operating capital, raise its capital adequacy ratio, the Bank's board of directors resolved to issue 75,000 thousand and 125,000 thousand ordinary shares with par value of \$10 each on March 18, 2014 and October 17, 2014 which increased the issued and paid up capital to \$15,883,719. The above transaction was approved by Securities and Futures Bureau of Financial Supervisory Commission on June 9, 2014 and November 6, 2014 respectively, the record date of earnings capitalization had been determined by the board to be August 8, 2014 and December 30, 2014 and the change to the issued and paid up capital been registered on August 27, 2014 and January 16, 2015 respectively.

The shares of the capital issued for a cash increase were reserved for the Bank's employees in accordance with Company's Act article 267. The grant date was the date that the employees' subscribed and the fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense and capital surplus - employee share options. Related compensation cost of employee share options recognized for the years ended December 31, 2015 and 2014 were \$4,680 and \$39,450, respectively.

In 2015 and 2014 the compensation cost calculated based on employees' subscription of new shares reserved and issued for capital increased by cash were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	The First Subscription in 2015 (Base Date: December 29, 2015)	The Second Subscription in 2014 (Base Date: December 30, 2014)	The First Subscription in 2014 (Base Date: August 8, 2014)
Grant-date share price	\$10.29	\$11.38	\$11.18
Exercise price	\$10	\$10	\$10
Expected volatility	23.46%	14.01%	10.03%
Expected life (years)	0.13	0.14	0.15
Expected dividend yield	-	-	-
Risk-free interest rate	0.46%	0.46%	0.43%

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

Capital Surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Arising from issuance of common shares	\$ 18,034	\$ 16,871
May be used to offset a deficit only		
Lost employee share options	30,596	27,079
Treasury stock transactions (b)	<u>87</u>	<u>-</u>
	<u>\$ 48,717</u>	<u>\$ 43,950</u>

- Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Bank's capital surplus and once a year).
- Such capital surplus arises from when cash dividends are distributed to the Bank's subsidiaries who owns the Bank's shares as dividends.

Retained Earnings and Dividend Policy

Under the Bank's Articles of Incorporation, the Bank could set aside or reverse any special reserve after it has set aside 30% of the remaining earnings as legal reserve from its after-tax net income after deducting any deficit from prior years. According to the Company Law, the appropriations for legal reserve should be made until it equals to the Bank's paid-in capital. The Bank's board may propose the appropriation of dividends and bonuses to be distributed to shareholders based on accumulated unappropriated earnings. The appropriation may be in the form of share dividend or cash dividend, with the approval of stockholders.

Based on the May 2015 amendments to the Company Act, the recipients of dividends and bonuses are limited to shareholders and do not include employees. To comply with this requirement, the Bank's board of directors proposed in their meeting on December 15, 2015 the amendment of the Bank's Articles of Incorporation, which is subject to the resolution of the shareholders in their meeting to be held on May 16, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Employee benefits expense in Note 34.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Bank should appropriate or reverse to a special reserve.

Under the Company Act, legal reserve shall be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, the Banking Act provides that, before the balance of the reserve reaches the aggregate par value of the outstanding capital stock, cash allocation should not exceed 15% of the aggregate par value of the outstanding capital stock of the Bank.

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

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

The appropriations from the 2014 and 2013 earnings were proposed in the shareholders' meetings on June 15, 2015 and May 5, 2014, respectively. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2014	2013	2014	2013
Net income	\$ 1,990,403	\$ 860,500		
Adjustments of investments accounted for by the equity method	2,643	-		
Offset of deficit	-	(13,910)		
Adjustment of actuarial loss on defined benefit plans	(6,860)	(1,410)		
Legal reserve	(597,121)	(253,554)		
Special reserve	-	(4,822)		
Cash dividends	(317,674)	-	\$ 0.20	
Share dividends	<u>(953,023)</u>	<u>(533,989)</u>	0.60	\$ 0.40
	<u>\$ 118,368</u>	<u>\$ 52,815</u>		

The appropriations of earnings for 2015 had been proposed by the Bank's board of directors on March 22, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Beginning unappropriated earnings	\$ 171,183	
Retrospective restatement adjustment	<u>18,558</u>	
Adjusted beginning unappropriated earnings	189,741	
Actuarial loss adjustment on defined benefit plans	(56,375)	
Unappropriated earnings adjusted for equity investment	<u>(795)</u>	
Adjusted unappropriated earnings	132,571	
Net profit after tax for the year ended 2015	2,057,272	
30% Legal reserve	(617,182)	
Reversal of special reserve	<u>62,874</u>	
Earnings available for appropriation	1,635,535	
Share dividends	(1,046,204)	\$ 0.6
Cash dividends	<u>(348,735)</u>	0.2
Ending retained earnings	<u>\$ 240,596</u>	

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on May 16, 2016.

Other Equity Items

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

	For the Year Ended December 31	
	2015	2014
Balance at January 1	\$ 33,083	\$ 6,817
Exchange differences arising on translating the financial statements of foreign operations	(22,366)	28,317
Income tax related to gains arising on translating the financial statements of foreign operations	<u>1,836</u>	<u>(2,051)</u>
Balance at December 31	<u>\$ 12,553</u>	<u>\$ 33,083</u>

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

	For the Year Ended December 31	
	2015	2014
Balance at January 1	\$ (1,921)	\$ (69,691)
Unrealized gain arising on revaluation of available-for-sale financial assets	275,747	91,490
Realized gain arising on revaluation of available-for-sale financial assets	<u>(76,257)</u>	<u>(23,720)</u>
Balance at December 31	<u>\$ 197,569</u>	<u>\$ (1,921)</u>

Non-controlling Interests

	For the Year Ended December 31	
	2015	2014
Balance at January 1	\$ 1	\$ 7,143
Attributable to non-controlling interests:		
Share of profit for the year	-	116
Non-controlling interest arising from acquisition of Sunny Securities Co. (Note 40)	-	(7,258)
Non-controlling interest arising from acquisition of Sunny Life Insurance Brokerage Co. (Note 40)	<u>(1)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1</u>

Treasury Shares

The Bank's shares held by its subsidiaries at the end of the reporting periods were 463 thousands of shares, and transferred to treasury share from investment by the equity method with book value \$7.58 per share.

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

28. NET INTEREST

	For the Year Ended December 31	
	2015	2014
Interest revenue		
Discounts and loans	\$ 6,276,531	\$ 5,630,906
Marketable securities held	559,985	221,125
Due from banks and call loans to banks	161,181	394,851
Others	<u>175,200</u>	<u>140,904</u>
	<u>7,172,897</u>	<u>6,387,786</u>
Interest expense		
Deposits	2,565,232	2,251,385
Bank debentures	229,345	222,798
Others	<u>132,497</u>	<u>134,636</u>
	<u>2,927,074</u>	<u>2,608,819</u>
	<u>\$ 4,245,823</u>	<u>\$ 3,778,967</u>

29. COMMISSION AND FEE REVENUE, NET

	For the Year Ended December 31	
	2015	2014
Commission and fee revenue		
Agency service	\$ 641,696	\$ 482,116
Trust and related business	294,467	337,068
Loan services	164,753	131,717
Credit card business	44,177	42,844
Others	<u>164,905</u>	<u>146,770</u>
	<u>1,309,998</u>	<u>1,140,515</u>
Commission and fee expense		
Agency service	35,579	70,452
Credit card business	30,271	28,389
Interbank services	15,027	14,478
Remittance business	6,405	6,397
Trust and related business	5,959	6,789
Others	<u>27,575</u>	<u>26,833</u>
	<u>120,816</u>	<u>153,338</u>
	<u>\$ 1,189,182</u>	<u>\$ 987,177</u>

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

	For the Year Ended December 31	
	2015	2014
Interest revenue	\$ 100,807	\$ 101,769
Dividend income	<u>419</u>	<u>5,469</u>
Disposal (loss) profit		
Beneficial certificates	29,243	17,917
Commercial paper	8,330	4,005
Convertible corporate bonds with interest rate swap contracts	1,072	48
Bonds	(26)	470
Stocks	(25,078)	67,358
Derivative financial instruments		
Currency swap contracts	36,679	(4,419)
Forward contracts	<u>(278)</u>	<u>(2,878)</u>
	<u>49,942</u>	<u>82,501</u>
(Gain) loss on valuation		
Bonds	777	(727)
Negotiable certificates of deposits	-	11
Commercial paper	(206)	980
Convertible corporate bonds with interest rate swap contracts	(312)	400
Stocks	(777)	(37,750)
Beneficial certificates	(7,086)	2,737
Derivative financial instruments		
Forward contracts	45	255
Currency swap contracts	<u>(14,574)</u>	<u>13,687</u>
	<u>(22,133)</u>	<u>(20,407)</u>
	<u>\$ 129,035</u>	<u>\$ 169,332</u>

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

	For the Year Ended December 31	
	2015	2014
Dividend income	\$ 17,762	\$ 20,984
Gains from disposal of stocks	14,674	23,474
Gains from disposal of bonds	61,490	11
Gains from disposal of commercial paper	<u>93</u>	<u>235</u>
	<u>\$ 94,019</u>	<u>\$ 44,704</u>

32. (IMPAIRMENT LOSS) REVERSAL OF IMPAIRMENT LOSS ON ASSETS

	For the Year Ended December 31	
	2015	2014
Other assets	\$ (14,492)	\$ -
Other financial assets	<u>(8,208)</u>	<u>16,128</u>
	<u>\$ (22,700)</u>	<u>\$ 16,128</u>

33. OTHER NONINTEREST REVENUES

	For the Year Ended December 31	
	2015	2014
Reversal of allowance for lawsuit compensation liabilities	\$ 11,576	\$ 11,186
Government grants income	10,470	-
Others	<u>21,083</u>	<u>5,647</u>
	<u>\$ 43,129</u>	<u>\$ 16,833</u>

34. EMPLOYEE BENEFIT EXPENSE

	For the Year Ended December 31	
	2015	2014
Salaries and wages	\$ 1,693,718	\$ 1,701,268
Labor insurance, national health insurance and group life insurance	140,269	131,906
Pension costs	77,197	78,140
Other employee benefits expense	<u>160,278</u>	<u>135,924</u>
	<u>\$ 2,071,462</u>	<u>\$ 2,047,238</u>

The existing Articles of Incorporation of the Bank stipulate to distribute bonus to employees and remuneration to directors and supervisors at 3% and 1.5% respectively, of net income after tax (net of the bonus and remuneration and after setting aside legal reserve and deducting prior years' deficits). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were \$39,917 and \$19,959, respectively.

