

JIH SUN INTERNATIONAL BANK LTD.
FINANCIAL STATEMENTS
December 31, 2007 AND 2006
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 BANK LTD.

FINANCIAL STATEMENTS

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(English Translation)
Independent Auditors' Report

The Board of Directors
Jih Sun International Bank Ltd.

We have audited the accompanying balance sheets of Jih Sun International Bank Ltd. as of December 31, 2007 and 2006, and the related statements of income, changes in stockholders' equity, and cash flows for the years 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 auditing standards generally accepted in the Republic of China and the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jih Sun International Bank Ltd. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the the years ended, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling" and accounting principles generally accepted in the Republic of China.

As described in Note 3, the Bank obtained the approval letter from Financial Supervisory Commission, Executive Yuan at July 19, 2006, with the issuing number of FSC (6) 0950129783, changed to adopt the generally accepted accounting principles in the Republic of China and amortized all of the deferred loss on disposal of non-performing loans amounting of \$9,871,401 thousand during the period of the six months ended of June 30, 2006.

As described in Note 3, starting from January 1, 2006, the Bank adopted the Republic of China Statements of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement" and SFAS No. 36 "Financial Instruments: Disclosure and Presentation". In accordance to SFAS No. 34, the financial assets and liabilities at the beginning of 2006 are required to be revalued based on either fair value or net amortization cost. As the result of adoption of SFAS No. 34, the revaluation differences accounted for as cumulative effect of change in accounting principle and adjustments to shareholders' equity amounted to \$62,988 thousand and \$15,043 thousand, respectively.

The bank has compiled the consolidated financial statements for the years 2007 and 2006 and we have issued a standard unqualified opinion and modified unqualified opinion with explanation paragraph, respectively.

January 24, 2008
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.

JIH SUN INTERNATIONAL BANK CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(Expressed in Thousands of New Taiwan Dollars)

	2007	2006	Change in
	Amount	Amount	%
ASSETS			
Cash and cash equivalents (Notes 4(A))	\$ 6,009,586	7,662,142	(22)
Due from Central Bank and call loans to banks (Note 4(B))	32,668,387	23,610,536	38
Financial assets measured at fair value through profit or loss—net (Notes 4(C))	8,369,812	16,778,122	(50)
Bills and bonds purchased under resell agreements (Note 4(D))	7,189,533	5,662,964	27
Receivables—net (Notes 4(H))	7,814,612	9,788,176	(20)
Discounted and loans—net (Notes 4(I))	166,902,058	178,294,329	(6)
Available-for-sale financial assets—net (Notes 4(E))	398,003	2,473,475	(84)
Held-to-maturity financial assets—net (Notes 4(F))	-	478,796	-
Investments under the equity method— net(Notes 4(J))	17,184	27,130	(37)
Other financial assets—net (Notes 4(L))	1,833,978	2,179,772	(16)
Property and equipment— net(Notes 4(K))	5,168,013	5,428,392	(5)
Intangible assets (Notes 4(M))	1,185,480	1,424,672	(17)
Other assets—net (Notes 4(L))	3,183,159	3,708,391	(14)
TOTAL ASSETS	\$ 240,739,805	257,516,897	(7)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits from Central Bank and other banks (Notes 4(O))	\$ 15,788,814	20,438,892	(23)
Financial liabilities measured at fair value through profit or loss (Notes 4(N))	23,109	30,479	(24)
Liabilities for bills and bonds sold under repurchase agreements (Notes 4(D))	73,101	8,155,949	(99)
Payables (Notes 4(P))	4,097,162	4,575,686	(10)
Deposits and remittances (Notes 4(Q) and 5(B))	202,191,927	200,235,690	1
Financial debentures(Notes 4(R))	7,000,000	11,000,000	(36)
Other financial liabilities	85,500	86,400	(1)
Other liabilities	1,017,788	935,421	9
Total Liabilities	230,277,401	245,458,517	(6)
Stockholders' equity			
Common stock (Note 4(T))	15,180,587	14,180,587	7
Retained earnings(Note 4(U))	(4,629,682)	(2,237,591)	(107)
Other items of stockholders' equity	(88,501)	115,384	(177)
Total stockholders' equity	10,462,404	12,058,380	(13)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 240,739,805	257,516,897	(7)

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

JIH SUN INTERNATIONAL BANK CO., LTD.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	<u>2007</u>	<u>2006</u>	<u>Change in</u>
	<u>Amount</u>	<u>Amount</u>	<u>%</u>
Revenues			
Interest revenues	\$ 8,716,035	10,776,526	(19)
Less: Interest expenses	(4,739,754)	(5,161,753)	(8)
Net interest income	3,976,281	5,614,773	(29)
Non-interest income:			
Service and commission income, net	1,694,643	989,427	71
Loss on financial assets or liabilities measured at fair value through profit and loss	(213,428)	(254,139)	(16)
Realized (loss) gain from available-for-sale financial assets	(84,770)	32,670	(359)
Realized gain from held-to-maturity financial assets	12,722	-	-
Income from investment under the equity method (Note 4(J))	3,449	13,384	(74)
Foreign exchange gains	42,474	61,458	(31)
(Loss) reversal gain of impairment of assets	(166,101)	66,521	(350)
Loss on sale and amortization deferred loss on disposal of non-performing loans	(611)	(11,779,582)	100
Others, net (Note 4(Y))	683,639	389,295	76
Net Revenues(Loss)	<u>5,948,298</u>	<u>(4,866,193)</u>	<u>222</u>
Provisions for allowances and reserves (Note 4(I))	4,944,922	5,033,979	(2)
Operating Expenses			
Personnel Expenses	1,775,326	2,012,008	(12)
Depreciation and amortization expenses	708,434	692,233	2
Other operating and administrative expenses	1,600,031	1,831,596	(13)
Total operating expenses	4,083,791	4,535,837	(10)
Total expenses	9,028,713	9,569,816	(6)
Net loss before tax from continuing operations	(3,080,415)	(14,436,009)	79
Income tax benefit (Notes 2 (N)and 4(V))	(688,324)	(414,689)	(66)
Net loss after tax from continuing operations	(2,392,091)	(14,021,320)	83
Cumulative effect of changes in accounting principles(Note 3)	-	62,988	-
Net loss	<u>\$ (2,392,091)</u>	<u>(13,958,332)</u>	<u>83</u>
Earnings per share (EPS) (Notes 2(U) and 4(W))			
Basic EPS			
Loss from continuing operations	\$ (2.06)	(1.60)	(8.31)
Cumulative effect of changes in accounting principles	-	-	0.04
Net loss	<u>\$ (2.06)</u>	<u>(1.60)</u>	<u>(8.27)</u>
			<u>(8.04)</u>

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

JIH SUN INTERNATIONAL BANK LTD.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(New Taiwan Dollars in Thousands)

	Common Stock	Capital Surplus	Retained Earnings		Unrealized gains (loss) on available-for-sale financial assets	Total
			Legal Reserve	Accumulative Deficit		
Balance, January 1, 2006	\$ 19,247,600	2,431	247,744	(5,596,447)	-	13,901,328
Recover loss from legal reserve and capital surplus	-	(2,431)	(247,744)	250,175	-	-
Recover loss from capital on August 23, 2006	(17,067,013)	-	-	17,067,013	-	-
Increase capital with cash on August 25, 2006	12,000,000	-	-	-	-	12,000,000
Net loss for 2006	-	-	-	(13,958,332)	-	(13,958,332)
Unrealized gains on available-for-sale financial assets	-	-	-	-	115,384	115,384
Balance, December 31, 2006	<u>\$ 14,180,587</u>	<u>-</u>	<u>-</u>	<u>(2,237,591)</u>	<u>115,384</u>	<u>12,058,380</u>
Balance, January 1, 2007	\$ 14,180,587	-	-	(2,237,591)	115,384	12,058,380
Capital injection by cash	1,000,000	-	-	-	-	1,000,000
Unrealized loss on available-for-sale financial assets	-	-	-	-	(203,885)	(203,885)
Net loss for 2007	-	-	-	(2,392,091)	-	(2,392,091)
Balance, December 31, 2007	<u>\$ 15,180,587</u>	<u>-</u>	<u>-</u>	<u>(4,629,682)</u>	<u>(88,501)</u>	<u>10,462,404</u>

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

JIH SUN INTERNATIONAL BANK LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(New Taiwan Dollars in Thousands)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Net loss	\$ (2,392,091)	(13,958,332)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	299,358	298,765
Property and equipments transferred to expenses	103,508	42,726
Amortization	409,076	393,468
Investment dividends income recognized under the equity method	13,395	24,869
Income from investments under the equity method	(3,449)	(13,384)
Realized gain on held-to-maturity financial assets	(12,722)	-
Gain on disposal of financial assets carried at cost	-	(1,978)
Gain on disposal of collateral assumed	(279,590)	(145,968)
Loss (reversal gain) of impairment of assets	166,101	(66,521)
Various reserves and provisions	4,944,922	5,033,979
Loss on disposal of property and equipment	5,902	14,913
Loss(Gain) on sale of property and equipment	1,374	(193)
Loss on sale and amortization deferred loss on disposal of non-performing loans	611	11,779,582
Change in assets and liabilities:		
Decrease in receivables	1,393,468	1,606,293
Decrease in financial assets measured at fair value through profit and loss	8,408,310	5,335,051
Decrease in available-for-sale financial assets	1,871,587	5,908
Decrease in payables	(478,524)	(19,124)
Decrease in financial liabilities measured at fair value through profit and loss	(7,370)	(165,197)
Net cash provided by operating activities	<u>14,443,866</u>	<u>10,164,857</u>
Cash flows from investing activities:		
Increase in due from Central Bank and call loans to banks	(11,398,391)	(11,449,890)
Increase in bills and bonds purchased under resell agreements	(1,526,569)	(34,180)
Decrease in discounted and loans	7,095,670	9,614,790
Purchase of property and equipment	(151,612)	(283,003)
Proceeds from disposal property and equipment	1,849	35,018
Proceeds from disposal collateral assumed	920,278	399,894
Proceeds from disposal of held-to-maturity financial assets	506,094	-
Proceeds from disposal of financial assets carried at cost	-	4,662
Decrease (Increase) in other assets	185,703	(1,448,824)
Purchase of computer software	(169,884)	(82,298)
Decrease in other financial assets	267,147	1,527,988
Purchase of collateral assumed	(472,025)	(213,831)
Proceeds from sale of non-performing loans	-	1,300,022
Net cash used in investing activities	<u>(4,741,740)</u>	<u>(629,652)</u>

JIH SUN INTERNATIONAL BANK LTD.
STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(New Taiwan Dollars in Thousands)

	<u>2007</u>	<u>2006</u>
Cash flows from financing activities:		
Decrease in deposits from Central Bank and other banks	\$ (4,650,078)	(10,376,532)
Decrease in bills and bonds sold under repurchased agreements	(8,082,848)	(2,220,060)
Increase (decrease) in deposits and remittances	1,956,237	(12,374,262)
Decrease in other financial liabilities	(900)	(900)
Capital injection by cash	1,000,000	12,000,000
Decrease of financial debentures	(4,000,000)	-
Increase in other liabilities	82,367	129,313
Net cash used in financing activities	<u>(13,695,222)</u>	<u>(12,842,441)</u>
Net decrease in cash and cash equivalents	(3,993,096)	(3,307,236)
Cash, beginning of the year	11,681,034	14,988,270
Cash, end of the year	<u><u>\$ 7,687,938</u></u>	<u><u>11,681,034</u></u>
 Supplemental disclosures of cash flow information:		
Income taxes paid during the year	<u>\$ 4,617</u>	<u>69,822</u>
 Cash and cash equivalents:		
Cash	\$ 6,009,586	7,662,142
Deposits with Central Bank - general account and financial center	1,678,352	4,018,892
Total	<u><u>\$ 7,687,938</u></u>	<u><u>11,681,034</u></u>
 Investing and financing activities not affect cash flows for evaluation of available -for-sale financial assets :		
Available- for-sale financial assets	\$ 203,885	(115,384)
Other items of stockholders' equity	(203,885)	115,384
	<u><u>\$ -</u></u>	<u><u>-</u></u>
 Financing activities not affect cash flows to recover loss from capital :		
Common Stock	\$ -	(17,067,013)
Retained Earning	-	17,067,013
	<u><u>\$ -</u></u>	<u><u>-</u></u>

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

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 AND 2008

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise indicated)

(1) OVERVIEW

Jih Sun International Bank Ltd. (the "Bank") was organized on June 25, 1990, and authorized by the Ministry of Finance to operate as a commercial bank on August 10, 1991. 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. Operations commenced on April 9, 1992. As of December 31, 2007, its outstanding capital stock amounted to \$15,180,587.

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

On May 16, 2001, the shareholders resolved during their meeting to change its name to Jih Sun International Bank, Ltd., expand business and promote the Bank's image. Furthermore, in order to fully utilize the economics of scale and operating synergies, the shareholders of the Bank also resolved during their special stockholders' 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 stock swap measurement date was February 5, 2002.

