



2007 ANNUAL REPORT

Bank of Panhsin Head Office

Address: 2F., No. 18, Chengdu St., Panchiao City,
Taipei County, Taiwan, R.O.C.

Tel: (02)2962-9170

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

Spokesman

Name: Hsin-Min Lee (also known as Tony Lee)

Title: S.E.V.P.

Address: 2F., No. 18, Chengdu St., Panchiao City,
Taipei County, Taiwan, R.O.C.

Tel: (02)2962-9170

E-mail: 44011@bop.com.tw

Deputy Spokesman

Name: Chi-Hsun Chang

Title: S.V.P.

Address: 2F., No. 18, Chengdu St., Panchiao City,
Taipei County, Taiwan, R.O.C.

Tel: (02)2962-9170

E-mail: 43009@bop.com.tw

Stock Registration Office

Name: Bank of Panhsin, General Affair Dept.

Address: 9F., No. 330, Zhongzheng Rd., Panchiao City,
Taipei County, Taiwan, R.O.C.

Tel: (02)2968-9199

Credit Rating Services Organization

Name: Taiwan Rating Corporation

Address: 49F., Taipei 101 Tower, No. 7, Xinyi Rd., Sec. 5,
Taipei City, Taiwan, R.O.C.

Tel: (02)8722-5800

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

Certified Public Accountants for Financial Statements

Name of Accountant: Andrew Yu, Li Li Lu

Name of Firm: KPMG Certified Public Accountants

Address: 68F., Taipei 101 Tower, No. 7, Xinyi Rd., Sec. 5,
Taipei City, Taiwan, R.O.C.

Tel: (02)8101-6666

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

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The Bridge Toward New Generation

Letter to Shareholders



Chairman Ping-Hui Liu

The U.S. subprime lending crisis in 2007 convulsed the global economy and increased uncertainty in the economy. Meanwhile, global oil price ballooned from US\$ 56 per barrel in early 2007 to a peak of US\$ 100 per barrel, with further rises expected in the future. Extraordinary weather conditions and distorted supply and demand are driving international prices of agricultural raw materials and products exceptionally high. Although rapid economic growth in emerging countries and steady expansion in U.S. manufacturing industries eased the negative impacts, the international financial market experienced obstacles in the second half of 2007. Consequently, international institutes such as Global Insight Inc. (GII), the International Monetary Fund (IMF) and Economist Intelligence Unit (EIU), revised global economic growth rate at the range of 2.7% and 3.6% in succession, down from 3.9% in 2006.

In the domestic economy, foreign trade continued to prosper along with expanding industrial production and a lively employment market. Both leading indicators and coincident indicators demonstrated an uptrend. The

Directorate-General of Budget, Accounting and Statistics advanced the annual economic growth rate from 4% at the beginning of the year to 5.46%. Nevertheless, affected by the mounting prices in international raw materials and crude oil, consumer prices inflated to general commodities and broke an 11-year record. Real GDP showed negative growth, and suppressed consumer expenditures; on top of that, corporate outward migration couldn't help generating domestic employment while retaining profits overseas. Outstanding economic data was apparently counter to the consumer perception.

In international financial markets, the Fed lowered interest rates several times to stabilize market sentiment, but concern about inflation continues and the US dollar remains weak while global stock markets have fluctuated tremendously. In the past, Taiwan's Central Bank has adhered to the foreign exchange (FX) rate of the US dollar and adopted synchronized policies. Accordingly, the Central Bank raised interest rates four times in 2007 to ease pressure from ascending consumer prices; the NT dollar rose slowly against the US dollar and generally conformed to the economic strategy of the Central Bank in exchanging exports for growth. Meanwhile, concern over the subprime crisis held the domestic stock market index below the 10,000 mark; in the second half of the year profits were slack and market sentiment turned conservative. Intense market competition and a narrowing interest spread increased hardships for the Bank to operate.



Confronted by rigorous operating competition and challenge, the Bank adopted a moderately conservative strategy in 2007 to pursue stable returns. In corporate finance, the Bank actively strove for real estate clients, consolidated core niches, and intensified real estate trust and ranked No.4 in the market. A cross-strait business platform was established to expand business niches in FX and wealth management. In wealth management, the Bank successfully introduced a “Comprehensive Wealth Management Navigation System”, providing clients with integrated financial consulting services, product planning and review of asset allocation. Ties to market trends and propagated diversified financial products helped to advance the service quality of wealth management. In housing mortgages, the Bank regulated regional loan ratios, established a centralized appraisal scheme and reinforced the frequency of onsite review execution to control the quantity and quality of assets. To cope with market moves, the Bank also developed diversified product combinations and adjusted credit policy and client segment to mitigate risk based on existing niche business. In deposits, through cross-sale marketing, the Bank actively provided diversified financial services to cultivate client relationships: expanded outbound collection services and service areas, enhanced ACH services through convenience stores, acquired long-term stable deposits, aimed at disbursement designators for reiterate marketing, and etc.

The Bank restructured the operational organization of consumer banking branches in 2007 by integrating consumer banking, corporate banking, district consumer lending centers, and counter and credit operation business to enhance multiple-channel resource marketing value and client service quality. To accelerate the absorption of non-performing loans, the credit department was subsumed into the consumer banking division. To cope with the enforcement of Basel II, a Committee of Risk Management was founded to establish the risk management mechanism in accordance with Basel II. In network channels, the Fuhe Mini Branch opened in June 2007. In the future, the Bank will use analysis of commercial district and client attributes to enhance management performance in metro Taipei and maximize operating modules. The New Banc System went online in August 2007 to provide more secure and sound operating modules plus procedure analysis and operating efficiency; It also helps to integrate the resilience of external systems, shorten the time for new financial product development and enhance the competitiveness of mutual funds, FX and wealth management services.



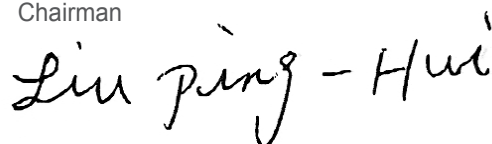
BOP Headquarter
Expecting the Completion in 2010.

The effort and cooperation of the management team and entire workforce led total outstanding deposits and loans to NT\$ 152.9 billion and NT\$ 116.5 billion while the overdue ratio was reduced from 4.52% in 2006 to 3.32%. With improved asset quality, strengthened financial structure and enhanced operating efficiency, total profitability turned from a loss in 2006 to after-tax profit of NT\$535 million (before-tax profit of NT\$675 million) with EPS of NT\$ 0.57.

In 2008 prices of oil and raw materials will continue upward; the U.S. subprime crisis will bring recession in the real estate market, and losses by financial institutions will hamper the global economy. Global economic growth in 2008 is expected to slide 0.8%. After a 13-year record high of 11.4% in economic growth last year, the Olympics will generate enormous business opportunities but the overheated economy will bring inflation in China. A windstorm at lunar Chinese New Year caused severe damage and commodity shortages and exacerbated inflation. After a series of tightened policies last year, the effects gradually emerged as the subprime crisis confronted the market mechanism; this hastened the crisis in the stock and real estate market bubbles. This year China will no longer enjoy 2-digit growth, but rather 8% growth. Domestically, electoral favorableness, mitigating political risk and refocusing on economic issues will accommodate cross-strait development, stimulate long sluggish domestic demand and relieve two major economic unfavorable factors. Overall domestic economic growth rate for 2008 is expected to be 4.32%.

M&A is heating up competition in financial markets with compressed network channels by conglomerate financial holdings and foreign financial institutions. Faced with conglomerate financial holdings and international investment institutions, small and medium size banks' operating growths are limited. To breakthrough present circumstances, banks are cultivating niche businesses like real estate. Our new headquarters building will be going up shortly. Combining finance, technology and humanity, the headquarters will stimulate the XinBan area in Banciao City, Taipei County, and demonstrate that the Bank is marching toward a new era of expansion. The Bank will continue its operating philosophy of creating shareholder wealth and maximizing client assets, adhering to the needs of customers, professionalism, innovation and service, and achieving the goals of expanding corporate banking, sustaining consumer banking, exploiting wealth management, stretching business area into greater China, enhancing e-financial services and establishing comprehensive service schemes through greater organizational efficiency, aligned operating principles, expanded niche business and improved financial structure. The Bank looks for shareholder comments to help attain these triumphs.

Chairman

A handwritten signature in black ink, reading "Lin Ping-Hui". The signature is written in a cursive, flowing style with some stylized characters.

Bank Overview



Bank of Panhsin (BOP) was founded on April 25, 1957, formerly known as the Panchiao Credit Cooperative (PCC), and has ever since kept its operating principle of “Customer First” in mind to pursuit in expanding its business scale at a steady pace. In order to cope with such a rapidly liberalized financial environment and in compliance with the article of “Standards and Methods for Reorganization of Credit Cooperative into Commercial Bank” announced in December 6, 1995, PCC had acquired the Kaohsiung Fifth Credit Cooperative on September 29, 1997, officially transformed into a commercial bank, and renamed BOP the following day. The business premise has thus broken out of Greater Taipei Area and its footprint extended to the southern part of the country. BOP had also acquired the Chiayi First Credit Cooperative on March 7, 2005, the total branches have increased up to 47 (including one OBU), which were distributed across Taipei City & County, Taoyuan County, Hsinchu County, Taichung city, Chiayi City, Tainan city, Kaohsiung City, and Yilan County.

Hence, BOP will persist in retaining its management concepts of “Integrity, Practicality, and Innovation” to expand its operating scale, improve its asset quality, and ultimately maximize its profits. BOP is determined in pursuit of becoming a highly competitive comprehensive mid-sized commercial bank.

I. Date of Incorporation: September 30, 1997

II. Major Events for the Previous Year

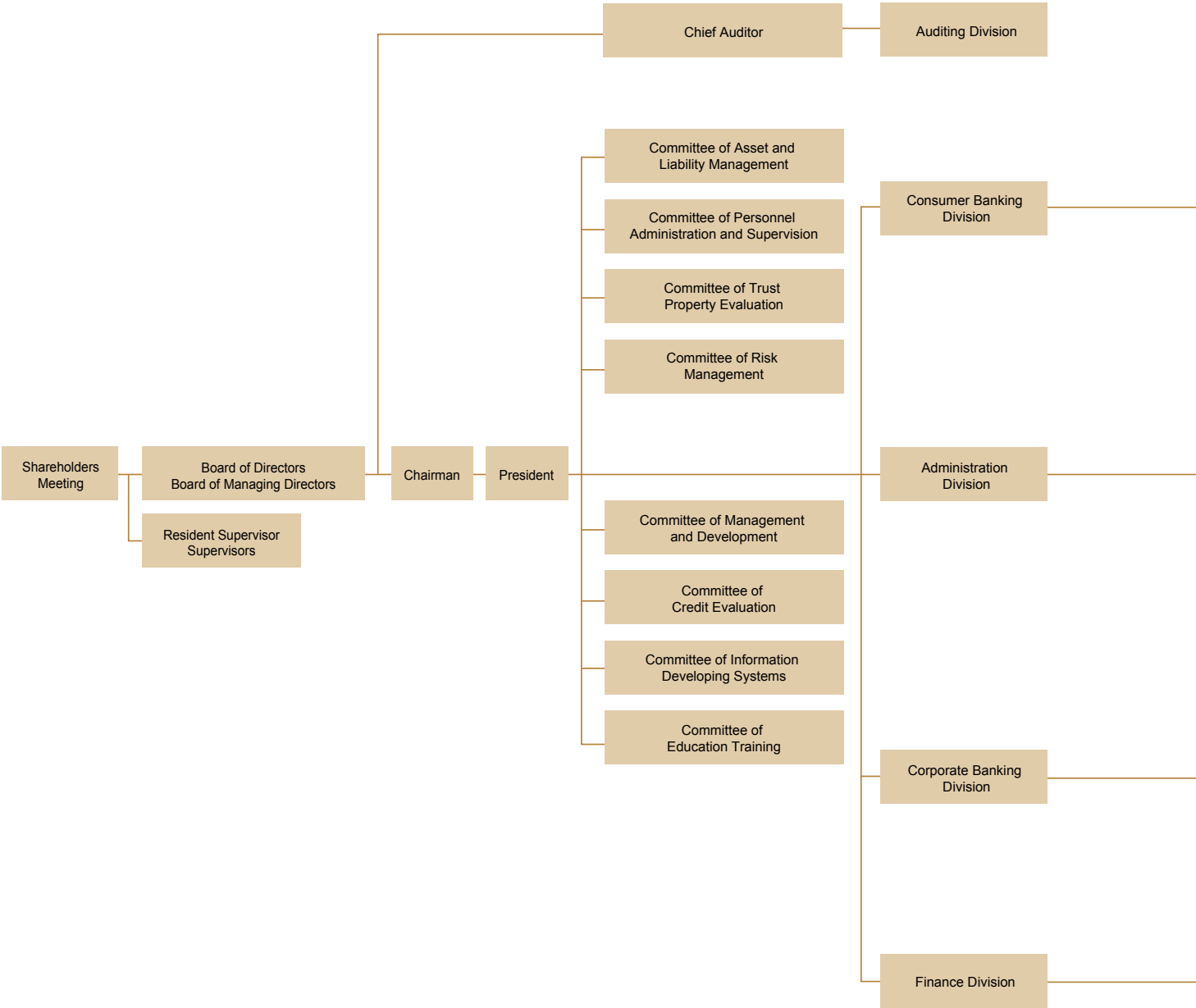
- May. 21, 2007 Neihsu branch has been relocated to Chenggong Rd., Neihsu District, Taipei City.
- Jun. 04, 2007 Xintai mini branch has been renamed to Fuhe mini branch, located in Yonghe City, Taipei County.
- Aug. 13, 2007 New Banc System (NBS) has been formally online.

III. Credit Rating

Rating Agency	Date	Long-Term	Short-Term	Outlook
Taiwan Ratings Co.	Sept. 19, 2007	twBBB	twA-3	Stable

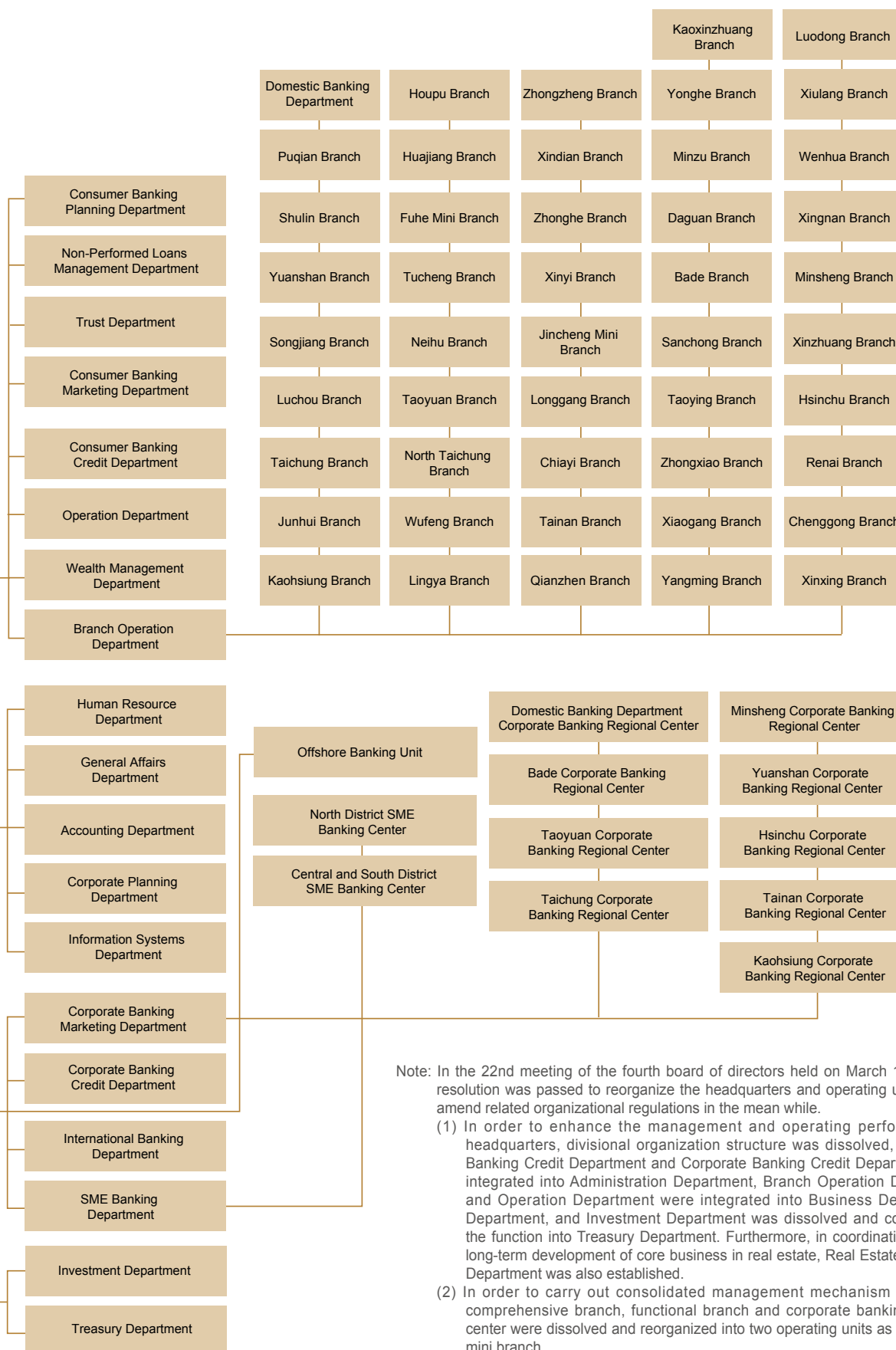
Corporate Governance

I. Organization Chart





As of Dec.31, 2007



Note: In the 22nd meeting of the fourth board of directors held on March 19, 2008, a resolution was passed to reorganize the headquarters and operating units and to amend related organizational regulations in the mean while.

- (1) In order to enhance the management and operating performance of headquarters, divisional organization structure was dissolved, Consumer Banking Credit Department and Corporate Banking Credit Department were integrated into Administration Department, Branch Operation Department and Operation Department were integrated into Business Development Department, and Investment Department was dissolved and consolidated the function into Treasury Department. Furthermore, in coordination with the long-term development of core business in real estate, Real Estate Marketing Department was also established.
- (2) In order to carry out consolidated management mechanism of branch, comprehensive branch, functional branch and corporate banking regional center were dissolved and reorganized into two operating units as branch and mini branch.

II. Information on the Directors, Supervisors, President, Executive Vice Presidents, Vice Presidents, and Major Managers

(I) Directors and Supervisors

Position	Name	Date Appointed	Term (year)	Date First Appointed	Shareholding when Elected		Current Shareholding	
					Shares	%	Shares	%
Chairman	Ping-Hui Liu	Jun. 20, 2006	3	Sept. 30, 1997	32,221,530	4.48	27,772,606	3.25
Managing Director	Ming-Hsin Chiu	Jun. 20, 2006	3	Sept. 30, 1997	4,289,635	0.60	4,504,116	0.53
Managing Director	Dao-Ming Kuo	Jun. 20, 2006	3	Sept. 30, 1997	6,870,069	0.95	7,213,572	0.84
Managing Director	Han-Chia Construction Co., Ltd. (Representative: Ping-Huang Liu)	Jun. 20, 2006	3	Jun. 20, 2006	53,255	0.01	61,797	0.01
Managing Director	Chao-Shen Liu	Jun. 20, 2006	3	Sept. 30, 1997	2,840,750	0.39	2,982,787	0.35
Managing Director	Chung-Liang Chen	Jun. 20, 2006	3	Jun. 26, 2003	651,442	0.09	5,684,014	0.66
Director	Sheng-Hung Shao	Jun. 20, 2006	3	Sept. 30, 1997	11,843,817	1.65	12,436,007	1.45
Director	San Light Construction Co., Ltd. (Representative: Mei-Yun Liao)	Jun. 20, 2006	3	Jun. 20, 2006	11,830	-	3,012,421	0.35
Director	Fang-Chin Huang	Jun. 20, 2006	3	Jun. 26, 2000	1,520,885	0.21	4,011,529	0.47
Director	Lin-Long Chien	Jun. 20, 2006	3	Sept. 30, 1997	6,305,638	0.88	6,620,919	0.77
Director	San-Jyun Construction Co., Ltd. (Representative: Yi-Hsiung Chang)	Jun. 20, 2006	3	Jun. 20, 2006	11,830	-	12,421	-
Director	Li-Wang Lu	Jun. 20, 2006	3	Sept. 30, 1997	10,520,175	1.46	7,451,075	0.87
Director	Fu-Jing Investment Co., Ltd. (Representative: Hsien-Tse Chiu)	Jun. 20, 2006	3	Jun. 20, 2006	33,613,212	4.67	33,493,872	3.91
Director	Jing-Bao-Di Co., Ltd. (Representative: Tong-Ren Lin)	Jun. 20, 2006	3	Jun. 20, 2006	-	-	(PS) 1,000,000	1.00
Director	Jen-Hsien Chiu	Jun. 20, 2006	3	Jun. 26, 2003	6,770,229	0.94	7,108,740 (PS) 765,000	0.83 0.77
Director	Ming-Sing Shieh	Jun. 20, 2006	3	Jun. 20, 2006	17,219	-	46,071 (PS) 17,219	0.01 0.02
Director	Jia-Nan Fang	Jun. 20, 2006	3	Jun. 26, 2003	12,015,784	1.67	17,338,424	2.03
Director	Jhin-Chen Chen	Jun. 20, 2006	3	Sept. 30, 1997	2,757,779	0.38	2,895,668	0.34
Resident Supervisor	Chin-E Yeh	Jun. 20, 2006	3	Sept. 30, 1997	4,502,578	0.63	4,027,706	0.47
Supervisor	Lai-Wei Liu	Jun. 20, 2006	3	Jun. 20, 2006	5,229,611	0.73	5,491,091	0.64
Supervisor	Shang-Che Chen	Jun. 20, 2006	3	Sept. 30, 1997	6,519,394	0.91	6,845,363	0.80
Supervisor	Teng-Chun Chen	Jun. 20, 2006	3	Jun. 26, 2000	1,141,087	0.16	1,198,141 (PS) 875,000	0.14 0.88
Supervisor	Mao-Yang Chu	Jun. 20, 2006	3	Sept. 30, 1997	6,229,609	0.87	6,541,089	0.76

Note: (PS) represents preferred shares.

Note: San-Jyun Construction Co., Ltd. changed representative to Yi-Hsiung Chang on Sept. 12, 2007.



As of Dec.31, 2007

Shares held by Spouses & Minor Children		Major Experience & Education	Current Positions In the BOP and Other Companies
Shares	%		
29,594,219	3.46	Chihlee College of Business/ Chairman of Panchiao Credit Cooperative	Chairman of Panhsin Insurance Broker Co., Ltd./ Chairman of Da-Shun Construction Co., Ltd./ Director of FU-JING Investment Co., Ltd.
2,173,854	0.25	Ta-Tung Vocational High School/ Director of Panchiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Director of Chin-Huan-Cho Development Co., Ltd.
2,185,677	0.26	MBA, Meijo University, Japan/ Director of Panchiao Credit Cooperative	Chairman of Panhsin Asset Management Co., Ltd./ Chairman of Aizia Enterprise Co., Ltd./ Chairman of Ching-I Enterprise Co., Ltd.
-	-	Chung-Yuan University/ Director of Panchiao Credit Cooperative	-
-	-	University of Southern California/ Director of Panchiao Credit Cooperative	Director of Fung-Ho Construction Co.
106,804	0.01	KaiNan High School of Commerce and Industry/ Manager of BOP	-
1,075,463	0.13	National Tam-Shui Vocational Senior High School/ Director of Panchiao Credit Cooperative	Director & President of Bi-Fu Construction Co., Ltd./ Director of Space Satellite Television City Co., Ltd./ Director of Shin Ho Ho Net CATV Co., Ltd.
-	-	Blessed Imelda's School/ Chairman of San-Light Construction Co., Ltd.	-
-	-	Yu Da College of Business/ Membership Representative of Panchiao Credit Cooperative	Supervisor of Long-Jin Construction Co., Ltd.
1,305,057	0.15	Kuang Hua Senior Commercial Vocational Continuation High School/ Supervisor of Panchiao Credit Cooperative	Director of Panhsin Asset Management Co., Ltd./ Chairman of He-Ching Entertainment Co., Ltd./ Chairman of Yi-Chin Entertainment Co., Ltd.
-	-	Tamkang University/ President of Land Bank	Counselor of BOP
3,578	-	Private Chih-Kuang Senior Vocational Business & Technology High School/ Director of Panchiao Credit Cooperative	Chairman of Mao-Qi Construction Co., Ltd.
-	-	National Taipei High School of Commerce/ Supervisor of Panchiao Credit Cooperative	-
-	-	Tamkang University/ V.P. of BOP	Director of Panhsin Insurance Broker Co., Ltd.
2,365,197 (PS) 459,781	0.28 0.46	KaiNan High School of Commerce and Industry/ Chairman of Juridical Person Chiu Chun-Mu Foundation	Director of Pu-Sheng Bio-Tech Co., Ltd./ Director of Chin-Huan-Cho Development Co., Ltd.
-	-	Chinese Culture University/ E.V.P. of Chinatrust Commercial Bank	Director of Panhsin Asset Management Co., Ltd./ President of BOP
9,110,400	1.06	Soochow University/ S.V.P. of Chinatrust Commercial Bank	S.E.V.P. of BOP
18,744 (PS) 2,025	-	Kinki University Japan/ President of BOP	-
701,977	0.08	National Taipei High School of Commerce/ Resident Supervisor of Panchiao Credit Cooperative	-
8,648,733	1.01	Ger-Jyh Senior High School/ Director of Panchiao Credit Cooperative	Chairman of Jin-Annian Construction Co., Ltd./ Chairman of Jin-Fu Construction Co., Ltd./ Chairman of Kao-Do Construction Co., Ltd.
438,479	0.05	Chungyu Institute of Technology / Supervisor of Panchiao Credit Cooperative	Supervisor of Panhsin Insurance Broker Co., Ltd.
3,578	-	KaiNan High School of Commerce and Industry/ V.P. of BOP	Supervisor of Panhsin Asset Management Co., Ltd./ Director of Digital-Cell-Tech Entertainments Co., Ltd.
318,578	0.04	Yu Da College of Business/ E.V.P. of Panchiao Credit Cooperative	Director of Panhsin Insurance Broker Co., Ltd./ Chairman of Hong-Tai Development Construction Co., Ltd./ Director of Pu-Sheng Bio-Tech Co., Ltd./ Supervisor of Shi-Qi Construction Co., Ltd.

