(English Translation of Financial Report Originally Issued In Chinese)

JIH SUN INTERNATIONAL COMMERCIAL BANK CO., LTD.

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

AND

INDEPENDENT AUDITORS' REPORT

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version of difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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(English Translation)

JIH SUN INTERNATIONAL COMMERCIAL BANK CO., LTD.

FINANCIAL STATEMENTS

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(English Translation)
Independent Auditors' Report

The Board of Directors
Jih Sun International Commercial Bank Co., Ltd.

We have audited the accompanying balance sheets of Jih Sun International Commercial Bank Co., Ltd. as of December 31, 2011 and 2010, and the related statements of income, changes in stockholders' 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 generally accepted auditing standards in the Republic of China and under the Rules Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants. We were required to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement under those standards. Our audit work includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The assessments of the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation were also included in our audit. 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 Jih Sun International Commercial Bank Co., Ltd. as of December 31, 2011 and 2010, and the results of its operations and cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Publicly Held Banks", the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and generally accepted accounting principles in the Republic of China.

As stated in Note 3, effective from January 1, 2011, Jih Sun International Commercial Bank Co., Ltd. adopted the third amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement."

Jih Sun International Commercial Bank Co., Ltd. has prepared consolidated financial statements for the years ended December 31, 2011 and 2010, on which we have expressed a modified unqualified opinion with an added explanatory paragraph and an unqualified opinion, respectively, for reference.

KPMG
February 23, 2012
Taipei, Taiwan, R.O.C.

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued In Chinese)
JIH SUN INTERNATIONAL COMMERCIAL BANK CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010
(Expressed in Thousands of New Taiwan Dollars)

	December 31,		
	2011	2010	Change in
ASSETS：	Amount	Amount	%
Cash and cash equivalents (Notes 2(D) and 4(A))	$ 2,896,261	2,334,484	24
Due from the Central Bank and call loans to banks-net (Note 4(B))	25,689,180	35,460,920	(28)
Financial assets measured at fair value through profit or loss－ net (Notes 2 (E) (I) and 4(C))	17,346,272	23,787,876	(27)
Securities purchased under resell agreements (Note 2(J), 4(D) and 5(B))	1,289,263	453,095	185
Receivables—net (Notes 2(K)(L)(R) and 4(G) (H) and 5(B))	5,910,445	5,441,662	9
Discounts and loans—net (Notes 2(L), 4(H) and 5(B))	132,470,587	128,721,950	3
Available-for-sale financial assets—net (Notes 2(F) and 4(E))	14,767,111	2,102,179	602
Held-to-maturity financial assets—net (Notes 2(G) and 4(F))	300,000	300,000	-
Stock investments measured by equity method－net (Notes 2(M) and 4 (I))	43,411	47,533	(9)
Other financial assets—net (Notes 2(H) and 4(K))	1,086,488	1,163,674	(7)
Fixed assets－net (Notes 2(N) and 4(J))	3,971,686	4,237,973	(6)
Intangible assets (Notes 2(O)(P) and 4(L))	183,519	281,833	(35)
Other assets—net (Notes 2(Q)(R) and 4(K)(U))	1,266,957	1,417,853	(11)
TOTAL ASSETS	**$ 207,221,180**	**205,751,032**	**1**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities：			
Deposits from the Central Bank and other banks (Notes 4(N))	$ 10,463,002	6,967,852	50
Financial liabilities measured at fair value through profit or loss (Notes 2(I) and 4(M))	106,952	256,778	(58)
Securities sold under repurchase agreements (Notes 2(J)and 4(D))	5,548,743	384,973	1,341
Payables (Notes 4(O) and 5(B))	3,391,946	2,299,169	48
Deposits and remittances (Notes 4(P) and 5(B))	168,308,756	179,727,517	(6)
Financial bonds payable (Notes 4(Q))	2,500,000	2,500,000	-
Other financial liabilities	275,205	109,828	151
Other liabilities	234,158	248,304	(6)
Total Liabilities	190,828,762	192,494,421	(1)
Stockholders' Equity:			
Capital stocks (Note 4(S))	14,379,980	13,195,572	9
Retained earnings:			
Legal reserve (Note 4(T))	14,746	-	-
Undistributed earnings (Note 4(U))	1,937,244	49,154	3,841
Total Retained earnings	1,951,990	49,154	3,871
Unrealized gains on available-for-sale financial assets	60,448	11,885	409
Total stockholders' equity	16,392,418	13,256,611	24
Significant Commitments and Contingencies (Note 2 (T) and 7)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 207,221,180**	**205,751,032**	**1**

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

(English Translation of Financial Report Originally Issued In Chinese)
JIH SUN INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	2011 Amount	2010 Amount	Change in %
Revenues：			
Interest incomes (Note 5(B))	$ 3,712,052	3,461,161	7
Less: Interest expenses (Note 5(B))	1,379,708	1,183,846	17
Net interest income	2,332,344	2,277,315	2
Except for net interest income			
Net service fee income	707,717	985,363	(28)
Loss on financial assets or liabilities measured at fair value through profit or loss-net (Note 4(C)(M))	(72,079)	(155,777)	54
Realized gains (losses) on available-for-sale financial assets	1,012	(75,804)	101
Income from investment under the equity method (Note 4(I))	29,690	33,812	(12)
Net foreign exchange gains	815	83,229	(99)
(Impairment Loss on Assets) Reversal of Impairment Loss	(43,083)	159,182	(127)
Loss on disposal of foreclosed collaterals	(11,844)	(125,932)	91
Recovered bad debts	1,230,031	997,585	23
Gains on sale of non-performing loan	928,752	-	-
Others non-interest net income (Note 4(X) and 5(B))	173,666	17,217	909
Net Revenue	5,277,021	4,196,190	26
Provision for loan losses (Note 4(H))	691,542	568,970	22
Operating Expenses (Note 5(B) and 10(A))：			
Personnel expenses	1,451,266	1,361,469	7
Depreciation and amortization expenses	237,869	478,196	(50)
Other operating and administrative expenses	1,231,049	1,111,791	11
Total operating expenses	2,920,184	2,951,456	(1)
Total Expenses	3,611,726	3,520,426	3
Net Income Before Tax	1,665,295	675,764	146
Income Tax Benefit (Notes 2 (R) and 4(U))	(271,949)	(342,278)	21
Net Income	**$ 1,937,244**	**1,018,042**	90

	2011 Before income tax	2011 After income tax	2010 Before income tax	2010 After income tax
EPS (Expressed in New Taiwan Dollars)(Notes 2 (V) and 4(V))	**$ 1.20**	**1.40**	**0.52**	**0.79**
EPS (Expressed in New Taiwan Dollars)-retroactive adjustment			**0.52**	**0.79**

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

(English Translation of Financial Report Originally Issued In Chinese)

JIH SUN INTERNATIONAL COMMERCIAL BANK CO., LTD.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Expressed in Thousands of New Taiwan Dollars)

		Retained Earnings			Other adjustments to stockholders' equity	
	Capital Stock	Legal reserve	Undistributed earnings (Accumulated Losses)	Total	Unrealized gains on available-for-sale financial assets	Total
Balance, January 1, 2010	$ 12,045,572	-	(968,888)	(968,888)	(91,748)	10,984,936
Increase capital with cash	1,150,000	-	-	-	-	1,150,000
Change in unrealized gains on available-for-sale financial assets	-	-	-	-	103,633	103,633
Net gain for 2010	-	-	1,018,042	1,018,042	-	1,018,042
Balance, December 31, 2010	13,195,572	-	49,154	49,154	11,885	13,256,611
Increase capital with cash	1,150,000	-	-	-	-	1,150,000
Earnings appropriation and distribution:						
Provision for legal reserve	-	14,746	(14,746)	-	-	-
Retained earnings transferred to capital	34,408	-	(34,408)	(34,408)	-	-
Changes in unrealized gains on available-for-sale financial assets	-	-	-	-	48,563	48,563
Net gain for 2011	-	-	1,937,244	1,937,244	-	1,937,244
Balance, December 31, 2011	**$ 14,379,980**	**14,746**	**1,937,244**	**1,951,990**	**60,448**	**16,392,418**

Note: For the year ended December 31, 2011 and 2010, the employee bonuses and directors' remuneration had been deducted from the statements of income, please refer to Note 4(T).

The accompanying notes are an integral part of these financial statements.

(English Translation of Financial Report Originally Issued In Chinese)

JIH SUN INTERNATIONAL COMMERCIAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Expressed in Thousands of New Taiwan Dollars)

	2011	2010
Cash flows from operating activities：		
Net income	$ 1,937,244	1,018,042
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	134,069	162,630
Amortization	103,800	315,566
Bad debt expense	691,542	568,970
Losses on disposal of foreclosed collaterals	11,844	125,932
Investment income recognized under equity method	(29,690)	(33,812)
Cash dividends received from investees accounted for under the equity method	33,812	16,164
Losses on fixed assets retirement	5,523	3,414
Property and equipment transferred to expenses	26,419	66
Gains on disposal of property and equipment	(56,422)	(4,326)
(Reversal of) impairment loss on financial assets	(10,070)	363
Impairment loss (reversal of impairment loss) on non-financial assets	53,153	(159,545)
Changes in operating assets and liabilities-net：		
Changes in operating assets-net：		
Decrease (Increase) in financial assets held for trading	6,441,604	(20,124,650)
(Increase) Decrease in available-for-sale financial assets	(12,616,369)	411,138
Increase in receivables	(563,208)	(145,046)
Changes in operating liabilities-net：		
Decrease in financial liabilities held for trading	(149,826)	(52,585)
Increase (Decrease) in payables	1,092,777	(87,508)
Net cash used in operating activities	(2,893,798)	(17,985,187)
Cash flows from investing activities：		
Increase in held-to-maturity financial assets	-	(300,000)
Acquisition of property and equipment	(66,346)	(38,925)
Proceeds from disposal of property and equipment	220,900	33,845
Acquisition of intangible assets	(3,342)	(1,284)
Proceeds from disposal foreclosed collaterals	165,604	243,844
Decrease in due from the Central Bank and call loans to banks	9,771,740	5,383,717
Increase in discounts and loans	(4,301,829)	(3,318,059)
Increase in securities purchased under resell agreements	(836,168)	(453,095)
Decrease in other financial assets	87,256	273,508
(Increase) Decrease in other assets	(79,705)	19,864
Net cash provided by investing activities	4,958,110	1,843,415

(English Translation of Financial Report Originally Issued In Chinese)

JIH SUN INTERNATIONAL COMMERCIAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Expressed in Thousands of New Taiwan Dollars)

	2011	2010
Cash flows from financing activities：		
Repayment of financial debentures	$ -	(4,000,000)
Increase in securities sold under repurchase agreements	5,163,770	227,473
Increase in other financial liabilities	165,377	34,228
(Decrease) Increase in other liabilities	(58,071)	66,979
Capital increase by cash	1,150,000	1,150,000
Increase (Decrease) in deposits from the Central Bank and other banks	3,495,150	(3,886,378)
(Decrease) Increase in deposits and remittances	(11,418,761)	21,928,586
Net cash (used in) provided by financing activities	(1,502,535)	15,520,888
Net Increase (Decrease) in cash and cash equivalents	561,777	(620,884)
Cash and cash equivalents, Beginning of the year	2,334,484	2,955,368
Cash and cash equivalents, End of the year	**$ 2,896,261**	**2,334,484**
Supplemental disclosures of cash flow information：		
Interest paid during the year	**$ 1,340,560**	**1,251,239**
Income taxes paid during the year	**$ 73,647**	**53,354**

The accompanying notes are an integral part of these financial statements.

1. OVERVIEW

Jih Sun International Commercial Bank Co., Ltd. was founded and commenced its organization on June 25, 1990, originally as “Baodao Commercial Bank Ltd.” On August 10, 1991, by the Ministry of Finance Tai- Cai- Rong No. 801625754, the Company was authorized to operate as a commercial bank. As of February 1, 1992, its paid-in capital amounted to $10,000,000 and its establishment of the Bank was approved on March 26, 1992. The operation of the Bank commenced on April 9, 1992. As of December 31, 2011, its outstanding capital stock amounted to $14,379,980.

The main operations of the Bank include managing customers’ deposits, extending loans, acting as collection agent, and investing in government bonds, stocks, short-term bills, securities, financial debentures, and other businesses approved by the competent authority of the Central Government. The trust business includes domestic and overseas fund purchases and sales entrusted by customers, employee investments and trust, etc.

On May 16, 2001, the shareholders of the Bank resolved during their meeting and changed its name to Jih Sun International Commercial Bank Co., Ltd., in order to expand business and promote the Bank’s image. Furthermore, in order to fully utilize the economic scale and operating synergies, the shareholders also resolved during their special meeting on December 14, 2001, to establish Jih Sun Financial Holding Co., Ltd. via a stock swap plan with Jih Sun Securities Co., Ltd. The conversion date of record was February 5, 2002.

The Bank's parent company and ultimate parent company are Jih Sun Financial Holding Co., Ltd. As of December 31, 2011 and 2010, the Bank had approximate 1,560 and 1,529 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank’s financial statements were prepared in accordance with the Rules Governing the Preparation of Financial Reports by Publicly Held Banks, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

The significant accounting policies were summarized as follows:

(A) Accounting Estimation

In conformity with aforementioned guidelines, while the Bank prepares financial statements which are in relation to bad debt allowance, depreciation of property and equipment, pension, asset impairment and guarantee reserve, etc., it has to use the reasonable estimated amount. The actual results may be differed from management’s estimation because of the estimation was based on the uncertain situation.

(B) Assets Impairment

In accordance with SFAS No. 35, unless inapplicable, the recoverable amount (individual assets or cash generating units other than goodwill) of an asset is estimated and compared with the carrying amount whenever there is an indication that the asset may be impaired. An impairment loss is recognized when the recoverable amount is less than the carrying amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The book value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(C) Foreign Currency Transactions

The non-derivative foreign currency transactions of the Bank are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling on the balance sheet date. Any resulting exchange differences are included in the income statement. Non-monetary assets and liabilities are measured in terms of historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange ruling at the balance sheet date. Any exchange differences resulting from fair value variation through profit and loss are included in the income statement, and exchange differences resulting from fair value variation through equity are accounted for under equity adjustments.

(D) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checks for clearing, petty cash and due from other banks.

(E) Financial assets or liabilities carried at fair value through profit or loss:

Financial assets or liabilities held for trading and financial assets or liabilities designated as at fair value through profit or loss are included. Financial assets or liabilities are classified as held for trading if they have been acquired principally for the purpose of selling or repurchasing in the near term. The financial instruments are initially recognized at fair value, and the transaction cost is recognized as current expense. The fair value is re-measured and the gain or loss from such re-measurement is recognized as current profit or loss. At the time of purchasing/selling financial assets or liabilities, they are recorded on trade date. The financial assets such as the hybrid instrument which the main contract and embedded derivative should be separately identify but failed to separately revaluate at acquiring date or at each balance sheet date, should be classified under this account. The derivative financial instruments held by the Bank, except for those designated as hedging instruments, are classified under this account.

(F) Available-for-sale financial assets:

The available-for-sale financial assets are initially recognized at fair value, and the transaction cost is recognized as current expense. The fair value is re-measured. Any gain or loss on available-for-sale financial assets is recognized directly in equity, except for impairment losses. When the financial assets are derecognized, the cumulative gain or loss previously recognized in equity is charged to profit or loss. The ordinary purchasing or selling of financial assets are recorded on the trade date. If there is objective evidence that an available-for-sale financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. If in a subsequent period, the impairment loss of the available-for-sale equity instruments decreases, the amount of the decrease shall not be reversed through profit or loss. If in a subsequent period, the amount of the impairment loss of the available-for-sale debt instruments decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

(G) Held-to-maturity financial assets:

Debt instruments which the Bank has a positive intention and the ability to hold to maturity are recorded under held-to-maturity financial assets and measured at amortized cost. The financial instruments are initially recognized at fair value, and the transaction cost is recognized as current expense, gain or loss is recognized in profit or loss when the financial asset is derecognized or impaired, and through the amortization process. The ordinary purchasing or selling of financial assets are recorded on the trade date. If there is objective evidence that a held-to-maturity financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed through the profit or loss. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized.

(H) Financial assets carried at cost:

Equity instruments with no significant influence and whose fair value cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost is impaired, the carrying amount of the assets is reduced and impairment loss is recognized. However, the impairment losses may not be reversed subsequently.

(I) Derivative Financial Instruments

a. Forwards

Foreign-denominated assets and liabilities of forwards are translated using exchange rates on the date of contract settlement. Gain or loss, due to exchange rate discrepancies at maturity, is accounted as earning or loss during the period. On the balance sheet date, unsettled positions are adjusted by the forward exchange rate of the remaining period of contracts, with differences caused thereby reflected as current exchange gains or losses.

Accounts receivables and payables arising from forward contracts, as shown above, are offset on the balance sheet date, with the difference reflected as assets or liabilities.

b. Non-delivery forward (NDF) contracts

Because there is no physical transfer of principal in non-delivery forward transactions, only memo entries of notional principals are made on the contract date. On the date of settlement, gains and losses from discrepancies between the spot and contract rates are accounted as gains or losses during the period. Unsettled positions on the balance sheet date are adjusted by the forward rates for the remaining contract period, with differences reflected as current exchange gains or losses.

c. Foreign currency swaps

Memo entries of notional principals are made on the contract date for foreign currency swaps. On the balance sheet date, accounts receivables and payables arising from forward contracts are offset on the balance sheet date, with the difference reflected as assets or liabilities. Prior to the contract maturity, the unrealized trading gain or loss is recognized as the discrepancy between the spot and the contract rate; on the contract settlement date, the realized trading gain or loss is recognized as the discrepancy between the spot and the contract rate.

d. Option

Only memo entries of notional principals are made on the contract date for options. Premium payment or collection, while buying or selling, is recognized as the account of call or put option. On the balance sheet date, the evaluation gain or loss is recognized as gain or loss arising from the difference of the market price. Gain or loss resulting from the exercise of options is recognized currently as transaction gain or loss.

e. Future

Only memo entries of notional principals are made on the contract date for futures. Premium is reflected as guarantee deposits paid or guarantee deposits received when paid or collected. On the balance sheet date, the evaluation gain or loss is recognized as gain or loss arising form the discrepancy between contract and market price. Gain or loss resulting from the exercise of options is recognized currently as transaction gain or loss.

f. Interest rate swaps

As no principal amounts are exchanged for interest swaps upon settlement, the transactions are recorded in the memo account on the contract dates. For interest rate swap contracts used for trading purposes, the transaction gain or loss is recognized as the discrepancy between the present value of the future interest income and the current market price.

