

**(English Translation of Financial Report Originally Issued In Chinese)**

**JIH SUN INTERNATIONAL BANK LTD.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
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.

**Address: 1st Fl, No. 10, Section 1, Chung Ching South Road, Taipei, Taiwan, R.O.C.  
Telephone: (02) 2561-5888**

(English Translation)  
**JIH SUN INTERNATIONAL BANK LTD.**

**FINANCIAL STATEMENTS**

**Table of Contents**

<b>Contents</b>	<b>Page</b>
. Cover Page	1
. Table of Contents	2
. Independent Auditors' Report	3
. Balance Sheets	4
. Statements of Income	5
. Statements of Changes in Stockholders' Equity	6
. Statements of Cash Flows	7
. Notes to Financial Statements	
1. Overview	8
2. Summary of Significant Accounting Policies	8~16
3. Reasons for and Effect of Accounting Changes	17
4. Summary of Major Accounts	17~57
5. Related-Party Transactions	58~63
6. Pledged Assets	63
7. Significant Commitments and Contingencies	63-64
8. Significant Catastrophic Losses	64
9. Significant Subsequent Events	64
10. Others	65~76
11. Disclosures under Statutory Requirements	76~77
(A) Related information on significant transactions	
(B) Related information on Jih Sun Bank's investee	
12. Business Segment Financial Information	77

**(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, 2009 and 2008, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of China and under the Rules Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants. We were required to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement under those standards. Our audit work includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The assessments of the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation were also included in our audit. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jih Sun International Bank Ltd. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks", the "Regulations Governing the Preparation of Financial Reports 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.

Jih Sun International Bank Ltd. has prepared consolidated financial statements for the years ended December 31, 2009 and 2008, on which we have expressed an unqualified opinion.

KPMG  
February 10, 2010  
Taipei, Taiwan, R.O.C.

Note to Readers

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

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

(English Translation of Financial Report Originally Issued In Chinese)  
**JIH SUN INTERNATIONAL BANK LTD.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**  
(Expressed in Thousands of New Taiwan Dollars)

	December 31,		Change in %
	2009 Amount	2008 Amount	
<b>ASSETS :</b>			
Cash and cash equivalents (Notes 2(E) and 4(A))	\$ 2,955,368	6,188,638	(52)
Due from the Central Bank and call loans to banks (Note 4(B))	40,844,637	60,936,956	(33)
Financial assets measured at fair value through profit or loss — net (Notes 2 (F) (G) and 4(C))	3,663,226	5,493,287	(33)
Securities purchased under resell agreements (Note 2(H), 4(D) and 5(B))	-	999,103	-
Receivables—net (Notes 2(I)(J)(O)n and 4(F) (G) and 5(B))	5,394,366	4,959,314	9
Discounts and loans—net (Notes 2(J), 4(G) and 5(B))	125,873,517	138,644,887	(9)
Available-for-sale financial assets—net (Notes 2(F) and 4(E))	2,409,684	158,219	1,423
Stock investments measured by equity method— net (Notes 2(K) and 4 (H))	29,885	16,766	78
Other financial assets—net (Notes 2(F) and 4(J))	1,439,140	1,525,218	(6)
Fixed Assets—net (Notes 2(L) and 4(I))	4,402,647	4,667,376	(6)
Intangible assets (Notes 2(M) and 4(K))	588,145	915,240	(36)
Other assets—net (Notes 2(N)(O) and 4(J)(T))	1,647,947	2,191,679	(25)
<b>TOTAL ASSETS</b>	<b>\$ 189,248,562</b>	<b>226,696,683</b>	<b>(17)</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities :</b>			
Deposits from the Central Bank and other banks (Notes 4(M))	\$ 10,854,230	10,799,605	1
Financial liabilities measured at fair value through profit or loss (Notes 2(G) and 4(L))	309,363	521,760	(41)
Notes and bonds sold under repurchase agreement (Notes 2(H), 4(D) and 5(B))	157,500	100,000	58
Payables (Notes 4(N) and 5(B))	2,386,677	2,935,790	(19)
Deposits and remittances (Notes 4(O) and 5(B))	157,798,931	196,634,933	(20)
Financial bonds payable (Notes 4(P))	6,500,000	7,000,000	(7)
Other financial liabilities	75,600	81,900	(8)
Other liabilities	181,325	293,143	(38)
<b>Total Liabilities</b>	<b>178,263,626</b>	<b>218,367,131</b>	<b>(18)</b>
<b>Stockholders' equity :</b>			
Capital stocks(Note 4(R))	12,045,572	15,180,587	(21)
Accumulated losses (Note 3 and 4(S)(T))	(968,888)	(6,627,463)	85
Other adjustments to stockholders' equity :			
Unrealized gains (losses) on available-for-sale financial assets	(91,748)	(223,572)	59
Total stockholders' equity	10,984,936	8,329,552	32
<b>Significant Commitments and Contingencies (Note 2 (Q) and 7)</b>			
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 189,248,562</b>	<b>226,696,683</b>	<b>(17)</b>

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

(English Translation of Financial Report Originally Issued In Chinese)  
**JIH SUN INTERNATIONAL BANK LTD.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(Expressed in Thousands of New Taiwan Dollars, Except for EPS)

	2009	2008	Change in %	
	Amount	Amount		
<b>Revenues :</b>				
Interest incomes (Note 5(B))	\$ 3,929,964	7,637,541	(49)	
Less: Interest expenses (Note 5(B))	2,493,724	4,712,905	(47)	
Net interest income	<u>1,436,240</u>	<u>2,924,636</u>	(51)	
Non-interest income				
Net service fee income	811,069	772,095	5	
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 4(C)(L))	44,398	94,446	(53)	
Realized (losses) gains on available-for-sale financial assets	(148,987)	3,746	(4,077)	
Income from investment under the equity method (Note 4(H))	16,164	3,041	432	
Foreign exchange gains (losses)	22,263	(15,861)	240	
Reversal gain of impairment loss on assets (impairment loss on assets)	15,167	(262,629)	106	
Other losses (Note 4(N))	(344,860)	(156,547)	(120)	
Others - non interest net income (Note 4(W) and 5(B))	669,139	1,103,992	(39)	
<b>Net Income</b>	<u>2,520,593</u>	<u>4,466,919</u>	(44)	
Provision for loan losses (Note 4(G))	6,477,178	5,113,162	27	
<b>Operating Expenses :</b>				
Personnel expenses	1,306,679	1,401,789	(7)	
Depreciation and amortization expenses	658,747	710,344	(7)	
Other operating and administrative expenses (Note 5(B))	1,117,259	1,393,870	(20)	
Total operating expenses	<u>3,082,685</u>	<u>3,506,003</u>	(12)	
<b>Total expenses</b>	<u>9,559,863</u>	<u>8,619,165</u>	11	
<b>Net loss before tax</b>	<u>(7,039,270)</u>	<u>(4,152,246)</u>	(70)	
<b>Income tax benefit</b> (Notes 2 (O) and 4(T))	<u>(161,334)</u>	<u>(354,465)</u>	54	
<b>Net loss</b>	<u>\$ (6,877,936)</u>	<u>(3,797,781)</u>	(81)	
	Before	After	Before	After
	income tax	income tax	income tax	income tax
EPS (Expressed in New Taiwan Dallars)(Notes 2 (R) and 4(U))	<u>\$ (9.31)</u>	<u>(9.09)</u>	<u>(2.79)</u>	<u>(2.55)</u>
EPS (Expressed in New Taiwan Dallars)-retroactively adjusted			<u>(16.01)</u>	<u>(14.64)</u>

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

(English Translation of Financial Report Originally Issued In Chinese)

**JIH SUN INTERNATIONAL BANK LTD.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

(Expressed in Thousands of New Taiwan Dollars)

	<u>Capital Stock</u>	<u>Accumulated Losses</u>	<u>Other adjustments to stockholders' equity</u>	<u>Total</u>
			<u>Unrealized gains (losses) on available-for-sale financial assets</u>	
<b>Beginning Balance, January 1, 2008</b>	\$ 15,180,587	(4,629,682)	(88,501)	10,462,404
Recover loss from capital on February 26, 2008	(1,800,000)	1,800,000	-	-
Increase capital with cash on February 29, 2008	1,800,000	-	-	1,800,000
Change in unrealized losses on available-for-sale financial assets	-	-	(135,071)	(135,071)
Net loss for 2008	-	(3,797,781)	-	(3,797,781)
<b>Ending Balance, December 31, 2008</b>	<u>15,180,587</u>	<u>(6,627,463)</u>	<u>(223,572)</u>	<u>8,329,552</u>
Recover loss from capital on June 23, 2009	(12,536,511)	12,536,511	-	-
Increase capital with cash on June 24, 2009	9,401,496	-	-	9,401,496
Change in unrealized gains on available-for-sale financial assets	-	-	131,824	131,824
Net loss for 2009	-	(6,877,936)	-	(6,877,936)
<b>Ending Balance, December 31, 2009</b>	<u>\$ 12,045,572</u>	<u>(968,888)</u>	<u>(91,748)</u>	<u>10,984,936</u>

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

(English Translation of Financial Report Originally Issued In Chinese)  
**JIH SUN INTERNATIONAL BANK LTD.**  
**STATEMENTS OF CASH FLOWS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(Expressed in Thousands of New Taiwan Dollars)

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities :</b>		
Net loss	\$ (6,877,936)	(3,797,781)
<b>Adjustments to reconcile net income to net cash (used in) provided by operating activities:</b>		
Depreciation	213,862	265,313
Provision for loan losses	6,477,178	5,113,162
Amortization	444,885	445,031
Investment dividends income recognized under equity method	3,045	3,459
Investment income recognized under equity method	(16,164)	(3,041)
Losses (Gains) on disposal of foreclosed collaterals	67,855	(143,054)
(Reversal gain of impairment loss on assets) impairment loss on assets	(15,167)	262,629
Property and equipment transferred to expenses	1,560	2,005
Losses on assets retirement	9,668	3,882
Gains on disposal of property and equipment	(13)	(222,205)
Change in operating assets and liabilities:		
(Increase) Decrease in receivables	(715,092)	2,876,199
Decrease in financial assets measured at fair value through profit or loss	1,830,061	2,876,525
(Increase) Decrease in available-for-sale financial assets	(2,119,641)	104,713
Decrease in payables	(549,113)	(1,552,148)
(Decrease) Increase in financial liabilities measured at fair value through profit or loss	(212,397)	498,651
<b>Net cash (used in) provided by operating activities</b>	<u>(1,457,409)</u>	<u>6,733,340</u>
<b>Cash flows from investing activities :</b>		
Decrease (Increase) in due from the Central Bank and call loans to banks	20,092,319	(25,518,569)
Decrease in securities purchased under resell agreements	999,103	6,190,430
Decrease in discounts and loans	6,574,232	23,677,641
Acquisition of property and equipment	(35,021)	(178,074)
Proceeds from disposal property and equipment	617	650,980
Proceeds from disposal foreclosed collaterals	337,618	676,698
Decrease in other assets	168,379	219,676
Acquisition of computer software	(44,434)	(167,050)
Decrease in other financial assets	72,183	97,802
Acquisition of foreclosed collaterals	(358)	(6,273)
<b>Net cash provided by investing activities</b>	<u>28,164,638</u>	<u>5,643,261</u>

(English Translation of Financial Report Originally Issued In Chinese)  
**JIH SUN INTERNATIONAL BANK LTD.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(Expressed in Thousands of New Taiwan Dollars)

	<u>2009</u>	<u>2008</u>
<b>Cash flows from financing activities :</b>		
Increase(Decrease) in deposits from the Central Bank and other banks	\$ 54,625	(4,989,209)
Increase in notes and bonds sold under repurchase agreement	57,500	26,899
Decrease in deposits and remittances	(38,836,002)	(5,556,994)
Decrease in financial bonds payable	(500,000)	-
Decrease in other financial liabilities	(6,300)	(3,600)
Decrease in other liabilities	(111,818)	(724,645)
Capital increase by cash	9,401,496	1,800,000
<b>Net cash used in financing activities</b>	<u>(29,940,499)</u>	<u>(9,447,549)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(3,233,270)	2,929,052
<b>Cash and cash equivalents, Beginning of the year</b>	6,188,638	3,259,586
<b>Cash and cash equivalents, End of the year</b>	<u><b>\$ 2,955,368</b></u>	<u><b>6,188,638</b></u>
<b>Supplemental disclosures of cash flow information :</b>		
Interest paid during the year	<u><b>\$ 3,164,930</b></u>	<u><b>4,746,808</b></u>
Income taxes paid during the year	<u><b>\$ 783</b></u>	<u><b>5,085</b></u>
<b>Investing and financing activities not affect cash flows for evaluation of available-for-sale financial assets :</b>		
Available- for-sale financial assets	\$ (131,824)	135,071
Other adjustments to stockholders' equity	131,824	(135,071)
	<u><b>\$ -</b></u>	<u><b>-</b></u>

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

(English Translation of Financial Report Originally Issued in Chinese)

**JIH SUN INTERNATIONAL BANK LTD.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009 AND 2008**

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

## **1. OVERVIEW**

Jih Sun International Bank Ltd. was founded and commenced its organization on June 25, 1990, originally as “Baodao Commercial Bank Ltd.” On August 10, 1991, by the Ministry of Finance Tai- Cai- Rong No. 801625754, the Company was authorized to operate as a commercial bank. As of February 1, 1992, its paid-in capital amounted to \$10,000,000 and its establishment of the Bank was approved on March 26, 1992. The operation of the Bank commenced on April 9, 1992. As of December 31, 2009, its outstanding capital stock amounted to \$12,045,572.

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

The Bank's parent company and ultimate parent company are Jih Sun Financial Holding Co., Ltd. As of December 31, 2009 and 2008, the Bank had 1,491 and 1,667 employees, approximately.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Bank’s financial statements were prepared in accordance with the Rules Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Business Entity Accounting Act, 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) Basis of compilation for statements of cash flows**

The statements of cash flows are compiled based upon cash and cash equivalents, reserve deposits in the Central Bank (general account), deposit in the financial center and central bank time deposits.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(B) Accounting Estimation

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

(C) Assets Impairment

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

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

(E) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checks for clearing, petty cash and the amount of deposits from the other banks.

(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 of Financial Report Originally Issued in Chinese)**  
**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 revalue 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 decreases as available-for-sale shall not be reversed through profit or loss. A gain or loss on available-for-sale financial assets is recognized directly in equity until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in equity is charged to 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. 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.