(II) President, Executive Vice Presidents, Vice Presidents and Major Managers

Position	Name	Date Appointed	Shares Held		Career/Education Experience	Concurrent Job in Other Company
			Shares	%		
President	Ming-Sing Shieh	Aug. 09, 2004	46,071 (PS) 17,219	- 0.02	Economics Dept., Chinese Culture University/ E.V.P. of Chinatrust Commercial Bank	Director of Panhsin Asset Management Co., Ltd.
S.E.V.P.	Hsin-Min Lee	Sept. 21, 2006	43,061 (PS) 27,524	- 0.02	Accounting Dept., National Chung-Hsing University/ Manager of Ta Chong Bank	
S.E.V.P.	Jia-Nan Fang	Sept. 21, 2006	17,338,424	2.03	Economic Dept., Soochow University/ S.V.P. of Chinatrust Commercial Bank	
E.V.P.	Rong-Kun Jhangjian	Aug. 18, 2006	19,422	-	Banking Dept., National Chengchi University/ S.V.P. of Chinatrust Commercial Bank	
E.V.P. & G.M. of Corporate Banking Marketing Dept.	Yuan-Tung Hsieh	Dec. 22, 2006	-	-	International Trade Dept., Chinese Culture University/ Manager of Taishin International Bank	
E.V.P. & Chief Auditor	Fu-Chai Teng	Sept. 21, 2006	93,784 (PS) 12,913	0.01 -	Business Administration Dept., National Chung Hsing University/ V.P. of Taishin International Bank	
V.P. & G.M. of Auditing Division	Gi-Chan Yo	Oct. 01, 2006	27,273 (PS) 10,040	- 0.01	Law Dept., National Taiwan University/ Deputy Manager of Macoto Bank	
S.V.P. & G.M. of International Banking Dept. & Offshore Banking Unit	Wei-Min Lin	Feb. 16, 2004	-	-	MBA, George Washington University, USA/ Manager of Taishin International Bank	
S.V.P. & G.M. of General Affairs Dept.	Chen-Fu Sun	Mar. 23, 2001	158,701 (PS) 28,342	0.02 0.03	Agriculture Dept., National Hsin Chung Senior High School/ Manager of BOP	
S.V.P. & G.M. of Human Resource Dept.	Chi-Hsun Chang	Oct. 01, 2006	31,520 (PS) 11,478	- 0.01	Master of Economics Dept., National Taiwan University/ Manager of BOP	
S.V.P. & G.M. of Information Systems Dept.	Tzi-Sheng Tsai	Feb. 15, 2005	12,051 (PS) 11,478	- 0.01	Hydraulic Engineering Dept., National Cheng Kung University/ V.P. of Chinatrust Commercial Bank	
S.V.P. & G.M. of Corporate Planning Dept.	Charles C.J. Wang	Mar. 01, 2006	-	-	MBA, Armstrong University/ V.P. of Chinatrust Commercial Bank Chairman's Special Assistance	
V.P. & G.M. of Consumer Banking Planning Dept.	Tien-Jen Fang	Dec. 22, 2006	14,567	-	Master of Agricultural Economics Dept., National Chung-Hsing University/ Senior Deputy Manager of Fuhwa Commercial Bank	
S.V.P. & G.M. of Consumer Banking Credit Dept.	Jhih-Wun Lin	Apr. 02, 2007	40,587 (PS) 12,457	- 0.01	Business Administration Dept., Hsing-Wu College/ Manager of BOP	
V.P. & G.M. of Operation Dept.	Cing-Shang Chang	Aug. 21, 2006	27,273 (PS) 10,040	- 0.01	Math Dept., Tamkang University/ V.P. of Chinatrust Commercial Bank	
V.P. & G.M. of Trust Dept.	Jung-Tien Hsiao	May 02, 2007	-	-	Master of Economics Dept., National Taiwan University/ Manager of BOP	
S.V.P. & G.M. of Wealth Management Dept.	Hsue-Hsin Lin	May 02, 2007	1,207 (PS) 11,478	- 0.01	International Trade Dept., Chinese Culture University / V.P. of Chinatrust Commercial Bank	



Position	Name	Date Appointed	Shares Held		Career/Education Experience	Concurrent Job in Other Company
			Shares	%		
V.P. & G.M. of Branch Operation Dept.	Shui-Yi Chang	Aug. 20, 2007	-	-	Master of Agricultural Economics Dept., National Taiwan University/ Senior Manager of Fuhwa Commercial Bank	
V.P. & G.M. of SME Dept.	Jheng-Long Lin	Oct. 26, 2006	10,542 (PS) 3,540	-	Statistics Dept., Tamkang University/ Manager of Chinatrust Commercial Bank	
V.P. & G.M. of Consumer Banking Marketing Dept.	Hsien-Huang Chen	Apr. 02, 2007	15,000 (PS) 10,040	0.01	Economic Dept., Soochow University/ Deputy Manager of Chinatrust Commercial Bank	
V.P. & G.M. of Corporate Banking Credit Dept.	Hui-Yang Chang	Apr. 09, 2007	5,250	-	Business Administration Dept., Soochow University/ Deputy Manager of Taishin International Bank	
S.V.P. & G.M. of Non-Performing Loans Dept.	Hsin-Mao Huang	Jan. 29, 2007	13,729	-	Accounting Dept., Fu-Jen Catholic University/ Manager of BOP	Director of Panhsin Asset Management Co., Ltd.
S.V.P. & G.M. of Accounting Dept.	Gwo-Tai Wang	Jun. 01, 2007	12,051	-	Accounting & Statistics Dept., National Taipei College of Business/ Manager of BOP	
S.V.P. & G.M. of Treasury Dept.	Feng-Jung Lee	Apr. 02, 2007	-	-	Statistics Dept., National Cheng Kung University/ E.V.P of IBTS	
V.P. & G.M. of Investment Dept.	Kuo-Jung Shih	Jun. 21, 2007	27,273 (PS) 10,040	0.01	MBA, Rutgers State University, USA/ S.E.V.P of The Capital Group	
S.V.P. & G.M. of Domestic Banking Department	Shih-Chi Wu	Apr. 02, 2007	42,224	-	EMBA, National Chengchi University/ Manager of BOP	Director of Panhsin Insurance Broker Co., Ltd.
G.M. of Daguan Branch	Chun-Ming Huang	Apr. 02, 2007	256,791 (PS) 11,343	0.03 0.01	Yu-Da College of Business/ Manager of BOP	
G.M. of Zhongzheng Branch	Hsing-Jung Hsieh	Apr. 02, 2007	28,948 (PS) 12,613	- 0.01	Business Dept., Shih-Hsin High School/ Assistant Manager of BOP	
G.M. of Wenhua Branch	Chun-Llian Lin	Apr. 02, 2007	6,000 (PS) 10,000	- 0.01	Sung-Shan High School of Commerce and Home Economics/ Manager of BOP.	
G.M. of Minzu Branch	Yuan-Cyun Lai	Jan. 04, 2007	80,818	0.01	Kai-Nan High School of Commerce and Industry/ Manager of BOP	
G.M. of Houpu Branch	Jhang-Yuan Chen	Apr. 02, 2007	732,106 (PS) 97,175	0.08 0.10	Accounting & Statistics Dept., National Taipei College of Business/ Manager of BOP	
G.M. of Puqian Branch	Chin-Lung Kuo	Apr. 02, 2007	71,597 (PS) 10,000	0.01 0.01	International Trade Dept., Chihlee College of Business/ Manager of BOP	
G.M. of Huajiang Branch	Shian-Tang Chiu	Mar. 01, 2004	82,646 (PS) 17,001	0.01 0.02	International Trade Dept., Chihlee College of Business/ Manager of BOP	
G.M. of Yonghe Branch	De-Gua Lin	Apr. 02, 2007	399,520 (PS) 11,478	0.05 0.01	Banking & Insurance Dept., Hsing-Wu College/ Manager of BOP	
G.M. of Xiulang Branch	Chiung- Ya Liu	Apr. 02, 2007	39,350 (PS) 14,052	- 0.01	Finance Dept., Hospitality and Tourism College/ Assistant Manager of BOP	
G.M. of Fuhe Mini Branch	Mei-Ling He	Jun. 04, 2007	23,254 (PS) 11,134	- 0.01	Business Administration Dept., Chihlee College of Business/ Assistant Manager of BOP	

Position	Name	Date Appointed	Shares Held		Career/Education Experience	Concurrent Job in Other Company
			Shares	%		
G.M. of Zhonghe Branch	Fu-Shan Lu	Apr. 02, 2007	377,262	0.04	Business Administration Dept., Tamkang University/ Manager of BOP	
G.M. of Yuanshan Branch	Cheng-Kuan Su	Apr. 02, 2007	791	-	Finance Dept., National Taipei College of Business/ Assistant Manager of BOP	
G.M. of Xingnan Branch	Sheng-Tsung Hsu	Apr. 02, 2007	21,693 (PS) 10,000	- 0.01	International Trade Dept., Chihlee College of Business/ Assistant Manager of BOP	
G.M. of Tucheng Branch	Lai-Wong Lin	Apr. 02, 2007	211,643 (PS) 33,528	0.02 0.03	Accounting & Statistics Dept., National Taipei College of Business/ Manager of BOP	
G.M. of Jincheng Mini Branch	Guang-Di Lin	Aug. 25, 2005	20,915 (PS) 10,005	- 0.01	Finance Dept., National Taipei College of Business/ Assistant Manager of BOP	
G.M. of Xinzhuang Branch	Yi-Zhong Luo	Apr. 02, 2007	168,120	0.02	Business Administration Dept., Chihlee College of Business/ Deputy Manager of BOP	
G.M. of Shulin Branch	Ke-Han Liu	Apr. 02, 2007	11,286 (PS) 10,130	- 0.01	Banking & Insurance Dept., National Open College/ Manager of BOP	
G.M. of Sanchong Branch	Ke-Long Wu	Apr. 02, 2007	147,327 (PS) 1,534	0.02 -	Business Administration Dept., Chihlee College of Business/ Assistant Manager of BOP	
G.M. of Xindian Branch	Wen-Cheng Lai	Aug. 07, 2001	31,520 (PS) 11,478	- 0.01	Banking & Insurance Dept., Tatung College of Business/ Manager of Chinfon Bank	
G.M. of Luchou Branch	Ming-Yu Huang	Apr. 02, 2007	12,040 (PS) 8,610	- 0.01	Statistics Dept., National Chung-Hsing University/ Manager of Chinatrust Commercial Bank	
G.M. of Songjiang Branch	Ya- Hui Lin	Apr. 02, 2007	11,846 (PS) 10,110	- 0.01	Accounting & Statistics Dept., Chihlee College of Business/ Assistant Manager of BOP	
G.M. of Bade Branch	Gui-Lin Guo	Mar. 22, 2004	100,000	0.1	Business Administration Dept., Chinese Culture University/ V.P. of Chinatrust Commercial Bank	
G.M. of Minsheng Branch	Jyun- Wei Wang	Dec. 22, 2006	17,051	-	Business Administration Dept., Dan-Shuei College of Technology/ Manager of Grand Commercial Bank	
G.M. of Xinyi Branch	Wan-Ji Chen	Apr. 02, 2007	111,414 (PS) 26,886	0.01 0.03	Business Administration Dept., Chihlee College of Business/ Manager of BOP	
G.M. of Neihsu Branch	Ed-Ward Yu	May 02, 2007	5,000	-	Business Administration Dept., Tamkang University/ V.P. of Cosmos Bank	
G.M. of Taoyuan Branch	Shih-Hsiang hsu	Sept. 06, 2007	-	-	Master of Agricultural Economics Dept., National Chung-Hsing University/ Manager of Chinese Bank	
G.M. of Taoying Branch	Chin- Shu Yeh	May 07, 2007	20,000 (PS) 8,000	- 0.01	Accounting Dept., Hsing-Wu College/ Assistant Manager of BOP	
G.M. of Longgang Branch	Huei-Jin Jinag	Aug. 01, 2006	75,925 (PS) 5,000	0.01 -	Accounting & Statistics Dept., Chihlee College of Business/ Assistant Manager of BOP	
G.M. of Hsinchu Branch	Zhen-Hua Xia	Dec. 01, 2004	10,542	-	Business Administration Dept., National Chung-Hsing University/ Assistant Manager of Ta Chong Bank	
G.M. of North Taichung Branch	Ru- Pin Huang	Oct. 25, 2007	(PS) 8,000	0.01	Communications Management Dept., Shin Hsin University/ Assistant Manager of BOP	



Position	Name	Date Appointed	Shares Held		Career/Education Experience	Concurrent Job in Other Company
			Shares	%		
G.M. of Taichung Branch	Yong-Lun Lee	Jul. 01, 2006	24,557	-	Business Administration Dept., Taichung College of Business/ Manager of Chinatrust Commercial Bank	
G.M. of Renai Branch	Mao-Feng Huang	Sept. 25, 2006	20,607 (PS) 8,610	- 0.01	National Chiayi Senior Commercial Vocational School/ Manager of Chiayi First Credit Cooperative	
G.M. of Wufeng Branch	Hong-Jhang Jiang	Apr. 10, 2006	(PS) 8,000	0.01	Business Administration Dept., Tatung College of Business/ Assistant Manager of Chiayi First Credit Cooperative	
G.M. of Zhongxiao Branch	Yong-Chang Chen	May 28, 2005	10,542 (PS) 10,040	- 0.01	K&J High School/ Manager of Chiayi First Credit Cooperative	
Manager of Junhui Branch	Hui- Ling Lu	Apr. 02, 2007	10,616 (PS) 8,610	- 0.01	Business Dept. Tatung College of Business/ Assistant Manager of Chiayi First Credit Cooperative	
G.M. of Chiayi Branch	Ji-Zhou Hsu	Apr. 02, 2007	(PS) 11,478	0.01	Business Dept. National Hwa-Nan Senior Commercial High School/ E.V.P. of Chiayi First Credit Cooperative	
G.M. of Tainan Branch	Shou-Yao Chen	Apr. 02, 2007	12,139	-	Banking & Insurance Dept., China Institute of Technology/ Assistant Manager of BOP	
G.M. of Chenggong Branch	Chin-Chuan Chiang	Jan. 01, 2005	10,500 (PS) 10,000	- 0.01	Banking & Insurance Dept., National Open College/ Manager of BOP	
G.M. of Xiaogang Branch	Shu-Mei Zheng	Jan. 01, 2005	12,040 (PS) 8,610	- 0.01	International Trade Dept., China Institute of Technology/ Assistant Manager of BOP	
G.M. of Qianzhen Branch	Shu-Hui Huang	Apr. 02, 2007	54,232 (PS) 16,110	0.01 0.01	Accounting & Statistics Dept., Chihlee College of Business/ Assistant Manager of BOP	
G.M. of Lingya Branch	Jiunn-Fu Chen	Apr. 02, 2007	27,273 (PS) 10,040	- 0.01	Business Dept., International Business College/ Manager of BOP	
G.M. of Kaohsiung Branch	Shu-Zhen Lin	Dec. 01, 2005	9,040 (PS) 8,610	- 0.01	Accounting & Statistics Dept., International Business College/ Assistant Manager of BOP	
G.M. of Kaoxinzhuan Branch	Shu-Ying Tu	Apr. 02, 2007	12,040 (PS) 8,610	- 0.01	Business Administration Dept., China Institute of Technology/ Assistant Manager of BOP	
G.M. of Xinxing Branch	Xian-Chin Kuo	Apr. 02, 2007	3,000 (PS) 8,610	-	Business Dept., San-Hsin High School/ Assistant Manager of BOP	
G.M. of Yangming Branch	Pin-Cheng Huang	Aug. 01, 2006	2,000 (PS) 3,000	-	Business Dept., San-Hsin High School/ Assistant Manager of BOP	
G.M. of Luodong Branch	Lee-Ying Lan	Feb. 22, 2006	69,882	0.01	Banking and Insurance Dept., Chihlee College of Business/ Manager of BOP	

III. Corporate Governance & Status of Implementation

Item	Status of Implementation	Variation Status to the Corporate Governance Best-Practice Principle in Banking Industry
1. Shareholders' Structure & Equity		
(1) Dealing with shareholders suggestions & Disputes	(1) The Stock Affair Unit is responsible to handle the suggestions & disputes from shareholders.	(1) Conformed
(2) In control of the list and status of the banks' major shareholders	(2) The Stock Affair Unit is responsible with the information & status of major shareholders, and to disclose such matters in the annual report.	(2) Conformed
(3) Establishment of the risk management mechanism & firewall between subsidiaries	(3) Formulated the "Regulations on financial & business operations among BOP's subsidiaries", and has established adequate risk management mechanism and firewall between subsidiaries of Panhsin Insurance Broker Co., Ltd & Panhsin Asset Management Co., Ltd.	(3) Conformed
2. Board of Directors & Duties		
(1) Establishment of the independent directors	(1) Not established yet.	(1) Evaluating
(2) Periodic independency assessment of auditing CPA	(2) Periodic independency assessment was carried out before signing of the appointment letter with CPA each year.	(2) Conformed
3. Board of Supervisors & Duties		
(1) Establishment of the independent supervisors	(1) Not established yet.	(1) Evaluating
(2) Communication between supervisors, employees and shareholders	(2) Through telephone, written document or face-to-face communication, and setting up the external website to disclose the supervisors' communication mailbox.	(2) Conformed
4. Establishment of Communication Channel with Shareholders	Established Shareholders' management system to get hold of its status, and acts as communication channel.	Conformed
5. Public Disclosure		
(1) Establishment of web page to disclose information regarding financial statement and corporate governance	(1) In accordance with the MOF's announcement of "Quarterly Disclosure of Major Financial Statements in Banks", Accounting Dept. was in charge of information collecting and & Information System Dept. assisted in such disclosure matters.	(1) Conformed
(2) Disclosures by other means (ex. English website, collecting & disclosure by designated person, implementation of spokesman system, etc)	(2) The Bank has conducted public offering in 2006. In compliance with "Guidelines of Disclosing and Reporting Information on Websites", the Bank has conducted various matters for disclosing and reporting information in 2007.	(2) Conformed
	(3) Spokesman was appointed by the president and to announce related information on the website.	(3) Conformed
6. Establishment of Credit Evaluation Committee & Implementation Status	Not established yet.	Evaluating
7. Implementation Status of BOP's Corporate Governance & Variation to the "Rules for Corporate Governance in Banking Industry": BOP has not formulated the "Corporate Governance Best-Practice Principles", and most rules were complied with to the "Rules of Corporate Governance in Banking Industry", but only business certain operations were under research.		
8. Social Responsibility Measures & Implementation Status (ex. Human rights, employee's rights, environmental protection, community participation, relation with suppliers):		
(1) To cope with the government's approaches in doubling sport population and cultivating excellent table tennis athletes, the Bank has sponsored the table tennis team of Yung-Ping High School as well as Asian Baseball Championship.		
(2) Responding to purification of social genius loci and enhancement of humanity cultivation promoted by Banciao City Government, the Bank has also sponsored "Superior Music Season" event.		
(3) Keeping the commitment to clients & shareholders, fulfilling the diversified financial needs of various clients, and generating the ultimate investment return to shareholders.		
9. Other Major Significant Information (ex. Vocational studies by directors & supervisors, attendance status by directors & supervisors, risk management policy & risk measurement standards, consumer protection policy, etc): None.		
10. Revealing the assessment report of corporate governance by self or others if any, disclose the major deficiency and improvement plan: None.		



IV. Information on CPA Professional Fees

Unit: NT\$ Thousand

Firm	Name of CPA		Auditing Fee	Non-audit Fee					Does CPA Auditing Period Cover a Complete Fiscal Year		Note
				System Design	Business Registration	Human Resource	Others	Total	Yes	No	
KPMG Certified Public Accountants	Andrew Yu	Li-Li Lu	2,700	-	-	-	530	3,230	✓		Auditing of Financial Debentures, Examining of Internal Control System
Crown Accounting Firm	Chin-Te Chang		-	-	-	-	600	600			Project Review
Solomon & Co., CPAs	-		-	-	-	-	500	500			Sales Assessment on Non-Performing Loans

V. Status on Changes in Any Transfer or Pledge of Equity Interests of Directors, Supervisors, and Managerial Officers

(I) Status on Changes in Equity Interest of Directors & Supervisors

Unit: Shares

Title	Name	2007	
		Changes in Shares Held (Less)	Changes in Shares Pledged (Less)
Chairman	Ping-Hui Liu	(1,245,000)	2,850,000
Managing Director	Chung-Liang Chen	-	5,000,000
Director	San Light Construction Co., Ltd. (Representative: Mei-Yun Liao)	-	3,000,000
Director	Fang-Chin Huang	2,414,600	-
Director	Fu-Jing Investment Co., Ltd. (Representative: Hsien-Tse Chiu)	(1,800,000)	160,000
Director	Jia-Nan Fang	4,700,000	5,300,000
Resident Supervisor	Chin-E Yeh	(700,000)	-

Note: Only person with changes was listed.

(II) Status on Changes in Equity Interest of Managerial Officers

Unit: Shares

Title	Name	2007	
		Changes in Shares Held (Less)	Changes in Shares Pledged (Less)
S.E.V.P	Jia-Nan Fang	4,700,000	5,300,000
G.M. of Jincheng Mini Branch	Guang-Di Lin	324	-

Note: Only person with changes was listed.

(III) Status on Changes in Equity Interest of Major Shareholders

Unit: Shares

Major Shareholder	2007	
	Changes in Shares Held (Less)	Changes in Shares Pledged (Less)
Bai-Yuan Investment Co., Ltd.	(400,000)	38,600,000
Yuan-Ci Investment Co., Ltd.	(500,000)	-
Fu-Jing Investment Co., Ltd.	(1,800,000)	160,000
Mei-Yun Liao	(1,300,000)	160,000
Ping-Hui Liu	(1,245,000)	2,850,000
Jia-Nan Fang	4,700,000	5,300,000
Yuan-Mao Construction Co., Ltd.	-	(6,000,000)
Bi-Wan Chen	(455,000)	-

Note: Only person with changes was Listed.

(IV) Information on Transferring of Equity Interest (Common Stock)

Name	Reason for Transferring	Transaction Date	Transaction Party	Declaration of Relationship Associated with Banks, Directors, and Supervisors According to Banking Law, Article 25 of Note 3	Share	Trading Price (Dollar)
Chin-E Yeh	Prosecuted	Jan. 08, 2007	Li-Yu Yehkuo	Spouse	700,000	10
Jia-Nan Fang	Prosecuted	Jun. 29, 2007	Bai-Yuan Investment Co., Ltd.	Shares Held Over 1%	600,000	10
Ping-Hui Liu	Prosecuted	Aug. 01, 2007	Jia-Nan Fang	Shares Held Over 1%	1,245,000	10
Mei-Yun Liao	Prosecuted	Aug. 01, 2007	Jia-Nan Fang	Shares Held Over 1%	1,300,000	10
Fu-Jing Investment Co., Ltd.	Prosecuted	Aug. 01, 2007	Jia-Nan Fang	Shares Held Over 1%	1,800,000	10
Yuan-Ci Investment Co., Ltd.	Prosecuted	Aug. 01, 2007	Jia-Nan Fang	Shares Held Over 1%	500,000	10
Bi-Wan Chen	Prosecuted	Aug. 01, 2007	Jia-Nan Fang	Shares Held Over 1%	455,000	10
Shu-Ying Yang	Acquire	Apr. 26, 2007	Wen-Chin Yang	Parent	324	0
Fang-Chin Huang	Acquire	Jul. 23, 2007	Shun-Yen Huang	Parent	2,414,600	0
Yuan-Chueh Huang	Acquire	Jul. 23, 2007	Shun-Yen Huang	Parent	4,829,326	0
Ching-Fen Lin	Acquire	Nov. 26, 2007	Yu-Lien Lincho	Parent	7,017	0



(V) Information on Pledging of Equity Interest (Common Stock)

Name	Reason for Pledging Change	Date Changed	Transaction Counterparty	Share
Chung-Liang Chen	Pledged	Mar. 02, 2007	En-Tie Commercial Bank	5,000,000
Ping-Hui Liu	Pledged	Mar. 02, 2007	En-Tie Commercial Bank	2,850,000
San Light Construction Co., Ltd.	Pledged	Mar. 02, 2007	En-Tie Commercial Bank	3,000,000
Bai-Yuan Investment Co., Ltd.	Pledged	Mar. 05, 2007	Shin-Kong Commercial Bank	24,000,000
		Mar. 05, 2007	Taishin International Bank	14,000,000
		Jun. 29, 2007	Taishin International Bank	600,000
	Redeemed	Mar. 23, 2007	Shin-Kong Commercial Bank	1,000,000
Fu-Jing Investment Co., Ltd.	Pledged	Jun. 29, 2007	Taishin International Bank	160,000
Jia-Nan Fang	Pledged	Aug. 01, 2007	En-Tie Commercial Bank	5,300,000
Yuan-Mao Construction Co., Ltd.	Redeemed	Oct. 05, 2007	En-Tie Commercial Bank	10,000,000
	Pledged	Oct. 05, 2007	Agricultural Bank of Taiwan	4,000,000
Yuan-Ci Investment Co., Ltd.	Redeemed	Oct. 17, 2007	En-Tie Commercial Bank	20,000,000
	Pledged	Oct. 17, 2007	Shin-Kong Commercial Bank	20,000,000

VI. Information on the Inter-relations of the Bank's Top 10 Shareholders

Name	Shares Held		Shares Held by Spouse & Minor Children		In accordance with Number 6 of the Statements of Financial Accounting Standards, titles, name and relationship of related parties, spouses or are related within the second degree of kinship of top ten shareholders are set forth.	
	Share	%	Share	%	Name	Relation
Bai-Yuan Investment Co., Ltd.	38,600,000	4.51	-	-	-	-
Yuan-Ci Investment Co., Ltd.	34,425,750	4.02	-	-	Mei-Yun Liao Ping-Hui Liu	Chairman Director
Fu-Jing Investment Co., Ltd.	33,493,872	3.91	-	-	Mei-Yun Liao Ping-Hui Liu	Director Director
Mei-Yun Liao	29,594,219	3.46	27,772,606	3.25	Yuan-Ci Investment Co., Ltd. Fu-Jing Investment Co., Ltd.	Chairman Director
Ping-Hui Liu	27,772,606	3.25	29,594,219	3.46	Yuan-Ci Investment Co., Ltd. Fu-Jing Investment Co., Ltd.	Director Director
Jia-Nan Fang	17,338,424	2.03	9,110,400	1.06	-	-
Sheng-Hung Shao	12,436,007	1.45	1,075,463	0.13	-	-
Yuan-Mao Construction Co., Ltd.	10,010,500	1.17	-	-	-	-
Dong-Yi Lin	9,145,892	1.07	57,486	-	-	-
Bi-Wan Chen	9,110,400	1.06	17,338,424	2.03	-	-

VII. Status on Consolidated Shares Holding

unit: Thousand Shares

Reinvested Business	BOP Investment		General Investment	
	Share	%	Share	%
Taipei Credit Cooperative	-	-	-	-
Syun-Rueidu Development Co., Ltd.	4,940	1.86	4,940	1.86
Financial Information Service Co., Ltd.	4,550	1.14	4,550	1.14
Taiwan Depository & Clearing Co.	242	0.08	242	0.08
Sunny Asset Management Co., Ltd.	68	1.15	68	1.15
Taiwan Cooperative Bank	38,429	36.69	38,429	36.69
Panhsin Insurance Broker Co., Ltd.	2,010	100.00	2,010	100.00
Panhsin Asset Management Co., Ltd.	5,000	100.00	5,000	100.00

Note: In accordance with article 74, "Relationship to Reinvested Business", of Banking Law

Funding Status



I. Shares & Dividends

(I) Source of Capital

Unit: Thousand Shares/NT\$ Thousand

Date	Issuing Price (NT\$)	Authorized Capital		Paid-in Capital		Note	
		Share	Amount	Share	Amount	Capital Source	Others
Sept. 1997	10	600,000	6,000,000	600,000	6,000,000	Note 1	None
Jun. 2005	10	819,800	8,198,000	819,800	8,198,000	Note 2	None
Jun. 2006	10	1,500,000	15,000,000	819,800	8,198,000	Note 3	None
Sept. 2006	10	1,500,000	15,000,000	855,790	8,557,900	Note 3	None
Dec. 2006	10	1,500,000	15,000,000	955,790	9,557,900	Note 4	None

Note 1: The Panchiao Credit Cooperative has transformed officially into a Commercial Bank.