(J) Securities under repurchase / resell agreements

Securities purchased / sold under resell / repurchase agreements are treated as financing transactions. When the Bank prepares the financial statements, the transactions are recognized as "securities purchased under resell agreements". The difference between the purchase price and resell price is treated as interest income.

Securities sold with a commitment to repurchase them at predetermined price are treated as financing transactions. If all risks and rewards reside in the Bank during the transaction period, the difference between the selling price and repurchase price is treated as interest expense and recognized over the term of the agreement. On the selling date, these agreements are recognized as the securities sold under repurchase agreement.

(K) Accounts Receivable of Credit Card Transactions

Consumer loans to credit card holders are recognized by the amounts submitted from the shops, excluding unearned revenue. Interest income thereon is recognized on an accrual basis using the interest method.

(L) Loans

Loans, including direct lending by the Bank or loans purchased from other financial institutions, excluding: (i) loans for trading purposes; (ii) loans that are measured at fair value. The loan is recognized when the cash outflow occurs, and it is derecognized when the borrowers make the repayment, it is sold out, or it is written off. Loans are initially recognized at fair value plus incremental direct transaction costs, the interest income is recognized with the effective interest rate method, which is carried at amortized costs less impairment losses.

Non-accrual loans

"Non-performing loans"refer to those loans for which the principal or interest has been overdue for three 3 months or more, and those loans which the principal or interest has not yet been overdue for more than three 3 months ,but with regard to which the Bank has sought payment from primary/subordinate debtors or has disposed of collateral. All non-performing loans shall be transferred to non-accrual loans account item within six (6) months after the end of the payment period. However, those restructured loans to be performed in accordance with the restructure agreement shall not be subject to this restriction. Interest shall not be accrued to non-performing loans that are transferred to non-accrual loans account item. However, loan collection shall continue as per the terms of the relevant agreement.

According to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing and Non-Accrued Loans", loan and other credit balance had been due for payment,but not yet been paid after 6 months, will be reclassified to the non-accrual account including the related accrued interest.

Non-accrual loans reclassified from loans are accounted for under discounts and loans, and other non-accrual loans reclassified from guarantees, acceptances, and receivables-credit card advances are accounted for under other financial assets.

Allowances for bad debts

Adequate allowance for bad debts is provided by assessing the balance, under the definition of loans and receivables in SFAS No. 34, in accordance with SFAS No. 34, the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans," and the "Regulations Governing Institutions Engaging in Credit Card Business".

The third amendment of SFAS No. 34 was effective from January 1, 2011; the carrying value of loans and receivables within applicable scope as of the end of prior year should be measured at amortized cost in which SFAS No. 34 was initially applied. Under the definition of loans and receivables in SFAS No. 34, the objective evidence should be identified first to reveal impairment existing for financial assets that are individually significant; its impairment should be assessed individually; whereas financial assets that are not individually significant, the impairment should be assessed collectively. If no objective evidence of impairment exists for an individually assessed financial asset, it should be further included in a set of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Because an impairment of individually assessed financial assets is continued to be recognized, it is not required to be assessed collectively.

If there is an objective evidence that an impairment loss on financial assets has been incurred, the amount of the loss is recognized and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate; when an impairment loss on financial assets has been incurred, the carrying amount of financial assets is reduced through allowance for loss and the amount of the loss should be recognized as bad debt expenses in profit or loss in the current period. The estimation of future cash flows includes the recoverable amount of collateral and related insurance when determining the amount of the loss.

The aforesaid object evidences include:

a. Significant financial difficulty of the issuer or obligor;

b. A breach of contract, such as a default or delinquency in interest or principal payments;

c. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

d. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

e. The disappearance of an active market for that financial asset because of the issuer's financial difficulties;

f. Adverse changes in the payment status of the borrowers; and

g. Changes in national or local economic conditions that correlate with defaults on the assets.

In accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans" commencing on January 1, 2011, the allowance for bad debts are determined by the sum of 0.5% of the balance of Category One credit assets, 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and 100% of the balance of Category Five credit assets, these are the minimum requirements of provision for bad debts and guarantee reserve.

The Bank provides reserve for guarantee liabilities for off-balance-sheet non-loan assets in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans".

Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion that have one of the following characteristics shall be written off:

a. The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

b. The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the bank might collect [from the debtor(s)] where there is no financial benefit in execution.

c. The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the bank's taking possession of such collateral.

d. More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the efforts of collection have failed.

Any non-performing loans or non-accrual loans which were overdue more than six months but less than two years, subtracting the estimated recoverable portion, could be written off after the efforts of collection have failed.

(M) Investments Under The Equity Method

Investee in which the Bank and its subsidiaries directly or indirectly, hold more than 20% of the outstanding stocks with voting rights, or hold less than 20% of outstanding stocks with voting rights but has significant influence over the investment are accounted for under the equity method.

Upon disposition, gain or loss on disposal of long-term equity investment is calculated based on the difference between selling price and book value. The remaining capital surplus arising from long-term equity investment is adjusted to profit or loss proportionate to sales proceeds.

(N) Fixed Assets, and Depreciation

Fixed Assets are stated at acquirable cost. Major additions, improvements, and replacements are capitalized, while maintenance and repairs are expensed currently.

Depreciation is computed using the straight-line method over the durable life; improvement of the leasehold, in accordance with the shorter duration of its rental agreement or its estimated useful life, is computed using the average method of amortization. Depreciable assets still in use after their original estimated useful lives may be depreciated over their estimated remaining useful lives based on their residual value. Useful lives of major premises and equipment are as follows: buildings, 5 to 60 years; transportations and equipments, 5 years; other equipments, 3 to 5 years; leasehold improvements, 5 years.

Gain or loss on disposal of Fixed Assets is recognized as the other non-interest net income or loss.

(O) Intangible Assets

The operation right of the Bank was resulted from the solely acquisition of the assets, liabilities and the operational value of the operational rights of branches from the trust department of Taiwan Land Development Corporation.

Effective from January 1, 2007, the Company adopted Statement of Financial Accounting Standards No. 37 (SFAS No. 37) "Intangible Assets". In accordance with SFAS No. 37, the intangible asset shall be measured initially at cost. Subsequently, an intangible asset shall be measured at its cost plus revaluation increment revalued in accordance with the laws, less any accumulated amortization and any accumulated impairment losses.

After the assessments, all intangible assets of the Bank have limited useful life. The amortization of the intangible assets was recognized as an expense on a straight-line basis over the estimated useful life of the assets; moreover, while the estimated useful life of the asset has impaired, the impairment test shall be undertaken.

The estimated useful life for the several intangible assets is as follows:

a. Computer Software 5 years

b. Operation Right 5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least at each financial year-end. These changes shall be recognized as changes in accounting estimates.

(P) Goodwill

The goodwill arises from merger or fair market value of net assets, the goodwill can be recognized when the purchase price is greater than fair market value of net assets. The goodwill arise from merger does not need to be amortized. However, impairment losses are recognized while the recoverable amount is less than the carrying amount. Impairment losses cannot be reversed once an impairment loss has been recognized.

(Q) Valuation Method of Foreclosed Collaterals

Foreclosed collaterals are stated at estimated net fair market value, and the difference between it and the nominal value of the original claim is reflected as bad debt loss. On the balance sheet date, if the foreclosed collaterals are still unsold, the net fair market value shall be reassessed, and the difference after reassessment is accounted for under impairment loss on assets if there is sufficient evidence indicating that the net fair market value is lower than the book value of foreclosed collaterals.

(R) Income Tax

The Bank adopts SFAS No. 22 "Income Taxes" for the purposes of making inter- and intra-period income tax allocation, to calculate its income tax. In accordance with SFAS NO.22 the discrepancy between the book value and tax basis of the asset and liability is recognized as deferred tax in relation to the appropriate tax rate of the expected reversal year. Moreover, the income tax effects from taxable temporary differences are recognized as deferred tax liabilities, while deductible temporary differences, prior-years' loss carry forward benefits, investment tax credits, and income tax credits are recognized as deferred tax assets but subject to management's judgment as to whether the realization is more likely than not.

The 10% surtax on undistributed earnings is recorded as current expense on the date of the annual stockholders' meeting held by the board of directors on behalf of shareholders for declaring the distribution of earnings.

For the year ended December 31, 2003, the Bank files a consolidated corporate income tax return with its parent company and Jih Sun Securities Co., Ltd. and Jih Sun International Property Insurance Agency Co., Ltd. In accordance with Interpretation (92) No.240 issued by the Accounting Research and Development Foundation on October 3, 2003, the Bank adopted a reasonable and systematic way of amortization to recognize a payable or receivable in relation to estimate the amount of income tax.

(S) Retirement Plan

The Bank has a defined benefit and contributory retirement plan for its employees. Under this plan, contribution is made annually to an independent pension fund at rates ranging from 4% to 8.5% of the employees monthly salary. In addition, the pension fund is independently managed by Pension Fund Administration Committee.

The Bank contributes monthly no less than 2% of gross salary to the employee pension fund which is deposited into a designated depository account with the Bank of Taiwan (previously known as Central Trust of China). Pension funds will be offered to employees according to the number of the years served in the company with two units per year. Those who work for longer than 15 years will be offered one unit a year. The highest they could receive would be 45 units. The units of less than 6 months will be counted as half year, and those units which are longer than six months will be counted as one year.

Effective from May 1, 1997, the Bank is covered by the Labor Standards Law and as such, its pension fund contribution conforms to the Labor Standards Law. The Labor Pension Act of R.O.C. ("the Act"), effective from July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Bank (who were hired before July 1, 2005) may elect to be subject to either the Act and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Bank after July 1, 2005, are required to be covered by the pension plan as defined by the Act. For employees subject to this Act, the Bank is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages and deposit the contribution in a personal retirement benefit account.

Net pension cost recognized in accordance with SFAS No. 18 includes the current service cost, interest cost, expected return on plan assets, gain or loss from curtailment or settlement, unrecognized net transition asset, and amortization of gain or loss on pension fund. Unrecognized net transition asset is amortized on straight-line basis over the expected average remaining service period, and gain or loss on pension fund is amortized on the average remaining service period.

(T) Commitments and Contingent Liabilities

If the losses from commitments and contingencies are deemed probable and the amount can be estimated reasonably, such amount of losses are recorded in the current period; otherwise, only the nature of commitments and contingencies are disclosed in the notes to financial statements.

(U) Employee Bonuses and Directors' Remuneration

Commencing from January 1, 2008, the Bank estimates the amount of employee bonuses and directors' remuneration according to Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation and recognizes it as operating expenses. If later the actual allocation amount pursuant to a resolution of the Bank's board of directors on behalf of shareholders is different from the estimated amount recognized in the financial statements, the difference is accounted for as changes in accounting estimates and recognized as profit or loss of the current period.

(V) Earnings Per Share (EPS)

EPS is calculated as dividing the net income (minus preferred stock dividends), by the weighted-average shares outstanding during the period. In the case of capital increase through capitalization of retained earnings and capital surplus, EPS is retrospectively adjusted. When the capital decreased against deficit losses, EPS also is retrospectively adjusted.

(W) Operating segments

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank). The segment's operating results are reviewed regularly by the Bank's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance. The Bank provides financial information to the board of directors each month for reviewing the operational performance and the plan on resource allocation. The resource allocation plan was executed after the resolution of the board of directors, thus, the chief operating decision maker of the Bank is the board of directors.

3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES:

Effective from January 1, 2011, the Bank adopted the third amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement."In accordance with SFAS No. 34, loans and receivables should apply the regulations on recognition, subsequent evaluation, and impairment in SFAS No. 34. The troubled debt restructuring and negotiated debt instruments with new contracts and modification of terms were also in accordance with the third amendment of SFAS No. 34 effective from January 1, 2011. For the year ended December 31, 2011, changes in accounting principle has resulted the provision for loan losses (allowance for bad debts) increased by $481,091, and net income and basic EPS after tax decreased by $399,306 and $0.29 (dollar), respectively.

Effective from January 1, 2011, the Bank adopted SFAS No. 41"Operating Segments". In accordance with SFAS No. 41, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. The Bank determines and presents operating segments based on the information that internally is provided to the chief operating decision maker. The Standard also supersedes SFAS No. 20 "Segment Reporting". For the year ended December 31, 2011, such changes in accounting principle did not have any impact on the Bank's net income.

4. SUMMARY OF MAJOR ACCOUNTS

(A) Cash and cash equivalents

		December 31, 2011	December 31, 2010
Cash on hand	$	919,278	1,020,886
Petty cash		2,610	2,570
Checks for clearing		430,499	296,771
Foreign currencies on hand		183,686	172,664
Due from other banks		1,360,188	841,593
Total	**$**	**2,896,261**	**2,334,484**

Checks for clearing consisted of checks deposited in the Bank after the checks clearing cut-off time.

(B) Due from the central bank and call loans to banks - net

		December 31, 2011	December 31, 2010
Due from the Central Bank - general account	$	2,615,436	2,448,253
Due from the Central Bank - deposit reserve		4,504,590	4,802,878
Financial center		306,010	308,098
Central Bank time deposits		14,600,000	26,400,000
Call loans to banks		3,663,144	1,501,691
Total	**$**	**25,689,180**	**35,460,920**

Deposit reserve relates to reserve funds deposited in a designated account with the Central Bank, in accordance with the Banking Law, Article No. 42, "Adjustment and Examination of Bank Deposit Reserve."

(C) Financial assets measured at fair value through profit or loss- net

As of December 31, 2011 and 2010, the financial assets held for trading of the Bank were as follows:

	December 31, 2011	December 31, 2010
Financial assets held for trading :		
Government bonds	$ 8,581,187	17,984,409
Corporate bonds	6,382,319	4,611,283
Convertible Corporate bonds	62,031	45,219
Exchangeable Corporate bonds	19,460	-
Overseas bonds	639,481	448,369
Listed and OTC Securities	1,513	80,675
Commercial papers	1,486,253	-
Beneficiary certificates	-	342,967
Derivatives financial instruments	104,901	253,581
Futures margin	69,127	21,373
Total	**$ 17,346,272**	**23,787,876**

There is no financial asset designated on initial recognition as one to be measured at fair value through profit or loss.

Please refer to Notes 6 for information with regard to the restricted financial assets held for trading shown above. Net realized (loss) gain on the financial assets held for trading of the Bank amounted to $(174,209) and $28,747, and net unrealized loss amounted to $86,174 and $285,732 in 2011 and 2010, respectively.

(D) Securities purchased/ sold under resell/repurchase agreements

As of December 31, 2011 and 2010, the securities purchased/sold under resell/ repurchase agreements were as follows:

	December 31, 2011		
	Amount	Due to resell/ repurchase term	Due to interest rate interval %
Securities purchased under resell agreements	1,289,263	2012/1/2-2012/1/6	0.80-0.87
Securities sold under repurchase agreements	(5,548,743)	2012/1/4-2012/2/24	0.35-0.82

	December 31, 2010		
	Amount	Due to resell/ repurchase term	Due to interest rate interval %
Securities purchased under resell agreements	453,095	2011/1/3	0.47-0.48
Securities sold under repurchase agreements	(384,973)	2011/1/4-2011/1/11	0.52-0.55

The trading objective of the securities under resell and repurchase agreements shown above, were the central government bonds, financial debentures, commercial papers, corporate bonds, overseas bonds and MBS.

(E) Available-for-sale financial assets- net

	December 31, 2011	December 31, 2010
Government bonds	$ 10,101,756	1,394,695
Corporate bonds	4,662,175	703,314
Listed and OTC securities	3,180	4,170
Total	**$ 14,767,111**	**2,102,179**

(F) Held-to-maturity financial assets – net

	December 31, 2011	December 31, 2010
Private placement of corporate bonds	**$ 300,000**	**300,000**

(G) Receivables-net

	December 31, 2011	December 31, 2010
Accounts receivable for credit cards	$ 1,193,532	1,425,323
Notes receivable	-	6,000
Accounts receivable	209,494	199,334
Interest receivable	497,590	436,673
Acceptance receivable	378,654	242,075
Factoring receivables - without recourse	1,163,135	878,954
Other receivables - finanical holdings	1,682,377	1,430,028
Other receivables	112,696	245,206
Receivable from long term government bonds	-	200,000
Receivable from government bonds held for trading	50,054	96,273
Receivable from pre-issuing trading bonds	750,000	200,000
Receivable from foreign currency marketable securities	30,570	187,717
Subtotal	6,068,102	5,547,583
Less: Allowance for bad debts	(157,657)	(105,921)
Total	**$ 5,910,445**	**5,441,662**

Receivables and its allowance for bad debts, which were subject to the impairment test under the third amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement", were as follows:

Items		**Receivables**	**Allowance for bad debts**
		December 31, 2011	**December 31, 2011**
With the objective evidence of impairment	Individual assessment of impairment	79,428	75,725
	Collective assessment of impairment	8,777	5,201
Without the objective evidence of impairment	Collective assessment of impairment	5,979,897	76,731
Total		6,068,102	157,657

(H) Discounts and loans- net

	December 31, 2011	**December 31, 2010**
Loans	$ 133,464,154	128,187,719
Export remittances	21,643	1,689
Non-accrual loans	402,789	1,717,433
Subtotal	133,888,586	129,906,841
Adjustment of discount and premium	(79,113)	-
Less: Allowance for credit losses	(1,338,886)	(1,184,891)
Total	**$ 132,470,587**	**128,721,950**

a. As of December 31, 2011 and 2010, the Bank's capital adequacy ratios were 11.44% and 9.44%, respectively, and there were no loans written-off without prior recourse.

b. As of December 31, 2011 and 2010, the balance of bad debt allowance on loans and advances amounted to $1,576,741 and $1,295,050, respectively, and the changes in allowance for credit losses were as follows:

Year Ended December 31,2011	Beginning Balance	Provision	Settlement	Recovery of bad debt	Amount written off	Reclassification	Adjustment for exchange rate fluctuation	Ending Balance
Allowance for bad debts - accounts receivable	$ 100,931	93,530	-	15,906	(58,058)	-	(51)	152,258
Allowance for bad debts - other receivables	4,990	895	-	-	-	(479)	(7)	5,399
Allowance for credit losses - bills and discounts	187	-	-	-	-	(185)	(2)	-
Allowance for credit losses - short-term loans and overdrafts	1,949	-	-	-	-	(1,889)	(60)	-
Allowance for credit losses - short-term secured loans and overdrafts	349	-	-	-	-	(349)	-	-
Allowance for credit losses - medium-term loans	602	-	-	-	-	(589)	(13)	-
Allowance for credit losses - medium-term secured loans	801	-	-	-	-	(801)	-	-
Allowance for credit losses - long-term loans	671	-	-	-	-	(671)	-	-
Allowance for credit losses - long-term secured loans	6,922	-	-	-	-	(6,922)	-	-
Allowance for credit losses – discounts and loans	-	553,192	(6,881)	30,617	(424,737)	1,186,619	76	1,338,886
Allowance for credit losses - non-accrual loans	1,173,410	-	-	1,324	-	(1,174,734)	-	-
Allowance for guarantee reserve	4,238	43,925	-	-	-	32,036	(1)	80,198
Total	**$ 1,295,050**	**691,542**	**(6,881)**	**47,847**	**(482,795)**	**32,036**	**(58)**	**1,576,741**

Year Ended December 31,2010	Beginning Balance	Provision	Settlement	Recovery of bad debt	Amount written off	Reclassification	Adjustment for exchange rate fluctuation	Ending Balance
Allowance for bad debts - accounts receivable	$ 118,434	97,746	-	11,108	(122,905)	(2,300)	(1,152)	100,931
Allowance for bad debts - other receivables	4,306	4	-	-	-	706	(26)	4,990
Allowance for credit losses - bills and discounts	3,089	-	-	-	-	(2,900)	(2)	187
Allowance for credit losses - short-term loans and overdrafts	2,602	387	(1,861)	-	(387)	1,300	(92)	1,949
Allowance for credit losses - short-term secured loans and overdrafts	349	-	-	-	-	-	-	349
Allowance for credit losses - medium-term loans	918	-	(295)	-	-	-	(21)	602
Allowance for credit losses - medium-term secured loans	1,301	-	-	-	-	(500)	-	801
Allowance for credit losses - long-term loans	671	-	-	-	-	-	-	671
Allowance for credit losses - long-term secured loans	6,922	-	-	-	-	-	-	6,922
Allowance for credit losses - non-accrual loans	1,191,199	470,833	(1,919)	21,266	(511,663)	3,694	-	1,173,410
Allowance for guarantee reserve	4,258	-	-	-	-	-	(20)	4,238
Total	**$ 1,334,049**	**568,970**	**(4,075)**	**32,374**	**(634,955)**	**-**	**(1,313)**	**1,295,050**

c. The Bank had recognized the non-accrual loan as the other loans and credit extensions which had been classified into non-accrual account. Loans which are overdue within six months from the due date should be classified into non-accrual account. The accrual of interest thereon is discontinued for internal purposes, whereas continues for external purposes. In addition, the interest accrual should be noted in each sub-account or through a memo entry. The accrued interest on overdue loans prior to reclassification into the "non-accrual loan" account should be combined with the principal and transferred into the "non-accrual loan" account. As of December 31, 2011 and 2010, the Bank's loans and advances without accruing interest amounted to $402,285 and $1,695,966, respectively.

d. For the years ended December 31, 2011 and 2010, the overdue interest and principal without accruing interest for loans and advances amounted to $27,052 and $41,331, respectively.

e. Loans and its allowance for credit losses, which were subject to the impairment test under the third amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement", were as follows:

Items		Loans	Allowance for credit losses
		December 31, 2011	December 31, 2011
With the objective evidence of impairment	Individual assessment of impairment	2,986,954	201,894
	Collective assessment of impairment	110,717	46,424
Without the objective evidence of impairment	Collective assessment of impairment	130,790,915	1,090,568
Total		133,888,586	1,338,886

(I) Stock investments measured by equity method- net

Name of invested company	December 31, 2011 Percentage of Ownership	December 31, 2011 Book value	December 31, 2010 Percentage of Ownership	December 31, 2010 Book value
Jih Sun Life Insurance Agency Co., Ltd	**99.00**	**$43,411**	**99.00**	**47,533**

Investment income recognized under the equity method for the years ended December 31, 2011 and 2010 were as follows:

	2011	2010
Jih Sun Life Insurance Agency Co., Ltd.	**$ 29,690**	**33,812**

(J) Fixed assets-net

December 31, 2011	Cost	Accumulated Depreciation	Net
Land	$ 2,343,709	-	2,343,709
Buildings	2,266,169	802,007	1,464,162
Transportation equipment	4,338	4,226	112
Other equipment	869,220	794,378	74,842
Leasehold improvements	283,983	209,002	74,981
Construction in progress	3,960	-	3,960
Prepayment for equipment	9,920	-	9,920
Total	**$ 5,781,299**	**1,809,613**	**3,971,686**

December 31, 2010	Cost	Accumulated Depreciation	Net
Land	$ 2,461,528	-	2,461,528
Buildings	2,327,944	767,108	1,560,836
Transportation equipment	4,379	4,194	185
Other equipment	1,064,403	965,127	99,276
Leasehold improvements	282,139	207,795	74,344
Construction in progress	9,102	-	9,102
Prepayment for equipment	32,702	-	32,702
Total	**$ 6,182,197**	**1,944,224**	**4,237,973**

The property and equipments listed above were not pledged as collateral.

(K) Other financial assets and other assets- net

	December 31, 2011	December 31, 2010
Other Financial Assets- Net:		
Financial assets carried at cost	$ 524,613	531,229
Less: accumulated impairment		
-Financial assets carried at cost (Note)	(29,898)	(39,969)
Financial assets carried at cost - net	494,715	491,260
Short-term advances	418,293	499,011
Refundable deposits	173,480	173,403
Total	**$ 1,086,488**	**1,163,674**

Note: For the year ended December 31, 2011, the evidence showed that investments in Super Tech Venture Capital Corporation and First Bio Venture Capital Corporation have impaired, so the Bank has recognized impairment losses amounted to $2,061 and $1,203, respectively. Due to Concord IV Venture Capital Co., Ltd decreased its capital and returned cash to the Bank, reversal of impairment $13,334 was recognized.

For the year ended December 31, 2010, the evidence showed that investments in Han Rong Venture Capital Investment Corporation, Da Chiang International Co., Ltd and First Bio Venture Capital Corporation have impaired, the Bank has recognized impairment losses amounted to $115, $157 and $91, respectively.

	December 31, 2011	December 31, 2010
Other Assets-Net:		
Deferred income tax assets	$ 3,798,395	4,481,604
Less: Allowance for deferred income tax assets	(3,768,899)	(4,453,748)
Less: Deferred income tax liabilities	(29,496)	(27,856)
Sub-total	-	-
Foreclosed collaterals	1,091,015	1,268,464
Less: accumulated impairment - foreclosed collaterals	(206,388)	(153,235)
Foreclosed collaterals - net	884,627	1,115,229
Prepayments	377,730	298,024
Others	4,600	4,600
Total	**$ 1,266,957**	**1,417,853**

(L) Intangible assets

For the years ended December 31, 2011 and 2010, the details of the intangible asset of original cost, and accumulated amortization amounts are presented below:

Original Cost	Goodwill	Operation right	Computer software	Total
Beginning balance-2010/1/1	$ 37,616	1,522,342	789,250	2,349,208
Purchase	-	-	9,254	9,254
Retirement	-	-	(47,979)	(47,979)
Ending balance-2010/12/31	**$ 37,616**	**1,522,342**	**750,525**	**2,310,483**
Beginning balance-2011/1/1	$ 37,616	1,522,342	750,525	2,310,483
Purchase	-	-	5,486	5,486
Retirement	-	-	(27,723)	(27,723)
Ending balance-2011/12/31	**$ 37,616**	**1,522,342**	**728,288**	**2,288,246**

Accumulated Amortization	Goodwill	Operation right	Computer software	Total
Beginning balance-2010/1/1	$ (4,702)	(1,329,536)	(426,825)	(1,761,063)
Amortization	-	(192,806)	(122,760)	(315,566)
Retirement	-	-	47,979	47,979
Ending balance-2010/12/31	**$ (4,702)**	**(1,522,342)**	**(501,606)**	**(2,028,650)**
Beginning balance-2011/1/1	$ (4,702)	(1,522,342)	(501,606)	(2,028,650)
Amortization	-	-	(103,800)	(103,800)
Retirement	-	-	27,723	27,723
Ending balance-2011/12/31	**$ (4,702)**	**(1,522,342)**	**(577,683)**	**(2,104,727)**

Book Value	Goodwill	Operation right	Computer software	Total
Beginning balance-2010/1/1	**$ 32,914**	**192,806**	**362,425**	**588,145**
Ending balance-2010/12/31	**$ 32,914**	**-**	**248,919**	**281,833**
Beginning balance-2011/1/1	**$ 32,914**	**-**	**248,919**	**281,833**
Ending balance-2011/12/31	**$ 32,914**	**-**	**150,605**	**183,519**

For the years ended December 31, 2011 and 2010, intangible assets are amortized and accounted for under operating expenses amounting to $103,800 and 315,566, respectively.

In the year 2002 the Bank merged with XinYing credit co-operative in Tainan County for the purchase price over the fair value of its identifiable net asset amounted to $94,039. The goodwill was originally amortized over 60 months; however, after the 39th month of amortization, the goodwill is no longer amortized in accordance with Statement of Financial Accounting Standards (SFAS) No. 37, Section 92. The Bank implements goodwill impairment test annually.

(M) Financial liabilities measured at fair value through profit or loss

	December 31, 2011	December 31, 2010
Derivative financial liabilities	**$ 106,952**	**256,778**

For the years ended December 31, 2011 and 2010, the net realized gains on financial liabilities held for trading amounted to $37,941 and $47,461, and the net unrealized gain amounted to $150,363 and $53,747, respectively.

(N) DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31, 2011	December 31, 2010
Deposits from other banks	$ 3,163,466	2,927,473
Loan financing from other banks	3,699	-
Call loans from other banks	3,783,810	525,000
Post Office transfer deposits	3,512,027	3,515,379
Total	**$ 10,463,002**	**6,967,852**

(O) PAYABLES

	December 31, 2011	December 31, 2010
Accounts payable	$ 98,760	163,876
Accrued expenses	462,950	414,032
Interest payable	317,019	277,871
Acceptances payable	378,654	242,075
Factoring payable	33,124	10,796
Collection payable	27,085	33,246
Notes payable for clearing payable	430,499	296,771
Spot exchange payable-foreign currencies	5,200	5,213
Payable from purchase of foreign currency marketable securities	272,432	37,589
Purchase trade government bond payable	249,875	48,122
Trading bonds payable - before issuance	-	200,000
Purchase of long term government bonds payables	750,000	200,000
Provision of structured notes compensation	69,668	81,376
Payable of trust fund	13,216	29,743
Payment for ATM interbank transfer	36,293	41,549
Other payables	247,171	216,910
Total	**$ 3,391,946**	**2,299,169**

Pursuant to the Banking Union's result of appraisement of the controversies and the situation of individual case for the structured notes, the Bank estimated the provision of structured notes compensation was caused form agency for structured notes which issued by international corporations and had controversies. As of December 31, 2011 and 2010, the Bank accrued the provision of $69,668 and 81,376, respectively, under the structured notes compensation.

(P) Deposits and remittances

	December 31, 2011	December 31, 2010
Checking deposits	$ 788,771	687,238
Bank checks	75,633	49,244
Demand deposits	21,113,339	19,598,718
Time deposits	46,311,741	54,911,918
Savings deposits	100,019,272	104,480,399
Total	**$ 168,308,756**	**179,727,517**

As of December 31, 2011 and 2010, negotiable certificates of time deposits amounted to $1,777,000 and $4,373,600, respectively.

(Q) Financial bonds payable

	December 31, 2011	December 31, 2010
Financial bonds payable	$ 2,500,000	2,500,000
Less: Amortization of discount	-	-
Net	**$ 2,500,000**	**2,500,000**

a. On July 5, 2005, according to FSC, the Bank was allowed to issue unsecured subordinated financial debentures for the first period of 2005 which amounted to $2,000,000. Terms and conditions of the issuance were as follows:

(a) Issue price: At face value.

(b) Issue period: From July 5, 2005 to July 5, 2012.

(c) Interest rate: Fixed rate of 2.93%.

(d) Interest accrual: Annual interest accrual and payments since the issued date.

(e) Repayment of principal: Full repayment of principal at maturity.

b. On April 3, 2007, according to FSC, the Bank was allowed to issue senior financial debentures for the first period of 2007 which amounted to $1,000,000. Terms and conditions of the issuance were as follows:

(a) Issue price: At face value.

(b) Issue period: From April 3, 2007 to April 3, 2014.

(c) Interest rate: Fixed rate of 3.00%.

(d) Interest accrual: Annual interest accrual and payments since the issued date.

(e) Repayment of principal: Full repayment of principal at maturity.

(f) During the third quarter of 2009, the amount of redemption in advance was $ 500,000.

(R) Retirement plan

Pursuant to the Labor Pension Act of the R.O.C, the Bank's contributes cash at the rate of 6% of gross salary of each employee to the Council of Labor Affairs. This contribution is recognized as pension expense for the current period.

During 2011 and 2010, the Bank's pension fund balance changes thereon were as follows:

	For the years ended December 31,	
	2011	2010
Beginning balance	$ 28,380	28,129
Add: Interest	370	287
Less: Current year's payments	-	(36)
Ending balance	**$ 28,750**	**28,380**

Since May 1, 1997, the Bank had complied with the Labor Standards Law and the related changes in the pension fund within Bank of Taiwan were as follows:

	For the years ended December 31,	
	2011	2010
Beginning balance	$ 174,086	162,931
Add: Current year's contributions	8,100	8,338
Interest	2,127	2,817
Ending balance	**$ 184,313**	**174,086**

Effective April 15, 2001, the retirement fund account which deposits in the Bank was included in the pension fund assets and expressed on its fair value. As of December 31, 2011 and 2010, the pension fund amounted to $155,863 and $153,860, respectively.

The Bank used to measure and estimate the assumption of projected benefit, the ending balance of the contribution and accrued pension fund liability were as follows:

	For the years ended December 31,	
	2011	2010
Discount rate	2.00%	2.25%
Wages adjusted rate	2.00%	2.00%
Expected rate of return on plan assets	2.00%	2.00%

	2011	2010
Service cost	$ 1,970	2,133
Interest cost	4,381	3,589
Expected return on plan assets	(6,649)	(6,402)
Amortization of net transition asset	(1,278)	(1,278)
Amortization loss on pension fund	28	-
Net pension benefit	**$ (1,548)**	**(1,958)**

Benefit Obligation

	2011	2010
Vested benefit obligation	$ 5,989	3,958
Non-vested benefit obligation	160,625	133,955
Accumulated benefit obligation	166,614	137,913
Effect of future salary increase	66,061	57,003
Projected benefit obligation	232,675	194,916
Fair value of pension assets	(340,176)	(327,946)
Funded status	(107,501)	(133,030)
Unamortized balance of unrecognized net transition asset	1,278	2,556
Unamortized loss on pension fund	(67,285)	(33,386)
Prepaid pension cost	**$ (173,508)**	**(163,860)**

As of December 31, 2011 and 2010, the vested benefit obligation of the Bank's retirement plan amounted to $6,774 and 4,608, respectively.

Furthermore, according to the new Labor Pension Act of R.O.C, for the years ended December 31, 2011 and 2010, the deposits of labor pension expense amounted to $56,620 and $52,089, respectively.

(S) Capital stocks

The Bank's original authorized and paid-in capital stock were both $10,000,000, and divided into 1,000,000 shares at $10 par value per share. As of December 31, 2011 and 2010, after subsequent new stocks issuance of capital increases over the years, the Bank's outstanding capital stock amounted to $14,379,980 and 13,195,572, respectively, was divided into 1,437,998 and 1,319,557 shares, respectively.

On April 14 and May 12, 2011, the board of directors, on behalf of the shareholders, resolved to implement capital increases at NT$10 (dollars) per share by capitalization of retained earnings with 3,441 new shares and issuing 115,000 new shares amounted to $34,408 and $1,150,000, respectively. The cases of capital increase and retained earnings transferred to capital were approved by FSC, the date of the capital increase was on June 7 and June 9, 2011, and the Bank had completed the relevant registration process on June 23, 2011.

On February 26, 2010, the board of directors, on behalf of the shareholders, resolved to implement a capital increase at NT$10 (dollars) per share by issuing 115,000 new shares amounted to $1,150,000. The cases of capital increase were approved by FSC, the date of the capital increase was on March 31, 2010, and the Bank had completed the relevant registration process on April 15, 2010.

(T) EARNINGS DISTRIBUTION

In accordance with the Bank's Articles of Incorporation, its net income after deduction of income tax and offset prior year cumulative losses shall be appropriated as legal reserve at 30%. The remainder, if any, shall be distributed to dividends. Based on the proportion of stock holding, the remaining earning, if any, is appropriated as stockholders' bonuses after the appropriation of director's remuneration and employee bonuses not less than 0.01%. Before the legal reserve balance reaches to total paid-in capital, cash dividends are limited to 15% of total paid-in capital. When the legal reserve balance reaches to total paid-in capital, the above restriction no longer applies. In compliance with Article No. 44 of the Banking Act, the ratio of the Bank's equity capital to its risk-based assets shall not be less than 8%, and distribution of stock dividends shall have first priority. If the annual earning after income tax is greater than NTD $700,000, and the excess component of 70% shall be distributed as cash dividends.

In addition, according to Company Act amended in January 2012, a company incurs no loss, it may pursuant to a resolution to be adopted by a stockholders' meeting distribute its legal reserve by issuing new shares or by cash. Legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

A resolution on the Bank's 2010 earnings distribution was approved by the board of directors on behalf of stockholders on April 14, 2011. Distribution of directors' remuneration and employee bonuses amounted to $5,500 and $348. However, the estimated distribution of employee bonuses in the financial report of 2010 amounted to $369, the difference of $21 was recognized as profit in the financial report of 2011. For the year ended December 31, 2010, directors' remuneration and employee bonuses were estimated amounting to $5,600 and $13,543, respectively. However, if later the actual allocation amount pursuant to a resolution of the board of directors on behalf of stockholders is different from the estimated amounts, the difference would be recognized in the profit or loss of the next year. The related information on directors' remuneration and employees' bonuses approved in stockholder's meeting could be found in the Market Observation Post System.