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.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(G) Derivative Financial Instruments

a. Forwards

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

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

b. Non-Delivery Forward (NDF) Contracts

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

c. Foreign Currency Swaps

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

d. Option

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

e. Future

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

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

f. Interest rate swaps

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

(H) Investment in Securities Purchased Under Resell Agreements and Liabilities for Notes and Bonds Sold Under Repurchase Agreements

Notes and bonds purchased with a commitment to resell them at predetermined price are treated as financing transactions because the company has retained substantially all such risks and rewards during the transaction period. The difference between the purchase price and resell price is treated as interest income and recognized over the term of the agreement. On purchasing date, these agreements are recognized as the notes and bonds purchased under resell agreement.

Notes and 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 notes and bonds sold under repurchase agreement.

(I) Accounts Receivable of Credit Cards

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- provision and written off

Adequate allowance for credit losses is provided by assessing the balance, at the end of the accounting period of loans, accounts receivable and non-accrual loans according to the default risk of specific claims and the inherent risk of overall claims.

The Bank follows its internal rule of credit rating towards the individual liability or analysis of the each account, to evaluate the default risk of claims which after the consideration of the value of collaterals. Moreover, the Bank, in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans" issued by MOF, evaluates the non-credit extension of assets that depends on its characteristics. The Bank, in compliance with generally accepted accounting principles in the Republic of China, evaluates the possible default risk of claims base on the moderate principal and the holds adequacy loss reserve. The Bank classifies its normal credit assets in relation to the assets on and off balance sheet as "Category One." The remaining unsound credit assets shall be classified as "Category Two"- assets require special mention which based on the status of the loan collaterals and the length of time overdue. Assets that are substandard shall be classified as "Category Three," assets that are doubtful shall be classified as "Category Four," and assets for which there is loss shall be classified as "Category Five."

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

The Bank evaluates credit assets on and off balance sheet in accordance with aforementioned regulation, and shall allocate sufficient loan loss provision and reserves against liability or guarantees, and also recorded under “credit losses on loans”. The minimum standard for loan loss provision shall be the sum of 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets. Allowance for guarantee reserve is provided for estimated credit losses on period-ended balances of guarantee items and receivables for commercial acceptances and also recorded under “credit losses on loans”.

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

- a. The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- b. The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the bank might collect [from the debtor(s)] where there is no financial benefit in execution.
- c. The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the bank's taking possession of such collateral.
- d. More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the efforts of collection have failed.

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

**(K) Stock investments measured by equity method**

Investee 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 investment are accounted for under the equity method.

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

**(L) Fixed Assets, and depreciation**

Fixed Assets are stated at acquirable cost. Major additions, improvements, and replacements are capitalized, while maintenance and repairs are charged as current expense.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Depreciation is computed using the straight-line method over the useful lives; leasehold improvements, in accordance with the lease terms or the estimated shorter useful life, are computed using the average method of amortization. Fixed Assets still in use after their original estimated useful lives may be depreciated over their estimated remaining useful lives based on their residual value. Useful lives of major property and equipment are as follows: buildings, 5 to 60 years; transportation equipment, 5 years; other equipment, 3 to 5 years; leasehold improvements, 5 years.

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

(M) Intangible Assets

a. Computer software and operation right

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

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

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

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

- (a) Computer Software            5 years
- (b) Operation Right                5 years

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

b. Goodwill

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

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(N) Valuation method of foreclosed collaterals

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

(O) Income Tax

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

The 10% surtax on undistributed earnings is recorded as current expense on the date of the annual stockholders' meeting for declaring the distribution of earnings.

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

(P) Retirement Plan

The Bank has a defined benefit and contributory retirement plan for its employees. Under this plan, contribution is made annually to an independent pension fund at rates ranging from 4% to 8.5% of the employees monthly salary. In addition, the pension fund is independently managed by a Pension Fund Administration Committee and not included in the financial statements.

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

**(English Translation of Financial Report Originally Issued in Chinese)**

**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.

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.

**(Q) Commitments and contingencies**

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

**(R) Earnings per share (EPS)**

EPS is calculated by dividing the net income (loss), 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 paid for or before the year 2008, EPS is retroactively adjusted. When the capital decreased against deficit losses, EPS also is retroactively adjusted.

**(S) Employee bonuses, Directors’ and Supervisors’ remuneration**

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

The 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 financial statements, the Chinese version shall prevail.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES**

Effective January 1, 2008, the Bank adopted Republic of China Statement of Financial Accounting Standards (SFAS) No. 39 “Share-based Payment” and Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation. In accordance with SFAS No. 39 and the Interpretation, the Bank is required to classify, measure and disclose the share-based payment transactions, employee bonuses, and directors’ and supervisors’ remuneration. The adoption of the above regulations had no effects on profit or loss and earning per share for the year 2008.

**4. SUMMARY OF MAJOR ACCOUNTS**

(A) Cash and cash equivalents

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Cash on hand	\$ 993,418	1,049,572
Petty cash	2,545	4,000
Checks for clearing	227,370	556,466
Foreign currencies on hand	185,107	236,896
Due from other banks	1,546,928	4,341,704
Total	<b>\$ 2,955,368</b>	<b>6,188,638</b>

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

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

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Due form the Central Bank- general account	\$ 2,466,828	28,164,603
Due form the Central Bank-deposit reserve	4,141,643	4,752,668
Financial center	314,256	315,659
Central Bank time deposits	28,970,000	24,400,000
Call loans to banks	4,951,910	3,304,026
Total	<b>\$ 40,844,637</b>	<b>60,936,956</b>

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.”

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

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

As of December 31, 2009 and 2008, the financial assets held for trading of the Bank were as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Financial assets held for tradig :		
Government bonds	\$ 1,966,646	3,059,450
Corporate bonds	851,222	1,601,050
Overseas bonds	161,342	179,817
Convertible Corporate bonds	95,663	74,083
Listed and O.T.C. stock	125,909	14,600
Beneficiary certificates	99,590	-
Derivatives financial instruments	338,444	544,830
Future guarantee deposits	24,410	19,457
Total	<u>\$ 3,663,226</u>	<u>5,493,287</u>

Please refer to Notes 6 for information with regard to the restricted financial assets held for trading shown above. Net loss (gain) on the financial assets held for trading of the Bank amounted to \$223,284 and (\$19,383) in 2009 and 2008, respectively.

(D) Notes and bonds purchased/ sold under resell/repurchase agreements

As of December 31, 2009 and 2008, the notes and bonds purchased/sold under resell/repurchase agreements were as follows:

	<u>December 31, 2009</u>		
	<u>Notes and bonds sold under repurchase agreements</u>	<u>Due to resold term</u>	<u>Due to interest rate interval %</u>
Notes and bonds sold under repurchased agreement	(157,500)	4-Jan-10	0.12-0.20
	<u>December 31, 2008</u>		
	<u>Notes and bonds sold/ purchased under repurchase/resel l agreements</u>	<u>Due to resold/ repurchase term</u>	<u>Due to interest rate interval %</u>
Notes and bonds purchased under resold agreement	\$ 999,103	6-Jan-09	0.65
Notes and bonds sold under repurchased agreement	(100,000)	5-Jan-09	0.4

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

The trading objective of the bills and bonds under resell and under repurchase agreement shown above, was the central government bond.

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

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Government bonds	\$ 1,662,583	-
Corporate bonds	696,246	-
Listed and O.T.C. stock	50,855	158,219
Total	<b>\$ 2,409,684</b>	<b>158,219</b>

(F) Receivables-net

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Accounts receivable for credit cards	\$ 1,876,675	2,373,949
Notes receivable	18,000	30,477
Accounts receivable	262,024	99,274
Interest receivable	260,302	577,420
Acceptance receivable	249,244	73,709
recourse	198,420	911,206
Other receivables- financial holdings	1,036,958	744,760
Other receivables	125,739	136,437
Receivable form long term government bonds	200,000	-
Receivable form sold trading government bonds	889,744	107,083
bonds	400,000	-
Subtotal	5,517,106	5,054,315
Less: Allowance for bad debts	(122,740)	(95,001)
Net	<b>\$ 5,394,366</b>	<b>4,959,314</b>

(G) Discounts and loans- net

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Loans	\$ 124,704,434	136,135,742
Export remittances	95,177	4,900
Discounts	-	6,667
Overdrafts	-	3,534
Non-accrual loans	2,280,957	4,521,637
Subtotal	127,080,568	140,672,480
Less: Allowance for loan losses	(1,207,051)	(2,027,593)
Net	<b>\$ 125,873,517</b>	<b>138,644,887</b>

**(English Translation of Financial Report Originally Issued in Chinese)**

**JIH SUN INTERNATIONAL BANK LTD.**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

- a. As of December 31, 2009 and 2008, the ratio of the Bank's the capital adequacy ratio was 8.64% and 8.58%, respectively, and there were no loans written-off without prior recourse.
- b. As of December 31, 2009 and 2008, the balance of bad debt allowance on loans and advances amounted to \$1,334,049 and \$2,126,862, respectively, and the changes in allowance for loan losses were as follows:

Item	Beginning Balance	Increase	Settlement	Amount written off	Reclassification	Adjustment for exchange rate fluctuation	Ending Balance
<b>December 31, 2009</b>							
Allowance for bad debts - account receivables	\$ 89,670	279,976	-	(251,212)	-	-	118,434
Allowance for bad debts - other receivables	5,331	64	-	(1,075)	-	(14)	4,306
Allowance for loan losses - bills and discounts	3,091	-	-	-	-	(2)	3,089
Allowance for loan losses - short-term loans and overdrafts	182,393	3,096	(1,356)	(3,096)	(178,389)	(46)	2,602
Allowance for loan losses - short-term secured loans and overdrafts	1,360	-	-	-	(1,011)	-	349
Allowance for loan losses - medium-term loans	263,163	-	(222)	-	(262,013)	(10)	918
Allowance for loan losses - medium-term secured loans	7,022	-	-	-	(5,721)	-	1,301
Allowance for loan losses - long-term loans	16,743	-	-	-	(16,072)	-	671
Allowance for loan losses - long-term secured loans	84,634	-	-	-	(77,712)	-	6,922
Allowance for loan losses - non-accrual loans	1,469,187	6,194,042	-	(7,013,453)	540,918	505	1,191,199
Allowance for guarantee reserve	4,268	-	-	-	-	(10)	4,258
<b>Total</b>	<b>\$ 2,126,862</b>	<b>6,477,178</b>	<b>(1,578)</b>	<b>(7,268,836)</b>	<b>-</b>	<b>423</b>	<b>1,334,049</b>

Item	Beginning Balance	Increase	Settlement	Provision for debt negotiation	Amount written off	Reclassification	Adjustment for exchange rate fluctuation	Ending Balance
<b>December 31, 2008</b>								
Allowance for bad debts - account receivables	\$ 51,363	368,793	-	19,565	(417,413)	67,362	-	89,670
Allowance for bad debts - other receivables	4,242	1,082	-	-	-	-	7	5,331
Allowance for loan losses - bills and discounts	18,090	-	-	-	-	(15,000)	1	3,091
Allowance for loan losses - short-term loans and short-term secured loans	184,112	11,602	(561)	(1,181)	(11,602)	-	23	182,393
Allowance for loan losses - short-term secured loans	1,360	-	-	-	-	-	-	1,360
Allowance for loan losses - medium-term loans	263,158	-	-	-	-	-	5	263,163
Allowance for loan losses - medium-term secured loans	7,022	-	-	-	-	-	-	7,022
Allowance for loan losses - long-term loans	16,743	-	-	-	-	-	-	16,743
Allowance for loan losses - long-term secured loans	84,634	-	-	-	-	-	-	84,634
Allowance for loan losses - non-accrual loans	1,446,224	4,731,685	-	-	(4,656,360)	(52,362)	-	1,469,187
Allowance for guarantee reserve	4,263	-	-	-	-	-	5	4,268
<b>Total</b>	<b>\$ 2,081,211</b>	<b>5,113,162</b>	<b>(561)</b>	<b>18,384</b>	<b>(5,085,375)</b>	<b>-</b>	<b>41</b>	<b>2,126,862</b>

- c. The Bank had recognized the non-accrual loan as the other loans and credit extensions which had been classified into non-accrual loan account. Loans which are overdue for six months from the due date should be classified into non-accrual loan account. The accrual of interest thereon is discontinued for internal purposes, whereas continues for external purposes. In addition, the interest accrual should be noted in each sub-account or through a memo entry. The accrued interest on overdue loans prior to reclassification into the "non-accrual loan" account should be combined with the principal and transferred into the "non-accrual loan" account. As of December 31, 2009 and 2008, the Bank' loans and advances without the accrued interest amounted to \$2,251,374 and \$4,269,650, respectively.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

- d. For the year ended December 31, 2009 and 2008, the un-accrued interest revenue for loans and advances with overdue interest and principal, amounted to \$88,279, and \$219,154, respectively.