Note 2: Retained earning transferred to capital of NT\$198,000 thousand on June 20, 2005 as reference date. Approval note of Jin-Guan-Yin (3) No.0940015799 had been granted from Financial Supervisory Commission (FSC) on June 24, 2005.

Issuance of preferred stock for cash totaled NT\$1,000,000 thousand in June 22, 2005 as reference date.

Issuance of common stock for cash totaled NT\$1,000,000 thousand in June 24, 2005 as reference date.

Approval note of Jin-Guan-Yin (3) No.0938011560 had been granted from FSC on September 10, 2004.

Note 3: A resolution has passed to amend bank's articles of incorporation and increased the authorized capital of up to NT\$15 billion in shareholders' meeting held in June 20, 2006.

Capital surplus transferred to capital of NT\$359,900 thousand in September 01, 2006 as reference date. Approval note of Jin-Guan-Yin (3) No.09500320330 had been granted from FSC on July 18, 2006.

Note 4: Issuance of common stock for cash totaled NT\$1,000,000 thousand in December 28, 2006 as reference date. Approval note of Jin-Guan-Yin (3) No.09500439170 had been granted from FSC on October 03, 2006, as well as Jin-Guan-Yin (3) No.0950150935 in November 14, 2006.

Type	Share	Authorized Capital (Thousand Shares)			Note
		Shares Outstanding	Unissued Shares	Total	
Common Stock		855,790	544,210	1,400,000	Became a Public Offered Company on November 14, 2006
Preferred Stock		100,000	-	100,000	

(II) Shareholder Structure (Including Preferred Stock)

As of Dec.31, 2007

Quantity	Government Institutions	Financial Institutions	Domestic Institutions	Individuals	Foreign Institution & Foreigners	Total
Number of Shareholders	2	4	90	99,908	1	100,005
Number of Shares Held	647,253	71,000,000	139,693,062	744,449,361	324	955,790,000
Ratio of Share Holding (%)	0.07	7.43	14.61	77.89	0.00	100.00

(III) Distribution Breakdown of Shares Holding (Par Value of NT\$ 10)

As of Dec.31, 2007

Shareholding Classifications	Number of Shareholders		Share		Ratio (%)	
	Common Stock	Preferred Stock	Common Stock	Preferred Stock	Common Stock	Preferred Stock
1~999	74,884	9,608	24,958,816	1,024,918	2.92	1.02
1,000~5,000	13,474	758	40,197,246	2,055,830	4.70	2.06
5,001~10,000	2,312	336	15,307,634	2,514,198	1.79	2.51
10,001~20,000	2,404	113	30,556,663	1,432,084	3.57	1.43
20,001~30,000	4,229	21	98,874,629	524,778	11.55	0.52
30,001~40,000	385	4	13,071,338	133,644	1.53	0.13
40,001~50,000	209	15	9,356,033	744,921	1.09	0.74
50,001~100,000	1,352	31	82,674,114	2,632,927	9.66	2.63
100,001~200,000	245	9	32,486,116	1,435,750	3.80	1.44
200,001~400,000	111	12	32,353,369	3,392,635	3.78	3.39
400,001~600,000	42	7	21,330,180	3,605,781	2.49	3.61
600,001~800,000	48	1	32,735,778	765,000	3.83	0.77
800,001~1,000,000	19	3	16,914,262	2,875,000	1.98	2.88
1,000,001~10,000,000	50	3	201,302,444	8,862,534	23.52	8.86
10,000,001~30,000,000	5	2	97,151,756	36,000,000	11.35	36.00
30,000,001~50,000,000	3	1	106,519,622	32,000,000	12.45	32.00
Total	99,772	10,924	855,790,000	100,000,000	100.00	100.00

(IV) Major Shareholders(Common Shares)

As of Dec.31, 2007

Major Shareholders	Share	Ratio (%)
Bai-Yuan Investment Co., Ltd.	38,600,000	4.51
Yuan-Ci Investment Co., Ltd.	34,425,750	4.02
Fu-Jing Investment Co., Ltd.	33,493,872	3.91
Mei-Yun Liao	29,594,219	3.46
Ping-Hui Liu	27,772,606	3.25
Jia-Nan Fang	17,338,424	2.03
Sheng-Hung Shao	12,436,007	1.45
Yun-Mao Construction Co., Ltd	10,010,500	1.17
Dong-Yi Lin	9,145,892	1.07
Bi-Wan Chen	9,110,400	1.06
Shu-Min Kuo	8,648,733	1.01

(V) Dividend Policy and Implementation

1. According to the banks' article of incorporation, the excess profit must be first used to pay off all the taxes due and redeem the previous losses. Of any remaining, 30% shall contribute to legal reserves, then to the



appropriated retained earnings and preferred shares' dividends accordingly. If any remaining after, it shall be distributed in the following order:

- (1) To pass the resolution in shareholders' meeting for the proposed distribution of the shareholders' dividend by the board of directors;
 - (2) 5% as remuneration for directors and supervisors;
 - (3) 5% as bonus for employees.
2. The distribution of earnings for cash shall not exceed 15% of total paid-in capital.
 3. The distribution of earnings for cash shall be regulated when the equity capital to risk-weighted asset ratio (CAR) is lower than the standard set forth by the Minister of Finance, unless the legal reserve has exceeded the amount of paid-in capital, then the forementioned regulation shall not be in effect.
 4. Dividend Distribution Status

Regarding the distribution of the Bank's actual earnings for 2007, this is still pending for resolution of shareholders' meeting as of publicizing this annual report.

(VI) Employees' Bonus and Remuneration Paid to Directors & Supervisors

In the 21st meeting of the fourth board of directors, a resolution regarding the distribution of actual earnings for 2007 was passed and proposed to dispense the employee bonus of NT\$ 695,000 as well as directors and supervisors remuneration of NT\$ 695,000.

II. Status on the Issuance of Financial Debenture

Types	1 st (Term) Financial Debenture	2 nd (Term) Financial Debenture
Date & No. Approved By Authority	Sept.03, 2003 Tai-Tsai-Jung (3) No. 0920041600	Sept.03, 2003 Tai-Tsai-Jung (3) No. 0920041600
Date of Issuance	Dec.16, 2003	Jan.07, 2004
Par Value	NT\$100 thousand NT\$1,000 thousand NT\$10,000 thousand	NT\$100 thousand NT\$1,000 thousand NT\$10,000 thousand
Location of Issuance	-	-
Currency	NT\$	NT\$
Offering Price	Par Value	Par Value
Total Amount	NT\$1,158,600 thousand	NT\$391,800 thousand
Interest Rate	Fixed: 3% Floating: 1 Yr Term Deposit Rate from the Post Office plus 1.25%	Fixed: 3% Floating: 1 Yr Term Deposit Rate from the Post Office plus 1.25%
Maturity	Term: 5.5 Years Date of Maturity: Jun.16, 2009	Term: 5.5 Years Date of Maturity: Jul.07, 2009
Repayment Priority	Subordinate	Subordinate
Institutional Guarantor	-	-
Trustee	-	-
Underwriting	-	-
Certifying Lawyer	-	-
Certifying Accountant	-	-
Certifying Financial Institute	International Bills Finance Company	Fubon Bills Finance Company
Repayment Method	Pay Off upon Maturity	Pay Off upon Maturity
Unpaid Balance	-	-
Paid-In Capital of Previous Year	NT\$6 billion	NT\$6 billion
Net Worth of Previous Year	NT\$8,358,878 thousand	NT\$6,590,855 thousand
Exercise	-	-
Conditions on Redemption or Early Pay Off	-	-
Conditions on Transfer or Exchange	-	-
Constraints	-	-
Utilization of Fund	-	-
Ratio of applied shares and prior shares outstanding to prior year's final net worth (%)	13.86	23.52
Consider as Qualified Capital and its Tiers	Yes, Tier II	Yes, Tier II
Credit Rating Agency, Date of Rating, and Rating	-	-



3 rd (Term) Financial Debenture	4 th (Term) Financial Debenture	5 th (Term) Financial Debenture
Sept.03, 2003 Tai-Tsai-Jung (3) No. 0920041600	May.02, 2006 Jin-Guan-Yin (3) No. 09500173780	May.22, 2007 Jin-Guan-Yin (3) No. 09600204740
Sept.01, 2004	Jun.16, 2006	Jun.28, 2007
NT\$100 thousand NT\$1,000 thousand NT\$10,000 thousand	NT\$100 thousand NT\$1,000 thousand NT\$10,000 thousand	NT\$10,000 thousand
-	-	-
NT\$	NT\$	NT\$
Par Value	Par Value	Par Value
NT\$449,600 thousand	NT\$1,680,000 thousand	NT\$520,000thousand
Fixed: 3.25% Floating: 1 Yr Term Deposit Rate from the Post Office plus 1.25%	Fixed: 3.30% Floating: 1 Yr Term Deposit Rate from the Post Office plus 1.10%	Fixed: 3.50% Floating: 1 Yr Term Deposit Rate from the Post Office plus 1.20%
Term: 5.5 Years Date of Maturity: Mar.01, 2010	Term: 5 Years 8 Months Date of Maturity: Feb.16, 2012	Term: 5.5 Years Date of Maturity: Dec. 28, 2012
Subordinate	Subordinate	Subordinate
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
Fubon Bills Finance Company	Hua Nan Bills Finance Company	-
Pay Off upon Maturity	Pay Off upon Maturity	Pay Off upon Maturity
-	-	-
NT\$6 billion	NT\$8.198 billion (Including Preferred Stock)	NT\$9.56 billion (Including Preferred Stock)
NT\$6,590,855 thousand	NT\$9,037,304 thousand	NT\$9,207,032thousand
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
30.35	40.72	45.62
Yes, Tier II	Yes, Tier II	Yes, Tier II
-	-	-

III. Status on the Preferred Share

Item			Date of Issuance	Jun. 22, 2005
Par Value				NT\$10
Offering Price				Par Value
Number of Shares				100 million
Total Amount				NT\$1 billion
Rights & Obligations	Distribution of Dividends and Bonus			Cash dividend shall be paid annually according to the actual issuing price in the annual rate of 4.50%. For the shares issued less than a year, the dividend shall be paid according to the actual days counting from its issued date. In case of no earnings or earnings were insufficient to pay off the dividends after annual account, the unpaid amount shall be accumulated and paid in priority the following profitable year. Not allowed to participate in the distribution of retained earning and capital surplus transferring to capital which relating to common shares.
	Distribution of Remaining Property			Priority over common stock, but not to exceed the initial issuing price.
	Voting Rights			None
	Others			While issuing the new common stock for cash, preferred stock shareholders shall possess the priority with warrants. Current preferred stock is non-convertible.
Outstanding	Recalled or Converted Shares			-
	Unrecalled or Converted Shares			NT\$1 billion
	Recalling or Converting Provisions			Term matured in 6 years and to be recalled with initial issuing price by retained earnings or earnings from newly issued stocks.
	2007	Highest		-
		Lowest		-
		Average		-
	Mar. 31, 2008	Highest		-
		Lowest		-
		Average		-
Other Rights	The Amount of Conversion or Subscription till Mar. 31, 2008			None
	Methods for Issuance of Conversion or Subscription			None
Influence on the provisions for preferred shareholders' equity and possible dilution for current common shareholders' equity				Since the preferred stock is non-convertible, thus no influence.
Influence on the redemption of preferred stock to the ratio of equity capital to risk-weighted asset				None

IV. Plan for Utilization of Fund & Status of Implementation

1.Contents and Execution of Financial Debenture Issued

In order to reinforce operating structure, raise equity capital, and enhance working capital, the Bank issued subordinated financial debentured on June 28, 2007 at par value of NT\$ 10 million for a total issuance amount of NT\$ 520 million.

2.Advantages of Financial Debenture Scheme

The Bank has issued subordinated financial debentures correspondingly for a total of NT\$ 1,158.6 million in Dec. 2003, NT\$ 391.8 million in Jan. 2004, NT\$ 449.6 million in Sep. 2004 and NT\$ 1,680 million in Jun. 2006, which are entirely used for the purpose of loans business. Subsequent to the issuance of subordinated financial debentures in June 2007, BIS ratio was elevated to 8.94% in December and the objectives of enriching working capital and improving capital structure were certainly accomplished.

Business Operation



I. Business Scope

(I) Major Business & Its Relative Weight

1. Deposit

The Bank has stabilized the liquidity of deposits, timely adjusted deposit structure, reduced the reliance of deposits on other financial institutions and prevented the influence of distressed financial institutions' incidents in 2007 from happening again. Hence, the Bank has promoted new products and ACH services in succession, such as NT dollar and foreign currency savings deposits, time deposits and composite deposits, to ingest capital from the public, business enterprises and organizational groups. As the end of 2007, the outstanding deposits totaled NT\$ 152,947 million, a decrease of 8.53% from NT\$ 167,216 million in 2006.

Unit: NT\$ Thousand

Item	Difference		2007		2006	
	Amount	Growth Rate (%)	Amount	Weight (%)	Amount	Weight (%)
Current Deposit	(797,158)	(2.05)	38,154,572	24.95	38,951,730	23.29
Checking Account	(347,736)	(21.77)	1,249,218	0.82	1,596,954	0.96
Demand Deposit	389,187	3.66	11,016,855	7.20	10,627,668	6.36
Demand Saving	(838,609)	(3.14)	25,888,499	16.93	26,727,108	15.98
Time Deposit	(11,577,251)	(9.85)	106,000,827	69.31	117,578,078	70.32
Time Deposit	(4,473,311)	(13.88)	27,757,888	18.15	32,231,199	19.28
Negotiable Certificates of Deposit	(11,606,400)	(73.71)	4,139,300	2.71	15,745,700	9.42
Interest-Drawing Saving Deposit	3,052,838	6.24	52,013,464	34.01	48,960,626	29.28
Non-Interest-Drawing Time Saving Deposit	1,079,650	5.30	21,443,878	14.02	20,364,228	12.18
Installment Saving Deposit	369,972	133.89	646,297	0.42	276,325	0.16
Re-Deposit from Banks & Post Office	(1,894,998)	(17.73)	8,791,419	5.75	10,686,417	6.39
Total Deposit	(14,269,407)	(8.53)	152,946,818	100.00	167,216,225	100

2. Consumer Banking

To strengthen the risk control and to give consideration of both quality and quantity, the Bank has adopted the strategies of steadily exploiting mortgage business and lessening the credit line of loan business in order to reinforce credit structure. As the end of 2007, the outstanding loans totaled NT\$ 76,572 million, a decrease of 8.30% from NT\$ 83,507 million in 2006.

Unit: NT\$ Thousand

Item	Difference		2007		2006	
	Amount	Growth Rate (%)	Amount	Weight (%)	Amount	Weight (%)
Secured Overdraft	358,456	3,296.15	369,331	0.48	10,875	0.01
Short-Term Loan	(399,828)	(46.17)	466,197	0.61	866,025	1.04
Short-Term Secured Loan	(1,698,229)	(36.01)	3,017,356	3.94	4,715,585	5.65
Medium-Term Loan	(3,428,420)	(36.81)	5,886,202	7.69	9,314,622	11.15
Medium-Term Secured Loan	(551,251)	(18.66)	2,402,872	3.14	2,954,123	3.54
Long-Term Loan	291,103	421.29	360,201	0.47	69,098	0.08
Long-Term Secured Loan	(1,506,794)	(2.30)	64,069,999	83.67	65,576,793	78.53
Total Loan	(6,934,962)	(8.30)	76,572,159	100.00	83,507,121	100.00

3. Corporate Banking

Corporate banking aimed at providing enterprises with integrated financial services. In addition to core businesses scheme, such as property finance, joint syndication, and account receivables factoring, etc., the Bank has also promoted new products, such as subcontract construction finance. Furthermore, to cope with the advantages of rapid growing Asia Pacific economy, the Bank has aggressively expanded business in greater China area to attain the greatest service composition, enhanced customer satisfaction and dignity to ensure the high profit growth in institutional financial business through practical risk management, innovative marketing team and integrated financial services. As the end of 2007, the outstanding corporate loans totaled NT\$ 43,943 million, a decrease of NT\$ 6,413 million from NT\$ 50,356 million in 2006; of which, long-term loans increased by NT\$ 70.225 million while mid-term loans decreased by NT\$ 2.567 million mainly due to the bulky repayment of property finance.

Unit: NT\$ Thousand

Item	Difference		2007		2006	
	Amount	Growth Rate (%)	Amount	Weight (%)	Amount	Weight (%)
Overdraft	(232)	(17.29)	1,109	0.00	1,341	0.00
Short-Term Loan	(1,159,266)	(10.12)	10,291,922	23.42	11,451,188	22.74
Short-Term Secured Loan	(2,757,417)	(21.52)	10,056,603	22.89	12,814,020	25.45
Medium-Term Loan	(1,827,957)	(19.46)	7,566,770	17.22	9,394,727	18.66
Medium-Term Secured Loan	(738,844)	(4.59)	15,347,398	34.93	16,086,242	31.94
Long-Term Loan	(4,944)	(6.16)	75,376	0.17	80,320	0.16
Long-Term Secured Loan	75,169	14.22	603,724	1.37	528,555	1.05
Total Loan	(6,413,491)	(12.74)	43,942,902	100.00	50,356,393	100.00

4. Wealth Management & Trust Business

Trust business income of the Bank mainly focused on designated trust fund invested in domestic and overseas securities, certification and custodial of securities, real estate trust business, etc.; to harmony with the expansion of wealth management business, income derived from designated trust fund invested in domestic and overseas securities amounted to NT\$ 237.57 million in 2007, a substantial growth of 113.56% over 2006. On the premise of risk considering, the Bank adhered to the most suitable asset allocation principle with perpetual innovation, introduced diversified new financial products, assisted clients to generate satisfactory returns in the treacherous market. Hence, fee income generated from wealth management demonstrated a splendid growth in 2007. Moreover, benefiting from the prosper real estate market, the Bank combined loans with trust mechanism through regulations and helped real estate fee income totaling NT\$ 92.116 million, an increase of 38.38% over 2006.

In respect of personal trust business, the Bank has utilized the advantages of trust mechanism in wealth management, tax planning, family care, etc. and conducted trust of loans and related security interests, securities trust, gift certificate trust, preferred trust management, secure real estate transaction trust, etc. to further diversify the development of trust business. As the end of 2007, the outstanding trust assets amounted to NT\$ 33,438 million, a growth of 43% over 2006. In the insurance aspect, in the future, the Bank shall enhance product planning for retirement, tax saving, etc., match with the needs of clients' career planning at different stages and increase insurance allocation. Overall, income derived from trust and wealth management business of the Bank totaled NT\$ 355.202 million, a surge of 87.63%.



Unit: NT\$ Thousand

Item	Difference		2007		2006	
	Amount	Growth Rate (%)	Amount	Weight (%)	Amount	Weight (%)
Designated Purpose Trust Fund	135,852	133.56	237,570	66.88	101,718	53.73
Real Estate Trust	25,547	38.38	92,116	25.93	66,569	35.16
Custodial & Assurance	(168)	(6.95)	2,248	0.63	2,416	1.28
Other Trust	7,670	89.09	16,279	4.58	8,609	4.55
Subtotal	168,901	94.19	348,213	98.03	179,312	94.72
Insurance	(3,012)	(30.12)	6,989	1.97	10,001	5.28
Total	165,889	87.63	355,202	100.00	189,313	100.00

5.NPL Collection & Management

Through self-arrangement, sales and write-off, the amount of overdue loans were reduced from NT\$ 6,598 million in 2006 to NT\$ 4,326 million in 2007 and exceptionally advanced the asset quality of the Bank. In terms of undertaking collaterals, actual foreclosed amount were NT\$ 545 million.

6.Foreign Exchange & International Banking

Under the joint efforts of international banking department and operational units, the Bank's FX transaction volume reached US\$ 3,744 million in 2007, an increase of US\$ 930 million or 33.03% over 2006. Of which, export business elevated the most for 55.52%, secondly inward remittance and outward remittance grew 45.38% and 34.05% respectively.

Unit: US\$ Thousand

Item	Difference		2007	2006
	Amount	Growth (%)	Amount	Amount
Import	(18,321)	(3.99)	440,921	459,242
Export	79,931	55.52	223,895	143,964
Outward Remittance	407,458	34.05	1,604,089	1,196,631
Inward Remittance	460,503	45.38	1,475,307	1,014,804
Total	929,571	33.03	3,744,212	2,814,641
Foreign Deposit Outstanding	66,511	43.50	219,414	152,903
Foreign Loan Outstanding (Including Investment)	(28,109)	(11.75)	211,184	239,293

7.Weight of Major Asset by Type to Total Asset

Unit: NT\$ Thousand

Item	2007		2006	
	Amount	Ratio to Total Asset (%)	Amount	Ratio to Total Asset (%)
Total Asset	170,077,860	100.00	190,088,963	100.00
Loan & Advance	128,429,990	75.51	143,147,882	75.31
Due from Central Bank & Placement to Other Banks	19,076,803	11.22	25,380,355	13.35
Bills & Bonds & Security Investments	3,789,496	2.23	3,043,725	1.60
Total Liability	160,390,331	94.30	180,881,931	95.16
Deposit & Remittance	144,198,797	84.78	156,677,427	82.42
Deposit by Central Bank & Other Banks	9,214,476	5.42	16,201,518	8.52
Financial Debenture Payable	4,200,000	2.47	3,680,000	1.94

8.Weight of Major Income by Type to Total Income

Unit: NT\$ Thousand

Item	2007		2006	
	Amount	Ratio to Total Asset (%)	Amount	Ratio to Total Asset (%)
Net Income	3,069,179	100.00	3,567,726	100.00
Net Interest Income	2,401,566	78.25	2,833,992	79.43
Net Fee Income	609,440	19.86	607,782	17.04
Financial Liability at Fair Value through Profit or Loss	(121,757)	(3.97)	94,587	2.65
Realized Gain (Loss) on Available for Sale Financial Asset	(9,193)	(0.30)	5,500	0.15
Investment Gain with Equity Method-Net	8,619	0.28	9,293	0.26
Translation Gain-Net	1,115	0.04	486	0.01
Asset Impairment Loss	-	-	(155,122)	(4.34)
Other Non-interest Income	179,389	5.84	171,208	4.80

(II) Operation Plan for 2008

1.Deposit & Remittance

- (1) To carry out integrated marketing through consolidating mortgage and wealth management businesses, analyzing correlated client attributes, exploiting diversified products; to enlarge client base in reference to diverse market segmentation via constant related promotions and campaign activities, improve deposit structure, increase core deposit weighting and reduce the percentage of funding cost.
- (2) To cultivate organizational groups and communities through ACH services at the convenient stores, assist clients in establishing financial platform, strengthen client relationship, simplify the Bank's clearing process and enhance operating efficiency of employees.
- (3) To identify excellent automated service areas, intensify functions of ATM and CDM and enhance clients' operating convenience centered on the commercial district of each branch in coordination with branch operation.
- (4) To exploit countrywide logistic collection services and generate deposit performance.
- (5) To reinforce internal training in accordance with NBS and advance the professional skills of employees and customer's satisfaction.
- (6) To shorten interval of check clearing process, rectify collection units and promote e-check business "designated payee and receiving account pool system" in accordance with Taiwan Clearing House (TCH).
- (7) To establish clearing house and review platform for funds transfer and settlement, enhance operating efficiency and reduce operating risk.
- (8) To establish the platform for the needs of branches in centralizing capital and take charge of the Bank's dispatch and risk control procedure.