(U) Income tax

Pursuant to regulations stipulated by Tai-Cai-Shui No. 910458039 dated February 12, 2003, "Principles and regulations of profit-seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", while a financial holding company holds more than 90% of issued shares of a domestic subsidiary and holds for 12 months during a tax year. The company has to behalf of financial holding company as the obligatory tax payer and jointly filed income tax returns.

By adopting the principal of amortization of consolidated income tax, the joint filing of the tax returns of the Bank, Jih Sun Financial Holding Co., Ltd and its affiliate Jih Sun Securities Co., Ltd., Jih Sun International Property Insurance Agency Co., Ltd resulted in a lowered tax burden and brought tax saving efficiency. Moreover, the management efficiency was enhanced because of the individual company's tax burden was fairly distributed.

The statutory income tax rate for 2011 and 2010 were both 17%, and the Bank calculated the basic tax amount in accordance with the Income Basic Tax Act.

The components of income tax benefit for the years ended December 31, 2011 and 2010 were as follows:

		2011	**2010**
Income tax benefit resulting from tax incentives	$	(177,995)	(262,403)
(Over-estimation) Under-estimation of prior years' expenses		(9,054)	7,380
Difference of prior year's taxable income assessed by tax authority from joint filing of tax		(84,900)	(87,255)
Income tax benefit	**$**	**(271,949)**	**(342,278)**

a. For the years ended December 31, 2011 and 2010, the net income before tax in the Bank's statements of income, in accordance with the rule of tax rate calculation, the difference of calculation income tax and income tax benefit were as follows:

	2011	2010
Income tax calculated on net income before tax	$ 283,100	114,880
Effect on income tax of adjusting items:		
Tax exempt securities transaction loss	7,743	2,114
Loss from government and corporate bond transactions	40,909	10,097
Investment income under equity method	(5,047)	(5,748)
Income from domestic investment	(7,269)	(8,053)
(Gain) loss on land transactions - net	(19,058)	12,051
Tax exempt OBU income	(35,890)	(42,677)
Deferred income tax assets adjustment	(307,545)	(88,876)
Difference in allowance for credit loss exceeding the ultra limits (prescribed limit)	46,094	(8,989)
Loss (gain) on market upswing of foreclosed collaterals	9,036	(27,123)
Unrealized exchange loss - net	126	2,825
Other unrealized loss	425	-
Unrealized derivative instruments (gain) loss - net	(10,912)	39,437
(Over-estimation) under-estimation of prior years' expenses	(9,054)	7,380
Difference of prior year's taxable income assessed by tax authority from joint filing of tax	(84,900)	(87,255)
(Reversal of impairment loss)Impairment losses on other financial assets	(1,712)	62
Subtotal	(93,954)	(79,875)
Income tax benefit from jointly filed tax return	(177,995)	(262,403)
Income tax benefit	**$ (271,949)**	**(342,278)**

b. As of December 31, 2011 and 2010, details of temporary differences between financial and tax reporting purposes which resulted in deferred income tax assets and liabilities, operating loss carryforwards, and income tax deductions were as follows:

	December 31, 2011		**December 31, 2010**	
	Amount	**Tax effect**	**Amount**	**Tax effect**
Deferred income tax assets:				
Operating loss carryforwards	$22,343,502	3,798,395	26,362,376	4,481,604
Allowance valuation	(22,169,994)	(3,768,899)	(26,198,516)	(4,453,748)
Subtotal	173,508	29,496	163,860	27,856
Deferred income tax liabilities:				
Pension expense	173,508	29,496	163,860	27,856
Deferred income tax assets-net	$ -	-	-	-

c. The tax authorities have assessed the Bank's income tax returns through 2006. According to R.O.C. Income Tax Act, the Bank will be levied on income tax, with the authorization of Tax Authority, losses can be carried forward to offset the net taxable income of the current year from the previous ten years' losses. As of December 31, 2011, the Bank's unused operating loss carryforwards and expiration years were as follows:

Year loss incurred	Year of expiration	Amount	
2005(Authorized)	2015	$	142,635
2006(Authorized)	2016		3,839,263
2007(Applied)	2017		5,143,977
2008(Applied)	2018		5,172,567
2009(Applied)	2019		8,045,060
Total		**$**	**22,343,502**

d. Details of Integrated Income Tax were as follows:

		December 31, 2011	December 31, 2010
Earning prior to December 31, 1997	$	-	-
Earning after January 1, 1998		1,937,244	49,154
	$	**1,937,244**	**49,154**
The Amount of the Imputation Credit Account	**$**	**418,600**	**416,637**

	2011 (Estimated)	2010 (Actual)
The rate of the imputation credit on distributed earnings	**20.48%**	**20.48%**

e. For the year ended December 31, 2003, the different amount of income tax of $36,627 had been decided by National Tax Administration. The Bank had accrued this tax shortage. However, the Bank was unsatisfied with some items of the decision by National Tax Administration, like goodwill resulted from mergence with Xinyin Credit Co-operative Co. and amortization of premium on long-term bonds, so the Bank filed an administrative litigation for different amount of income tax resulted from these items amounted to $25,857. However, the litigation had been denied by the Administrative Court. The Bank was unsatisfied with the judgment and has appealed against the judgment.

f. For the year ended December 31, 2004, the different amount of income tax of $15,904 had been decided by National Tax Administration. The Bank had accrued this tax shortage. However, the Bank was unsatisfied with some items of the decision by National Tax Administration, like amortization of premium on long term bonds, so the Bank filed an administrative litigation for different amount of income tax resulted from these items amounted to $8,462.

g. For the year ended December 31, 2005, the different amount of income tax of $41,698 had been decided by National Tax Administration. The Bank had accrued this tax shortage. However, the Bank was unsatisfied with some items of the decision by National Tax Administration, like goodwill resulted from mergence with Xinying Credit Co-operative Co., operation rights resulted from acquisition of the trust department of Taiwan Land Development Trust Ltd. and amortization of premium on long-term bonds, so the Bank filed an administrative litigation for different amount of income tax resulted from these items amounted to $41,698. However, the litigation had been denied by the Administrative Court. The Bank was unsatisfied with the judgment and has appealed against the judgment.

h. For the year ended December 31, 2006, the different amount of income tax of $84,416 had been decided by National Tax Administration. The Bank had accrued this tax shortage. However, the Bank was unsatisfied with some items of the decision by National Tax Administration, like goodwill resulted from mergence with Xinyin Credit Co-operative Co., operation rights resulted from acquisition of the trust department of Taiwan Land Development Trust Ltd. and amortization of premium on long-term bonds, so the Bank applied for reexamination for different amount of income tax resulted from these items amounted to $84,416.

(V) Earnings per share

For the years ended December 31, 2011 and 2010, the Bank's basic earnings per share were as follows:

	2011		2010	
	Before tax	**After tax**	**Before tax**	**After tax**
Basic earnings per share：				
Net income	**$ 1,665,295**	**1,937,244**	**675,764**	**1,018,042**
The weighted-average number of shares outstanding (in thousands shares)	**1,387,902**	**1,387,902**	**1,291,201**	**1,291,201**
Basic EPS (in NT Dollars)	**$ 1.20**	**1.40**	**0.52**	**0.79**
The weighted-average number of shares outstanding-retroactive adjustment (in thousands shares)			**1,294,568**	**1,294,568**
Basic EPS-retroactive adjustment (in NT Dollars)			**0.52**	**0.79**

The Bank is an investee owned 100% by Jih Sun Financial Holding Co., Ltd, the Bank did not adopt the method of distributing stocks for employee bonus. No diluted EPS have been presented for the year ended December 31, 2011, because there is no potential common shares would influence the weighted-average number of shares outstanding.

(W) FINANCIAL INSTRUMENTS

a. Fair Value of Financial Instruments

Non-derivative financial instruments	December 31, 2011 Book Value	December 31, 2011 Fair Value
Financial Assets:		
Cash and cash equivalents	$ 2,896,261	2,896,261
Due from the Central Bank and call loans to banks	25,689,180	25,689,180
Financial assets measured at fair value through profit or loss - net	17,172,244	17,172,244
Securities purchased under resell agreements	1,289,263	1,289,263
Receivables - net	5,910,445	5,910,445
Discounts and loans - net	132,470,587	132,470,587
Available-for-sale financial assets - net	14,767,111	14,767,111
Held-to-maturity financial assets - net	300,000	300,000
Other financial assets - net	1,086,488	1,086,488

Non-derivative financial instruments	December 31, 2011 Book Value	December 31, 2011 Fair Value
Financial Liabilities:		
Deposits from the Central Bank and other banks	$ 10,463,002	10,463,002
Securities sold under repurchase agreements	5,548,743	5,548,743
Payables	3,391,946	3,391,946
Deposits and remittances	168,308,756	168,308,756
Financial bonds payable	2,500,000	2,500,000
Other financial liabilities	275,205	275,205

Non-derivative financial instruments	December 31, 2010 Book Value	December 31, 2010 Fair Value
Financial Assets:		
Cash and cash equivalents	$ 2,334,484	2,334,484
Due from the Central Bank and call loans to banks	35,460,920	35,460,920
Financial assets measured at fair value through profit or loss - net	23,512,922	23,512,922
Securities purchased under resell agreements	453,095	453,095
Receivables - net	5,441,662	5,441,662
Discounts and loans - net	128,721,950	128,721,950
Available-for-sale financial assets - net	2,102,179	2,102,179
Held-to-maturity financial assets - net	300,000	300,000
Other financial assets - net	1,163,674	1,163,674

Non-derivative financial instruments	December 31, 2010 Book Value	December 31, 2010 Fair Value
Financial Liabilities:		
Deposits from the Central Bank and other banks	$ 6,967,852	6,967,852
Securities sold under repurchase agreements	384,973	384,973
Payables	2,299,169	2,299,169
Deposits and remittances	179,727,517	179,727,517
Financial bonds payable	2,500,000	2,500,000
Other financial liabilities	109,828	109,828

Derivative financial instruments	December 31, 2011 Nominal Principal	December 31, 2011 Fair Value	December 31, 2010 Nominal Principal	December 31, 2010 Fair Value
Financial Assets:				
Forward contracts	$ 408,760	3,093	1,117,846	11,711
Futures	-	69,127	-	21,373
SWAP	497,082	4,394	1,086,320	36,618
Currency option	243,781	2,751	182,614	1,604
Interest rate instruments	17,000,000	94,663	21,600,000	203,648
Financial Liabilities:				
Forward contracts	$ 216,099	3,069	73,843	1,794
Futures	605,880	-	-	-
SWAP	992,421	9,128	4,259,532	61,325
Index option	120,200	111	-	-
Currency option	246,817	2,729	182,614	1,604
Interest rate instruments	17,000,000	91,915	21,600,000	192,055

b. Methods and assumptions used by the Bank for fair value evaluation of financial instruments were as follows:

(a) Fair value of short-term financial instruments is estimated by their book value on balance sheet date. Since these instruments have short-term maturities, the book value is adopted as a reasonable basis in estimating the fair value. The method is applied to cash and cash equivalents, receivables, payables and deposits from other banks.

(b) If quoted market price is available in the market for notes and securities, the market price will be the fair value. However, if quoted market price is unavailable, the other evaluation of financial information or the book value will be the fair value.

(c) Fair value of long-term liabilities is estimated by the present value of expected future cash flows. The discounting rate is based on rates of equivalent loans which the Bank can acquire the similar term (close to maturity date) of interest rate.

(d) Fair value of derivative financial instruments is established by the amount of cash to be paid or to be received, assuming that the contract will be terminated on the balance sheet date. In general, it includes unrealized gains or losses on outstanding contracts of the current period and included into the current period of profit and loss statement. Most of the Bank's fair vale of derivative financial instruments has reference reports from financial institutions.

c. The fair value of the financial instruments of the Bank, which were based on quoted market price or determined by using certain valuation techniques were as follows:

	Based on quoted market prices December 31, 2011	Determined value by using valuation techniques December 31, 2011
Non-derivative Financial instruments		
Assets		
Cash and cash equivalents	$ -	2,896,261
Due from the Central Bank and call loans to banks	-	25,689,180
Financial assets measured at fair value through profit or loss - net	17,172,244	-
Securities purchased under resell agreements	-	1,289,263
Receivables - net	-	5,910,445
Discounts and loans - net	-	132,470,587
Available-for-sale financial assets - net	14,767,111	-
Held-to-maturity financial assets- net	-	300,000
Other financial assets - net	-	1,086,488
Liabilities		
Deposits from the Central Bank and other banks	$ -	10,463,002
Securities sold under repurchase agreements	-	5,548,743
Payables	-	3,391,946
Deposits and remittances	-	168,308,756
Financial bonds payable	-	2,500,000
Other financial liabilities	-	275,205
Derivative Financial instruments		
Assets		
Forward contracts	$ -	3,093
Futures	69,127	-
SWAP	-	4,394
Currency option	-	2,751
Interest rate instruments	-	94,663
Liabilities		
Forward contracts	$ -	3,069
SWAP	-	9,128
Currency option	-	2,729
Index option	111	-
Interest rate instruments	-	91,915

	Based on quoted market prices	Determined value by using valuation techniques
	December 31, 2010	December 31, 2010
Non-derivative Financial instruments		
Assets		
Cash and cash equivalents	$ -	2,334,484
Due from the Central Bank and call loans to banks	-	35,460,920
Financial assets measured at fair value through profit or loss - net	23,512,922	-
Securities purchased under resell agreements	-	453,095
Receivables - net	-	5,441,662
Discounts and loans - net	-	128,721,950
Available-for-sale financial assets - net	2,102,179	-
Held-to-maturity financial assets- net	-	300,000
Other financial assets - net	-	1,163,674
Liabilities		
Deposits from the Central Bank and other banks	$ -	6,967,852
Securities sold under repurchase agreements	-	384,973
Payables	-	2,299,169
Deposits and remittances	-	179,727,517
Financial bonds payable	-	2,500,000
Other financial liabilities	-	109,828
Derivative Financial instruments		
Assets		
Forward contracts	$ -	11,711
Futures	21,373	-
SWAP	-	36,618
Currency option	-	1,604
Interest rate instruments	-	203,648
Liabilities		
Forward contracts	$ -	1,794
SWAP	-	61,325
Currency option	-	1,604
Interest rate instruments	-	192,055

d. Fair value hierarchy information of financial instruments:

(1) Fair value hierarchy information of financial instruments

A fair value measurement for financial instruments	December 31, 2011 Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
Non-Derivative Financial Instruments				
Assets:				
Financial assets measured at FVTPL				
Financial assets held for trading				
Investment in securities	$ 1,513	1,513	-	-
Investment in bonds	15,684,478	9,220,668	6,463,810	-
Others	1,486,253	-	1,486,253	-
Available-for-sale financial assets				
Investment in securities	3,180	3,180	-	-
Investment in bonds	14,763,931	10,101,756	4,662,175	-
Derivative Financial Instruments				
Assets:				
Financial assets measured at FVTPL	$ 174,028	69,127	102,150	2,751
Liabilities:				
Financial liabilities measured at FVTPL	106,952	111	104,112	2,729

(2) Statements of changes in financial assets which were classified to Level 3 based on fair value measurement

Items	Beginning balance	Valuation adjustment recognized in current net gains	Current increase: Purchase or issue	Current decrease: Sale,disposal, or settlement	Ending balance
Financial assets measured at FVTPL					
Currency option	$ 1,604	1,634	16,010	(16,497)	2,751

(3) Statements of changes in financial liabilities which were classified to Level 3 based on fair value measurement

Items	Beginning balance	Valuation adjustment recognized in current net gains	Current increase: Purchase or issue	Current decrease: Sale,disposal, or settlement	Ending balance
Financial liabilities measured at FVTPL					
Currency option	$ 1,604	911	43,420	(43,206)	2,729

Note1: A Fair value measurement for financial instruments classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. In accordance with the fifth paragraph of SFAS No. 34 "Financial Instruments: Recognition and Measurement", the definition of active market fulfills all of the following conditions:

(1) The products traded in the market are homogeneous;

(2) Willing parties are available anytime in the market;

(3) Price information is available for the public.

Note 2: A Fair value measurement for financial instruments classified in Level 2 is determined as the observable price other than quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The examples of observable price are as follows

(1) The quoted price for an identical financial instrument in an active market means the fair value from the occurring market transaction prices for an identical financial instrument. An identical financial instrument should be determined by its characteristics and terms of transaction. The fair value of financial instrument has to be adjusted according to the observable market price of the identical financial instrument, the reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices does not represent fair value at the measurement date), the difference of transaction terms for financial instruments, transaction prices involved in related parties, the correlation between the observable transaction prices of identical financial instruments and market price of held financial instruments.

(2) The quoted market price of the same or identical financial instruments in an inactive market.

(3) The fair value is estimated on the basis of the results of a valuation technique and the market inputs (i.e., interest rate, yield curve, and fluctuation rate) used were based on obtainable data from market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs were used in evaluating the prices of financial instruments).

(4) A majority of inputs derived from observable market data, or the input correlation can be tested based on observable market data.

Note 3: Input for a fair value measurement for financial instruments classified in Level 3 is not based on obtainable data from market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility).

e. For the years ended December 31, 2011 and 2010, the current evaluation loss and gain arising from the fair value evaluation of financial instruments by using quoted market prices amounted to gain of $82,667 and loss of $231,505, respectively. The loss and gain arising from using valuation techniques method to determine the changes of the fair value were loss of $18,478 and $480, respectively.

f. For the years ended December 31, 2011 and 2010, the interest income arising from financial assets and liabilities which were not carried at fair value through profit or loss by the Bank amounted $3,268,291 and $3,061,186, respectively. Interest expense was amounted $1,379,708 and $1,183,846, respectively. For the years ended December 31, 2011 and 2010, the available-for-sale financial asset was recognized directly by the Bank as an adjustment item under shareholders' equity adjusted item amounted gain of $49,575 and $27,829, respectively; realized gains or losses resulting from such adjustments were recognized in current profit or loss on available-for-sale financial assets amounting to gain of $1,012 and loss of $75,804, respectively.

g. Financial risk information

(a) Market risk

The bank internally recognizes, measures, controls and manages for market risk, in addition to the traditional position authorize quota, loss or income limitation quota, risk index quota (i.e.: Greeks, PVBP, DV01……). Using the methods of VaR (Value at Risk) to estimate position's exposure. VaR is estimated for the most probable loss resulting form the market price changes at special period and confidence level.

A. The recognition of Market risk: Risk factors of market risk estimation models include Interest, FX, Equity, and Commodity etc.