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Bank stipulate to distribute employees' compensation and remuneration to directors and supervisors at 2% and no higher than 1%, respectively, of net profit before income tax. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were \$48,730 and \$24,365, respectively, representing 2% and 1%, respectively, of the base net profit. Distribution of employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on March 22, 2016 and are subject to the resolution of the amendments to the Bank's Articles of Incorporation for adoption by the shareholders in their meeting to be held on May 16, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between these estimates and the amounts proposed by the board of directors on or before the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and compensation are recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The bonus to employees and the remuneration to directors and supervisors for the years ended December 31, 2014 and 2013 approved in the shareholders' meetings on June 15, 2015 and May 5, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Bonus to Employees	Remuneration of Directors and Supervisors	Bonus to Employees	Remuneration of Directors and Supervisors
Amounts approved in shareholders' meetings	\$ 39,917	\$ 19,959	\$ 16,775	\$ 8,387
Amounts recognized in respective financial statements	<u>39,917</u>	<u>19,959</u>	<u>17,604</u>	<u>8,802</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (829)</u>	<u>\$ (415)</u>

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

The information on the proposed and approved compensations to employees and the remunerations to directors and supervisor is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

35. DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2015	2014
Depreciation expense		
Property and equipment	\$ 170,269	\$ 149,273
Amortization expense	<u>12,532</u>	<u>12,283</u>
	<u>\$ 182,801</u>	<u>\$ 161,556</u>

36. OTHER OPERATING EXPENSES

	For the Year Ended December 31	
	2015	2014
Taxation	\$ 462,626	\$ 349,057
Insurance	147,542	140,859
Rent	72,542	64,119
Postage	53,056	48,933
Repairs	51,526	60,445
Public utilities	47,029	50,237
Others	<u>262,416</u>	<u>244,207</u>
	<u>\$ 1,096,737</u>	<u>\$ 957,857</u>

37. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	\$ 75,955	\$ 49,737
Income tax on unappropriated earnings	18,124	7,224
Adjustments for prior years	<u>75,892</u>	<u>(86)</u>
	<u>169,971</u>	<u>56,875</u>
Deferred tax		
In respect of the current year	<u>169,621</u>	<u>295,436</u>
Income tax expense recognized in profit or loss	<u>\$ 339,592</u>	<u>\$ 352,311</u>

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

	For the Year Ended December 31	
	2015	2014
Profit before tax from continuing operations	<u>\$ 2,396,864</u>	<u>\$ 2,341,330</u>
Income tax expense calculated at the statutory rate (17%)	\$ 407,467	\$ 398,026
Nondeductible expenses in determining taxable income	13,387	956
Tax-exempt income	(64,405)	(93,644)
Unrecognized deductible temporary differences	(98,306)	8,510
Additional income tax under the Alternative Minimum Tax Act	-	31,181
Income tax on unappropriated earnings	18,124	7,224
Land value increment tax	(14,720)	-
Effect of different tax rate of Group entities operating in other jurisdictions	2,049	316
Adjustments for prior years' tax	75,892	(86)
Others	<u>104</u>	<u>(172)</u>
Income tax expense recognized in profit or loss	<u>\$ 339,592</u>	<u>\$ 352,311</u>

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
<u>Deferred tax</u>		
In respect of the current year:		
Remeasurement on defined benefit plan	\$ 11,710	\$ 784
Translation of foreign operations	<u>1,836</u>	<u>(2,051)</u>
	<u>\$ 13,546</u>	<u>\$ (1,267)</u>

c. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable	\$ 36,858	\$ 66,357
Current tax liabilities		
Income tax payable	\$ 24,103	\$ 9,751

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Others	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for credit losses	\$ 98,016	\$ 44,038	\$ -	\$ -	\$ 142,054
Defined benefit obligation	30,912	(1,544)	11,710	-	41,078
Provisions	7,615	(6,007)	-	-	1,608
Preferential interest deposits for employees	669	4	-	-	673
Deferred revenue	951	(189)	-	-	762
	<u>138,163</u>	<u>36,302</u>	<u>11,710</u>	<u>-</u>	<u>186,175</u>
Loss carryforwards	<u>251,559</u>	<u>(214,812)</u>	<u>-</u>	<u>-</u>	<u>36,747</u>
	<u>\$ 389,722</u>	<u>\$ (178,510)</u>	<u>\$ 11,710</u>	<u>\$ -</u>	<u>\$ 222,922</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 133,325	\$ (14,720)	\$ -	\$ (11,776)	\$ 106,829
Unrealized gain on foreign exchange	4,968	3,340	-	-	8,308
Unrealized gain on investments accounted for using the equity method	76	2,491	-	-	2,567
Translation of foreign operations	<u>3,332</u>	<u>-</u>	<u>(1,836)</u>	<u>-</u>	<u>1,496</u>
	<u>\$ 141,701</u>	<u>\$ (8,889)</u>	<u>\$ (1,836)</u>	<u>\$ (11,776)</u>	<u>\$ 119,200</u>

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for credit losses	\$ 171,783	\$ (73,767)	\$ -	\$ 98,016
Defined benefit obligation	29,834	294	784	30,912
Provisions	9,300	(1,685)	-	7,615
Preferential interest deposits				
for employees	690	(21)	-	669
Deferred revenue	987	(36)	-	951
Unrealized expense	610	(610)	-	-
	<u>213,204</u>	<u>(76,825)</u>	<u>784</u>	<u>138,163</u>
Loss carryforwards	<u>473,133</u>	<u>(221,574)</u>	<u>-</u>	<u>251,559</u>
	<u>\$ 686,337</u>	<u>\$ (297,399)</u>	<u>\$ 784</u>	<u>\$ 389,722</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 133,325	\$ -	\$ -	\$ 133,325
Unrealized gain on foreign				
exchange	6,719	(1,751)	-	4,968
Unrealized gain on				
investments accounted for				
using the equity method	288	(212)	-	76
Translation of foreign				
operations	<u>1,281</u>	<u>-</u>	<u>2,051</u>	<u>3,332</u>
	<u>\$ 141,613</u>	<u>\$ (1,963)</u>	<u>\$ 2,051</u>	<u>\$ 141,701</u>

e. Information about unused loss carryforward

Loss carryforward as of December 31, 2015 comprised of:

Unused Amount	Expiry Year
<u>\$ 207,664</u>	2019

Loss carryforward of Sunny Securities Co. as of December 31, 2015 comprised:

Unused Amount	Expiry Year
\$ 5,250	2022
<u>3,244</u>	2023
<u>\$ 8,494</u>	

Loss carryforward of Sunny E-Commercial Co. as of December 31, 2015 comprised:

Unused Amount	Expiry Year
\$ 502	2024
<u>4,194</u>	2025
<u>\$ 4,696</u>	

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

- 1) The Bank and its subsidiaries do not have unappropriated earnings generated before January 1, 1998.
- 2) The information on the imputation credit account is as follows:

	December 31	
	2015	2014
The Bank	\$ 84,137	\$ 198,295
Sunny Securities Co.	32,796	39,014
King Sunny Assets Management Co.	15,336	19,482
Sunny Life Insurance Brokerage Co.	5,128	6,941
Sunny Property & Insurance Co.	657	791
Sunny International Leasing Co.	3,149	2,436
Sunny E-Commercial Co.	-	-

- 3) Creditable tax ratio

	The Excepted Creditable Tax Ratio Generated in 2015 (%)	The Actual Creditable Tax Ratio Generated in 2014 (%)
Sunny Securities Co.	20.48	20.48
Sunny Life Insurance Brokerage Co.	19.47	20.48
Sunny Property & Insurance Co.	20.48	20.48
Sunny International Leasing Co.	20.48	23.71
Sunny E-Commercial Co.	-	-

The Bank's expected creditable ratio for the years ended December 31, 2015 is 3.84%; the actual creditable ratio for cash and share dividends for the year 2014 are 3.26% and 13.36%, respectively. King Sunny Assets Management Co.'s expected creditable ratio for the year ended 2015 is 20.48%; the actual creditable ratio for cash and share dividends for the year 2014 are 24.74% and 25.81% respectively.

g. Income tax assessments

	<u>Examined Year</u>
The Bank	2013
Sunny Securities Co.	2013
King Sunny Assets Management Co.	2013
Sunny Life Insurance Brokerage Co.	2013
Sunny Property & Insurance Co.	2013
Sunny International Leasing Co.	2013
Sunny E-Commercial Co.	2013

38. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Basic earnings per share	<u>\$ 1.22</u>	<u>\$ 1.32</u>
Diluted earnings per share	<u>\$ 1.22</u>	<u>\$ 1.32</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 7, 2015. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2014 were as follows:

Unit: NT\$ Per Share

	<u>Before Adjusted Retrospectively</u>	<u>After Adjusted Retrospectively</u>
Basic earnings per share	<u>\$ 1.40</u>	<u>\$ 1.32</u>
Diluted earnings per share	<u>\$ 1.40</u>	<u>\$ 1.32</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Profit for the year attributable to owners of the Bank	<u>\$ 2,057,272</u>	<u>\$ 1,989,903</u>

Shares

(In Thousand Shares)

	For the Year Ended December 31	
	2015	2014
Weighted average number of ordinary shares in computation of basic earnings per share	1,683,704	1,503,737
Effect of potentially dilutive ordinary shares:		
Compensation or bonus issue to employees	<u>5,656</u>	<u>3,967</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,689,360</u>	<u>1,507,704</u>

If the Bank offered to settle compensation or bonuses paid to employees in cash or shares, the Bank assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

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

39. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties

<u>Name</u>	<u>Relationship with the Bank and Subsidiaries</u>
King Sunny Assets Management Co. (King Sunny)	Subsidiary of the Bank
Rising Sun Publishing Co., Ltd.	Related party in substance
Cherng Yang Printing Co., Ltd.	Related party in substance
Chang Feng Engineering Co., Ltd.	Related party in substance
Chuan Yang Construction Co., Ltd.	Related party in substance
Hai Wong Printing Co., Ltd.	Related party in substance
Cooperation Star Enterprise Co., Ltd. (CSE)	Related party in substance
Yung Chi Paper Manufacturing Co., Ltd.	Related party in substance
United Giant International Limited Taiwan Branch (B.V.I.)	Related party in substance
Other related persons	<ul style="list-style-type: none"> • Directors, supervisors, managers and their relatives within the second degree of consanguinity • The subsidiaries' directors supervisors managers

1) Loans

Category	December 31, 2015							
	Number of Accounts or Name of Related Party	Highest Balance	Average Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length?
Consumer loans for employees	16	\$ 5,708	\$ 4,012	\$ 3,660	\$ 3,660	\$ -	-	Yes
Housing mortgage loans	93	673,190	552,241	578,179	578,179	-	Land and building for residential use	Yes
Others:	Rising Sun Publishing Co., Ltd.	41,169	40,923	40,666	40,666	-	Land and building for commercial use	Yes
	Cherng Yang Printing Co., Ltd.	319,638	259,578	318,638	318,638	-	Vacant land	Yes
	Chang Feng Engineering Co., Ltd.	2,559	2,376	2,175	2,175	-	The Bank's certificates of deposit pledge of security	Yes
	United Giant International Limited Taiwan Branch (B.V.I.)	670	474	586	586	-	Vehicles	Yes
	Chuan Yang Construction Co., Ltd.	520,000	460,671	520,000	520,000	-	Land and building for commercial use	Yes
	Hai Wong Printing Co., Ltd.	601,938	597,261	592,338	592,338	-	Land and plant	Yes
	Cooperation Star Enterprise Co., Ltd. (CSE)	7,000	3,687	7,000	7,000	-	Farmland	Yes
	15	297,581	242,359	208,367	208,367	-	Land and plant Land and building for commercial use Cervicitis of deposit Vacant land Vehicles Farm land	Yes

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

2) Deposits

December 31, 2015		
Ending Balance	% of the Account Balance	Annual Interest Rates (%)
Others	<u>\$ 1,698,004</u>	1 0-4.5
December 31, 2014		
Ending Balance	% of the Account Balance	Annual Interest Rates (%)
Others	<u>\$ 1,783,711</u>	1 0-4.5

3) Interest revenue

For the Year Ended December 31			
2015		2014	
Amount	%	Amount	%
Others	<u>\$ 49,652</u>	<u>\$ 44,714</u>	<u>1</u>

4) Interest expense

For the Year Ended December 31			
2015		2014	
Amount	%	Amount	%
Others	<u>\$ 14,819</u>	<u>\$ 16,768</u>	<u>1</u>

5) Sale of nonperforming loans

On the record date of July 25, 2007, the Bank sold 41,272 accounts of nonperforming loans that worth \$1,041,038 to King Sunny in a public tender bid for \$858,000, which was agreed to be paid in installments and expiring on July 31, 2010. However the time of payment had expired and supplementary contract was signed to extend the expiry date to 2012, which had been extended again to July 31, 2018. The Bank had transferred all rights, benefits and action for recourse onto King Sunny in accordance with the provisions of contract.

Factored trade receivables for the years ended December 31, 2015 and 2014 were as follows:

For the Year Ended December 31		
	2015	2014
Factored trade receivables (included in receivables, net)	\$ 98,149	\$ 185,865
Less: Allowance for credit losses	<u>98,149</u>	<u>185,865</u>
	<u>\$ -</u>	<u>\$ -</u>

For the years ended December 31, 2015 and 2014, such gain on reversal of bad debt were \$87,716 and \$81,568, respectively.

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

b. Compensation of key management personnel

The management personnel are composed of directors, general manager, vice general manager and other employee whose job grade is at least as high as the former.

	For the Year Ended December 31	
	2015	2014
Short-term employee benefits	\$ 132,788	\$ 101,996
Post-employment benefits	2,232	1,966
Termination benefits	<u>-</u>	<u>68</u>
	<u>\$ 135,020</u>	<u>\$ 104,030</u>

40. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group acquired 42 shares of Sunny Life Insurance Brokerage Co. in 2015, and its percentage of ownership is 0.01%. The Group acquired 645 thousand shares of Sunny Securities Co., and its percentage of ownership was 1.28%.