(H) Investments under the equity method- net

<u>Name of invested company</u>	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
	<u>Percentage of Ownership</u>	<u>Book value</u>	<u>Percentage of Ownership</u>	<u>Book value</u>
Jih Sun Insurance Agency Co., Ltd.	<b>99.00</b>	<b>\$ 29,885</b>	<b>99.00</b>	<b>16,766</b>

Investment income recognized under the equity method for the year ended December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Jih Sun Insurance Agency Co., Ltd.	<b>\$ 16,164</b>	<b>3,041</b>

(I) Fixed assets-net

<u>December 31, 2009</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 2,476,201	-	2,476,201
Buildings	2,349,780	712,407	1,637,373
Transportation equipment	4,468	4,209	259
Other equipment	1,084,322	934,859	149,463
Leasehold improvements	331,170	228,194	102,976
Prepayment for equipment	36,375	-	36,375
<b>Total</b>	<b>\$ 6,282,316</b>	<b>1,879,669</b>	<b>4,402,647</b>

<u>December 31, 2008</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 2,476,201	-	2,476,201
Buildings	2,355,361	652,803	1,702,558
Transportation equipment	4,770	4,271	499
Other equipment	1,179,006	925,563	253,443
Leasehold improvements	387,760	251,481	136,279
Construction in progress	9,150	-	9,150
Prepayment for equipment	89,246	-	89,246
<b>Total</b>	<b>\$ 6,501,494</b>	<b>1,834,118</b>	<b>4,667,376</b>

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

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(J) Other financial assets and other assets- net

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<b>Other Financial Assets- Net:</b>		
Financial assets carried at cost- Net	\$ 612,475	640,930
Short-term advances	604,357	595,257
Refundable deposits	187,308	289,031
Time deposit pledged	35,000	-
Total	<u>\$ 1,439,140</u>	<u>1,525,218</u>
<b>Other Assets-Net:</b>		
Deferred income tax assets	\$ 5,828,720	5,671,710
Less: Allowance for deferred income tax assets	<u>(5,828,720)</u>	<u>(5,671,710)</u>
Sub-total	-	-
Foreclosed collaterals	1,638,240	2,043,715
Less: Accumulated impairment loss - foreclosed collaterals	<u>(312,781)</u>	<u>(343,962)</u>
Foreclosed collaterals-net	1,325,459	1,699,753
Prepayments	317,888	487,326
Others	4,600	4,600
Total	<u>\$ 1,647,947</u>	<u>2,191,679</u>

(K) Intangible assets

For the year ended December 31, 2009 and 2008, the details of the intangible asset of original cost, incremental value from revaluation and accumulated amortization amount are presented below:

<u>Original cost and incremental value from</u>	<u>Goodwill</u>	<u>Operation right</u>	<u>Computer software</u>	<u>Total</u>
Beginning balance-2008/1/1	\$ 37,616	1,522,342	438,974	1,998,932
Purchase	-	-	174,791	174,791
Ending balance-2008/12/31	<u>\$ 37,616</u>	<u>1,522,342</u>	<u>613,765</u>	<u>2,173,723</u>
Beginning balance-2009/1/1	\$ 37,616	1,522,342	613,765	2,173,723
Purchase	-	-	117,886	117,886
Ending balance-2009/12/31	<u>\$ 37,616</u>	<u>1,522,342</u>	<u>731,651</u>	<u>2,291,609</u>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

<b>Amortization and retirement loss</b>	<b>Goodwill</b>	<b>Operation right</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance-2008/1/1	\$ (4,702)	(668,488)	(140,262)	(813,452)
Amortization, 2008	-	(330,524)	(114,507)	(445,031)
Ending balance-2008/12/31	<u>\$ (4,702)</u>	<u>(999,012)</u>	<u>(254,769)</u>	<u>(1,258,483)</u>
Beginning balance-2009/1/1	\$ (4,702)	(999,012)	(254,769)	(1,258,483)
Amortization, 2009	-	(330,524)	(114,361)	(444,885)
Retirement loss, 2009	-	-	(96)	(96)
Ending balance-2009/12/31	<u>\$ (4,702)</u>	<u>(1,329,536)</u>	<u>(369,226)</u>	<u>(1,703,464)</u>

  

<b>Book Value</b>	<b>Goodwill</b>	<b>Operation right</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance-2008/1/1	\$ 32,914	853,854	298,712	1,185,480
Ending balance-2008/12/31	<u>\$ 32,914</u>	<u>523,330</u>	<u>358,996</u>	<u>915,240</u>
Beginning balance-2009/1/1	\$ 32,914	523,330	358,996	915,240
Ending balance-2009/12/31	<u>\$ 32,914</u>	<u>192,806</u>	<u>362,425</u>	<u>588,145</u>

For the year ended December 31, 2009 and 2008, intangible assets amortized the expenses of the Bank is accounted for the operating expenses and amounted to \$444,885 and 445,031, respectively.

For the year ended December 31, 2009, the retirement loss of \$ 96 was classified as the other non-interest net income.

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

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Derivative financial liabilities	<u>\$ 309,363</u>	<u>521,760</u>

For the year ended December 31, 2009 and 2008, the net gains of financial liabilities held for trading amounted to \$267,682 and \$75,063.

(M) Deposits from the central bank and other banks

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Deposits from Central Bank	\$ 6,815	2,515
Deposits form banks	2,062,294	2,140,239
Loan financing from banks	26,010	-
Call loans from banks	320,300	196,506
Post Office transfer deposits	8,438,811	8,460,345
Total	<u>\$ 10,854,230</u>	<u>10,799,605</u>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(N) Payables

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Interest payable	\$ 345,264	1,016,470
Accrued expenses	293,056	216,894
Accounts payable	146,336	105,551
Acceptances payable	249,244	73,709
Factoring payable	25,048	369,874
Collection payable	35,186	24,448
Notes payable for clearing payable	227,370	556,466
Trading bonds payable- before issuance	200,000	-
Purchase trade government bond payable	52,638	264,175
Purchase of long term government bonds payables	400,000	-
Provision of structure bonds compensation	100,517	-
Other payables	312,018	308,203
Total	<u>\$ 2,386,677</u>	<u>2,935,790</u>

Pursuant to the Banking Union's result of appraisalment of the controversies and the situation of individual case for the structure note, the Bank estimated the provision of structure note compensation was caused from agency for structure note which issued by international corporations and had controversies. As of December 31, 2009, the Bank accrued the provision of \$ 100,517 under the structure notes compensation.

(O) Deposits and remittances

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Checking deposits	\$ 828,587	866,018
Bank checks	71,663	244,015
Demand deposits	18,459,766	14,931,524
Time deposits	32,373,131	75,459,700
Savings deposits	106,065,784	105,133,310
Pending remittance	-	366
Total	<u>\$ 157,798,931</u>	<u>196,634,933</u>

As of December 31, 2009 and 2008, negotiable certificates of time deposits amounted to \$201,300 and \$1,445,400, respectively.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(P) Financial bonds payable

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Financial bonds payable	\$ 6,500,000	7,000,000
Less: Amortization of discount	-	-
Net	<b>\$ 6,500,000</b>	<b>7,000,000</b>

- a. On October 25, 2004, according to FSC, the Bank was allowed to issue senior financial debentures for the first period of 2004 which amounted to \$4,000,000. Terms and conditions of the issuance were as follows:
- (a) Issue price: At face value.
  - (b) Issue period: From October 25, 2004, to April 25, 2010.
  - (c) Interest rate: Fixed rate of 3.95%.
  - (d) Interest accrual: Annual interest payments.
  - (e) Repayment of principal: Full repayment of principal at maturity.
- b. On July 5, 2005, according to FSC, the Bank was allowed to issue unsecured subordinated financial debentures for the first period of 2005 which amounted to \$2,000,000. Terms and conditions of the issuance were as follows:
- (a) Issue price: At face value.
  - (b) Issue period: From July 5, 2005 to July 5, 2012.
  - (c) Interest rate: Fixed rate of 2.93%.
  - (d) Interest accrual: Annual interest payments.
  - (e) Repayment of principal: Full repayment of principal at maturity.
- c. On April 3, 2007, according to FSC, the Bank was allowed to issue senior financial debentures for the first period of 2007 which amounted to \$1,000,000. Terms and conditions of the issuance were as follows:
- (a) Issue price: At face value.
  - (b) Issue period: From April 3, 2007 to April 3, 2014
  - (c) Interest rate: Fixed rate of 3.00%.
  - (d) Interest accrual: Annual interest payments.
  - (e) Repayment of principal: Full repayment of principal at maturity.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

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

(Q) Retirement plan

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

During 2009 and 2008, the Bank's pension fund balance changes thereon were as follows:

	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 32,111	33,225
Add: Interest	299	862
Less: Current year's payments	(4,281)	(1,976)
Ending balance	<u>\$ 28,129</u>	<u>32,111</u>

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

	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 179,515	162,619
Add: Current year's contributions	9,437	11,574
Interest	1,142	6,023
Less: Current year's payments	(27,163)	(701)
Ending balance	<u>\$ 162,931</u>	<u>179,515</u>

Effective April 15, 2001, the retirement fund account which deposits in the Bank was included in the pension fund assets and expressed on its fair value. As of December 31, 2009 and 2008, the pension fund amounted to \$152,302 and \$154,852, respectively.

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

	<u>2009</u>	<u>2008</u>
Discount rate	2.25%	2.50%
Wages adjusted rate	2.00%	2.00%
Expected rate of return on plan assets	2.00%	2.50%
	<u>2009</u>	<u>2008</u>
Service cost	\$ 3,279	2,943
Interest cost	3,967	3,989
Expected return on plan assets	(8,506)	(8,005)
Amortization of recognized net asset loss	(1,456)	(1,492)
Amortization of retirement fund loss	-	(1,513)
Curtailment or Settlement	8,625	(4,490)
Net pension cost	<u>\$ 5,909</u>	<u>(8,568)</u>

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Benefit Obligation	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Vested benefit obligation	\$ 3,802	1,079
Non-vested benefit obligation	107,750	110,013
Accumulated benefit obligation	111,552	111,092
Effect of future salary increase	48,027	47,652
Projected benefit obligation	159,579	158,744
Fair value of pension assets	(315,233)	(334,367)
Funded status	(155,654)	(175,623)
Unamortized balance of unrecognized net transition asset	3,833	5,826
Unrecognized ending balance of gain or loss of unamortized pension fund	(1,744)	19,760
Prepaid pension cost	<u>\$ (153,565)</u>	<u>(150,037)</u>

As of December 31, 2009 and 2008, the vested benefit obligation amounted to \$4,496 and 1,306, respectively.

Furthermore, according to the new Labor Pension Act of R.O.C, for the year ended December 31, 2009 and 2008, the provision of labor pension expense amounted to \$51,677 and \$65,932, respectively.

(R) CAPITAL STOCKS

The Bank's original authorized and paid-in capital stocks were \$10,000,000, and divided into 1,000,000 shares at \$10 par value per share. As of December 31, 2008, after subsequent new stocks issuance of capital increases over the years, the Bank's authorized and outstanding capital stock amounted to \$15,180,587 was divided into 1,518,059 shares. On May 22, 2009, during the shareholders' meeting, the Bank had resolved to recover losses from capital decrease amounted to \$12,536,511. Moreover, on May 21, 2009, the board of directors, on behalf of the shareholders, resolved to implement a capital increase through private placement at NT\$10 (dollars) per share by issuing 940,150 shares. The cases of capital decrease and increase were approved by FSC, the date of the capital decrease was on June 23, 2009, the date of the capital increase was on June 24, 2009, and the Bank had completed the relevant registration process. As of December 31, 2009, the Bank's paid-in capital stock was \$12,045,572, and divided into 1,204,557 shares.

(S) 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 entirely in principle. In compliance with Article No. 44 of the Banking Act, the ratio of the Bank's equity capital to its risk-based assets shall not be less than 8%, and distribution of stock dividends shall have first priority. If the annual earning after income tax is greater than NTD \$700,000, and the excess component of 70% shall be distributed as cash dividends. For the year ended December 31, 2009, the Bank had accumulated losses; hence there was no earning distribution and no need to estimate the employee bonuses and the directors' and supervisors' remuneration for the year of 2009. The related information could be found in the Market Observation Post System.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(T) Income tax

Pursuant to regulations stipulated by Tai-Cai-Shui 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", while a financial holding company holds more than 90% of issued shares of a domestic subsidiary and holds for 12 months during a tax year. The company has to behalf of financial holding company as the obligatory tax payer and jointly filed income tax returns. Effective from the year ended December 31, 2003, the Company had jointly filed income tax returns and undistributed earnings for the year ended December 31, 2002. The parent company Jih Sun Financial Holding Co., Ltd and its affiliate Jih Sun Securities Co., Ltd. had adapted jointly filed tax returns.

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

	<b>2009</b>	<b>2008</b>
Current income tax expenses	\$ 783	5,085
Income tax benefit resulting from tax incentives	(347,337)	(317,372)
Under(Over)-estimation of prior year' expenses	185,220	(42,178)
Income tax benefit	<u><u>\$ (161,334)</u></u>	<u><u>(354,465)</u></u>

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

- a. The Bank's statutory income tax rate is 25%. Effective from January 1, 2006, the Bank started to adapt "Income Tax Basic Regulation calculates basic tax" in order to calculate the basic tax amount. Pursuant to the new released amended income tax act on May 27, 2009, the Bank will change the income tax rate to 20% since 2010.

For the year ended December 31, 2009 and 2008, the net income before tax in the Bank's statements of income, in accordance with the rule of tax rate calculation, the difference of calculation income tax and income tax benefit were as follows:

	<u>2009</u>	<u>2008</u>
Income tax benefit calculated at statutory tax rate	\$ (1,759,818)	(1,038,061)
Effect on income tax of adjusting items:		
Tax exempt securities transaction loss (gain)	33,017	(34,194)
Loss from government and corporate bond transactions	14,301	40,555
Tax separately levied on marketable securities tax	(1,053)	(4,752)
Tax separately levied on marketable securities transaction	783	5,085
Investment income under equity method	(4,041)	(760)
Gain on domestic investment interests-net	(7,308)	(3,999)
Loss (gain) on land transactions	13,341	(73,423)
Tax exempt OBU income	(8,633)	(45,009)
Deferred income tax assets adjustment	1,887,111	1,037,967
Difference in allowance for credit loss exceeding the prescribed limit	(148,307)	86,633
(Gain) loss on market upswing of foreclosed	(7,530)	53,857
Unrealized exchange gain (loss)- net	3,118	(296)
Unrealized derivative instruments gain - net	(12,506)	(30,318)
Under (over)-estimation of prior years income tax expense	185,220	(42,178)
Other	(1,692)	11,800
Subtotal	186,003	(37,093)
Income tax benefit from jointly filed tax return	(347,337)	(317,372)
Income tax benefit	<u>\$ (161,334)</u>	<u>(354,465)</u>

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

- b. As of December 31, 2009 and 2008, 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:

	<b>December 31, 2009</b>		<b>December 31, 2008</b>	
	<b>Amount</b>	<b>Tax effect</b>	<b>Amount</b>	<b>Tax effect</b>
Deferred income tax assets				
Operating loss carry forwards	\$28,428,813	5,685,763	19,974,614	4,993,653
Investment tax credits	329,557	68,866	326,994	68,098
Amortization non-performing loans	524,016	104,804	2,589,870	647,468
Allowance valuation	(29,128,821)	(5,828,720)	(22,741,441)	(5,671,710)
Subtotal	153,565	30,713	150,037	37,509
Deferred income tax liabilities:				
Pension expense	153,565	30,713	150,037	37,509
Deferred income tax assets-net	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

- c. Pursuant to the rule of upgrading industry, the Bank can claim the investment tax credits. Since the current year, the Bank can deduct the income tax within five years. The limitation of the income tax deduction will not exceed 50% of the income tax paid for the current year, however, the last year's deducted amount will not be within this range. As of December 31, 2009, in accordance with the Act, the Bank could be able to deduct its income tax from the investment of significant scientific undertaking and employees training expenses. The investment tax credits are still not deducted and the expiration year as follows:

