11. EQUITY METHOD'S INVESTMENTS

Name	Shareholding (Thousand Shares)	2011.12.31 Book Value	2011.12.31 Shareholding (%)
Kaohsiung Bank Insurance Agency Co., Ltd.	300	$55,553	100.00%
Kaohsiung Bank General Insurance Agency Co., Ltd.	500	7,383	100.00%
Total		$62,936	

Name	Shareholding (Thousand Shares)	2010.12.31 Book Value	2010.12.31 Shareholding (%)
Kaohsiung Bank Insurance Agency Co., Ltd.	300	$47,991	100.00%
Kaohsiung Bank General Insurance Agency Co., Ltd.	500	7,055	100.00%
Total		$55,046	

The investment profit (loss) on the equity method recognized in FY 2011 and FY 2010 was $37,429 thousand and $32,812 thousand. For the investment in the Kaohsiung Bank Insurance Agency Co., Ltd., according to the financial statement valuation for the same period audited by the external auditor, the long-term investment recognized in the same period was $55,553 thousand and $47,991 thousand respectively.The investment profit (loss) recognized in FY 2011 and FY 2010 was $35,955 thousand and $31,547 thousand. Further, for the investment in Kaohsiung Bank General Insurance Agency Co., Ltd., according to the financial statement valuation for the same period not audited by an external auditor, the other long-term investment recognized in the same period was $7,383 thousand and $7,055 thousand respectively, and the investment profit (loss) was $1,474 thousand and $1,265 thousand respectively.

12. OTHER FINANCIAL ASSETS－NET

Item	2011.12.31	2010.12.31
Financial assets－cost method	$1,287,577	$ 1,287,577
Bond investment without market price	2,026,789	2,777,511
Less：Accumulated impirment	(1,513,416)	(1,057,186)
Short-tem advance	20,016	21,038
Bills purchased	－	6
Overdue accounts from non-loans	30,068	36,801
Provision for credit loss－overdue accounts from non-loans	(20,061)	(17,809)
Total	$1,830,973	$ 3,047,938

(1) Certain financial assets held by the Bank were evaluated based on cost, because there was no market price for reference and it was impossible to measure the fair value.

(2) The bond investment without the open quotation of active market with fixed or determined collectable amount as held by the Bank is evaluated based on the cost upon amortization; however, because of the subprime mortgage in the U.S., the accumulated impairment loss on the other bonds recognized as of December 31, 2011 and 2010 was $1,513,416 thousand and $ 1,057,186 thousand.

13. PROPERTY AND EQUIPMENT COST－NET

(1) The detail of property and equipment cost at 2011.12.31

Item	Cost	Accumulated Deprections	Book Value
Land	$1,231,286	$ －	$1,231,286
Buildings	1,239,159	369,264	869,895
Machinery and equipment	622,593	546,961	75,632
Transportation equipment	22,835	20,036	2,799
Miscellaneous equipment	95,488	85,234	10,254
Leasehold improvement	232,563	219,983	12,580
Total	$3,443,924	$1,241,478	$2,202,446

(2) The detail of property and equipment cost at 2010.12.31

Item	Cost	Accumulated Deprections	Book Value
Land	$1,231,286	$ —	$1,231,286
Buildings	1,239,159	347,174	891,985
Machinery and equipment	601,047	522,815	78,232
Transportation equipment	24,241	22,109	2,132
Miscellaneous equipment	95,453	84,870	10,583
Leasehold improvement	232,563	210,001	22,562
Total	$3,423,749	$1,186,969	$2,236,780

(3) Insurance coverage for the Bank's fixed assets as of December 31, 2011 and 2010 were $1,972,146 thousand and $1,986,483 thousand, respectively.

(4) The Bank's fixed assets have not been appraised as of December 31, 2011 and 2010.

(5) No collateral has been assumed on the Bank's fixed assets as of December 31, 2011 and December 31, 2010.