The Bank's parent company is Jih Sun Financial Holding Co., Ltd. As of December 31, 2007, the Bank had 1,974 employees.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements were prepared in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling" and accounting principles generally accepted in the Republic of China. The significant accounting policies were summarized as follows:

(A) Principles of Statements of Cash Flows:

The statements of cash flows are compiled based upon cash equivalents, reserve deposits with the Central Bank (general account), and deposits on Financial Center.

(B) Accounting Using of Estimates

The preparation of financial statements in conformity with the aforementioned guidelines, law and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. The actual results may differ from management's estimates.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(C) Assets Impairment

Commencing from the year 2005, the Bank adopted SFAS No. 35 "Accounting for Impairment of Assets." 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 (the higher of fair market value and value in use). 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 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 in prior period.

The cash generating unit for goodwill needs to be tested annually and the recoverable amount less the carrying amount is recognized as impairment loss.

(D) 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 at the balance sheet date. Any resulting exchange differences are included in the income statement. Non-monetary assets and liabilities that 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.

(E) Cash Equivalents

Cash comprise of cash on hand, checks for clearing, petty cash and depositing on the other bank deposit.

(F) Financial Instruments

Financial instruments held by the Bank are recorded on trading date. The financial instruments are initially recognized at fair value plus transaction costs, except for financial instruments held for trading purpose, which are initially recognized at fair value.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Subsequent to their initial recognition, the financial instruments held or issued by the Bank are classified according to the purpose of holding or issuing as follows:

- (a) Financial assets carried at fair value through profit or loss: Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling or repurchasing in the near term. The derivative financial instruments held by the Bank, except for those designated as hedging instruments, are classified under this account. The financial assets such as the hybrid instrument which the main contract and embedded derivative should be separately identify but failed to separately reevaluate at acquiring date or at each balance sheet date, should be classified under this account.
- (b) Available-for-sale financial assets: At each balance sheet date the fair value is remeasured and the resulting gain or loss from such remeasure is recognized directly in equity. 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 amount of the impairment loss of the available-for-sale equity securities decreases, the previous recognized impairment loss cannot be reversed. If the amount of the impairment loss of the available-for-sale debt securities 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 and loss.
- (c) Held-to-maturity financial assets: The amortized cost, 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 and 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.

Under the Regulations for Financial Assets Securitization, the Bank, with the assistance of a trustee, securitized its financial assets for the purpose of offering asset-backed securities in the form of related beneficiary certificates through a special-purpose trust. Because the Bank surrendered its rights and control on these securitized financial assets, such financial assets are no longer recognized on the Bank's accounts, and the gain or loss from securitization is recognized thereon, except for the retained interests in the form of subordinated seller certificates necessary for credit enhancement, which are classified as other long-term bond investments because those certificates do not have quoted market prices.

The gain or loss from securitization of the financial assets is determined based on the difference between the proceeds from securitization and the carrying value of the securitized financial assets. The cost of each class of asset-backed securities, which is determined based on the previous carrying value of the securitized financial assets, is allocated in proportion to the fair value of each class of the asset-backed securities and the retained interests on the date of transfer. Because the securitized financial assets do not have a quoted market price, the fair value of each class of the asset-backed securities and the retained interests are evaluated based on the present value of future cash flows considering the expected credit loss rate, prepayment rate and discount rate on the financial assets.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The cash receipts of subordinated seller certificates from the trustee are accounted for using the interest revenue method in Held-to-Maturity investment.

- (d) Financial assets carried at cost: Equity instruments with no quoted market price 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.

(G) Derivative Financial Instruments

(a) Foreign Exchange Forward Contracts

Foreign-denominated assets and liabilities of foreign exchange forward contracts are recorded in New Taiwan Dollars and translated using exchange rates in effect as transactions occur. Gain or loss due to exchange rate discrepancies at maturity is included in current earnings. 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 gain or losses.

Accounts receivable and payables arising from forward contracts are offset on the balance sheet date, with the balance reflected as an asset or a liability.

(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 settlement, gains and losses from differences between the spot and contract rates are included in current earnings. Unsettled positions on the balance sheet date are adjusted by the forward rates for the remaining contract period, with differences reflected as 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, forward accounts receivable are offset against the related payables, with the differences reflected as an asset or a liability; consequently, the differences of the exchange rates between the spot rates and contract rates are recognized as unrealized gain or loss for unsettled contracts. The differences of the exchange rates between the spot rates and forward contract rates are recognized as gains and losses at the settle dates of the contracts.

(d) Option

Only memo entries of notional principals are made on the contract date for options. Premium paid or collected is reflected as other assets or other liabilities. Differences in the market value of premium on the balance sheet date are stated as exchange gain or loss. Gain or loss resulting from the exercise of options is recognized currently as transaction gain or loss.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(e) Future trading

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. Differences in the market value of premium on the balance sheet date are stated as exchange gain or loss. Gain or loss resulting from the exercise of futures is recognized currently as transaction gain or loss.

(f) Interest rate swaps

Because there is no physical transfer of principal in interest rate swaps contracts, only memo entries of notional principals are made on the contract date. For interest rate swap contracts used for trading, the differences resulted from the discounting of the future net payments of interest received are recorded as gain or losses of the transactions.

(H) Bills and Bonds Sold Under Repurchase Agreements / Bill and Bonds Purchased Under Resell Agreements

Bills or bonds sold with a commitment to repurchase them at predetermined price are treated as financing transactions. The difference between the selling price and repurchase price is treated as interest expense and recognized over the term of the agreement. On selling date, these agreements are recognized as the bills and bonds sold under repurchase agreement.

Bills or bonds purchased with a commitment to resell them at predetermined price are treated as financing transactions. The difference between the purchase price and resell price is treated as interest revenue and recognized over the term of the agreement. On purchasing date, these agreements are recognized as the bills and bonds purchased under resell agreement.

(I) Accounts receivable - credit card

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

(J) Allowance for Credit Losses

Allowance for credit losses is a significant estimate regularly evaluated by management for adequacy and is provided through a charge to provision for credit losses. In accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans" and "Regulations Governing Institution Engaging in Credit Card Business" issued by MOF, the management evaluates the quality of the overall portfolio, which comprises loans, accounts receivable, receivable-non-accrual accounts, outstanding guarantees and a review of specific delinquent claims.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(K) Investments under the equity method

Invest in which the Bank and its subsidiaries directly or indirectly, hold more than 20% of the outstanding stock with voting power, or hold less than 20% of outstanding stock with voting power but has significant influence over the invest 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 and loss based on the percentage of sales.

(L) Property, Equipment and Depreciation

Property and equipment are stated at cost. Major additions, improvements, and replacements are capitalized, while maintenance and repairs are charged to current earnings. Interest incurred in the acquisition of property and until these property are ready for use is capitalized as part of the acquisition costs. Repairs and maintenance are expensed currently.

Depreciation is computed using the straight-line method over the government prescribed useful lives. Property and equipment still in use after their original estimated useful lives may be depreciated continuously over their estimated remaining useful lives. Useful lives of major property and equipment are as follows: buildings, 3 to 53 years; machinery and equipment, 5 to 10 years; transportation equipment, 3 to 6 years; other equipment, 3 to 8 years.

Gain or loss on disposal of property and equipment is accounted for the other non-interest gain or loss.

(M) Goodwill and Intangible Assets

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. After initial recognition, 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.

The amortization amount of original cost is determined after deducting its residual value. Amortization is recognized as an expense on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the intangible assets are as follows:

- | | |
|----------------------|-----------|
| 1. Computer Software | 3-5 years |
| 2. Operation Right | 10 years |

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

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(N) Collateral Assumed

Collateral assumed are stated at estimated net realizable value, and any difference from the nominal value of the original claim is reflected as a credit loss. On the balance sheet date, if the collateral assumed are still unsold, their net realizable values are reassessed. If there is sufficient evidence indicating that market value is lower than book value, the difference is recognized as a current loss, accounted for loss of impairment of assets. Gain or loss on disposal of collateral assumed is accounted for the other non-interest gain or loss.

(O) Income Tax

The Bank adopts SFAS No. 22 "Income Taxes" for the purposes of making inter- and intra-period income tax allocation, as well as for calculating the current income tax expense (benefit). Accordingly, the income tax effects from taxable temporary differences are recognized as deferred tax liability, while those deductible temporary differences, prior years' loss carry forward benefits, and investment tax credits are accounted for as deferred tax assets but subject to management's judgment as to whether the realization is more likely than not. Adjustments to prior year's income tax expenses are charged against current income tax expense. Investment tax credits are recognized in the current year. Income taxes separately levied on interest revenue from short-term bills are reported as current income tax expense. The classification of deferred income tax assets or liabilities as current or non-current is based on the nature of the related asset or liability or the estimated period of realization.

The 10% surtax on undistributed retained earnings is recorded as current expense on the date when the stockholders met and resolved not to distribute the earnings.

As a subsidiary of Jih Sun Financial Holding Company, the Bank files a consolidated corporate income tax return with its parent company. The difference between the consolidated income tax and the Bank's ordinary income tax as described above is adjusted at the parent company level and the Bank recognizes such difference as a payable or receivable.

(P) Pension 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 a Pension Fund Administration Committee and not included in the financial statements.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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. However, the employee retirement plan maintained by the Bank has been amended to conform to this Act; the amendment is still waiting for the approval of the Board.

Under SFAS No. 18 “Accounting for Pensions”, an actuarial valuation of a pension asset or liability is performed on the balance sheet date, and a minimum pension liability is recorded in the financial statements based on difference between the accumulated benefit obligation and the fair value of plan assets. Commencing from January 1, 1996, net periodic pension cost are recognized in accordance with SFAS No. 18 includes the current service cost, net transition asset or obligation, prior service cost and unrecognized gain (loss) on a pension plan which is amortized on straight-line basis over the expected average remaining service period of 15 years of the employees in accordance with the rules set by the SFB. 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 Central Trust of China.

(Q) Commitments and Contingencies

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

(R) Earning per share (EPS)

EPS is calculated by dividing the net income, by the weighted-average shares outstanding during the period. In the case of capital increase through capitalization of retained earnings, capital surplus, or employee bonuses, EPS is retroactively adjusted, regardless of the period when such incremental shares remain outstanding.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(3) REASONS FOR AND EFFECT OF ACCOUNTING CHANGES

The Bank originally adopted the Financial Institution Merger Law, which allowed the losses on disposal of non-performing loans are amortized over sixty periods, and the unamortized balance is recorded as other assets. However, the Bank obtained the approval letter from Financial Supervisory Commission, Executive Yuan change to adopt the generally accepted accounting principles in the Republic of China and amortized all of the deferred loss on disposal of non-performing loans amounting of \$9,871,401 during the period of the six months ended of June 30, 2006. If the deferred loss on disposal of non-performing loans were amortized over sixty month periods, the net loss before the extraordinary income and loss are increase by \$3,386,421 and decreased by \$8,121,784 for the year ended December 31, 2007 and 2006; and the accumulated loss would be decreased by \$4,735,363 and \$8,121,784 and the deferred loss on disposal of non-performing loans and would be increased by \$4,735,363 and \$8,121,784 as of December 31, 2007 and 2006.

Effective January 1, 2006, the Bank adopted the Republic of China Statements of Financial Accounting Standards (SFAS) No. 34 “Financial Instruments: Recognition and Measurement”. During initial recognition, financial assets and financial liabilities should be reclassified and measured with the fair value and amortized cost. As the result of adoption of SFAS No. 34, as of December 31, 2006 the revaluation differences accounted for as cumulative effect of change in accounting principle and adjustments to Stockholders’ equity amounted to \$62,988 and \$15,043, respectively.

As of January 1, 2007, according to the Republic of China Statements of Financial Accounting Standards (SFAS) No. 37 “Accounting for Intangible Assets”, during initial recognition, the computer software and operation right original classified are deferred debit items should be reclassified. As the result of adoption of SFAS No. 37, there is no effect for net income and earning per share for year 2007.

