

## 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  
September 30, 2003  
(In Thousands of New Taiwan Dollars)

	Amount		Amount
<b>Assets</b>		<b>Liabilities</b>	
Cash, due from banks and due from Central Bank	\$ 107,904,319	Call loans and due to banks	\$ 32,388,691
Securities purchased - net	32,993,899	Deposits and remittances	295,353,790
Loans, discounts and bills purchased - net	206,167,503	Other	31,593,004
Long-term equity investments	9,784,448	Total liabilities	359,335,485
Net properties	4,993,719		
Nonperforming loans - net	1,913,263	Stockholders' equity	
Collateral assumed	737,348	Capital stock	19,443,976
Other	20,421,552	Capital surplus	125,208
		Retained earnings	6,236,020
		Equity adjustments	( 224,638 )
		Total equities	25,580,566
Total assets	\$ 384,916,051	Total liabilities and stockholders' equity	\$ 384,916,051

	Amount
<b>Major contingencies and commitments:</b>	
Undrawn loan commitments	\$ 3,458,051
Securities sold under agreements to repurchase	8,324,288
Guaranteed payments of all kinds	8,246,526
Securities purchased under agreements to resell	5,692,911
The outstanding balance of letters of credit issued on behalf of customers that are not yet drawn	3,957,764
Foreign exchange forward contracts	107,655,692
Trust assets	44,452,104
The balance of interest rate linked derivative products (interest rate swaps, options, futures and forwards)	116,762,532
The balance of foreign exchange linked derivatives products (currency swaps, options, futures and forwards)	255,218,170
Equity and commodity-linked derivatives	-

2.

**STATEMENT OF INCOME**  
**For the Nine Months Ended September 30, 2003**  
**(In Thousands of New Taiwan Dollars)**

	Amount
<b>OPERATING REVENUES</b>	
Interest	\$ 7,268,533
Income from short-term bills (Note 1)	1,221,618
Income from bonds, stocks and beneficiary certificates - net (Note 2)	778,339
Service fees	969,526
Income from long-term equity investments under the equity method - net	533,300
Other	657,834
<b>Total Operating Revenues</b>	<b>11,429,150</b>
<b>OPERATING COSTS AND EXPENSES</b>	
Interest	3,842,506
Provision for credit and trading losses	1,090,000
Operating and administrative expenses	3,551,765
Other	424,995
<b>Total Operating Costs and Expenses</b>	<b>8,909,266</b>
<b>OPERATING INCOME</b>	<b>2,519,884</b>
<b>NONOPERATING INCOME AND GAINS</b>	<b>101,836</b>
<b>NONOPERATING EXPENSES AND LOSSES</b>	<b>42,684</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,579,036</b>
<b>INCOME TAX</b>	<b>297,300</b>
<b>NET INCOME</b>	<b>\$ 2,281,736</b>

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

### 3. Material financial and business summary

#### a. Statement of capital adequacy

Item	Year	
	September 30, 2003	September 30, 2002
Capital adequacy ratios (Note)	13.05%	11.41%
Ratios of debt to net worth	1,404.72%	1,182.59%

Note: These were the Bank SinoPac's standalone capital adequacy ratios as of September 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	
	September 30, 2003	September 30, 2002
Overdue loans (including nonperforming loans)	\$ 4,235,083	\$ 3,841,976
Nonperforming loans	2,684,479	1,864,306
Overdue loans ratio (Note 1)	2.02%	2.09%
Classified loans (Note 2)	1,072,091	2,371,919
Ratios of classified loans to total loans	0.51%	1.29%
Allowance for credit losses	1,991,133	1,262,795

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 September 30, 2003 and 2002 were 1.71% 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, %)

	September 30, 2003		September 30, 2002	
Credit extensions to interested parties	\$4,200,322		\$4,315,771	
Ratios of credit extensions to interested parties	1.91		2.03	
Ratios of credit extensions secured by pledged stocks	0.33		1.19	
Industry concentration	Industry	Percentage	Industry	Percentage
	Manufacturing	7.67	Manufacturing	8.92
	Wholesaling	3.17	Wholesaling	2.76
	Finance and insurance	2.55	Finance and insurance	1.95
	Real estate and leasing	2.14	Real estate and leasing	2.58
	Government organizations	2.39	Government organizations	2.38
	Natural person	79.22	Natural pension	78.41
	Other	2.86	Other	3.00

2) Information of investees

September 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

September 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. Damage had been recovered on July 8, 2003.
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 Nine Months Ended September 30, 2003	For the Nine Months Ended September 30, 2002
Return on total assets	0.96%	1.02%
Return on net worth	13.60%	12.64%
Profit margin	22.57%	19.72%

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

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 nine months ended September 30, 2003 and 2002.

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

d. Liquidity

Maturity Analysis of Assets and Liabilities  
September 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	\$ 349,989	\$ 75,421	\$ 30,802	\$ 20,675	\$ 57,660	\$ 165,431
Liabilities	354,758	132,204	51,612	52,233	65,327	53,382
Gap	( 4,769)	( 56,783)	( 20,810)	( 31,558)	( 7,667)	112,049
Accumulated gap	( 4,769)	( 56,783)	( 77,593)	( 109,151)	( 116,818)	( 4,769)

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	September 30, 2003	September 30, 2002
Ratio of interest-rate sensitive assets to liabilities	89.69%	51.39%
Ratio of interest-rate sensitive gap to net worth	(91.51%)	(18.08%)

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.