14. OTHER ASSETS

Item	2011.12.31	2010.12.31
Refundable deposits	$23,839	$ 24,117
Deferred expenses	8,030	3,951
Non-operating assets－land	807,607	807,607
Less：Accumulated impairment	(190,198)	(190,198)
Deferred income tax assets	94,960	86,861
Other	24,789	15,226
Total	$769,027	$ 747,564

(1) Refer to Note 26 for descriptions of deferred income tax assets.

(2) The said non-operational asset – land was the governmental land acquired by the Bank prior to privatization of the Bank, which was scheduled to be occupied by the Bank's branch. However, after privatization, the Bank is not a governmental authority any longer. Due to the zoning restrictions, the Bank has petitioned with Kaohsiung City Government in writing for alteration of the land registration. After the registration of alteration is completed, the branch will be built on the land according to the original plan.

15. ACCOUNTS PAYABLES

Item	2011.12.31	2010.12.31
Accounts receivable from credit card issue bank	$11,962	$24,167
Accrued expenses	152,066	134,840
Interest payable	392,520	330,742
Payable for employees' bonus & remunerations to directors and supervisors	—	10,000
Income tax payable	1,112	1,112
Acceptance bills	124,776	119,685
Collections for customers	40,397	84,508
Checks for clearance	1,172,360	424,420
Income tax on interest withheld	4,816	86,512
Payroll transfers payable	1,221,593	1,113,147
Unpaid proceeds from bills collected	52,607	376,944
Compensation payable for the settlement of disputes over underwritten investments	828	7,421
Security settlements payable	—	8,822
Payables for factoring	13,804	17,639
Other payables	190,507	86,601
Total	$3,379,348	$2,826,560

Refer to Note 30. (4) for descriptions of Compensation payable for the settlement of disputes over underwritten investments.

16. DEPOSITS AND REMITTANCES

Item	2011.12.31	2010.12.31
Checking deposits	$3,382,844	$1,954,058
Treasury deposits	10,815,120	8,410,455
Demand deposits	18,383,538	18,263,512
Demand savings deposits	43,517,559	42,275,795
Time savings deposits	48,251,659	47,105,378
Time deposits	63,906,935	60,302,026
Negotiable certificate of deposits	5,685,900	6,855,800
Remittances & drafts issued	707	123
Total	$193,944,262	$185,167,147

17. FINANCIAL BONDS PAYABLE

Item	Term / Interest rate	2011.12.31	2010.12.31
Subordinate financial bond, first issue 2007	2007.06.12－2014.06.12 1.261%－1.022%	$1,000,000	$1,000,000
Subordinate financial bond, first issue 2009	2009.01.20－2016.01.20 3.4%	3,000,000	3,000,000
Total		$4,000,000	$4,000,000

18. PENSION PLAN

(1) The Bank started to make contributions to a pension fund upon its privatization on September 27, 1999 in accordance with the Labor Standards Law, which is deposited with the Bank of Taiwan. Information on the pension plan is as follows:

Item	2011.1.1－2011.12.31	2010.1.1－2010.12.31
Balance, January 1, 2011	$483,541	$437,511
Add：Provisions	48,554	47,745
Interest revenue	5,950	7,127
Less：Payment	(7,342)	(8,842)
Balance, December 31, 2011	$530,703	$ 483,541

(2) Defined Benefit Pension Plan

A. The funded status of the pension plan is as follows

Item	2011.12.31	2010.12.31
Benefit obligation		
Vested benefit obligation	($523,639)	($431,346)
Non-vested benefit obligation	(311,790)	(283,582)
Accumulated benefit obligation	($835,429)	($714,928)
Projected increase in salary effect	(263,458)	(226,762)
Projected benefit obligation	($1,098,887)	($941,690)
Funded status		
Fair value of plan assets	530,703	483,541
Funded status of pension plan	($568,184)	($458,149)
Unrecognized transition obligation （net assets）	－	－
Unrecognized loss (gain)	263,458	204,949
Pension payable	－	－
Accrued pension payable / prepaid pension fund at the end of the period	($304,726)	($253,200)