<b>Year occurred</b>	<b>Available tax credits</b>	<b>Expiration year</b>
2005(Applied)	\$ 2,996	2009
2006(Applied)	1,094	2010
2007(Applied)	62,443	2011 (the \$60,000 thousand dollars from investment on High Speed Rail can be deducted to the
2008(Applied)	1,558	2012
2009 (Estimated)	775	2013
Total	<u>\$ 68,866</u>	

- d. The tax authorities have assessed the Bank's income tax returns through 2005. According to R.O.C. income tax act, the Bank will be levied on income tax, after the approval of "Tax Authority", losses can be carried forward to offset the net taxable income of the current year from the previous ten years' losses.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

As of December 31, 2009, the Bank's unused operating loss carry forwards and expiration dates were as follows:

<u>Period of loss</u>	<u>Year of expiration</u>	<u>Amount</u>
2005(Applied)	2015	\$ 4,978,211
2006(Applied)	2016	4,932,107
2007(Applied)	2017	5,146,164
2008(Applied)	2018	5,176,127
2009(Estimated)	2019	8,196,204
Total		<u><u>\$ 28,428,813</u></u>

e. Information on accumulated losses was as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Earning prior to December 31, 1997	\$ -	-
Earning after January 1, 1998	(968,888)	(6,627,463)
	<u><u>\$ (968,888)</u></u>	<u><u>(6,627,463)</u></u>
 The Amount of the Imputation Credit Account	 <u><u>\$ 389,142</u></u>	 <u><u>378,060</u></u>
	<u><u>2009 (Estimated)</u></u>	<u><u>2008 (Actual)</u></u>
The rate of the imputation credit on distributed earnings	<u><u>-</u></u>	<u><u>-</u></u>

- f. For the year ended December 31, 2003, the different amount of income tax of \$36,627 which had been decided by Ministry of Finance to be taxed was already accounted. However, the Bank was unsatisfied with the decision of excluding items of Ministry of Finance which the difference of \$25,857 was arisen from the goodwill in relation to merger with Xinying credit co-operative, and amortization of premium on long term bonds, and had already applied for reexamination.
- g. For the year ended December 31, 2004, the different amount of income tax of \$16,448 which had been decided by Ministry of Finance to be taxed was already accounted. However, the Bank was unsatisfied with the decision of excluding items \$9,006 was arisen from the goodwill and amortization of premium on long term bonds, and had already applied for reexamination.
- h. For the year ended December 31, 2005, the Bank was unsatisfied with the decision of excluding items of Ministry of Finance which the difference of \$41,698 was arisen from the goodwill in relation to the merger with Xinying credit co-operative and the acquisition of the trust department of Taiwan Land Development Trust Ltd., and amortization of premium on long term bonds had already applied for reexamination.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(U) Losses per share

For the year ended December 31, 2009 and 2008, the Bank's basic loss per share was as follows:

	<b>2009</b>		<b>2008</b>	
	<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>	<u>After tax</u>
Basic losses per share :				
Net loss	<u>\$ (7,039,270)</u>	<u>(6,877,936)</u>	<u>(4,152,246)</u>	<u>(3,797,781)</u>
The weighted-average number of shares outstanding ( in thousands shares)	<u>756,376</u>	<u>756,376</u>	<u>1,489,043</u>	<u>1,489,043</u>
The weighted-average number of shares outstanding-retroactively adjusted ( in thousands shares)			<u>259,354</u>	<u>259,354</u>
Basic EPS ( in NT Dallars)	<u>\$ (9.31)</u>	<u>(9.09)</u>	<u>(2.79)</u>	<u>(2.55)</u>
EPS-The weighted-average number of shares outstanding-retroactively adjusted (in thousand shares)			<u>(16.01)</u>	<u>(14.64)</u>

(V) Financial instruments

a. Fair Value of Financial Instruments

<b>Non-derivative financial instruments</b>	<b>December 31, 2009</b>	
	<u>Book Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 2,955,368	2,955,368
Due from the Central Bank and call loans to banks	40,844,637	40,844,637
Financial assets measured at fair value through profit	3,300,372	3,300,372
Securities purchased under resell agreements	-	-
Receivables	5,394,366	5,394,366
Discounts and loans	125,873,517	125,873,517
Available-for-sale financial assets	2,409,684	2,409,684
Other financial assets	1,439,140	1,439,140

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

<b>Non-derivative financial instruments</b>	<b>December 31, 2009</b>	
	<b>Book Value</b>	<b>Fair Value</b>
Financial Liabilities:		
Deposits from the Central Bank and other banks	\$ 10,854,230	10,854,230
Notes and Bonds sold under repurchase agreements	157,500	157,500
Payables	2,386,677	2,386,677
Deposits and remittances	157,798,931	157,798,931
Financial bonds payable	6,500,000	6,500,000
Other financial liabilities	75,600	75,600

<b>Non-derivative financial instruments</b>	<b>December 31, 2008</b>	
	<b>Book Value</b>	<b>Fair Value</b>
Financial Assets:		
Cash	\$ 6,188,638	6,188,638
Due from the Central Bank and call loans to banks	60,936,956	60,936,956
Financial assets measured at fair value through profit or loss	4,929,000	4,929,000
Securities purchased under resell agreements	999,103	999,103
Receivables	4,959,314	4,959,314
Discounts and loans	138,644,887	138,644,887
Available-for-sale financial assets	158,219	158,219
Other financial assets	1,525,218	1,525,218

<b>Non-derivative financial instruments</b>	<b>December 31, 2008</b>	
	<b>Book Value</b>	<b>Fair Value</b>
Financial Liabilities:		
Deposits from the Central Bank and other banks	\$ 10,799,605	10,799,605
Notes and bonds sold under repurchase agreements	100,000	100,000
Payables	2,935,790	2,935,790
Deposits and remittances	196,634,933	196,634,933
Financial bonds payable	7,000,000	7,000,000
Other financial liabilities	81,900	81,900

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

<b>Derivative financial instruments</b>	<b>December 31, 2009</b>		<b>December 31, 2008</b>	
	<b>Nominal Principal</b>	<b>Fair Value</b>	<b>Nominal Principal</b>	<b>Fair Value</b>
<b>Financial Assets:</b>				
Forward contract	\$ 519,569	8,902	478,281	24,081
Futures	-	24,410	-	19,457
SWAP	957,710	20,433	529,030	45,286
Currency option	25,624	73	358,764	38,059
Interest rate goods	22,500,000	309,036	32,000,000	437,404
<b>Financial Liabilities:</b>				
Forward contract	255,387	4,356	352,700	14,946
SWAP	2,342,039	13,736	643,878	49,904
Currency option	25,624	73	358,764	38,059
Interest rate instruments	22,500,000	291,198	32,000,000	418,851

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, receivables, payables and deposits from banks.
- (2) If quoted market price is available in the market for notes and securities, the market price will be the fair value. However, if quoted market price is unavailable, the other evaluation of financial information or the book value will be the fair value.
- (3) Fair value of long-term liabilities is estimated by the present value of expected future cash flows. The discounting rate is based on rates of equivalent loans which the Bank can acquire the similar term (close to maturity date) of interest rate.
- (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 and included into the current period of profit and loss statement. Most of the Bank's fair value of financial derivative instruments has reference reports from financial institutions.

(English Translation of Financial Report Originally Issued in Chinese)

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:

	<u>Based on quoted market prices</u>	<u>Determined value by using valuation techniques</u>
	<u>December 31, 2009</u>	<u>December 31, 2009</u>
<b><u>Non-derivative Financial instruments</u></b>		
Assets		
Cash and cash equivalents	\$ -	2,955,368
Due from the Central Bank and call loans to banks	-	40,844,637
Financial assets measured at fair value through profit or loss	3,300,372	-
Receivables	-	5,394,366
Discounts and loans	-	125,873,517
Available-for-sale financial assets	2,409,684	-
Other financial assets	-	1,439,140
<b><u>Non-derivative Financial instruments</u></b>		
Liabilities		
Deposits from the Central Bank and other banks	-	10,854,230
Notes and bonds sold under repurchase agreements	-	157,500
Payables	-	2,386,677
Deposits and remittances	-	157,798,931
Financial bonds payable	-	6,500,000
Other financial liabilities	-	75,600
<b><u>Derivative Financial instruments</u></b>		
Assets		
Forward contract	-	8,902
Futures	24,410	-
SWAP	20,433	-
Currency options	-	73
Interest rate instruments	-	309,036
Liabilities		
Forward contract	-	4,356
SWAP	13,736	-
Currency options	-	73
Interest rate instruments	-	291,198

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

	<b>Based on quoted market prices</b>	<b>Determined value by using valuation techniques</b>
	<b>December 31, 2008</b>	<b>December 31, 2008</b>
<b>Non-derivative Financial instruments</b>		
Assets		
Cash and cash equivalents	\$ -	6,188,638
Due from the Central Bank and call loans to banks	-	60,936,956
Financial assets measured at fair value through profit or loss	4,929,000	-
Securities purchased under resell agreements	-	999,103
Receivables	-	4,959,314
Discounts and loans	-	138,644,887
Available-for-sale financial assets	158,219	-
Other financial assets	-	1,525,218
<b>Non-derivative Financial instruments</b>		
Liabilities		
Deposits from the Central Bank and other banks	-	10,799,605
Notes and bonds sold under repurchase agreement	-	100,000
Payables	-	2,935,790
Deposits and remittances	-	196,634,933
Financial bonds payable	-	7,000,000
Other financial liabilities	-	81,900
<b>Derivative Financial instruments</b>		
Assets		
Forward contract	-	24,081
Futures	19,457	-
SWAP	45,286	-
Currency options	-	38,059
Interest rate goods	-	437,404
Liabilities		
Forward contract	-	14,946
SWAP	49,904	-
Currency options	-	38,059
Interest rate instruments	-	418,851

- d. For the year ended December 31, 2009 and 2008, the current evaluation gain arising from the fair value evaluation of financial instruments by using quoted market prices amounted to \$28,651 and \$116,855, respectively. The gain arising from using valuation techniques method to determine the changes of the fair value were \$21,373 and \$4,416, respectively.

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

- e. For the year ended December 31, 2009 and 2008, the Bank did not use financial assets and liabilities carried at fair value through profit or loss and the interest income amounted \$3,776,337 and 7,437,603, respectively. Interest expense was amounted \$2,493,724 and \$4,712,905, respectively. For the year ended December 31, 2009 and 2008, the financial asset available for sale was directly recognized by the Bank as shareholders' equity adjusted item amounted loss of \$17,163 and \$131,325, respectively; realized losses and gains resulting from such adjustments were recognized in current profit or loss on available-for sale financial assets amounting to losses \$148,987 and gains \$3,746, respectively.
- f. Financial risk information
- (a) Market risk

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

A. The recognized 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 are 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.

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

VaR for the fourth quarter ended 2009 (2009.10.1~2009.12.31) was as follows: (a hundred million)

99% C.L 10 days (VaR)	Season average	Season high	Season low
Exchange instrument	0.194	0.487	0.075
Interest instrument	0.139	0.139	0.075
Equity instrument	0.182	0.259	0.130
Distribution effective	(0.239)	(0.351)	(0.131)
VaR	0.276	0.533	0.149
99% C.L 1 day (VaR)	Season average	Season high	Season low
Exchange instrument	0.061	0.156	0.024
Interest instrument	0.044	0.044	0.024
Equity instrument	0.060	0.086	0.043
Distribution effective	(0.076)	(0.115)	(0.043)
VaR	0.089	0.171	0.048

VaR for the fourth quarter ended 2008 (2008.10.1~2008.12.31) was as follows: (a hundred million)

99% C.L 10 days (VaR)	Season average	Season high	Season low
Exchange instrument	0.130	0.234	0.049
Interest instrument	0.044	0.093	0.015
Equity instrument	0.037	0.025	0.011
Distribution effective	(0.079)	(0.090)	(0.027)
VaR	0.131	0.262	0.048
99% C.L 1 day (VaR)	Season average	Season high	Season low
Exchange instrument	0.042	0.076	0.016
Interest instrument	0.014	0.030	0.005
Equity instrument	0.013	0.009	0.004
Distribution effective	(0.027)	(0.030)	(0.009)
VaR	0.042	0.085	0.016

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 market risk

The Bank internally recognizes, measures, controls and manages 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 needs to comply with the follow-up procedure.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(b) Credit Risk

	December 31, 2009		December 31, 2008	
	Book Value	Maximum exposure to credit risk	Book Value	Maximum exposure to credit risk
<b>Non-derivative financial instruments</b>				
Financial assets measured at fair value through profit or loss- net	3,300,372	3,300,372	4,929,000	4,929,000
Securities purchased under resell agreements	-	-	999,103	999,103
Receivables- net	5,394,366	5,394,366	4,959,314	4,959,314
Discounts and loans -net	125,873,517	125,873,517	138,644,887	138,644,887
Available-for-sale financial assets-net	2,409,684	2,409,684	158,219	158,219
Other financial assets- net	1,439,140	1,439,140	1,525,218	1,525,218

	December 31, 2009		December 31, 2008	
	Nominal principal	Maximum exposure to credit risk	Nominal principal	Maximum exposure to credit risk
<b>Derivative Financial instruments</b>				
Forward contract	\$ 519,569	8,902	478,281	24,081
Futures	-	24,410	-	19,457
SWAP	957,710	20,433	529,030	45,286
Currency options	25,624	73	358,764	38,059
Interest rate instruments	22,500,000	309,036	32,000,000	437,404

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

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**Information on concentrations of credit risk**

Concentrations of credit risk exist when counter-parties to financial instrument transactions are individuals or groups engaged in similar activities with similar economic characteristics, which would impair their ability to meet contractual obligations under negative economic or other conditions. In relation to Jin Sun International Bank, 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. Jin Sun International Bank's contracts with concentration of credit risk were as follows:

	December 31, 2009		December 31, 2008	
	Book Value	Maximum exposure to credit risk	Book Value	Maximum exposure to credit risk
<b>Type of industries</b>				
Financial industries	\$ 1,949,357	1,949,357	1,960,741	1,960,741
Construction industries	187,674	187,674	898,694	898,694
Other	124,943,537	124,943,537	137,813,045	137,813,045
Total	<b>\$127,080,568</b>	<b>127,080,568</b>	<b>140,672,480</b>	<b>140,672,480</b>
<b>Geographic location</b>				
Domestic	\$119,442,700	119,442,700	132,596,169	132,596,169
Other	7,637,868	7,637,868	8,076,311	8,076,311
Total	<b>\$127,080,568</b>	<b>127,080,568</b>	<b>140,672,480</b>	<b>140,672,480</b>

**Financial instruments with off-balance-sheet credit risk**

Since the Bank provides loans and issues credit cards, it has substantial credit commitments, most of which are confined to one year. The interest rate interval of the credit extension is between 0.04% and 20%, and the maximum interest rate of credit card is up to 19.99%. Furthermore, the Bank provides guarantee endorsements, and commercial letters of credit as a guarantee for clients' obligations to third parties. These guarantee agreements are usually for one year period and the maturity date doesn't concentrate on the specific time. The contract amounts of financial instruments with off-balance-sheet credit risk were as follows:

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

	December 31, 2009	December 31, 2008
Loans commitments	\$ 13,082,267	13,899,043
Credit card commitments	54,072,026	57,993,826
Guarantees and commercial letter of credit	3,046,566	2,286,373
	<b>\$ 70,200,859</b>	<b>74,179,242</b>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

As of December 31, 2009 and 2008, unused loans commitments were \$13,082,267 and \$13,899,043, respectively and unused credit card commitments were \$52,636,117 and \$56,035,525, respectively.

