

3. Ratio of small and medium-size enterprise loan and consumer loan to total loan

(In Thousands of New Taiwan Dollars,%)

	As of December 31, 2003	As of December 31, 2002
Small and medium-size enterprise loan	\$ 1,797,573	\$ 1,105,678
Small and medium-size enterprise loan ratio	0.847%	0.587%
Consumer loan	131,188,017	118,024,757
Consumer loan ratio	61.84%	62.61%

Note 1: Small and medium-size enterprise loan ratio = Small and medium-size enterprise loan/Total loan.

Consumer loan ratio = Consumer loan/Total loan.

Note 2: Small and medium-size enterprises are defined in the standards for identifying small or medium-size enterprise promulgated by Ministry of Economics Affairs.

Note 3: Consumer loan shall include housing loan, house repairing loan and car loan, union welfare loan and other personal consumer loan.

4.

Statement of Income
For the Years Ended December 31, 2003 and 2002
(In Thousands of New Taiwan Dollars)

Code	Item	Current Period			Previous Period		
		Subtotal	Total	%	Subtotal	Total	%
	Operating revenues		\$ 15,077,357	100	\$ 15,144,749	100	
	Interest income	\$ 9,628,861		64	\$ 11,218,205	74	
	Service fees	1,383,273		9	954,605	6	
	Gain on sale of bills and securities - net	2,337,074		16	2,073,831	14	
	Income from long-term equity investments under equity method - net	639,668		4	479,238	3	
	Foreign exchange gain	-		-	126,161	1	
	Other	1,088,481		7	292,709	2	
	Operating expense		12,187,321	81	12,494,165	83	
	Interest expense	5,091,052		34	6,747,246	45	
	Service charges	236,478		1	138,652	1	
	Provision for credit and trading losses	1,505,000		10	1,213,955	8	
	Operating and administrative expense	4,786,124		32	4,394,121	29	
	Foreign exchange loss	568,387		4	-		
	Other	280		-	191		
	Operating income		2,890,036	19	2,650,584	17	
	Nonoperating income and gains		181,106	1	165,472	1	
	Nonoperating expenses and losses		(59,621)	-	(55,663)	-	
	Income before income tax		3,011,521	20	2,760,393	18	
	Income tax		(257,622)	2	(505,344)	3	
	Net income		\$ 2,753,899	18	\$ 2,255,049	15	
	Earnings per share (in New Taiwan dollars)		\$ 1.42		\$ 1.18		

5. Significant financial and operating profile

a. Statement of capital adequacy

(In Thousands of New Taiwan Dollars, %)

Item	Year	December 31, 2003	December 31, 2002
1) Tier I capital		\$26,143,866	\$24,977,464
2) Tier II capital		4,463,024	2,321,711
3) Tier III capital		-	-
4) Capital deduction		3,755,878	3,600,744
Net (1+2+3+4)		26,851,012	23,698,431
Total risk—based assets		216,730,585	184,397,046
Capital adequacy ratios (Note)		12.39%	12.85%
Ratios of debt to net worth		1,468.06%	1,223.04%

Note: 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	December 31, 2003	December 31, 2002
Overdue loans (including nonperforming loans) (Note 1)	\$ 3,722,533	\$ 3,798,045
Nonperforming loans	2,840,297	2,027,366
Overdue loans ratio (Note 2)	1.75%	2.02%
Classified loans (Note 3)	832,027	2,095,110
Ratios of classified loans to total loans	0.39%	1.11%
Allowance for credit losses	1,544,941	1,450,886
Write-off amounts of credits (Note 4)	1,504,618	1,048,362

Note 1: Overdue loans (including non-accrual loans) represent the amounts of reported overdue loans as required by the MOF letters dated February 16, 1994 (Ref. No. Tai-Tsai-Zong-832292834) and December 1, 1997 (Ref. No. Tai-Tsai-Zong-86656564).

Note 2: Overdue loans ratio = Overdue loans (including nonperforming loans)/(Outstanding loan balance + Nonperforming loans). If overdue loans (including nonperforming loans)/total credits, the overdue loans ratio as of December 31, 2003 and 2002 were 1.43% and 1.73%, respectively.

Note 3: Loans subject to observation are mid-term 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.

Note 4: Write-off amounts of credits = Accumulated write-off amounts of credits for the years ended December 31, 2003 and 2002.

c. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	December 31, 2003		December 31, 2002	
Credit extensions to interested parties	\$4,531,615		\$4,326,511	
Ratios of credit extensions to interested parties	2.04%		1.97%	
Ratios of credit extensions secured by pledged stocks	0.36%		1.19%	
Industry concentration	Industry	Percentage	Industry	Percentage
	Natural person	79.49%	Natural person	79.23%
	Manufacturing	6.91%	Manufacturing	8.73%
	Wholesaling	3.72%	Wholesaling	2.89%

Note 1: Consist of loans, discounts and bills purchased (including import and export bill negotiations), acceptances and guarantees.

Note 2: Ratio of credit extensions to interested parties = credit extensions to interested parties/total credit extensions.

Note 3: Ratio of credit extensions secured by pledged stocks = credit extensions secured by pledged stocks/total credit extensions.

Note 4: The amounts of credit extensions to interested parties are required to be computed pursuant to the Banking Law.

Note 5: Consist of the following industries required by the Central Bank: agriculture, forestry, fishing and grazing; mining and soil excavation; manufacturing; utility and gas; construction; wholesale, retail, food and beverage; shipping, storage and communications; finance, insurance and real estate; general services and other.