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

	Sunny Life Insurance Brokerage Co.	Sunny Securities Co.
Cash consideration paid	\$ (1)	\$ (7,649)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>1</u>	<u>7,258</u>
Differences arising from equity transaction	<u>\$ -</u>	<u>\$ (391)</u>
<u>Line items adjusted for equity transaction</u>		
Retained earnings	<u>\$ -</u>	<u>\$ (391)</u>

41. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2015	2014
Available-for-sale financial assets	\$ 3,517,300	\$ 3,486,500
Held-to-maturity financial assets	282,297	165,700
Other financial assets, net	125,800	71,442
Other asset - guarantee deposits	172,174	207,549
- operating guarantee deposits	16,578	37,280
- pledge deposits	36,000	36,000
- specialized discharge account	37,020	63,758

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

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2015 and 2014 were as follows:

	December 31	
	2015	2014
Receipts under custody	\$ 806,575	\$ 392,169
Travelers' checks consigned-in	41,627	47,670
Securities under custody	14,957,486	14,962,991
Trust assets	51,619,087	51,027,005

43. HIERARCHY AND FAIR VALUE INFORMATION

a. Fair value information

1) Overview

Fair value is the proceeds that could be received or amounts need be settled upon selling an asset or transferring a liability in an orderly transaction between market participants on the measurement date (i.e. exit price).

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

2) Hierarchy information of fair value

a) Level one

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

- i. All financial instruments in the market are homogeneous;
- ii. Willing buyers and sellers exist in the market all the time;
- iii. The public can access the price information easily.

b) Level two

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

c) Level three

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

b. Fair value of financial instruments measured at fair value

1) Hierarchy information of fair value

The Group's financial instruments are measured at fair value and on a recurring basis.

Fair value hierarchy as at December 31, 2015

Assets and Liabilities Item	December 31, 2015			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 32,767	\$ 32,767	\$ -	\$ -
Bonds	52,213	-	52,213	-
Others	9,624,806	350,636	9,274,170	-
Financial assets designated at fair value through profit or loss	18,089	-	18,089	-
Available-for-sale financial assets				
Stocks	332,947	332,947	-	-
Bonds	18,789,195	-	18,789,195	-
Others	51,472,522	209,738	51,262,784	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	7,078	-	7,078	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	16,621	-	16,621	-

Fair value hierarchy as at December 31, 2014

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

2) Fair value measurement technique

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

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

The basis and categories of fair value estimation for financial instruments with an active market are as follows:

- Listed stock and TWSE stock: Closing price as of the balance sheet date;
- Beneficial certificate: Net asset declared by an investment trust company;
- Government bond: Settlement price or theoretical price published by Taipei Exchange as of the balance sheet date multiplied by 100
- Corporate bonds: Calculated using the yield rate published by Taipei Exchange on the measurement date as the discount rate;
- Bank debentures: Estimated on the basis of the quotes published by Bloomberg or Reuters;
- Commercial paper: Determined using the discount rate based on TAIBIR 02 published by TDCC on the measurement date

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

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

Fair values of nonstandard financial instruments with lower complexities, such as interest rate swaps and derivative instruments without quoted market prices, are based on estimates using valuation models widely used by market participants.

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

The basis and categories of fair value estimation for financial instruments with no active market are as follows:

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

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

3) Credit risk valuation adjustment is set out below:

Credit risk valuation refers to the fair value adjustment for counter party credit risk for over-the-counter (OTC) derivatives. Credit risk valuation consists of credit valuation adjustment and debit valuation adjustment.

Credit valuation adjustment adopts for derivative contracts trading in other than exchange market, over-the-counter, and reflects the non-performance risk of counter party on fair value.

Debit valuation adjustment adopts for derivative contracts trading in other than exchange market, over-the-counter, and reflects the non-performance risk of the Group on fair value.

The Group calculated debit and credit valuation adjustment based on models with inputs of Probability of Default (PD) and Loss Given Default (LGD) multiplying Exposure at Default (EAD).

The Group takes external ratings for PD for counter parties who have external ratings and for those who do not have external ratings, the Group follows the Taiwan Exchange's Guidance on IFRS 13 CVA and DVA disclosures, and take 60% to be the PD of counter parties.

The Group takes the portion of the credit exposure as calculated by the Banking industry's capital adequacy ratio where it belongs to mark-to-market fair value of OTC derivative instruments to be the EAD.

The Group takes credit risk valuation adjustment into valuation of the fair value of financial instruments, thus reflect the credit quality of counter parties and the Group. It is assessed that the Group's credit risk valuation adjustment is immaterial.

4) Transfers between Level 1 and Level 2

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

5) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement

The Group has no level 3 financial assets or liabilities as at December 31, 2015 and 2014 and thus would not disclose quantitative information of such.

c. Fair value of financial instruments that are not measured at fair value

1) Fair value information

Except as detailed in the following table, management believes the carrying amounts of financial assets such as Cash and cash equivalents, due from the Central Bank and other banks, securities purchased under agreements to resell, receivables, discounts and loans, guarantee deposits, operating guarantee deposits, clearing and settlement fund, pledged deposits, and specialised discharge account; and financial liabilities such as deposits from the Central Bank and other banks, securities sold under agreement to repurchased, payables, deposits and remittances, bank debentures, short-term borrowings, other financial liabilities, and guarantee deposits received recognized in the consolidated financial statements approximate their fair values and hence no additional disclosure was provided.

Items	Carrying Amount	Fair Value
<u>December 31, 2015</u>		
Financial assets		
Held-to-maturity financial assets	\$ 1,904,361	\$ 1,934,256
<u>December 31, 2014</u>		
Financial assets		
Held-to-maturity financial assets	1,067,515	1,013,468

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	\$ 1,934,256	\$ -	\$ 1,934,256	\$ -

Assets and Liabilities Item	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	\$ 1,013,468	\$ -	\$ 1,013,468	\$ -

3) Valuation Techniques

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

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and other banks, securities purchased under agreement to resell, receivables, refundable deposits, operating deposits and clearing and settlement fund, pledge deposits, specialized discharge account, due to the Central Bank and other banks, securities sold under agreement to repurchased, payables (excluded tax payables), guarantee deposits received, short-term borrowings and other financial liabilities approximate its fair value because of the short maturity or the similarity of the carrying amount and future price.
- b) Discounts and loans (include nonperforming loans): The Group usually uses base rate (floating rate) as loan rate because it can reflect market rate. Thus, using its carrying amount to consider the probability of repossession and estimate its fair value is reasonable. Long-term loans with fixed rate should estimate its fair value by its discounted value of expected cash flow. Because this kind of loans is not significant in this item, using its carrying amount to consider the probability of repossession and estimate its fair value should be reasonable.
- c) Held-to-maturity financial assets: Held-to-maturity financial assets with quoted price in an active market are using market price as fair value; held-to-maturity financial assets with no quoted price in an active market are estimated using valuation methods or the counterparty's price.
 - i. New Taiwan dollar Central Government Bond: The fair values of subordinated government bonds as determined by the GreTai Securities Market are used as basis for valuation.
 - ii. New Taiwan dollar corporate bonds and financial debentures: Future cash flows are discounted using the applicable yield curve provided by the GreTai Securities Market to gauge the present value of these cash flows.
- d) Deposits and remittances: Considering banking industry's characteristic, since deposits have one year maturity and measured by market rate (market value), using carrying value to assess fair value is reasonable. Because deposits with three years maturity are measured by discounted cash flow, using carrying value to assess fair value is reasonable.
- e) Bank debentures: The coupon rate of the debentures issued by the Bank is comparable to market rates; thus, the discounted value of expected future cash flows reasonably reflect their fair value.
- f) Other financial asset - financial carried at cost: The fair value of financial carried at cost cannot be reliably measured because it has no quoted price in an active market, the variability interval of fair value measurements is significant or the probability of the estimations in the variability interval cannot be reasonably assessed. Hence, the fair value is not disclosed.
- g) Other financial asset - debt investments without active market: Debt investments without active market using transaction price as fair value if there is quoted price; debt investments without quoted price are estimated by valuation methods. The valuation methods are measured by discounted cash flow.

44. FINANCIAL RISK MANAGEMENT

a. Overview

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

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

b. Risk management framework

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

c. Credit risk

1) Sources and definitions of credit risk

a) The Bank

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

b) Sunny Securities Co.

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

- i. Issuer's credit risk is the risk of financial loss if issuer fails to meet an obligation under a contract due to bankruptcy or liquidation;
- ii. Counterparty's credit risk is the risk of financial loss if counterparty fails to meet an obligation to fulfill delivery or payment for financial instruments.

2) Policies and strategies

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

3) Procedures of credit risk management

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

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

4) Credit risk hedge or mitigation policies

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

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

a) The Bank

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

Off-Balance Sheet Items	The Maximum Credit Exposure	
	December 31	
	2015	2014
Undrawn loan commitments	\$ 1,705,539	\$ 1,268,615
Undrawn credit card commitments	7,459,998	7,036,914
Standby letters of credit	590,078	772,518
Guarantees	2,857,247	2,196,628
Total	\$ 12,612,862	\$ 11,274,675

Financial effects of maximum credit exposures of collaterals, enforceable master netting arrangements and other credit enhancement instruments on and off consolidated balance sheet are shown as follows:

December 31, 2015	Collaterals	Enforceable Master Netting Arrangements	Other Credit Enhancement Instruments	Total
<u>On-balance sheet items</u>				
Receivables				
Others	\$ 220,093	\$ -	\$ 200,644	\$ 420,737
Discounts and loans	188,641,114	-	47,440,947	236,082,061
<u>Off-balance sheet items</u>				
Undrawn loan commitments	58,348	-	1,647,191	1,705,539
Standby letters of credit	-	-	590,078	590,078
Guarantees	-	-	2,857,247	2,857,247

December 31, 2014	Collaterals	Enforceable Master Netting Arrangements	Other Credit Enhancement Instruments	Total
<u>On-balance sheet items</u>				
Receivables				
Others	\$ 201,248	\$ -	\$ 210,846	\$ 412,094
Discounts and loans	174,791,061	-	38,492,597	213,283,658
<u>Off-balance sheet items</u>				
Undrawn loan commitments	185,693	-	1,082,922	1,268,615
Standby letters of credit	-	-	772,518	772,518
Guarantees	-	-	2,196,628	2,196,628

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

b) Sunny Securities Co.

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

- i. Cash and cash equivalent are mainly includes time deposits, demand deposits and check deposits in domestic financial institutions.
- ii. Margin loans receivables pertain to the provision of funds to customers for them to buy securities. Margin loans receivables represents the amount given to customers. The securities bought by customers are used to secure these loans and keep the margin maintenance ratio at 130% for complying Operating Rules for Securities Firms Handling Margin Purchases and Short Sales of Securities.
- iii. Accounts receivables are creditor's right derived from the business operated by securities dealers including closing price receivable, interest receivable of financing from credit transactions and receivables generated from consignment trading of securities. As accounts receivables of Sunny Securities Co. mainly derived from consignment operations, the trading settlements are trading with stock exchanges and OTC with low credit risks.
- iv. Other current assets are the cash provided for pledge or other restricted usage. The counterparties of Sunny Securities Co. belong to good reputation domestic banks with low credit risks.
- v. Other non-current assets are mainly included operating deposits, clearing and settlement fund and refundable deposits. Operating deposits are saving in good reputation domestic banks and clearing and settlement fund is saving in stock exchange for compensation use if any side of securities transaction counterparty fails to fulfill the obligation, both of two institutions are with low credit risks. Refundable deposits are cash or other assets preserve out of Sunny Securities Co. as guarantee at good reputation banks or plenty of counterparties with few amounts for each, therefore, the credit risks being diversified and keep the risk exposures in low degree.