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

However, prior to providing loans, guarantee endorsements, and commercial letters of credit, the Bank performs a strict credit review. The strategy of the Bank is to require for sufficient collaterals from some of the specific customers before making payment of the approved loans. The loans with collaterals to total amount of loans are 71.58%, approximately. The holding guarantee rate of guarantee endorsements and commercial letters of credit is between 0 to 100%, and average rate is 24.01%, approximately. The collaterals for the loan, guarantee endorsements, and commercial letters of credit, are cash, inventory, current securities or other assets.

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

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

(c) Liquidity Risk

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

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

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

<b>Financial instrument</b>	<b>December 31, 2009</b>			
	<b>Under 1 month</b>		<b>Over 1 month to 3 month</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset :</b>				
Cash and cash equivalents	\$ 2,955,368	2,955,368	-	-
Due from the Central Bank and call loans to banks	32,724,697	32,724,697	4,174,126	4,174,126
Held for trading financial assets	507,844	507,844	-	-
Receivables(excluding allowance for loan losses)	2,727,843	2,727,843	352,333	352,333
Available-for-sale financial assets	39,383	39,383	-	-
Loans (excluding non-accrual loans and allowance for loan losses)	8,426,356	8,426,356	9,315,486	9,315,486
Other financial assets (excluding non-accrual loans)	10,092	10,092	100,541	100,541
<b>Total</b>	<b>\$ 47,391,583</b>	<b>47,391,583</b>	<b>13,942,486</b>	<b>13,942,486</b>
<b>Liabilities :</b>				
Deposits from the Central Bank and other banks	\$ 1,158,554	1,158,554	1,147,467	1,147,467
Trading purpose financial liabilities	309,363	309,363	-	-
Notes and bonds sold under repurchase agreement	157,500	157,500	-	-
Payables	1,640,618	1,640,618	208,768	208,768
Deposits and remittances	20,377,567	20,377,567	18,260,094	18,260,094
Financial bonds payable	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>\$ 23,643,602</b>	<b>23,643,602</b>	<b>19,616,329</b>	<b>19,616,329</b>
<b>Net currency gap</b>	<b>\$ 23,747,981</b>	<b>23,747,981</b>	<b>(5,673,843)</b>	<b>(5,673,843)</b>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2009</b>			
	<b>Over 3 month to 1 year</b>	<b>Over 1 year to 2 year</b>		
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset :</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	2,371,474	2,371,474	1,574,340	1,574,340
Held for trading financial assets	1,139,045	1,139,045	1,024,641	1,024,641
Receivables(excluding allowance for loan losses)	1,248,472	1,248,472	1,097,438	1,097,438
Available-for-sale financial assets	-	-	-	-
Loans (excluding non-accrual loans and allowance for loan losses)	11,101,896	11,101,896	4,595,620	4,595,620
Other financial assets (excluding non-accrual loans)	471,903	471,903	11,380	11,380
<b>Total</b>	<b>\$ 16,332,790</b>	<b>16,332,790</b>	<b>8,303,419</b>	<b>8,303,419</b>
<b>Liabilities :</b>				
Deposits from the Central Bank and other banks	\$ 8,225,604	8,225,604	322,605	322,605
Trading purpose financial liabilities	-	-	-	-
Notes and bonds sold under repurchase agreement	-	-	-	-
Payables	445,118	445,118	92,173	92,173
Deposits and remittances	63,425,210	63,425,210	55,714,607	55,714,607
Financial bonds payable	4,000,000	4,000,000	-	-
Other financial liabilities	3,150	3,150	9,600	9,600
<b>Total</b>	<b>\$ 76,099,082</b>	<b>76,099,082</b>	<b>56,138,985</b>	<b>56,138,985</b>
<b>Net currency gap</b>	<b>\$ (59,766,292)</b>	<b>(59,766,292)</b>	<b>(47,835,566)</b>	<b>(47,835,566)</b>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2009</b>			
	<b>Over 2 year to 3 year</b>		<b>Over 3 year to 4 year</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset :</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Held for trading financial assets	344,277	344,277	397,773	397,773
Receivables(excluding allowance for loan losses)	30,340	30,340	30,340	30,340
Available-for-sale financial assets	149,872	149,872	375,131	375,131
Loans (excluding non accrual loans and allowance for loan losses)	5,542,935	5,542,935	9,765,199	9,765,199
Other financial assets (excluding non-accrual loans)	13,320	13,320	41,021	41,021
<b>Total</b>	<b>\$ 6,080,744</b>	<b>6,080,744</b>	<b>10,609,464</b>	<b>10,609,464</b>
<b>Liabilities :</b>				
Deposits from the Central Bank and other banks	\$ -	-	-	-
Trading purpose financial liabilities	-	-	-	-
Notes and bonds sold under repurchase agreement	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	21,453	21,453	-	-
Financial bonds payable	2,000,000	2,000,000	-	-
Other financial liabilities	14,100	14,100	14,100	14,100
<b>Total</b>	<b>\$ 2,035,553</b>	<b>2,035,553</b>	<b>14,100</b>	<b>14,100</b>
<b>Net currency gap</b>	<b>\$ 4,045,191</b>	<b>4,045,191</b>	<b>10,595,364</b>	<b>10,595,364</b>

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2009			
	Over 4 year to 5 year		Over 5 year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset :				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Held for trading financial assets	249,646	249,646	-	-
Receivables(excluding allowance for loan losses)	30,340	30,340	-	-
Available-for-sale financial assets	970,283	970,283	875,015	875,015
Loans (excluding non-accrual loans and allowance for loan losses)	1,513,353	1,513,353	74,538,766	74,538,766
Other financial assets (excluding non-accrual loans)	5,374	5,374	785,509	785,509
Total	<u>\$ 2,768,996</u>	<u>2,768,996</u>	<u>76,199,290</u>	<u>76,199,290</u>
Liabilities :				
Deposits from the Central Bank and other	\$ -	-	-	-
Trading purpose financial liabilities	-	-	-	-
Notes and bonds sold under repurchase agreement	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Financial bonds payable	500,000	500,000	-	-
Other financial liabilities	14,100	14,100	20,550	20,550
Total	<u>\$ 514,100</u>	<u>514,100</u>	<u>20,550</u>	<u>20,550</u>
Net currency gap	<u>\$ 2,254,896</u>	<u>2,254,896</u>	<u>76,178,740</u>	<u>76,178,740</u>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2009</b>	
	<b>Total</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>
Asset :		
Cash and cash equivalents	\$ 2,955,368	2,955,368
Due from the Central Bank and call loans to banks	40,844,637	40,844,637
Held for trading financial assets	3,663,226	3,663,226
Receivables(excluding allowance for loan losses)	5,517,106	5,517,106
Available-for-sale financial assets	2,409,684	2,409,684
Loans (excluding non-accrual loans and allowance for loan losses)	124,799,611	124,799,611
Other financial assets (excluding non- accrual loans)	1,439,140	1,439,140
<b>Total</b>	<b>\$ 181,628,772</b>	<b>181,628,772</b>
Liabilities :		
Deposits from the Central Bank and other banks	\$ 10,854,230	10,854,230
Trading purpose financial liabilities	309,363	309,363
Notes and bond sold under repurchase agreement	157,500	157,500
Payables	2,386,677	2,386,677
Deposits and remittances	157,798,931	157,798,931
Financial bonds payable	6,500,000	6,500,000
Other financial liabilities	75,600	75,600
<b>Total</b>	<b>\$ 178,082,301</b>	<b>178,082,301</b>
<b>Net currency gap</b>	<b>\$ 3,546,471</b>	<b>3,546,471</b>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2008</b>			
	<b>Under 1 month</b>		<b>Over 1 month to 3 month</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset :</b>				
Cash and cash equivalents	\$ 6,188,638	6,188,638	-	-
Due from the Central Bank and call loans to banks	51,186,956	51,186,956	7,750,000	7,750,000
Held for trading financial assets	882,586	882,586	-	-
Receivables(excluding allowance for loan losses)	1,294,255	1,294,255	536,338	536,338
Available-for-sale financial assets	158,219	158,219	-	-
Securities purchased under resell agreements	999,103	999,103	-	-
Loans (excluding non-accrual loans and allowance for loan losses)	4,657,087	4,657,087	4,307,540	4,307,540
Other financial assets (excluding non-accrual loans)	7,349	7,349	101,279	101,279
<b>Total</b>	<b>\$ 65,374,193</b>	<b>65,374,193</b>	<b>12,695,157</b>	<b>12,695,157</b>
<b>Liabilities :</b>				
Deposits from the Central Bank and other banks	\$ 2,276,290	2,276,290	1,097,820	1,097,820
Trading purpose financial liabilities	521,760	521,760	-	-
Notes and bonds sold under repurchase agreement	100,000	100,000	-	-
Payables	1,498,918	1,498,918	327,116	327,116
Deposits and remittances	79,254,928	79,254,928	26,207,187	26,207,187
Financial bonds payable	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>\$ 83,651,896</b>	<b>83,651,896</b>	<b>27,632,123</b>	<b>27,632,123</b>
<b>Net currency gap</b>	<b>\$ (18,277,703)</b>	<b>(18,277,703)</b>	<b>(14,936,966)</b>	<b>(14,936,966)</b>

## (English Translation of Financial Report Originally Issued in Chinese)

## JIH SUN INTERNATIONAL BANK LTD.

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2008			
	Over 3 month to 1 year		Over 1 year to 2 year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset :				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	2,000,000	2,000,000	-	-
Held for trading financial assets	697,960	697,960	1,843,156	1,843,156
Receivables(excluding allowance for loan losses )	2,325,870	2,325,870	824,143	824,143
Available-for-sale financial assets	-	-	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding non-accrual loans and allowance for loan losses)	12,770,060	12,770,060	11,317,593	11,317,593
Other financial assets (excluding non-accrual loans)	453,686	453,686	27,400	27,400
Total	<b>\$ 18,247,576</b>	<b>18,247,576</b>	<b>14,012,292</b>	<b>14,012,292</b>
Liabilities :				
Deposits from the Central Bank and other banks	\$ 7,275,495	7,275,495	150,000	150,000
Trading purpose financial liabilities	-	-	-	-
Notes and bonds sold under repurchase agreement	-	-	-	-
Payables	988,799	988,799	47,248	47,248
Deposits and remittances	85,615,685	85,615,685	3,576,862	3,576,862
Financial bonds payable	-	-	4,000,000	4,000,000
Other financial liabilities	3,600	3,600	12,300	12,300
Total	<b>\$ 93,883,579</b>	<b>93,883,579</b>	<b>7,786,410</b>	<b>7,786,410</b>
Net currency gap	<b>\$ (75,636,003)</b>	<b>(75,636,003)</b>	<b>6,225,882</b>	<b>6,225,882</b>

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2008			
	Over 2 year to 3year		Over 3 year to 4year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset :				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Held for trading financial assets	1,008,817	1,008,817	406,919	406,919
Receivables(excluding allowance for loan losses)	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding non-accrual loans and allowance for loan losses)	7,830,843	7,830,843	7,302,032	7,302,032
Other financial assets (excluding non-accrual loans)	9,698	9,698	11,069	11,069
Total	<u>\$ 8,849,358</u>	<u>8,849,358</u>	<u>7,720,020</u>	<u>7,720,020</u>
Liabilities :				
Deposits from the Central Bank and other banks	\$ -	-	-	-
Trading purpose financial liabilities	-	-	-	-
Notes and bonds sold under repurchase agreement	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	1,980,271	1,980,271	-	-
Financial bonds payable	-	-	2,000,000	2,000,000
Other financial liabilities	14,100	14,100	14,100	14,100
Total	<u>\$ 1,994,371</u>	<u>1,994,371</u>	<u>2,014,100</u>	<u>2,014,100</u>
Net currency gap	<u>\$ 6,854,987</u>	<u>6,854,987</u>	<u>5,705,920</u>	<u>5,705,920</u>

## (English Translation of Financial Report Originally Issued in Chinese)

## JIH SUN INTERNATIONAL BANK LTD.

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial instrument	December 31, 2008			
	Over 4 year to 5 year		Over 5 year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset :				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Held for trading financial assets	547,465	547,465	106,384	106,384
Receivables(excluding allowance for loan losses)	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding non-accrual loans and allowance for loan losses )	5,686,078	5,686,078	82,279,610	82,279,610
Other financial assets (excluding non-accrual loans)	3,735	3,735	911,002	911,002
Total	<u>\$ 6,237,278</u>	<u>6,237,278</u>	<u>83,296,996</u>	<u>83,296,996</u>
Liabilities :				
Deposits from the Central Bank and other banks	\$ -	-	-	-
Trading purpose financial liabilities	-	-	-	-
Notes and bonds sold under repurchase agreement	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Financial bonds payable	-	-	1,000,000	1,000,000
Other financial liabilities	14,100	14,100	23,700	23,700
Total	<u>\$ 14,100</u>	<u>14,100</u>	<u>1,023,700</u>	<u>1,023,700</u>
Net currency gap	<u>\$ 6,223,178</u>	<u>6,223,178</u>	<u>82,273,296</u>	<u>82,273,296</u>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2008</b>	
	<b>Total</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>
Asset :		
Cash and cash equivalents	\$ 6,188,638	6,188,638
Due from the Central Bank and call loans to banks	60,936,956	60,936,956
Held for trading financial assets	5,493,287	5,493,287
Receivables(excluding allowance for loan losses)	4,980,606	4,980,606
Available-for-sale financial assets	158,219	158,219
Securities purchased under resell agreements	999,103	999,103
Loans (excluding non-accrual loans and allowance for loan losses)	136,150,843	136,150,843
Other financial assets (excluding non- accrual loans)	1,525,218	1,525,218
Total	<b>\$ 216,432,870</b>	<b>216,432,870</b>
Liabilities :		
Deposits from the Central Bank and other banks	\$ 10,799,605	10,799,605
Trading purpose financial liabilities	521,760	521,760
Notes and bonds sold under repurchase agreement	100,000	100,000
Payables	2,862,081	2,862,081
Deposits and remittances	196,634,933	196,634,933
Financial bonds payable	7,000,000	7,000,000
Other financial liabilities	81,900	81,900
Total	<b>\$ 218,000,279</b>	<b>218,000,279</b>
Net currency gap	<b>\$ (1,567,409)</b>	<b>(1,567,409)</b>