B. The components of net periodic pension costs are as follows

Item	2011.1.1－2011.12.31	2010.1.1－2010.12.31
a. Service costs	$81,218	$79,656
b. Interest costs	25,896	23,173
c. Expected return on plan assets	(13,958)	(12,624)
d. Amortization of unrecognized transition obligation (net assets)	—	—
e. Amortization of unrecognized service costs for the previous period	—	—
f. Amortization of unrecognized gain or loss	6,924	5,969
g. Net periodic pension costs = a+b+c+d+e+f	$100,080	$96,174
C. Vested benefit	$591,962	$498,415

D. Actuarial assumptions used to calculate net periodic pension costs are as follows

Item	2011.12.31	2010.12.31
a. Discount rate of projected benefit obligation	2.45% each year	2.75% each year
b. Rate of increase in salaries	2.00% each year	2.00% each year
c. Projected long-term rate of return on pension assets	2.45% each year	2.75% each year

(3) “Labor Pension Act” was enforced as of July 1, 2005, which is the confirmed rules governing contribution of retirement pension. Laborers may choose to continue applying the retirement provisions referred to in the “Labor Standards Act”, or apply the retirement system referred to in the said Act and retain the seniority applicable to the said Act. According to the said Act, the percentage of the labor pension to be contributed by the employer on a monthly basis should not be less than 6% of the laborers’ monthly salary. The retirement pension contributed by the company in accordance with the said Act in 2011 and 2010 was $10,801 thousand and $10,502 thousand, respectively. The retirement pension, $100,080 thousand and $96,174 thousand, was recognized according to Statement of Financial Accounting Standards No.18 entitled “Accounting for Pensions”. The extra payment for preferential severance pay and pension in 2011 and 2010 was $8,065 thousand and $18,681 thousand respectively.

19. OTHER FINANCIAL LIABILITIES

Item	2011.12.31	2010.12.31
Appropriated loan funds	$30,907	$41,093
Appropriated loans	164,243	166,196
Total	$195,150	$207,289

Appropriated loan funds mentioned above refer to the various special syndicated loans orgnaized by the Bank, Small and Medium Enterprise Development Fund, the National Youth Commission of the Executive Yuan and the Development Fund of the Executive Yuan. The collected funds entrusted to the Bank from the respective committees to fund special project loans.

20. OTHER LIABILITIES

Item	2011.12.31	2010.12.31
Reserve for losses on guarantees	$ —	$13,817
Reserve for securities transactions loss	—	15,326
Reserve for renege loss－credit card	4,918	3,504
Guarantee deposit received	38,842	46,962
Pre-receives	63,243	48,659
Other	1,278	919
Total	$108,281	$129,187

In accordance with FSC Jin-Guan-Zheng-Quan Directive No. 0990073857, effective January 1, 2011, provisions of “Reserve for transaction loss” and “Reserve for default loss” by securities firms should be deleted, and the “Reserve for transaction loss” and “Reserve for default loss”, NT$15,326 thousand, already provided at the end of December 2010 should be transferred to special reserve. After the transfer, the reserve should be used to offset a deficit. When the reserve reaches 50% of the Bank’s paid-in capital, it can only be transferred to capital stock as legal reserve.

21. CAPITAL

Item	2011.12.31	2010.12.31
Authorized capital	$ 15,000,000	$ 15,000,000
Paid-in capital	7,069,476	5,257,982
Common stocks issued (thousand shares)	706,948	525,798
Par value	10	10

The 2010 earnings allocation proposal was resolved at the shareholders' meeting held on June 16, 2011. Accordingly, the recapitalization from bonus to shareholders, NT$78,870 thousand, recapitalization from capital surplus, NT$525,798 thousand, and recapitalization from employee bonus, NT$7,945 thousand, were completed (calculated based on the closing price NT$13 prevailing on the day prior to the date of resolution, and at NT$11.64 per share after taking the ex-right and ex-dividend effects into consideration; 683 thousand shares issued, at par value of NT$6,826 thousand in total). Said recapitalization was approved by FSC on July 13, 2011, and the common stock 61,149 thousand shares was issued at the par value of NT$10 per share. Meanwhile, August 7, 2011 was set as the record date of recapitalization, and the recapitalization was registered at the Ministry of Economic Affairs on August 18, 2011. Furthermore, the motion for capital increase in cash by NT$0.12 billion as resolved by Directors' Meeting on June 30, 2011 was approved by FSC on September 8, 2011. The relevant stock payment, NT$1.2 billion (issued at the par value per share), has been received in full on October 25, 2011, and the paid-in capital increase was registered on November 10, 2011.