6) Credit risk concentration of the Bank

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

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

a) By industry

By Industry	December 31			
	2015		2014	
	Amount	%	Amount	%
Private enterprise	\$ 102,939,309	42.76	\$ 89,082,643	40.94
Government organization	6,115,309	2.54	6,194,830	2.85
Foreign organization	12,317,017	5.12	7,882,148	3.62
Non-profit organization	741,041	0.31	40,539	0.02
Natural person	118,613,907	49.27	114,376,347	52.57
Financial institution	1,232	-	1,371	-
Total	\$ 240,727,815	100.00	\$ 217,577,878	100.00

b) By geographical area

The Group's operations are mainly in Taiwan.

c) By collateral

By Collaterals	December 31			
	2015		2014	
	Amount	%	Amount	%
Unsecured	\$ 31,668,107	13.16	\$ 23,748,596	10.92
Secured				
Stocks	3,390,837	1.41	3,571,708	1.64
Bonds	1,039,380	0.43	1,530,849	0.70
Real estate	192,820,963	80.10	178,443,846	82.01
Movable properties	5,667,340	2.35	4,319,125	1.99
Notes receivable	28,294	0.01	38,535	0.02
Guarantees	5,165,751	2.15	5,231,838	2.40
Others	947,143	0.39	693,381	0.32
Total	\$ 240,727,815	100.00	\$ 217,577,878	100.00

7) Credit quality and impairment assessment

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

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

- a) Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
- b) Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
- c) Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

a) Discounts and loans and receivables

December 31, 2015	Neither Overdue Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Group 1	Group 2	Group 3	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables (Notes 1) Credit card receivables	\$ 241,552	\$ 11,608	\$ 131,390	\$ 384,550	\$ 128,884	\$ 172	\$ 513,606	\$ 30,847	\$ 1,521	\$ 481,238
Others	2,887,372	132,800	31,474	3,051,646	6,479	366,470	3,424,595	306,971	47,411	3,070,213
Discounts and loans	161,847,875	62,074,379	12,474,123	236,396,377	2,318,412	2,327,342	241,042,131	111,155	2,873,932	238,057,044

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

Note 1: Receivables included nonperforming loans transferred from other than loans.

Note 2: The receivables as of December 31, 2014 excluded spot exchange transactions receivables amounting to \$446.

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

December 31, 2015	Neither Overdue Nor Impaired			
	Low	Medium	High	Total
Consumer banking				
Mortgage	\$ 75,915,018	\$ 28,996,605	\$ 5,052,379	\$ 109,964,002
Microcredit	133,088	15,538	628,755	777,381
Car loan	1,779,189	1,545,768	1,230,731	4,555,688
Corporate banking				
Major enterprises	18,190,107	11,993,946	4,415,546	34,599,599
SMEs	65,516,157	19,522,522	1,146,712	86,185,391
Margin operations	314,316	-	-	314,316
Total	\$ 161,847,875	\$ 62,074,379	\$ 12,474,123	\$ 236,396,377

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

c) Credit analysis for marketable securities

December 31, 2015	Neither Overdue Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Low	Medium	High	Total (A)					
Available-for-sale financial assets (Note 1)									
Investment in bonds	\$ 15,585,329	\$ 3,203,866	\$ -	\$ 18,789,195	\$ -	\$ -	\$ 18,789,195	\$ -	\$ 18,789,195
Others	50,074,861	738,852	449,071	51,262,784	-	-	51,262,784	-	51,262,784
Held-to-maturity financial assets									
Investment in bonds	1,904,361	-	-	1,904,361	-	-	1,904,361	-	1,904,361
Other financial assets (Note 2)									
Investment in stocks	-	-	-	-	-	10,782	10,782	10,782	-
Others	-	1,315,235	30,000	1,315,235	-	73,892	1,389,127	73,892	1,315,235

Note 1: Available-for-sale financial assets excluded equity investments and beneficial certificate whose original cost amounted to \$405,853 and \$208,000, and valuation adjustment amounted to \$(72,906) and \$1,738.

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

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

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

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

8) Aging analysis of overdue but unimpaired financial assets

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

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

Item	December 31, 2015		
	Overdue by Less Than One Month	Overdue by One to Three Months	Total
Accounts receivable			
Credit card	\$ 119,998	\$ 8,886	\$ 128,884

	Overdue by Less Than 120 Days	Overdue by 120 to 149 Days	Overdue by 150 to 180 Days	Overdue by 181 Days	Total
Receivables - others	\$ 5,449	\$ 360	\$ 239	\$ 431	\$ 6,479
Discounts and loans					
Consumer banking					
Mortgage	1,531,828	21,988	13,500	50,082	1,617,398
Microcredit	132,993	117	-	344	133,454
Car loan	19,172	-	-	-	19,172
Corporate banking					
Major enterprises	89,776	-	-	-	89,776
SMEs	448,381	2,299	275	7,657	458,612

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

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

9) Analysis of financial asset impairment

Lehman structured notes that had been recorded as debt instruments with no active market were assessed as impaired because of the drop in the issuer's credit; hence, the Group recognized accumulated impairment losses of \$73,892 and \$63,333 as of December 31, 2015 and 2014, respectively.

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

Item		Discounts and Loans		Allowance for Credit Losses	
		December 31		December 31	
		2015	2014	2015	2014
With objective evidence of impairment	Individually assessed	\$ 2,327,342	\$ 1,574,348	\$ 46,297	\$ 35,134
	Collectively assessed	2,318,412	2,719,872	64,858	138,190
With no objective evidence of impairment	Collectively assessed	236,396,377	213,748,570	2,873,932	2,172,322

Item		Receivables		Allowance for Credit Losses	
		December 31		December 31	
		2015	2014	2015	2014
With objective evidence of impairment (Note)	Individually assessed	\$ 362,346	\$ 468,507	\$ 301,712	\$ 444,307
	Collectively assessed	124,455	152,275	36,106	42,783
With no objective evidence of impairment	Collectively assessed	3,451,400	2,933,512	48,932	22,141

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

10) Management policies of collaterals assumed

The Group's collaterals assumed are all real estate and securities as of December 31, 2015 and 2014. Related information is shown in Note 17.

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

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

a) Overdue loans and receivables

Date			December 31, 2015				
Item			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 14,459	\$ 83,173,347	0.02%	\$ 1,051,822	7,274.51%
	Unsecured		3,923	40,311,786	0.01%	436,188	11,118.74%
Consumer loan	Mortgage (Note 4)		86,075	35,040,946	0.25%	447,897	520.36%
	Cash card		-	-	-	-	-
	Microcredit (Note 5)		1,193	481,005	0.25%	14,603	1,224.06%
	Others (Note 6)	Secured	66,426	74,945,134	0.09%	948,522	1,427.94%
		Unsecured	3,020	6,775,597	0.04%	86,055	2,849.50%
Total			175,096	240,727,815	0.07%	2,985,087	1,704.83%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 8)			172	513,606	0.03%	32,368	18,818.60%
Accounts receivable - factoring with no recourse (Note 7)			-	-	-	-	-

Date			December 31, 2014				
Item			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 310,678	\$ 72,698,950	0.43%	\$ 789,803	254.22%
	Unsecured		85,483	31,914,211	0.27%	316,806	370.61%
Consumer loan	Mortgage (Note 4)		162,045	37,217,789	0.44%	409,133	252.48%
	Cash card		-	-	-	-	-
	Microcredit (Note 5)		3,699	560,771	0.66%	17,767	480.32%
	Others (Note 6)	Secured	152,809	69,135,837	0.22%	745,276	487.72%
		Unsecured	3,154	6,050,320	0.05%	66,861	2,119.88%
Total			717,868	217,577,878	0.33%	2,345,646	326.75%
			Overdue Receivables	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 8)			1,306	539,879	0.24%	38,241	2,928.10%
Accounts receivable - factoring with no recourse (Note 7)			-	-	-	-	-

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

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

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

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

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

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

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

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

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

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

Note 8: Included nonperforming loans transferred from other than loans.

b) Excluded NPLs and excluded overdue receivables

Date	December 31			
	2015		2014	
Item	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreements (Note 1)	\$ 5,501	\$ -	\$ 7,624	\$ -
As a result of consumer debt clearance (Note 2)	7,359	2,073	9,703	2,432

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

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

c) Concentration of credit extensions

Year	December 31, 2015		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	Group A (water transportation)	\$ 3,270,142	15.69
2	Group B (smelting and refining of iron and steel)	2,495,042	11.97
3	Group C (other financial brokers)	1,998,860	9.59
4	Group D (real estate developments)	1,988,067	9.54
5	Group E (real estate developments)	1,533,799	7.36
6	Group F (petro chemical raw material manufacturing)	1,464,675	7.03
7	Group G (investments and consultants)	1,207,650	5.79
8	Group H (real estate developments)	1,192,630	5.72
9	Company I (refrigerated warehousing and storage)	1,156,750	5.55
10	Company J (cotton and wool)	1,080,863	5.19

Year	December 31, 2014		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	Group A (water transportation)	\$ 3,309,461	18.01
2	Group B (smelting and refining of iron and steel)	2,452,312	13.34
3	Group C (other financial brokers)	1,766,750	9.61
4	Group D (real estate developments)	1,635,799	8.90
5	Group E (real estate developments)	1,446,000	7.87
6	Group F (real estate developments)	1,412,719	7.69
7	Group G (investments and consultants)	1,350,000	7.35
8	Group H (constructions)	984,000	5.35
9	Company I (short-term accommodation services)	953,000	5.19
10	Company J (manufacture of industrial plastic)	837,574	4.56

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

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

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

d. Liquidity risk management

1) Definition of liquidity risk

a) The Bank

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

b) Sunny Securities Co.

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

2) Policies of liquidity risk management

a) The Bank

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

- i. Monitoring future cash flows to ensure daily capital mobility would able to meet to needs.
- ii. Maintaining adequate realizable high liquidity assets for any unexpected accidents.
- iii. Monitoring the liquidity ratio with internal management purpose and external supervisors' regulations.
- iv. Managing bond due dates

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

b) Sunny Securities Co.

Sunny Securities Co. maintains the need of cash and cash equivalent, high mobility securities and sufficient financing line of banks to ensure financial flexibility. Bank loan is a main resource of liquidity for Sunny Securities Co., the unutilized of bank loan are \$690,000 and \$530,000, respectively as of December 31, 2015 and 2014.

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

a) Financial assets held to manage liquidity risk

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

b) Maturity analysis of non-derivative financial liabilities

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

Maturity analysis of operating lease commitments is summarized as follows:

December 31, 2015	Less Than 30 Days	31-90 Days	91-180 Days	181 Days -1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	\$ 130,992	\$ 2,482,979	\$ 910,699	\$ 2,060,014	\$ -	\$ 5,584,684
Securities sold under agreements to repurchase	2,250,448	600,353	-	-	-	2,850,801
Payables	2,208,059	-	-	-	-	2,208,059
Deposits and remittances	143,475,806	41,163,080	44,496,164	81,634,301	8,109,576	318,878,927
Bank debentures	25	-	92,021	20,664	10,400,000	10,512,710
Short-term borrowings	775,922	345,000	-	81,000	-	1,201,922
Other financial liabilities	319,950	10	16	22	-	319,998

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

4) Maturity analysis of derivative financial liabilities

Derivative instruments of total clearing and settlement

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

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Derivative instruments of exchange rates						
Cash outflow	\$ 943,361	\$ 1,349	\$ -	\$ -	\$ -	\$ 944,710
Cash inflow	929,308	1,318	-	-	-	930,626
Cash outflow	943,361	1,349	-	-	-	944,710
Cash inflow	929,308	1,318	-	-	-	930,626
Net cash flow	(14,053)	(31)	-	-	-	(14,084)

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

5) Maturity analysis of off balance sheet items

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

December 31, 2015	Under 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ 334,890	\$ 1,370,649	\$ -	\$ 1,705,539
Undrawn credit card commitments	204,627	6,474,881	780,490	7,459,998
Standby letters of credit	590,078	-	-	590,078
Guarantees	2,333,046	514,201	10,000	2,857,247
Total	3,462,641	8,359,731	790,490	12,612,862

December 31, 2014	Under 1 Year	1-5 Years	Over 5 Years	Total
Undrawn loan commitments	\$ 860,696	\$ 331,556	\$ 76,363	\$ 1,268,615
Undrawn credit card commitments	244,945	5,540,950	1,251,019	7,036,914
Standby letters of credit	772,518	-	-	772,518
Guarantees	1,530,709	655,919	10,000	2,196,628
Total	3,408,868	6,528,425	1,337,382	11,274,675

6) Maturity analysis of lease commitments

Lease commitment refers to operating lease and finance lease.

Operating lease commitment is the minimum lease payment to be made by the Group under irrevocable operating lease conditions, as the lessee or lessor.

Finance lease commitment refers to the future obligations payable under a finance lease when the Group acts as the lessee.