B. The measure of Market risk:

(a) VaR (Value at Risk)

The estimation of bank's VaR of market risk is as follows:

Model: mainly according to Monte Carlo simulations model, with option to use the Variance- covariance matrices model or historical simulations model.

Method: using EWMA to estimate fluctuation rate.

Frequency: update market data every day, with consideration of different market price factor, and calculate ten days(one-side) VaR with 99% confidence level.

VaR for the fourth quarter ended 2011 (2011.10.1~2011.12.31) was as follows: (a hundred million)

99% C.L 10 days (VaR)	Season average	Season high	Season low
Exchange instrument	0.276	0.880	0.054
Interest instrument	0.145	0.239	0.104
Equity instrument	0.058	0.085	0.073
Distribution effective	(0.162)	(0.322)	(0.126)
VaR	0.317	0.882	0.105
99% C.L 1 day (VaR)	Season average	Season high	Season low
Exchange instrument	0.089	0.290	0.017
Interest instrument	0.046	0.076	0.033
Equity instrument	0.019	0.029	0.025
Distribution effective	(0.052)	(0.104)	(0.041)
VaR	0.102	0.291	0.034

VaR for the fourth quarter ended 2010 (2010.10.1~2010.12.31) was as follows: (a hundred million)

99% C.L 10 days (VaR)	Season average	Season high	Season low
Exchange instrument	0.137	0.263	0.117
Interest instrument	0.442	0.487	0.382
Equity instrument	0.125	0.048	0.194
Distribution effective	(0.232)	(0.196)	(0.328)
VaR	0.472	0.602	0.365
99% C.L 1 day (VaR)	Season average	Season high	Season low
Exchange instrument	0.044	0.084	0.037
Interest instrument	0.140	0.155	0.121
Equity instrument	0.041	0.016	0.062
Distribution effective	(0.074)	(0.063)	(0.103)
VaR	0.151	0.192	0.117

C. The control of market risk

The Bank will use the budgeted earnings of the RAROC(Risk-adjusted Return of Capital) to calculate, the ten days VaR quota with 99% confidence level and submit to the risk management commission and the board of directors of the Jih Sun Holdings Company and the board of directors of the Bank for approval.

D. The management of market risk

The Bank recognizes, measures, controls and manages market risk internally, in addition to traditional position authorize quota, loss or income limitation quota, risk index quota (i.e.: Greeks, PVBP, DV01……) and follows the guidance of the Jih Sun Holdings Co. Whether the ten days VaR quota with 99% confidence level is over limit or not, if over limit, business unit needs to comply with the follow-up procedure.

(b) Credit Risk

	December 31, 2011		December 31, 2010	
Non-derivative financial instruments	**Book Value**	**Maximum exposure to credit risk**	**Book Value**	**Maximum exposure to credit risk**
Financial assets measured at fair value through profit or loss- net	$ 17,172,244	17,172,244	23,512,922	23,512,922
Securities purchased under resell agreements	1,289,263	1,289,263	453,095	453,095
Receivables - net	5,910,445	5,910,445	5,441,662	5,441,662
Discounts and loans -net	132,470,587	132,470,587	128,721,950	128,721,950
Available-for-sale financial assets-net	14,767,111	14,767,111	2,102,179	2,102,179
Held-to-maturity financial assets-net	300,000	300,000	300,000	300,000
Other financial assets- net	1,086,488	1,086,488	1,163,674	1,163,674

	December 31, 2011		December 31, 2010	
Derivative financial instruments	**Nominal principal**	**Maximum exposure to credit risk**	**Nominal principal**	**Maximum exposure to credit risk**
Forward contract	$ 408,760	3,093	1,117,846	11,711
Futures	-	69,127	-	21,373
SWAP	497,082	4,394	1,086,320	36,618
Currency option	243,781	2,751	182,614	1,604
Interest rate instruments	17,000,000	94,663	21,600,000	203,648

The amount of credit risk of the Bank was referred to contracts with positive fair value on balance sheet date. It represents that the Bank would suffer maximum losses, if all counterparties were defaulted. However, if the counter-parties are the Bank's customers, the procedure of credit reference and credit extension of the counter-parties will be deliberately evaluated before entering into any transactions. After the credit limits have been given, the Bank will deal with the counterparties within the limits, and according to the counterparties' credit condition, the Bank will ask for the appropriate collaterals, if necessary. Moreover, if the counter-parties are the other banks, the Bank will give the credit limits and deal within the limits which in accordance with the counterparties' world ranking and credit rating. Therefore, the Bank considers the possibility of counterparties' default will be low.

Information on concentrations of credit risk

Concentrations of credit risk exist when counter-parties to financial instrument transactions are individuals or groups engaged in similar activities with similar economic characteristics, which would impair their ability to meet contractual obligations under negative economic or other conditions. In relation to Jin Sun International Commercial Bank, there is no significant concentration of credit risk in terms of a single client, a party to a transaction, or clients located in nearby regions, except for clients being in one single industry with similar industrial characteristics. Jin Sun International Commercial Bank's contracts with concentration of credit risk were as follows:

	December 31, 2011		December 31, 2010	
Type of industries	**Book Value**	**Maximum exposure to credit risk**	**Book Value**	**Maximum exposure to credit risk**
Manufacturing industries	$ 21,794,960	21,794,960	19,070,524	19,070,524
Financial industries	1,903,883	1,903,883	3,124,856	3,124,856
Construction industries	5,604,384	5,604,384	4,903,239	4,903,239
Other	104,585,359	104,585,359	102,808,222	102,808,222
Total	**$133,888,586**	**133,888,586**	**129,906,841**	**129,906,841**
Geographic location				
Domestic	$121,541,561	121,541,561	120,632,825	120,632,825
Other	12,347,025	12,347,025	9,274,016	9,274,016
Total	**$133,888,586**	**133,888,586**	**129,906,841**	**129,906,841**

Financial instruments with off-balance-sheet credit risk

Since the Bank provides loans and issues credit cards, it has substantial credit commitments, most of which are confined to one year. The interest rate interval of the credit extension is between 0.25% and 20%, and the maximum interest rate of credit card is up to 19.99%. Furthermore, the Bank provides guarantee endorsements, and commercial letters of credit as a guarantee for clients' obligations to third parties. These guarantee agreements are usually for one year period and the maturity date doesn't concentrate on the specific time.

The contract amounts of financial instruments with off-balance-sheet credit risk were as follows:

	December 31, 2011	December 31, 2010
Loans commitments	$ 20,790,092	12,393,192
Credit card commitments	35,740,790	51,127,576
Guarantees and commercial letter of credit	1,548,821	2,567,935
	$ 58,079,703	**66,088,703**

As of December 31, 2011 and 2010, unused loans commitments were $20,790,092 and $12,393,192, respectively. And the unused credit card commitments were $34,884,833 and $50,064,090, respectively.

Since these financial instruments are not settled prior to maturity, the contract amount does not represent cash outflow in the future; that is, demand for cash in the future is lower than the contract amount. If lines of credit are reached and collateral or other guarantees are completely worthless, credit risk is equivalent to the contract amount, which is the maximum possible loss.

However, prior to providing loans, guarantee endorsements, and commercial letters of credit, the Bank performs a strict credit review. The strategy of the Bank is to require for sufficient collaterals from some of the specific customers before making payment of the approved loans. The loans with collaterals to total amount of loans are 67.24%, approximately. The holding guarantee rate of guarantee endorsements and commercial letters of credit is between 0 to 100%, and average rate is 32.96%, approximately. The collaterals for the loan, guarantee endorsements, and commercial letters of credit, are cash, inventory, current securities or other assets.

While the customers default, the bank will execute the right of collaterals and other guarantees.

Collateral is not required for credit card loans. Nonetheless, the Bank evaluates periodically the credit of cardholders and adjusts cardholders' credit limits if necessary.

(c) Liquidity Risk

Since notional principals of derivative financial instruments, rather than the amounts actually paid or received, are generally used to calculate payables or receivables of parties to transactions, amounts settled are generally lower than notional principals. Since derivative financial instruments held by the Bank are denominated in major currencies with active trading and reverse transactions are readily available to offset positions, liquidity risk is deemed to be low. By evaluating the market value regularly, the Bank can control the future cash flow, hence the risk is low.

The evaluation of the Jin Sun International Commercial Bank's liquidity ability which the Bank adapts the appropriate way of classification, in accordance with the characteristics of asset and liability, to undertake the due analysis, and the analysis was as follows:

	December 31, 2011			
	Under 1 month		Over 1 month to 3 month	
Financial instrument	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset：				
Cash and cash equivalents	$ 2,896,261	2,896,261	-	-
Due from the Central Bank and call loans to banks	13,803,656	13,803,656	4,839,074	4,839,074
Financial assets held for trading	1,464,489	1,464,489	55,071	55,071
Receivables (excluding allowance for bad debts)	1,955,219	1,955,219	515,689	515,689
Available-for-sale financial assets - net	60,953	60,953	-	-
Securities purchased under resell agreements	1,289,263	1,289,263	-	-
Loans (excluding allowance for credit losses and adjustment of discount and premium)	8,478,490	8,478,490	14,926,147	14,926,147
Held-to-maturity financial assets - net	-	-	-	-
Other financial assets - net	16,472	16,472	69,609	69,609
Total	**$ 29,964,803**	**29,964,803**	**20,405,590**	**20,405,590**
Liabilities：				
Deposits from the Central Bank and other banks	$ 5,705,487	5,705,487	1,032,429	1,032,429
Financial liabilities held for trading	106,952	106,952	-	-
Securities sold under repurchase agreement	4,670,265	4,670,265	878,478	878,478
Payables	2,270,808	2,270,808	481,678	481,678
Deposits and remittances	27,536,718	27,536,718	18,782,679	18,782,679
Financial bonds payable	-	-	-	-
Other financial liabilities	228,247	228,247	11,318	11,318
Total	**$ 40,518,477**	**40,518,477**	**21,186,582**	**21,186,582**
Net currency gap	**$ (10,553,674)**	**(10,553,674)**	**(780,992)**	**(780,992)**

	December 31, 2011			
	Over 3 month to 1 year		Over 1 year to 2 year	
Financial instrument	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset：				
Cash and cash equivalents	$ -	-	-	-
Due from the Central Bank and call loans to banks	5,518,988	5,518,988	1,527,462	1,527,462
Financial assets held for trading	588,549	588,549	4,580,619	4,580,619
Receivables (excluding allowance for bad debts)	1,807,621	1,807,621	1,713,949	1,713,949
Available-for-sale financial assets - net	-	-	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding allowance for credit losses and adjustment of discount and premium)	17,251,075	17,251,075	12,130,471	12,130,471
Held-to-maturity financial assets-net	-	-	-	-
Other financial assets - net	326,108	326,108	8,087	8,087
Total	**$ 25,492,341**	**25,492,341**	**19,960,588**	**19,960,588**
Liabilities：				
Deposits from the Central Bank and other banks	$ 3,402,410	3,402,410	322,676	322,676
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreement	-	-	-	-
Payables	592,391	592,391	47,069	47,069
Deposits and remittances	69,789,807	69,789,807	52,148,542	52,148,542
Financial bonds payable	2,000,000	2,000,000	-	-
Other financial liabilities	6,950	6,950	18,500	18,500
Total	**$ 75,791,558**	**75,791,558**	**52,536,787**	**52,536,787**
Net currency gap	**$ (50,299,217)**	**(50,299,217)**	**(32,576,199)**	**(32,576,199)**

	December 31, 2011			
	Over 2 year to 3 year		Over 3 year to 4 year	
Financial instrument	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset：				
Cash and cash equivalents	$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	1,011,269	1,011,269	4,390,732	4,390,732
Receivables (excluding allowance for bad debts)	25,208	25,208	25,208	25,208
Available-for-sale financial assets - net	2,651,296	2,651,296	4,432,392	4,432,392
Securities purchased under resell agreements	-	-	-	-
Loans (excluding allowance for credit losses and adjustment of discount and premium)	4,816,723	4,816,723	4,583,302	4,583,302
Held-to-maturity financial assets - net	-	-	300,000	300,000
Other financial assets - net	9,155	9,155	6,963	6,963
Total	**$ 8,513,651**	**8,513,651**	**13,738,597**	**13,738,597**
Liabilities：				
Deposits from the Central Bank and other banks	$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreement	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	51,010	51,010	-	-
Financial bonds payable	500,000	500,000	-	-
Other financial liabilities	6,000	6,000	3,000	3,000
Total	**$ 557,010**	**557,010**	**3,000**	**3,000**
Net currency gap	**$ 7,956,641**	**7,956,641**	**13,735,597**	**13,735,597**

	December 31, 2011			
	Over 4 year to 5 year		Over 5 year	
Financial instrument	**Amount**	**Possible Refund Amount**	**Amount**	**Possible Refund Amount**
Asset：				
Cash and cash equivalents	$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	2,532,865	2,532,865	2,722,678	2,722,678
Receivables (excluding allowance for bad debts)	25,208	25,208	-	-
Available-for-sale financial assets - net	2,560,531	2,560,531	5,061,939	5,061,939
Securities purchased under resell agreements	-	-	-	-
Loans (excluding allowance for credit losses and adjustment of discount and premium)	5,619,530	5,619,530	66,082,848	66,082,848
Held-to-maturity financial assets - net	-	-	-	-
Other financial assets - net	8,224	8,224	641,870	641,870
Total	**$ 10,746,358**	**10,746,358**	**74,509,335**	**74,509,335**
Liabilities：				
Deposits from the Central Bank and other banks	$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreement	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Financial bonds payable	-	-	-	-
Other financial liabilities	1,190	1,190	-	-
Total	**$ 1,190**	**1,190**	**-**	**-**
Net currency gap	**$ 10,745,168**	**10,745,168**	**74,509,335**	**74,509,335**

	December 31, 2011	
	Total	
Financial instrument	Amount	Possible Refund Amount
Asset：		
Cash and cash equivalents	$ 2,896,261	2,896,261
Due from the Central Bank and call loans to banks	25,689,180	25,689,180
Financial assets held for trading	17,346,272	17,346,272
Receivables (excluding allowance for bad debts)	6,068,102	6,068,102
Available-for-sale financial assets - net	14,767,111	14,767,111
Securities purchased under resell agreements	1,289,263	1,289,263
Loans (excluding allowance for credit losses and adjustment of discount and premium)	133,888,586	133,888,586
Held-to-maturity financial assets - net	300,000	300,000
Other financial assets - net	1,086,488	1,086,488
Total	**$ 203,331,263**	**203,331,263**
Liabilities：		
Deposits from the Central Bank and other banks	$ 10,463,002	10,463,002
Financial liabilities held for trading	106,952	106,952
Securities sold under repurchase agreement	5,548,743	5,548,743
Payables	3,391,946	3,391,946
Deposits and remittances	168,308,756	168,308,756
Financial bonds payable	2,500,000	2,500,000
Other financial liabilities	275,205	275,205
Total	**$ 190,594,604**	**190,594,604**
Net currency gap	**$ 12,736,659**	**12,736,659**

	December 31, 2010			
	Under 1 month		Over 1 month to 3 month	
Financial instrument	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset：				
Cash and cash equivalents	$ 2,334,484	2,334,484	-	-
Due from the Central Bank and call loans to banks	25,295,570	25,295,570	4,561,355	4,561,355
Financial assets held for trading	427,929	427,929	21,635	21,635
Receivables (excluding allowance for bad debts)	1,727,422	1,727,422	501,919	501,919
Available-for-sale financial assets - net	12,390	12,390	-	-
Securities purchased under resell agreements	453,095	453,095	-	-
Loans (excluding allowance for credit losses)	10,109,939	10,109,939	9,550,678	9,550,678
Held-to-maturity financial assets - net	-	-	-	-
Other financial assets - net	10,872	10,872	83,029	83,029
Total	**$ 40,371,701**	**40,371,701**	**14,718,616**	**14,718,616**
Liabilities：				
Deposits from the Central Bank and other banks	$ 1,577,885	1,577,885	865,592	865,592
Financial liabilities held for trading	256,778	256,778	-	-
Securities sold under repurchase agreements	384,973	384,973	-	-
Payables	1,360,537	1,360,537	350,790	350,790
Deposits and remittances	29,052,577	29,052,577	20,370,611	20,370,611
Financial bonds payable	-	-	-	-
Other financial liabilities	52,930	52,930	-	-
Total	**$ 32,685,680**	**32,685,680**	**21,586,993**	**21,586,993**
Net currency gap	**$ 7,686,021**	**7,686,021**	**(6,868,377)**	**(6,868,377)**

	December 31, 2010			
	Over 3 month to 1 year		Over 1 year to 2 year	
Financial instrument	**Amount**	**Possible Refund Amount**	**Amount**	**Possible Refund Amount**
Asset：				
Cash and cash equivalents	$ -	-	-	-
Due from the Central Bank and call loans to banks	4,128,705	4,128,705	1,475,290	1,475,290
Financial assets held for trading	573,242	573,242	320,573	320,573
Receivables (excluding allowance for bad debts)	1,760,610	1,760,610	1,470,383	1,470,383
Available-for-sale financial assets - net	151,621	151,621	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding allowance for credit losses)	17,364,541	17,364,541	4,753,566	4,753,566
Held-to-maturity financial assets - net	-	-	-	-
Other financial assets - net	389,196	389,196	12,862	12,862
Total	**$ 24,367,915**	**24,367,915**	**8,032,674**	**8,032,674**
Liabilities：				
Deposits from the Central Bank and other banks	$ 3,238,560	3,238,560	1,285,815	1,285,815
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	537,086	537,086	50,756	50,756
Deposits and remittances	79,031,420	79,031,420	51,234,032	51,234,032
Financial bonds payable	-	-	2,000,000	2,000,000
Other financial liabilities	3,070	3,070	9,538	9,538
Total	**$ 82,810,136**	**82,810,136**	**54,580,141**	**54,580,141**
Net currency gap	**$ (58,442,221)**	**(58,442,221)**	**(46,547,467)**	**(46,547,467)**