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

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

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

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

As of December 31, 2009 and 2008, the reset and maturity dates were not affected by the contract date. The interest rate risk exposures on assets and liabilities were shown below. The financial assets and liabilities which held on the Bank were presented at book value allocated to time bands by reference to the earlier of the next interest rate reset date or maturity date (whichever earlier). The financial instruments held or issued were as follows:

<b>Financial instrument</b>	<b>December 31, 2009</b>					<b>Total</b>
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181 days-1 year</b>	<b>Over 1 year</b>	
<b>Assets:</b>						
Due from Central Bank, bank deposit and call loans to banks	\$ 34,419,737	3,685,000	1,820,000	-	-	39,924,737
Trading purpose financial assets	-	-	626,760	490,494	1,861,981	2,979,235
Available-for-sale financial assets	-	-	-	-	2,358,829	2,358,829
Loans (excluding non accrual loans)	106,551,085	4,838,327	1,365,676	2,088,723	9,955,800	124,799,611
Short-term advances	604,357	-	-	-	-	604,357
<b>Total</b>	<b>\$141,575,179</b>	<b>8,523,327</b>	<b>3,812,436</b>	<b>2,579,217</b>	<b>14,176,610</b>	<b>170,666,769</b>
<b>Liabilities:</b>						
Deposits from Central Bank and other banks	\$ 10,843,909	-	-	-	-	10,843,909
Notes and bonds sold under repurchase agreement	157,500	-	-	-	-	157,500
Deposits and remittances	120,150,834	8,816,631	10,923,540	14,998,174	2,009,502	156,898,681
Financial bonds payable	-	-	4,000,000	-	2,500,000	6,500,000
<b>Total</b>	<b>\$131,152,243</b>	<b>8,816,631</b>	<b>14,923,540</b>	<b>14,998,174</b>	<b>4,509,502</b>	<b>174,400,090</b>
<b>Interest sensitive gap</b>	<b>\$ 10,422,936</b>	<b>(293,304)</b>	<b>(11,111,104)</b>	<b>(12,418,957)</b>	<b>9,667,108</b>	<b>(3,733,321)</b>

<b>Financial instrument</b>	<b>December 31, 2008</b>					<b>Total</b>
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181 days-1 year</b>	<b>Over 1 year</b>	
<b>Assets:</b>						
Due from Central Bank, bank deposit and call loans to banks	\$ 27,364,057	7,700,000	1,550,000	500,000	-	37,114,057
Trading purpose financial assets	400,237	-	-	748,826	3,674,751	4,823,814
Securities purchased under resell agreements	999,103	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Loans (excluding non accrual loans)	110,994,988	4,312,332	1,616,875	2,911,486	16,315,162	136,150,843
Short-term advances	595,257	-	-	-	-	595,257
<b>Total</b>	<b>\$140,353,642</b>	<b>12,012,332</b>	<b>3,166,875</b>	<b>4,160,312</b>	<b>19,989,913</b>	<b>179,683,074</b>
<b>Liabilities:</b>						
Deposits from Central Bank and other banks	9,973,956	100,000	-	20,000	-	10,093,956
Notes and bonds sold under repurchase agreement	100,000	-	-	-	-	100,000
Deposits and remittances	99,948,580	21,114,549	20,953,764	48,722,284	4,785,357	195,524,534
Financial bonds payable	-	-	-	-	7,000,000	7,000,000
<b>Total</b>	<b>\$110,022,536</b>	<b>21,214,549</b>	<b>20,953,764</b>	<b>48,742,284</b>	<b>11,785,357</b>	<b>212,718,490</b>
<b>Interest sensitive gap</b>	<b>\$ 30,331,106</b>	<b>(9,202,217)</b>	<b>(17,786,889)</b>	<b>(44,581,972)</b>	<b>8,204,556</b>	<b>(33,035,416)</b>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

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

As of December 31, 2009 and 2008, the effective interest rate of financial instruments held or issued by the Bank was as follows:

<b>Financial instrument item</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Due from the Central Bank, bank deposit and call loans to banks	0.49	1.80
Securities purchased under resell agreements	0.13	1.82
Available-for-sale financial assets	1.16	-
Discounts and loans	2.43	3.82
Deposits from the Central Bank and others banks	1.34	2.29
Notes and bonds sold under repurchase agreement	0.10	1.67
Financial bonds payable	3.58	3.52
Deposits and remittances	1.10	1.92

g. Risk control and exposure quantity

General pattern disclosure

(a) The principles of risk management

- A. By adapting the scientific risk management system, the Bank analyzes risk with deliberation and objectivity in order to achieve reasonable return.
- B. By adapting the efficient risk management framework, the Bank allows each enterprise unit to carry out daily management operation, and set up the risk management segment to provide periodic risk management report for the board directors in order to control risk efficiently and timely. If significant risk exposure has occurred, and damaged financial, business situation and also the people who obey the act, an appropriate solution shall be undertaken and reported to the board directors.
- C. By adapting the integral risk management system, the Bank can control financial holding parent company's and its subsidiary's capital adequacy which in accordance with financial holding parent companies' and its subsidiary's business scale, credit risk, market risk, operation risk, and future operation tendency. Moreover, the Bank can undertake various kinds of investment allocations and establish several kinds of supervision in relation to overall risk exposure of the parent company.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

- (b) The characteristics of the risk management system
  - A. Timely: The system shall be able to provide early warning report, strategy to deal with and the way to evade, in relation to the possible risk occurrence in which during the decision procedure of the financial holding parent company and its subsidiaries.
  - B. Effectively: In order to maintain the efficiency of the risk management system, the financial holding parent company and its subsidiaries shall establish appropriate risk management procedure, way of supervision and emergent plan.
- (c) The risk management system shall be able to recognize and control relevant risk at least as follows:
  - A. Investment risk: The system shall be able to disclose the significant risk and benefit analysis in relation to the short-term capital and long-term investment.
    - (a) Use of short term capital: According to market risk.
    - (b) Long-term investment:
      - 1. The control right of the investment risk management: The related rules, financial structure, ability of pay off its debts and relevant risk disclosure of the investee company.
      - 2. The non-control right of the investment risk management: disclosure of the investee company's performance and corporation govern situation.
      - 3. The national risk management: The disclosure of the analysis of the politics risk and economics situation in the invested nation or area, and establish relevant management index in order to draw up related strategy.
  - B. Assets and liabilities risk: Since deposit, loans and asset allocations are the main business and function for financial institution, therefore the Bank will need to face the structure un-balance situation of the long-term or short-term investment of the assets and liabilities duration. Moreover, the Bank also suffers the different term of liquidity risk and the interest rate risk which was induced by the potential rate variance.
    - (a) Liquidity risk: The Bank shall establish deficient liquidity analysis, conclude a management target, and set up limited amount for index, in order to draw up a corresponding strategy which can be used to prevent illiquidity form occurring, except for meeting the competent authority's requirement of the relevant preparation rules and the lowest liquidity rate.

**(English Translation of Financial Report Originally Issued in Chinese)**

**JIH SUN INTERNATIONAL BANK LTD.**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

- (b) Structured interest rate risk: To draw up interest sensitive balance sheet, set up interest sensitive deficiency analysis, conclude management target and set up limited amount for index, in order to draw up corresponding strategies and reduce the level of interest rate exposure.
- C. Market risk: Because of operating financial instruments actively and expand the business, the Bank usually faces the variation of market factors (such as interest, stock price and rate of exchange, etc.) Therefore, in order to evaluate the level of risk exposure efficiently, establishing scientific method and market risk management system, determine a management target and set up limited amount for index shall be considered.
- D. Credit risk: Because of operating financial instruments actively or expend credit extension business, the Bank faces the insolvency of credit risk of the counter-parties and customers who may be damage or financial deterioration. Therefore, the Bank shall establish consistent evaluation method of asset quality and classification, calculation and control of great amount exposure, and provision of allowance for losses and reserve, periodically. Moreover, the Bank shall monitor and collect the credit information of all counter-parties and customers of credit extension, which in compliance with the credit extension policy, carrying out the principle of credit rating system and diversification of assets, in order to reduce the risk of default and concentration.
- E. Operational risk (including law risk): The direct risk was caused by the internal business, transaction and use of information interactively which the financial holding parent company and its subsidiaries undertook various kinds of business because of the internal issues, such as inappropriate system, personnel negligence, inappropriate supervision and system malfunction, etc; or the indirect risk was caused by the external issues, such as deception, dispute about customers and products. Hence, the Bank shall regularly or irregularly survey the internal operative handbook, operating procedures, information system of security protection, the plan of dealing with emergency. The each process point of all potential possible loss of revised appropriate system may cause the point of losses and determine the duty of each employee clearly. While an event occurs, the quality and the related losses of impact shall be recorded properly, and the operative units have to be fully responsible for the information of collection, analysis and conclusion, and establishment of management index in order to decrease the risk of repeat.

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

- h. Pursuant to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the balance sheet and the income statement of trust accounts were as follows:

TRUST BALANCE SHEET

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<b>Trust Assets</b>		
Cash in Bank	\$ 411,331	451,572
Bonds	3,994,037	8,612,376
Securities	1,883,385	3,833,632
Funds	19,918,138	14,984,112
Real Estate-net		
Land of the principal	2,007,419	3,379,756
Principal house and building	113,755	169,481
Construction in process of the principal	731,747	1,817,392
Monetary obligation trust	260,000	372,260
Securities in custody	1,065,821	844,676
Other assets	53,973	2,000
Total Trust Assets	<u>\$ 30,439,606</u>	<u>34,467,257</u>
<b>Trust Liabilities</b>		
Payables	\$ -	135,800
Other Liabilities	3,105	2,215
Advance collections	348	-
Payable for securities in custody	1,065,821	844,676
Trust Capital		
Monetry trust	24,176,810	23,865,980
Securities trust	1,773,465	3,705,603
Real estate trust	3,163,480	5,634,052
Monetry obligation and real right of pledge trust	260,030	416,946
Reserves and accumulated losses		
The principal adds up to the profit	1,040,135	5,577,701
Net income for the period	(1,043,588)	(5,715,716)
Total Trust Liabilities	<u>\$ 30,439,606</u>	<u>34,467,257</u>

The trust property list is the above same as the detail of asset.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**TRUST INCOME STATEMENT**

<b>Investment Item</b>	<b>2009</b>	<b>2008</b>
Trust revenues		
Principal interest income	\$ 1,826	3,974
Principal rent income	16,054	15,785
Principal cash dividend	553,047	1,163,796
Gain on sales of properties	578,511	430,801
Trust expenses		
Principal administration expenses	80,840	26,812
Principal tax expenses	4,889	4,269
Principal interest expenses	40	60
Loss on sales of properties	2,106,788	7,297,230
Principal other expenses	405	706
Principal income tax expenses	64	995
Total	<b>\$ (1,043,588)</b>	<b>(5,715,716)</b>

(W) Other non-interest income

<b>Item</b>	<b>2009</b>	<b>2008</b>
Gain on financial assets carried at cost-net	\$ 27,922	146,654
(Loss) Gain on sale of foreclosed collaterals	(67,855)	143,054
Lease revenue-operating assets	26,922	29,165
Gain on disposal of property and equipment	13	222,205
Loss on assets retirement	(9,668)	(3,882)
Recovered Bad Debts	665,955	364,622
Others net income	25,850	202,174
	<b>\$ 669,139</b>	<b>1,103,992</b>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**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 Bank
Jih Sun Insurance Agency Co., Ltd.	An investee company carried under the equity method
Jih Sun Securities Co., Ltd.	Related enterprise group of Jih Sun
Jih Sun Futures Co., Ltd.	Related enterprise group of Jih Sun
Jih Sun Managed Futures Co., Ltd.	Related enterprise group of Jih Sun
Jih Sun Property Insurance Agent Co., Ltd.	Related enterprise group of Jih Sun
Jih Sun Securities Investment Consulting Co., Ltd.	Related enterprise group of Jih Sun
Jih Sun Securities Investment Trusting Co., Ltd.	Related party in substance
Shinsei Bank	Related party in substance (One of the top ten shareholders for the Bank's parent company)
Other related parties	The Bank's directors, supervisors, general manager's spouses, relatives within second degree of kinship and chief officers from each departments (including branches)

(B) Material transactions with related parties:

(a) Deposit

<u>Name of Related Party</u>	<u>Ending Balance</u>	<u>Maximum Balance</u>	<u>Interest Expense</u>	<u>Interest Interval %</u>
As of December 31, 2009				
Jih Sun Securities Co., Ltd.	\$ 243,023	6,197,596	8,661	0-2.71%
Jih Sun Insurance Agency Co., Ltd.	67,531	68,460	41	0-0.10%
Jih Sun Financial Holding Co., Ltd.	44,985	10,237,239	1,974	0-0.10%
Jih Sun Securities Investment Consulting Co., Ltd.	76,245	77,411	604	0-2.71%
Jih Sun Futures Co., Ltd.	2,912,271	6,075,402	58,529	0-2.70%
Jih Sun Managed Futures Co., Ltd.	1	154,909	1,824	0-2.71%
Jih Sun Securities Investment Trusting Co., Ltd.	79,072	245,876	1,783	0-2.73%
Others	362,261	659,918	1,246	0-7.95%
Total	<u>\$ 3,785,389</u>		<u>74,662</u>	

**(English Translation of Financial Report Originally Issued in Chinese)**  
**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 Expense</u>	<u>Interest Interval %</u>
As of December 31, 2008				
Jih Sun Securities Co., Ltd.	\$ 6,269,370	14,031,222	32,721	0-2.71%
Jih Sun Insurance Agency Co., Ltd.	36,616	57,715	69	0-0.20%
Jih Sun Financial Holding Co., Ltd.	30,973	7,872,760	19,145	0-2.29%
Jih Sun Securities Investment Consulting Co., Ltd.	76,819	82,785	1,801	0-2.71%
Jih Sun Futures Co., Ltd.	5,596,734	9,383,638	86,055	0-2.70%
Jih Sun Managed Futures Co., Ltd.	154,909	160,812	4,014	0-2.71%
Jih Sun Securities Investment Trusting Co., Ltd.	145,051	797,440	7,632	0-2.73%
Others	249,841	935,381	7,162	0-7.95%
<b>Total</b>	<b><u><u>\$ 12,560,313</u></u></b>		<b><u><u>158,599</u></u></b>	

The above interest rates on deposits are substantially the same as for comparable transactions with third-party counterparties.