2.Consumer Banking

- (1)To reinforce strict credit quality control, promote consumer banking business steadily and achieve the goals of even growth and weighting on quality & quantity.
- (2)To implement reiterate marketing mechanism, maintain and reinforce existing clients, and effectively advance clients' contribution.
- (3)To develop diversified products in the light of distinct client attributes and collaterals and to establish marketing niche.



- (4) To increase the frequency of onsite review for consumer loan, strengthen loan management mechanism and stringently control the quality of credit asset.

3. Corporate Banking

- (1) Through product combination, to continuously intensify fee income weighting of credit businesses such as syndicated loan launching fee, real estate trust fee, insurance premium and general account management fee to increase fee income weighting of corporate banking.
- (2) To actively promote receivables & satellite factory financing related businesses and reinforce the breadth & depth of corporate banking and transaction type product lines.
- (3) To establish corporate banking credit platform, implement internal credit evaluation mechanism and improve credit asset quality.
- (4) To strive for the lead bank of syndicated loan of fine clients with primary emphasis on medium size enterprises and participate as co-lead bank for alternative niche.
- (5) To vigorously exploit market in China, strive for Taiwanese businessmen containing great potentialities and proceed with business relation to extend future profits niche.

4. Wealth Management & Trust Business

- (1) The Recruitment and Cultivation of Financial Advisors - Through two-way expansion, to recruit elite externally and to proceed with duty rearrangement based on functional development of employees internally in order to enhance the combat effectiveness of the financial advisory team; to conduct basic, intermediate and advance educational training in order to strengthen professional skills and cultivate comprehensive financial advisors.
- (2) Diversification of Financial Products – To provide diversified financial products to cater the needs of different clients; to comply with the market trend and promote special financial combination in order to satisfy the clients' financial planning in investment, hedging, tax saving, retirement, etc.
- (3) Implement of Workforce Marketing Scheme – Effectively utilize existing resources of corporate and consumer banking to scout for prospective VIP clients; through referral mechanism to generate employee sales atmosphere and achieve cross-selling performance.
- (4) Powerful Back up of Information System Established – To promptly master clients' asset allocation and seek for upmost effectiveness in appreciation by utilizing "Comprehensive Wealth Management Navigation System"; to understand the client's investment attribute, analyze buying power and preference in depth through "Business Intelligence System".
- (5) The Development of Core Real Estate Trust Business – In addition to general land development, the Bank also provides professional consultation to complicated circumstances, such as consolidating trust and urban redevelopment, catastrophic reconstruction, etc.; to aggressively promote trust of loans to assist the consigner in realizing and ensuring such rights.
- (6) Strengthening Cross-Industry Alliance – To seek for alliance with insurance, health care, medical related providers aggressively and explore client base of trust products in generating mutual interests.

5. Debt Collection & Management

- (1) In terms of bad debts, to effectively restrain the new cases to increase, speed up the collection interval of bad debts and cope with branches in urging for repayment & bad debt collection managerial procedure through enhancement in specialization and nurturing dominant workforce.
- (2) In terms of undertaking collaterals, to adopt delicate managerial procedure, banish occupation, dispose scraps, slightly restore, sanitize by assigned personnel, etc. in order to increase market value for sale and generate profits; meanwhile, according to the evaluation of individual case, collaterals can be sold

either by self or by designation.

6.Foreign Exchange & International Banking

- (1) To reinforce traditional FX business, give consideration to principles of cultivating existing clients and prospecting new clients and expand trade finance volume.
- (2) To project solid long-term sources of foreign currency, modify the deposit structure of corporate and consumer banking and boost returns of FX asset.
- (3) To aggressively develop OBU business, emphasize on exploiting credit line to Taiwanese businessmen in China, establish global interbank network and improve service efficiency.
- (4) To cope with corporate internet banking system, exploit corporate FX internet banking system and offer more integrated and progressive service platform.

the business focuses will be readjusting financial constitution, improving structure.

(III) Market Analysis

1.Favorable and Unfavorable Factors of Future Development

(1) Favorable Factors

- As consumer banking crisis gradually dissolved, banks have turned losses to profits in general through managerial strategy in adjusting constitution.
- Cross-straight policy is expected to relax, which shall stimulate domestic demand and accelerate the growth of corporate and personal credit business.
- The supervisory authority continues with open policies and enables financial commodities move towards diversified development.
- The Bank has been cultivating the society and built solid client relationship, which shall facilitate the regional advantage of network development.
- The Bank constantly proceeds with organizational structure, recruits professional talents and enhances overall competitiveness.

(2) Unfavorable Factors

- As large financial holdings and international financial institutions expanding network channels through M&A, which severely impact the profitability of small and medium size banks.
- As the correlation of credit rating and banking business gradually elevated, small and medium size banks confront with the problems of insufficient capital.
- As the Act of consumer debt rehabilitation to be enforced, this may impact existing consumer loan clients' willingness in honoring contracts in the future and increase the Bank's bad debt risk.
- As the prospect of real estate market is still indefinite, the continuous mounting interest rate may directly impact the repayment ability.

2.Countermeasures

- (1) To generate diversified financial products and comprehensive services to satisfy the needs of clients, sustain the equilibrium of business development, effectively disperse risk and increase profiting opportunity.
- (2) To strengthen corporate credit business, stringently monitor the credit risk of property construction finance and aggressively participate in or lead the syndicated loans on the premise of asset allocation and risk control and expand account receivables business.
- (3) To master business opportunities in greater China area, provide Taiwanese businessmen in China with integrated financial services and expand the operating scale of corporate finance.



- (4) To lead-in database marketing, analyze the variations of client attributes and needs, develop customized products and mitigate competitive pricing pressure.
- (5) To transform from regional center to comprehensive branch through organizational restructure and enhance combat effectiveness and operating efficiency.
- (6) To reinforce professional ability in financial planning and investment advisory, ensure investment return and increase the weighting of non-interest income.

II. Personnel Information

(I) Employee Information in the Past Two Years

Item		Mar. 31, 2008	2007	2006
Number of Employee	Employee	1,370	1,415	1,546
	Intern	50	44	57
	Total	1,420	1,459	1,603
Average Age		35.26	35.34	34.37
Average Seniority		6.75	6.48	5.36
Academic Distribution (%)	Master & Above	6.48	6.79	6.18
	College	81.97	81.56	80.15
	Senior High	11.06	11.24	13.23
	Junior High & Below	0.49	0.41	0.44

(II) Status on Employee Training

Year	Educational Expenditure (NT\$ Thousand)	Internal Training		External Training	
		Attendant	Course	Attendant	Course
2007	6,572	4,516	97	626	90
Mar. 31, 2008	1,383	310	28	56	24

III. Information Technology Platform

(I) Primary System Maintenance

The new generation of NT dollar mainframe system is installed in BANCS of AIX platform; of which, the Bank has signed the hardware maintenance contract with designated manufacture, while software is maintained jointly by the Bank and original developer. At the same time, the Bank has also taken out an insurance policy of general electronic equipment to provide superior service and security. FX and mutual fund system has also been contracted with original developer to maintain the normal operation.

(II) Emergency Backup Plan

The mainframe system of the Bank's core system (NBS) has been contracted with the manufacturer for Business Resiliency and Continuity Services (BRCS); the manufacturer shall provide location and facility as the offsite backup center through backup magnetic tape. When the control room is damaged by disasters and unable to operate, the backup magnetic type can be carried to offsite backup center to recover the data and conditions of the mainframe to sustain the smooth operation until the control room is fully recovered. At present, BRCS drill is scheduled to be conducted twice a year as the contingent processing procedure applied in the event of disasters.

(III) Network Management & Safety Measures

Enhancing employee's awareness of efficient usage of Internet bandwidth and to surf the Internet with caution. Frequently upgrading the anti-virus software to ensure and protect from virus attack.

(IV) Future Development & Procurement Proposal

The NBS was successfully online August 2007. In the future, the unique advantages of system will be applied to shorten the timeframe for new financial products development through the design of argument; NBS can integrate external system as well as enhance overall financial competitiveness through the design of open platform. Furthermore, the Bank is planning to establish internet banking and credit system for corporate finance, construct an e-commerce platform and install managerial system of gift certificate trust in providing physical and virtual gift certificate trust business.

IV. Major Contracts

Type of Contract	Party Involved	Beginning & Ending Date	Major Content	Constraint
Land Purchase Contract and Appointed House Leasing Agreement	Far Eastern Co., Ltd.	Jan. 12, 2005	1. Procurment of plot 8, subsection 3, Sinban Section in Panchiao City 2. After the completion of Headquarter, the 1 st to 4 th Floor will be leased to Far Eastern Co., Ltd	
Service Contract	IBM Taiwan	Mar. 24, 2006	New Banc System	
Design Contract	Architect: Hsiang-Rong, Huang Designer: P&T Group	Dec. 24, 2004	Headquarter Design & Construction Supervision	Anticipating the completion within 5 years
Joint Construction Contract	Far Eastern Construction Co.	Jul. 12, 2006	Joint construction contract signed with Far Easter Construction Co. for the construction of BOP's Headquarter	
Construction Contract	Far Eastern General Contractor Co.	Aug. 11, 2006 – 150 Calendar Day	Headquarters' Foundation Construction	
Construction Contract	China Engineering Consultant Inc.	Aug. 15, 2006 till the Completion of the Construction	Providing construction management services, and in charge of tender offering, bidding, construction, inspection, supervision, warranty, and delivery, etc	
Trust Contract	Taiwan Cooperative Bank	The construction of building was completed on May 4, 2007, when usage license was obtained and building & land were transferred to the client according to the proportion of the benefit receivable.	Trust for the construction of headquarters building.	
Construction Contract	Far Eastern General Contractor Co.	Jul. 23, 2007 to Apr. 30, 2010	New construction project and office construction of headquarters building.	
Construction Contract	Far Eastern Construction Co.; Far Eastern General Contractor Co.	Jul. 23, 2007 to Apr. 30, 2010	Joint construction of new construction project of headquarters building.	
Real Estate Purchasing Contract	Panhsin Asset Management Co., Ltd.	Apr. 24, 2007	Sale of the Bank's foreclosed collaterals.	

Financial Status



I. Abbreviated Balance Sheet & Income Statement in the Past Five Years

(I) Abbreviated Balance Sheet

Unit: NT\$ Thousand

Item \ Year		Financial Status in the Past Five Years				
		2007	2006	2005	2004	2003
Cash & Cash Equivalents Due from Central Bank & Placement to other Banks		22,010,429	29,499,169	21,077,838	20,339,543	17,375,561
Financial Assets at Fair Value through Profit or Loss		1,608,335	1,498,235	842,623	3,400,537	5,869,166
Bills & Bonds Purchased under Agreements to Resell		-	-	1,099,206	336,904	-
Account Receivables		4,057,368	2,594,785	1,135,880	759,813	737,128
Loans & Advances		128,429,990	143,147,882	140,144,851	113,421,280	96,097,706
Available for Sale - Financial Assets		2,181,161	1,545,490	1,317,476	240,130	243,683
Long-Term Investment under Equity Method		86,272	89,914	80,621	3,000	-
Other Financial Assets		458,587	103,490	81,450	476,542	462,393
Fixed Assets (Property & Equipment)		5,806,834	5,149,939	4,849,231	3,996,020	2,017,539
Intangible Assets		1,377,786	1,374,344	1,352,192	1,408,744	1,520,687
Other Assets		4,061,098	5,085,715	5,188,811	3,982,995	4,450,678
Total Assets		170,077,860	190,088,963	177,170,179	148,365,508	128,774,541
Deposits by Central Bank and Other Banks		9,214,476	16,201,518	17,165,517	8,839,484	5,542,132
Financial Liabilities at Fair Value through Profit or Loss		19,845	2,235	595	-	1,718
Bills & Bonds Sold under Agreements to Repurchase		358,254	601,427	1,378,798	1,367,370	2,193,864
Deposits & Remittances		144,198,797	156,677,427	144,413,083	127,254,391	111,674,266
Central Bank and Other Banks Financing, Financial Debentures Payable		4,200,000	3,680,000	2,000,000	2,000,000	1,158,600
Accrued Pension Liabilities		58,513	55,546	77,757	52,082	27,004
Other Liabilities		2,340,446	3,663,778	3,097,125	1,779,209	1,586,102
Total Liability	Before Distribution	160,390,331	180,881,931	168,132,875	141,292,536	122,183,686
	After Distribution	160,390,331	180,881,931	168,236,339	141,448,186	122,183,686
Capital Stock		9,557,900	9,557,900	8,198,000	6,000,000	6,000,000
Legal Reserve		-	245,786	605,686	605,686	2,465,283
Retained Earning	Before Distribution	190,343	(590,125)	302,654	509,288	(1,859,597)
	After Distribution	190,343	-	349,057	155,638	(1,859,597)
Unrealized Gain (Loss) on Financial Instruments		(29,345)	32,865	(15,485)	-	-
Accumulated Translation Adjustments		-	-	-	-	-
Other Adjustments to Shareholders Equity		(31,369)	(39,394)	(53,551)	(42,002)	(14,831)
Total Shareholders Equity	Before Distribution	9,687,529	9,207,032	9,037,304	7,072,972	6,590,855
	After Distribution	9,687,529	9,207,032	8,933,840	6,917,322	6,590,855

Note 1: The above-mentioned figures of after distribution were in accordance with the resolution of shareholders meeting the following year.

Note 2: The financial figures above have all been audited and certified by CPA.

Note 3: Financial statements of 2003 to 2006 have been reclassified to coordinate with 2007 accordingly, no major effects upon such reclassifications.

(II) Abbreviated Income Statement

Unit: NT\$ Thousand

Item \ Year	Financial Status in the Past Five Years				
	2007	2006	2005	2004	2003
Net Interest Income	2,401,566	2,833,992	2,951,890	2,478,929	2,047,452
Net Non-interest Income	667,613	733,734	727,039	523,835	(566,062)
Bad Debt Expense for Margin Loans	423,639	2,192,663	1,128,226	338,886	2,254,596
Operating Expense	1,970,765	2,313,820	2,367,400	1,989,650	1,807,687
Income from Continuing Operation before Tax	674,775	(938,757)	183,303	674,228	(2,580,893)
Income from Continuing Operation after Tax	534,682	(808,757)	147,016	509,288	(2,067,922)
Income from discontinued Operation (After Tax)	-	-	-	-	-
Extraordinary Loss (Net After Tax)	-	-	-	-	-
Cumulative Effects due to Changes in the Accounting Principles (Net After Tax)	-	19,442	-	-	-
Earning	534,682	(789,315)	147,016	509,288	(2,067,922)
EPS (Loss)	0.57	(1.10)	0.17	0.78	(3.15)

Note 1: The financial figures above have all been audited and certified by CPA.

Note 2: EPS (Loss), calculated with weighted average of shares adjusted for the current year.

Note 3: Financial statements of 2003 to 2006 have been reclassified to coordinate with 2007 accordingly, no major effects upon such reclassifications.



II. Financial Analysis in the Past Five Years

Unit: NT\$ Thousand

Item		Financial Status in the Past Five Years				
		2007	2006	2005	2004	2003
Operation Capability	Loan to Deposit Ratio (%)	90	93	96	90	88
	NPL Ratio (%)	3.32	4.52	3.89	2.71	3.96
	Interest Expense to Average Deposit (%)	1.89	1.63	1.42	1.46	1.54
	Interest Income to Average Loan (%)	3.78	3.77	4.06	4.03	4.16
	Total Asset Turnover Ratio (Time)	0.02	0.02	0.02	0.02	0.01
	Average Revenue per Employee	2,104	2,213	2,168	2,075	1,246
	Average Income per Employee	366	(492)	87	352	(1,741)
Profitability	Return on Tier 1 Capital (%)	10	(14)	3	12	(45)
	ROA (%)	0.30	(0.43)	0.09	0.37	(1.77)
	ROE (%)	6	(9)	2	7	(27)
	Net Income Ratio (%)	17	(22)	4	10	(50)
	EPS (Dollar)	0.57	(1.10)	0.17	0.78	(3.15)
Financial Structure	Liability to Total Asset	94	95	95	95	95
	Fixed Asset to Shareholders' Equity	60	56	54	56	31
Growth	Asset Growth (%)	(11)	7	19	15	22
	Profitability Growth (%)	(Note 8)	(612)	(73)	(Note 8)	(2,890)
Cash Flows	Cash Flow (%)	(Note 9)	6	76	140	28
	Cash Flow to Dividends & Expenditures (%)	177	238	272	176	238
	Cash Flow Reinvestment Ratio (%)	(Note 9)	2	16	17	4
Liquidity Reserve Ratio (%)		10	11	10	10	11
Shareholders' Secured Lending Outstanding		1,406,062	1,567,810	2,037,418	2,155,806	2,147,208
Shareholders' Secured Lending Outstanding to Total Lending Outstanding (%)		1.04	1.03	1.39	1.81	2.10
Operating Scale	Market Share of Asset (%)	0.44	0.50	0.57	0.50	0.46
	Market Share of Net Worth (%)	0.45	0.44	0.48	0.40	0.41
	Market Share of Deposit (%)	0.57	0.62	0.65	0.58	0.55
	Market Share of Loan (%)	0.72	0.81	0.80	0.70	0.65

The reasons for the changes of CAR in the recent two terms (Such analysis is not necessary, if the variation is within 20%):

1. The Decrease of Overdue Ratio: Primarily due to the Bank's write-off in bad debt this year.
2. The Increase of Average Income per Employee, Return on Tier 1 Capital, ROA, ROE, Net Profit Margin and EPS: Essentially due to no provision reserved for bad debt this year in comparison with last year and result in the increase of income in the fiscal year.
3. The Reduction on Asset Growth Rate: Mainly due to the decrease in cash and cash equivalents and outstanding loans this year as compared with last year.
4. Peduction on Cash Flow Ratio and Cash Flow Reinvestment Ratio: Please refers to page 178.

Note 1: The financial figures above have all been audited and certified by CPA.

Note 2: Calculation methods:

1: Operating Capability

(1) Loan to Deposit Ratio = Total deposits / Total loans

(2) NPL = Total non-performing loans / Total loans

(3) Interest Expense to Average Deposit Outstanding = Total interest expense / Average deposits

(4) Interest Income to Average Loan Outstanding = Total interest income / Average loans outstanding

(5) Total Asset Turnover = Net operating income / Total assets

(6) Average Revenue per Employee = Operating revenue / Number of employees

- (7) Average Income per Employee = After-tax profit / Number of employees
- 2: Profitability
- (1) Return on Tier I Capital = Before-tax income / Average total amount of Tier I capital
 - (2) Return on Asset = After-tax income / Average total assets
 - (3) Return on Equity = After-tax income / Average net shareholder equity
 - (4) Net Income Total Revenue = After-tax income / Net income on operations
 - (5) Earning Per Share = (after-tax profit preferred shares dividends) / Weighted average of shares outstanding (Note 4)
- 3: Financial Structure
- (1) Liability to Total Asset = Total liabilities (Note 3) / Total assets
 - (2) Fixed Asset to Shareholders' Equity = Fixed asset / Shareholders' Equity
- 4: Growth Rate
- (1) Asset Growth = (Total assets of current year - Total assets of previous year) / Total assets of previous year
 - (2) Profitability Growth = (Pre-tax profit of current year - pre-tax profit of previous year) / Pre-tax profit of previous year
- 5: Cash Flow
- (1) Cash Flow = Net operating cash flow / (placement \$ advance to other banks + commercial paper payable + financial assets at fair value through profit or loss + bills & bonds purchased under agreements to resell + payables of maturity with one year)
 - (2) Cash Flow to Dividends & Expenditures = Net operating cash flow in the past five years / (capital expenditures + cash dividends) in the past five years
- 6: Liquidity Reserve Ratio = Liquid assets required by Central Bank / Liabilities for which the liquid reserves are allocated
- 7: Operating Scale
- (1) Market Share of Asset = Total assets / Total assets of financial institution allowed to engage in the deposits and loan business (Note 5)
 - (2) Market Share of Net Worth = Net worth / Total net worth of financial institutions allowed to engage in the deposits and loan business (Note 5)
 - (3) Market Share of Deposit = Total deposits / Total assets of financial institutions allowed to engage in the deposit and loan business (Note 5)
 - (4) Market Share of Loan = Total loans / Total loans of financial institution allowed to engage in the deposit and loan business (Note 5)
- Note 3: Total liabilities exclude guaranteed liability reserves, reserve for losses on bonds and bills dealing, reserve for contract violation losses, and reserve for accidental losses.
- Note 4: The following items should be considered when calculating the earnings per share in the aforementioned items.
1. Calculation shall be based on weighted average number of shares but not on the number of shares issued as of year-end.
 2. For any cash increment or treasury share transaction, period of circulation shall be considered in calculating the weighted average number of shares.
 3. Whenever capital increment is carried out via transfer of profit or legal reserve, retroactive adjustment shall be carried out in accordance with the ratio of increment when calculating earnings per share for past years and for six-month periods with no need to consider the time of issuance for the capital increment.
 4. If the preferred share is a non-convertible, cumulative preferred stock, the stock dividend for the current year (whether released or not) should be deducted from after-tax net profit or added to after-tax net loss.
 5. When there is an after-tax net profit, the dividend on preferred shares that are not cumulative stock should be deducted from after-tax net profit; in cases of loss, no adjustment is necessary.
- Note 5: Financial institutions that can engage in the deposit and loan business include domestic banks, Taiwan branches of foreign banks, credit cooperatives, the credit departments of farmers' and fishermen's associations, and trust investment companies.
- Note 6: Net Income total revenue refers to the sum of interest income and non-interest income.
- Note 7: The following items should be considered when analyzing the cash flows
1. Net operating cash flow represents the net cash inflows from operating activities
 2. Capital expenditures represents the yearly cash outflows from capital investment
 3. Cash dividends include dividends from common & preferred stocks
 4. Fixed asset represents total fixed asset before accumulated depreciations
- Note 8: Not expressed due to negative base point.
- Note 9: Not expressed due to negative cash flow from operating activity.



III. Capital Adequacy Analysis in the Past Five Years

(I) Parent Company

Unit: NT\$ Thousand

Year			Financial Status in the Past Five Years				
			2007	2006	2005	2004	2003
Item							
Equity Capital	Tier 1 Capital	Common Stock	8,557,900	8,557,900	7,198,000	6,000,000	6,000,000
		Perpetual, Non-cumulative Preferred Stock	-	-	-	-	-
		Non-matured, Non-cumulative Subordinated Debenture	-	-	-	-	-
		Capital in Advance	-	-	-	-	-
		Legal Reserve (Excluding Legal Reserve for Fixed Asset Appreciation)	-	245,786	605,686	605,686	2,465,283
		Legal Earning Reserve	-	196,891	152,786	-	206,177
		Special Earning Reserve	-	-	-	-	-
		Cumulative Earning	190,343	(787,017)	149,867	509,288	(2,065,774)
		Minor Interests	-	-	-	-	-
		Other Shareholders Equity	(70,823)	(6,529)	(69,036)	(42,002)	(14,831)
		Less: Goodwill	1,316,159	1,316,159	1,316,159	1,377,000	1,485,000
		Less: Loss from Unamortized NPL Sold	-	-	-	-	-
		Less: Capital Deduction Item	308,196	99,900	-	-	-
		Total Tier 1 Capital	7,053,065	6,790,970	6,721,144	5,695,972	5,105,855
	Tier 2 Capital	Perpetual, Cumulative Preferred Stock	-	-	-	-	-
		Non-matured, Cumulative Subordinated Debentures	-	-	-	-	-
		Legal Reserve for Fixed Asset Appreciation	-	-	-	-	-
		45% of Unrealized Gain of Available for Sale Financial Asset	4,549	-	-	-	-
		Convertible Bond	-	-	-	-	-
		Operation Reserve & Bad Debt Account	323,219	433,275	391,925	1,069,740	1,012,992
		Long-term Subordinated Debentures	2,249,920	2,569,920	1,289,920	1,689,920	1,158,600
		Non-perpetual Preferred Stock	600,000	800,000	1,000,000	-	-
		Sum of (Perpetual, Non-cumulative Preferred Stock + Non-mature, Non-cumulative subordinated Financial Debenture) Surpassed 15% of Tier 1 Capital	-	-	-	-	-
		Less: Capital Deduction Item	308,196	99,899	-	-	-
		Total Tier 2 Capital	2,869,492	3,703,296	2,681,845	2,759,660	2,171,592
	Tier 3 Capital	Short-term Subordinated Debentures	-	-	-	-	-
		Non-perpetual Preferred Stock	-	-	-	-	-
		Total Tier 3 Capital	-	-	-	-	-
	Equity Capital			9,922,557	10,494,268	9,203,527	8,374,440
Risk-Weighted Asset	Credit Risk	Standardized Approach	105,634,318	122,151,601	112,992,659	91,602,239	76,183,227
		Inter Rating-Based Approach	-	-	-	-	-
		Securitization Framework	481,144	441,754	-	-	-
	Operation Risk	Basic Indicator Approach	6,447,375	-	-	-	-
		Standardized / Alternative Approach	-	-	-	-	-
		Advanced Measurement Approach	-	-	-	-	-
	Market Risk	Standardized Approach	1,796,063	1,753,150	1,780,663	3,950,825	4,856,188
		Internal Model-based Approach	-	-	-	-	-
	CAR (%)			8.68	8.44	8.02	8.76
Tier 1 Capital to Risk-weighted Asset (%)			6.17	5.46	5.86	5.96	6.30
Tier 2 Capital to Risk-weighted Asset (%)			2.51	2.98	2.34	2.89	2.68
Tier 3 Capital to Risk-weighted Asset (%)			-	-	-	-	-
Common Stock to Total Asset (%)			5.03	4.50	4.06	4.04	4.66

(II) Consolidated Company

Unit: NT\$ Thousand

Item			Year	Financial Status in the Past Five Years				
			2007	2006	2005	2004	2003	
Equity Capital	Tier 1 Capital	Common Stock	8,557,900	8,557,900	7,198,000	-	-	
		Perpetual, Non-cumulative Preferred Stock	-	-	-	-	-	
		Non-matured, Non-cumulative Subordinated Debenture	-	-	-	-	-	
		Capital in Advance	-	-	-	-	-	
		Legal Reserve (Excluding Legal Reserve for Fixed Asset Appreciation)	-	245,786	605,686	-	-	
		Legal Earning Reserve	-	196,891	152,786	-	-	
		Special Earning Reserve	-	-	-	-	-	
		Cumulative Earning	190,343	(787,017)	149,867	-	-	
		Minor Interests	-	-	-	-	-	
		Other Shareholders Equity	(70,823)	(6,529)	(69,036)	-	-	
		Less: Goodwill	1,316,159	1,316,159	1,316,159	-	-	
		Less: Loss from Unamortized NPL Sold	-	-	-	-	-	
		Less: Capital Deduction Item	265,061	54,942	-	-	-	
		Total Tier 1 Capital	7,096,200	6,835,930	6,721,144	-	-	
	Tier 2 Capital	Perpetual, Cumulative Preferred Stock	-	-	-	-	-	
		Non-matured, Cumulative Subordinated Debentures	-	-	-	-	-	
		Legal Reserve for Fixed Asset Appreciation	-	-	-	-	-	
		45% of Unrealized Gain of Available for Sale Financial Asset	4,549	-	-	-	-	
		Convertible Bond	-	-	-	-	-	
		Operation Reserve & Bad Debt Account	323,219	433,275	391,925	-	-	
		Long-term Subordinated Debentures	2,249,920	2,569,920	1,289,920	-	-	
		Non-perpetual Preferred Stock	600,000	800,000	1,000,000	-	-	
		Sum of (Perpetual, Non-cumulative Preferred Stock, & Non-mature, Non-cumulative subordinated Financial Debenture) Surpassed 15% of Tier 1 Capital	-	-	-	-	-	
		Less: Capital Deduction Item	265,059	54,942	-	-	-	
		Total Tier 2 Capital	2,912,629	3,748,253	2,681,845	-	-	
	Tier 3 Capital	Short-term Subordinated Debentures	-	-	-	-	-	
		Non-perpetual Preferred Stock	-	-	-	-	-	
		Total Tier 3 Capital	-	-	-	-	-	
	Equity Capital			10,008,829	10,584,183	9,284,147	-	-
Risk-Weighted Asset	Credit Risk	Standardized Approach	105,573,282	122,357,603	112,998,064	-	-	
		Inter Rating-Based Approach	-	-	-	-	-	
		Securitization Framework	481,144	441,754	-	-	-	
	Operation Risk	Basic Indicator Approach	6,493,000	-	-	-	-	
		Standardized / Alternative Approach	-	-	-	-	-	
		Advanced Measurement Approach	-	-	-	-	-	
	Market Risk	Standardized Approach	1,796,063	1,753,750	1,780,663	-	-	
		Internal Model-based Approach	-	-	-	-	-	
CAR (%)			8.75	8.50	8.09	-	-	
Tier 1 Capital to Risk-weighted Asset (%)			6.21	5.49	5.86	-	-	
Tier 2 Capital to Risk-weighted Asset (%)			2.55	3.01	2.34	-	-	
Tier 3 Capital to Risk-weighted Asset (%)			-	-	-	-	-	
Common Stock to Total Asset (%)			5.03	4.50	4.06	-	-	

Note: The financial figures above have all been audited and certified by CPA.



