

DISCLOSURE REQUIRED BY BUREAU OF MONETARY AFFAIRS

Disclosures regulated in directives No. 89760330, No. 89764532 and No. 0916000072 issued by the Ministry of Finance were as follows:

1.

BALANCE SHEET
June 30, 2003
(In Thousands of New Taiwan Dollars)

	Amount		Amount
Assets		Liabilities	
Cash, due from banks and due from Central Bank	\$ 99,424,853	Call loans and due to banks	\$ 66,500,806
Securities purchased - net	38,020,873	Deposits and remittances	256,157,260
Loans, discounts and bills purchased - net	198,443,135	Other	25,046,604
Long-term equity investments	9,009,001	Total liabilities	347,704,670
Net properties	4,814,269		
Nonperforming loans - net	1,915,104	Stockholders' equity	
Collateral assumed	685,465	Capital stock	19,443,975
Other	20,238,233	Capital surplus	125,208
		Retained earnings	5,387,857
		Equity adjustments	(110,777)
		Total equities	24,846,263
Total assets	\$372,550,933	Total liabilities and stockholders' equity	\$372,550,933

	Amount
Major contingencies and commitments:	
Undrawn loan commitments	\$ 3,492,793
Securities sold under agreements to repurchase	20,268,168
Guaranteed payments of all kinds	7,536,705
Securities purchased under agreements to resell	2,395,048
The outstanding balance of letters of credit issued on behalf of customers that are not yet drawn	2,694,745
Foreign exchange forward contracts	58,667,227
Trust assets	42,867,715
The balance of interest rate linked derivative products (interest rate swaps, options, futures and forwards)	116,109,537
The balance of foreign exchange linked derivatives products (currency swaps, options, futures and forwards)	227,929,978
Equity and commodity-linked derivatives	-

2.

STATEMENT OF INCOME
For the Three Months Ended June 30, 2003
(In Thousands of New Taiwan Dollars)

	Amount
OPERATING REVENUES	
Interest	\$ 4,990,141
Income from short-term bills (Note 1)	830,265
Income from bonds, stocks and beneficiary certificates - net (Note 2)	525,198
Service fees	590,359
Income from long-term equity investments under the equity method - net	350,678
Other	258,943
Total Operating Revenues	7,459,584
OPERATING COSTS AND EXPENSES	
Interest	2,625,817
Provision for credit and trading losses	700,000
Loss on long-term equity investment	19,941
Operating and administrative expenses	2,358,076
Other	191,999
Total Operating Costs and Expenses	5,895,833
OPERATING INCOME	1,563,751
NONOPERATING INCOME AND GAINS	69,630
NONOPERATING EXPENSES AND LOSSES	39,213
INCOME BEFORE INCOME TAX	1,594,168
INCOME TAX	160,595
NET INCOME	\$ 1,433,573

Note 1: Net amount of income and loss from short-term bills. As of June 30, 2003, no allowance for market value decline was provided.

Note 2: Net amount of income and loss from bonds, stocks and beneficiary certificates. As of June 30, 2003, provision for market value decline amounted to \$141,413.

3. Material financial and business summary

a. Statement of capital adequacy

Item	Year	June 30, 2003	June 30, 2002
	Capital adequacy ratios (Note)		13.05%
Ratios of debt to net worth		1,399.42%	1,264.61%

Note: These were the Bank SinoPac's standalone capital adequacy ratios as of June 30, 2003 and 2002. Capital adequacy ratio = Eligible capital/Risk-based assets. Pursuant to the Banking Law and related regulations, the capital adequacy ratio should be computed at the end of June and December, respectively.

b. Assets quality

(In Thousands of New Taiwan Dollars)

Item	Year	June 30, 2003	June 30, 2002
	Overdue loans (including nonperforming loans)		\$ 4,394,324
Nonperforming loans		2,655,805	1,654,112
Overdue loans ratio (Note 1)		2.17%	2.04%
Classified loans (Note 2)		1,202,883	2,873,953
Ratios of classified loans to total loans		0.60%	1.60
Allowance for credit losses		1,684,483	1,332,353

Note 1: Overdue loans ratio = Overdue loans (including nonperforming loans)/(Outstanding loan balance + Nonperforming loans). If overdue loans (including nonperforming loans)/total credits, the overdue loans ratios as of June 30, 2003 and 2002 were 1.83% and 1.80%, respectively.