(4) SUMMARY OF MAJOR ACCOUNTS

(A) CASH AND CASH EQUIVALENTS

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Cash on hand	\$ 1,238,217	1,183,035
Petty cash	4,075	4,405
Checks for clearing	645,438	1,071,146
Foreign currency on hand	239,300	213,358
Bank deposit	3,882,556	5,190,198
Total	<u>\$ 6,009,586</u>	<u>7,662,142</u>

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

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(B) DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
General account	\$ 1,377,814	3,718,641
Deposit reserve	5,728,599	5,188,077
Financial center	300,538	300,251
Call loans to banks	25,261,436	14,403,567
Total	<u>\$ 32,668,387</u>	<u>23,610,536</u>

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

As of December 31, 2007 and 2006, the financial assets held for trading of the Bank were as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Government bonds	\$ 6,438,579	10,018,864
Corporate bonds	1,701,161	4,775,963
Convertible Corporate bonds	304,906	352,870
Overseas bonds	16,972	892,482
Listed and O.T.C. stock	6,000	601,616
Beneficiary certificates	-	18,710
Overseas stock	23,970	13,049
Derivatives financial instruments	12,975	20,881
Future guarantee deposits	60,136	119,457
Valuation adjustment of financial assets	(194,887)	(35,770)
Total	<u>\$ 8,369,812</u>	<u>16,778,122</u>

Government bonds and corporate bonds under repurchase agreements were sold for \$73,101 and \$8,155,949 by December 31, 2007 and 2006, respectively. Net losses on the financial assets for trading of the Bank amounted to \$227,824 and \$109,246 by 2007 and 2006, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(D) BILLS AND BONDS PURCHASED/ SOLD UNDER RESELL/REPURCHASE AGREEMENTS

As of December 31, 2007 and 2006, the bills and bonds purchased/ sold under resell/ repurchase agreements were as follows:

	December 31, 2007		
	Financial loan/ (borrow) amount	Due to resold/ repurchase term	Due to interest interval %
Bills and bonds purchase under resell agreements	\$ 7,189,533	Januray 2 to January 10, 2008	1.92 to 1.96
Bills and bonds sold under repurchase agreements	(73,101)	January 8, 2008	1.95
	December 31, 2006		
	Financial loan/ (borrow) amount	Due to resold/ repurchase term	Due to interest interval %
Bills and bonds purchase under resell agreements	\$ 5,662,964	January 2 to January 11, 2007	1.61 to 1.63
Bills and bonds sold under repurchase agreements	(8,155,949)	January 2 to February 7, 2007	1.62 to 1.645

The bills and bonds under resell and under repurchase agreements transaction object were as Government bonds.

(E) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2007	December 31, 2006
Government bonds	\$ -	1,871,587
Fixed revenue preferred stock	-	486,000
Listed and O.T.C. stock	486,504	504
Valuation adjustment of financial assets	(88,501)	115,384
Total	\$ 398,003	2,473,475

(F) HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2007	December 31, 2006
Financial assets securitized instrument	\$ -	478,796

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(G) FINANCIAL ASSET SECURITIES

(a) Characteristic and income

In September 2004, the \$3,754,779 worth of carrying value of the Auto Loan Receivables was securitized by the Bank to Deutsche Bank AG, Taipei Branch for issuance of beneficiary certificates of \$4,514,205, which consisted of the following:

1. Investor certificates of \$4,035,409, with interest payable in accordance with the contract;
2. Subordinated seller certificates of \$478,796, bearing a fixed interest rate of 5.00%.

The holder of subordinated seller certificates of \$478,796 has the right to interest in excess of the fixed amount payable to the investors. If debtors fail to repay the securitized loans, the investor Deutsche Bank AG, Taipei Branch cannot exercise the right of recourse to the Bank. The repayment of the principal amount of subordinated seller certificates will be executed after the execution of the investor certificates and is affected by credit risk, repayment rate, and changes in interest rate on those transferred loans.

Under the securitization plan, loan repayments within a revolving period are appropriated as follows:

1. Interest payable for investor certificates;
2. The principal of investor certificates until the certificates are paid off;
3. The remainder, if any, as payments to the holders of subordinated seller's certificates.

In September 2007, the above mentioned beneficiary certificates were paid off and the securitization plan was terminated. Consequently, the amount of the carrying value for the remaining worth of the Auto Loan Receivables deducting the cash collected was transferred to the loans.

(b) Key assumptions used in measuring retained interests

The key assumptions used in measuring the subordinated seller certificates arising from the loan securitization at the loans securitization dates and during the reporting period were as follows:

Repayment rate (annual rate)	1.02%
Weighted-average life (in years)	3.76
Expected credit losses rate (monthly rate)	0.04%
Discounting rate for residual cash flows	5.24%

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) Sensitivity analysis

As of December 31, 2006, the key economic assumptions and sensitivity of the current fair value of residual cash flows with immediate 10% and 20% adverse changes in these assumptions were as follows:

Carrying amount of retained interests	\$	760,632
Weighted-average life (in years)		1.22
Repayment rate (annual rate)		1.02%
Impact on fair value with 10% adverse change		(69)
Impact on fair value with 20% adverse change		(143)
Expected credit losses (monthly rate)		0.04%
Discounting rate for residual cash flows		5.24%
Compensation rate of change		0%

(d) Cash flows

The cash flows received from and paid to securitization trusts are summarized as follows:

	<u>2007</u>	<u>2006</u>
Service profit received	\$ 1,352	5,999
Other cash flows received on reserved	1,318	3,579
Service advances	723	3,446
Received from service advances	650	3,229

(e) Securitized assets, information on delinquencies, net credit losses, and un-securitized financial assets:

	<u>December 31, 2006</u>		
	<u>Total Principal of Loans</u>	<u>Principal of Loans 60 Days or More Past Due</u>	<u>Net Credit Losses</u>
Auto loans managed or securitized	\$ 21,123,715	<u>630,378</u>	<u>161,241</u>
Loans securitized	(351,041)		
Loans held for sale or securitized	(760,632)		
Loans held in portfolio	<u>\$ 20,012,042</u>		

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(H) RECEIVABLES-NET

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Accounts receivable for credit cards	\$ 3,064,108	4,268,116
Accounts receivable	801,965	366,412
Interest receivable	806,928	1,042,149
Tax refund receivable	698	698
Factoring receivables - without recourse	1,846,492	1,978,876
Dividends receivables	-	60
Proceeds from sale of non-performing loans	-	896,657
Other receivables-Financial Holdings	941,656	498,200
Other receivables	179,310	305,663
Sold trade government bond receivable	163,586	297,795
Sold foreign currency securities receivable	65,474	248,665
Subtotal	<u>7,870,217</u>	<u>9,903,291</u>
Less: Allowance for bad debts	(55,605)	(115,115)
Net	<u><u>\$ 7,814,612</u></u>	<u><u>9,788,176</u></u>

(I) DISCOUNTED AND LOANS- NET

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Loans	\$ 161,839,932	173,527,633
Export remittances	591,479	106,526
Overdrafts	4,462	93,905
Delinquent loans	6,462,625	7,885,322
Sub total	<u>168,898,498</u>	<u>181,613,386</u>
Less: Allowance for bad debts	(1,996,440)	(3,319,057)
Net	<u><u>\$ 166,902,058</u></u>	<u><u>178,294,329</u></u>

- (a) As of December 31, 2007 and 2006, the ratio of the Bank's equity capital to risk-based assets was 8.75% and 9.04%, respectively, and there were no loans written-off without prior recourse.
- (b) According to letters of the Bankers Association of the Republic of China at May 10, 2006 and, Financial Supervisory Commission, Executive Yuan at April 25, 2006, and April 27, 2006, the Bank participated the debt negotiation. As of December 31, 2007, according to the debts rearrangement that the total amount for the overdue loans and account receivable are readjusted to \$1,009,836.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (c) As of December 31, 2007 and 2006, the balance of bad debt allowance on loans and advances amounted to \$2,081,211 and \$3,494,496, respectively, and the related thereof were as follows:

Item	Beginning Balance	Increase	Received	Provision for debt negotiation	Amount written off	Reclassification	Adjustment for exchange rate fluctuation	Ending Balance
December 31, 2007								
Allowance for bad debts - account receivables	\$ 109,865	578,872	-	60,802	(612,176)	(86,000)	-	51,363
Allowance for bad debts - other receivables	5,250	1,224	-	-	-	(2,230)	(2)	4,242
Allowance for bad debts - bills and discounts	18,090	-	-	-	-	-	-	18,090
Allowance for bad debts - short-term loans and overdrafts	176,020	16,025	(149)	8,249	(16,025)	-	(8)	184,112
Allowance for bad debts - short-term secured loans and overdrafts	1,360	-	-	-	-	-	-	1,360
Allowance for bad debts - medium-term loans	269,419	-	-	33,795	(40,916)	-	860	263,158
Allowance for bad debts - medium-term secured loans	7,022	-	-	-	-	-	-	7,022
Allowance for bad debts - long-term loans	16,743	-	-	-	-	-	-	16,743
Allowance for bad debts - long-term secured loans	84,634	-	-	-	-	-	-	84,634
Allowance for bad debts - delinquent loans	2,801,829	4,348,801	526	-	(5,793,162)	88,230	-	1,446,224
Allowance for guarantee reserve	4,264	-	-	-	-	-	(1)	4,263
Total	\$ 3,494,496	4,944,922	377	102,846	(6,462,279)	-	849	2,081,211

Item	Beginning Balance	Increase	Reclassification	Amount written off	Provision for debt negotiation	Adjustment for exchange rate fluctuation	Ending Balance
December 31, 2006							
Allowance for bad debts - account receivables	\$ 192,000	744,478	1,062,911	(2,224,519)	334,995	-	109,865
Allowance for bad debts - other receivables	109	3,740	7,294	(5,890)	-	(3)	5,250
Allowance for bad debts - bills and discounts	18,091	-	-	-	-	(1)	18,090
Allowance for bad debts - short-term loans and overdrafts	93,787	14,064	-	(14,064)	82,247	(14)	176,020
Allowance for bad debts - short-term secured loans and overdrafts	1,360	-	-	-	-	-	1,360
Allowance for bad debts - medium-term loans	198,507	-	-	-	71,227	(315)	269,419
Allowance for bad debts - medium-term secured loans	6,418	-	-	-	604	-	7,022
Allowance for bad debts - long-term loans	16,743	176	-	(176)	-	-	16,743
Allowance for bad debts - long-term secured loans	84,634	-	-	-	-	-	84,634
Allowance for bad debts - delinquent loans	2,578,187	4,271,521	-	1,070,205	(2,977,674)	-	2,801,829
Allowance for guarantee reserve	4,267	-	-	-	-	(3)	4,264
Total	\$ 3,194,103	5,033,979	-	(5,222,323)	489,073	(336)	3,494,496

- (d) The Bank's delinquent loans consisted of various loans and other credit amounts which have been reclassified to "delinquent loans" account. Loans which are overdue for six months from the repayment due date are reclassified to "delinquent loans" account. The accrual of interest thereon is discontinued for internal purposes, but continues for external purposes. In addition, the interest accrual is noted in each sub-account through a memo entry. The accrued interest on overdue loans prior to reclassification into the "delinquent loans" account is combined with the principal amount and transferred to the "delinquent loans" account. As of December 31, 2007 and 2006, such loans and advances with discontinued interest accrual amounted to \$6,119,370 and \$7,408,609, respectively.

- (e) As of December 31, 2007 and 2006, the un-accrued interest revenue for loans and advances with overdue interest and principal, amounted to \$427,715, and \$537,250, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(J) INVESTMENTS UNDER THE EQUITY METHOD

<u>Name of invested company</u>	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	<u>Percentage of Ownership</u>	<u>Book value</u>	<u>Percentage of Ownership</u>	<u>Book value</u>
Jin Sun Life Insurance Agent Co., Ltd.	99.00	<u>\$ 17,184</u>	99.00	<u>27,130</u>

Investment income recognized under the equity method for the year ended December 31, 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Jin Sun Life Insurance Agent Co., Ltd.	<u>\$ 3,449</u>	<u>13,384</u>

(K) PROPERTY AND EQUIPMENT

<u>December 31, 2007</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 2,630,262	-	2,630,262
Buildings	2,640,317	642,747	1,997,570
Transportation equipments	6,704	5,264	1,440
Other equipments	1,169,266	826,616	342,650
Leasehold improvements	321,808	214,696	107,112
Construction in progress	15,275	-	15,275
Prepayment for equipments	73,704	-	73,704
Total	<u>\$ 6,857,336</u>	<u>1,689,323</u>	<u>5,168,013</u>

<u>December 31, 2006</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 2,630,262	-	2,630,262
Buildings	2,647,532	578,786	2,068,746
Transportation equipments	8,134	6,104	2,030
Other equipments	1,235,524	743,524	492,000
Leasehold improvements	289,396	190,076	99,320
Construction in progress	1,998	-	1,998
Prepayment for equipments	134,036	-	134,036
Total	<u>\$ 6,946,882</u>	<u>1,518,490</u>	<u>5,428,392</u>

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

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(L) OTHER FINANCIAL ASSETS AND OTHER ASSETS

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Other Financial Assets:		
Financial assets carried at cost	\$ 697,289	714,692
Short-term advances	635,033	779,661
Refundable deposits	358,022	642,154
Delinquent loans-non transferred from loans	168,537	99,325
Allowance for bad debts-delinquent loans		
- non transferred from loans	(24,903)	(56,060)
Total other financial assets	<u>\$ 1,833,978</u>	<u>2,179,772</u>
Other Assets:		
Deferred income tax assets	\$ 4,883,693	4,679,242
Less: Allowance for deferred income tax assets	(4,883,693)	(4,679,242)
Sub-total	<u>-</u>	<u>-</u>
Collateral assumed	2,590,177	2,864,618
Less: Allowance for collateral assumed	(128,534)	(78,632)
Collateral assumed-net	<u>2,461,643</u>	<u>2,785,986</u>
Prepayment account	716,880	917,620
Sundry assets	4,636	4,785
Total	<u>\$ 3,183,159</u>	<u>3,708,391</u>

As of December 31, 2007 and 2006, the above refundable deposits included approximately \$0 of rental deposit only, without related rental payments. Therefore using an annual interest rate of 2.175% and 2.015% for December 31, 2007 and 2006, respectively, the rental expense and corresponding interest income, calculated from the refundable deposits amounted to approximately \$658 and \$586, respectively, and was reflected in the financial statements.