IV. Certified Financial Statement by CPA

Independent Auditors' Report

The Board of Directors

Bank of Panhsin:

We have audited the accompanying balance sheets of Bank of Panhsin as of December 31, 2007 and 2006, 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 and the Regulations Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Panhsin as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Banks, the related financial accounting standards of the Business Entity Accounting Act and of the Regulation on Business Entity Accounting Handling, and Republic of China generally accepted accounting principles.

As described in note 3 to the financial statements, Bank of Panhsin, starting from January 1, 2006, adopted Statement of Financial Accounting Standards No. 34 (SFAS 34) "Financial Instruments: Recognition and Measurement", No. 36 (SFAS 36) "Financial Instruments: Disclosure and Presentation", and the recently revised No. 1 (SFAS 1) "Conceptual Framework for Financial Accounting and Preparation of Financial Statements". As a result, net loss before the cumulative effect of changes in accounting principle and basic deficits per share decreased by \$88,860 thousand and \$0.12, respectively. In accordance with SFAS 34, the beginning balance of financial assets and liabilities should be reclassified and re measured at fair value. For the year ended December 31, 2006, the resulting cumulative effect of changes in accounting principle and the decrease in basic deficits per share were \$19,442 thousand and \$0.03, respectively. In addition, adjustments to stockholders' equity were \$40,763 thousand.

Bank of Panhsin has prepared consolidated financial statements for itself and its subsidiaries as of and for the years ended December 31, 2007 and 2006, on which we have expressed an unqualified opinion and a modified unqualified opinion with explanatory paragraphs for reference, respectively.

February 12, 2008

Balance Sheets

December 31, 2007 and 2006

(expressed in thousands of New Taiwan dollars, except for per value)

	2007	2006	Change %
Assets			
Cash and cash equivalents	\$ 2,933,626	4,118,814	(29)
Due from Central Bank and placement to other banks	19,076,803	25,380,355	(25)
Financial assets at fair value through profit or loss, net	1,608,335	1,498,235	7
Accounts receivable, net	3,965,242	2,542,209	56
Income tax refund receivable	92,126	52,576	75
Loans and advances to customers	128,429,99	143,147,882	(10)
Available-for-sale financial assets, net	2,181,161	1,545,490	41
Long-term investments under equity method, net	86,272	89,914	(4)
Other financial assets, net	458,587	103,490	343
Property and equipment, net	5,806,834	5,149,939	13
Goodwill and intangible assets	1,377,786	1,374,344	-
	<u>166,016,762</u>	<u>185,003,248</u>	(10)
Other assets—net:			
Deferred income tax assets	622,385	761,391	(18)
Other assets	3,438,713	4,324,324	(20)
	<u>4,061,098</u>	<u>5,085,715</u>	(20)
Total Assets	<u>\$ 170,077,860</u>	<u>190,088,963</u>	(11)
Liabilities and Stockholders' Equity			
Deposits by Central Bank and other banks	\$9,214,476	16,201,518	(43)
Financial liabilities at fair value through profit or loss	19,845	2,235	788
Bills and bonds sold under repurchase agreements	358,254	601,427	(40)
Notes and accounts payable	2,047,984	3,485,495	(41)
Deposits and remittances	144,198,797	156,677,427	(8)
Subordinate financial debentures	4,200,000	3,680,000	14
Accrued pension liabilities	58,513	55,546	5
Other liabilities	292,462	178,283	64
Total liabilities	<u>160,390,331</u>	<u>180,881,931</u>	(11)
Stockholders' Equity :			
Share capital:			
Common stock of \$10 par value per share; authorized and issued 1,500,000 and 855,790 thousand shares, respectively, in 2007 and 2006	8,557,900	8,557,900	-
Preferred stock of \$10 par value per share; cumulative but non-participating; authorized and issued 100,000 thousand shares in 2007 and 2006	1,000,000	1,000,000	-
	<u>9,557,900</u>	<u>9,557,900</u>	-
Capital surplus	-	245,786	-
Retained earnings:			
Legal reserve	-	196,891	-
Unappropriated earnings (accumulated deficits)	190,343	(787,016)	124
	<u>190,343</u>	<u>(590,125)</u>	132
Other adjustments to stockholders' equity:			
Unrealized (loss) gain on available-for-sale financial assets	(29,345)	32,865	(189)
Net loss from unrecognized pension cost	(31,369)	(39,394)	20
	<u>(60,714)</u>	<u>(6,529)</u>	(830)
Total stockholders' equity	<u>9,687,529</u>	<u>9,207,032</u>	5
Commitments and contingent liabilities			
Total liabilities and stockholders' equity	<u>\$ 170,077,860</u>	<u>190,088,963</u>	(11)



Statements of Income

For the years ended December 31, 2007 and 2006

(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2007	2006	Change%	
Interest income	\$ 5,697,371	5,788,330	(2)	
Less: Interest expense	3,295,805	2,954,338	12	
Net interest income	2,401,566	2,833,992	(15)	
Non-interest income:				
Fees and commission income, net	609,440	607,782		
Gain (loss) on financial instruments at fair value through profit or loss	(121,757)	94,587	(229)	
Realized gain (loss) on available-for-sale financial assets	(9,193)	5,500	(267)	
Investment income under the equity method, net	8,619	9,293	(7)	
Foreign exchange gain (loss), net	1,115	486	129	
Asset impairment loss	-	(155,122)	-	
Other non-interest income, net	179,389	171,208	5	
Net revenue	3,069,179	3,567,726	(14)	
Bad debt expenses	423,639	2,192,663	(81)	
Operating expenses:				
Personnel costs	1,119,942	1,412,103	(21)	
Depreciation and amortization	169,483	164,774	3	
Other general and administrative expenses	681,340	736,943	(8)	
	1,970,765	2,313,820	(15)	
Income (loss) from continuing operations before income tax	674,775	(938,757)	172	
Income tax expense (benefit)	140,093	(130,000)	208	
Income (loss) before cumulative effect of changes in accounting principle	534,682	(808,757)	166	
Cumulative effect of changes in accounting principle, net of income tax of \$0	-	19,442	-	
Net income (loss)	\$ 534,682	(789,315)	168	
	Before tax	After tax	Before tax	After tax
Basic earnings (deficits) per share				
Net income (loss) before cumulative effect of changes in accounting principle	\$ 0.74	0.57	(1.30)	(1.13)
Cumulative effect of changes in accounting principle		-		0.03
Net income (loss)		\$ 0.57		(1.10)

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2007 and 2006

(expressed in thousands of New Taiwan dollars)

	Share capital			Retained earnings		Other adjustment		
	Common stock	Preferred stock	Capital surplus	Legal reserve	Unappropriated earnings (accumulated deficits)	Unrealized gain (loss) on available-for-sale financial assets	Net loss from unrecognized pension cost	Total
Balance at January 1, 2006	\$ 7,198,000	1,000,000	605,686	152,786	149,868	(15,485)	(53,551)	9,037,304
Issuance of common stock for cash	1,000,000	-	-	-	-	-	-	1,000,000
Appropriation of retained earnings								
Legal reserve	-	-	-	44,105	(44,105)	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(3,968)	-	-	(3,968)
Employees' bonus	-	-	-	-	(3,968)	-	-	(3,968)
Cash dividends	-	-	-	-	(71,980)	-	-	(71,980)
Dividends on preferred stock	-	-	-	-	(23,548)	-	-	(23,548)
Capital surplus used to increase common stock	359,900	-	(359,900)	-	-	-	-	-
Net loss for 2006	-	-	-	-	(789,315)	-	-	(789,315)
Recognition of unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	7,587	-	7,587
Recognition of unrealized gain (loss) on available-for-sale financial assets due to change in accounting principle	-	-	-	-	-	40,763	-	40,763
Reversal of net loss from unrecognized pension cost	-	-	-	-	-	-	14,157	14,157
Balance at December 31, 2006	8,557,900	1,000,000	245,786	196,891	(787,016)	32,865	(39,394)	9,207,032
Reversal of accumulated deficits by offsetting with legal reserve	-	-	-	(196,891)	196,891	-	-	-
Reversal of accumulated deficits by offsetting with capital surplus	-	-	(245,786)	-	245,786	-	-	-
Net income for 2007	-	-	-	-	534,682	-	-	534,682
Recognition of unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	(62,210)	-	(62,210)
Reversal of net loss from unrecognized pension cost	-	-	-	-	-	-	8,025	8,025
Balance at December 31, 2007	<u>\$ 8,557,900</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>190,343</u>	<u>(29,345)</u>	<u>(31,369)</u>	<u>9,687,529</u>



Statements of Cash Flows

For the years ended December 31, 2007 and 2006
(expressed in thousands of New Taiwan dollars)

	2007	2006
Cash flow from operating activities:		
Net income (loss)	\$ 534,682	(789,315)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	110,570	107,751
Amortization	60,710	58,133
Asset impairment loss	-	155,122
Reversal of reserve for securities trading losses	(2,849)	(1,076)
Bad debt expense	423,639	2,192,663
Investment income under the equity method	(8,619)	(9,293)
Cash dividends under the equity method	12,261	-
Loss (gain) on sale of available-for-sale financial assets, net	10,123	(4,971)
Gain on disposal of investees under cost method	(5,364)	-
Loss (gain) on disposal of property and equipment, net	2,807	(8,247)
Gain on disposal of non-operating assets	(3,190)	(5,046)
Gain on disposal of foreclosed assets	(80,935)	(897)
Increase in financial assets at fair value through profit or loss	(110,100)	(655,612)
Increase in accounts receivable	(1,205,584)	(1,196,210)
Increase in other financial assets	(366,805)	(42,341)
Decrease (increase) in deferred income tax assets	139,006	(129,819)
Increase in financial liabilities at fair value through profit or loss	17,610	1,640
Increase (decrease) in accounts payable and other liabilities	(1,437,511)	551,319
Increase (decrease) in accrued pension liabilities	10,992	(8,054)
Net cash provided by operating activities	(1,898,557)	215,747
Cash flow from investing activities:		
Decrease (increase) in due from Central Bank and placement to other banks	6,303,552	(6,871,583)
Acquisition of available-for-sale financial assets	(7,640,496)	(1,193,714)
Proceeds from disposal of available-for-sale financial assets	6,932,492	1,019,021
Increase in loans and advances to customers	14,304,961	(5,174,908)
Decrease in bills and bonds purchased under agreements to resell	-	1,099,206
Proceeds from disposal of investees under cost method	6,364	-
Capital refund from investees under cost method	-	15,361
Proceeds from acquisition of property and equipment	(874,072)	(378,526)
Proceeds from disposal of property and equipment	59	64,327
Proceeds from acquisition of intangible assets	(4,422)	(8,695)
Proceeds from sale of non-operating assets	4,069	16,868
Increase in foreclosed assets	(704,915)	(636,641)
Proceeds from disposal of foreclosed assets	321,496	351,660
Decrease (increase) in other assets	1,136,098	(84,295)
Net cash used in investing activities	19,785,186	(11,781,919)
Cash flow from financing activities:		
Decrease in deposits by Central Bank and other banks	(6,987,042)	(963,999)
Increase (decrease) in deposits and remittances	(12,478,630)	12,264,344
Increase (decrease) in bills and bonds sold under repurchase agreements	(243,173)	(777,371)
Issuance of subordinated financial debentures	520,000	1,680,000
Increase in other liabilities	117,028	16,410
Issuance of common stock for cash	-	1,000,000
Cash dividends, employees' bonus, and directors' and supervisors' remuneration	-	(103,464)
Net cash provided by financing activities	(19,071,817)	13,115,920
Net increase in cash and cash equivalents	(1,185,188)	1,549,748
Cash and cash equivalents at beginning of year	4,118,814	2,569,066
Cash and cash equivalents at end of year	\$ 2,933,626	4,118,814
Supplementary disclosure of cash flow:		
Cash payments of interest	\$ 3,285,200	2,666,447
Cash payments of income tax	\$ 40,638	27,329
Investing and financing activities not affecting cash flows:		
Unrealized gain (loss) on available-for-sale financial assets	\$ (62,210)	7,587
Unrealized gain (loss) on available-for-sale financial assets due to change in accounting principle	\$ -	40,763
Reconciliation of cash received from disposal of foreclosed assets:		
Proceeds from disposal of foreclosed assets	\$ 578,495	635,141
Increase in receivables from disposal of foreclosed assets	(256,999)	(283,481)
Cash charge for the current period	\$ 321,496	351,660

Notes to Financial Statements

December 31, 2007 and 2006

(expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Reasons for and Effects of Accounting Changes

Effective January 1, 2006, pursuant to the newly revised ROC Statement of Financial Accounting Standards No. 1, "Conceptual Framework for Financial Accounting and Preparation of Financial Statements", goodwill is no longer being amortized. The resulting effect of this change in accounting principle amounted to \$118,480. The net loss before accumulative effect of changes in accounting principle and basic deficits per share decreased by \$88,860 and \$0.12 dollars, respectively.

Starting from January 1, 2006, the Bank adopted ROC Statement of Financial Accounting Standards No. 34 "Financial Instruments: Recognition and Measurement" and No. 36 "Financial Instruments: Disclosure and Presentation". In accordance with SFAS No. 34, the beginning balance of financial assets and financial liabilities should be reclassified and re-measured at fair value. For the period ended December 31, 2007, the resulting cumulative effect of changes in accounting principle amounted to \$19,442 and basic net deficits per share decreased by \$0.03 dollars. In addition, adjustment to stockholders' equity was \$40,763.

(2) Cash and Cash Equivalents

As of December 31, 2007 and 2006, cash and cash equivalents were as follows:

	2007	2006
Cash	\$ 1,384,185	1,203,061
Negotiable instruments for clearing	644,865	1,674,106
Deposits with other banks	904,576	1,241,647
	<u>\$ 2,933,626</u>	<u>4,118,814</u>

As of December 31, 2007 and 2006, composite banking insurance amounted to \$147,400.

(3) Due from Central Bank and Placement to Other Banks

As of December 31, 2007 and 2006, due from Central Bank and placement to other banks were as follows:

	2007	2006
Deposit reserve:		
Deposit reserve—checking account	\$ 2,442,396	2,965,717
Deposit reserve—demand account	3,736,969	4,117,736
ATM settlement account	150,487	150,564
	<u>6,329,852</u>	<u>7,234,017</u>
Certificates of deposit	11,700,000	15,000,000
Placement to other banks	1,046,951	3,146,338
	<u>\$ 19,076,803</u>	<u>25,380,355</u>

Deposit reserve is calculated based on the monthly average balance of the various types of deposits, using specific reserve ratios as promulgated by the Central Bank of the Republic of China (CBC) and the reserve for deposits settlement account of Bank of Taiwan. There is no interest bearing on the reserve for deposits checking account. The reserve for deposits demand account is placed with the CBC and its usage is restricted only when the monthly reserve requirement is adjusted. There is interest on the reserve for deposits settlement account.



(4) Financial Assets and Liabilities at Fair Value through Profit or Loss

As of December 31, 2007 and 2006, financial assets and liabilities at fair value through profit or loss were as follows:

	2007	2006
Trading assets:		
Interest rate—related instruments	\$ 580,747	-
Equity securities	118,534	74,819
Beneficiary certificates	133,980	460,145
Derivatives	5,232	353
	<u>838,493</u>	<u>535,317</u>
Financial assets designated at fair value:		
Convertible bonds—asset swap	\$ -	23,399
Credit-linked notes	769,842	939,519
	<u>769,842</u>	<u>962,918</u>
	<u>\$ 1,608,335</u>	<u>1,498,235</u>
	2007	2006
Trading liabilities:		
Derivative financial instruments	\$ 19,845	2,235

For the years ended December 31, 2007 and 2006, net gain (loss) on financial assets and financial liabilities at fair value through profit or loss were as follows:

	2007	2006
Net gain (loss) on valuation and disposal of trading assets:		
Interest rate—related instruments	\$ (6,638)	(514)
Equity securities	(9,383)	64,856
Beneficiary certificates	(10,040)	23,403
Derivatives	16,427	5,317
	<u>(9,634)</u>	<u>93,062</u>
Dividend income	8,316	-
Other interest income	6,741	533
	<u>15,057</u>	<u>533</u>
	<u>\$ 5,423</u>	<u>93,595</u>
	2007	2006
Financial assets designated at fair value:		
Convertible bonds asset swaps	\$ (876)	(561)
Credit-linked notes	(107,072)	(700)
	<u>(107,948)</u>	<u>(1,261)</u>
Interest income	-	-
	<u>\$ (107,948)</u>	<u>(1,261)</u>
	2007	2006
Net gain (loss) on valuation and disposal of trading liabilities:		
Derivatives	\$ (12,491)	2,786

(5) Available-for-sale Financial Assets

As of December 31, 2007 and 2006, available-for-sale financial assets were as follows:

	2007		
	Cost after amortization	Assessment adjustment	Fair value
Interest rate—related instruments			
Government bonds	\$ 2,112,041	(29,845)	2,082,196
Corporate bonds	48,465	820	49,285
Beneficiary securities	50,000	(320)	49,680
	<u>\$ 2,210,506</u>	<u>(29,345)</u>	<u>2,181,161</u>

	2006		
	Cost after amortization	Assessment adjustment	Book value
Interest rate—related instruments			
Negotiable certificates of deposit	\$ 231,784	98	231,882
Government bonds	1,230,930	26,340	1,257,270
Equity securities			
Stocks	49,911	6,427	56,338
	<u>\$ 1,512,625</u>	<u>32,865</u>	<u>1,545,490</u>

Movements of unrealized gain (loss) on available-for-sale financial assets were as follows:

	2007	2006
Beginning balance	\$ 32,865	(15,485)
Add: effect of adoption of new SFAS	-	40,763
unrealized gain (loss) recognized in the period	(72,333)	12,558
Less: realized gain (loss) on disposal in the period	(10,123)	4,971
Ending balance	<u>\$ (29,345)</u>	<u>32,865</u>

The beginning balance at January 1, 2006, was reclassified from the unrealized loss on decline in market value of Taiwan Cooperative Bank Co., Ltd. Under the lower-of-cost-or-market-value method.

Please refer to note 25 for the available-for-sale financial assets under pledge.

(6) Accounts Receivable, Net

As of December 31, 2007 and 2006, accounts receivable, net, were as follows:

	2007	2006
Dividends receivable	\$ -	557
Interest receivable	374,899	482,607
Accounts receivable	25,610	13,751
Notes receivable PANHSIN AMC	1,694,709	283,481
Acceptance receivable	453,987	534,470
Other receivable PANHSIN AMC	1,368,470	1,169,748
Other receivable other, net of allowance for bad and doubtful accounts of \$7,332 and \$22,261 for 2007 and 2006, respectively	47,567	57,595
	<u>\$ 3,965,242</u>	<u>2,542,209</u>



(7) Loans and Advances to Customers

As of December 31, 2007 and 2006, details of loans and advances to customers were as follows:

	2007	2006
Remittance and discounts for exports	\$ 210,343	261,229
Short-term loans, overdrafts, and bills purchased	14,420,681	16,632,423
Short-term secured loans and overdrafts	13,548,417	18,131,058
Medium-term loans	14,638,400	19,914,985
Medium-term secured loans	18,346,871	19,464,113
Long-term loans	435,577	149,418
Long-term secured loans	64,673,723	66,105,348
Non-performing loans	4,046,665	5,425,591
Subtotal	130,320,677	146,084,165
Less: allowance for bad and doubtful accounts	1,890,687	2,936,283
	<u>\$ 128,429,990</u>	<u>143,147,882</u>

Movements of allowance for bad and doubtful accounts in years 2007 and 2006 were as follows:

	2007		
	Specific provision	General provision	Total
Beginning balance	\$ 2,525,269	433,275	2,958,544
Add: provision for doubtful accounts	572,962	(110,056)	462,906
Less: write-off	1,523,431	-	1,523,431
Ending balance	<u>\$ 1,574,800</u>	<u>323,219</u>	<u>1,898,019</u>

	2006		
	Specific provision	General provision	Total
Beginning balance	\$ 811,359	391,925	1,203,284
Add: provision for doubtful accounts	2,231,321	41,350	2,272,671
Less: write-off	517,411	-	517,411
Ending balance	<u>\$ 2,525,269</u>	<u>433,275</u>	<u>2,958,544</u>

For the years ended December 31, 2007 and 2006, the provision for bad debt expenses was \$462,906 and \$2,272,671, respectively. For the years ended December 31, 2007 and 2006, the amounts collected after write-off were \$39,267 and \$80,008, respectively. For the years ended December 31, 2007 and 2006, the bad debt expenses net of the aforementioned collection after write-off were \$423,639 and \$2,192,663, respectively.

As of December 31, 2007 and 2006, details of allowance for bad and doubtful accounts were as follows:

	2007	2006
Loans and advances (excluding non-performing loans)	\$ 55,257	39,459
Non-performing loans	1,835,430	2,896,824
Accounts receivable and others	7,332	22,261
	<u>\$ 1,898,019</u>	<u>2,958,544</u>

For the years ended December 31, 2007 and 2006, the amounts of allowance for bad and doubtful accounts generated from 3% of operating revenues were \$179,802 and \$183,798, respectively.

As of December 31, 2007 and 2006, loans and advances not accruing interest were \$4,058,234 and \$5,465,534, respectively. For the years ended December 31, 2007 and 2006, interest receivable not accrued was \$596,822 and \$872,786, respectively.

(8) Long-term Investments under Equity Method and Other Investments

The financial assets stated at cost (under other financial assets) were accounted for by the cost method since there was no quoted market price and estimates of fair values were not available.

The Bank loaned a total amount of \$395,000 to Taiwan Cooperative Bills Finance Co., Ltd. (the former Great Chinese Bill Finance Co., Ltd.) in January 2007, and the board of directors of the Bank resolved to transfer the amount of \$384,292 of debts to invest in the shares of Taiwan Cooperative Bills Finance Co., Ltd. on September 26, 2007. At the same time, the residual debt obligation of \$10,708 was abandoned and recognized as bad debts expense.

The investment was approved by the Financial Supervisory Commission, Executive Yuan, in Jin Guan Yin (4) No. 9600475932 on November 6, 2007.