(b) Rental contract

1. Leased

For the year ended December 31, 2009 and 2008, the leased condition of the offices from the related party was as followed:

	<u>2009</u>		<u>2008</u>	
	<u>Rental expense</u>	<u>Deposit</u>	<u>Rental expense</u>	<u>Deposit</u>
Jih Sun Securities Co., Ltd.	\$ 17,726	4,158	18,375	4,125
Jih Sun Securities Investment Trusting Co., Ltd.	3,696	924	3,696	924
	<b><u><u>\$ 21,422</u></u></b>	<b><u><u>5,082</u></u></b>	<b><u><u>22,071</u></u></b>	<b><u><u>5,049</u></u></b>

2. Rental

For the year ended December 31, 2009 and 2008, the rental condition of the offices to the related party was as followed:

	<u>2009</u>		<u>2008</u>	
	<u>Rental revenues</u>	<u>Deposit</u>	<u>Rental revenues</u>	<u>Deposit</u>
Jih Sun Securities Co., Ltd.	\$ 10,551	2,005	10,193	1,668
Jih Sun Securities Investment Trusting Co., Ltd.	353	88	500	88
Jih Sun Futures Co., Ltd.	45	45	-	-
	<b><u><u>\$ 10,949</u></u></b>	<b><u><u>2,138</u></u></b>	<b><u><u>10,693</u></u></b>	<b><u><u>1,756</u></u></b>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(c) Loan

December 31, 2009							
Classification	Amount or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	3	1,493	480	480	-	Deposit	none
Personal house mortgaged loan	23	102,762	89,980	89,980	-	Real estate	none

December 31, 2008							
Classification	Amount or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	3	3,263	2,906	2,906	-	Deposit	none
Personal house mortgaged loan	25	12,000	12,000	12,000	-	Real estate	none

As of September 9, 2009 and October 1, 2008, the Bank's guaranteed line of credit to Jih Sun Securities Co., Ltd. amounted to \$800,000 and \$900,000, respectively. As of December 31, 2009 and 2008, the other loan balance was \$0.

As of December 31, 2009 and 2008, there was no non-forming in the credit line provided to the related parties. Allowance for bad debts was similarly provided for general financing and was computed at the rate of 1% of the loan balance. In relation to the related-party credit policy, the Bank follows the requirements under Articles 32, 33, 33-1, 33-2, 33-4, 33-5 of the Banking Act, and does not provide credit loans without collaterals. For collateralized loans, the collaterals shall consists of full guarantees, and the terms (including interest rate, collateral and related appraisal, guarantor requirement, loan term, repayment method of principal and interest, etc.) must not be superior to the other parties for similar types of loan. Financing provided to the same related party, which individually or cumulatively amounts to \$100,000 or 1% of the Bank's net worth, whichever is lower, must be presented to the Board of Directors and Supervisors for deliberation. Moreover, the 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.

(d) Property transaction

For the year ended December 31, 2008, the Bank sells a batch of property which book value was 29 to Jih Sun Financial Holding Co., Ltd for \$13, and loss on sale was for \$16.

For the year ended December 31, 2009 and 2008, the Bank sells a of batch property which book value was 13 and 16 to Jih Sun Securities Co., Ltd for \$13 and \$19, and gain on sale was for \$0 and \$3.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(e) Others

1. For the year ended December 31, 2009 and 2008, the Bank and the related parties operated bonds and short term bills under repurchase/resell agreements of ending balance, generated interest revenue and interest expense were as follows:

Securities purchased under resell agreements:

	<b>2009</b>		<b>2008</b>	
	<b>Interest revenue</b>	<b>Ending balance</b>	<b>Interest revenue</b>	<b>Ending balance</b>
Jih Sun Securities Co., Ltd.	<b>\$ 108</b>	<b>-</b>	<b>4,527</b>	<b>-</b>

Bonds sold under repurchased agreements:

	<b>2009</b>		<b>2008</b>	
	<b>Interest expenses</b>	<b>Ending balance</b>	<b>Interest expenses</b>	<b>Ending balance</b>
Jih Sun Securities Co., Ltd.	<b>\$ 74</b>	<b>-</b>	<b>260</b>	<b>-</b>

2. Tax refund receivable from joint filing of tax

	<b>December 31, 2009</b>		<b>December 31, 2008</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Jih Sun Financial Holding Co., Ltd	<b>\$1,036,958</b>	<b>18.80</b>	<b>744,760</b>	<b>14.74</b>

3. The other receivables from the related parties

<b>Related party</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
<b>Other receivables</b>		
Jih Sun Insurance Agency Co., Ltd.	\$ 46,029	32,066
Jih Sun Property Insurance Agent Co., Ltd	446	969
<b>Other payables</b>		
Jih Sun Securities Co., Ltd.	\$ 16,924	9,733

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

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

	<b>2009</b>	<b>2008</b>
Brokerage fee	\$ 3,513	1,269
Stock agent fee	720	720
Trust and other commissions revenues	601	-
Joint marketing fee	464	364
Location usage fee (Note)	164,169	130,682

Note: The Bank act as an agent of Jih Sun Securities Co., Ltd. to pay for the location usage fee in relation to deal with customers for trading securities

For the year ended December 31, 2008, the Bank sold the shares of Taiwan Future Exchange which book value was \$37,917 to Jih Sun Securities Co., Ltd. for \$178,550, and gain on sale was for \$140,633.

5. For the year ended December 31, 2009 and 2008, the Bank paid for software service fee to Jih Sun Futures Co., Ltd. amounted to \$1,197 and \$39,096, respectively.
6. For the year ended December 31, 2009 and 2008, the bank sold fund bonus for Jih Sun Securities Investment Trusting Co., Ltd. amounted to \$4,646 and \$7,347, respectively.
7. For the year ended December 31, 2009 and 2008, the commission revenue of the bank acted as an agent to promote Jih Sun Insurance Agency Co., Ltd amounted \$253,932 and \$152,726, respectively.
8. For the year ended December 31, 2009 and 2008, the commission revenue of the bank acted as an agent to promote Jih Sun Property Insurance Agent Co., Ltd amounted \$4,316 and \$8,031, respectively.
9. For the year ended December 31, 2009, the Bank purchased other equipments form Jih Sun Financial Holding Co., Ltd. amounted to \$73.
10. For the year ended December 31, 2009, the Bank paid consulting fees for Jih Sun Securities Investment Consulting Co., Ltd. amounted to \$750.
11. For the year ended December 31, 2008, the Bank purchased international syndicated loans amounting of \$485,760 (equivalent to USD \$16,000) from Shinsei Bank.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(C) Salary information for main management

For the year ended, December 31, 2009 and 2008, the Bank's directors, supervisors, general managers and vice general managers were as follows:

	<b>2009</b>	<b>2008</b>
Salaries	\$ 37,097	28,053
Bonus and special allowances	11,783	9,995
Business executive expenses	1,480	2,130
Total	<b>\$ 50,360</b>	<b>40,178</b>

**6. PLEDGED ASSETS:**

Unit: in Thousands of New Taiwan Dollar

Assets	Type of securities	December 31, 2009	December 31, 2008	Purpose of collateral
Financial assets measured at fair value through profit or loss	Government bonds	\$ 35,400	110,000	Deposited court guarantee
	Government bonds	50,000	50,000	Guarantee of bills dealer
	Government bonds	50,000	50,000	Trust fund reserve
Other financial assets	NCD	35,000	-	Agent of Tax guarantee collection
Total		\$ 170,400	210,000	

**7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

(A) Major commitments and contingencies:

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Acted as an agent for various collections	\$ 226,098	293,842
Entrusted with the sale of U.S dollar traveler's checks	64,843	61,627
Handled several guarantees (including joint handling of foreign exchange transactions)	2,553,832	1,797,613
Outstanding bank acceptance liabilities	249,244	73,709
Letters of credit	492,734	488,760
Acted as custodian of post-dated checks for its clients (excluding next day's checks for clearing)	9,271,821	11,394,787
Loan commitment	13,082,267	13,899,043
Credit cards commitments	54,072,026	57,993,826
Total	<b>\$ 80,012,865</b>	<b>86,003,207</b>

(B) As of December 31, 2009 and 2008, the Bank had contracted for equipment purchase and office renovations which were approximately amounted \$8,240 and \$49,791, respectively, of which \$5,448 and \$47,233 were paid respectively and the remaining amount is paying in progress continuously.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

- (C) As of December 31, 2009, the rental payable for lease of the Bank's operating site for the oncoming five years will be as follows:

<b>Period</b>	<b>Amount</b>
1.1.2010 ~ 12.31.2010	\$ 125,322
1.1.2011 ~ 12.31.2011	117,924
1.1.2012 ~ 12.31.2012	58,843
1.1.2013 ~ 12.31.2013	27,702
1.1.2014 ~ 12.31.2014	9,908
Total	<b>\$ 339,699</b>

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

- a. All of the Bank's credit extension commitments can be cancelled by the accelerated terms. Therefore, as of December 31, 2009 and 2008, the Bank had no non-cancelable credit extension commitments and credit commitments that require significant payment to be canceled.
- b. As of December 31, 2009 and 2008, the Bank had direct credit guarantees consisting of general guaranteed bonds (corporate bonds) which amounted to \$41,888 and \$62,831, respectively, and guarantee letters for financial guarantees of loans and securities (commercial papers), which amounted to \$1,707,000 and \$859,000, respectively.
- c. As of December 31, 2009 and 2008, the Bank had performance bonds of \$799,820 and \$820,145, respectively and guarantee letters issued for specified transactions were \$804,944 and \$875,782, respectively.

- (E) Due to the fact that the Bank was acting as the guarantor of Tan-Tai Construction Company, Taipei City Hydraulic Engineering Office issued a claim against the Bank. As of January 21, 2008, the Bank is sentenced to pay for Tan-Tai Construction Company, \$30,637, in accordance with Taipei District Court. The Bank did not agree with the sentence and decided to appeal the case to a higher court through the attorney. Moreover, in accordance with the Taiwan High Court (97) Chong-Shang-Zi No. 121, the Bank had no responsibilities to pay for the guarantees. However, on July 31, 2009, Taipei City Hydraulic Engineering Office did not agree with the judgment and decided to appeal the case to the Supreme Court of the Republic of China.

**8. SIGNIFICANT CATASTROPHIC LOSS: NONE**

**9. SIGNIFICANT SUBSEQUENT EVENTS: NONE**

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**10. OTHERS**

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

<u>Nature</u>	<u>Function</u>	<u>2009</u>		<u>2008</u>	
		<u>Operating Expenses</u>		<u>Operating Expenses</u>	
Personnel Expense					
Salaries and Wages		\$	1,128,946		1,180,481
Insurance			82,927		100,185
Pension Expenses			57,586		58,705
Other Expenses			37,220		62,418
Depreciation Expenses			213,862		265,313
Amortization Expenses			444,885		445,031

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

a. Quality of loans asset, concentrations of credit risk, loan and advance losses, and loan losses provision policy:

(1) Asset quality

Unit: in Thousands of New Taiwan Dollars, %

<b>Business/Project</b>		<b>December 31, 2009</b>				
		<b>Overdue loans</b>	<b>Total loan amount</b>	<b>No-performing loans ratio</b>	<b>Allowance for bad debts</b>	<b>Coverage rate of allowance for bad debts</b>
Corporate finance	Guarantee	1,048,072	26,256,687	3.99%	310,144	29.59%
	Non-Guarantee	641,848	31,518,547	2.04%	339,387	52.88%
Consumer finance	Residential mortgages	570,002	58,512,929	0.97%	167,691	29.42%
	Cash cards	-	-	-%	-	-%
	Small credit loan	107,107	1,762,521	6.08%	160,437	149.79%
	Other					
	Guarantee	16,878	6,189,552	0.27%	5,115	30.31%
	Non-Guarantee	142,169	2,840,332	5.01%	224,277	157.75%
Total Loan		2,526,076	127,080,568	1.99%	1,207,015	47.78%
		<b>Overdue accounts</b>	<b>Receivables</b>	<b>Overdue accounts rate</b>	<b>Allowance for bad debts</b>	<b>Coverage rate of allowance</b>
Credit card		28,182	2,481,031	1.14%	30,792	109.26%
Factoring receivables - without recourse		-	198,420	-%	-	-%

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Business/Project		December 31, 2008					
		Overdue loans	Total loan amount	Non-performing loans ratio	Allowance for bad debts	Coverage rate of allowance for bad debts	
Corporate finance	Guarantee	1,426,551	26,734,279	5.34%	338,022	23.70%	
	Non-Guarantee	1,146,137	31,247,804	3.67%	903,811	78.86%	
Consumer finance	Residential mortgages	898,903	68,037,484	1.32%	161,449	17.96%	
	Cash cards	-	-	-%	-	-%	
	Small credit loan	1,313,956	4,329,672	30.35%	203,348	15.48%	
	Other	Guarantee	151,057	6,345,642	2.38%	11,730	7.77%
		Non-Guarantee	716,375	3,977,599	18.01%	409,233	57.13%
Total Loan		5,652,979	140,672,480	4.02%	2,027,593	35.87%	
		Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance	
Credit card		71,629	2,969,188	2.41%	41,833	58.40%	
Factoring receivables - without recourse		-	911,206	-%	-	-%	

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

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

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

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

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

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

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

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Note 8: Supplemental disclosures:

Unit: In Thousands of New Taiwan Dollars, %

	December 31, 2009		December 31, 2008	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt Negotiation plan (Note A)	199,049	252,008	254,676	363,753
Pursuant to a contract under a debt liquidation plan and a debt relief plan	77,725	26,290	-	7,511
Total	276,774	278,298	254,676	371,264

Note A: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure reporting credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

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

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Concentration of credit risk