In 2005, 2004 and 2002, the Bank sold non-performing loans amounting to \$7,027,657, \$5,697,374 and \$7,215,208, respectively, to an asset management company for \$1,582,588, \$414,978 and \$446,509, respectively. The sale resulted in a loss of \$5,445,069, \$5,282,396 and \$6,768,699, respectively. In accordance with Article 15, Section 5 of the Law Governing Merger of Financial Institutions, the Bank amortized the loss equally over 60 months, with the unamortized balance reflected as of loss on deferred disposal of non-performing loans. The amortization amounts were \$1,749,616 for June 30, 2006.

The Bank obtained the approval letter from Financial Supervisory Commission, Executive Yuan at July 19, 2006, with the issuing number of FSC (6) 0950129783, changed to adopt the generally accepted accounting principles in the Republic of China and amortized all of the deferred loss on disposal of non-performing loans amounting of to \$9,871,401 as of June 30, 2006.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Since of 2002, the Bank amortized the loss on disposal of non-performing loans equally over 60 months in accordance with Article 15, Section 5 of the Law Governing Merger of Financial Institutions which is not General Accepted Accounting Principle. The net loss of December 31, 2006 would be decreased by \$11,621,017 and the pro-forma net loss was \$2,337,315; then that was no effect of December 31, 2007.

(M) INTANGIBLE ASSETS

<u>Original cost and repeat estimated increase in</u>	<u>Goodwill</u>	<u>Operation right</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2006	\$ 37,616	1,522,342	186,792	1,746,750
Purchase	-	-	82,298	82,298
December 31, 2006	<u>\$ 37,616</u>	<u>1,522,342</u>	<u>269,090</u>	<u>1,829,048</u>
January 1, 2007	\$ 37,616	1,522,342	269,090	1,829,048
Purchase	-	-	169,884	169,884
December 31, 2007	<u>\$ 37,616</u>	<u>1,522,342</u>	<u>438,974</u>	<u>1,998,932</u>
<u>Amortization and Impairment loss</u>	<u>Goodwill</u>	<u>Operation right</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2006	\$ -	-	-	-
Amortization, 2006	(4,702)	(327,055)	(61,711)	(393,468)
Other	-	(10,908)	-	(10,908)
December 31, 2006	<u>\$ (4,702)</u>	<u>(337,963)</u>	<u>(61,711)</u>	<u>(404,376)</u>
January 1, 2007	\$ (4,702)	(337,963)	(61,711)	(404,376)
Amortization, 2007	-	(330,525)	(78,551)	(409,076)
December 31, 2007	<u>\$ (4,702)</u>	<u>(668,488)</u>	<u>(140,262)</u>	<u>(813,452)</u>
<u>Book Value</u>	<u>Goodwill</u>	<u>Operation right</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2006	<u>\$ 37,616</u>	<u>1,522,342</u>	<u>186,792</u>	<u>1,746,750</u>
December 31, 2006	<u>\$ 32,914</u>	<u>1,184,379</u>	<u>207,379</u>	<u>1,424,672</u>
January 1, 2007	<u>\$ 32,914</u>	<u>1,184,379</u>	<u>207,379</u>	<u>1,424,672</u>
December 31, 2007	<u>\$ 32,914</u>	<u>853,854</u>	<u>298,712</u>	<u>1,185,480</u>

For the year ended December 31, 2007 and 2006, intangible assets amortized the expenses of the Bank is accounted for the operating expenses and amounted to \$409,076 and 393,468, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(N) FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Derivative financial liabilities	\$ 14,152	33,014
Value adjustment for financial liabilities at fair value adjustment	8,957	(2,535)
Derivative financial liabilities	<u>\$ 23,109</u>	<u>30,479</u>

For the year ended December 31, 2007 and 2006, net gain and losses on financial liabilities of the Bank amounted to \$64,396 and \$132,225, respectively.

(O) DEPOSITS FROM CENTRAL BANK AND OTHER BANKS

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Deposits from Central Bank	\$ 22,434	13,310
Deposits form banks	2,932,467	5,223,388
Loan financing from banks	94,660	42,598
Call loans from banks	579,200	1,504,800
Post Office transfer deposits	12,160,053	13,654,796
Total	<u>\$ 15,788,814</u>	<u>20,438,892</u>

(P) PAYABLES

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Accounts payable	\$ 730,857	161,346
Accrued expenses	194,967	576,153
Interest payable	1,050,373	1,078,634
Factoring payable	677,803	892,516
Collection payable	37,097	96,056
Notes payable for clearing payable	645,438	1,071,146
Purchase trade government bond payable	49,827	-
Payables for purchase of foreign currencies marketable securities	65,362	163,497
Other payables	645,438	536,338
Total	<u>\$ 4,097,162</u>	<u>4,575,686</u>

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(Q) DEPOSITS AND REMITTANCES

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Checking deposits	\$ 1,047,006	1,075,876
Bank checks	110,279	114,234
Demand deposits	20,339,265	18,398,400
Time deposits	67,024,478	57,589,458
Savings deposits	113,662,461	123,055,294
Outward remittance and remittance pending release	8,438	2,428
Total	<u>\$ 202,191,927</u>	<u>200,235,690</u>

As of December 31, 2007 and 2006, negotiable certificates of time deposits amounted to \$4,714,100 and \$5,511,100, respectively.

(R) FINANCIAL DEBENTURES

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Financial debentures	\$ 7,000,000	11,000,000
Less: Amortization of discount	-	-
Net	<u>\$ 7,000,000</u>	<u>11,000,000</u>

(a) On October 25, 2004, the Bank issued senior financial debentures totaling \$4,000,000. Terms and conditions of the issuance are as follows:

1. Issue price: At face value.
2. Issue period: From October 25, 2004, to April 25, 2010.
3. Interest rate: Fixed rate of 3.95%.
4. Interest accrual: Annual interest payments.
5. Repayment of principal: Full repayment of principal at maturity.

(b) On July 5, 2005, the Bank issued senior financial debentures totaling \$2,000,000. Terms and conditions of the issuance are as follows:

1. Issue price: At face value.
2. Issue period: From July 5, 2005 to July 5, 2012.
3. Interest rate: Fixed rate of 2.93%.
4. Interest accrual: Annual interest payments.
5. Repayment of principal: Full repayment of principal at maturity.

(c) On April 3, 2007, the Bank issued senior financial debentures totaling \$1,000,000. Terms and conditions of the issuance are as follows:

1. Issue price: At face value.
2. Issue period: From April 3, 2007 to April 3, 2014
3. Interest rate: Fixed rate of 3.00%.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

4. Interest accrual: Annual interest payments.
5. Repayment of principal: Full repayment of principal at maturity.

(d) On September 25, 2002, the Bank issued senior financial debentures totaling \$5,000,000. Terms and conditions of the issuance are as follows:

1. Issue price: At face value.
2. Issue period: From September 25, 2002, to September 25, 2007.
3. Interest rate: Fixed rate of 3.975%.
4. Interest accrual: Annual interest payments.
5. Repayment of principal: Full repayment of principal at maturity.
6. This is full repayment of principal at maturity.

(S) PENSION PLAN

For the portion of the retirement plan adopting the defined contribution scheme, in accordance with the New Act, the Company provides monthly contributions to the Bureau of Labor Insurance of 6% of the worker's monthly wages. The amount of contribution is recognized as expense of the current period.

As of December 31, 2007 and 2006, the Bank's pension fund balance changes thereon were as follows:

	December 31, 2007	December 31, 2006
Beginning balance	\$ 39,979	46,704
Add: Interest	839	867
Less: Current period's payments	(7,593)	(7,592)
Fund balance	\$ 33,225	39,979

Since May 1, 1997, the Bank has complied with the Labor Standards Law and the related changes in the Bank's pension fund contributions were as follows:

	December 31, 2007	December 31, 2006
Beginning balance	\$ 154,016	148,796
Add: Current year's contributions	6,994	2,017
Interest	3,909	3,203
Less: Current year's payments	(5,554)	-
Fund balance	\$ 159,365	154,016

Effective April 15, 2001, the pension fund was reflected as part of pension fund assets. As of December 31, 2007 and 2006, the pension fund amounted to \$150,868 and \$149,417, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The bank has measured projected benefit obligation of accumulated assumption, reconciliation of plan funded status and accrued pension cost were as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Discount rate	3.50%	3.50%
Wages adjusted rate	2.00%	3.00%
Expected rate of return on plan assets	2.50%	2.50%
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Service cost	\$ 5,857	7,467
Interest cost	5,009	5,100
Expected return on plan assets	(7,855)	(7,731)
Amortization of unrecognized transition loss	(1,616)	(1,738)
Amortization of gain and loss	(615)	(426)
Curtailment or Settlement	(15,172)	(14,753)
Net pension cost	<u>\$ (14,392)</u>	<u>(12,081)</u>
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Vested benefit obligation	\$ 657	570
Non-vested benefit obligation	81,992	90,932
Accumulated benefit obligation	82,649	91,502
Effect of future salary increase	31,349	52,366
Projected benefit obligation	113,998	143,868
Fair value of pension assets	(313,487)	(306,264)
Funded status	(199,489)	(162,396)
Unrecognized transition loss	7,459	9,699
Unrecognized gain or loss	60,263	42,317
Accrued pension liabilities (Prepaid pension cost)	<u>\$ (131,767)</u>	<u>(110,380)</u>

As of December 31, 2007 and 2006, the vested benefit obligation amounted to \$657 and 570, respectively. Else, the labor pension extract increase pension cost amounted to \$68,874 and \$78,976 as of December 31, 2007 and 2006, respectively.

(T) COMMON STOCK

The Bank's original authorized, issued and outstanding capital stock of \$10,000,000 was divided into 1,000,000 thousand shares at \$10 par value per share. After subsequent stock issuances resulting from capital increases over the years, the Bank's authorized and outstanding common stock amounted to \$14,180,587, divided into 1,418,059 thousand shares as of December 31, 2006.

During the shareholders' meeting, the bank resolved recover loss form capital amounted to \$17,067,013 and increase capital with cash amounted to 1,200,000 thousand shares at par value of \$10 per share, amounted to \$12,000,000 as of July 21, 2006. During the director board meeting, the bank increase capital with cash amounted to 100,000 thousand shares at par value of \$10 per share, amounted to \$1,000,000 as of February 1, 2007.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The Bank's authorized and outstanding common stock amounted to \$15,180,587, divided into 1,518,059 thousand shares as of December 31, 2007.

(U) RETAINED EARNINGS DISTRIBUTION

In accordance with the Bank's Articles of Incorporation, its net income after deduction of income tax and offset against prior year cumulative losses shall be set aside as legal reserve, and the remainder, if any, shall be distributed in its entirety. In compliance with Article 44 of the Banking Law, the ratio of the Bank's equity capital to its risk-based assets should not be less than 8%, and distribution of stock dividends shall have preference. The annual after-tax net income should exceed \$700,000, and then 70% of the excess shall be distributed as cash dividends. The bank has accumulated loss as of December 31, 2006; therefore, there is no earning distribution. The related information could be found in the Market Observation Post System.

(V) INCOME TAX

According to regulations stipulated by Ruling Letter No. 910458039 dated February 22, 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", when a financial holding company holds more than 90% of the shares of a domestic subsidiary, the financial holding company and the subsidiary can file a joint tax return once the financial holding company has held more than 90% of the subsidiary for 12 months during a taxable year. The Company jointly filed income tax returns for 2003 and earnings distribution for 2002 for the Company, Jih Sun Financial Holding Co., Ltd and its affiliate Jih Sun Securities Co., Ltd.

The joint filing of the tax returns of the Company, Jih Sun Financial Holding Co., Ltd and its affiliate Jih Sun Securities Co., Ltd. resulted in a lowered tax burden due to tax incentives received, and management efficiency was enhanced because the individual company's tax burden was fairly distributed.