Maturity analysis of lease commitments is summarized as follows:

December 31, 2015	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Operating lease commitments				
Operating lease expense (lessee)	\$ 62,120	\$ 144,062	\$ 3,869	\$ 210,051
Financial lease expense (lessee)	52	-	-	52
Operating lease income (lessor)	54,661	190,692	59,007	304,360
Financial lease income (lessor)	851,345	1,247,830	-	2,099,175

December 31, 2014	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Operating lease commitments				
Operating lease expense (lessee)	\$ 47,179	\$ 103,350	\$ 5,374	\$ 155,903
Financial lease expense (lessee)	142	52	-	194
Operating lease income (lessor)	51,385	153,441	84,192	289,018
Financial lease income (lessor)	1,095,008	711,322	-	1,806,330

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

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

	December 31, 2015					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 337,263,909	\$ 79,248,744	\$ 18,799,929	\$ 38,422,611	\$ 51,164,280	\$ 149,628,345
Main capital outflow on maturity	392,683,705	43,636,366	51,292,167	62,364,891	124,783,894	110,606,387
Gap	(55,419,796)	35,612,378	(32,492,238)	(23,942,280)	(73,619,614)	39,021,958

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

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

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

	December 31, 2015					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 831,903	\$ 273,229	\$ 187,888	\$ 57,598	\$ 27,502	\$ 285,686
Main capital outflow on maturity	801,103	333,158	218,136	112,763	134,006	3,040
Gap	30,800	(59,929)	(30,248)	(55,165)	(106,504)	282,646

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

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

e. Market risk

1) The Bank

a) Definition of market risk

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

b) Management strategies

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

c) Management procedures

i. Identification and measurement

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

ii. Supervision and reporting

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

d) Trading book risk management policies

i. Identification and measurement

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

ii. Procedures

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

e) Trading book interest rate risk management

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

i. Strategies

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

ii. Procedures

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

f) Exchange rate risk management

i. Definitions

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

ii. Policies, procedures and measurements

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

g) Equity risk management

i. Definitions

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

ii. Purposes

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

iii. Procedures

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

h) Market risk measurement technique

i. Stress testing

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

ii. Sensitivity analysis

Interest risks

Under the assumption that other variants remain the same, if the yield interest curve of December 31, 2015 and 2014 move 100 basis points upwards, the Bank's income before tax will have a decrease of \$10,006 and \$28,148, respectively, whereas its other comprehensive income will have a decrease of \$883,283 and \$387,825, respectively. If the yield interest curves of December 31, 2015 and 2014 move 100 basis points downwards, the Bank's income before tax will have an increase of \$9,942 and \$28,366, whereas its other comprehensive income will have an increase of \$1,025,946 and \$526,521, respectively.

Exchange rate risks

Under the assumption that other variants remain the same, if the exchange rate of December 31, 2015 and 2014 depreciate 3% for USD/NTD and EUR/NTD, and 5% for JPY/NTD and other currencies/NTD also depreciate 5%, the Bank's income before tax will have a decrease of \$25,482 and \$28,354.

Under the assumption that other variants remain the same, if the exchange rate of December 31, 2015 and 2014 appreciate 3% for USD/NTD and EUR/NTD, and 5% for JPY/NTD and other currencies/NTD also appreciate 5%, the Bank's income before tax will have an increase of \$25,482 and \$28,354.

Equity securities price risks

Under the assumption that other variants remain the same, if the price of domestic equity securities of December 31, 2015 and 2014 increase 15%, and the price of foreign equity securities also increase 20%, the Bank's income before tax will have an increase of \$57,511 and \$40,448, and its other comprehensive income will also have an increase of \$81,403 and \$0.

Under the assumption that other variants remain the same, if the price of domestic equity securities of December 31, 2015 and 2014 drop 15%, and the price of foreign equity securities also drop 20%, the Bank's income before tax will have a decrease of \$57,511 and \$40,448, and its other comprehensive income will also have a decrease of \$81,403 and \$0.

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

Summarized of sensitivity analysis as shown below:

December 31, 2015			
Main Risks	Variation	Effectuated Amount	
		Equity	Profit
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD increased 3%	\$ -	\$ 25,356
Exchange rate risks (major currencies)	USD/NTD, EUR/NTD decreased 3%	-	(25,356)
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD increased 5%	-	126
Exchange rate risks (minor currencies)	JPY/NTD, other currencies/NTD dropped 5%	-	(126)
Interest rate risks	Yield curve increased 100 BPS	(883,283)	(10,006)
Interest rate risks	Yield curve decreased 100 BPS	1,025,946	9,942
Equity securities price risks	Domestic equity securities price increase 15%	81,403	57,511
Equity securities price risks	Foreign equity securities price increase 20%	-	-
Equity securities price risks	Domestic equity securities price decrease 15%	(81,403)	(57,511)
Equity securities price risks	Foreign equity securities price decrease 20%	-	-

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

i) Exchange rate risks

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

December 31						
2015			2014			
	Foreign Currency	Exchange Rate	Converted to NTD	Foreign Currency	Exchange Rate	Converted to NTD
Financial assets						
USD	\$ 684,459	33.066	\$ 22,632,333	\$ 477,413	31.718	\$ 15,142,589
RMB	522,130	5.032	2,627,360	654,367	5.103	3,339,233
HKD	62,151	4.266	265,136	82,202	4.090	336,206
EUR	7,381	36.140	266,764	16,710	38.550	644,174
JPY	916,016	0.275	251,630	712,464	0.265	188,803
Financial liabilities						
USD	624,773	33.066	20,658,736	430,060	31.718	13,640,634
RMB	509,542	5.032	2,564,017	616,391	5.103	3,145,443
AUD	26,570	24.160	641,926	23,277	25.970	604,514
ZAR	124,973	2.130	266,193	111,366	2.740	305,142
EUR	3,782	36.140	136,695	3,494	38.550	134,690
JPY	915,786	0.275	251,566	705,425	0.265	186,938

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

i. Interest rate sensitivity information (New Taiwan dollars)

December 31, 2015

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 261,249,092	\$ 23,478,228	\$ 1,149,462	\$ 28,153,511	\$ 314,030,293
Interest rate-sensitive liabilities	140,873,900	114,407,112	40,567,050	15,034,361	310,882,423
Interest rate-sensitive gap	120,375,192	(90,928,884)	(39,417,588)	13,119,150	3,147,870
Net worth					20,949,660
Ratio of interest rate-sensitive assets to liabilities (%)					101.01%
Ratio of interest rate-sensitive gap to net worth (%)					15.03%

December 31, 2014

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

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

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

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

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

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

December 31, 2015

Items	1-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 649,305	\$ 44,736	\$ 9,404	\$ 63,291	\$ 766,736
Interest rate-sensitive liabilities	489,712	112,637	133,917	-	736,266
Interest rate-sensitive gap	159,593	(67,901)	(124,513)	63,291	30,470
Net worth					2,870
Ratio of interest rate-sensitive assets to liabilities (%)					104.14%
Ratio of interest rate-sensitive gap to net worth (%)					1,061.67%

December 31, 2014

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

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

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

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

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

2) Sunny Securities Co.

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

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

f. Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety during the normal operations of the Group, are mainly securities sold under agreements to repurchase. Such transactions had transferred the risk and reward of the financial assets upon receiving the proceeds, and reflected the associated liability of when the securities are repurchased back in the future. The Group cannot use, sell or pledge such transferred financial assets during the effective terms of the transaction, however they are not derecognized in their entirety because the Group still bears related interest rate and credit risks. Information regarding these transferred financial assets and liabilities not derecognized entirely are summarized as below:

Financial Asset Categories	December 31, 2015				
	Book value of Transferred Financial Asset	Book Value of Associated Liability	Fair Value of Transferred Financial Asset	Fair Value of Associated Liability	Fair Value, Net
<u>Repurchase agreements</u>					
Available for Sale financial asset	\$ 2,096,462	\$ 2,000,000	\$ 2,096,462	\$ 2,000,000	\$ 96,462
Held to maturity financial asset	892,575	850,039	907,253	850,039	57,214

Financial Asset Categories	December 31, 2014				
	Book value of Transferred Financial Asset	Book Value of Associated Liability	Fair Value of Transferred Financial Asset	Fair Value of Associated Liability	Fair Value, Net
<u>Repurchase agreements</u>					
Available for Sale financial asset	\$ 3,757,269	\$ 3,603,037	\$ 3,757,269	\$ 3,603,037	\$ 154,232
Held to maturity financial asset	308,016	300,382	289,500	300,382	(10,882)

g. Offsetting financial assets and financial liabilities

The Group has no financial assets or liabilities meeting the criteria of IAS 32 and 42 endorsed by FSC. There is no enforceable master netting arrangements or other similar arrangements of the sort, the proceeds would be settled in full amounts. However if one party showed signs of default, the other party may choose to settle in net amounts.

Related information regarding the netting of financial asset and financial liability are shown as follows:

December 31, 2015

Financial Asset	Total amount of Recognized Financial Asset	Total Amount of Offset Financial Liability Recognized on Balance Sheet	Net Amount of Financial Liability Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Received Cash Collaterals	
Derivative financial instruments	\$ 7,078	\$ -	\$ 7,078	\$ -	\$ -	\$ 7,078
Securities under agreement to resell	5,000	-	5,000	5,012	-	(12)

Financial Liability	Total amount of Recognized Financial Liability	Total Amount of Offset Financial Liability Recognized on Balance Sheet	Net Amount of Financial Liability Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Pledged Cash Collaterals	
Derivative financial instruments	\$ 16,621	\$ -	\$ 16,621	\$ -	\$ -	\$ 16,621
Securities under agreement to repurchase	2,850,039	-	2,850,039	3,003,715	-	(153,676)

Note: Include master netting arrangement and non-cash financial collaterals

December 31, 2014

Financial Asset	Total amount of Recognized Financial Asset	Total Amount of Offset Financial Liability Recognized on Balance Sheet	Net Amount of Financial Liability Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Received Cash Collaterals	
Derivative financial instruments	\$ 12,294	\$ -	\$ 12,294	\$ -	\$ -	\$ 12,294
Securities under agreement to resell	110,000	-	110,000	109,103	-	897

Financial Liability	Total amount of Recognized Financial Liability	Total Amount of Offset Financial Liability Recognized on Balance Sheet	Net Amount of Financial Liability Shown on Balance Sheet	Amounts not Offset on Balance Sheet		Net Amount
				Financial Instrument (Note)	Pledged Cash Collaterals	
Derivative financial instruments	\$ 7,307	\$ -	\$ 7,307	\$ -	\$ -	\$ 7,307
Securities under agreement to repurchase	3,903,419	-	3,903,419	4,046,769	-	(143,350)

Note: Include master netting arrangement and non-cash financial collaterals

45. CAPITAL MANAGEMENT

a. Overview

The Group's capital management goals are as follows:

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

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

b. Capital management procedures

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

1) Net Tier 1 capital

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

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

2) Net Tier 2 capital

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

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

c. Statement of capital adequacy

The calculation for eligible capital, risk-weighted assets and capital adequacy ratio is shown as follows: Capital management of the Group for the year ended December 31, 2015 and 2014 both meet the standards and regulations as required by the authority.

Analysis Items			Year	December 31			
				2015		2014	
				Standalone	Consolidation	Standalone	Consolidation
Eligible capital	Ordinary shares equity		\$ 19,011,079	\$ 19,418,166	\$ 16,422,205	\$ 17,079,636	
	Other Tier 1 capital		432,242	851,685	-	-	
	Tier 2 capital		7,826,037	8,664,750	7,506,936	8,171,841	
	Eligible capital		27,269,358	28,934,601	23,929,141	25,251,477	
Risk-weighted assets	Credit risk	Standardized approach	229,464,019	232,458,523	202,910,155	205,749,475	
		Internal rating - based approach	-	-	-	-	
		Securitization	-	-	-	-	
	Operational risk	Basic indicator approach	9,515,482	9,774,824	8,424,881	8,665,326	
		Standardized approach/alternative standardized approach	-	-	-	-	
		Advanced measurement approach	-	-	-	-	
	Market risk	Standardized approach	6,529,558	6,529,714	3,738,110	3,775,728	
		Internal model approach	-	-	-	-	
	Total risk-weighted assets		245,509,059	248,763,061	215,073,146	218,190,529	
Capital adequacy ratio			11.11%	11.63%	11.13%	11.57%	
Ordinary shares equity risk-based capital ratio			7.74%	7.81%	7.64%	7.83%	
Tier 1 risk-based capital ratio			7.92%	8.15%	7.64%	7.83%	
Leverage ratio			5.38%	5.56%	4.83%	4.89%	

Note 1: These tables were filled according to “Regulations Governing the Capital Adequacy Ratio of Banks” and related calculation tables.