Unit: In Thousands of New Taiwan Dollars, %

December 31,2009			
Rank	Enterprise group	Credit amount	Credit amount to shareholders' equity ratio(%)
1	A GROUP- Petroleum and Coal Products Manufacturing	3,916,801	35.66%
2	B GROUP-Telecommunications	2,086,199	18.99%
3	C GROUP-Liquid Crystal Panel and Components Manufacturing	1,800,571	16.39%
4	D GROUP-Liquid Crystal Panel and Components Manufacturing	1,636,240	14.90%
5	E GROUP-Short Term Accommodation Services	1,114,360	10.14%
6	F GROUP-Short Term Accommodation Services	933,111	8.49%
7	G GROUP-Other Retail Sale in General Merchandise Stores	929,761	8.46%
8	H GROUP-Liquid Crystal Panel and Components Manufacturing	912,923	8.31%
9	I GROUP-Printed Circuit Assembly Manufacturing	911,889	8.30%
10	J GROUP-Man-made Fibers Manufacturing	843,910	7.68%

December 31,2008			
Rank	Enterprise group	Credit amount	Credit amount to shareholders' equity ratio(%)
1	A GROUP- Petroleum and Coal Products Manufacturing	3,825,750	45.93%
2	B GROUP-Telecommunications	1,837,407	22.06%
3	C GROUP-Liquid Crystal Panel and Components Manufacturing	1,484,099	17.82%
4	D GROUP-Steel Rolling and Extruding	1,409,434	16.92%
5	E GROUP-Short Term Accommodation Services	1,222,923	14.69%
6	F GROUP-Short Term Accommodation Services	1,172,440	14.08%
7	G GROUP-Liquid Crystal Panel and Components Manufacturing	1,003,315	12.05%
8	H GROUP-Integrated Circuits Manufacturing	989,295	11.88%
9	I GROUP-Other Retail Sale in General Merchandise Stores	895,261	10.75%
10	J GROUP-Other Activities Auxiliary to Financial Service Activities	831,464	9.98%

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

	December 31, 2009		December 31, 2008	
	Average amount	Average rate (%)	Average amount	Average rate (%)
Interest-earning assets	\$ 186,704,891	1.98	210,457,203	3.43
Interest-bearing liabilities	189,264,132	1.20	215,386,550	1.99

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

c. Interest rate sensitivity information

<b>Interest rate sensitive assets and liabilities analysis sheet(NTD)</b>					
<b>Unit: in Thousands of New Taiwan Dollars; %</b>					
ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181 days-1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 144,812,109	2,666,819	2,409,458	9,815,689	159,704,075
Interest rate sensitive liabilities	68,916,364	75,210,227	14,036,543	4,505,360	162,668,494
Interest sensitivity gap	75,895,745	(72,543,408)	(11,627,085)	5,310,329	(2,964,419)
Net value					10,912,936
Interest-rate-sensitive asset to interest rate sensitive liability ratio					98.18
Interest rate sensitivity gap to net value ratio					(27.16)

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

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

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest rate-sensitive liabilities (denominated in NTD).

<b>Interest rate sensitive assets and liabilities analysis sheet(USD)</b>					
<b>Unit: in Thousands of New Taiwan Dollars; %</b>					
ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181days-1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 177,717	35,433	5,300	102,057	320,507
Interest rate sensitive liabilities	61,146	196,125	23,357	130	280,758
Interest sensitivity gap	116,571	(160,692)	(18,057)	101,927	39,749
Net value					2,189
Interest-rate-sensitive asset to interest rate sensitive liability ratio					114.16
Interest rate sensitivity gap to net value ratio					1,815.85

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

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

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest rate-sensitive liabilities(denominated in U.S. dollars).

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

d. Main Foreign Currency Net Position

<u>Foreign Currency Amount</u>	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
	<u>Currency</u>	<u>NTD</u>	<u>Currency</u>	<u>NTD</u>
	1. USD	543,951	1. USD	127,217
	2. EUR	(78,078)	2. EUR	3,503
	3. GBP	(58,914)	3. HKD	(1,871)
	4. JPY	31,110	4. NZD	(1,868)
	5. CNY	3,230	5. AUD	804

e. Profitability and maturity analysis of assets and liabilities:

(1) Profitability:

Unit: %

<b>Item</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Return on assets ratio (Before tax)	(3.38)	(1.78)
Return on assets ratio (After tax)	(3.31)	(1.62)
Return on equity ratio (Before tax)	(72.89)	(44.19)
Return on equity ratio (After tax)	(71.22)	(40.42)
Net income ratio	(272.87)	(85.02)

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

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

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

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

(2) Maturity analysis of assets and liabilities:

Structure analysis of New Taiwan Dollars to maturity

<b>Financial instrument</b>	<b>Total</b>	<b>Unit: in Thousands of New Taiwan Dollars</b>				
		<b>1-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181 days-1 year</b>	<b>Over 1 year</b>
Major capital inflow at maturity	\$ 177,412,848	47,216,089	12,489,597	6,793,873	9,895,745	101,017,544
Major capital outflow at maturity	212,031,467	16,441,900	22,395,038	38,564,604	52,551,365	82,078,560
Gap	(34,618,619)	30,774,189	(9,905,441)	(31,770,731)	(42,655,620)	18,938,984

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

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Structure analysis of US Dollars to maturity

Unit: in Thousands of U.S. Dollars						
Financial instrument	Total	1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	\$ 414,942	196,217	64,821	41,757	5,612	106,535
Major capital outflow at maturity	508,405	199,846	74,866	82,770	66,331	84,592
Gap	(93,463)	(3,629)	(10,045)	(41,013)	(60,719)	21,943

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

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

f. Special matters:

	<b>Description and amount</b>
<p>Within one year, a person in charge of the business or an employee who violated the law in the course of business, and resulting in an indictment by the prosecutor.</p>	<ol style="list-style-type: none"> <li>1. The former employee, Mr. Huang, was suspected to use the right of the position to fake documents, appropriate the customer's accounts and breach of trust. After the Bank had filed a lawsuit against him, the criminal division of Banciao District Court judged for fixed-term imprisonment for two years, probation for five years. The criminal case include with civil case of lawsuit had been reconciled in the first court of Taipei Banciao District Court. The defendant had paid \$NTD 1,500 for the Bank.</li> <li>2. The former north second district of corporate banking vice-manager, Mr. Chang, had intended to use fake documents in order to acquire personnel illegal benefits. After the Bank had filed a lawsuit against him, the criminal division of Banciao District Court is undertaking the case currently.</li> </ol>

(English Translation of Financial Report Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK LTD.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

	<b>Description and amount</b>
	3. The former north first district of corporate banking manager, Mr. Tseng was suspected to fake documents and deceive. After the Bank had filed a lawsuit against him, the criminal division of Taipei District Court is undertaking the case currently.
Within one year, any fine was levied by governmental authority for violations of the related regulation.	On May 25, 2009, in accordance with the Banking Act No.129-7, Financial Supervisory Commission, Executive Yuan had decided to penalize \$NTD 4,000 thousand dollars in relation to the case of the Bank's former employee of corporate banking Mr. Tseng deceived by using fake promissory and charged account management fees from the customers privately, which had already violated Article 45-1 No. 1 of the Banking Act. In accordance with Article 61-1 No.1-3 of the Banking Act, the Bank had to dissolve the duty of Mr. Tseng.
Within one year, any deficiency for which an official reprimand was issued by governmental authority.	None
Within one year, in accordance with Article 61-1 of the Banking Act, the items were executed by governmental authority.	<ol style="list-style-type: none"><li>1. On February 23, 2009, in relation to the case of "former employee of Nei -Hu branch, Mr. Huang, appropriated the customers' fund privately" The related defects which would affect the integrity of operation. Financial Supervisory Commission, Executive Yuan had approved the case of correction which was according to Article 61-1 No.1 of the Banking Act. Moreover, in accordance with Article 61-1 No.3 of the Banking Act, the Bank had been ordered to dissolve the duty of Mr. Huang.</li><li>2. On March 23, 2009, in relation to the case of "former manager of Taichung branch, Mr. Huang, sold the products which are not belonged to the Bank to the customers privately, and had negative impact regarding to integrity of operation". According to Article 61-1 No.1 of the Banking Act, Financial Supervisory Commission, Executive Yuan had approved the case of correction..</li></ol>

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

	<b>Description and amount</b>
	3. On May 25, 2009, in accordance with the Banking Act No.129-7, Financial Supervisory Commission, Executive Yuan had decided to penalize \$NTD 4,000 thousand dollars. Since the Bank's former employee of corporate banking Mr. Tseng deceived by using fake promissory and charged account management fees form the customers privately, which had already violated Article 45-1 No. 1 of the Banking Act. Moreover, in accordance with Article 61-1 No.1-3 of the Banking Act, the Bank had to dissolve the duty of Mr. Tseng.
Within one year, the individual or aggregated loss exceeded NT\$50 million dollars, resulted from employee corruption, significant contingent events, or failure to follow the "Guidelines for the Security Maintenance of Financial Institutions".	On May 25, 2009, Financial Supervisory Commission, Executive Yuan indicated the Bank's former employee of corporate banking Mr. Tseng deceived by using fake promissory note deception and charged account management fees form the customers privately.
Others	None

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

The joint marketing expenses between the Bank and Jih Sun Securities Co., Ltd., except for the rental was paid form fixed amount which was based on negotiation, the other operating expense was in accordance with the proportion of the actual usages. For the year ended December 31, 2009 and 2008, the Bank had to pay the joint marketing expenses for \$464 and \$364 dollars.

- (D) Account reclassification:

Certain accounts in the financial statements for the year ended December 31, 2008, have been reclassified to be consistent with the presentation of the current-period financial statements. Moreover, the presentation of financial statement had no significant impact in relation to the reclassification.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

(E) Capital adequacy:

Unit: %

Period				
Analysis Item		December 31, 2009	December 31, 2008	
Eligible Capital	Tire 1 capital	9,109,973	10,787,514	
	Tire 2 capital	934,198	-	
	Tire 3 capital	-	-	
	Eligible Capital	10,044,171	10,787,514	
Risk-weighted assets	Credit risks	Standardized approach	106,296,447	112,628,101
		Internal rating-based approach	-	-
		Securitization	-	-
	Operation Risk	Basic indicator approach	8,149,038	11,026,729
		Standardized approach/ Alternative standard approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	1,850,802	2,037,864
		Internal model approach	-	-
	Total weighted risk assets		\$ 116,296,287	\$ 125,692,694
	Capital adequacy ratio		8.64%	8.58%
Tire 1 capital / Risk-weighted assets ratio		7.83%	8.58%	
Tire 2 capital / Risk-weighted assets ratio		0.80	-	
Tire 3 capital / Risk-weighted assets ratio		-	-	
Common stock equity/ Total assets ratio		6.36%	6.70%	
Leverage ratio		4.46%	4.59%	

Note 1: The eligible capital and risk-weighted assets shall be filled out in accordance with “Regulations Governing the Capital Adequacy Ratio of Banks” and “The calculation instructions and forms of bank’s capital and risky asset”.

Note 2: The annual statement shall be filled out with the capital adequacy ratio of the current and previous period. The half yearly statement not only shall disclose the capital adequacy ratio of the current and previous period, but also the capital adequacy ratio of the pervious year.

Note 3: The calculation formula of the index should be presented as bellowed:

- (a) Eligible Capital = Tier 1 capital+ Tier 2 capital + Tier 3 capital
- (b) Total amount risk-assets weighted = credit risks risk- weighted assets+ appropriate proportion of (operation risk+ market risk) \*12.5
- (c) Capital adequacy ratio= Eligible Capital/total amount of risk-weighted asset
- (d) Tire 1 capital to risk-weighted assets ratio=Tier 1 capital/ total amount of risk-weighted asset
- (e) Tire 2 capital to risk-weighted assets ratio =Tier 2 capital/ total amount of risk-weighted asset

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

- (f) Tier 3 capital to risk-weighted assets ratio = Tier 3 capital / total amount of risk-weighted asset
- (g) Common stock equity to total assets ratio = Common stock equity / Total assets
- (h) Leverage ratio = Tier 1 capital / Average asset after adjustment (Average asset minus Tier 1 capital "Goodwill", "loss on sale unamortized NPL" and the deductible amount form the Tier 1 capital in accordance with "The calculation instructions and forms of bank's capital and risky asset")

Note 4: The table does not need to be disclosed on the first and third quarter of financial report.

**11. DISCLOSURES UNDER STATUTORY REQUIREMENTS**

(A) Related information on significant transactions:

- a. Cumulative purchase or sale of the same investee's capital stock up to \$300,000 or 10% of paid-in capital: None
- b. Acquisition of real estate up to \$300,000 or 10% of paid-in capital: none.
- c. Disposal of real estate up to \$300,000 or 10% of paid-in capital: none.
- d. Discount on commission fees for transaction with related parties up to \$5,000: none.
- e. Receivables from related parties up to \$300,000 or 10% of paid-in capital: please referring to note 4 (F) and note 5 (B)
- f. Transaction information on NPL disposition: none.
- g. Financial assets securitization rules: none
- h. Other significant transactions that may have substantial influence upon the decisions made by financial statement users: none

(B) Related information on Jih Sun Bank's investee:

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

Names of investee company	Address	Main business scope	Shareholding ratio	Carrying Value	Investment gain (loss) 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 Insurance Agency Co., Ltd.	6F., No.139, Sec. 2, Nanjing E. Rd., Taipei City	Insurance Agency	99%	29,885	16,164	297,000	-	297,000	99%	-

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN INTERNATIONAL BANK LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

- b. Loans to others or individuals: none
- c. Endorsements and guarantees for others: none
- d. Marketable securities held as of December 31, 2009: none
- e. Cumulative purchases or sales of the same investee's capital stock up to \$300,000 or 10% of paid-in capital: none
- f. Acquisition of real estate up to \$300,000 or 10% of paid-in capital: none
- g. Disposal of real estate up to \$300,000 or 10% of paid-in capital: none
- h. Discount on commission fees for transaction with related parties up to \$5,000: none.
- i. Receivables from related parties up to \$300,000 or 10% of paid-in capital: none.
- j. Financial derivative transaction: none
- k. Information on NPL disposal transaction: none
- l. Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: none.
- m. Other significant transactions that may have substantial influence upon the decisions made by financial statement users: none.

**12. Business Segment Financial Information:**

- (A) Disclosure of financial information of industry segment:

The Bank primarily engages in the activities of financing. The Bank, in accordance with Article No. 3 of the Banking Act, mainly operates general deposits, loans, collections, government bond investment, stocks, short term securities, financial debentures, and foreign exchange transactions.

- (B) Geographic and Export sales information:

The Bank does not have any overseas operating unit. The area of business operations is only in Taiwan, and there is no any income from export sales.

- (C) Information on major customers:

No single client contributed 10% or more of the Company's operating revenues during the year.