22. capital surplus

According to the Company Law, capital surplus arising from issuance of shares in excess of par value and donation capital surplus may be used to offset a deficit and, when the company has no accumulated loss, may be transferred to new shares or cash on the basis of the Ratio of Shareholding of shares held by the stockholders. According to the relevant requirements provided under Securities and Exchange Act, said capital surplus may be transferred to common stock up to an annual limit of 10% of the paid-in capital. Unless the earnings cannot afford to offset the capital loss, the company shall not offset the loss with the capital surplus.

23. RETAINED EARNINGS

(1) According to the company's articles of incorporation, if there are any retained earnings upon the bank's final account at the end of the year, they will be used to make up the loss of previous years upon payment of all payable taxes purauant to laws, and 30% of the remainder will be contributed as the legal reserve. Meanwhile, a special reserve should be provided or reversed pursuant to laws and subject to the needs of the business. The balance and the unallocated accumulated earnings for the previous years, which are identified as the allocable earnings, should be distributed in the following manner: (A) 2% for compensation of directors and supervisors; (B) 8% for employees' bonus; (C) 90% for shareholders' dividends. The shareholders' meeting may retain the earnings in part or in whole subject to the future need for business and profitability. The distribution of shareholders' dividends may be made subject to the resolution of the shareholders' meeting with respect to the proposal submitted by the board of directors for distribution and adjustment of the percentage of cash dividend and stock dividend, provided that the cash dividend should not be less than 5% of the stock dividend offered in the current year. Before the legal reserve amounts to the gross capital, or the capital adequacy ratio meets the requirements under the Banking Law, the maximum distribution of cash earnings should be subject to the Banking Law and the competent authority's requirements.

(2) Legal reserve may only be used to offset the company's loss and transferred to new shares or cash on the basis of the Ratio of Shareholding of shares held by the stockholders, provided that the reserve transferred to new shares or cash shall be no more than 25% of the paid-in capital.

(3) This Bank's management estimated employee bonus and remuneration to directors/supervisors pursuant to the Articles of Incorporation and the resolutions for distribution of employee bonus and remuneration to directors/supervisors of shareholders' meeting of the previous years. The Bank's operation suffered loss in 2011. Therefore, the employee bonus and remuneration to directors/supervisors were provided at NT$0 thousand. The employee bonus was estimated to be NT$8,000 thousand in 2010 respectively. Remuneration to directors/supervisors was estimated to be NT$2,000 thousand in FY 2010 respectively. Nevertheless, in the event of difference in the amount actually distributed upon resolution of shareholders' meeting and the estimated figures, the difference shall be identified as changes in accounting estimates and will be adjusted in the same year with shareholders' meeting.

(4) Information on employees' bonus and directors and supervisors' remuneration

A. The FY 2010 and 2009 retained earnings were appropriated as follows in accordance with the shareholders' meeting held in Jun. 2011 and 2010 respectively.

Item	Retained Earnings		Dividend per stock (NT$)	
	2010.01.01-2010.12.31	2009.01.01-2009.12.31	2010.01.01-2010.12.31	2009.01.01-2009.12.31
Legal reserve	$38,128	$22,925		
Special reserve	1,577	25,034		
Cash dividend of common stock	10,516	—	0.02	—
Stock dividend of common stock	78,870	—	0.15	—
Total	$129,091	$47,959		

Both bank employees' bonuses and directors'/supervisors' remuneration were distributed to be NT$ 7,945 thousand and NT$1,986 thousand in the FY 2011 regular shareholders' meeting on Jun. 16, 2011. There were to be NT$55 thousand and NT$14 thousand difference compared with the financial statement of 2010 as were estimated to be NT$ 8,000 thousand and 2,000 thousand and will be adjusted in income.

B. The relevant information on employees' bonus , direcots and supervisors' remuneration is available on the "Market Observation Post System".