	<u>2007</u>	<u>2006</u>
Current income tax	\$ 2,820	6,708
Income tax benefit resulting from tax incentives	(672,889)	(334,368)
Overestimation of prior year' expenses	(18,255)	(87,029)
Income tax benefit	<u>\$ (688,324)</u>	<u>(414,689)</u>

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (a) The Bank's statutory income tax rate is 25%. From January 1, 2006, Income Tax Basic Regulation calculates basic tax. As of December 31, 2007 and 2006, the income tax benefit was calculated as follows:

	<u>2007</u>	<u>2006</u>
Income tax calculated at statutory tax rate	\$ (770,103)	(3,593,255)
Effect on income tax of adjusting items:		
Tax exempt securities transaction	(85,073)	(37,859)
Loss from bond transactions	55,494	37,656
Tax separately levied on marketable securities tax	(2,250)	(5,225)
Tax separately levied on marketable securities transaction	2,820	6,708
Gain on domestic investment interests-net	(11,334)	(23,089)
Gain on land transactions	(17,076)	(8,093)
Tax exempt OBU income	(24,576)	(16,036)
Deferred income tax assets adjusting	1,081,900	3,536,816
Difference in allowance for credit loss exceeding the prescribed limit	(317,404)	117,562
Loss (reversal gain)on market upswing of collateral assumed	38,920	(16,630)
Unrealized exchange (gain) loss - net	(884)	10,386
Unrealized derivative instruments loss - net	50,642	1,113
Prior years expense under or over estimation	(18,255)	(87,029)
Loss of impairment of other financial assets	2,606	-
Other	(862)	(3,346)
Subtotal	<u>(15,435)</u>	<u>(80,321)</u>
Link income tax interests that the tax system produces	(672,889)	(334,368)
Income tax benefit	<u><u>\$ (688,324)</u></u>	<u><u>(414,689)</u></u>

- (b) Details of temporary differences between financial and tax reporting purposes which resulted in deferred income tax assets and liabilities, operating loss carry forwards, and income tax deductions were as follows:

	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Non-current deferred tax assets:				
Operating loss carry forwards	\$14,897,897	3,724,474	10,674,432	2,668,608
Investment tax credits	33,279	8,319	31,132	7,783
Amortization non-performing loans	4,735,363	1,183,841	8,121,784	2,030,446
Valuation allowance	<u>(19,534,773)</u>	<u>(4,883,693)</u>	<u>(18,716,968)</u>	<u>(4,679,242)</u>
Non-current deferred tax assets	131,766	32,941	110,380	27,595
Non-current deferred tax liabilities:				
Pension expense	131,766	32,941	110,380	27,595
Non-current deferred tax assets-net	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (c) The Bank's available investment tax credits and their related expiration years were as follows:

<u>Year occurred</u>	<u>Available tax credits</u>	<u>Expiration year</u>
2004	\$ 1,714	2008
2005	2,996	2009
2006	1,094	2010
2007	2,515	2011
Total	<u>\$ 8,319</u>	

- (d) The tax authorities have assessed the Bank's income tax returns through 2002. According to ROC income tax laws, losses can be carried forward to offset taxable income for five years following the loss.

As of December 31, 2007, the Bank's unused carry forwards and expiration dates were as follows:

<u>Period of loss</u>	<u>Year of expiration</u>	<u>Amount</u>
2005	2010	\$ 4,978,211
2006	2011	4,932,107
2007	2012	4,987,579
Total		<u>\$ 14,897,897</u>

- (e) Details of undistributed earnings were as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Earned prior to December 31, 1997	\$ -	-
Earned after January 1, 1998	(4,629,682)	(2,237,591)
	<u>\$ (4,629,682)</u>	<u>(2,237,591)</u>
 The Amount of the Imputation Credit	 <u>\$ 368,296</u>	 <u>358,213</u>
	 <u>2007 (expert)</u>	 <u>2006 (actual)</u>
The rate of the imputation credit on distributed earnings	 <u>0%</u>	 <u>0%</u>

(W) EARNINGS PER SHARE

Earnings per share are calculated based on the weighted-average number of common shares outstanding during each period, except for the capitalization of retained earnings or capital surplus, for which the computation of shares outstanding is retroactively adjusted. The weighted-average number of shares outstanding as of December 31, 2007 and 2006 was 1,494,497 and 1,736,327 thousands, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(X) FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

<u>Non-derivative financial instruments</u>	December 31, 2007	
	<u>Book Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash Equivalents	\$ 6,009,586	6,009,586
Due from Central Bank and call loans to banks	32,668,387	32,668,387
Financial assets measured at fair value through profit	8,265,698	8,265,698
Bills and bonds purchased under resell agreements	7,189,533	7,189,533
Receivables— net	7,814,612	7,814,612
Discounted and loans— net	166,902,058	166,902,058
Available-for-sale financial assets-net	398,003	398,003
Held-to-maturity financial assets	-	-
Investments under the equity method	17,184	17,184
Other financial assets— net	1,833,978	1,833,978

<u>Non-derivative financial instruments</u>	December 31, 2006	
	<u>Book Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash Equivalents	\$ 7,662,142	7,662,142
Due from Central Bank and call loans to banks	23,610,536	23,610,536
Financial assets measured at fair value through profit	16,643,201	16,643,201
Bills and bonds purchased under resell agreements	5,662,964	5,662,964
Receivables— net	9,788,176	9,778,176
Discounted and loans— net	178,294,329	178,294,329
Available-for-sale financial assets-net	2,473,475	2,473,475
Held-to-maturity financial assets	478,796	478,796
Investments under the equity method	27,130	27,130
Other financial assets— net	2,179,772	2,179,772

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Non-derivative financial instruments	December 31, 2007	
	Book Value	Fair Value
Financial Liabilities:		
Deposits from Central Bank and other banks	\$ 15,788,814	15,788,814
Financial Liabilities measured at fair value through profit or loss	23,109	23,109
Liabilities for bills and bonds sold under repurchase agreements	73,101	73,101
Payables	4,097,162	4,097,162
Deposits and remittances	202,191,927	202,191,927
Financial debentures	7,000,000	7,000,000
Other financial liabilities	85,500	85,500

Non-derivative financial instruments	December 31, 2006	
	Book Value	Fair Value
Financial Liabilities:		
Deposits from Central Bank and other banks	\$ 20,438,892	20,438,892
Financial liabilities measured at fair value through profit	30,479	30,479
Liabilities for bills and bonds sold under repurchase agreements	8,155,949	8,155,949
Payables	4,575,686	4,575,686
Deposits and remittances	200,235,690	200,235,690
Financial debentures	11,000,000	11,000,000
Other financial liabilities	86,400	86,400

Derivative financial instruments	December 31, 2007		December 31, 2006	
	Nominal Principal	Fair Value	Nominal Principal	Fair Value
Financial Assets:				
Forward contract	\$ 2,403,175	5,134	440,064	2,470
Futures	23,821	59,861	418,773	107,330
SWAP	-	-	4,514,490	3,498
Currency option	1,528,577	21,447	1,289,527	19,081
Interest rate goods	31,048,860	17,672	24,340,860	2,542
Financial Liabilities:				
Forward contract	-	-	1,410,204	129
SWAP	475,454	1,647	1,817,445	6,250
Taiwan currency stock options	-	-	42,350	1,271
Currency option	1,528,577	21,447	1,426,777	19,081
Foreign currency stock options	178,727	15	216,709	3,567
Interest rate goods	-	-	24,340,860	181

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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

1. 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, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, deposits from Central bank and other banks, remittances, securities sold under repurchase agreements, payables and deposits from banks.
2. If quoted market price is unavailable then the fair value is determined based on certain valuation techniques. The estimation and assumptions of valuation techniques adopted by the Bank are identical to those adopted by other market participants.
3. Fair value of long-term liabilities is estimated by the present value of expected future cash flows. The discount rate is based on rates of equivalent loans available elsewhere; that is, loans with similar maturity date and terms (close to maturity date).
4. Fair value of financial derivatives 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. There are reference reports from financial institutions for most of the financial derivatives of the Bank.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(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	Determined value by using valuation techniques
	December 31, 2007	December 31, 2007
Non-derivative financial instruments		
Assets		
Cash	\$ -	6,009,586
Due from Central Bank and call loans to banks	-	32,668,387
Financial assets measured at fair value through profit or loss— net	8,241,374	24,324
Bills and bonds purchased under resell agreements	-	7,189,533
Receivables— net	-	7,814,612
Discounted and loans -net	-	166,902,058
Available-for-sale financial assets— net	398,003	-
Other financial assets— net	-	1,833,978
Non-derivative financial instruments		
Liabilities		
Deposits from Central Bank and other banks	-	15,788,814
Liabilities for bills and bonds sold under repurchase agreement	-	73,101
Payables	-	4,097,162
Deposits and remittances	-	202,191,927
Financial debentures	-	7,000,000
Other financial liabilities	-	85,500
Derivative financial instruments		
Assets		
Forward contract	-	5,134
Futures	59,861	-
Currency options	-	21,447
Interest rate goods	-	17,672
Liabilities		
SWAP	1,647	-
Currency options	-	21,447
Foreign Currency stock options	15	-

(d) As of December 31, 2007, the loss and gain arising from the fair value evaluation of financial instruments by using quoted market prices and valuation techniques amounted to \$197,117 and 24,903, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(e) Financial risk information

1. Market risk

The bank internally recognize, measure, control and manage 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: Market risk estimate model include Interest, FX, Equity, Commodity etc, risk factors.

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 difference market price factor, and calculate ten days(one-side) VaR with 99% confidence level.

VaR for the fourth season ended 2007 were as follows: (a hundred million)

99% C.L ten days VaR	Season average	Season high	Season low
Exchange instrument	0.82	0.95	0.76
Interest instrument	0.23	0.20	0.27
Equity instrument	0.35	0.39	0.31
Distribution effective	(0.51)	(0.42)	(0.59)
VaR	0.89	1.12	0.88
99% C.L one day VaR	Season average	Season high	Season low
Exchange instrument	0.26	0.30	0.24
Interest instrument	0.07	0.06	0.09
Equity instrument	0.12	0.13	0.10
Distribution effective	(0.16)	(0.12)	(0.19)
VaR	0.29	0.37	0.24

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

C. The control of market risk

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

D. The management of risk market

The bank internally recognize, measure, control and manage for market risk, 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 need to comply with the follow-up procedure.

2. Credit Risk

	December 31, 2007		December 31, 2006	
	Book Value	Maximum exposure to credit risk	Book Value	Maximum exposure to credit risk
Non-derivative financial instruments				
Trading purpose financial instruments				
Stock investment	\$ 29,924	-	669,881	-
Bond investment	8,235,774	1,601,432	15,953,169	878,465
Beneficiary certificates	-	-	20,151	-
Bills and bonds purchased under resell agreements	7,189,533	232,240	5,662,964	233,984
Available-for-sale financial assets				
Stock investment	398,003	395,000	585,444	-
Bond investment	-	-	1,888,031	-
Held-to-maturity financial assets	-	-	478,796	478,796
	December 31, 2007		December 31, 2006	
Derivative Financial instruments	Nominal principal	Maximum exposure to credit risk	Nominal principal	Maximum exposure to credit risk
Forward contract	\$2,403,175	15,280	440,064	16,447
Future	23,821	17,080	418,773	-
SWAP	-	440,134	4,514,490	6,863
Options	1,528,577	29,269	1,289,527	15,471
Interest rate goods	31,048,860	-	24,340,860	33,744

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The amount of credit risk of the Bank was referring to contracts with positive fair value on balance sheet date. Possible loss may incur in the event of non-performance by counter-parties to contracts of financial instruments issued or held by the Bank. However, a credit rating of the counter-parties will be deliberately evaluated before entering into the transactions such as loans and certain guarantees. Moreover, the sufficiency of collaterals provided by counter-parties will also be evaluated. If the counter-parties failed to perform the obligations, the Bank grants the right of injunction to those collaterals. Therefore the credit risk of the Bank is reduced, such procedures has effectively reduced the credit risk of the Bank. Furthermore, the transaction amount is within the range of credit rating, so the possibility of breaching the contract is low. The effective reduction of credit risk from fair value and net settlement of collaterals received are not considered while presenting the maximum exposure to credit risk.

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. There is no 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. Contracts with concentration of credit risk were as follows:

	December 31, 2007		December 31, 2006	
	Book Value	Maximum exposure to credit risk	Book Value	Maximum exposure to credit risk
Type of industries				
Financial industries	\$ 4,368,246	3,685,096	121,209,017	4,462,112
Manufacturing industries	1,392,872	1,245,562	65,859,150	32,929,575
Other	163,137,380	104,282,858	180,522,652	132,468,549
Total	\$168,898,498	109,213,516	367,590,819	169,860,236
Geographic location				
Domestic	\$164,375,481	104,690,499	358,471,615	166,358,926
Other	4,523,017	4,523,017	9,119,204	3,501,310
Total	\$168,898,498	109,213,516	367,590,819	169,860,236

Financial instruments with off-balance-sheet credit risk

Because the Bank provides loans and issues credit cards, it has substantial credit commitments with most of the credit commitments confined within one year. Commitments credit interest interval 0.03% to 20%. Credit cards interest the most high to 20%. Furthermore, the Bank provides guarantees endorsements and commercial letters of credit as guarantee for clients' obligations to third parties (included in loan commitments).

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Loans commitments	\$ 17,609,871	55,571,854
Credit card commitments	60,971,387	68,848,207
Financial guarantee and commercial letter of credit	3,134,899	2,928,775
	<u>\$ 81,716,157</u>	<u>127,348,836</u>

As of December 31, 2007 and 2006, unused loans commitments were \$17,609,871 and \$55,571,854, respectively and unused credit card commitments were \$58,485,061 and \$65,379,285, respectively.