Note 2: The Group shall disclose the capital adequacy ratio for the current and previous period in annual financial reports. For semiannual financial report, the Group shall disclose the capital adequacy ratio for the current period, previous period, and previous year end.

Note 3: The formula is as follows:

- 1) Eligible capital = Ordinary shares equity + Other Tier 1 capital + Tier 2 capital.
- 2) Total risk - weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5.
- 3) Ratio of capital adequacy = Eligible capital/Total risk - weighted assets.
- 4) Ordinary shares equity risk - based capital ratio = Common shares equity/Total risk - weighted assets.

- 5) Tier 1 risk - based capital ratio = (Common shares equity + Other Tier 1 capital)/Total risk - weighted assets.
- 6) Leverage ratio = Tier 1 capital/Total exposure risk.

46. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheets of Trust Accounts December 31, 2015 and 2014

	2015	2014
<u>Trust assets</u>		
Cash and bank deposits	\$ 3,792,926	\$ 4,126,357
Funds	24,275,811	24,670,422
Bonds	533,876	136,808
Real estate		
Land	18,155,350	14,195,024
Buildings	62,738	708
Securities under custody	<u>4,798,386</u>	<u>7,897,686</u>
	<u>\$ 51,619,087</u>	<u>\$ 51,027,005</u>
<u>Trust liabilities</u>		
Payable on securities under custody	\$ 4,798,386	\$ 7,897,686
Trust capital		
Money	27,102,700	27,673,665
Real estate	18,813,576	14,716,622
Monetary bonds and collaterals	1,242,168	1,242,168
Accumulated loss	(1,185,207)	(1,390,967)
Profit for current year	<u>847,464</u>	<u>887,831</u>
	<u>\$ 51,619,087</u>	<u>\$ 51,027,005</u>

Trust Properties of Trust Accounts December 31, 2015 and 2014

Investment Portfolio	2015	2014
Cash and bank deposits	\$ 3,792,926	\$ 4,126,357
Short term investments		
Funds - NTD	12,100,693	12,558,172
- other currencies	12,175,118	12,112,250
Bonds - other currencies	533,876	136,808
Real estate		
Land	18,155,350	14,195,024
Buildings	62,738	708
Securities under custody	<u>4,798,386</u>	<u>7,897,686</u>
	<u>\$ 51,619,087</u>	<u>\$ 51,027,005</u>

Income Statements of Trust Accounts
Years Ended December 31, 2015 and 2014

	2015	2014
Trust income		
Interest income	\$ 3,238	\$ 2,960
Dividends	1,123,214	972,924
Gains from properties trading	219,002	289,817
Realized capital gains	<u>9,973</u>	<u>464</u>
	<u>1,355,427</u>	<u>1,266,165</u>
Trust expense		
Trust administrative expenses	17,795	17,439
Tax expenses	439	62,766
Commission and fee expenses	19,382	12,396
Loss from property trading	470,318	285,733
Others	<u>29</u>	<u>-</u>
	<u>507,963</u>	<u>378,334</u>
	<u>\$ 847,464</u>	<u>\$ 887,831</u>

Note: The above income statement of trust account is not included in consolidated income statement.

47. PROFITABILITY

Items		December 31	
		2015	2014
Return on total assets	Before income tax	0.69%	0.75%
	After income tax	0.60%	0.64%
Return on net worth	Before income tax	12.05%	14.22%
	After income tax	10.49%	12.19%
Profit margin		35.84%	38.90%

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on net worth = Income before (after) income tax/Average net worth.

Note 3: Profit margin = Income after income tax/Total net revenues.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2015 and 2014.

48. ADDITIONAL DISCLOSURES

There are no other additional disclosures except for Table 1 to Table 4.

49. OPERATING SEGMENTS

Based on IFRS 8 "Operating Segments" approved by the Financial Supervisory Commission (FSC), the operating results of the operating segments should be approved by the Group's Board of Directors (those charged with governance) and from the basis for resource allocation and performance evaluation decisions. All of the Group's operating segments meet the definition under IFRS 8.

The Group's operating segments are identified on the basis of their industry characteristics, and consist of the Banking, Insurance, Securities, and Other Segments.

Other operations of the Group, including the management of funds and trusts, do not fall under the IFRS 8 definition of an individual reportable segment.

The major revenue streams of the Group's operating segments come from interest revenue, and the Group's Board of Directors evaluates the operating segments' performance based on net interest. The operating results of all operating segments are expressed at their net amounts, i.e., total interest revenue less total interest expense.

Adjustments of internal pricing and transfer pricing have been reflected in the segments' performance evaluation. Revenues generated from external customers are amortized on a reasonable basis as agreed upon by all segments.

Transactions between operating segments are treated as regular transactions. Revenues generated from external customers submitted to and approved by the Board of Directors are measured on the same basis as that used for the consolidated statement of comprehensive income.

The Group's internal management report is based on net operating profit, which includes net interest, allowance for doubtful accounts and guarantees, commission and other fee revenues, net gains (losses) on financial products and other operating profit (loss). The evaluation excludes nonrecurring items such as litigation expenses.

Inter-segment analysis is prepared on the basis of internal management reports provided to and approved by the Board of directors on segment profit (loss) and segment assets, liabilities and information.

Operating assets and liabilities refer to all operating departments are the main components of the consolidated balance sheet. However, some items such as the tax expenses are excluded from this balance sheet.

a. Segment revenue and operating results

The Following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	2015					
	Banking	Insurance	Securities	Other	Internal Elimination	Total
Net interest	\$ 4,106,581	\$ 642	\$ 22,559	\$ 116,041	\$ -	\$ 4,245,823
Commission and fee revenues, net	1,056,997	116,325	-	12,194	3,666	1,189,182
Other noninterest net revenues	<u>576,186</u>	<u>9,728</u>	<u>90,769</u>	<u>53,576</u>	<u>(197,859)</u>	<u>532,400</u>
Net revenues	<u>5,739,764</u>	<u>126,695</u>	<u>113,328</u>	<u>181,811</u>	<u>(194,193)</u>	<u>5,967,405</u>
Allowance for doubtful accounts and guarantees	185,703	-	-	33,838	-	219,541
Operating expenses	<u>3,190,638</u>	<u>39,806</u>	<u>75,016</u>	<u>59,002</u>	<u>(13,462)</u>	<u>3,351,000</u>
Income before income tax	<u>\$ 2,363,423</u>	<u>\$ 86,889</u>	<u>\$ 38,312</u>	<u>\$ 88,971</u>	<u>\$ (180,731)</u>	<u>\$ 2,396,864</u>

	2014					
	Banking	Insurance	Securities	Other	Internal Elimination	Total
Net interest	\$ 3,668,874	\$ 735	\$ 27,190	\$ 82,168	\$ -	\$ 3,778,967
Commission and fee revenues, net	890,145	87,982	-	320	8,730	987,177
Other noninterest net revenues	<u>554,326</u>	<u>203</u>	<u>84,392</u>	<u>43,683</u>	<u>(142,850)</u>	<u>539,754</u>
Net revenues	<u>5,113,345</u>	<u>88,920</u>	<u>111,582</u>	<u>126,171</u>	<u>(134,120)</u>	<u>5,305,898</u>
(Reversal of) allowance for doubtful accounts and guarantees	(221,857)	-	-	19,774	-	(202,083)
Operating expenses	<u>3,015,163</u>	<u>39,795</u>	<u>83,701</u>	<u>45,060</u>	<u>(17,068)</u>	<u>3,166,651</u>
Income before income tax	<u>\$ 2,320,039</u>	<u>\$ 49,125</u>	<u>\$ 27,881</u>	<u>\$ 61,337</u>	<u>\$ (117,052)</u>	<u>\$ 2,341,330</u>

Segment income include capital transfer pricing between segments and the expenses and costs allocated via appropriate cost drivers. In addition, segment profit represented the profit before tax earned by each segment without allocation of income tax expense.

b. Segment assets and liabilities

Segment assets and liabilities are disclosed as \$0 due to the fact that the Group evaluates the amount with deposits and loans and financial assets and liabilities equally.

c. Segment information

	2015				
Item	Domestic and Others	Hong Kong and Macau	China	Elimination	Total
External revenue	\$ 5,926,132	\$ 1	\$ 41,272	\$ -	\$ 5,967,405
Internal revenue	<u>204,653</u>	<u>14,822</u>	<u>-</u>	<u>(219,475)</u>	<u>-</u>
Net revenue	<u>\$ 6,130,785</u>	<u>\$ 14,823</u>	<u>\$ 41,272</u>	<u>\$ (219,475)</u>	<u>\$ 5,967,405</u>
Income before income tax	<u>\$ 2,376,880</u>	<u>\$ (168)</u>	<u>\$ 20,152</u>	<u>\$ -</u>	<u>\$ 2,396,864</u>
Identifiable assets	<u>\$ 362,597,571</u>	<u>\$ 75</u>	<u>\$ 625,630</u>	<u>\$ -</u>	<u>\$ 363,223,276</u>

	2014				
Item	Domestic and Others	Hong Kong and Macau	China	Elimination	Total
External revenue	\$ 5,292,691	\$ (18)	\$ 13,225	\$ -	\$ 5,305,898
Internal revenue	<u>133,108</u>	<u>(1,022)</u>	<u>-</u>	<u>(132,086)</u>	<u>-</u>
Net revenue	<u>\$ 5,425,799</u>	<u>\$ (1,040)</u>	<u>\$ 13,225</u>	<u>\$ (132,086)</u>	<u>\$ 5,305,898</u>
Income before income tax	<u>\$ 2,342,907</u>	<u>\$ (226)</u>	<u>\$ (1,351)</u>	<u>\$ -</u>	<u>\$ 2,341,330</u>
Identifiable assets	<u>\$ 329,300,690</u>	<u>\$ 105</u>	<u>\$ 334,102</u>	<u>\$ -</u>	<u>\$ 329,634,897</u>

d. Main customers information

There is no one individual customer from whom the revenue received is higher than 10% of the net revenue for both the years ended 2015 and 2014.

SUNNY BANK AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars or Shares)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Amount	Investment Gain	Consolidated Investment (Note 1)				Note
						Shares (Thousands)	Imitated Shares (Thousands)	Shares (Thousands)	Percentage of Ownership	
Sunny Securities Co.	Taipei	Investment securities business	98.72	\$ 578,957	\$ 37,799	50,200	-	50,200	100.00	Subsidiary, Note 2
King Sunny Assets Management Co.	Taipei	Evaluating, auctioning and managing for financial institutions' loan	100.00	144,582	13,534	15,000	-	15,000	100.00	Subsidiary, Note 2
Sunny Life Insurance Brokerage Co.	Taipei	Life insurance agency	39.99	56,460	28,648	5,250	-	5,250	100.00	Subsidiary, Note 2
Sunny Property & Insurance Co.	Taipei	Property insurance agency	20.00	1,988	383	605	-	605	100.00	Subsidiary, Note 2
Sunny International Leasing Co.	Taipei	Leasing business	100.00	895,784	55,164	83,000	-	83,000	100.00	Subsidiary, Note 2
Financial Information Service Co., Ltd.	Taipei	Planning and developing the information system of across banking institution and managing the information web system	2.42	115,771	28,291	12,622	-	12,622	2.42	Note 3
Taiwan Financial Asset Service Co., Ltd.	Taipei	Auction	2.94	50,000	-	5,000	-	5,000	2.94	
Taiwan Depository and Clearing Co., Ltd.	Taipei	Computerizing book-entry operation for securities	0.29	21,490	1,462	999	-	999	0.29	Note 3
Sunny Asset Management Corp.	Taipei	Purchasing for financial institutions' loan assets	1.11	-	72	67	-	67	1.11	Note 3
Taiwan Mobile Payment Co., Ltd.	Taipei	Mobile payment and business	1.10	6,000	-	600	-	600	1.10	

Note 1: All of the existing shares of investees or fictional shareholdings which are held by the Bank and subsidiaries' directors, supervisors, managers and affiliates which conform to definition of Company Act have been reckoned.

Note 2: The transactions and balances above had been eliminated when preparing consolidated financial statement.

Note 3: The investment gain (loss) was the cash dividends recognized for the year ended December 31, 2015. Gains on financial assets carried at cost contains cash dividends of Taichung Machinery were \$147.