24. NET COMMISSION AND SERVICE FEES

Item	2011.01.01-2011.12.31	2010.01.01-2010.12.31
Income on commission & service fees	$399,994	$445,859
Expenses on commission & service fees	(40,545)	(42,232)
Total	$359,449	$403,627

25. PERSONNEL SERVICE, DEPRECIATION AND AMORTIZATION EXPENSES

Item	2011.01.01-2011.12.31	2010.01.01-2010.12.31
Personnel service expenses		
Wages & salaries	$1,033,903	$1,056,737
Health & labor insurance	82,353	79,257
Pension expenses	118,946	125,357
Other expenses	9,196	8,299
Depreciation & amortization	83,432	83,169
Total	$1,327,830	$1,352,819

26. INCOME TAX

(1) Deferred Income Tax Assets (Liabilities)－Net

Item	2011.12.31	2010.12.31
Temporary differences		
Unrealized expense on provision of employees' pension	$50,415	$41,656
Unused deduction of investment	3,101	3,101
Unused deduction of loss	40,766	40,721
Unrealized compensation loss	141	1,262
Other	537	121
Total	$94,960	$86,861
Less:allowance for decline in market value	—	—
Net	$94,960	$86,861

(2) Income Tax Expense (Benefit)

Item	2011.01.01-2011.12.31	2010.01.01-2010.12.31
Income tax payable	$12,761	$23,275
Tax on income separately taxed	—	80
Additional 10% tax levied on unappropriated retained earnings	—	2,846
Minus: investment tax credits	—	(2,846)
Deferred income tax expense (benefit)	(8,099)	40,319
Impacts from changes to the income tax regulation.	—	14,781
Income tax expense (benefit)	$4,662	$78,455

The Legislative Yuan passed the amendments to the Income tax Law in May 2010 to reduce the Profit-Seeking Enterprise Income Tax rate from 20% to 17%. The amendments became effective since 2010. Therefore, the company has recalculated its deferred tax assets and liabilities, and recognized such adjustments as income tax.

The Legislative Yuan passed the amendments to part of the Income Tax Law in April 2009 to count the interest income of financial instrument (used to be separate taxation) in the taxable base of Profit-Seeking Enterprise Income Tax. The amendments became effective in 2010.

(3) Income Tax Expense (Benefit)

Item	2011.12.31	2010.12.31
Income tax payable in the current period	$ —	$1,112
Income tax payable in the previous years	1,112	—
Income tax payable (refundable)	$1,112	$1,112

Detailed of Income tax payable (refundable)：

Item	2011.12.31	2010.12.31
Income tax expenses in the current period	$12,761	$23,275
Additional 10% tax levied on unappropriated retained earnings		2,846
Minus: investment tax credits		(2,846)
Income tax pre-paid	(23,631)	(22,163)
Income tax payable (refundable) in the current period	($10,870)	$1,112

Income tax refundable is stated under Income tax refundable on the receivables –net.

(4) Reconciliation of Income Tax Payable：

Item	2011.01.01-2011.12.31	2010.01.01-2010.12.31
Income tax payable	($72,876)	$34,943
Income tax credits derived by deduction of loss	—	(8,530)
Income tax credits derived by investment tax credits	—	(13,600)
Unrecognized pension costs	8,759	5,398
Net income derived by the OBU-tax exempt	(44,303)	(26,307)
(Gain) loss on securities	(611)	(2,918)
(Gain) loss on valuation of financial assets and liabilities at fair value through income statement	(390)	3,272
Investment loss (gain) accounted for under the equity method	(6,363)	(5,578)
Loss on asset impairment (reverse)	71,094	36,845
Cash dividends	(6,827)	(11,571)
Over the credit loss expenses limit (reverse)	29,925	—
Unrealized compensation loss	(1,121)	(1,995)
Other tax adjustments	443	41
Difference on tax and based tax	12,761	23,275
Save income tax of deduction of loss for the later year	22,270	—
Income tax expense	$12,761	$23,275

(5) The Bank's income tax returns for the years up to and including FY 2009 have been assessed and approved by the Tax Authority.