As of December 31, 2007 and 2006, non-cancelable credit limit of unused loans commitments were \$0.

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.

When the bank provides loans commitments, financial guarantees, and business credit card, strictly credit approval needs to be provided. Before the bank approved loans, the proper collateral needs to provide. The rate of guarantee loan to total loan is 71.03%. The holding guarantee rate of financial guarantee and business credit letter is between 0% to 100% with average rate of 13.00%. The collaterals for the loan, financial guarantees and business credit letter are cash, inventory, securities or other assets. When the customers default, the bank will execute the right of the collaterals and other guarantee right.

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

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. Liquidity Risk

The notional principals of financial derivatives are used mainly to calculate payables or receivables of parties, rather than the amounts actually paid or received. Actual settlements are generally lower than the amount of notional principals. The financial derivatives held by the Bank are mainly for the foreign currencies denominated contracts which are active trading and the contrary transactions are readily available to offset positions. Therefore, the liquidity risk is deemed low. The bank manages future cash flow with the periodical pricing evaluation.

Due analysis was as follows:

Financial instrument	December 31, 2007			
	Under 1 month		Over 1 month to 3 month	
	Amount	Refund Amount	Amount	Refund Amount
Asset				
Cash and cash equivalents	\$ 6,009,586	6,009,586	-	-
Due from Central Bank and call loans to banks	32,668,387	32,668,387	-	-
Trading purpose financial assets	134,038	134,038	-	-
Receivables	2,489,717	2,489,717	819,577	819,577
Available-for-sale financial assets	398,003	398,003	-	-
Bills and bonds purchased under resell agreements	7,189,533	7,189,533	-	-
Loans (excluding delinquent loans)	1,261,698	1,261,698	13,187,645	13,187,645
Other financial assets (excluding delinquent loans)	70,653	70,653	105,833	105,833
Total	\$ 50,221,615	50,221,615	14,113,055	14,113,055
Liabilities:				
Deposits from Central Bank and other banks	\$ 3,401,415	3,401,415	1,788,492	1,788,492
Trading purpose financial liabilities	23,109	23,109	-	-
Bills and bonds sold under repurchase agreements	73,101	73,101	-	-
Payables	2,123,104	2,123,104	544,858	544,858
Deposits and remittances	87,505,531	87,505,531	34,200,787	34,200,787
Financial debentures	-	-	-	-
Other financial liabilities	-	-	-	-
Total	\$ 93,126,260	93,126,260	36,534,137	36,534,137
Net currency gap	\$ (42,904,645)	(42,904,645)	(22,421,082)	(22,421,082)

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2007			
	Over 3 month to 1 year		Over 1 year to 2 year	
	Amount	Refund Amount	Amount	Refund Amount
Asset				
Cash and cash equivalents	\$ -	-	-	-
Due from Central Bank and call loans to banks	-	-	-	-
Trading purpose financial assets	224,456	224,456	2,076,034	2,076,034
Receivables	3,550,190	3,550,190	955,128	955,128
Available-for-sale financial assets	-	-	-	-
Bills and bonds purchased under resell agreements	-	-	-	-
Loans (excluding delinquent loans)	18,839,538	18,839,538	14,123,417	14,123,417
Other financial assets (excluding delinquent loans)	487,139	487,139	4,204	4,204
Total	\$ 23,101,323	23,101,323	17,158,783	17,158,783
Liabilities:				
Deposits from Central Bank and other banks	\$ 10,028,907	10,028,907	570,000	570,000
Trading purpose financial liabilities	-	-	-	-
Bills and bonds sold under repurchase agreements	-	-	-	-
Payables	1,312,183	1,312,183	117,017	117,017
Deposits and remittances	73,022,593	73,022,593	5,970,184	5,970,184
Financial debentures	-	-	-	-
Other financial liabilities	900	900	14,100	14,100
Total	\$ 84,364,583	84,364,583	6,671,301	6,671,301
Net currency gap	\$ (61,263,260)	(61,263,260)	10,487,482	10,487,482

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2007			
	Over 2 year to 3year		Over 3 year to 4year	
	Amount	Refund Amount	Amount	Refund Amount
Asset				
Cash and cash equivalents	\$ -	-	-	-
Due from Central Bank and call loans to banks	-	-	-	-
Trading purpose financial assets	3,162,222	3,162,222	861,071	861,071
Receivables	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Bills and bonds purchased under resell agreements	-	-	-	-
Loans (excluding delinquent loans)	11,818,880	11,818,880	6,641,561	6,641,561
Other financial assets (excluding delinquent loans)	5,806	5,806	3,678	3,678
Total	\$ 14,986,908	14,986,908	7,506,310	7,506,310
Liabilities:				
Deposits from Central Bank and other banks	\$ -	-	-	-
Trading purpose financial liabilities	-	-	-	-
Bills and bonds sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	1,492,832	1,492,832	-	-
Financial debentures	4,000,000	4,000,000	-	-
Other financial liabilities	14,100	14,100	14,100	14,100
Total	\$ 5,506,932	5,506,932	14,100	14,100
Net currency gap	\$ 9,479,976	9,479,976	7,492,210	7,492,210

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2007			
	Over 4 year to 5 year		Over 5 year	
	Amount	Refund Amount	Amount	Refund Amount
Asset				
Cash and cash equivalents	\$ -	-	-	-
Due from Central Bank and call loans to banks	-	-	-	-
Trading purpose financial assets	1,477,783	1,477,783	434,208	434,208
Receivables	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Bills and bonds purchased under resell agreements	-	-	-	-
Loans (excluding delinquent loans)	7,339,665	7,339,665	89,223,469	89,223,469
Other financial assets (excluding delinquent loans)	1,416	1,416	1,011,615	1,011,615
Total	\$ 8,818,864	8,818,864	90,669,292	90,669,292
Liabilities:				
Deposits from Central Bank and other banks	\$ -	-	-	-
Trading purpose financial liabilities	-	-	-	-
Bills and bonds sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Financial debentures	2,000,000	2,000,000	1,000,000	1,000,000
Other financial liabilities	14,100	14,100	28,200	28,200
Total	\$ 2,014,100	2,014,100	1,028,200	1,028,200
Net currency gap	\$ 6,804,764	6,804,764	89,641,092	89,641,092

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2007	
	Total	
	Amount	Refund
Asset		
Cash and cash equivalents	\$ 6,009,586	6,009,586
Due from Central Bank and call loans to	32,668,387	32,668,387
Trading purpose financial assets	8,369,812	8,369,812
Receivables	7,814,612	7,814,612
Available-for-sale financial assets	398,003	398,003
Bills and bonds purchased under resell	7,189,533	7,189,533
Loans (excluding delinquent loans)	162,435,873	162,435,873
Other financial assets (excluding delinquent loans)	1,690,344	1,690,344
Total	\$ 226,576,150	226,576,150
Liabilities:		
Deposits from Central Bank and other banks	\$ 15,788,814	15,788,814
Trading purpose financial liabilities	23,109	23,109
Bills and bonds sold under repurchase	73,101	73,101
Payables	4,097,162	4,097,162
Deposits and remittances	202,191,927	202,191,927
Financial debentures	7,000,000	7,000,000
Other financial liabilities	85,500	85,500
Total	\$ 229,259,613	229,259,613
Net currency gap	\$ (2,683,463)	(2,683,463)

4. Cash flow risk and fair value risk rising from interest rate fluctuation:

In considering the possibility of future cash flow risk rising from the 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 rising from the market interest rate fluctuation.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

A. Information of expected interest rate reset date and maturity date:

As of December 31, 2007, the reset and maturity dates are not affected by the contract date. The interest rate risk exposures on assets and liabilities of the Bank were shown below. Non-derivative financial assets and liabilities were presented at book value (prior to deducting evaluation adjustments), derivative financial assets and liabilities 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). The financial instruments held or issued by the Bank were as follows:

Financial instrument	December 31, 2007					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Assets:						
Due from Central Bank, bank deposit and call loans to banks	\$ 35,100,943	500,000	50,000	900,000	-	36,550,943
Trading purpose financial asset	-	-	107,653	250,842	8,011,317	8,369,812
Available-for-sale financial assets	-	-	-	-	398,003	398,003
Loans (excluding delinquent loans)	124,407,614	5,735,500	3,641,138	3,392,669	25,258,952	162,435,873
Short-term advances	635,033	-	-	-	-	635,033
Total	<u>\$160,143,590</u>	<u>6,235,500</u>	<u>3,798,791</u>	<u>4,543,511</u>	<u>33,668,272</u>	<u>208,389,664</u>
Liabilities:						
Deposits and remittances	\$125,446,031	23,178,129	15,944,537	33,602,251	4,020,979	202,191,927
Financial debentures	-	-	-	-	7,000,000	7,000,000
Total	<u>\$125,446,031</u>	<u>23,178,129</u>	<u>15,944,537</u>	<u>33,602,251</u>	<u>11,020,979</u>	<u>209,191,927</u>
Interest sensitive gap	<u>\$ 34,697,559</u>	<u>(16,942,629)</u>	<u>(12,145,746)</u>	<u>(29,058,740)</u>	<u>22,647,293</u>	<u>(802,263)</u>

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

As of December 31, 2007 and 2006, the effective interest rate of financial instruments held and issued by the Bank is classified by currency as follows:

Financial instrument item	December 31, 2007	December 31, 2006
Bills and bonds purchase under resell agreements	1.81	1.48
Available-for-sale financial assets (return rate)	2.32	3.07
Held-to-maturity financial assets (include gain or loss on maturity date)	4.45	0.80
Discounted and loans	4.22	4.77
Bills and bonds sold under repurchase agreements	1.73	1.48
Financial debentures	3.67	3.77
Deposits and remittances	1.75	1.56

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(f) The control of the risk and exposure quantity

General pattern disclosure

A. The rule of risk management

- a. The risk management system of the science, the analysis risk of the cautious objective achieves reasonable return.
- b. The enterprise units carry out daily management operation for the risk management structure of the efficiency and set the risk management segment to provide periodic risk management report for the director of board which was the control risk of the efficiency in time. If it found the important exposure risk, it could damage financial and business situation or act on law to adopt proper step in time and report for the director of board.
- c. The business scale, credit risk, market risk, operation risk, and future operation tendency of the Jih Sun holding and its subsidiary for all the risk management function control their capital satisfaction. The all exposure, oneself capital, liabilities characteristics of the Jih Sun holding corporation carry out the investment allocation to control the every investment risk.

B. The risk management system makes use of characteristics

- a. Immediately: The Jih Sun financial holding and its subsidiary's decision process could take place the risk to raise risk prior announcement report, prevent stratagem and avoid method to bring into full play risk management system immediately.
- b. effectively: The Jih Sun financial holding and its subsidiary face suitable risk management procedure, control method and emergent change plan to keep the effective of the risk management system.

C. The risk management system could recognize and control relevant risk at least as follow:

- a. Investment risk: The possible effect of the short-term capital and long-term investment does the important risk disclosure and benefit analysis:
 - 1) Short capital used: According to market risk.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- 2) Long-term investment
 - A) The investment risk management of the control right: The risk system, financial structure, pay off its debts ability, and relevant risk disclosure of the passive investment corporation.
 - B) The investment risk management of the no-control right: disclosure the passive investment corporation performance and corporation govern situation.
 - C) The national risk management: The analysis of the politics risk and economics situation in the investment nation or area disclose and conclude relevant management index and draw up matching stratagem.
- b. Assets and liabilities risk: Deposit, loans and asset allocation were main function for financial organization. It must face the assets and liabilities period structure un-balance situation of the long-term or short-term investment to assume liquidity risk and potential interest change to lead to interest risk:
 - 1) Liquidity risk: Besides meet the principal institution relevant reserve rule and the lowest liquidity rate, to set up liquidity deficiency analysis, conclude management index and set up index limit and draw up matching stratagem to prevent liquidity un-good event to happen.
 - 2) Structure interest risk: To draw up interest sensitive balance sheet, set up interest sensitive deficiency analysis, conclude management index and set up index limit to draw up matching stratagem and hedge plan to decrease the exposure degree of the interest risk.
- c. Market risk: To operate financial instrument actively and expand the business facing market factor (as interest, stock price and rate of exchange, etc.) change to lead to the unstable of assets price. To set up the science method and market risk management system and conclude management index and set up index limit to evaluate the exposure degree of the market risk effectively.
- d. Credit risk: To operate financial instrument actively and expand the business facing transaction opponent or credit customer' possible loss or financial worse without carrying out the contract's credit risk. According to the industrial characteristics set up with one accord the evaluated method of the assets quality and classes, compute and control the most exposure, periodic review, lift allowance for loss and reverse. Besides control and collect the credit information of all transaction opponent and credit customers, draw up the credit policy evaluated system and assets dispersed rule, conclude management index to decrease the risk of the breaking a promise and concentrated.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- e. Operation risk (include law risk): The transaction and between information of the Jih Sun financial holding and its subsidiary carry out any things to cause the internal events' operation people to lead to direct risk as system unsuitable, personnel carelessness, control unsuitable and system abnormality etc, or outside events as fraud, the dispute of the customers and the product, operation lawsuit etc, cause indirect risk. To review the internal operation handbook, operation process, information safety sheltered system and meted emergent plan in period or un-period. The process point of all potential possible loss revised suitable system for every process to set up the authority scope of any level people. When the events happen, the effect of the character and relative loss must record. The operation management units collect, analysis and induce loss data to conclude management index and decrease repeat happened risk.