(9) Property and Equipment

As of December 31, 2007 and 2006, property and equipment were as follows:

	2007	2006
Cost:		
Land	\$ 3,735,115	3,771,591
Buildings	868,119	898,409
Equipment	619,916	585,038
Transportation equipment	100,888	89,784
Other equipment	92,916	103,619
Leasehold improvement	184,466	169,050
Subtotal	5,601,420	5,617,491
Less: accumulated depreciation	886,470	794,410
	4,714,950	4,823,081
Construction in progress and prepayments for equipment	1,091,884	326,858
	<u>\$ 5,806,834</u>	<u>5,149,939</u>

For the years 2007 and 2006, the movement of accumulated depreciation was as follows:

	2007	2006
Beginning balance	\$ 794,410	702,622
Add: depreciation	108,773	106,641
reclassification from leased-out asset	-	16,891
Less: disposal	14,771	31,744
reclassification to leased-out asset	1,942	-
Ending balance	<u>\$ 886,470</u>	<u>794,410</u>

In accordance with the Bank's management policy, fixed assets amounting to \$2,460,381 was entrusted. Please see note 29.

(10) Intangible Assets—Goodwill

As of December 31, 2007 and 2006, intangible assets goodwill were as follows:

	2007	2006
Original cost	\$ 1,385,817	1,385,817
Less: accumulated impairment loss	69,658	69,658
	<u>\$ 1,316,159</u>	<u>1,316,159</u>



For the years ended December 31, 2007 and 2006, the movement of goodwill was as follows:

	2007	2006
Beginning balance	\$ 1,385,817	1,385,817
Increase	-	-
Ending balance	<u>\$ 1,385,817</u>	<u>1,385,817</u>

For the years ended December 31, 2007 and 2006, the movement of accumulated impairment loss was as follows:

	2007	2006
Beginning balance	\$ 69,658	69,658
Add: provision	-	-
Ending balance	<u>\$ 69,658</u>	<u>69,658</u>

(11) Other Assets Non-operating Assets

As of December 31, 2007 and 2006, other assets non-operating assets were as follows:

	2007	2006
Leased-out assets, net	\$ 371,606	307,923
Idle assets, net	44,399	45,934
	<u>\$ 416,005</u>	<u>353,857</u>

The depreciation expense for leased out assets was \$1,141 and \$1,110 in 2007 and 2006, respectively. The depreciation expense for idle assets was \$656 and \$0 in 2007 and 2006, respectively. This depreciation expense was recorded under other non-interest income, net.

The major terms of the lease contracts are as follows:

- 1) Contract period is for 1 to 3 years.
- 2) The lessee has usage rights during the leasehold period. The leased assets cannot be mortgaged, securitized, sub-leased or disposed of in any manner without prior written consent from the Bank.

The Bank recognized net gain in the amount of \$3,191 and \$5,046 in 2007 and 2006, respectively, from the sale of leased-out assets and idle assets.

(12) Other Assets Foreclosed Assets

As of December 31, 2007 and 2006, other assets foreclosed assets were as follows:

	2007	2006
Foreclosed assets	\$ 2,474,505	2,314,147
Less: accumulated impairment loss	102,729	149,726
	<u>\$ 2,371,776</u>	<u>2,164,421</u>

For the years ended December 31, 2007 and 2006, the movement of accumulated impairment loss was as follows:

	2007	2006
Beginning balance	\$ 149,726	157,874
Add: provision	-	150,182
Less: write-off	46,997	158,330
Ending balance	<u>\$ 102,729</u>	<u>149,726</u>

The net gain on disposal of foreclosed assets was \$80,935 and \$897 in 2007 and 2006, respectively, recorded under other non-interest income.

(13) Deposits by Central Bank and Other Banks

As of December 31, 2007 and 2006, deposits by the Central Bank and other banks were as follows:

	2007	2006
Deposits by other banks	\$ 6,795,541	8,292,349
Bank draft from other banks	-	6,113
Deposits transferred from Post Office	1,995,878	2,394,068
Overnight deposit from other banks	423,057	5,508,988
	<u>\$ 9,214,476</u>	<u>16,201,518</u>

(14) Deposits and Remittances

As of December 31, 2007 and 2006, deposits and remittances were as follows:

	2007	2006
Checking account	\$ 1,249,218	1,596,954
Demand deposits	11,016,855	10,627,668
Time deposits	22,159,811	28,523,215
Negotiable certificates of deposit	4,139,300	15,745,700
Foreign currency time deposits	5,598,077	3,707,983
Savings accounts:		
Demand deposits	25,014,277	25,766,732
Staff accounts deposits	874,222	960,376
Installment savings deposits	646,297	276,325
Non-interest-drawing time savings deposits	21,443,878	20,364,228
Interest-drawing savings deposits	52,013,464	48,960,626
Remittances	43,398	147,620
	<u>\$ 144,198,797</u>	<u>156,677,427</u>

As of December 31, 2007 and 2006, the maturity dates for the above time deposits and savings, except for demand savings deposits, were between one month and one year.

(15) Subordinated Financial Debentures

As of December 31, 2007 and 2006, subordinated financial debentures were as follows:

	2007	2006
Subordinated financial debentures	\$ 4,200,000	3,680,000

(16) Pension

In accordance with the pension plan, the Bank deposited an amount equal to 8% and 9.64% of the monthly gross salary payment in a retirement fund account for managers and employees, respectively, in 2007 and 2006. Furthermore, in accordance with the New System, from July 1, 2005, the Bank deposited in the Bureau of Labor Insurance an additional amount equal to 6% of the monthly gross salary payment for employees who chose the New System. The measurement dates of the actuarial valuation were December 31, 2007 and 2006. As of December 31, 2007 and 2006, the reconciliation of the funded status and accrued pension liabilities was as follows:



	2007		2006	
	Managers	Regular employees	Managers	Regular employees
Benefit obligation:				
Vested benefit obligation	\$ (36,684)	(84,164)	(37,545)	(52,992)
Non-vested benefit obligation	(11,744)	(273,011)	(14,207)	(268,155)
Accumulated benefit obligation	(48,428)	(357,175)	(51,752)	(321,147)
Additional benefits based on future salaries	(12,266)	(151,277)	(13,996)	(146,500)
Projected benefit obligation (PBO)	(60,694)	(508,452)	(65,748)	(467,647)
Fair value of plan assets	17,643	360,093	14,588	334,838
Funded status	(43,051)	(148,359)	(51,160)	(132,809)
Unrecognized net transitional benefit obligation (assets)	(1,493)	119,226	(1,791)	126,239
Unrecognized pension loss (gain)	45,128	1,405	55,181	(11,812)
Additional minimum pension liability	(31,369)	-	(39,394)	-
Accrued pension liabilities	\$ (30,785)	(27,728)	(37,164)	(18,382)
Vested benefit	\$ 58,051	118,240	59,985	75,110

For the years ended December 31, 2007 and 2006, the components of net pension cost were as follows:

	2007		2006	
	Managers	Regular employees	Managers	Regular employees
Service cost	\$ 2,489	14,694	4,457	20,530
Interest cost	1,644	12,860	3,326	20,823
Actual return on plan assets	(76)	(9,462)	(19)	(7,864)
Amortization	3,126	7,047	5,255	5,827
Net pension cost	\$ 7,183	25,139	13,019	39,316

Actuarial assumptions for the years 2007 and 2006 were as follows:

	2007		2006	
	Managers	Regular employees	Managers	Regular employees
Discount rate	2.75%	2.75%	2.50%	2.75%
Rate of increase in futures compensation	2.00%	2.00%	2.00%	2.00%
Rate of projected return on plan assets	2.75%	2.75%	2.50%	2.75%

As of December 31, 2007 and 2006, the balance of the pension funds deposits with the Bank's Hou Pu Branch for managers was \$16,963 and \$3,282, respectively.

For the years ended December 31, 2007 and 2006, net pension cost was as follows:

	2007	2006
Defined benefit pension plan	\$ 32,322	52,335
Defined contribution pension plan	37,661	39,316
	\$ 69,983	91,651

(17) Income Tax

The Bank is subject to ROC income tax at a maximum rate of 25%. Starting from January 1, 2006, the Bank adopted the ROC "Income Basic Tax Act" to calculate its basic income tax. The income tax expense for 2007 and 2006 is summarized below:

	2007	2006
Current income tax expense (benefit)	\$ 1,087	(181)
Deferred income tax expense (benefit)	139,006	(129,819)
Income tax expense (benefit)	<u>\$ 140,093</u>	<u>(130,000)</u>

The differences between the expected income tax at the statutory income tax rate and the income tax expense as reported in the accompanying financial statements for the years ended December 31, 2007 and 2006, were as follows:

	2007	2006
Income tax at statutory rate	\$ 168,694	(234,689)
Income of OBU exempt from tax	15,670	(4,056)
Investment income from long-term investment under equity method	(2,155)	(9,228)
Tax effect of interest income from separately taxed short-term bills	(566)	(91)
Dealing loss (gain) from securities trading, net	(6,704)	(23,288)
Loss (gain) on sale of land, net	(17,219)	27,810
Provision for (reversal of) valuation (gain) loss on financial assets at fair value through profit or loss	12,036	(1,441)
Impairment loss on financial assets stated at cost	-	1,235
Adjustment of prior year's impairment loss on foreclosed assets	-	(906)
Provision for (reversal of) reserve for securities trading losses	(712)	(269)
Adjustment and expiration of prior year's loss carryforwards	102,692	11,502
Adjustment and expiration of prior year's investment tax credit	-	198
Increase in investment tax credit-staff training costs	(1,972)	(1,916)
Provision for (reversal of) allowance for deferred income tax assets	(134,605)	105,937
Other reconciliation of loss carryforwards due from tax-exempt investment income	4,877	-
Other	57	(798)
Income tax expense (benefit)	<u>\$ 140,093</u>	<u>(130,000)</u>

For the years ended December 31, 2007 and 2006, the major components of deferred income tax expense (benefit) were as follows:

	2007	2006
Decrease in allowance for bad and doubtful debts (in excess of tax limitation)	\$ 229,296	(364,071)
Impairment loss on foreclosed assets	-	(37,546)
Reversal of allowance for loss on decline in net realizable value of foreclosed assets	-	39,583
Amortization of goodwill	39,463	39,463
Impairment loss on goodwill	3,870	3,869
Investment income from long-term investments under equity method	-	(6,905)
Unrealized foreign exchange gain, net	-	151
Adjustment of prior year's impairment loss on foreclosed assets	-	(906)
Unfunded pension expense	(2,748)	(6,369)
Valuation gain (loss) on financial assets	(552)	286
Loss carryforwards acquired (used)	(96,438)	86,905
Adjustment and expiration of prior year's loss carryforwards	102,692	11,502
Adjustment and expiration of prior year's investment tax credit	-	198
Increase in investment tax credit staff training costs	(1,972)	(1,916)
Provision for (reversal of) allowance for deferred income tax assets	(134,605)	105,937
	<u>\$ 139,006</u>	<u>(129,819)</u>



As of December 31, 2007 and 2006, the deferred income tax assets (liabilities) were as follows:

	2007	2006
Deferred income tax assets	\$ 752,117	1,026,014
Valuation allowance deferred income tax assets	(129,732)	(264,337)
Net deferred income tax assets	622,385	761,677
Deferred income tax liabilities	-	(286)
Deferred income tax assets, net	\$ 622,385	761,391

As of December 31, 2007 and 2006, the components of deferred income tax assets (liabilities), including temporary differences, loss carryforwards, and tax credits, and the respective income tax effect for each component were as follows:

	2007		2006	
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets (liabilities):				
Valuation loss (gain) on financial assets at fair value through profit or loss	\$ 1,067	266	(1,142)	(286)
Pension costs in excess of tax limitation	94,325	23,581	83,333	20,833
Allowance for bad and doubtful debts in excess of tax limitation	539,099	134,775	1,456,283	364,071
Allowance for loss on decline in net realizable value of foreclosed assets	149,726	37,431	149,726	37,431
Amortization of goodwill in excess of tax limitation	146,922	36,731	304,774	76,194
Impairment loss on goodwill	38,699	9,675	54,178	13,545
Loss carryforwards	2,001,042	500,260	2,026,058	506,514
Investment tax credit staff training costs	9,398	9,398	7,426	7,426
	\$ 752,117		1,025,728	

As of December 31, 2007 and 2006, the components of income tax receivable were as follows:

	2007	2006
Current income tax (benefit) expense	\$ 1,087	(181)
Income tax on separately taxed short-term bills	(1,079)	(700)
Income tax receivable of prior years	(52,575)	(25,066)
Withheld income tax	(39,559)	(26,629)
Income tax receivable	\$ (92,126)	(52,576)

In accordance with the ROC Income Tax Act, net losses can be carried forward for five consecutive years to reduce taxable income. As December 31, 2007, the amount of losses and the year of expiry were as follows:

Year of loss	2007	Year of expiry
2003 (assessed)	\$ 1,032,573	2008
2004 (assessed)	193,119	2009
2005 (reported)	389,598	2010
2007 (reported)	385,752	2012
	\$ 2,001,042	

Pursuant to the R.O.C. Statute for Upgrading Industries, the Bank's unused investment tax credit staff training costs as of December 31, 2007, was as follows:

Year incurred	2007	Year of expiry
2004	\$ 2,508	2008
2005	3,002	2009
2006	1,916	2010
2007	1,972	2011
	<u>\$ 9,398</u>	

The ROC income tax authorities have examined the Bank's income tax returns filed before re-incorporation for all years through 1997. Income tax returns filed after re-incorporation have been examined for all years through 2004.

As of December 31, 2007 and 2006, the information related to the imputation credit account (ICA) was as follows:

	2007	2006
Balance of ICA	<u>\$ 15,027</u>	<u>10,017</u>

The imputation tax credit ratio of earnings to be distributed to ROC resident shareholders in 2007 is estimated at 7.89%. The actual imputation tax credit ratio of earnings distribution for ROC resident shareholders in 2006 was 0.00%.

The unappropriated earnings (accumulated deficits) on December 31, 2007 and 2006, were as follows:

	2007	2006
Year 1998 and after	<u>\$ 190,343</u>	<u>(787,016)</u>

As of on December 31, 2007, legal reserves were all provided for by earnings after 1998.

(18) Stockholders' Equity

1) Capital surplus

On June 28, 2007, the shareholders decided to recover accumulated deificits by offsetting with legal reserve and capital surplus amounting to \$196,891 and \$245,786, respectively.

2) Restrictions on legal reserve and appropriation of retained earnings

As of December 31, 2007, the Bank had not paid the accumulated preferred dividend \$45,000 for 2006.

As of the auditor's report date, the board of directors had not passed a resolution on the Bank's 2007 appropriation of earnings. Please see the Market Observation Post System website for information on the board of directors' resolution on the appropriation of earnings.



(19) Earnings per Share

For the years 2007 and 2006, the basic earnings per share of the Bank were as follows (expressed in thousands of shares):

	2007		2006	
	Pre-tax	After tax	Pre-tax	After tax
Income (loss) before cumulative effect of changes in accounting principle	\$ 674,775	534,682	(938,757)	(808,757)
Less: dividends on preferred stock	(45,000)	(45,000)	(45,000)	(45,000)
Income (loss) before cumulative effect of changes in accounting principle belonging to common stockholders	629,775	489,682	(983,757)	(853,757)
Cumulative effect of changes in accounting principle	-	-	-	19,442
Net income (loss) attributable to common stockholders	\$ 629,775	489,682	(983,757)	(834,315)
Weighted-average outstanding shares	855,790	855,790	755,790	755,790
Basic earnings per share (expressed in New Taiwan dollars)				
Income (loss) before cumulative effect of changes in accounting principle	\$ 0.74	0.57	(1.30)	(1.13)
Cumulative effect of changes in accounting principle				0.03
Income (loss) before cumulative effect of changes in accounting principle belonging to common stockholders				\$ (1.10)

(20) Disclosure of Financial Instruments

1) Fair value information on financial assets

The Bank's methods and assumptions for estimating the fair value of financial instruments were as follows:

1. The book value of the financial instruments which have a short maturity period will be considered as their fair value. This assumption is used in evaluating the following accounts: cash and cash equivalents, due from Central Bank and placement to other banks, bills and bonds purchased under resell agreements, receivables, other financial assets (not including financial assets stated at cost and bond investments in non-active market), deposits by Central Bank and other banks, financial liabilities at fair value through profit or loss, bills and bonds sold under repurchase agreements, payables, bonds payable, other financial liabilities, and some components of other liabilities.
2. Fair values of financial instruments are the quoted market price if the instruments are actively traded on the market. If quoted market price is unavailable, the fair value is determined based on certain valuation techniques. The estimates and assumptions of the valuation techniques adopted by the Bank are identical to those adopted by other market participants. The discount rates the Bank uses are identical to those return rates of financial instruments with the same conditions, including the credit status of the debtor, the remaining periods of contracted interest based on fixed interest rates, the remaining periods of paying off principal, and currency used.
Among the derivative instruments, stock options embedded in convertible corporate bonds and credit-linked notes are evaluated by the prices offered by counterparties; forward contracts, currency swaps, currency and interest rate swaps, and interest rate swaps are evaluated by the rates of the Reuters system by discounting future cash flows to their present values.
3. The interest on net loans and advances to customers is based on floating rates. Thus, the book value is the fair value.
4. Other assets foreclosed assets and leased-out assets are stated at their net realizable value and are

evaluated for accumulated impairment loss on the balance sheet date. Thus, the book value is the fair value.

5. Most deposits and remittances mature in less than one year; even those which mature in more than one year are mostly based on floating rates. Thus, the book value is the fair value.

6. Most of the off-balance-sheet financial assets, such as commitments and guarantees, mature in less than one year, so the contract amount is the fair value.

2) As of December 31, 2007, except for the fair value based on the quoted market price, the evaluated fair values of the Bank's financial assets and liabilities were as follows:

	2007	2006
Trading assets:		
Derivatives	\$ 5,232	353
Financial assets designated at fair value:		
Convertible bonds-asset swap	-	23,399
Credit-linked notes	769,842	939,519
	<u>769,842</u>	<u>962,918</u>
	<u>\$ 775,074</u>	<u>968,150</u>
Trading liabilities:		
Derivatives	\$ 19,845	2,235

3) For the years ended December 31, 2007 and 2006, the Bank recognized a loss of \$120,997 and \$171, respectively, on financial instruments evaluated by using valuation techniques.

4) A summary of contracts of derivative instruments not yet mature as of December 31, 2007 and 2006:

	2007		
		Fair value	
	Notional amount	Gain	Loss
Credit-linked notes	\$ 421,759	-	13,645
Asset swap contracts—put option	4,230	60	60
Forward foreign exchange contracts	478,584	2,330	1,390
Asset swap contracts—IRS	694	715	-
Cross-currency swaps	489,678	2,127	4,750
	<u>\$ 1,394,945</u>	<u>5,232</u>	<u>19,845</u>
	2006		
		Fair value	
	Notional amount	Gain	Loss
Credit-linked notes	\$ 325,960	-	(109)
Asset swap contracts—put option	476	-	-
Forward foreign exchange contracts	8,149	-	9
Asset swap contracts—IRS	2,061	-	2,021
Cross-currency swaps	146,773	353	314
	<u>\$ 483,419</u>	<u>353</u>	<u>2,235</u>



(21) Related Party Transactions

1) Name and relationship of related party

Name	Relationship
Directors and supervisor (individual)	The individual directors and supervisor of the Bank, and their spouses, close relatives, etc.
President, general manager, managers, etc.	The president, general manager, and managers, and their spouses, close relatives, etc.
The major individual stockholders of the Bank	The top ten major stockholders; stockholdings more than 1%
Panhsin Insurance Broker Co., Ltd.	Investee controlled by the Bank
Panhsin Asset Management Co., Ltd.	Investee controlled by the Bank
Ta Shun Construction Co., Ltd., etc.	The Bank's chairman is the chairman of Ta Shun Construction Co., Ltd.
Ta Wang Construction Co., Ltd.	The Bank's chairman is the chairman of Ta Wang Construction Co., Ltd.
Tien Mao Construction Co., Ltd.	The Bank's chairman is the chairman of Tien Mao Construction Co., Ltd.
Yong Jiang Construction Co., Ltd.	The Bank's chairman is the chairman of Yong Jiang Construction Co., Ltd.
Shan Hwei Building Co., Ltd.	The Bank's chairman is the chairman of Shan Hwei Construction Co., Ltd.

2) Significant transactions with related parties

1. Deposits

Name	2007		
	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	\$ 572,485	0.40	0~9.57

Name	2006		
	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by each related party not over 1% of total deposits	\$ 786,949	0.50	0~9.26

For the years ended December 31, 2007 and 2006, apart from an interest rate limit on staff demand savings deposits of 9.565% and 9.260%, respectively, the interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2007 and 2006, interest expense paid on the above deposits was \$7,715 and \$7,042, respectively.

2. Fee and commission revenue

For the years ended December 31, 2007 and 2006, the Bank recognized fee and commission revenue amounting to \$12,443 and \$19,308, respectively, for providing agency services for life and property insurance policies on behalf of Panhsin Insurance Broker Co., Ltd., recorded under operating revenue fee and commission revenue.

3.Rental revenue

The details of office rentals by the Bank to a related party for operating needs are as follows:

Name	Building	Period	Rental Revenue	
			2007	2006
Panhsin Insurance Broker	Zhongzheng Rd., Ban-chiao City, No. 330	January 1, 2005~December 31, 2007	726	726

4.Leases

For operating purposes, the bank leased the office premises for some branches from related parties for the years ended December 31, 2007 and 2006, as follows:

Name	Usage	Deposit	Rental expenses	
			2007	2006
Ta-Wang Construction Co., Ltd.	Yuan-Shan Branch	\$ 750	3,013	3,015
Ta-Shun Construction Co., Ltd.	Corporate Banking Marketing Department, Corporate Banking Credit Department and Operation Department Office	185	1,114	1,114
Tien-Mao Construction Co., Ltd.	"	106	638	638
		\$ 1,041	4,765	4,767

The above deposit paid to related parties was recorded in the other financial assets account.

5.Property transactions

On April 24, 2007, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. to sell foreclosed assets for \$125,600. As of December 31, 2007, the titles to the abovesaid assets had all been transferred. Proceeds not yet received were \$100,479, recorded under accounts receivable—notes receivable. The Bank obtained an appraisal report from realtors, and the appraised amount was \$142,781. In addition, on December 27, 2006, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. to sell foreclosed assets for \$550,000. As of December 31, 2007, proceeds from the sale were \$550,000. Proceeds not yet received were \$440,000, recorded under accounts receivable—notes receivable. The Bank obtained an appraisal report from realtors, and the appraised amount was \$486,117.

6.Sale of non-performing loans

Counter-party: Panhsin Asset Management Co., Ltd. Disposal date: December 12, 2007

Loan components			Loan amount	Book value	Share price
Corporate	Secured		206,247	180,578	171,517
	Unsecured		541,784	500,134	336,245
Consumer	Secured	Mortgage	2,055,339	1,223,629	867,119
		Car loan	-	-	-
		Others	-	-	-
	Unsecured	Credit card	-	-	-
		Cash card	279	234	17
		Credit loan	1,706	1,570	102
		Other	-	-	-
		Total		2,805,355	1,906,145



On December 26, 2007, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. (Panhsin AMC) to sell non performing loans at the price of \$1,375,000. The price was determined according to the assessment report made by certified public accountants. The assessed value ranged from \$948,087 to \$1,377,414. The term of payment was that Panhsin AMC has to pay the first proceeds (5% of the contract price) upon signing the contract. Within three months after the transfer of loans, the second proceeds (15% of the contract price) should be paid. The remaining proceeds should be paid in full by Panhsin AMC three years after the signing of the contract. However, if there have been any buy backs due to defaults within one months after settlement, the defaults would be deducted from the second proceeds. On December 26, 2007, since the debtors made agreements with the Bank before the Bank could settle with Panhsin AMC, \$6,530 had been bought back by the Bank, reducing the contract price to \$1,368,470, as of December 31, 2007. As of December 31, 2007, the remaining proceeds were \$1,368,470; a sight check for \$68,750 had been received on January 1, 2007, recorded under accounts receivable—other.

In addition, on July 26, 2006, the Bank entered into contracts with Panhsin AMC to sell non-performing loans at the price of \$1,501,506. The price was determined according to the assessment report made by certified public accountants. The assessed value ranged from \$1,086,224 to \$1,481,799. The method of payment was that Panhsin AMC has to pay 10% of the contract price upon the signing of the contract. Three months after the transfer of loans, 70% of the contract price should be paid (the second proceeds). The remaining proceeds should be paid in full by Panhsin AMC on July 20, 2007, one year after the signing of the contract. However, if there have been any buy backs due to defaults, they would be deducted from the remaining proceeds. On July 26, August 29, and September 21 of 2006, and March 14 of 2007, the debtors made agreements with the Bank before the Bank could settle with Panhsin AMC. As of December 31, 2007 and 2006, \$197,126 and \$181,608, respectively, was bought back by the Bank, reducing the contract price to \$1,304,380 and \$1,319,898, respectively. The transfer of loans was completed on November 10, 2006; of which the second proceeds of \$853,929 were paid by Panhsin AMC's post dated check dated nine months after the settlement date; moreover, the remaining proceeds amounting to \$300,301 were paid by Panhsin AMC's post dated check dated July 20, 2007. In addition, Panhsin AMC signed an agreement with the Bank on November 15, 2006, to postpone the payment of the remaining contract price on November 10, 2007. As of the due date, Panhsin AMC did not have sufficient funds in its checking account to cover the checks for the second and remaining proceeds, and the Bank agreed that Panhsin AMC could postpone the payment for one year. As of December 31, 2007 and 2006, proceeds not yet received were \$1,154,230 and \$1,169,748, respectively, recorded under accounts receivable—notes receivable and accounts receivable—other. Since November 10, 2006, the Bank has received interest amounting to \$12,810 regarding to the second proceeds calculated at an interest rate of 2%.