(6) Imputation Tax System and Related Information:

Item	2011.12.31	2010.12.31
Imputed tax credit for stockholders	$163,588	$185,205
Unappropriated earnings-before June 30, 1998	—	—
Unappropriated earnings-July 1, 1998 & thereafter	(406,883)	155,551

Item	2011.01.01-2011.12.31	2010.01.01-2010.12.31
Ratio of deductible tax credit for the appropriation of earnings	— (Estimated)	25.54% (Actual)

(7) Up to Dec. 31, 2011 details of the Bank's unused tax credits from promotion of business upgrading rule ：

Item	Deductionable Amount	Deductionable Balance	Deductionable due
The promotion upgrading rule 6th stipulation	$3,101	$3,101	2012-2013

27. BASIC EARNINGS PER SHARE

Item	2011.01.01-2011.12.31	2010.01.01-2010.12.31
Income (loss) before tax (A)	($428,681)	$205,549
Net income (loss) (B)	($433,343)	$127,094
Weighted average outstanding common stocks (thousand shares) (C)	606,549	525,798
Weighted average outstanding common stocks after adjustment (thousand shares)	606,549	586,264
Basic earnings per share		
Income (loss) before tax (A/C)	($0.71)	$0.35
Net income (loss) (B/C)	($0.71)	$0.22

(1) The recapitalization from earnings (7,887 thousand shares), recapitalization from capital surplus (52,579 thousand shares) and recapitalization from employee bonus (683 thousand shares) were ratified at the general shareholders' meeting on June 16, 2011. As a result, a total of 61,149 thousand new shares were to be issued, and August 7, 2011 was set as the record date of recapitalization, and the recapitalization was registered at the Ministry of Economic Affairs on August 18, 2011.

(2) The capital increase in cash by issuing 120,000 new shares was ratified at the Directors' Meeting on June 30, 2011. October 26, 2011 was set as the record date of capital increase, and the capital increase was registered at the Ministry of Economic Affairs on November 10, 2011.
The weighted average outstanding common stocks in the current period in 2011 are stated as following:
525,798 + 60,466 * 12/12 + 683 * 5/12 + 120,000 * 2/12 = 606,549

(3) The earnings per share in 2010 was adjusted retroactively based on the weighted average outstanding common stocks upon recapitalization from earnings (525,798 thousand shares + 60,466 thousand shares).

28. RELATED PARTIES TRANSACTIONS

Significant Transactions Between the Bank and Related Parties are Summarized as Follows：

(1) Names and Relationships of Related Parties

Name of the related parties	Relationships with the Bank
Kaohsiung City Government	The Bank's major shareholder
Kaohsiung Rapid Transit Co.,	Related parties
Other related parties	The Bank's director, supervisor, their relatives, their enterprises manager and the related parties
Kaohsiung Bank Insurance Agency Co., Ltd.	Subsidiary of the Bank
Kaohsiung Bank General Insurance Agency Co., Ltd.	Subsidiary of the Bank

(2) Significant Transactions with Related Parties

A. Credit / Loan

		2011.01.01-2011.12.31	
Name of Related Parties	2011.12.31	Interest Income, Commission & Service fees	Interest Rate
Kaohsiung City Government	$42,458,572	$419,614	0.740%－2.490%
Other Related Parties	71,926	885	1.355%－3.980%

		2010.01.01-2010.12.31	
Name of Related Parties	2010.12.31	Interest Income, Commission & Service fees	Interest Rate
Kaohsiung City Government	$43,695,198	$256,240	0.544%－1.420%
Other Related Parties	71,733	932	1.39%－3.75%

Interest rates of credit approval extended by the Bank to the aforementioned related parties for 2011.01.01-2011.12.31 and 2010.01.01-2010.12.31 are shown as above depending on the nature and purposes of these loans, and the average interest rate ranges to non-related parties (except for pre-agreed accounts) were between 0.10% and 11.88% for 2011.01.01-2011.12.31 and 0.53% and 11.92% for 2010.01.01-2010.12.31