- (g) As required by the Trust Business Law Enforcement Rules, Article No. 17, the balance sheet and the property list of trust accounts were as follows:

TRUST BALANCE SHEET

Trust Assets	December 31, 2007	December 31, 2006
Cash in Bank	\$ 411,897	1,199,825
Bonds	18,079,395	12,226,444
Securities	3,132,660	1,035,894
Funds	17,013,985	13,618,560
Real Estate-net		
Land of the principal	4,502,501	5,727,668
Principal house and building	192,300	132,338
Construction in process of the principal	1,497,237	3,296,866
Monetary obligation trust	2,264,986	3,353,108
Other assets	13,686	-
Total Trust Assets	\$ 47,108,647	40,590,703
Trust Liabilities	December 31, 2007	December 31, 2006
Payables	\$ 135,800	-
Other Liabilities	1,173	-
Advance revenues	956	-
Trust Capital		
Monetry trust	35,302,923	27,044,829
Securities trust	3,067,994	1,035,894
Real estate trust	6,165,227	9,156,872
Monetry obligation and real right of pledge	2,418,363	3,353,108
Reserves and accumulated losses		
The principal adds up to the profit and loss	(3,104,459)	-
Net income for the period	3,120,670	-
Total Trust Liabilities	\$ 47,108,647	40,590,703

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

TRUST PROPERTY LIST

<u>Investment Item</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Bonds	\$ 18,079,395	12,226,444
Securities	3,132,660	1,035,894
Funds	17,013,985	13,618,560
Cash in Bank	411,897	1,199,825
Monetary obligation trust	2,264,986	3,353,108
Real Estate-net		
Land of the principal	4,502,501	5,727,668
Principal house and building	192,300	132,338
Construction in process of the principal	1,497,237	3,296,866
Other assets	13,686	-
Total	\$ 47,108,647	40,590,703

TRUST INCOME STATEMENT

<u>Investment Item</u>	<u>Amount</u>
Trust revenues	
Principal interest income	\$ 2,866
Principal rent income	9,621
Principal cash dividend	2,033,983
Gain on sales of property	1,706,314
Trust expenses	
Principal administration expenses	143,099
Principal tax expenses	3,410
Principal interest expenses	21
Loss on sales of property	483,786
Principal income tax expenses	1,798
Total	\$ 3,120,670

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(Y) Other Non-Interest Gain Or Loss

	<u>2007</u>	<u>2006</u>
Gain on financial assets carried at cost-net	\$ 28,913	19,187
Gain on sale of stocks carried at cost	-	1,978
Gain on sale of collateral assumed	279,590	145,968
Lease revenue-operating assets	30,997	29,422
Gain (Loss) on sale of property and equipment	(1,374)	193
Loss on disposal of property and equipment	(5,902)	(14,913)
Received of bad debts	293,716	214,845
Others	57,699	(7,385)
Total	<u>\$ 683,639</u>	<u>389,295</u>

(5) RELATED-PARTY TRANSACTIONS

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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Jih Sun Financial Holding Co., Ltd.	Parent company of the Company
Jih Sun Life Insurance Agent Co., Ltd.	Invested company accounted for under the equity method
Jih Sun Securities Co., Ltd.	Its president is the spouse of the president of the company
Jih Sun Futures Co., Ltd.	A subsidiary of Jih Sun Securities Co., Ltd.
Jih Sun Managed Futures Co., Ltd.	A subsidiary of Jih Sun Securities Co., Ltd.
Jih Sun Securities Investment Consulting Co., Ltd.	A subsidiary of Jih Sun Securities Co., Ltd.
Yong Da Investment Co., Ltd.	Related party in substance
Other related parties	The Company's directors, supervisors, general manager and their spouses and relatives within the second degree; managers of departments (including branches).

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(B) Material transactions with related parties:

(a) Deposit

<u>Name of Related Party</u>	<u>Ending Balance</u>	<u>Maximum Balance</u>	<u>Interest Revenue</u>	<u>Interest Interval %</u>
As of December 31, 2007				
Jih Sun Securities Co., Ltd.	\$ 1,809,683	6,671,282	10,945	0-2.58%
Jih Sun Life Insurance Agent Co., Ltd.	26,036	58,421	70	0-0.20%
Jih Sun Financial Holding Co., Ltd.	2,498,562	5,308,189	52,403	0-2.29%
Jih Sun Securities Investment Consulting Co., Ltd.	80,292	135,969	1,636	0-2.52%
Jih Sun Futures Co., Ltd.	4,617,180	7,242,693	61,078	0-2.58%
Jih Sun Managed Futures Co., Ltd	160,605	259,830	3,539	0-2.52%
Others	380,575	865,801	6,933	0-7.74%
Total	<u><u>\$ 9,572,933</u></u>		<u><u>136,604</u></u>	
As of December 31, 2006				
Jih Sun Securities Co., Ltd.	\$ 594,130	1,624,992	3,390	0-2.35%
Jih Sun Life Insurance Agent Co., Ltd.	32,286	51,287	86	0-0.20%
Jih Sun Financial Holding Co., Ltd.	2,950,933	13,433,545	47,642	0-1.9%
Jih Sun Securities Investment Consulting Co., Ltd.	83,755	119,131	1,305	0-2.13%
Jih Sun Futures Co., Ltd.	3,406,358	4,085,110	48,590	0-2.35%
Jih Sun Managed Futures Co., Ltd	164,984	219,295	3,232	0-2.13%
Others	336,675	930,371	6,176	0-7.27%
Total	<u><u>\$ 7,569,121</u></u>		<u><u>110,421</u></u>	

(b) Rental contract

<u>Item</u>	<u>2007</u>	<u>2006</u>
Rental expenses	\$ 26,930	26,506
Rental revenues	8,089	6,544

(c) Loan

December 31, 2007							
Classification	Amount or Related Party Name	Maximum balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumer loan	-	-	-	-	-	No	NO
Personal house mortgaged loan	26	113,659	92,035	92,035	-	Real estate	NO
Other Loan	Jih Sun Securities Co., Ltd.	460,000	460,000	460,000	-	Marketable securities and credit	NO

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Name of Related Party</u>	<u>Ending Balance</u>	<u>Maximum Balance</u>	<u>Interest Revenue</u>	<u>Interest Interval %</u>
As of December 31, 2006				
Jih Sun Securities Co., Ltd.	\$ 1,000,000	1,000,000	414	2.00%
Others	116,274	150,540	3,072	1.92%-4.21%
Total	<u><u>\$ 1,116,274</u></u>		<u><u>3,486</u></u>	

As of December 31, 2007 and 2006, the Bank's guaranteed line of credit to Jih Sun Securities Co., Ltd. both amounted to \$1,100,000. As of December 31, 2007 and 2006, the loan balance was \$460,000 and \$1,000,000, respectively.

As of December 31, 2007 and 2006, there was no delinquency in the credit line provided to related parties. Allowance for bad debts was similarly provided as that of general financing and was computed at the rate of 1% of the loan balance. For 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 Law, and does not provide credit loans without collateral. For collateralized loans, the collateral normally consists of a full guarantee, and the terms (including interest rate, collateral and related appraisal, guarantor requirement, loan term, repayment method of principal and interest, etc.) must not be superior to those of other parties for similar types of loan. Financing provided to a 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 and Supervisors for review. This Board meeting must be attended by two-thirds of the directors and approved by 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.

As of December 31, 2007, there were no off-balance sheet commitments between the Bank and its related parties.

(d) Property transaction

As of December 31, 2007, the Bank sells a batch property which book value was 5 to Jih Sun Financial Holding Co., Ltd for \$11, and loss on sale was for \$6.

As of December 31, 2007, the Bank sells a batch property which book value was 2,966 to Jih Sun Securities Co., Ltd for \$1,678, and loss on sale was for \$1,288.

As of December 31, 2007, the Bank sells a batch property which book value was 38 to Jih Sun Futures Co., Ltd for \$13, and loss on sale was for \$25.

(e) Others

- As of December 31, 2007 and 2006, the Bank handling securities delivery for securities brokerage firm allocation fees amounted to \$163,687 and \$126,004, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. As of December 31, 2007 and 2006, the Bank Stock brokerage fees amounted to \$2,746 and \$4,165, respectively.
3. As of December 31, 2007 and 2006, related parties operates bills and bonds purchased/sold under resell/repurchase agreements transactions ending balance and generated interest revenue and interest expense as follows:

Bonds purchased under resell agreements:

	December 31, 2007		December 31, 2006	
	Interest revenue	Ending balance	Interest revenue	Ending balance
Jih Sun Securities Co., Ltd.	\$ 3,208	493,001	67	-

Bonds sold under repurchase agreements:

	December 31, 2007		December 31, 2006	
	Interest expenses	Ending balance	Interest expenses	Ending balance
Jih Sun Securities Co., Ltd.	\$ 6,003	-	36,159	2,148,107

Bonds under agreements transactions and no-related transactions pact correspond.

4. As of December 31, 2007, the bank paid available-for-sale bonds to Jih Sun Securities Co., Ltd. amounted to \$1,865,456.
5. As of December 31, 2007 and 2006, the bank paid expense for stock agent to Jih Sun Securities Co., Ltd. amounted to \$660 and \$520, respectively.
6. As of December 31, 2007 and 2006, the bank doesn't do bank acceptance and commercial paper for related parties.
7. Tax refund receivable from joint filing of tax:

	December 31, 2007		December 31, 2006	
	Amount	%	Amount	%
Jih Sun Financial Holding Co., Ltd	\$ 941,656	11.96	498,200	5.03

8. As of December 31, 2007 and 2006, the bank paid service expense for to Jih Sun Futures Co., Ltd. amounted to \$13,265 and \$7,302, respectively.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(6) PLEDGED ASSETS: NONE

(7) SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- (A) As of December 31, 2007 and 2006, contracts for equipment purchase and office renovations were approximately \$49,049 and \$269,684, respectively, of which \$35,802 and \$85,532 were paid respectively.
- (B) As of December 31, 2007 and 2006, the Bank acted as an agent for various collections amounting to approximately \$612,662 and \$519,954, respectively.
- (C) As of December 31, 2007 and 2006, the Bank handled several guarantees (including joint handling of foreign exchange transactions); the related outstanding guarantee deposits were approximately \$2,426,958 and \$3,999,540, respectively.
- (D) As of December 31, 2007 and 2006, the Bank had outstanding bank acceptance liabilities, which amounted to approximately \$391,230 and \$482,345, respectively, and letters of credit, which amounted to approximately \$2,058,048 and \$1,043,045, respectively.
- (E) As of December 31, 2007 and 2006, the Bank acted as custodian of post-dated checks for its clients (excluding next day's checks for clearing) which amounted to approximately \$16,034,591 and \$26,342,934, respectively.
- (F) As of December 31, 2007 and 2006, the bank under repurchase transaction due to others consigned government bonds book value were \$0.
- (G) As of December 31, 2007 and 2006, the Bank was entrusted with the sale of U.S dollar traveler's checks of \$147,382 and 182,217, respectively.
- (H) As of December 31, 2007, the Bank paid rent on a monthly or quarterly basis according to the rental contract. The estimated future rent payable and accrued interest on deposits treated as rent for the next five years were as follows:

<u>Year</u>	<u>Interest on deposits treated as rent</u>	<u>Rent payable</u>	<u>Present value</u>
1.1.2008 ~ 12.31.2008	Note	\$ 185,681	160,595
1.1.2009 ~ 12.31.2009	Note	151,640	133,434
1.1.2010 ~ 12.31.2010	Note	110,867	98,660
1.1.2011 ~ 12.31.2011	Note	51,947	45,602
1.1.2012 ~ 12.31.2012	Note	28,799	25,284

Note: As of December 31, 2007, the above interest on deposits treated as rent was based upon rent-free deposits and deposits in excess of 3 months' rent of \$47,564 and at 2.175% annual interest rate for the rental period.

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (I) 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 commitments can be cancelled by the accelerated terms’. Therefore, As of December 31, 2007 and 2006, the Bank had no non-cancelable credit commitments and credit commitments that require significant payment to be canceled.
 - (b) As of December 31, 2007 and 2006, the Bank had direct credit guarantees consisting of general guaranteed bonds (corporate bonds) which amounted to \$83,775 and \$83,775, respectively, and guarantee letters for financial guarantees of loans and securities (commercial paper), which amounted to \$992,000 and \$1,885,731, respectively.
 - (c) As of December 31, 2007 and 2006, the Bank had performance bonds of \$1,116,020 and \$1,314,647, respectively. Auction deposits were both \$0, and guarantee letters issued for specified transactions were \$1,351,183 and \$2,030,034, respectively.