	December 31, 2010			
	Over 2 year to 3 year		Over 3 year to 4 year	
Financial instrument	**Amount**	**Possible Refund Amount**	**Amount**	**Possible Refund Amount**
Asset：				
Cash and cash equivalents	$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	6,222,718	6,222,718	4,473,149	4,473,149
Receivables (excluding allowance for bad debts)	29,083	29,083	29,083	29,083
Available-for-sale financial assets - net	-	-	549,493	549,493
Securities purchased under resell agreements	-	-	-	-
Loans (excluding allowance for credit losses)	10,011,057	10,011,057	1,668,409	1,668,409
Held-to-maturity financial assets - net	-	-	-	-
Other financial assets - net	7,746	7,746	5,374	5,374
Total	**$ 16,270,604**	**16,270,604**	**6,725,508**	**6,725,508**
Liabilities：				
Deposits from the Central Bank and other banks	$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	38,877	38,877	-	-
Financial bonds payable	500,000	500,000	-	-
Other financial liabilities	11,600	11,600	11,600	11,600
Total	**$ 550,477**	**550,477**	**11,600**	**11,600**
Net currency gap	**$ 15,720,127**	**15,720,127**	**6,713,908**	**6,713,908**

	December 31, 2010			
	Over 4 year to 5 year		Over 5 year	
Financial instrument	**Amount**	**Possible Refund Amount**	**Amount**	**Possible Refund Amount**
Asset：				
Cash and cash equivalents	$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	9,070,007	9,070,007	2,678,623	2,678,623
Receivables (excluding allowance for bad debts)	29,083	29,083	-	-
Available-for-sale financial assets - net	-	-	1,388,675	1,388,675
Securities purchased under resell agreements	-	-	-	-
Loans (excluding allowance for credit losses)	4,365,293	4,365,293	72,083,358	72,083,358
Held-to-maturity financial assets - net	300,000	300,000	-	-
Other financial assets - net	6,963	6,963	647,632	647,632
Total	**$ 13,771,346**	**13,771,346**	**76,798,288**	**76,798,288**
Liabilities：				
Deposits from the Central Bank and other banks	$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Financial bonds payable	-	-	-	-
Other financial liabilities	10,800	10,800	10,290	10,290
Total	**$ 10,800**	**10,800**	**10,290**	**10,290**
Net currency gap	**$ 13,760,546**	**13,760,546**	**76,787,998**	**76,787,998**

	December 31, 2010	
	Total	
Financial instrument	Amount	Possible Refund Amount
Asset：		
Cash and cash equivalents	$ 2,334,484	2,334,484
Due from the Central Bank and call loans to banks	35,460,920	35,460,920
Financial assets held for trading	23,787,876	23,787,876
Receivables (excluding allowance for bad debts)	5,547,583	5,547,583
Available-for-sale financial assets - net	2,102,179	2,102,179
Securities purchased under resell agreements	453,095	453,095
Loans (excluding allowance for credit losses)	129,906,841	129,906,841
Held-to-maturity financial assets - net	300,000	300,000
Other financial assets - net	1,163,674	1,163,674
Total	**$ 201,056,652**	**201,056,652**
Liabilities：		
Deposits from the Central Bank and other banks	$ 6,967,852	6,967,852
Financial liabilities held for trading	256,778	256,778
Securities sold under repurchase agreements	384,973	384,973
Payables	2,299,169	2,299,169
Deposits and remittances	179,727,517	179,727,517
Financial bonds payable	2,500,000	2,500,000
Other financial liabilities	109,828	109,828
Total	**$ 192,246,117**	**192,246,117**
Net currency gap	**$ 8,810,535**	**8,810,535**

(d) Cash flow risk and fair value risk arising from interest rate fluctuation:

In considering the possibility of future cash flow risk arising from floating-interest-rate assets and liabilities due to market interest rate fluctuation, the Bank entered into interest rate swap transactions to hedge against the cash flow risk arising from market interest rate fluctuation.

A. Information on expected interest rate reset date and maturity date

As of December 31, 2011 and 2010, the reset and maturity dates were not affected by the contract date. The interest rate risk exposures on assets and liabilities were shown below. The financial assets and liabilities which held on the Bank were presented at book value allocated to time bands by reference to the earlier of the next interest rate reset date or maturity date (whichever earlier).

	December 31, 2011					
Financial instrument	**0-30 days**	**31-90 days**	**91-180 days**	**181 days-1 year**	**Over 1 year**	**Total**
Assets:						
Due from the Central Bank, bank deposit and call loans to banks	$ 16,152,008	4,650,000	2,750,000	800,000	-	24,352,008
Financial assets held for trading	1,404,339	132,168	-	454,284	15,117,680	17,108,471
Securities purchased under resell agreements	1,289,263	-	-	-	-	1,289,263
Available-for-sale financial assets	-	-	-	-	14,763,931	14,763,931
Held-to-maturity financial assets	-	-	-	-	300,000	300,000
Loans (excluding non-accrual loans)	110,563,078	6,940,461	2,870,924	2,295,563	10,815,771	133,485,797
Short-term advances	418,293	-	-	-	-	418,293
Total	**$129,826,981**	**11,722,629**	**5,620,924**	**3,549,847**	**40,997,382**	**191,717,763**
Liabilities:						
Deposits from the Central Bank and other banks	10,245,468	-	-	209,000	-	10,454,468
Securities sold under repurchase agreements	5,548,743	-	-	-	-	5,548,743
Deposits and remittances	122,451,516	8,345,690	5,970,664	29,530,124	1,146,358	167,444,352
Financial bonds payable	-	-	-	2,000,000	500,000	2,500,000
Other financial liabilities	232,410	-	-	-	-	232,410
Total	**$138,478,137**	**8,345,690**	**5,970,664**	**31,739,124**	**1,646,358**	186,179,973
Interest sensitive gap	**$ (8,651,156)**	**3,376,939**	**(349,740)**	**(28,189,277)**	**39,351,024**	**5,537,790**

	December 31, 2010					
Financial instrument	**0-30 days**	**31-90 days**	**91-180 days**	**181 days-1 year**	**Over 1 year**	**Total**
Assets:						
Due from the Central Bank, bank deposit and call loans to banks	$ 27,914,733	3,600,000	2,300,000	-	-	33,814,733
Financial assets held for trading	448,368	17,235	-	694,871	21,883,707	23,044,181
Securities purchased under resell agreements	453,095	-	-	-	-	453,095
Available-for-sale financial assets	-	-	-	-	2,098,009	2,098,009
Held-to-maturity financial assets	-	-	-	-	300,000	300,000
Loans (excluding non-accrual loans)	110,145,055	6,470,933	3,336,730	2,517,425	5,719,265	128,189,408
Short-term advances	499,011	-	-	-	-	499,011
Total	**$139,460,262**	**10,088,168**	**5,636,730**	**3,212,296**	**30,000,981**	**188,398,437**
Liabilities:						
Deposits from the Central Bank and other banks	6,953,477	-	-	-	-	6,953,477
Securities sold under repurchase agreements	384,973	-	-	-	-	384,973
Deposits and remittances	150,991,056	7,726,455	5,031,499	14,159,580	1,082,445	178,991,035
Financial bonds payable	-	-	-	-	2,500,000	2,500,000
Other financial liabilities	52,930	-	-	-	-	52,930
Total	**$158,382,436**	**7,726,455**	**5,031,499**	**14,159,580**	**3,582,445**	188,882,415
Interest sensitive gap	**$ (18,922,174)**	**2,361,713**	**605,231**	**(10,947,284)**	**26,418,536**	**(483,978)**

B. Effective interest rates (excluding financial assets held for trading)

As of December 31, 2011 and 2010, the effective interest rate of financial instruments held or issued by the Bank were as follows:

Financial instrument item	**December 31, 2011**	**December 31, 2010**
Due from the Central Bank, bank deposit and call loans to banks	0.82	0.62
Securities purchased under resell agreements	0.72	0.33
Available-for-sale financial assets	1.74	1.35
Held-to-maturity financial assets	2.06	1.82
Discounts and loans	2.18	2.08
Deposits from the Central Bank and others banks	0.83	0.68
Securities sold under repurchase agreement	0.66	0.33
Financial bonds payable	2.94	3.29
Deposits and remittances	0.71	0.56

h. Risk control and exposure quantity

General pattern disclosure

(a) The principles of risk management

A. By adapting the scientific risk management system, the Bank analyzes risk with deliberation and objectivity in order to achieve reasonable return.

B. By adapting the efficient risk management framework, the Bank allows each enterprise unit to carry out daily management operation, and set up the risk management segment to provide periodic risk management report for the board of directors in order to control risk timely and efficiently. If significant risk exposure has occurred, and damaged financial, business situation and also the people who obey the act, an appropriate solution shall be undertook and reported to the board of directors.

C. By adapting the integral risk management system, the Bank can control financial holding parent company's and its subsidiary's capital adequacy which in accordance with financial holding parent companies' and its subsidiary's business scale, credit risk, market risk, operation risk, and future operation tendency. Moreover, the Bank can undertake various kinds of investment allocations and establish several kinds of supervision in relation to overall risk exposure of the parent company.

(b) The characteristics of the risk management system

A. Timely: The system shall be able to provide early warning reports in order to deal and avoid the possible risk occurring during the decision procedure of the financial holding parent company and its subsidiaries.

B. Effectively: In order to maintain the efficiency of the risk management system, the financial holding parent company and its subsidiaries shall establish appropriate risk management procedures, supervisions and emergent plans.

(c) The risk management system shall be able to recognize and control relevant risk at least as follows:

A. Investment risk: The system shall be able to disclose the significant risk and benefit analysis in relation to the use of short-term capital and long-term investments.

(a) Use of short term capital: According to market risk.

(b) Long-term investment:

1. The control right of the investment risk management: Disclosure of the investee company's rules, financial structure, to pay off its debts and relevant risk disclosure.

2. The non-control right of the investment risk management: Disclosure of the investee company's performance and the situation of corporation government.

3. The national risk management: The disclosure of the political risk and economical situation in the invested nation or area, and establish relevant management index in order to draw up related strategies.

B. Assets and liabilities risk: Deposit, loans and asset allocations are the main business and function for financial institutions, therefore the Bank will need to face the un-balanced structure between the duration of the long-term and short-term investment of the assets and liabilities. Moreover, the Bank suffers from liquidity risk and interest rate risk which was induced by the potential rate variance.

(a) Liquidity risk: The Bank shall establish deficient liquidity analysis, conclude a management target, and set up limited amount for index, in order to draw up a corresponding strategy which can be used to prevent illiquidity from occurring, except for meeting the competent authority's requirement of the relevant preparation rules and the lowest liquidity rate.

(b) Structured interest rate risk: To draw up interest sensitive balance sheet, set up interest sensitive deficiency analysis, conclude management target and set up limited amount for index, in order to draw up corresponding strategies and reduce the level of interest rate exposure.

C. Market risk: Due to active involvement in operating financial instruments and expansion of the business, the Bank usually faces the instabilities of the asset prices due to the variation of market factors (such as interest rate, stock price and exchange rate, etc.). Therefore, establishing scientific methods and market risk management systems, determining a management target and setting up limited amount for index shall be considered in order to evaluate the level of risk exposure efficiently.

D. Credit risk: Due to active involvement in operating financial instruments or expansion of credit extension business, the Bank faces the insolvency of credit risk of the counter-parties and customers who maybe suffer from damage or financial deterioration. Therefore, the Bank shall establish consistent evaluation method of asset quality and classification, calculation and control of great amount exposure, and provision of allowance for losses and reserve, periodically. Moreover, the Bank shall monitor and collect the credit information of all counter-parties and customers of credit extension, which should be in compliance with the credit extension policy, carrying out the principle of credit rating system and diversification of assets and setting up management target, in order to reduce the default and concentration risk.

E. Operational risk (including law risk): The direct risk was caused by the internal business, transaction and use of information interactively. The activities that the financial holding parent company and its subsidiaries undertook will lead the internal issues, such as inappropriate systems, personnel negligence, inappropriate supervision and system malfunction, etc; or the indirect risk was caused by the external issues, such as deception, dispute about customers and products and business litigation. Hence, the Bank shall regularly or irregularly survey the internal operative handbook, operating procedures, information system of security protection, and the plan of dealing with emergency. Each process point to revise the system and fix all potential loss determines the duty of each employee clearly. While an event occurs, the quality and the related losses of impact shall be recorded properly, and the operative units have to be fully responsible for the information of collection, analysis and conclusion, and establishment of management index in order to decrease the repeated risk.

i. Pursuant to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the balance sheets and income statements of trust accounts were as follows:

TRUST BALANCE SHEETS

Trust Assets	December 31, 2011	December 31, 2010
Cash in Bank	$ 1,212,881	358,768
Bonds	999,043	2,565,314
Stocks	1,252,638	2,196,613
Funds	21,456,708	20,936,701
Real Estate-net		
Land	3,473,831	3,548,811
House and building	111,692	141,469
Construction in progress	1,617,293	1,051,329
Securities in custody	759,559	518,531
Other assets	-	940
Total Trust Assets	$ 30,883,645	31,318,476

Trust Liabilities	December 31, 2011	December 31, 2010
Other Liabilities	-	2,281
Unearned Revenue	-	20
Taxes payable	40	-
Payable for securities in custody	759,559	518,531
Trust Capital		
Monetry trust	23,526,084	23,767,011
Securities trust	1,118,733	2,074,213
Real estate trust	5,435,172	4,958,721
Reserves and accumulated earnings (losses)		
Accumulated earnings (losses)	35,052	(737,215)
Net income	9,005	734,914
Total Trust Liabilities	$ 30,883,645	31,318,476

The trust property list is displayed in the detail of assets above.

TRUST INCOME STATEMENTS

Investment Item	2011	2010
Trust revenues		
Interest income	$ 2,349	888
Rent income	25,808	18,537
Cash dividends	520,672	594,345
Gain on sale of properties	532,235	991,444
Other revenues	4	-
Trust expenses		
Administration expenses	32,241	76,802
Tax expenses	1,737	1,533
Service fee expenses	2,449	-
Interest expenses	18	35
Loss on sale of properties	1,035,414	791,664
Other expenses	7	8
Income tax expenses	197	258
Net income	**$ 9,005**	**734,914**

(X) OTHERS NON-INTEREST NET INCOME

Item	2011	2010
Gain on financial assets carried at cost-net	$ 74,502	52,176
Lease revenue-operating assets	20,391	30,746
Gain on sale of property and equipment	56,422	4,326
Losses on fixed asset retirement	(5,523)	(3,414)
Other net income (loss)	27,874	(66,617)
	$ 173,666	**17,217**

5. RELATED-PARTY TRANSACTIONS

(A) Names of related parties and relationship with the Bank

Name of Related Party	Relationship with the Bank
Jih Sun Financial Holding Co., Ltd.	Parent company of the Bank
Jih Sun Life Insurance Agency Co., Ltd.	An investee company carried under the equity method
Jih Sun Securities Co., Ltd.	Wholly owned by the same parent company
Jih Sun Futures Co., Ltd.	An investee company carried under the equity method by Jih Sun Securities Co., Ltd.
Jih Sun Securities Investment Consulting Co., Ltd.	An investee company carried under the equity method by Jih Sun Securities Co., Ltd.
Jih Sun International Property Insurance Agency Co., Ltd	An investee company evaluated under the equity method by Parent company of the Bank
Jih Sun Securities Investment Trust Co., Ltd.	Related party in substance
Other related parties	The Bank's directors, general manager and their spouses, relatives within second degree of kinship and chief officers from each departments (including branches)

(B) Material transactions with related parties:

(a) Deposits

Name of Related Party	Ending Balance	Maximum Balance	Interest Revenue	Interest Interval %
For the year ended December 31, 2011				
Jih Sun Securities Co., Ltd.	$ 825,880	2,366,899	1,899	0-1.70%
Jih Sun Life Insurance Agency Co., Ltd	58,477	91,459	91	0-0.16%
Jih Sun Financial Holding Co., Ltd.	7,169	1,480,900	109	0-1.36%
Jih Sun Securities Investment Consulting Co., Ltd.	62,866	76,606	335	0-1.19%
Jih Sun Futures Co., Ltd.	2,784,379	3,028,518	25,963	0-1.45%
Jih Sun Securities Investment Trust Co., Ltd.	40,733	103,957	752	0-2.73%
Others	448,868	730,682	1,247	0-4.75%
Total	**$ 4,228,372**		**30,396**	

Name of Related Party	Ending Balance	Maximum Balance	Interest Revenue	Interest Interval %
For the year ended December 31, 2010				
Jih Sun Securities Co., Ltd.	$ 364,043	5,226,194	737	0-1.70%
Jih Sun Life Insurance Agency Co., Ltd	75,902	81,142	64	0-0.12%
Jih Sun Financial Holding Co., Ltd.	17,016	1,207,608	38	0-0.12%
Jih Sun Securities Investment Consulting Co., Ltd.	76,387	76,775	212	0-0.74%
Jih Sun Futures Co., Ltd.	2,493,522	2,934,718	23,438	0-1.70%
Jih Sun Securities Investment Trust Co., Ltd.	64,869	206,907	788	0-2.73%
Others	406,213	595,619	1,098	0-4.75%
Total	**$ 3,497,952**		**26,375**	

The above interest rates on deposits are substantially the same as for comparable transactions with no-related parties.

(b) Rental contract

1. Leased

For the years ended December 31, 2011 and 2010, the leased condition of the offices from the related parties were as follows:

	2011		2010	
	Rental expense	**Deposit**	**Rental expense**	**Deposit**
Jih Sun Securities Co., Ltd.	$ 12,883	2,873	15,572	3,146
Jih Sun Securities Investment Trust Co., Ltd	-	-	3,696	924
	$ 12,883	**2,873**	**19,268**	**4,070**

2. Rental

For the years ended December 31, 2011 and 2010, the rental condition of the offices to the related parties were as follows:

	2011		2010	
	Rental income	Deposit	Rental income	Deposit
Jih Sun Securities Co., Ltd.	$ 11,572	2,014	11,952	1,905
Jih Sun Securities Investment Trust Co., Ltd	-	-	29	-
Jih Sun Futures Co., Ltd.	271	45	271	45
Jih Sun Life Insurance Agency Co., Ltd	-	-	936	-
Jih Sun International Property Insurance Agency Co., Ltd	-	-	113	-
	$ 11,843	**2,059**	**13,301**	**1,950**

(c) Loan

December 31, 2011							
Classification	Number or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	1	2,548	2,281	2,281	-	Deposit	none
Personal house mortagaed loan	28	157,237	137,116	137,116	-	Real estate	none
Other loans	3	798	798	798	-	Real estate	none

December 31, 2010							
Classification	Number or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	2	2,514	2,015	2,015	-	Deposit	none
Personal house mortagaed loan	25	146,861	123,570	123,570	-	Real estate	none

As of July 14, 2011 and August 19, 2010, the Bank's guaranteed line of credit to Jih Sun Securities Co., Ltd. amounted to $1,200,000. As of December 31, 2011 and 2010, the loan balances were both $0.