7.Other

(a) For the years ended December 31, 2007 and 2006, the details of the Bank's engaging in purchase-with-out-recourse transactions with affiliates in the open market were as follows:

	Type	2006	
		Purchase price	Selling price
Supervisors	Bills	\$ 140,705	-

(b) For the years ended December 31, 2007 and 2006, the details of the Bank's selling a series of subordinated financial debentures to related parties were as follows:

Related party	2007			
	Highest balance	Ending balance	Interest rate (%)	Interest expense
Directors, supervisors, and main stockholders	\$ 58,700	58,700	3.00~3.45	1,678

Related party	2006			
	Highest balance	Ending balance	Interest rate (%)	Interest expense
Directors, supervisors, and main stockholders	\$ 58,600	58,600	2.85~3.28	1,802

(22) Pledged Assets

As of December 31, 2007 and 2006, pledged assets were as follows:

Pledged Assets	Pledged for	Book Value	
		2007	2006
Credit-linked notes	Securities sold under repurchase agreements	\$ 180,371	-
Government bonds (recorded as available-for-sale- financial assets)	Securities sold under repurchase agreements	123,849	425,746
Government bonds (recorded as available-for-sale financial assets)	Reserve for trust business	52,255	53,952
	Provisional seizure	238,393	150,130
	Operating deposits for trading bills	52,255	53,952
	Operating deposits for trading bonds	10,770	11,206
Certificates of deposit (recorded as other assets)	Overdraft guarantee deposited in the Central Bank of China	300,000	1,600,000
Bank deposit (recorded as other assets)	Settlement deposits for bonds	7,400	7,400
	Deposits for foreign exchange	57,398	33,500
	Deposits for lawsuits	20,820	41,269
	Reserve for derivative financial instruments	144,062	-
		\$ 1,187,573	2,377,155

- 1) The Bank provided the Central Bank of China with government bonds as reserve for its trust custodian business.
- 2) For executing provisional seizure of debtors' properties, the Bank provided pledged assets to the court.
- 3) Operating deposits for trading bills were deposited with the Central Bank of China for the Bank's securities dealing business.



- 4) Operating deposits for trading bonds were deposited with the OTC for the Bank's treasury sales business. Furthermore, a reserve for trading losses has been set to conform to securities regulations.
- 5) An overdraft guarantee was deposited with the Central Bank of China as an overnight overdraft guarantee for the transfer of funds among banks.
- 6) Deposits for foreign exchange and reserve for derivative were deposited with counter parties for the bank's derivative transactions.

(23) Commitments and Contingent Liabilities

- 1) As of December 31, 2007 and 2006, the Bank had the following construction in progress and significant purchase agreements:

2007		
	Contract price	Unpaid portion of contractprice
Significant purchase agreements:		
Software system	\$ 363,135	99,955
Head Office building construction	2,552,202	1,798,385
	<u>\$ 2,915,337</u>	<u>1,898,340</u>
2006		
	Contract price	Unpaid portion of contractprice
Significant purchase agreements:		
Software system	\$ 450,859	228,637
Head Office building construction	127,885	41,256
	<u>\$ 578,744</u>	<u>269,893</u>

2) Operating leases

The Bank has entered into certain operating leases for its branches. As of December 31, 2007, estimated future lease contract commitments were as follows:

Fiscal Year	Amount
2008	\$ 88,331
2009	68,437
2010	41,759
2011	16,436
2012	5,946
	<u>\$ 220,909</u>

Furthermore, the Bank's guarantee deposit for operating leases was \$17,562 and \$18,178 on December 31, 2007 and 2006, respectively. It has been recorded as other financial assets.

3) Other

As of December 31, 2007 and 2006, the other commitments and contingent liabilities was as follows:

	2007	2006
Consignment collection for others	\$ 10,828,222	11,583,773
Consignment released and loans for others	2,004,554	2,981,290
Collateral held as performance bond	412,795	211,405
Traveller's checks held for consignment sale	45,150	43,664
Marketable securities under custodian	16,100,479	25,567,450
Custodial goods	2,320,000	2,490,000
Trust assets	33,438,821	23,266,554
	<u>\$ 65,150,021</u>	<u>66,144,136</u>
Lines of credit provided but not used	\$ 8,189,854	3,341,610
Guarantees	\$ 4,711,105	5,726,512
Letters of credit issued but not yet presented	\$ 1,749,684	1,621,411
Short-term bills and government bonds sold under repurchase agreements	\$ 361,039	602,419
Syndication loans receivable	\$ 8,189,854	3,341,610
Credit default swap sold	\$ 421,759	325,960

4) In accordance with local regulations, disclosure of accounts in the balance sheet and summary of trust asset items for trust business is as follows:

Trust balance sheet December 31, 2007			
Trust assets		Trust liabilities	
Bank deposits	\$ 566,574	Trust capital—monetary trust	17,078,978
Investment in funds	16,693,359	Trust capital—real estate	14,899,279
Investment in bonds	230,000	Trust capital—monetary loans and guaranteed assets	1,304,305
Investment in common stocks	8,530	Trust capital—securities trust	235,054
Investment in loans	1,303,378	Net income	1,027,513
Land	9,440,655	Accumulated deficit	(1,106,308)
Building	85,772		
Construction in progress	5,110,553		
Total trust assets	<u>\$ 33,438,821</u>	Total trust liabilities	<u>\$ 33,438,821</u>

Trust balance sheet December 31, 2006			
Trust assets		Trust liabilities	
Bank deposits	\$ 578,995	Trust capital—monetary trust	11,362,816
Investments in funds	10,734,890	Trust capital—real estate	11,822,249
Investment in bonds	127,471	Trust capital monetary bond and guaranteed assets	127,471
Land	7,965,482	Net income	352,272
Building	37,837	Accumulated deficit	(398,254)
Construction in progress	3,821,879		
Total trust assets	<u>\$ 23,266,554</u>	Total trust liabilities	<u>\$ 23,266,554</u>



Trust income statement
For the year ended 2007

	2007	2006
Trust revenue:		
Interest revenue	\$ 9,786	3,352
Preferred stock cash dividends revenue	500,109	203,111
Cash dividends revenue	44	-
Gain on disposal of properties	644,711	175,212
	<u>1,154,650</u>	<u>381,675</u>
Trust expenses:		
Management expenses	43,289	28,561
Loss on disposal of properties	81,912	283
Other expenses	599	6
	<u>125,800</u>	<u>28,850</u>
Net income before income tax	1,028,850	352,825
Income tax expense	1,337	553
Net income after income tax	<u>\$ 1,027,513</u>	<u>352,272</u>

Summary of trust asset items
December 31, 2007

Item	Amount
Bank deposits	\$ 566,574
Investment in funds	16,693,359
Bonds	230,000
Investment in common stocks	8,530
Investment in loans	1,303,378
Land	9,440,655
Building	85,772
Construction in progress	5,110,553
	<u>\$ 33,438,821</u>

Summary of trust asset items
December 31, 2006

Item	Amount
Bank deposits	\$ 578,995
Investment in funds	10,734,890
Investment in bonds	127,471
Land	7,965,482
Building	37,837
Construction in progress	3,821,879
	<u>\$ 23,266,554</u>

(24) Others

1) Personnel, depreciation, depletion, and amortization expenses

Function \ Accounts	For the year 2007			For the year 2006		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Personnel costs:						
Salaries	-	944,422	944,422	-	1,216,748	1,216,748
Labor and health insurance	-	69,120	69,120	-	74,668	74,668
Pension	-	69,983	69,983	-	91,651	91,651
Other employment	-	36,417	36,417	-	29,036	29,036
Depreciation	-	108,773	108,773	-	106,641	106,641
Depletion	-	-	-	-	-	-
Amortization	-	60,710	60,710	-	58,133	58,133

Furthermore, the depreciation expense for leased-out assets was \$1,797 and \$1,110 in 2007 and 2006, respectively, and was recorded under other non-interest income, net.

2) Reclassification

Certain amounts in the financial statements of 2006 have been reclassified to conform with the 2007 financial statement presentation. Such reclassifications have no significant effect on the financial statement presentation.

3) In accordance with SFAS No. 28, the disclosures are as follows:

1. Information on interest-bearing assets and liabilities

	December 31, 2007		December 31, 2006	
	Average amount	Average rate (%)	Average amount	Average rate (%)
Assets:				
Cash due from banks	\$ 478,209	2.68	218,510	1.40
Due from Central Bank and placement to other banks	18,052,980	1.95	20,529,924	1.76
Financial assets at fair value through profit or loss	1,267,989	6.12	424,785	8.07
Loans and advances to customers	136,065,060	3.78	140,882,714	3.77
Available-for-sale financial assets	2,172,650	2.49	1,253,578	2.89
Bills and bonds purchased under agreements to resell	-	-	648,732	1.52
Liabilities:				
Due to banks	13,815,025	2.56	14,822,427	2.63
Bills and bonds sold under agreements to repurchase	1,097,098	1.69	959,468	1.38
Demand deposits	10,650,703	0.38	11,056,373	0.28
Time deposits	30,414,211	2.50	32,254,275	1.90
Negotiable time deposits	8,145,272	1.97	17,212,306	1.71
Demand savings deposits	26,943,107	0.72	26,707,470	0.72
Time savings deposits	71,403,619	2.29	66,905,361	1.98
Financial debentures	3,904,027	3.31	2,915,901	3.17



2. Major foreign currency position, net

Major foreign currency position, net (market risk)	December 31, 2007		December 31, 2006	
	Amount in functional currency	Amount in New Taiwan dollars	Amount in functional currency	Amount in New Taiwan dollars
USD	\$ 1,735	56,886	731	23,884
GBP	-	-	31	2,008
HKD	-	-	545	2,304
EUR	28	1,350	-	-
JPY	23,127	6,827	-	-
SGD	-	-	140	2,984
CHF	56	1,622	43	1,142
NZD	36	1,016	-	-

3. Profitability

Unit: %

Items		2007	2006
Return on assets	Before income tax	0.37	(0.50)
	After income tax	0.30	(0.43)
Return on net equity	Before income tax	7.14	(10.08)
	After income tax	5.66	(8.65)
Net income to operating revenue ratio		17.42	(22.25)

4) The Bank completed the acquisition of "The 5th Credit Cooperative of Kaohsiung" on September 29, 1997, but one member of this cooperative claimed later that the procedure at the Second Temporary Corporation Members Convention on September 6, 1997, was illegal due to a difference between the number of people attending this convention and what the Bank's articles of incorporation required. On January 24, 2002, the Supreme Court rejected the appeal by "The 5th Credit Cooperative of Kaohsiung" and ruled that the procedures and decisions made at the Corporation Members Convention regarding the acquisition mentioned above were ineffective. In addition, any further lawsuits against related parties will not be upheld by the Kaohsiung District Court and the Taiwan Supreme Court based on the above decision. On August 30, 2002, the Bank requested the regulatory authorities to manage all related issues and also filed an appeal with the Taipei Supreme Administrative Court on December 4, 2002. Due to the illegality of the aforementioned appeal, on July 4, 2003, the Taipei Supreme Administrative Court decided not to proceed with the appeal. The Bank filed an appeal with the Superior Executive Court on September 2, 2003. On September 30, 2004, the Superior Executive Court rejected the appeal after a one-year process, and the Bank filed an appeal with the Supreme Administrative Court. The Supreme Administrative Court rejected the appeal after a one-year process. The reason was as follows: "To take over a troubled bank by law is within the power of the regulatory authorities, but it is not the right of the people to apply to do so." Therefore, this judgment merely held that the Bank could not directly apply to take over a trouble bank. On the contrary, it meant that the regulatory authorities could use the power of law to dispose of a troubled bank. Currently, the Bank is searching for alternative solutions to settle the aforementioned issue, which has no significant impact on the Bank's operations, and the financial statements did not require any adjustment.

5) For the completion of the headquarters building of the Bank and the building located at No. 8 and 9, Sec. 3, Sec. Xin Ban, Banciao City, Taipei County (“the special land”). The Bank signed a trust contract with He-Jian Building Co., Ltd. and Taiwan Cooperative Bank (“the trustee”) on May 4, 2007. Based on the contract, the Bank commissioned the trustee to perform the tasks of transfer, registration, management and disposal of real estate, and transferred the special land to the trustee.

(25) Other Disclosure Items—Related information on material transaction items

1) Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank’s paid-in capital:

Name of company which has the receivables	Counter-party	Relationship with the Bank	Year-end amount	Turnover rate	Overdue receivables from related party		Receivables from related party subsequent to the opinion date	Allowance for bad debt allowance provided
					Amount	Handling method		
The Bank	Panhsin AMC	Subsidiary	\$3,063,179(Note)	-	-	-	-	-

(Note) Recorded under accounts receivable-notes receivable, net, and accounts receivable-other receivable, net.

2) Information regarding selling non-performing loans for which the amount exceeded NT\$5 billion:

(a) Summary for selling non-performing loans

Transaction date	Counter-party	Loans components	Book value	Transaction amount	Gain (loss) on disposal	Other required items	Relationship with the Bank
Dec. 26, 2007	Panhsin AMC	Mortgage, cash card and credit loan	1,906,145	1,357,000	5,366 (net of provision for bad debts of \$524,661)	Note	Subsidiary

(b) Information regarding the sale of non-performing loans more than NT\$1 billion (excluding related-party transactions): Please refer to note 24 related-party transactions, item 7.



V. Certified Consolidated Financial Statement by CPA for the Parent Company and Its Subsidiaries

Independent Auditors' Report

The Board of Directors
Bank of Panhsin:

We have audited, in accordance with the Regulations Governing Auditing Certification of Financial Statements of Financial Institutions by Certified Public Accountants and Republic of China generally accepted auditing standards, the consolidated balance sheets of Bank of Panhsin and its subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. In our report dated February 12, 2008, we expressed an unqualified opinion and a modified unqualified opinion on those consolidated financial statements, respectively.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Bank of Panhsin and its subsidiaries, starting from January 1, 2006, adopted Statement of Financial Accounting Standards No. 34 (SFAS 34) "Financial Instruments: Recognition and Measurement", SFAS 36 "Financial Instruments: Disclosure and Presentation", and the recently revised SFAS 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements". As a result, net loss before the cumulative effect of changes in accounting principle and basic deficits per share decreased by \$88,860 thousand and \$0.12, respectively. In accordance with SFAS 34, the beginning balance of financial assets and liabilities should be reclassified and re measured at fair value. For the year ended December 31, 2007, the resulting cumulative effect of changes in accounting principle and the decrease in basic deficits per share were \$19,442 thousand and \$0.03, respectively. In addition, adjustments to stockholders' equity were \$40,763 thousand.

February 12, 2008

Consolidated Balance Sheets

December 31, 2007 and 2006

(Expressed in thousands of New Taiwan dollars, except for par value)

	2007	2006	Change %
Assets			
Cash and cash equivalents	\$ 3,062,227	4,118,916	(26)
Due from Central Bank and placement to other banks	19,076,803	25,380,355	(25)
Financial assets at fair value through profit or loss, net	1,608,335	1,498,235	7
Accounts receivable, net	2,862,344	2,342,764	22
Income tax refund receivable	89,946	47,438	90
Non-current assets held for sale	36,229	-	-
Loans and advances to customers	128,429,990	143,147,882	(10)
Available-for-sale financial assets, net	2,181,161	1,545,490	41
Other financial assets, net	458,587	103,490	343
Property and equipment, net	5,807,310	5,150,939	13
Goodwill and intangible assets	1,378,483	1,374,972	-
	<u>164,991,415</u>	<u>184,710,481</u>	(11)
Other assets—net:			
Deferred income tax assets	622,767	761,391	(18)
Other assets	4,432,232	4,728,122	(6)
	<u>5,054,999</u>	<u>5,489,513</u>	(8)
Total Assets	<u>\$ 170,046,414</u>	<u>190,199,994</u>	(11)
Liabilities and Stockholders' Equity			
Deposits by Central Bank and other banks	\$ 9,264,476	16,241,518	(43)
Commercial paper payable, net	-	149,849	-
Financial liabilities at fair value through profit or loss	19,845	2,235	788
Bills and bonds sold under repurchase agreements	358,254	601,427	(40)
Notes and accounts payable	2,060,080	3,494,778	(41)
Deposits and remittances	144,096,959	156,575,321	(8)
Subordinate financial debentures	4,200,000	3,680,000	14
Accrued pension liabilities	58,513	55,546	5
Other liabilities	300,758	192,288	56
Total liabilities	<u>160,358,885</u>	<u>180,992,962</u>	(11)
Stockholders' Equity:			
Share capital:			
Common stock of \$10 par value per share; authorized and issued 1,500,000 and 855,790 thousand shares in 2007 and 2006	8,557,900	8,557,900	-
Preferred stock of \$10 par value per share; cumulative but non-participating; authorized and issued 100,000 thousand shares in 2007 and 2006	1,000,000	1,000,000	-
	<u>9,557,900</u>	<u>9,557,900</u>	-
Capital surplus	-	245,786	-
Retained earnings:			
Legal reserve	-	196,891	-
Unappropriated earnings (accumulated deficits)	190,343	(787,016)	124
	<u>190,343</u>	<u>(590,125)</u>	132
Other adjustments to stockholders' equity:			
Unrealized gain (loss) on available-for-sale financial assets	(29,345)	32,865	(189)
Net loss from unrecognized pension cost	(31,369)	(39,394)	20
	<u>(60,714)</u>	<u>(6,529)</u>	(830)
Total stockholders' equity	<u>9,687,529</u>	<u>9,207,032</u>	5
Commitments and contingencies			
Total liabilities and stockholders' equity	<u>\$ 170,046,414</u>	<u>190,199,994</u>	(11)



Consolidated Statements of Income

For the years ended December 31, 2007 and 2006

(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2007	2006	Change%	
Interest income	\$ 5,684,574	5,788,330	(2)	
Less: Interest expense	3,299,508	2,954,556	12	
Net interest income	2,385,066	2,833,774	(16)	
Non-interest income:				
Fees and commission income, net	597,579	591,331	1	
Gain (loss) on financial instruments at fair value through profit or loss	(121,757)	94,587	(229)	
Realized gain (loss) on available-for-sale financial assets	(9,193)	5,500	(267)	
Foreign exchange gain net	1,115	486	129	
Asset impairment loss	(2,485)	(155,122)	98	
Other non-interest income, net	275,839	245,623	12	
Net revenue	3,126,164	3,616,179	(14)	
Bad debt expense	446,900	2,202,506	(80)	
Operating expenses:				
Personnel costs	1,138,319	1,432,756	(21)	
Depreciation and amortization	170,218	165,388	3	
Other general and administrative expenses	689,893	745,571	(7)	
	1,998,430	2,343,715	(15)	
Income (loss) from continuing operations before income tax	680,834	(930,042)	173	
Income tax expense (benefit)	146,152	(121,285)	221	
Income (loss) before cumulative effect of changes in accounting principle	534,682	(808,757)	166	
Cumulative effect of changes in accounting principle, net of income tax of \$0	-	19,442	-	
Net income (loss)	\$ 534,682	(789,315)	(168)	
Attribution of net income (loss):				
Stockholders of parent company	\$ 534,682	(789,315)	(168)	
Minority stockholders	-	-	-	
	\$ 534,682	(789,315)	(168)	
	Before tax	After tax	Before tax	After tax
Basic earnings (deficits) per share				
Net income (loss) before cumulative effect of changes in accounting principle	\$0.74	0.57	(1.30)	(1.13)
Cumulative effect of changes in accounting principle		-		0.03
Net income (loss)		\$0.57		(1.10)

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2007 and 2006

(expressed in thousands of New Taiwan dollars)

	Share capital			Retained earnings		Other adjustments		Total
	Common stock	Preferred stock	Capital surplus	Legal reserve	Unappropriated earnings (accumulated deficits)	Unrealized gain (loss) on available-for-sale financial assets	Net loss from unrecognized pension cost	
Balance at January 1, 2006	\$ 7,198,000	1,000,000	605,686	152,786	149,868	(15,485)	(53,551)	9,037,304
Issuance of common stock for cash	1,000,000	-	-	-	-	-	-	1,000,000
Appropriation of retained earnings:								
Legal reserve	-	-	-	44,105	(44,105)	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(3,968)	-	-	(3,968)
Employees' bonus	-	-	-	-	(3,968)	-	-	(3,968)
Cash dividends	-	-	-	-	(71,980)	-	-	(71,980)
Dividends on preferred stock	-	-	-	-	(23,548)	-	-	(23,548)
Capital surplus used to increase common stock	359,900	-	(359,900)	-	-	-	-	-
Net loss for 2006	-	-	-	-	(789,315)	-	-	(789,315)
Recognition of unrealized gain on available-for-sale financial assets	-	-	-	-	-	7,587	-	7,587
Recognition of unrealized gain on available-for-sale financial assets due to change in accounting principle	-	-	-	-	-	40,763	-	40,763
Reversal of net loss from unrecognized pension cost	-	-	-	-	-	-	14,157	14,157
Balance at December 31, 2006	8,557,900	1,000,000	245,786	196,891	(787,016)	32,865	(39,394)	9,207,032
Reversal legal reserve to offset deficits	-	-	-	(196,891)	196,891	-	-	-
Reversal capital surplus to offset deficits	-	-	(245,786)	-	245,786	-	-	-
Net income for 2007	-	-	-	-	534,682	-	-	534,682
Reversal of unrealized gain on available-for-sale financial assets	-	-	-	-	-	(62,210)	-	(62,210)
Reversal of net loss from unrecognized pension cost	-	-	-	-	-	-	8,025	8,025
Balance at December 31, 2007	<u>\$ 8,557,900</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>190,343</u>	<u>(29,345)</u>	<u>(31,369)</u>	<u>9,687,529</u>



Consolidated Statements of Cash Flows

For the years ended December 31, 2007 and 2006

(expressed in thousands of New Taiwan dollars)

	2007	2006
Cash flow from operating activities:		
Net income (loss)	\$ 534,682	(789,315)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	112,711	108,088
Amortization	61,091	58,410
Asset impairment loss	2,485	155,122
Reversal of reserve for securities trading losses	(2,849)	(1,076)
Bad debt expense	446,900	2,202,506
Loss (gain) on sale of available-for-sale financial assets, net	10,123	(4,971)
Gain on disposal of financial assets carried at cost, net	(5,364)	-
Loss (gain) on disposal of property and equipment, net	2,809	(8,247)
Gain on disposal of non-operating assets	(3,190)	(5,046)
Gain on disposal of foreclosed assets	(91,284)	(897)
Increase in financial assets at fair value through profit or loss	(110,100)	(655,612)
Increase in accounts receivable	(585,349)	(1,285,896)
Increase in other financial assets	(366,805)	(42,341)
Decrease (increase) in deferred income tax assets	138,624	(129,819)
Increase in financial liabilities at fair value through profit or loss	17,610	1,640
Increase (decrease) in accounts payable and other liabilities	(1,434,698)	558,310
Increase (decrease) in accrued pension liabilities	10,992	(8,054)
Net cash provided by (used in) operating activities	(1,261,612)	152,802
Cash flow from investing activities:		
Decrease (increase) in due from Central Bank and placement to other banks	6,303,552	(6,871,583)
Acquisition of available-for-sale financial assets	(7,640,496)	(1,193,714)
Proceeds from disposal of available-for-sale financial assets	6,932,492	1,019,021
Increase in loans and advances to customers	14,304,961	(5,174,908)
Decrease in bills and bonds purchased under reverse repurchase agreements	-	1,099,206
Proceeds from disposal of financial assets carried at cost	6,364	-
Capital refund from investees under cost method	-	15,361
Acquisition of property and equipment	(874,072)	(378,923)
Proceeds from disposal of property and equipment	59	64,327
Acquisition of goodwill and intangible assets	(4,872)	(8,698)
Proceeds from sale of non-operating assets	4,069	16,868
Increase in foreclosed assets	(878,239)	(741,048)
Proceeds from disposal of foreclosed assets	256,427	336,660
Decrease (increase) in other assets	1,011,785	(80,560)
Net cash provided by (used in) investing activities	19,422,030	(11,897,991)
Cash flow from financing activities:		
Decrease in deposits by Central Bank and other banks	(6,977,042)	(923,999)
Increase (decrease) in commercial paper payable	(149,849)	149,849
Increase (decrease) in deposits and remittances	(12,478,362)	12,241,960
Decrease in bills and bonds sold under repurchase agreements	(243,173)	(777,371)
Issuance of subordinated financial debentures	520,000	1,680,000
Increase (decrease) in other liabilities	111,319	28,064
Issuance of common stock for cash	-	1,000,000
Cash dividends, employees' bonus, and directors' and supervisors' remuneration	-	(103,464)
Net cash provided by (used in) financing activities	(19,217,107)	13,295,039
Net increase (decrease) in cash and cash equivalents	(1,056,689)	1,549,850
Cash and cash equivalents at beginning of year	4,118,916	2,569,066
Cash and cash equivalents at end of year	\$ 3,062,227	\$ 4,118,916
Supplementary disclosure of cash flow:		
Cash payments of interest	\$ 3,288,847	2,666,717
Cash payments of income tax	\$ 50,036	38,046
Investing and financing activities not affecting cash flows:		
Unrealized gain (loss) on available-for-sale financial assets	\$ (62,210)	7,587
Unrealized gain (loss) on available-for-sale financial assets due to change in accounting principle	\$ -	40,763

Review & Analysis of Financial Condition & Business Performance, and Risk Management Assessment

I. Analysis of Financial Condition

Unit: NT\$ Thousand

Item \ Year	2007	2006	Variation	
			Amount	Ratio (%)
Total Asset	170,077,860	190,088,963	(20,011,103)	(10.53)
Total Liability	160,390,331	180,881,931	(20,491,600)	(11.33)
Total Shareholders Equity	9,687,529	9,207,032	480,497	5.22

II. Operation Result

Unit: NT\$ Thousand

Item \ Year	2007	2006	Variation	
			Amount	Ratio (%)
Net Interest Income	2,401,566	2,833,992	(432,426)	(15.26)
Net Non-interest Income	667,613	733,734	(61,121)	(9.01)
Bad Debt Expense for Margin Loan	423,639	2,192,663	(1,769,024)	(80.68)
Operating Expense	1,970,765	2,313,820	(343,055)	(14.83)
Earning before Tax	674,775	(938,757)	1,613,532	-
Income Tax Expense (Gain)	140,093	(130,000)	270,093	-
Cumulative Effect of Changes in Accounting Principle	-	19,442	(19,442)	-
Earning after Tax	534,682	(789,315)	1,323,997	-

Analysis of Variation Changes:With regard to bad debt expense, because there was no provision increased for write-off last year, the variation of these two fiscal years was rather huge.