(8) SIGNIFICANT CATASTROPHIC LOSS: NONE

(9) SIGNIFICANT SUBSEQUENT EVENTS: NONE

(10) OTHERS

- (A) The Company’s personnel, depreciation, wastage, and amortization expenses were as follows:

<u>Nature</u>	<u>Function</u>	<u>2007</u>	<u>2006</u>
		<u>Operating Expenses</u>	<u>Operating Expenses</u>
Personnel Expenses			
Salaries and Wages	\$	1,499,109	1,714,278
Insurance		107,604	124,435
Pension Expenses		76,875	78,972
Other Personnel Expenses		91,738	94,323
Depreciation Expenses		299,358	298,765
Wastage Expenses		330,525	331,758
Amortization Expenses		78,551	61,710

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(B) As required by SFAS No. 28 “Financial Disclosures for Financial Institutions”, additional information disclosed by the Bank is as follows:

(a) Loans asset quality, concentrations of credit risk, loan and advance loss, and loan loss provision policy:

1. Loans asset quality

Business/Project		December 31, 2007				
		Overdue loans	Total loan amount	Overdue loans rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee	1,578,980	34,505,407	4.58%	278,102	17.61%
	Non-Guarantee	1,253,556	41,592,552	3.01%	551,298	43.98%
Consumer finance	Home mortgage	943,842	72,386,400	1.30%	165,442	17.53%
	Cash card	-	-	0%	-	0%
	Small credit loan	2,219,504	7,584,829	29.26%	295,243	13.30%
	Other	Guarantee	281,663	6,599,235	4.27%	22,886
Non-Guarantee		1,257,161	6,230,075	20.18%	683,469	54.37%
Total Loan		7,534,706	168,898,498	4.46%	1,996,440	26.50%
		Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card		98,455	3,682,534	2.67%	51,363	52.17%
Factoring receivables - without reco		-	1,148,309	0%	-	0.00%

Business/Project		December 31, 2006				
		Overdue loans	Total loan amount	Overdue loans rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee	1,668,757	38,695,964	4.31%	456,976	27.38%
	Non-Guarantee	1,387,222	49,967,213	2.78%	711,906	51.32%
Consumer finance	Home mortgage	915,569	63,790,874	1.44%	142,737	15.59%
	Cash card	-	-	0%	-	0%
	Small credit loan	3,978,363	12,971,844	30.67%	1,315,170	33.06%
	Other	Guarantee	365,237	7,135,342	5.12%	29,399
Non-Guarantee		1,421,853	9,052,149	15.71%	662,869	46.62%
Total Loan		9,737,001	181,613,386	5.36%	3,319,057	34.09%
		Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card		191,349	4,990,255	3.83%	109,865	57.42%
Factoring receivables - without reco		-	1,029,056	0%	-	0.00%

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. As of December 31, 2007 and 2006, there were certain concentrations of loan authorization risk as follows:

December 31, 2007			
Rank	Conglomerate's name	Loans authorization amount	% of net worth of the Bank
1	FORMOSA PLASTICS	2,932,008	28.02%
2	KINPO GROUP	2,258,744	21.59%
3	ELANSAT	1,614,002	15.43%
4	CHINATRUST FINANCIAL HOLDING	1,543,466	14.75%
5	ORIX	1,481,717	14.16%
6	TAINAN SPINNING	1,368,693	13.08%
7	TATUNG	1,313,032	12.55%
8	CHI MEI	1,283,771	12.27%
9	HANSHIN	1,230,488	11.76%
10	YUNG CHIN CONSTRUCTION	1,214,392	11.61%

Item	December 31, 2006	
Amount of loans authorization for related parties(see note) loans	\$	1,843,043
Percentage of loans authorization for related parties(see note) loans		1.03
Percentage of loans authorization for Stock mortgage loans		2.50
Concentrations of loan authorization for certain industry (Top 3 industries)	Industry	Percentage
	Manufacturing	13.09
	Wholesale and resale	7.56
	Financial and Insurance	6.10

Note: For this disclosure purpose, the related parties were referred and defined under the Banking Law 33-1.

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

	December 31, 2007		December 31, 2006	
	Average amount	Average rate (%)	Average amount	Average rate (%)
Interest-earning assets	\$ 213,467,899	4.02	234,275,955	4.19
Interest-bearing liabilities	219,601,126	1.84	252,421,996	1.72

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) Interest rate sensitivity information

Interest rate sensitive assets and liabilities analysis sheet(NTD) Unit: in NTD 1,000; %

ITEM	1-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Interest rate sensitive assets	\$ 159,633,875	2,488,132	4,439,473	31,732,759	198,294,239
Interest rate sensitive liabilities	101,973,965	60,678,631	32,164,738	11,016,170	205,833,504
Interest sensitivity gap	57,659,910	(58,190,499)	(27,725,265)	20,716,589	(7,539,265)
Net value	-	-	-	10,234,921	10,234,921
Interest-rate-sensitive asset to interest rate sensitive liability ratio					96.34
Interest rate sensitivity gap to net value ratio					(73.66)

Interest rate sensitive assets and liabilities analysis sheet(USD) Unit: in USD 1,000; %

ITEM	1-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Interest rate sensitive assets	\$ 299,802	45,114	2,808	31,053	378,777
Interest rate sensitive liabilities	126,960	183,074	39,058	148	349,240
Interest sensitivity gap	172,842	(137,960)	(36,250)	30,905	29,537
Net value	-	-	-	6,356	6,356
Interest-rate-sensitive asset to interest rate sensitive liability ratio					108.46
Interest rate sensitivity gap to net value ratio					464.71

(d) Main Foreign Currency Net Position

<u>Foreign Currency Amount</u>	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	<u>Currency</u>	<u>NTD</u>	<u>Currency</u>	<u>NTD</u>
	1. USD	(202,281)	1. JPY	(337,523)
	2. JPY	21,871	2. USD	196,867
	3. EUR	(4,655)	3. EUR	(164,772)
	4. AUD	3,098	4. GBP	(86,456)
	5. SGD	1,004	5. CAD	34,935

(e) Profitability and maturity analysis of assets and liabilities:

1. Profitability:

Unit: %

Item	December 31, 2007	December 31, 2006
Return on total assets (Before tax)	(1.24)	(5.33)
Return on total assets (After tax)	(0.96)	(5.17)
Return on equity (Before tax)	(27.36)	(111.22)
Return on equity (After tax)	(21.24)	(108.02)
Net income ratio	(40.21)	(288.14)

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. Maturity analysis of assets and liabilities:

NTD Maturity analysis Unit: in NTD 1,000						
Financial instrument	Total	1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Assets	\$ 223,727,755	48,325,083	7,532,121	6,518,176	8,816,255	152,536,120
Liabilities	240,257,637	24,751,542	34,240,848	24,924,147	64,436,354	91,904,746
Gap-to-net	(16,529,882)	23,573,541	(26,708,727)	(18,405,971)	(55,620,099)	60,631,374

USD Maturity analysis Unit: in USD 1,000						
Financial instrument	Total	1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Assets	\$ 483,814	276,357	32,959	48,176	3,773	122,549
Liabilities	513,672	117,152	64,932	34,110	70,489	226,989
Gap-to-net	(29,858)	159,205	(31,973)	14,066	(66,716)	(104,440)

(f) Special matters:

	Description and amount
Within one year, any fine was levied for violations of the Banking Law.	One of the district managers processed certain loans with inappropriate procedures. Which violated the section 1-1 of article 45 of the Banking law, and levied for \$2 million dollars.
Within one year, any deficiency for which an official reprimand was issued by Ministry of Finance.	None
Within one year, the individual or aggregated loss exceeded NT\$50 million dollars, resulted from employee corruption, accidental material events, or failure to follow the "Guidelines for the Security Maintenance of Financial Institutions".	None
Within one year, the chairman of the board of directors or employee who violated the law in the course of business, resulting in an indictment by the prosecutor.	One of the former employee of the personnel financing department was suspected having fraudulence and misappropriation behavior and indicted by the prosecutor in the Taipei District Court Prosecutors Bureau.
Within one year, any fine was levied by governmental authority for violations of the related regulation.	As of February 16, 2007, the bank violated the article 24 of the Fair Trade law and was fined by the Fair Trade Commission, amounting of \$1 million dollars.
Others	None

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. Capital adequacy:

Items		December 31, 2007	June 30, 2007
Own Capital	The first class capital	\$ 12,490,324	11,347,444
	The second class capital	2,119,467	5,096,789
	The third class capital	-	-
	Total Capital	14,609,791	16,444,233
Credit risks	Standard	149,293,293	148,766,729
	Internal evaluation	-	-
	Securitisation of the assets	-	-
Operation Risk	Basic index	13,391,800	14,488,643
	Standard or alternative standard	-	-
	Advance evaluation	-	-
Market risk	Standard	4,265,749	5,586,733
	Internal model	-	-
Total weighted risk assets		166,950,842	168,842,104
Capital adequacy ratio		8.75%	9.74%
The first class capital to weighted risk assets ratio		7.48%	6.72%
The second class capital to weighted risk assets ratio		1.27%	3.05%
The third class capital to weighted risk assets ratio		- %	- %
Common stock to total assets ratio		6.31%	5.51%

Item	December 31, 2006
Own Capital	\$ 16,397,579
Risk assets	181,443,086
Capital adequacy ratio	9.04
The first class capital to weight risk assets ratio	6.63
The second class capital to weight risk assets ratio	3.09
The third class capital to weight risk assets ratio	-
Common stock to total assets ratio	4.68

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(11) DISCLOSURES REQUIRED

(A) Related information of significant transactions:

1. Cumulative purchase or sales of the same investee's capital stock up to \$300 million dollars or 10% of outstanding capital: None.
2. Acquisition of real estate up to \$300 million dollars or 10% of capital:

Acquisition by	Name of property	Transaction date	Transaction amount	Payment status	Counter-party	Relationship	Previous transfer data when counter-party is related party				Reference of acquisition price	Acquisition purpose	Other matter
							Owner	Relationship with issuer	Transfer date	Amount			
Jih Sun International Bank Ltd.	Land (recorded as Collateral assumed)	96.9.19	469,000	All Paid	E-Sin Co., Ltd.	Obligor	N/A	N/A	N/A	-	The acquisition price is determined based on the announcement price by the Court	Resulting from settlement of non performance loans and for resell purpose	None

3. Disposal of real estate up to \$300 million or 10% of paid-in capital: None.
4. Discount of commission fees for transaction with related parties up to \$5 million: None.
5. Receivables from related parties up to \$300 million or 10% of paid-in capital: For more information please refer to Note 4(H) and 5(B)
6. Sale of NPL information: None.
7. Types of securitization instruments and other relevant information approved to issue pursuant to financial assets securitization rules or real estate securitization rules: For more information please refer to Note 4(G).
8. Other significant transactions that may have substantial influence upon the decision made by financial statements users: None.

(B) Related information of investee companies:

1. Names, locations, and relevant information of investees upon which the Bank exercises significant influence:

Names of investee company	Address	Main business scope	Holding percentage	Carrying Value	Investment gain recognized	Aggregate shareholding of the company and its subsidiaries				Remark
						No. of shares	No. of proforma shares	Total		
								Number of shares	Shareholding ratio	
Jih Sun Life Insurance Agency Co. Ltd.	6F, No.68 Sung-Chiang Road, Taipei, Taiwan, R.O.C	Life insurance agency	99%	17,184	3,449	297,000	-	297,000	99%	-

(English Translation)
JIH SUN INTERNATIONAL BANK LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. Capital lending to another party: None.
3. Endorsement and guarantees for others: None.
4. Marketable securities held as of December 31, 2007: None.
5. Cumulative purchase or sales of the same investee's capital stock up to \$300 million or 10% of capital: None.
6. Acquisition of real estate up to \$300 million or 10% of capital: None.
7. Disposal of real estate up to \$300 million or 10% of capital: None.
8. Discount of commission fees for transaction with related parties up to \$5 million: None.
9. Receivables from related parties up to \$300 million or 10% of capital: None.
10. Transactions of financial derivatives: None.
11. Sale of NPL information: None.
12. Types of securitization instruments and other relevant information approved to issue pursuant to financial assets securitization rules or real estate securitization rules: None.
13. Other significant transactions that may have substantial influence upon the decision made by financial statements users: None.

(12) BUSINESS SEGMENT FINANCIAL INFORMATION

(A) Industrial Information

The Bank operates as a commercial bank in accordance with the business scope under the Banking Law, Article No.3. Its major operations include managing customer deposits, extending loans, acting as collection agent, and investing in government bonds, securities, short-term bills, financial debentures, and exchange transactions.

(B) Geographical and export sales information

The Bank has no overseas branch and operates only in domestic. It has no overseas-generated operating revenue.

(C) Major customer information

The Bank has no customer accounting for revenue in excess of 10% of its total revenue in the income statement.