As of December 31, 2011 and 2010, there were no overdue loans from the related parties. Allowance for bad debts is estimated in accordance with the accounting policy of the Bank. In relation to the related-party credit policy, the Bank follows the requirements under Articles 32, 33, 33-1, 33-2, 33-4, 33-5 of the Banking Act, and does not provide credit loans without collaterals. For collateralized loans, the collaterals shall consists of full guarantees, and the terms (including interest rate, collateral and its related appraisal, guarantor requirement, loan term, repayment method of principal and interest, etc.) must not be superior to the other parties for similar types of loan. Financing provided to the same related party, which individually or cumulatively amounts to $100,000 or 1% of the Bank's net worth, whichever is lower, must be presented to the Board of Directors for deliberation. Moreover, the meeting must be attended by more than two-thirds of the directors and approved by more than three-fourths of the directors in attendance. The terms and conditions of loans to related parties are not superior to those given to non-related parties.

(d) Property transaction

For the year ended December 31, 2011, the Bank signed a sale of real estate contract with Jih Sun Securities Co., Ltd. Total contract price of $29,641 is determined according to professional valuation report, and gain on sale was $399. Registration of the property right was completed on July 15, 2011. The transaction with related parties above is substantially on the same terms as for comparable transactions with non-related parties.

(e) Others

1. For the years ended December 31, 2011 and 2010, the Bank and the related parties operated bonds and short-term bills under resell agreements. Ending balance, generated interest revenue were as follows:

   Bonds purchased under resell agreements:

	2011		2010	
	Interest revenue	**Ending balance**	**Interest revenue**	**Ending balance**
Jih Sun Securities Co., Ltd.	**$ -**	**-**	**63**	**-**

2. Tax refund receivable from joint filing of tax

	December 31, 2011		December 31, 2010	
	Amount	**%**	**Amount**	**%**
Jih Sun Financial Holding Co., Ltd	**$1,682,377**	**27.72**	**1,430,028**	**25.78**

3. The other receivables and payables from the related parties

Related party	December 31, 2011	December 31, 2010
Other receivables		
Jih Sun Life Insurance Agency Co.,	$ 35,840	51,769
Jih Sun International Property Insurance Agency Co., Ltd	264	283
Jih Sun Securities Investment Trust Co., Ltd.	-	15

Related party	December 31, 2011	December 31, 2010
Other payables		
Jih Sun Securities Co., Ltd.	$ 15,922	18,591
Jih Sun Securities Investment Consulting Co., Ltd.	250	250
Jih Sun Futures Co., Ltd.	24	5
Jih Sun Financial Holding Co., Ltd.(Note1)	5,600	5,500

Note1: The accrued directors' remuneration for the years ended December 31, 2011 and 2010.

4. The details of the other transactions with Jih Sun Securities Co., Ltd. were as follows:

	2011	2010
Brokerage fee	$ 311	1,183
Stock agent fee	720	720
Trust and other commissions service fee income	635	670
Joint marketing revenue	-	146
Joint marketing fee	834	743
Site usage fee (Note2)	208,955	202,918

Note2: The Bank acts as an agent of Jih Sun Securities Co., Ltd. to pay for the site usage fee to deal with trading securities for customers.

5. The Bank paid guarantee deposits to Jih Sun Futures Co., Ltd. for investment in futures transactions. The details of the transaction were as follows:

	2011	2010
Futures margin	$ 59,820	-
Brokerage fee	127	132
Interest income of gurantee deposits	39	10

6. For the years ended December 31, 2011 and 2010, the Bank paid for software service fee to Jih Sun Futures Co., Ltd. amounted to $375 and $26, respectively; trust service fee income earned from Jih Sun Futures Co., Ltd. amounted to $10 and $0, respectively.

7. For the years ended December 31, 2011 and 2010, the bank acted as an agent for Jih Sun Securities Investment Trust Co., Ltd. and received sale of fund bonus amounted to $1,744 and $2,698, respectively.

8. For the years ended December 31, 2011 and 2010, the commission revenue that the bank acted as an agent to promote insurance for Jih Sun Life Insurance Agency Co., Ltd amounted to $242,212 and $273,865, respectively.

9. For the years ended December 31, 2011 and 2010, the bank promoted insurance for Jih Sun International Property Insurance Agency Co., Ltd and the commission revenue amounted to $2,170 and $2,521, respectively.

10. For the years ended December 31, 2011 and 2010, the Bank paid consulting fees for Jih Sun Securities Investment Consulting Co., Ltd. amounted to $3,000 and $3,250, respectively.

(C) Compensation information for main management

For the years ended December 31, 2011 and 2010, the remuneration paid to the the Bank's directors, general managers and vice general managers were as follows:

	2011	**2010**
Salaries	$ 32,126	24,922
Bonus and special allowances	11,428	8,257
Business executive expenses	3,601	1,200
Employee bonuses	64	1
Total	**$ 47,219**	**34,380**

6. PLEDGED ASSETS:

Unit: in Thousands of New Taiwan Dollar

Assets	Type of securities	December 31, 2011	December 31, 2010	Purpose of collateral
Financial assets measured at fair value through profit or loss	Government bonds	$ 70,900	33,400	Deposited court guarantee
	Government bonds	50,000	50,000	Guarantee of bills dealer
	Government bonds	50,000	50,000	Trust fund reserve for compensation
	Government bonds	78,000	65,000	Agent of tax guarantee collection
	Government bonds	117,700	-	Deposits for National Credit Card Center
Available-for-sale financial assets	Government bonds	-	120,400	Deposits for National Credit Card Center
	Government bonds	2,000,000	-	Call loans from other banks guarantee
Total		$ 2,366,600	318,800	

7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

(A) Major commitments and contingencies:

	December 31, 2011	December 31, 2010
Acted as an agent for various collections	$ 414,631	256,935
Entrusted with the sale of U.S dollar traveler's checks	39,095	51,761
Handled several guarantees (including joint handling of foreign exchange transactions)	969,595	1,563,999
Outstanding bank acceptance liabilities	378,654	242,075
Letters of credit	579,226	1,003,936
Acted as custodian of post-dated checks for its clients (excluding next day's checks for clearing)	8,924,094	10,452,592
Loans commitments	20,790,092	12,393,192
Credit card commitments	35,740,790	51,127,576
Total	**$ 67,836,177**	**77,092,066**

(B) For the years ended December, 31 2011 and 2010, the Bank had contracted but not yet paid for equipment purchase and office renovations which were approximately amounted to $36,879 and $23,480, respectively. As of December 31, 2011 and 2010, $16,064 and $14,098 are not yet to be paid, respectively. The remaining amount is paying in progress continuously.

(C) As of December 31, 2011, the rental payable for lease of the Bank's operating site for the oncoming five years will be as follows:

Period	Amount
1.1.2012 ~ 12.31.2012	$ 150,996
1.1.2013 ~ 12.31.2013	105,742
1.1.2014 ~ 12.31.2014	78,355
1.1.2015 ~ 12.31.2015	50,302
1.1.2016 ~ 12.31.2016	18,850
Total	$ **404,245**

(D) According to SFAS No. 28 "Financial Disclosures for Financial Institutions", major commitments and contingencies required to be disclosed by the Bank are as follows:

a. All of the Bank's credit extension commitments can be cancelled by the accelerated terms. Therefore, as of December 31, 2011 and 2010, the Bank had no non-cancelable credit extension commitments and credit commitments that require significant payment to be canceled.

b. As of December 31, 2011 and 2010, the Bank had direct credit guarantees consisting of general guaranteed bonds (corporate bonds) which amounted to $301,188 and $322,014, respectively, and guarantee letters for financial guarantees of loans and securities, which amounted to $177,000 and $410,000, respectively.

c. As of December 31, 2011 and 2010, the Bank had performance bonds of $472,910 and $729,458, respectively. And the guarantee letters issued for specified transactions were $491,407 and $831,985, respectively.

(E) Due to the fact that the Bank was acting as the guarantor of Tan-Tai Construction Company, Taipei City Hydraulic Engineering Office issued a claim against the Bank. As of January 21, 2008, the Bank is sentenced to pay for Tan-Tai Construction Company, $30,637, in accordance with Taipei District Court. The Bank did not agree with the sentence and decided to appeal the case to a higher court through the attorney. Moreover, in accordance with the Taiwan High Court (97) Chong-Shang-Zi No. 121, the Bank had no responsibilities to pay for the guarantees. However, Taipei City Hydraulic Engineering Office did not agree with the judgment and decided to appeal the case to the Supreme Court of the Republic of China. The Supreme Court has judged that the Bank is liable for the amount of $32,036 and the amount had already been accrued. The Bank is not satisfied with the judgment and decided to appeal the case to Supreme Court. As of February 22, 2011, in accordance with the Taiwan Supreme Court (100) Tai-Shng-Zi No. 199, has repealed the judgment of Taiwan High Court (98) Chong-Shang-Geng(1) – Zi No. 161 in considering the Bank had reasons to appeal. Moreover, as of October 12, 2011, the High Court has sided with the Bank that it has no responsibilities to pay for the guarantees. However, Taipei City Hydraulic Engineering Office did not agree with the High Court judgment and decided to appeal the case to the Taiwan Supreme Court .

(F) The non-litigant Mr. Yang forged signature on the withdrawal slip of the Bank's customer, Mr. Lai, and Mr. Lai has demanded the Bank to be liable for the damage and to discharge the obligation. As of April 14, 2010, the Court has considered all fact relevant and believed that the Bank has not exercised the due care of a good administrator for signature verification. The Bank is sentenced to pay for the damage of $2,272 and interest incurred, and the amount had already been accrued. However, the Bank did not agree with the aforesaid judgment and decided to appeal the case to the Taiwan High Court. As of September 19, 2011, the Taiwan Supreme Court denied the appeal and affirmed conviction. The Bank was sentenced to pay for the damage of $2,272 and interest incurred, and the amount had already been paid in October, 2012.

(G) Standard International Co., Ltd, the trust beneficial transferee indicted the Bank in August 2010, claiming that although the Bank signed the trust contract before transference took place, the Bank has not followed the arrangement in the real estate trust contract, in which the Bank had not paid the construction fee on time based on the work progress. The contract stated that the Bank is responsible for managing, operating, disposing and income generation of the trust assets. Hence, the Bank is asked to pay for the damage of $9,370 and the interest incurred of $13,441. As of December 23, 2011, in accordance with the Taipei District Court (99) Chong-Su-Zi No.1206, the Bank should not be liable for the damage.

(H) Miss Lin (the plaintiff) purchased the land located in Shui Xian Section, Danshui Town, Taipei County (Now known as Danshui District, New Taipei City) from the Bank. After the land has been valuated and delivered, the plaintiff claimed the land was occupied by the third party and demanded the Bank to return the land price of $24,500, and to pay an extra penalty of $24,500 and 5 percent annual interest rate. As of January 31, 2011, the Taipei District Court has judged the Bank to be liable for the amount of $500. Another $24,500 and 5 percent annual interest rate is payable after the ownership of the land is transferred to the Bank. The amount had been accrued, however the Bank did not agree with the aforesaid judgment and has appealed the case to the Taiwan High Court.

(I) Big Beam Construction Co., Ltd. (Big Beam Construction) contracted with Long-Men construction division within the Thermal and Nuclear Power Engineering division of Taiwan Power Company to undertake Long-Men project (Nuclear No.4), which involved circulation water pump building No.1 and No.2, electrolytic chlorination building, cooling-water pumper in reactor building (the Project). The Bank and Citibank Taiwan Ltd. offered joint and several guarantee of performance bond in the amount of $10,000 and $50,000, respectively, for Big Beam Construction to perform the obligation to pay the performance bond. As of February 10, 2011, the Long-Men construction division claimed that Big Beam Construction should pay the default fine amounted to $96,000 for the 11 items involved in the Project and the whole project were overdue. Therefore, Taiwan Power Company filed an appeal to the Bank for the payment of the performance bond in the amount of $10,000 and interest at annual rate 5% incurred started from August 11, 2010 to the date of the payment. As of September 8, 2011, in accordance with Keelung District Court judgment, the Bank was sentenced to pay the performance bond in the amount of $10,000 and the related interest to the plaintiff, and the amount had already been accrued. However, the Bank did not agree with the aforesaid judgment and has appealed the case to the Taiwan High Court.

8. SIGNIFICANT CATASTROPHIC LOSS: NONE

9. SIGNIFICANT SUBSEQUENT EVENTS: NONE

10. OTHERS

(A) The Company's personnel, depreciation, depletion, and amortization expenses were as follows:

Function / Nature	2011 Operating Expenses	2010 Operating Expenses
Personnel Expense		
Salaries and wages	$ 1,252,731	1,186,100
Insurance expenses	95,116	86,455
Pension expenses	55,072	50,131
Other personnel expenses	48,347	38,783
Depreciation Expenses	134,069	162,630
Amortization Expenses	103,800	315,566

(B) Pursuant to SFAS No. 28 "Disclosures in the Financial Statement of Banks," additional information disclosed by the Bank was as follows:

a. Asset quality, concentrations of credit risk and other related information:

(1) Asset quality

Unit: In Thousands of New Taiwan Dollars, %

Business/Project			December 31, 2011				
			Non-performing loans	Total loan amount	Non-performing loans ratio	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee		166,371	27,814,760	0.60%	310,314	186.52%
	Non-Guarantee		196,829	41,139,862	0.48%	571,140	290.17%
Consumer finance	Residential mortgages		61,090	50,413,522	0.12%	177,405	290.40%
	Cash cards		-	-	-%	-	-%
	Small credit loan		4,368	1,002,854	0.44%	39,058	894.18%
	Other	Guarantee	2,901	11,799,907	0.02%	30,330	1,045.50%
		Non-Guarantee	4,201	1,717,681	0.24%	210,639	5,014.02%
Total loan business			435,760	133,888,586	0.33%	1,338,886	307.25%
			Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card business			5,429	1,611,825	0.34%	74,924	1,380.07%
Factoring receivables - without recourse			-	1,163,135	-%	-	-%

Business/Project			December 31, 2010				
			Non-performing loans	Total loan amount	Non-performing loans ratio	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee		1,476,978	27,534,465	5.36%	484,828	32.83%
	Non-Guarantee		462,442	33,815,453	1.37%	394,416	85.29%
Consumer finance	Residential mortgages		190,121	54,290,106	0.35%	77,462	40.74%
	Cash cards		-	-	-%	-	-%
	Small credit loan		49,404	1,045,174	4.73%	53,461	108.21%
	Other	Guarantee	31,309	11,017,100	0.28%	8,819	28.17%
		Non-Guarantee	66,812	2,204,543	3.03%	165,905	248.32%
Total loan business			2,277,066	129,906,841	1.75%	1,184,891	52.04%
			Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card business			9,728	1,924,335	0.51%	16,741	172.09%
Factoring receivables - without recourse			-	878,954	-%	-	-%

Note 1: Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accural Loans." The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2: Non-performing loans ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ balance of receivables.

Note 3: Coverage ratio of allowance for bad debts = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card = allowance for credit losses ÷ overdue receivables.

Note 4: For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5: Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and they do not include credit cards or cash cards.

Note 6: Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash cards, and microcredit loans, and do not include credit cards.

Note 7: In accordance with Jin-Kuan-Yin-(5)-Zi No. 094000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Note 8: Supplemental disclosures:

Unit: In Thousands of New Taiwan Dollars, %

	December 31, 2011		December 31, 2010	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note A)	278,585	-	164,903	202,032
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note B)	75,075	12,104	87,513	16,363
Total	353,660	12,104	252,416	218,395

Note A: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure reporting credit information which was approved under the "Debt Coordination Mechanism of Unsecured Consumer Debts by the Bankers Association of the R.O.C".

Note B: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008, a bank is required to make supplemental disclosure reporting credit information once debtors apply for pre-negotiation, relief and liquidation under the "Consumer Debt Clearance Act."

(2) Concentration of credit extensions

Unit: In Thousands of New Taiwan Dollars, %

December 31,2011			
Rank	Enterprise group	Credit amount	Credit amount to shareholders' equity ratio(%)
1	A GROUP- Petroleum and Coal Products Manufacturing	5,324,154	32.48%
2	B GROUP- Real Estate Development	2,463,010	15.03%
3	C GROUP-Telecommunications	1,546,354	9.43%
4	D GROUP-Real Estate Development	1,497,311	9.13%
5	E GROUP-Liquid Crystal Panel and Components Manufacturing	1,237,993	7.55%
6	F GROUP-Financial Holdings	1,144,100	6.98%
7	G GROUP-Other Financial Intermediates Not Elsewhere Classified	1,085,450	6.62%
8	H GROUP-Other Domestic Appliances Manufacturing	1,016,130	6.20%
9	I GROUP-Real Estate Development	998,940	6.09%
10	J GROUP-Other Financial Intermediates Not Elsewhere Classified	968,110	5.91%

December 31,2010			
Rank	Enterprise group	Credit amount	Credit amount to shareholders' equity ratio(%)
1	A GROUP- Petroleum and Coal Products Manufacturing	3,981,039	30.03%
2	B GROUP-Liquid Crystal Panel and Components Manufacturing	2,222,681	16.77%
3	C GROUP-Telecommunications	1,841,928	13.89%
4	D GROUP-Monitors and Terminals Manufacturing	1,501,036	11.32%
5	E GROUP-Short-term Accommodation Services	1,286,187	9.70%
6	F GROUP-Financial Holdings	1,274,694	9.62%
7	G GROUP-Other Retail Sale in General Merchandise Stores	1,090,813	8.23%
8	H GROUP-Electronic Equipment Components Wholesale Trade	1,071,828	8.09%
9	I GROUP-Steel Rolling and Extruding	991,544	7.48%
10	J GROUP-Other Retail Sale in General Merchandise Stores	855,520	6.45%

Note 1: The chart ranks the top ten enterprise groups other than government or stated-owned enterprises according to the total outstanding loan balance of the enterprise group.