Note 2: Loans subject to observation are medium and long-term loans repayable in installments repayment on which is delinquent for more than three months but less than six months; other loans(the repayment of) principal on which is overdue by less than three months and interest thereon is overdue by more than three months but less than six months that would normally be required to be reported as an overdue loan but for having been exempted from such reporting (including loans for which an agreement has been reached to repay such loan in installments, loans for which a credit insurance fund will cover such repayment (as evidenced by), a sufficient certificate of deposit or reserve, loans for which repayment has, by agreement, been extended due to the September 21, 1999 earthquake, loans for which the collateral has been sold at auction and the proceeds of such auction are yet to be distributed, and loans extended under other approved exempt loan programs.

c. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	June 30, 2003		June 30, 2002	
Credit extensions to interested parties	\$4,087,158		\$5,186,133	
Ratios of credit extensions to interested parties	1.71		2.55	
Ratios of credit extensions secured by pledged stocks	0.40		1.42	
Industry concentration	Industry	Percentage	Industry	Percentage
	Manufacturing	9.20	Manufacturing	9.08
	Wholesaling	2.68	Wholesaling	3.03
	Finance and insurance	2.00	Finance and insurance	1.67
	Real estate and leasing	2.25	Real estate and leasing	2.72
	Government organizations	2.44	Government organizations	3.65
	Natural person	79.43	Natural pension	77.00
	Other	2.00	Other	2.85

2) Information of investees

June 30, 2003

(In Thousands of New Taiwan Dollars and Respective Foreign Currencies, %)

Name of Investee	Original Investment Amount	Percentage of Ownership
SinoPac Bancorp	US\$112,306	100.00
Rocorp Holding S. A.	3,531	33.33
SinoPac Leasing Corporation	999,940	99.77
SinoPac Capital Limited	HK\$229,998	99.99
SinoPac Financial Consulting Co., Ltd.	1,940	97.00
Fuh-Hwa Investment Trust Co., Ltd.	24,000	7.77
Mondex Taiwan Inc.	25,000	6.47

Note: Only include percentage of ownership above 5%.

3) Policy of provision on credit losses

In determining the allowance for credit losses and provision for losses on guarantees, the Bank assesses the collectibility on the balances of loans, discounts and bills purchased, accounts, interest and other receivables, and nonperforming loans, as well as guarantees and acceptances as of the balance sheet dates.

Pursuant to “The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts” (the “Rules”) issued by the MOF, the Bank evaluates credit losses on the basis of its borrowers’/clients’ financial positions, Bank SinoPac’s prior experiences, repayments for principal and interest by borrowers/clients, collateral provided, and estimated collectibility.

Bank SinoPac assesses losses on particular loans in accordance with the Rules stated above. The Rules provide that the minimum provision for credit losses should not be less than the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

Write-offs of loans falling under the MOF guidelines, upon approval by the board of directors, are offset against the recorded allowance for credit losses.

4) Matters requiring special notation

June 30, 2003

	Summary and Amount
Within the past one year, a responsible person or professional employee, in the course of business, violated the law, resulting in an indictment by a prosecutor.	A former employee sued by Bank SinoPac for violating the related regulations of the Bank Law, was prosecuted by the District Attorney. The case was still tried by the District Court. Partial damage had been recovered, and the outstanding amount as of June 30, 2003 was \$1,011, which had been paid on July 8, 2003 subsequently.
Within the past one year, a fine was levied on Bank SinoPac for violations of the Banking Law.	None
Within the past one year, misconduct occurred that resulted in the Ministry of Finance imposing strict corrective measures.	None
Within the past one year, the loss from one incident or the total losses from employee corruption, periodic events of a material nature, or failure to abide by the “Guidelines for the Maintenance of Soundness of Financial Institutions” exceeded NT\$50 million dollars.	None
Others	None

Note: The term “within the past one year” means the one year prior to the balance sheet date.

c. Profitability

Item	For the Six Months Ended June 30, 2003	For the Six Months Ended June 30, 2002
Return on total assets	0.91%	1.05%
Return on net worth	12.79%	13.48%
Profit margin	21.37%	20.53%

Note 1: Return on total assets = Income before income tax/Average total assets

Note 2: Return on net worth = Income before income tax/Average net worth

Note 3: Profit margin = Income before income tax/Total operating revenues

Note 4: Income before income tax represents income for the six months ended June 30, 2003 and 2002.

The profitability data listed above is expressed on an annual basis.

d. Liquidity

Maturity Analysis of Assets and Liabilities
June 30, 2003

(In Millions of New Taiwan Dollars)

	Total	Amount for the Remaining Period Prior to the Maturity Date				
		0-30 Days	31-90 Days	91-180 Days	181 Days to One Year	Over One Year
Assets	\$ 335,277	\$ 76,050	\$ 27,208	\$ 30,590	\$ 33,970	\$ 167,459
Liabilities	337,159	91,888	44,965	41,551	51,718	107,037
Gap	(1,882)	(15,838)	(17,757)	(10,961)	(17,748)	60,422
Accumulated gap	(1,882)	(15,838)	(33,595)	(44,556)	(62,304)	(1,882)

Note: The above amounts include only New Taiwan Dollar amounts held in the onshore branch by Bank SinoPac (i.e. excludes foreign currency).

e. Market risk sensitivity

Item	June 30, 2003	June 30, 2002
Ratio of interest-rate sensitive assets to liabilities	84.61%	75.96%
Ratio of interest-rate sensitive gap to net worth	71.56%	(32.71%)

Note 1: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (with maturities of less than one year in New Taiwan Dollars)

Note 2: Interest-rate sensitive gap = Interest-rate sensitive assets - Interest-rate sensitive liabilities