III. Cash Flow

(I) Liquidity Analysis in the Past Two Years

Item \ Year	2007	2006	Increase (Decrease) Ratio
Cash Flow (%)	(note)	6	(note)
Cash Flow to Dividends & Expenditures (%)	177	238	(25.63)
Cash Flow Reinvestment Ratio (%)	(note)	2	(note)

note: Not expressed due to negative cash flow from operating activity.

Deduction on cash flow ratio & cash flow reinvestment ratio: Due to the substantial deduction on net cash flow from operating activities compared to last year.



(II) Liquidity Analysis for the Coming Year

Unit: NT\$ Thousand

Beginning Cash Outstanding	Projected Net Cash Flow from Operating Activity for the Coming Year	Projected Net Cash Flow from Investing & Financial Activities for the Coming Year	Projected Cash Left Over (Insufficient)	Corrective Measure when the Projected Cash Is Not Enough	
				Investment Plan	Wealth Management Plan
2,933,626	2,344,414	(1,994,049)	3,283,991	-	-

1. Cash Flow Distribution of This Year

- (1) Cash flow from operating activity: NT\$(1,898,557) thousand.
- (2) Cash flow from investing activity: NT\$19,785,186 thousand.
- (3) Cash flow from financial activity: NT\$(19,071,817) thousand.

2. Corrective Measures to be Taken in Response to Illiquidity, and Liquidity Analysis: None

IV. Effects upon Financial Operations of Major Capital Expenditures

(I) Implementation of Major Capital Expenditure and Fund Source

Unit: NT\$ Thousand

Plan	Fund Source	Expected Completion Date	Fund Required	Expected Fund Implementation					
				Before 2006	2007	2008	2009	2010	2011
Headquarter Construction	Own Fund	Sept. 2010	6,638,440	2,526,692	657,178	1,287,178	1,552,595	601,279	13,518
NBS Establishment	Own Fund	Aug. 2007	353,827	171,078	111,285	71,464	-	-	-

(II) Effects upon Financial Operations

1. Construction of the Bank's headquarters building has begun on July 15, 2006 for a project period of five years and expecting to be completed in 2010, when the management of headquarters departments can be centralized, operating performance can be elaborated and the Bank's reputation can be enhanced as well.
2. In coordination with new business development, cost reduction in IT software and hardware and enhancement in counter operating efficiency, the Bank has successfully replaced mainframe system with New Banc System (NBS) on August 14, 2007.

V. Reinvestment Policy

1. Reinvestment Policy: In accordance with governmental policy, the Bank's creditor's right was converted into shareholder's equity of Great Chinese Bills Finance Co. (renamed as Taiwan Cooperative Bills Finance Co.) as the form of reinvestment for the amount of NT\$ 384 million.
2. Reason for Profit: Received stock dividends from Taiwan Cooperative Bank along with two other reinvested companies. Received cash dividends from Financial Information Service Company along with three other reinvested companies
3. Plan for Improvement:
 - (1) Continuously strengthening the debt collecting business operations to improve profitability from BOP's reinvested subsidiary, Panhsin Asset Management Co., Ltd.
 - (2) Collaborating with wealth management business operations to generate insurance fee income from BOP's reinvested subsidiary, Panhsin Insurance Broker Co., Ltd.
4. Investment Plan for the Coming Year: To cope with governmental policies and needs of business development, reinforce equity management and generate earnings for the Bank.

VI. Risk Management

1. Credit Risk Management Mechanism and Capital Requirements

(1) Description of Credit Risk Management Mechanism in 2007

Item	Description
1. Strategy, Objective, Policy and Procedure of Credit Risk	<p>In order to establish fine and superior risk management scheme, the Bank has set up standards, such as policy and risk management method of credit and investment. In which, credit risk will be applied to the evaluation of each case in compliance with tier authorization method of the Bank. Stringent evaluation in advance shall enhance the Bank's credit quality; after credit approval, through the implementation of review scheme and client alerting system, the Bank may fully master the operating & financial information and external message of operating environment of borrowers, momentarily assess and follow up the alteration of creditworthiness post credit approval, observe the undisclosed information in time, master the indication of possible breach of borrowers and promptly adopt essential measures.</p> <p>Generally speaking, to enhance the managerial capability of credit risk, the Bank's short-term objectives will focus on formulating and establishing fundamental credit project and credit risk management scheme; the mid-term objectives will mainly focus on constructing functional and integrated risk management information system in the hope of providing adequate information for the Bank to effectively identify, evaluate and monitor the exposure level of the Bank's asset composition.</p>
2. Organizational Structure of Credit Risk Management	<p>The Bank's board of directors is in charge of approving and periodically reviewing credit risk strategy. The Bank has founded the risk management committee, which is responsible for formulating risk management policy, scheme, related regulations and matters for discussion; under the committee's control, the credit risk team is also organized to assist in outlining credit risk management policy and scheme as well as in implementing, executing and integrating Basel II.</p> <p>To effectively enhance credit quality, credit authorization criterion of each tier and operating procedure of credit evaluation are clearly expressed. The supreme decision unit of credit business is the board of directors; credit authorization of the president and above shall be reviewed by the Credit Evaluation Committee; credit authorization of the vice-president and corresponding management below may approve or reject credit application within the authorized credit limit determined by the board of directors.</p>
3. The Scope and Characteristics of Credit Risk Report and Evaluation System	<p>In terms of governance of credit risk concentration, besides conforming to credit limit of statutory regulation, the Bank has also segmented its risk according to the types of industries, groups, collaterals and countries to set the credit limit and periodically reported to the committee and board of directors. Moreover, to fully disclose credit risk information, the report consists of credit approval procedure, profile of credit asset quality, management scheme of credit review and alert, follow up of major credit business and extraordinary credit line, detailed classification and individual evaluation of credit asset quality, etc.</p>
4. Credit Risk Hedging, Risk Reduction Policy and Persistently Effective Strategy and Procedure of Risk Monitoring, Preventing and Reducing Tool	<p>In addition to reinforce the evaluation beforehand and management afterward, the Bank has adopted risk limit management and additional risk pricing, modified lending percentage and approval conditions, gathered collaterals to increase assurance, participated in leading or co-leading syndicated loans, established client and extraordinary credit alerting system as well as followed up on significant cases, etc. to effectively transfer and mitigate credit risk.</p>
5. Method Applied for Statutory Capital Requirements	Credit Risk Standards



(2) Capital Requirement of Credit Risk

As of Mar. 31, 2008
Unit: NT\$ Thousand

Type of Insurance	Insurance Principle after Risk Reduction	Capital Requirements
Sovereign	0	0
Public Department of non-Central Government	89	7
Bank (Including Multilateral Developing Bank)	526,455	42,117
Corporate (Including Securities and Insurance Corp.)	39,514,681	3,161,175
Resale of Creditor's Right	20,342,360	1,627,389
Residential Real Estate	30,899,091	2,471,927
Rights of Securities Investment	40	3
Other Assets	10,770,304	861,624
Total	102,053,020	8,164,242

2. Asset Securitization Risk Management Mechanism and Capital Requirements

(1) Asset Securitization Risk Management Mechanism in 2007

Item	Description
1. Strategy and Procedure of Asset Securitization Management	All related management and operating procedure of asset securitization of the Bank are complying with correlated regulations and adhering to the principles of security, liquidity, profitability etc. defined by the central competent authority. In addition to implement risk management, investment types, authorized limits, position limits, etc. are also defined in related regulations in the hope of effectively supervising risk position and mitigating exposure.
2. Organizational Structure of Asset Securitization Management	The Bank has established the risk management committee, which is responsible for formulating risk management policy, scheme and matters for discussion. Furthermore, asset and liability management committee meeting is also held monthly to review the Bank's strategy in capital management and investment activity. In order to reinforce business risk management of the Bank, participations in non-NT Dollar securities investments shall submit individual request for the approval of credit evaluation committee as well as the Board of Directors.
3. The Scope and Characteristics of Asset Securitization Risk Report and Evaluation System	The risk management personnel of accountable units shall periodically compile relevant risk management reports, stating information, such as total amount of transaction, transaction type, authorized limit, counterparty, usage of limit, etc. and render to corresponding management, president and board of directors.
4. Hedging and Risk Mitigation Policy of Asset Securitization and Persistently Effective Strategy and Procedure of Risk Monitoring, Preventing and Mitigating Techniques	Other than adhere to business regulations defined by the central competent authority and internal code of conduct, the Bank has also applied assorted methods to mitigate risk, such as reinforcing insurance mechanism, imposing collaterals, engaging in financial derivatives margin transactions, utilizing net margining trading on balance sheet, etc.
5. Method Applied for Statutory Capital Requirements	Standardized Approach

(2) Capital Requirements of Asset Securitization Risk

As of Mar. 31, 2008
Unit: NT\$ Thousand

Insurance Category	Investing Bank		Originating Bank					
	Securitization Exposure Retained	Capital Requirements	Exposure					Capital Requirements Prior to Securitization
			Non Asset-Backed CP				Asset Backed CP	
			Traditional		Synthetic			
			Position Withheld	Non-Position Withheld	Position Withheld	Non-Position Withheld		
Bank	93,713	1,499	-	-	-	-	-	-
Corporate	721,727	109,814	-	-	-	-	-	-
Total	815,441	111,313	-	-	-	-	-	-

3. Operation Risk Management Mechanism and Capital Requirements

(1) Operation Risk Management Mechanism in 2007

Item	Description
1. Strategy and Procedure of Operation Risk	All business activities of the Bank's operation risk are in accordance with related regulations promulgated by the Central Competent Authority and Basel II. The Bank has vigorously lead-in the concept of operation risk, installed database system of operation risk, collected damaging events of operation risk and drew a conclusion as the reference for modifying internal control procedure, established standardized operating procedure and self-auditing scheme to strengthen bank management and operating efficiency, effectively managed supervision, improved each operation risk, reduced insurance level and ensured the transaction security and completeness of records.
2. Organizational Structure of Operation Risk Management	To appropriately manage and hedge risk, the Bank will ascertain daily operating risk management, internal control, audit scheme and adhere to statutory regulations. Other than the operation guidelines and rules regulated by operation department of headquarters to accommodate as operating fundamental to adhere, the operation risk unit is established to periodically report to the risk management committee regarding the events and loss amount of all units' operation risk; audit division of the Board will inspect the execution of all units' risk management and supervise the implementation of all units' self-auditing. Shall there be any negligence of operation and management units, the corresponding unit shall promptly conduct improving measures in addition to a follow up review.
3. The Scope and Characteristics of Operation Risk Report and Evaluation System	To actively manage operation risk, the Bank has regulated all operation procedures and implemented into daily operation management to take precautions against the incident of operation risk. Additionally, the Bank has also audit the performance of all businesses periodically and aperiodically in compliance of related internal control and audit regulations and prepared an audit report for the Central Competent Authority, corresponding managements of the Bank, risk management committee and the board of directors to follow up constantly the managing circumstances of operation risk and reporting status of damaging events of all units. Consequently, countermeasures will be applied according to the frequency and loss amount of the event to prevent further incidents of operation risk.
4. Operation Risk Hedging, Risk Reduction Policy and Persistently Effective Strategy and Procedure of Risk Monitoring, Preventing and Reducing Tool	Through the implementation of internal control, auditing system and adhere to statutory regulations, the Bank has established supervisory alerting team and emergence response team and insured comprehensive banking insurance to effectively supervise and transfer operation risk. To correspond to the perpetual innovation of banking businesses, the Bank has established regulations, such as standard operation procedures and systemic secured operation, for managerial strategy of operation risk. Through internal propagation and educational training, cultivating the risk awareness of employees, generating the corporate culture of abiding by the law, the Bank anticipates minimizing the operation risk.
5. Method Applied for Statutory Capital Requirements	Basic Indicator Approach



(2) Capital Requirements of Operation Risk

As of Mar. 31, 2008
Unit: NT\$ Thousand

Year	Operating Gross Profit	Capital Requirements
2005	3,690,881	
2006	3,554,693	
2007	3,031,550	
Total	10,277,124	513,856

4. Market Risk Management Mechanism and Capital Requirements

(1) Market Risk Management Mechanism in 2007

Item	Description
1. Strategy and Procedure of Market Risk	The Bank's managerial strategy of market risk is based on "Amended Articles for Regulations Governing The Capital Adequacy Ratio of Banks", "Methods for calculation the self-owned capital and risk-weighted assets of banks" and related regulations set by central competent authority, it also considers the alteration of domestic & international economic financial circumstances to analyze the tendency of all indicators in depth, defines the conducting procedure, effectively masters the risk, enhances the operating performance and hopefully accomplishes the performance target at most adequate risk. The Bank's transactions in interest rate and FX are mainly focused on squaring out position or hedging; all transaction have line limits and stop loss rules.
2. Organizational Structure of Market Risk Management	The organizational structure of market risk is composed of the following two levels and an independent supervisory level: 1. Strategic Level of Market Risk Management: (1) The Board of Directors: The supreme approval unit of risk management. (2) Risk Management Committee: Comprising of the President and corresponding managers, the Committee is in charge of examining policy, system and regulations of market risk management. 2. Implementing Level of Market Risk Management: At present, finance division is in charge of implementing the market risk management. 3. Supervisory Level of Market Risk: Administered by Central Taiwan Management Unit of Ministry of Finance, this is in charge of supervising the execution of market risk management.
3. The Scope and Characteristics of Market Risk Report and Evaluation System	1. The scope of market risk report includes the anticipated and unanticipated losses on and off balance sheet in financial commodities, such as interest rates, rights, FX, etc., resulting from the fluctuation of market prices. 2. Market risk evaluation is based on approaches, such as sensitivity analysis, to evaluate market risk exposure level. 3. In addition to reflect actual profit and loss of financial commodities, risk insured level is also taken into consideration on the market risk report as the evidence for management level to modify market risk management policy.
4. Market Risk Hedging, Risk Reduction Policy and Persistently Effective Strategy and Procedure of Risk Monitoring, Preventing and Reducing Tool	Other than essential hedged dumping and repurchasing, the Bank also considers factors, such as market alteration, financial objective and risk evaluation, when transacting financial commodities with clients and establishes proper risky assets position within the reasonable control of risk limit to extend effectiveness of asset allocation in the hope of maximizing profits. Shall there be any refraining strategies on risky assets after evaluation, the Bank will adopt derivatives financial commodities as hedging techniques.
5. Method Applied for Statutory Capital Requirements	Standardized Approach

(2) Capital Requirements of Market Risk

As of Mar. 31, 2008
Unit: NT\$ Thousand

Risk Category	Capital Requirements
Interest Rate Risk	91,606
Equity Risk	28,619
Foreign Exchange Risk	12,354
Commodity Risk	-
Total	132,579

5. Liquidity Risk Including Maturation Analysis of Assets and Liabilities and Illustration of Management Techniques for Liquidity of Asset and Capital Gap

Management techniques of liquidity risk is based on market supply and demand and internal capital status; it adheres to related regulations and required liquidity ratio promulgated by the central competent authority to diversify sources of capital and increase capital stability. Periodic analysis and prompt monitoring on alterations of capital gap on assets and liabilities as well as maturation structure of primary currencies are conducted. In addition to the emphasis of safeness of underlying securities while selecting investment vehicles, the liquidity in secondary market is also considered to mitigate liquidity risk.

(1) Structure Analysis of the Maturation of NTD

Unit: NT\$ Thousand

Item	Total	Dollar Amount for the Remaining Period Prior to the Maturation Date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Primary Capital Inflow Upon Maturity	164,300,851	28,475,457	9,548,617	13,581,610	10,580,634	102,114,533
Primary Capital Outflow Upon Maturity	173,003,667	15,426,157	20,975,905	23,256,407	52,368,930	60,976,268
Capital Gap	(8,702,816)	13,049,300	(11,427,288)	(9,674,797)	(41,788,296)	41,138,265

(2) Structure Analysis of the Maturation of USD

Unit: US\$ Thousand

Item	Total	Dollar Amount for the Remaining Period Prior to the Maturation Date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Primary Capital Inflow Upon Maturity	360,989	214,725	73,399	35,941	-	36,924
Primary Capital Outflow Upon Maturity	257,341	109,180	67,567	23,300	45,487	11,807
Capital Gap	103,648	105,545	5,832	12,641	(45,487)	25,117



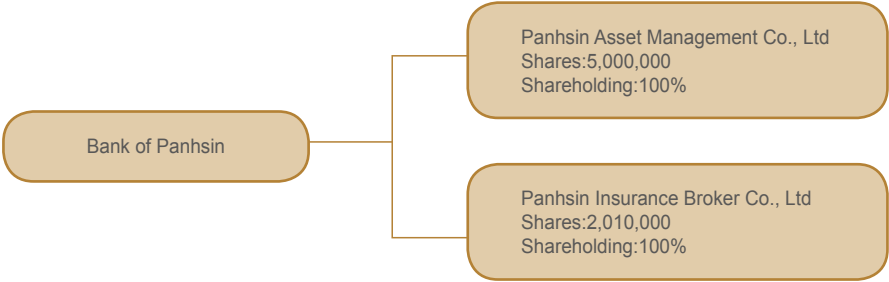
VII. Crisis Management Mechanism

In July 2, 2002, BOP has formulated the guideline for unusual & extraordinary events, modified in April 22, 2004 to include dealing with bank run, major robbery, fraud, fire, natural disaster, violence or any other unusual events. In October 25, 2006, the board of directors meeting has passed the resolution to establish the “Safety Maintenance Operation Procedure” to accommodate unusual & extraordinary events, such as natural disaster, major robbery, fraud, theft, threat, and media report, etc. In addition, list of standardized operation procedure is also formulated.

Special Notes

I. Related Information on the Bank's Subsidiaries

(I) Relationship Chart



(II) Profile of Subsidiaries

Unit: NT\$ Thousand

Name of Subsidiary	Date of Establishment	Address	Paid-in Capital	Major Business Scope
Panhsin Asset Management Co., Ltd	Jun.02, 2005	3F, No.18 Chengdu St., Panchiao City, Taipei County	50,000	Acquisition of Non Performing Loans
Panhsin Insurance Broker Co., Ltd	Oct.19, 2004	1F, No.330 Zhongzheng Rd., Panchiao City, Taipei County	20,100	Insurance Broker

(III) Information on Directors, Supervisors and President of Subsidiaries

As of Dec. 31, 2007

Name of Subsidiary	Title	Name or Representative	Share Held	
			Share	Ratio (%)
Panhsin Asset Management Co., Ltd	Chairman	Dao-Ming Kuo (Representative of BOP)		
	Director	Ming-Hsin Chiu (Representative of BOP)		
	Director	Lin-Long Chien (Representative of BOP)		
	Director	Ming-Sing Shieh (Representative of BOP)	5,000,000	100.00
	Director	Sin-Mao Huang (Representative of BOP)		
	Supervisor	Teng-Chun Chen (Representative of BOP)		
	President	Chien-Chung Chao	-	-
Panhsin Insurance Broker Co., Ltd	Chairman	Ping-Hui Liu (Representative of BOP)		
	Director	Tong-Ren Lin(Representative of BOP)		
	Director	Shih-Chi Wu (Representative of BOP)	2,010,000	100.00
	Supervisor	Mao-Yang Chu (Representative of BOP)		
	President	Jin-Jiang Hong	-	-

(IV) Operation Status of Subsidiaries

Unit: NT\$ Thousand

Name of Subsidiary	Capital	Total Asset	Total Liability	Equity	Operating Income	Operating Revenue	Current Profit	EPS (Dollar)
Panhsin Asset Management Co., Ltd	50,000	3,112,409	3,061,656	50,753	48,535	12,500	(3,400)	-
Panhsin Insurance Broker Co., Ltd	20,100	40,863	5,345	35,518	48,290	15,969	12,029	5.98

Directory of Head Office & Branches

Units	Address	Telephone	Fax
Head Office	No.18, Chengdu St., Banciao City, Taipei County	(02)29629170	(02)29572011
Domestic Banking Department	No.11, Sec.1, Wenhua Rd., Banciao City, Taipei County	(02)29689101	(02)29665807
Trust Department	No.330, Zhongzheng Rd., Banciao City, Taipei County	(02)29658689	(02)29658755
International Banking Department	No.358, Sec.2, Bade Rd., Songshan District, Taipei City	(02)27717000	(02)27112978
Offshore Banking Unit	No.358, Sec.2, Bade Rd., Songshan District, Taipei City	(02)27717000	(02)27112978
Daguan Branch	No.155, Sec.2, Daguan Rd., Banciao City, Taipei County	(02)22756566	(02)22752574
Zhongzheng Branch	No.330, Zhongzheng Rd., Panchiao City, Taipei County	(02)89658998	(02)89682156
Wenhua Branch	No.261, Sec.1, Wenhua Rd., Panchiao City, Taipei County	(02)22587777	(02)22593584
Minzu Branch	No.339, Hansheng E. Rd., Panchiao City, Taipei County	(02)29629111	(02)29581242
Houpu Branch	No.18, Chengdu St., Panchiao City, Taipei County	(02)29629121	(02)29560201
Puqian Branch	No.38, Sec.2, Sanmin Rd., Panchiao City, Taipei County	(02)29629106	(02)29541499
Huajiang Branch	No.382, Sec.2, Wenhua Rd., Panchiao City, Taipei County	(02)22529101	(02)22520108
Yonghe Branch	No.12, Renai Rd., Yonghe City, Taipei County	(02)29299481	(02)29210495
Xiulang Branch	No.118, Dehe Rd., Yonghe City, Taipei County	(02)29417966	(02)29498035
Fuhe Mini Branch	No.45, Yongzhen Rd., Yonghe City, Taipei County	(02)89211919	(02)89213377
Zhonghe Branch	No.232, Zhonghe Rd., Zhonghe City, Taipei County	(02)22498756	(02)22497418
Yuanshan Branch	No.753, Zhongzheng Rd., Zhonghe City, Taipei County	(02)22259199	(02)22260657
Xingnan Branch	No.45, Sec.1, Xingnan Rd., Zhonghe City, Taipei County	(02)29459366	(02)29458495
Tucheng Branch	No.289, Sec.1, Zhongyang Rd., Tucheng City, Taipei County	(02)22629119	(02)22654536
Jincheng Mini Branch	No.91, Sec.3, Jincheng Rd., Tucheng City, Taipei County	(02)82615666	(02)22709241
Xinzuang Branch	No.719, Xingfu Rd., Xinzuang City, Taipei County	(02)29906699	(02)29900433
Shulin Branch	No.58, Zhenqian St., Shulin City, Taipei County	(02)86755666	(02)86755656
Sanchong Branch	No.126, Sec.3, Chongyang Rd., Sanchong City, Taipei County	(02)89839966	(02)29871976
Xindian Branch	No.60, Minquan Rd., Xindian City, Taipei County	(02)89113377	(02)89113661
Luchou Branch	No.256, Minzu Rd., Luchou City, Taipei County	(02)82850666	(02)82835789
Songjiang Branch	No.238, Songjiang Rd., Zhongshan District, Taipei City	(02)25429999	(02)25311707
Bade Branch	No.360, Sec.2, Bade Rd., Songshan District, Taipei City	(02)27528833	(02)27405959
Minsheng Branch	No.133-1, Sec.3, Minsheng E. Rd., Songshan District, Taipei City	(02)87129966	(02)27120222
Xinyi Branch	No.127, Sec.2, Keelung Rd., Xinyi District, Taipei City	(02)27329999	(02)27334900
Neihu Branch	No.163, Sec.4, Chenggong Rd., Neihu District, Taipei City	(02)87919999	(02)87919899
Taoyuan Branch	No.360, Yongan Rd., Taoyuan City, Taoyuan County	(03)3398777	(03)3396362
Taoying Branch	No.102, Taoying Rd., Taoyuan City, Taoyuan County	(03)3758999	(03)3660551
Longgang Branch	No.78, Longdong Rd., Zhongli City, Taoyuan County	(03)4657799	(03)4655511

Units	Address	Telephone	Fax
Hsinchu Branch	No.56, Zhubei S Rd., Zhubei City, Hsinchu County	(03)6581588	(03)6580189
North Taichung Branch	No.186, Sec. 4, Wenxin Rd., North District, Taichung City	(04)22961798	(04)22961885
Taichung Branch	No.556, Sec. 1, Wenxin Rd., Nantun District, Taichung City	(04)23267799	(04)23266029
Renai Branch	No.502, Renai Rd., Chiayi City	(05)2222157	(05)2272952
Wufong Branch	No.114, Wufong N. Rd., Chiayi City	(05)2278826	(05)2258736
Zhongxiao Branch	No.317, Zhongxiao Rd., Chiayi City	(05)2774616	(05)2774614
Junhui Branch	No.360, Wufong S. Rd., Chiayi City	(05)2300778	(05)2300780
Chiayi Branch	No.298, Zhongshan Rd., Chiayi City	(05)2279045	(05)2291649
Tainan Branch	No.189, Chongming Rd., East District, Tainan City	(06)3368799	(06)3361287
Chenggong Branch	No.457, Chenggong Rd., West Central District, Tainan City	(06)2113999	(06)2112388
Xiaogang Branch	No.213, Erling Rd., Xiaogang District, Kaohsiung City	(07)8011161	(07)8018565
Qianzhen Branch	No.421, Ruilong Rd., Qianzhen District, Kaohsiung City	(07)7513176	(07)7513380
Lingya Branch	No.10, Linsen 2nd Rd., Lingya District, Kaohsiung City	(07)3337177	(07)3311363
Kaohsiung Branch	No.148, Wufu 4th Rd., Yancheng District, Kaohsiung City	(07)5518270	(07)5618881
Kaoxinzhuang Branch	No.485, Xinzhuangzai Rd., Zuoying District, Kaohsiung City	(07)3412621	(07)3416142
Yangming Branch	No.178, Juemin Rd., Sanmin District, Kaohsiung City	(07)3865111	(07)3828199
Xinxing Branch	No.69, Bade 2nd Rd., Xinxing District, Kaohsiung City	(07)2860191	(07)2868349
Luodong Branch	No.119, Gongzheng Rd., Luodong Town, Yilan County	(03)9568866	(03)9557199

板信商業銀行股份有限公司



董事長：劉炳輝