Note 2: Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: The total outstanding credit amount is the sum of the balances of all loan types (including import and export bill negotiations, loans, overdrafts short/medium/long-term secured and unsecured loans, receivables from securities lending, and non-accrual loans), bills purchased, without-recourse factoring, acceptances receivable, and guarantees receivable.

b. Average amount and current period average interest rate of interest-earning assets and interest-bearing liabilities were as follows:

	December 31, 2011		December 31, 2010	
	Average amount	Average rate (%)	Average amount	Average rate (%)
Interest-earning assets	$ 187,297,774	1.98	181,826,973	1.87
Interest-bearing liabilities	184,917,788	0.75	181,725,459	0.62

c. Interest rate sensitivity information

Interest rate sensitive assets and liabilities analysis sheet(NTD)

Unit: in Thousands of New Taiwan Dollars; %

ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181 days-1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	$ 131,491,416	4,560,111	1,332,416	33,823,940	171,207,883
Interest rate sensitive liabilities	73,981,793	61,530,245	30,173,872	1,634,924	167,320,834
Interest sensitivity gap	57,509,623	(56,970,134)	(28,841,456)	32,189,016	3,887,049
Net value					16,065,206
Interest-rate-sensitive asset to interest rate sensitive liability ratio					102.32
Interest rate sensitivity gap to net value ratio					24.20

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches (excluding foreign currency amounts) are denominated in NTD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

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 (denominated in NTD).

Interest rate sensitive assets and liabilities analysis sheet(USD)

Unit: in Thousands of US Dollars; %

ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181days-1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	$ 260,788	35,840	55,274	207,791	559,693
Interest rate sensitive liabilities	207,230	276,503	43,644	175	527,552
Interest sensitivity gap	53,558	(240,663)	11,630	207,616	32,141
Net value					10,577
Interest-rate-sensitive asset to interest rate sensitive liability ratio					106.09
Interest rate sensitivity gap to net value ratio					303.88

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches are denominated in USD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

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(denominated in U.S. dollars).

d. Main Foreign Currency Net Position

(1) Net positions in foreign currencies:

	December 31, 2011		December 31, 2010	
Foreign Currency Net position	**Currency**	**NTD**	**Currency**	**NTD**
	1. USD	331,992	1. USD	283,163
	2. JPY	(62,213)	2. JPY	13,203
	3. AUD	40,819	3. CNY	3,411
	4. EUR	(24,922)	4. HKD	(1,209)
	5. NZD	19,983	5. AUD	(723)

(2) Financial assets and liabilities of positions in foreign currencies:

	December 31, 2011			December 31, 2010		
	Foreign currency amount	Spot rate	NTD amount	Foreign currency amount	Spot rate	NTD amount
Financial assets						
Monetary items						
AUD	$ 33,104	30.7600	1,018,294	24,209	30.9400	749,038
EUR	11,434	39.2100	448,318	19,475	40.5800	790,286
GBP	2,730	46.7500	127,611	2,494	47.0600	117,373
HKD	121,429	3.8990	473,453	30,241	3.9060	118,122
JPY	992,290	0.3906	387,588	1,268,399	0.3734	473,620
NZD	7,496	23.4200	175,549	11,346	23.5100	266,755
USD	580,326	30.2940	17,580,392	462,217	30.3680	14,036,615
ZAR	94,837	3.7300	353,741	46,396	4.5800	212,495
Others (note)			112,369			123,257
Non-Monetary items						
Others (note)			10,754			22,581
Financial liabilities						
Monetary items						
AUD	$ 33,497	30.7600	1,030,362	23,150	30.9400	716,252
EUR	11,527	39.2100	451,976	19,567	40.5800	794,031
GBP	2,765	46.7500	129,260	2,528	47.0600	118,958
HKD	118,048	3.8990	460,270	131,746	3.9060	514,600
JPY	633,912	0.3906	247,606	853,986	0.3734	318,879
NZD	7,456	23.4200	174,621	11,250	23.5100	264,491
USD	553,318	30.2940	16,762,202	358,955	30.3680	10,900,735
ZAR	96,556	3.7300	360,153	46,303	4.5800	212,066
Others (note)			107,395			95,600
Non-Monetary Items						
Others (note)			2,127			1,322

Note: Other Currencies that are less than to NTD 100 million are disclosed together.

e. Profitability and maturity analysis of assets and liabilities:

(1) Profitability:

Unit: %

Item	December 31 ,2011	December 31 ,2010
Return on assets ratio (Before tax)	0.81	0.34
Return on assets ratio (After tax)	0.94	0.52
Return on equity ratio (Before tax)	11.23	5.58
Return on equity ratio (After tax)	13.07	8.40
Net income ratio	36.71	24.26

Note 1: Return on assets ratio = Net income (loss) before/after income tax ÷ average total assets.

Note 2: Return on equity ratio = Net income (loss) before/after income tax ÷ average total equity.

Note 3: Net income ratio = Net income after income tax ÷ Net revenue.

Note 4: Net income (loss) before/after tax represents accumulated income (loss) of the current year.

(2) Maturity analysis of assets and liabilities:

Structure analysis of New Taiwan Dollars time to maturity

		Remaining amount to maturity				
		Unit:in Thousands of New Taiwan Dollars				
Financial instrument	**Total**	**1-30 days**	**31-90 days**	**91-180 days**	**181 days-1 year**	**Over 1 year**
Major capital inflow at maturity	$ 188,502,747	39,971,228	16,631,971	9,694,883	15,600,323	106,604,342
Major capital outflow at maturity	242,485,641	28,612,948	25,905,197	30,278,900	75,685,475	82,003,121
Gap	(53,982,894)	11,358,280	(9,273,226)	(20,584,017)	(60,085,152)	24,601,221

Note: Listed amounts of the head office and domestic branches (excluding foreign currency amounts) are denominated in NTD.

Structure analysis of US Dollars time to maturity

		Remaining amount to maturity				
		Unit: in Thousands of U.S. Dollars				
Financial instrument	**Total**	**1-30 days**	**31-90 days**	**91-180 days**	**181 days-1 year**	**Over 1 year**
Major capital inflow at maturity	$ 619,588	164,401	160,883	42,284	57,263	194,757
Major capital outflow at maturity	749,606	237,769	154,249	94,277	77,846	185,465
Gap	(130,018)	(73,368)	6,634	(51,993)	(20,583)	9,292

Note1: Listed amounts of the head office and domestic branches, offshore banking unit and overseas branches are denominated in U.S. dollars. The amounts were listed by book value except for additional statement. Non-recorded amount shall not be listed. (For example: planning to issue negotiable certificates of deposit, bonds or stocks.)

Note 2: The supplementary disclosure of information shall be provided, if the overseas assets accounts for more than 10% to the total assets.

f. Special matters:

	Description and amount
Within one year, a person in charge of the business or an employee who violated the law in the course of business, and resulting in an indictment by the prosecutor.	The assistant manager of Sanchong branch, Mr. Yang has been accused by the victim, Mr Qin for forgery. Mr Yang was prosecuted for forgery by the Banciao District prosecutor in August 2010. Moreover, in January 2011, in accordance with the Taiwan Banciao District Court (99) Jian-Zi No.7789, Mr. Yang was sentenced for 2 months. However, Mr. Yang had appealed the case and received the same judgment from the first instance.
Within one year, any fine was levied by governmental authority for violations of the related regulation.	None
Within one year, any deficiency for which an official reprimand was issued by governmental authority.	None
Within one year, in accordance with Article 61-1 of the Banking Act, the items were executed by governmental authority.	None
Within one year, the individual or aggregated loss exceeded NT$50 million dollars, resulted from employee corruption, significant contingent events, or failure to follow the "Guidelines for the Security Maintenance of Financial Institutions".	None
Others	None

(C) The income and expenses arising from the joint marketing operation and information interoperability amongst the Financial Holding Company's subsidiaries were allocated as follows:

The joint marketing income and expenses between the Bank and Jih Sun Securities Co., Ltd., except for the rental was paid form fixed amount which was based on negotiation, the other operating expense was in accordance with the proportion of the actual usages. For the years ended December 31, 2011 and 2010, the Bank is to receive joint marketing income of $0 and $146 and pay the expenses of $834 and $743, respectively.

(D) Capital adequacy:

Unit: %

Period / Analysis Item			December 31, 2011	December 31, 2010
Eligible capital		Tier 1 capital	14,055,327	10,629,586
		Tier 2 capital	10,021	496,070
		Tier 3 capital	-	-
		Eligible Capital	14,065,348	11,125,656
Risk-weighted assets	Credit risks	Standarized approach	114,545,937	106,928,839
		Internal rating-based approach	-	-
		Securitization	-	89,676
	Operation risk	Basic indicator approach	5,548,986	7,066,331
		Standardized approach/ Alternative standard approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	2,880,985	3,794,646
		Internal model approach	-	-
	Total weighted risk assets		122,975,908	117,879,492
Capital adequacy ratio			11.44%	9.44%
Tier 1 capital / Risk-weighted assets ratio			11.43%	9.02%
Tier 2 capital / Risk-weighted assets ratio			0.01%	0.42%
Tier 3 capital / Risk-weighted assets ratio			- %	- %
Common stock equity/ Total assets ratio			6.94%	6.41%
Leverage ratio			6.88%	5.45%

Note : The calculation formula of the index should be presented as followed:

(a) Eligible Capital = Tier 1 capital+ Tier 2 capital + Tier 3 capital

(b) Total amount risk-assets weighted = credit risks risk- weighted assets+ appropriate proportion of (operation risk+ market risk) *12.5

(c) Capital adequacy ratio= Eligible Capital/total amount of risk-weighted asset

(d) Tier 1 capital to risk-weighted assets ratio=Tier 1 capital/ total amount of risk-weighted asset

(e) Tier 2 capital to risk-weighted assets ratio =Tier 2 capital/ total amount of risk-weighted asset

(f) Tier 3 capital to risk-weighted assets ratio =Tier 3 capital/ total amount of risk-weighted asset

(g) Common stock equity to total assets ratio= Common stock equity/ Total assets

(h) Leverage ratio= Tier 1 capital/ Average asset after adjustment (Average asset minus Tier 1 capital "Goodwill", "loss on sale unamortized NPL" and the deductible amount form the Tier 1 capital in accordance with "The calculation instructions and forms of bank's capital and risky asset"

(E) In accordance with the Financial Supervisory Commission, Executive Yuan, R.O.C. (FSC) Jin-Kuan-Cheng-Chuan No. 10000073410, the Bank disclosed those matters relevant to IFRSs adoption in advance in financial statements: Please refer to the Bank's 2011 consolidated financial statements for aforesaid information.

11. DISCLOSURES REQUIRED

(A) Related information on significant transactions:

a. Cumulative purchase or sale of the same investee's capital stock up to $300,000 or 10% of paid-in capital: none

b. Acquisition of real estate up to $300,000 or 10% of paid-in capital: none.

c. Disposal of real estate up to $300,000 or 10% of paid-in capital: none.

d. Discount on commission fees for transaction with related parties up to $5,000: none.

e. Receivables from related parties up to $300,000 or 10% of paid-in capital: please referring to note 4 (G) and note 5 (B).

f. Information on NPL disposal transaction:

(1) Summary table of NPL disposal:

Trade Date	Counterparty	Debt Component	Book Value (Note1)	Sale Price	Gains on Disposal (Note2)	Additional term	Relationship
August 15, 2011	Hua Nan Assets Management Company	Enterprise, Residential mortgage loan	295,423	870,555	575,132	None	Non-related parties
August 15, 2011	Yuanta Assets Management Company	Credit cards, Cash cards, Non-guarantee credit loan	-	419,060	419,060	None	Non-related parties

Note:1. The book value is the balance of the book value of $352,068 less by the allowance for bad debts of $56,645.

Note:2. The client has paid $8,795 from the date of contract to actual settlement date.

(2) Disclosure of the information on the single transaction of sale of NPL whose debt amount is in excess of $10 billion (exclusive of the sale to related parties).

Counterparty: Hua Nan Assets Management Company Disposal date: August 15, 2011

Unit: in Thousands of New Taiwan Dollar

Debt Component			**Debt Amount**	**Book Value**	**Sale Price Allocation**
Enterprise	Guarantee		1,444,801	286,009	841,533
	Non-Guarantee		-	-	-
Individual	Guarantee	Residential mortgages	115,926	9,414	29,022
		Car Loan	-	-	-
		Others	-	-	-
	Non-Guarantee	Credit cards	-	-	-
		Cash cards	-	-	-
		Small credit loan	-	-	-
		Others	-	-	-
Total			1,560,727	295,423	870,555

Counterparty: Yuanta Assets Management Company Disposal date: August 15, 2011

Unit: in Thousands of New Taiwan Dollar

Debt Component			**Debt Amount**	**Book Value**	**Sale Price Allocation**
Enterprise	Guarantee		-	-	-
	Non-Guarantee		-	-	-
Individual	Guarantee	Residential mortgages	-	-	-
		Car Loan	-	-	-
		Others	-	-	-
	Non-Guarantee	Credit cards	1,774,822	-	90,173
		Cash cards	552,683	-	31,930
		Small credit loan	1,289,330	-	74,489
		Others	-	-	-
Total			3,616,835	-	196,592

Counterparty: Yuanta Assets Management Company Disposal date: August 15, 2011

Unit: in Thousands of New Taiwan Dollar

Debt Component			Debt Amount	Book Value	Sale Price Allocation
Enterprise	Guarantee		-	-	-
	Non-Guarantee		-	-	-
Individual	Guarantee	Residential mortgages	-	-	-
		Car Loan	-	-	-
		Others	-	-	-
	Non-Guarantee	Credit cards	1,769,034	-	101,959
		Cash cards	553,421	-	36,235
		Small credit loan	1,287,146	-	84,274
		Others	-	-	-
Total			3,609,601	-	222,468

Note: The price allocation is based on 1. prices of non-performing credit card loan.

2. amount of cash cards and credit loans.

g. Financial assets securitization rules: none.

h. Other significant transactions that may have substantial influence upon the decisions made by financial statement users: none.

(B) Related information on investee companies:

a. Names and locations of, and relevant information on, investees:

Names of investee company	Address	Main business scope	Shareholding ratio	Carrying Value	Investment gain recognized	Aggregate shareholding of the Bank and its subsidiaries				Remark
						No. of shares	No. of proforma shares	Total		
								Number of shares	Shareholding ratio	
Jih Sun Life Insurance Agency Co., Ltd.	8F., No.85, 87, Sec. 2, Nanjing E. Rd., Taipei City	Life Insurance Agency	99%	43,411	29,690	297,000	-	297,000	99%	-

b. Loans to others or individuals: none.

c. Endorsements and guarantees for others: none.

d. Marketable securities held as of December 31, 2011: none.

e. Cumulative purchases or sales of the same investee's capital stock up to $300,000 or 10% of paid-in capital: none.

f. Acquisition of real estate up to $300,000 or 10% of paid-in capital: none.

g. Disposal of real estate up to $300,000 or 10% of paid-in capital: none.

h. Discount on commission fees for transaction with related parties up to $5,000: none.

i. Receivables from related parties up to $300,000 or 10% of paid-in capital: none.

j. Financial derivative transaction: none.

k. Information on NPL disposal transaction: none.

l. Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: none.

m. Other significant transactions that may have substantial influence upon the decisions made by financial statement users: none.

12. Operating Segments Information:

(A) Segment information

a. Factors determining reportable segment

The segment reporting relates to the Bank as several types of services and products are provided by different divisions. Each division has its own characteristics, pricing strategy and marketing strategy, thus should be managed separately.

b. Source of revenue from each reportable segment

There are four major reportable segments within the Bank, including: consumer banking division, corporate banking, wealth management division, and investment management division. Consumer banking division provides general personal account dealing affairs, products include: home loans, housing insurance, credit loans, car loans and credit cards.

Enterprise finance division mainly focuses on corporate customers, the Bank provides the following service and products, including: short-term, medium to long and long-term loans, accounts receivables, guarantee, project finance, syndication loans, imports and exports, foreign exchange, trust service, financial planning, electronic financial products and underwriting.

Wealth management division offers a variety of products and services to meet personal wealth management needs. Products and services provided include: savings, remittance services, insurance products, financial instruments, fund investment and personal trust.

Investment management division is responsible for the short-term investment and fund dispatching of the Bank and to provide relevant financial products for customers to avoid risks.

c. Gains/losses of business segments and valuation of assets

Accounting treatments applied to business segments are consistent with the significant accounting policies used with the external reports. The Bank assesses the operating performance based on earnings before tax.

In order to improve capital efficiency and loan strategy, the Bank has established an integrated funds transferring system, the interest rate given to the internal funds depends on the ratio between savings and loans which has direct impact on capital efficiency,

d. Financial information on reportable segments

December 31, 2011	Consumer banking	Corporate banking	Wealth management	Investment management	Others	Total
Net interest income	$ 1,104,075	887,887	96,235	321,214	(77,067)	2,332,344
Net service fee income	127,232	15,460	575,963	(6,776)	(4,162)	707,717
Other non-interest net income	508,368	776,616	36,339	(43,299)	958,936	2,236,960
Net revenue	1,739,675	1,679,963	708,537	271,139	877,707	5,277,021
Provision for loan losses	525,932	165,610	-	-	-	691,542
Operating expenses	452,335	256,188	1,346,864	89,876	774,921	2,920,184
Allocation of internal expenses	638,248	423,490	(725,465)	325,228	(661,501)	-
Net income before tax	**$ 123,160**	**834,675**	**87,138**	**(143,965)**	**764,287**	**1,665,295**
Assets (Note)	$ -	-	-	-	-	-

December 31, 2011	Consumer banking	Corporate banking	Wealth management	Investment management	Others	Total
Net interest income	$ 1,216,476	876,936	(51,699)	362,520	(126,918)	2,277,315
Net service fee income	142,917	105,949	749,760	(8,299)	(4,964)	985,363
Other non-interest net income	519,963	469,352	8,505	(63,177)	(1,131)	933,512
Net revenue	1,879,356	1,452,237	706,566	291,044	(133,013)	4,196,190
Provision for loan losses	142,076	426,894	-	-	-	568,970
Operating expenses	440,994	211,981	1,248,306	62,417	987,758	2,951,456
Allocation of internal expenses	728,191	396,588	(643,609)	350,159	(831,329)	-
Net income before tax	**$ 568,095**	**416,774**	**101,869**	**(121,532)**	**(289,442)**	**675,764**
Assets (Note)	$ -	-	-	-	-	-

Note: According to Interpretation (99) No. 151, the assets are disclosed at zero amount due to the volume of deposits/loans, financial assets and liabilities are measured at an average quantity.

(B) Geographic information:

The net revenue or identifiable assets coming from an offshore single country were not up to 2% of the net revenue or assets of the Bank, and the sum of those were not up to 10%, thus there is no need to disclose the regional information.

(C) Information on major customers: The Bank does not have income from a single customer that made up to 10% of the Bank's income.