SUNNY BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars or Shares)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Sunny Securities Co.	<u>Stock</u> Sunny Life Insurance Brokerage Co.	Subsidiary	Investments accounted for using the equity method	3,150,042	\$ 89,956	60.01	\$ 89,956	Note 1
King Sunny Assets Management Co.	<u>Stock</u> Sunny Property & Insurance Co.	-	Investments accounted for using the equity method	242,000	3,975	40.00	3,975	Note 1
	Sunny E-Commercial Co.	Subsidiary	Investments accounted for using the equity method	1,200,000	7,304	100.00	7,304	Note 1
	Sunny Real Estate Management Co., Ltd.	-	Financial assets carried at cost	300,000	3,000	10.00	3,000	
Sunny Life Insurance Brokerage Co.	<u>Stock</u> Sunny Bank	Parent company	Financial assets carried at cost	463,072	3,508	-	3,508	Note 2
	Protot Technology Co., Ltd.	-	Financial assets carried at cost	301,840	-	-	-	Investment \$10,782 and accumulated impairment of \$10,782 recognized
	Sunny Property & Insurance Co.	-	Investments accounted for using the equity method	242,000	3,975	40.00	3,975	
Sunny International Leasing Co.	<u>Bond</u> Central government construction bonds 100 Ninth Annual CPI	-	Refundable deposits	-	997	-	1,024	Provided as a guarantee
	<u>Stock</u> Sunny Securities Co.	-	Investments accounted for using the equity method	645,057	7,525	1.28	7,525	Note 1
	Sunny Finance Lease (HK) Limited	Subsidiary	Investments accounted for using the equity method	17,000,000	538,037	100.00	538,037	Note 1
Sunny Finance Lease (HK) Limited	<u>Stock</u> Sunny Finance and Leasing (China) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	538,460	100.00	538,460	Note 1

Note 1: The transactions had been eliminated when preparing consolidated financial statements.

Note 2: Recognized as treasury shares in the consolidated financial statements

SUNNY BANK AND SUBSIDIARIES

INFORMATION ON THE INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars and Thousands of Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Investment from Taiwan as of January 1, 2014 (Note 1)	Remittance of Funds		Accumulated Outward Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2015	Accumulated Repatriation of Investment Income as of December 31, 2015
					Outward (Note 2)	Inward						
Sunny Finance and Leasing (China) Co., Ltd.	Leasing	\$ 562,122 (US\$ 17,000)	Investment in Mainland China companies through an existing company established in a third region.	\$ 330,660 (US\$ 10,000)	\$ 231,462 (US\$ 7,000)	\$ -	\$ 562,122 (US\$ 17,000)	\$ 14,822 (RMB 2,945)	100	\$ 14,822 (RMB 2,945)	\$ 538,460	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA (Note 4)	Limit on the Amount of Investment, as Stipulated by the Investment Commission, MOEA (Note 4)
\$562,122 (US\$17,000)	\$562,122 (US\$17,000)	\$537,470

Note 1: Based on Rule No. 102000005490 approved by the Investment commission, MOEA on January 18, 2013, the authorized investment amount is US\$10,000.

Note 2: Based on Rule No. 10400025930 and Rule No. 10400089230 approved by the Investment commission, MOEA on February 25, 2015 and on May 11, 2015, the authorized investment amount is US\$7,000.

Note 3: Foreign currencies are converted into New Taiwan dollars at the exchange rate as of the balance sheet date.

Note 4: The authorized investment amount of US\$17,000 was translated at exchange rates on historical investment date to be NT\$514,135, not exceeding the limit NT\$537,470 imposed by the Investment Commission, MOEA.

SUNNY BANK LTD. AND SUBSIDIARIES

RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No.	Transaction Company	Counter-party	Flow of Transaction	Description of Transactions			Percentage to Consolidated Revenue/Assets
				Financial Statement Account	Transaction Amount	Transaction Item	
0	Sunny Bank Ltd. ("Parent company" or "Sunny Bank")	Sunny Securities Co.	From parent company to subsidiary	Deposits and remittances	\$ 180,768	Interest is calculated based on annual deposit interest rate from 0% to 1.34%.	0.05
				Rent revenue	8,760	The lease contract of Sunny Securities Co. (Shipai) is from December 25, 2015 to December 14, 2020 with a monthly rental of \$500; the lease contract of Sunny Securities Co. (Mingshen) is from January 1, 2014 to December 31, 2016 with a monthly rental of \$130; the lease contract of Sunny Securities Co. (Jingmei) is from October 1, 2015 to September 30, 2020 with a monthly rental of \$100.	0.15
		King Sunny Assets Management Co.	From parent company to subsidiary	Agent fee revenue	7,049	Interest is calculated based on annual deposit interest rate from 0% to 0.06%.	0.12
				Deposits and remittances	10,113	Interest is calculated based on annual deposit interest rate from 0% to 0.06%.	-
		Sunny Life Insurance Brokerage Co.	From parent company to revenue	Commission and fee revenue	3,383	10% contractual collection service fee was charged	0.06
				Deposits and remittances	156,032	Interest is calculated based on annual deposit interest rate from 0% to 1.21%.	0.04
		Sunny Property & Insurance Co.	From parent company to subsidiary	Commission and fee revenue	484,812	1.55-70.4% contractual transaction fee was charged.	8.12
				Accounts receivables	64,480	0.7% to 33.6% contractual transaction fee was charged.	0.02
				Deposits and remittances	10,663	Interest is calculated based on annual deposit interest rate from 0% to 0.06%.	-
				Commission and fee revenue	9,610	4.8% to 24% contractual transaction fee was charged as the residence, earthquake and add-on insurance; 0% to 16% contractual transaction fee was charged as the commercial-line fire insurance; 32% contractual transaction fee was charged as the casualty insurance; 22.4% contractual transaction fee was charged as the health insurance; 0% to 17.6% contractual transaction fee was charged as other insurance;\$0 to \$240 transaction fee was charged per case.	0.16
				Accounts receivables	1,275	4.8% to 24% contractual transaction fee was charged as the residence, earthquake and add-on insurance; 0% to 16% contractual transaction fee was charged as the commercial-line fire insurance; 32% contractual transaction fee was charged as the casualty insurance; 22.4% contractual transaction fee was charged as the health insurance; 0% to 17.6% contractual transaction fee was charged as other insurance;\$0 to \$240 transaction fee was charged per case.	-
		Sunny International Leasing Co. Sunny E-Commercial Co.	From parent company to subsidiary From parent company to Subsidiary	Deposits and remittances	144,899	Interest is calculated based on annual deposit interest rate from 0.06% to 0.65%.	0.04
				Deposits and remittances	5,931	Interest is calculated based on annual deposit interest rate at 0.06%.	-

(Continued)

No.	Transaction Company	Counter-party	Flow of Transaction	Description of Transactions			Percentage to Consolidated Revenue/Assets
				Financial Statement Account	Transaction Amount	Transaction Item	
1	Sunny Securities Co.	Sunny Bank	From subsidiary to parent company	Cash Operating expenses	\$ 180,768 8,760	Interest is calculated based on annual deposit interest rate from 0% to 1.34%. The lease contract of Sunny Securities Co. (Shipai) is from December 25, 2015 to December 14, 2020 with a monthly rental of \$500; the lease contract of Sunny Securities Co. (Mingshen) is from January 1, 2014 to December 31, 2016 with a monthly rental of \$130; the lease contract of Sunny Securities Co. (Jingmei) is from October 1, 2015 to September 30, 2020 with a monthly rental of \$100. 1.425% of the trading securities turnover.	0.05 0.15
2	King Sunny Assets Management Co.	Sunny Bank	From subsidiary to parent company	Cash Operating expenses	10,113 3,383	Interest is calculated based on annual deposit interest rate from 0% to 0.06%. 10% contractual collection service fee was charged.	- 0.06
3	Sunny Life Insurance Brokerage Co.	Sunny Bank	From subsidiary to parent company	Cash Commission and fee expense Accounts payable	156,032 484,812 64,480	Interest is calculated based on annual deposit interest rate from 0% to 1.21%. 1.55% to 70.4% contractual transaction fee was charged. 0.7% to 33.6% contractual transaction fee was charged.	0.04 8.12 0.02
4	Sunny Property & Insurance Co.	Sunny Bank	From subsidiary to parent company	Cash Commission and fee expense Accounts payable	10,663 9,610 1,275	Interest is calculated based on annual deposit interest rate from 0% to 0.06%. 4.8% to 24% contractual transaction fee was charged as the residence, earthquake and add-on insurance; 0% to 16% contractual transaction fee was charged as the commercial-line fire insurance; 32% contractual transaction fee was charged as the casualty insurance; 22.4% contractual transaction fee was charged as the health insurance; 0% to 17.6% contractual transaction fee was charged as other insurance;\$0 to \$240 transaction fee was charged per case. 4.8% to 24% contractual transaction fee was charged as the residence, earthquake and add-on insurance; 0% to 16% contractual transaction fee was charged as the commercial-line fire insurance; 32% contractual transaction fee was charged as the casualty insurance; 22.4% contractual transaction fee was charged as the health insurance; 0% to 17.6% contractual transaction fee was charged as other insurance;\$0 to \$240 transaction fee was charged per case.	- 0.16 -
5	Sunny International Leasing Co.	Sunny Bank	From subsidiary to parent company	Cash	144,899	Interest is calculated based on annual deposit interest rate from 0.06% to 0.65%.	0.04
6	Sunny E-Commercial Co.	Sunny Bank	From subsidiary to parent company	Cash	5,931	Interest is calculated based on annual deposit interest rate at 0.06%.	-

(Concluded)



Annex II.

**The Bank's Individual Financial
Statements audited by CPAs**

Sunny Bank Ltd.

**Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Sunny Bank Ltd.

We have audited the accompanying balance sheets of Sunny Bank Ltd. (the "Bank") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended, in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks and the guidelines issued by the authority.

The accompanying schedules of major accounting items of the Bank as of and for the year ended December 31, 2015 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.



March 22, 2016

Notice to Readers

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

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

SUNNY BANK LTD.
BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014 (Audited after Restated)		January 1, 2014 (Audited after Restated)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 5,369,082	1	\$ 6,644,840	2	\$ 3,932,346	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6 and 7)	21,151,246	6	21,393,765	7	47,003,570	16
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	9,734,953	3	18,291,522	6	14,935,197	5
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Note 4)	-	-	-	-	1,947,061	1
RECEIVABLES, NET (Notes 4, 5, 9, 10 and 38)	1,271,812	-	1,253,411	-	1,241,239	1
CURRENT TAX ASSETS (Note 36)	36,403	-	65,843	-	126,913	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 11 and 38)	237,737,794	66	215,226,707	66	202,421,259	69
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 5, 11 and 40)	70,594,664	20	48,668,729	15	4,917,626	2
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 12 and 40)	1,903,364	1	1,066,518	-	1,070,618	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Notes 4 and 13)	1,677,771	-	1,329,809	-	1,271,647	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 5, 10, 14 and 40)	1,387,707	-	3,079,354	1	2,177,301	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	9,475,320	3	9,347,420	3	9,347,187	3
INTANGIBLE ASSETS, NET (Notes 4, 5 and 16)	1,051,920	-	1,049,592	-	1,047,238	-
DEFERRED TAX ASSETS (Notes 3, 4, 5 and 36)	215,867	-	387,845	-	682,862	-
OTHER ASSETS, NET (Notes 4, 17 and 40)	221,392	-	300,474	-	279,106	-
TOTAL	\$ 361,829,295	100	\$ 328,105,829	100	\$ 292,401,170	100
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND BANKS (Note 18)	\$ 5,573,606	1	\$ 6,483,606	2	\$ 7,096,606	3
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 8)	16,621	-	7,307	-	9,978	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4, 11, 12 and 19)	2,850,039	1	3,903,419	1	500,122	-
PAYABLES (Notes 20, 24 and 38)	2,359,677	1	2,927,590	1	2,080,148	1
DEPOSITS AND REMITTANCES (Notes 21 and 38)	319,117,827	88	286,645,020	87	258,493,252	88
BANK DEBENTURES (Note 22)	10,400,000	3	9,100,000	3	9,304,900	3
PROVISIONS (Notes 3, 4, 5, 10, 23 and 24)	285,572	-	254,510	-	262,089	-
DEFERRED TAX LIABILITIES (Notes 3, 4 and 36)	115,134	-	138,293	-	140,041	-
OTHER LIABILITIES (Notes 25 and 38)	265,539	-	266,959	-	253,081	-
Total liabilities	340,984,015	94	309,726,704	94	278,140,217	95
EQUITY						
Share capital						
Ordinary shares	17,436,742	5	15,883,719	5	13,349,730	5
Capital surplus	48,717	-	43,950	-	4,500	-
Retain earnings						
Legal reserve	875,554	-	278,433	-	24,879	-
Special reserve	87,810	-	87,810	-	82,988	-
Unappropriated earnings	2,189,843	1	2,057,559	1	865,238	-
Total retained earnings	3,153,207	1	2,423,802	1	973,105	-
Other equity	210,122	-	31,162	-	(62,874)	-
Treasury shares	(3,508)	-	(3,508)	-	(3,508)	-
Total equity	20,845,280	6	18,379,125	6	14,260,953	5
TOTAL	\$ 361,829,295	100	\$ 328,105,829	100	\$ 292,401,170	100