2) Information of investees of Bank SinoPac

December 31, 2003
(In Thousands of New Taiwan Dollars and Foreign Currencies, %)

Name of Investee	Original Investment Amount	Percentage of Ownership
SinoPac Bancorp	US\$ 112,306	100.00%
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	7.61%
Mondex Taiwan Inc.	25,000	6.47%

Note: Only include percentage of ownership above 5%.

3) Policy of provisions on credit and investment losses

a) Allowance for credit losses and provision for losses on guarantees

In determining the allowance for credit losses and provision for losses on guarantees, Bank SinoPac 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, Bank SinoPac 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.

b) Provision for investment losses

Stocks, beneficiary certificates and bonds are stated at the lower of cost or market. Market prices are determined as follows: (a) listed stocks—average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end fund)—net asset values as of the balance sheet dates; and (c) over-the-counter stocks—average daily closing prices for the last month of the accounting period, published by GreTai Securities Market (the “OTC”); and (d) bonds—period-end reference prices published by the OTC.

Under accounting principles generally accepted in the ROC, for applying the lower of cost or market method, the Company’s shares held by Bank SinoPac should be evaluated separately from the other listed and over-the-counter stocks.

For listed and over-the-counter stocks accounted for by the cost method, when the aggregate market value is lower than the total carrying amount, an allowance for market value decline is provided and the unrealized loss is charged against stockholders’ equity. If a decline in the value of an unlisted stock investment is considered a permanent loss, the decline is charged to current income.

For the listed stock investments reclassified from securities purchased to long-term equity investments or vice versa, when the market value is lower than the carrying amount, a realized loss for market value decline is recognized and the related cost is recorded at market value.

4) Matters requiring special notation

December 31, 2003

Causes (Note 1)	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. All damage had been recovered on July 8, 2003.
Within the past one year, a fine was levied on Bank SinoPac for violations of the related regulations (Note 2)	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
Other	None

Note 1: The term "within the past one year" means the one year prior to the balance sheet date.

Note 2: The term "a fine levied on Bank SinoPac for violations of the related regulations within the past one year" means a fine levied by Bureau of Monetary Affairs, Securities and Futures Commission or Department of Insurance.

d. Profitability

Item	For the Year Ended December 31, 2003	For the Year Ended December 31, 2002
Return on total assets	0.81%	0.91%
Return on net worth	11.79%	11.43%
Profit margin	19.97%	18.23%

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 year ended December 31, 2003 and 2002.

e. Information of average amount and average interest rate of interest-earning assets and interest-bearing liabilities

(In Thousands of New Taiwan Dollars, %)

	2003		2002	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Cash—negotiable certificates of deposit	\$ 79,571,156	1.01	\$ 38,201,479	1.62
Due from banks	3,871,717	1.32	1,943,357	1.70
Call loans (placement)	7,994,742	1.09	18,732,491	2.75
Due from Central Bank	5,882,812	1.85	5,254,416	2.47
Securities purchased	31,475,938	6.52	26,129,637	3.99
Loans, discounts and bills purchased	195,533,730	3.90	172,342,097	5.53
Accounts receivable from factoring	5,913,668	3.65	4,589,239	4.90
<u>Interest-bearing liabilities</u>				
Due to banks	9,211	0.03	5,441	0.69
Call loans (taken)	49,212,529	1.16	33,630,163	1.90
Demand deposits	35,436,955	0.63	21,579,614	0.96
Savings-demand deposits	54,893,986	0.67	49,263,426	1.71
Time deposits	105,804,037	1.28	96,322,075	2.21
Savings—time deposits	58,570,590	1.94	57,815,254	2.96
Negotiable certificates of deposit	10,064,964	0.97	949,050	2.13

Note 1: Average amounts are calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

Note 2: Interest-earning assets and interest-bearing liabilities should be properly categorized according to accounts or the nature of each account.

f. Liquidity

Maturity Analysis of Assets and Liabilities
December 31, 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	\$ 357,137	\$ 61,588	\$ 27,373	\$ 63,840	\$ 40,964	\$ 163,372
Liabilities	361,352	140,686	54,069	46,709	61,737	58,151
Gap	(4,215)	(79,098)	(26,696)	17,131	(20,773)	105,221
Accumulated gap	(4,215)	(79,098)	(105,794)	(88,663)	(109,436)	(4,215)

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

g. Market risk sensitivity

Item	December 31, 2003	December 31, 2002
Ratio of interest-rate sensitive assets to liabilities	90.89%	80.34%
Ratio of interest-rate sensitive gap to net worth	(81.79%)	(30.28%)

Note 1: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest earnings assets and interest bearing liabilities are affected by the change of interest-rate.

Note 2: 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 3: Interest-rate sensitive gap = Interest-rate sensitive assets - Interest-rate sensitive liabilities

h. Net positions of major foreign-currency

	December 31			
	2003		2002	
	Foreign-currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)	Foreign-currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)
Net positions of major foreign-currency with market risk	JPY 11,904,313	\$ 3,783,191	USD 38,766	\$ 1,347,236
	USD 108,837	3,698,052	EUR 10,049	365,538
	DEM 74,935	670,036	JPY 858,414	251,258
	EUR 13,401	574,210	NZD 9,897	180,968
	RMB 9,736	80,807	CHF 6,943	173,550

Note 1: "Major foreign currencies" mean the top five currencies with largest positions.

Note 2: "Net position of major foreign currencies" shall mean the absolute net value of each currency.