B. Deposits

		2011.01.01-2011.12.31	
Name of Related Party	2011.12.31	Interest Expenses	Interest Rate
Kaohsiung City Government	$10,815,120	$61,006	0%－1.37%
Kaohsiung Rapid Transit Co.	2,148,733	16,866	0.17%－1.50%
Other Related Parties	632,219	5,381	0.17%－13%
Kaohsiung Bank Insurance Agency Co., Ltd.	70,811	180	0.12%－0.61%
Kaohsiung Bank General Insurance Agency Co., Ltd.	7,429	56	0.12%－1.32%

		2010.01.01-2010.12.31	
Name of Related Party	2010.12.31	Interest Expenses	Interest Rate
Kaohsiung City Government	$8,410,455	$41,229	0%－1.10%
Kaohsiung Rapid Transit Co.	6,018,525	9,371	0.12%-1.11%
Other Related Parties	407,258	4,424	0.12%－13%
Kaohsiung Bank Insurance Agency Co., Ltd.	68,330	65	0.10%－0.12%
Kaohsiung Bank General Insurance Agency Co., Ltd.	7,305	45	0.10%－1.04%

a. Interest rates in the above related parties' deposits are shown as above depending in the nature of the deposits; the average interest rates on third-party deposits were between 0% and 13%.
b. The maximum interest rate on employees' (non-related parties) deposit accounts was 13%, which was also the maximum interest rate paid in related parties' deposit accounts depending in the nature of the deposit accounts.

C. Lease

a. Details of the premises leased by the Bank from the Kaohsiung City Government :

2011.01.01-2011.12.31

Leased Assets	Lease Term	Payment Method	Rental Expense
Hsiao Kang Branch	2010.01.01-2011.12.31	half yearly	$216
Yen Cheng Mini-Branch	2011.01.01-2013 .12.31	half yearly	722
Waan Nei Branch	2010.01.01-2011.12.31	half yearly	976
Shih Fu Branch	2010.01.01-2011.12.31	half yearly	245
Tso Ying Branch	2009.01.01-2011.12.31	half yearly	617
Kwei Lin Branch	2011.01.01-2013 .12.31	half yearly	332
		Total	$3,108

2010.01.01-2010.12.31

Leased Assets	Lease Term	Payment Method	Rental Expense
Hsiao Kang Branch	2010.01.01-2011.12.31	half yearly	$219
Yen Cheng Mini-Branch	2008.01.01-2010.12.31	half yearly	731
Waan Nei Branch	2010.01.01-2011.12.31	half yearly	983
Shih Fu Branch	2010.01.01-2011.12.31	half yearly	245
Tso Ying Branch	2009.01.01-2011.12.31	half yearly	617
Kwei Lin Branch	2009.01.01-2010.12.31	half yearly	334
		Total	$3,129

b. Type of Lease : Operating Lease.

c. Determination of the Aforementioned Rental Expenses : Adjusted according to the published land values and the present value of the building tax for the respective leased property.

d. Commission Incomes Received from Related Parties

2011.01.01-2011.12.31

Name of the Related Parties	Collection Mothod	Amount
Kaohsiung Bank Insurance Agency Co., Ltd.	monthly	$91
Kaohsiung Bank General Insurance Agency Co., Ltd.	monthly	14

2010.01.01-2010.12.31

Name of the Related Parties	Collection Mothod	Amount
Kaohsiung Bank Insurance Agency Co., Ltd.	monthly	$24
Kaohsiung Bank General Insurance Agency Co., Ltd.	monthly	12

Above mentioned rentals were bargained by both parties.

D. Commission Incomes Received from Related Parties:

Name of the Related Parties	2011.01.01-2011.12.31	2010.01.01-2010.12.31
Kaohsiung Bank Insurance Agency Co., Ltd.	$108,417	$104,974
Kaohsiung Bank General Insurance Agency Co., Ltd.	693	998

E. Accounts Receivable

Name of the Related Parties	2011.12.31	2010.12.31
Kaohsiung Bank Insurance Agency Co., Ltd.	$24,692	$26,721
Kaohsiung Bank General Insurance Agency Co., Ltd.	85	165