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

SUNNY BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31				Percentage Increase (Decrease) %
	2015		2014 (Audited after Restated)		
	Amount	%	Amount	%	
INTEREST REVENUE	\$ 6,999,927	122	\$ 6,252,883	122	12
LESS: INTEREST EXPENSE	<u>2,893,346</u>	<u>50</u>	<u>2,584,009</u>	<u>50</u>	12
NET INTEREST (Notes 4, 27 and 38)	<u>4,106,581</u>	<u>72</u>	<u>3,668,874</u>	<u>72</u>	12
NET REVENUES OTHER THAN INTEREST (Note 4)					
Commission and fee revenues, net (Notes 28 and 38)	1,056,997	18	890,145	17	19
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4 and 29)	131,966	2	171,243	3	(23)
Realized gains on available-for-sale financial assets (Note 30)	93,986	2	44,546	1	111
Foreign exchange gains	118,717	2	89,140	2	33
(Impairment loss) reversal of impairment loss on assets (Notes 5 and 31)	(6,299)	-	16,128	-	(139)
Share of profit of subsidiaries	135,528	2	92,771	2	46
Gains on financial assets carried at cost	29,972	1	54,780	1	(45)
Rental income (Note 38)	68,593	1	64,142	1	7
Other noninterest net revenues (Note 32)	<u>3,723</u>	<u>-</u>	<u>21,576</u>	<u>1</u>	(83)
Total net revenues other than interest	<u>1,633,183</u>	<u>28</u>	<u>1,444,471</u>	<u>28</u>	13
TOTAL NET REVENUES	<u>5,739,764</u>	<u>100</u>	<u>5,113,345</u>	<u>100</u>	12
ALLOWANCE (REVERSAL OF ALLOWANCE) FOR DOUBTFUL ACCOUNTS AND GUARANTEES (Notes 4, 5, 10 and 38)	<u>185,703</u>	<u>3</u>	<u>(221,857)</u>	<u>(4)</u>	184
OPERATING EXPENSES					
Employee benefits (Notes 3, 4, 24, 33 and 38)	1,982,711	35	1,965,160	38	1

(Continued)

(Continued)

SUNNY BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31				Percentage
	2015		2014		Increase
			(Audited after Restated)		(Decrease)
	Amount	%	Amount	%	%
Depreciation and amortization (Notes 4 and 34)	\$ 173,104	3	\$ 151,917	3	14
Others (Note 35)	<u>1,034,823</u>	<u>18</u>	<u>898,086</u>	<u>18</u>	15
Total operating expenses	<u>3,190,638</u>	<u>56</u>	<u>3,015,163</u>	<u>59</u>	6
INCOME BEFORE INCOME TAX	2,363,423	41	2,320,039	45	2
INCOME TAX EXPENSE (Notes 3, 4, 5 and 36)	<u>306,151</u>	<u>5</u>	<u>331,136</u>	<u>6</u>	(8)
NET INCOME	<u>2,057,272</u>	<u>36</u>	<u>1,988,903</u>	<u>39</u>	3
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	(67,922)	(1)	(8,265)	-	722
Share of other comprehensive (loss) profit of subsidiaries	(958)	-	3,655	-	(126)
Income tax benefit relating to items that will not be reclassified subsequently (Note 36)	<u>11,710</u>	<u>-</u>	<u>784</u>	<u>-</u>	1,394
	<u>(57,170)</u>	<u>(1)</u>	<u>(3,826)</u>	<u>-</u>	1,394
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	(11,567)	-	16,251	-	(171)
Unrealized gain on available-for-sale financial assets	200,351	3	69,043	2	190
Share of other comprehensive (loss) profit of subsidiaries	(11,660)	-	10,793	-	(208)
Income tax benefit (expense) relating to items that may be reclassified subsequently (Note 36)	<u>1,836</u>	<u>-</u>	<u>(2,051)</u>	<u>-</u>	190
	<u>178,960</u>	<u>3</u>	<u>94,036</u>	<u>2</u>	90
Other comprehensive income for the year, net of income tax	<u>121,790</u>	<u>2</u>	<u>90,210</u>	<u>2</u>	35
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,179,062</u>	<u>38</u>	<u>\$ 2,079,113</u>	<u>41</u>	5

(Continued)

(Continued)

SUNNY BANK LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31				Percentage Increase (Decrease) %
	2015		2014		
	(Audited after Restated)				
	Amount	%	Amount	%	
EARNINGS PER SHARE (New Taiwan dollars; Note 37)					
Basic	\$ 1.22		\$ 1.32		
Diluted	\$ 1.22		\$ 1.32		

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

(Concluded)

SUNNY BANK LTD.

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 26)		Capital Surplus (Note 26)	Retained Earnings (Notes 3, 26 and 39)			Total	Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Other Equity Unrealized (Loss) Gain on Available-for- sale Financial Assets (Notes 4 and 26)	Treasury Shares (Note 26)	Total Equity
	Shares in Thousand	Ordinary Shares		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2014	1,334,973	\$ 13,349,730	\$ 4,500	\$ 24,879	\$ 82,988	\$ 845,180	\$ 953,047	\$ 6,817	\$ (69,691)	\$ (3,508)	\$ 14,240,895
Effect of retrospective restatement	-	-	-	-	-	20,058	20,058	-	-	-	20,058
BALANCE AT JANUARY 1, 2014 AS RESTATED	1,334,973	13,349,730	4,500	24,879	82,988	865,238	973,105	6,817	(69,691)	(3,508)	14,260,953
Appropriation of the 2013 earnings											
Legal reserve	-	-	-	253,554	-	(253,554)	-	-	-	-	-
Special reserve	-	-	-	-	4,822	(4,822)	-	-	-	-	-
Share dividends to shareholders	53,399	533,989	-	-	-	(533,989)	(533,989)	-	-	-	-
Net profit for the year ended December 31, 2014	-	-	-	-	-	1,988,903	1,988,903	-	-	-	1,988,903
Other comprehensive (loss) income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	(3,826)	(3,826)	26,266	67,770	-	90,210
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	1,985,077	1,985,077	26,266	67,770	-	2,079,113
Issue of ordinary shares for cash	200,000	2,000,000	-	-	-	-	-	-	-	-	2,000,000
From differences between equity purchase price and carrying amount arising from acquisition of subsidiaries	-	-	-	-	-	(391)	(391)	-	-	-	(391)
Value of share-based payment under employee share options	-	-	39,450	-	-	-	-	-	-	-	39,450
BALANCE AT DECEMBER 31, 2014 AS RESTATED	1,588,372	15,883,719	43,950	278,433	87,810	2,057,559	2,423,802	33,083	(1,921)	(3,508)	18,379,125
Appropriation of the 2014 earnings											
Legal reserve	-	-	-	597,121	-	(597,121)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(317,674)	(317,674)	-	-	-	(317,674)
Share dividends to shareholders	95,302	953,023	-	-	-	(953,023)	(953,023)	-	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	-	-	2,057,272	2,057,272	-	-	-	2,057,272
Other comprehensive (loss) income for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(57,170)	(57,170)	(20,530)	199,490	-	121,790
Total comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	-	2,000,102	2,000,102	(20,530)	199,490	-	2,179,062
Issue of ordinary shares for cash	60,000	600,000	-	-	-	-	-	-	-	-	600,000
Value of share-based payment under employee share options	-	-	4,680	-	-	-	-	-	-	-	4,680
Adjustments to capital surplus of cash dividends to subsidiary	-	-	87	-	-	-	-	-	-	-	87
BALANCE AT DECEMBER 31, 2015	1,743,674	\$ 17,436,742	\$ 48,717	\$ 875,554	\$ 87,810	\$ 2,189,843	\$ 3,153,207	\$ 12,553	\$ 197,569	\$ (3,508)	\$ 20,845,280

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

SUNNY BANK LTD.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Audited after Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,363,423	\$ 2,320,039
Adjustments for:		
Depreciation expenses	164,511	142,987
Amortization expenses	8,593	8,930
Allowance (reversal of allowance) for doubtful accounts and guarantees	185,703	(221,857)
Interest expenses	2,893,346	2,584,009
Interest revenues	(6,999,927)	(6,252,883)
Dividend income	(47,636)	(80,583)
Decrease in provisions	(45,026)	(9,234)
Share-based payments	4,680	39,450
Share of profit of subsidiaries	(135,528)	(92,771)
(Gain) loss on disposal of property and equipment	(140)	1
Gain on disposal of available-for-sale financial assets	(76,500)	(23,720)
Reversal of impairment loss on financial assets	(7,792)	(16,128)
Impairment loss on non-financial assets	14,091	-
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	2,199,653	(5,691,247)
Decrease (increase) in financial assets at fair value through profit or loss	8,653,838	(3,428,077)
Decrease in receivables	114,176	76,081
Increase in discounts and loans	(22,732,317)	(12,641,532)
Decrease in due to the central bank and banks	(910,000)	(613,000)
Increase (decrease) in financial liabilities at fair value through profit or loss	9,314	(2,671)
(Decrease) increase in securities sold under agreements to repurchase	(1,053,380)	3,403,297
(Decrease) increase in payables	(489,147)	778,234
Increase in deposits and remittances	<u>32,472,807</u>	<u>28,151,768</u>
Net cash generated from operations	16,586,742	8,431,093
Interest received	6,969,824	6,136,121
Dividends received	118,609	143,787
Interest paid	(2,871,687)	(2,582,719)
Income tax (paid) received	<u>(116,346)</u>	<u>24,608</u>
Net cash generated from operating activities	<u>20,687,142</u>	<u>12,152,890</u>

(Continued)

SUNNY BANK LTD.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Audited after Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	\$(552,101,894)	\$(215,413,351)
Proceeds from disposal of available-for-sale financial assets	530,290,970	171,948,801
Acquisition of held-to-maturity financial assets	(841,105)	-
Proceeds from repayment of held-to-maturity financial assets	-	4,100
Acquisition of investments accounted for using equity method	(230,000)	-
Acquisition of property and equipment	(344,066)	(144,739)
Proceeds from disposal of property and equipment	158	3
Acquisition of intangible assets	(4,622)	(7,191)
Increase in other financial assets	-	(877,939)
Decrease in other financial assets	1,689,094	-
Decrease (increase) in other assets	<u>64,141</u>	<u>(23,195)</u>
Net cash used in investing activities	<u>(21,477,324)</u>	<u>(44,513,511)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued of bank debentures	1,800,000	3,000,000
Repayment of bank debentures on maturity	(500,000)	(3,204,900)
(Decrease) increase in other liabilities	(1,420)	13,878
Cash dividends	(317,674)	-
Proceeds from issue of ordinary shares	<u>600,000</u>	<u>2,000,000</u>
Net cash generated from financing activities	<u>1,580,906</u>	<u>1,808,978</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(109,348)</u>	<u>16,024</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	681,376	(30,535,619)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,616,809</u>	<u>42,152,428</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 12,298,185</u>	<u>\$ 11,616,809</u>

SUNNY BANK LTD.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the statement of cash flows with the equivalent items reported in the balance sheets at December 31, 2015 and 2014:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents in balance sheets	\$ 5,369,082	\$ 6,644,840
Due from the Central Bank and call loans to other banks reclassified as cash and cash equivalents under IAS 7 "Statement of Cash Flows"	<u>6,929,103</u>	<u>4,971,969</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 12,298,185</u>	<u>\$ 11,616,809</u>

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

(Concluded)

Sunny Bank Co., Ltd



Chairman: CHEN, SHENG-HUNG





**SUNNY
BANK**