

DISCLOSURE REQUIRED BY BUREAU OF MONETARY AFFAIRS

Disclosures regulated in directives No. 89760330, No. 89764532 and No. 0936000140 issued by the Ministry of Finance were as follows:

1.

Balance Sheet
June 30, 2004 and 2003
(In Thousands of New Taiwan Dollars)

Assets		June 30, 2004		June 30, 2003		Liabilities and stockholders' equity					
Code	Accounting Item	Amount	%	Amount	%	Code	Accounting Item	Amount	%	Amount	%
1100	Cash and cash equivalent	\$ 7,053,582	2	\$ 6,837,754	2	2120	Call loans and due to banks	\$ 41,756,298	9	\$ 66,500,806	18
1110	Due from Central Bank and Banks	24,389,790	5	18,833,788	5	2105	Securities sold under agreements to repurchase	12,123,883	2	-	-
1130	Securities purchased-Net	129,035,558	27	111,774,184	30	2143	Accounts payables	23,012,154	5	9,216,377	2
1144	Accounts receivables-Net	38,305,937	8	17,232,569	4	2360	Deposits and remittances	338,855,120	71	256,157,260	69
1220	Securities purchased under agreements to resell	8,174,713	2	-	-	2370	Bank debentures	29,800,000	6	12,900,000	3
13XX	Loans, discounts and bills purchased - net	248,381,709	52	200,358,239	54	28XX	Other	3,213,776	1	2,930,227	1
14XX	Long-term equity investments	9,267,730	2	9,009,001	3		Total liabilities	448,761,231	94	347,704,670	93
15XX	Net properties	4,875,830	1	4,814,269	1	3101	Capital stock	19,443,976	4	19,443,976	5
18XX	Other	5,581,102	1	3,691,129	1	32XX	Capital surplus	125,208	-	125,208	-
						33XX	Retained earnings	6,859,538	2	5,387,857	2
							Equity adjustments				
						3401	Unrealized loss on long-term investments	(278,325)	-	(322,427)	-
							Cumulative translation adjustment	154,323	-	211,649	-
							Total shareholder equity	26,304,720	6	24,846,263	7
	Total assets	\$475,065,951	100	\$372,550,933	100		Total liabilities and shareholders' equity	\$475,065,951	100	\$372,550,933	100

2. Ratio of demand deposit, time deposit and foreign currency deposit to total deposit

(In Thousands of New Taiwan Dollars)

	As of June 30, 2004	As of June 30, 2003
Demand deposit	\$137,845,910	\$ 91,015,218
Demand deposit ratio	40.75%	35.59%
Time deposit	200,395,531	164,709,140
Time deposit ratio	59.25%	64.41%
Foreign currency deposit	60,715,235	51,523,013
Foreign currency deposit ratio	17.95%	20.15%

Note 1: Demand deposit ratio = Demand deposit/Total deposit.

Time deposit ratio = Time deposit/Total deposit

Foreign currency deposit ratio = Foreign currency deposit/Total deposit

Note 2: Demand deposit and time deposit shall include foreign currency deposit and government deposit.

Note 3: Postal office deposit shall be excluded.

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

(In Thousands of New Taiwan Dollars)

	As of June 30, 2004	As of June 30, 2003
Small and medium-size enterprise loan	\$ 1,673,799	\$ 795,601
Small and medium-size enterprise loan ratio	0.54%	0.33%
Consumer loan	141,778,065	128,460,135
Consumer loan ratio	45.36%	53.63%

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 Six Months Ended June 30, 2004 and 2003
(In Thousands of New Taiwan Dollars)

Code	Item	Current Period			Previous Period		
		Subtotal	Total	%	Subtotal	Total	%
	Operating revenues		\$ 10,021,080	100	\$ 7,459,584	100	
	Interest income	\$ 4,885,483		49	\$ 4,904,141	66	
	Service fees	1,197,276		12	590,359	8	
	Income from securities-net	1,124,678		11	1,355,463	18	
	Income from long-term equity investments under equity method - net	246,375		2	350,678	5	
	Foreign exchange gain	2,555,861		26	-	-	
	Other	11,407		-	258,943	3	
	Operating expense		7,868,431	79	5,895,833	79	
	Interest expense	2,628,918		26	2,625,817	35	
	Service charges	125,412		1	101,705	1	
	Provision for trading losses	-		-	49,514	1	
	Loss form long-term equity investment	-		-	19,941	-	
	Provision for credit losses	540,000		6	700,000	9	
	Operating and administrative expense	2,642,665		27	2,358,076	32	
	Foreign exchange loss	-		-	40,533	1	
	Other	1,931,436		19	247	-	
	Operating income		2,152,649	21	1,563,751	21	
	Nonoperating income and gains		198,633	2	69,630	1	
	Nonoperating expenses and losses		(22,963)	-	(39,213)	(1)	
	Income before income tax		2,328,319	23	1,594,168	21	
	Income tax		(249,235)	(2)	(160,595)	(2)	
	Net income		\$ 2,079,084	21	\$ 1,433,573	19	
	Earnings per share (in New Taiwan dollars)		\$ 1.07		\$ 0.74		

5. Significant financial and operating profile

a. Statement of capital adequacy

(In Thousands of New Taiwan Dollars)

Item	June 30, 2004	June 30, 2003
1) Tier I capital	\$26,303,211	\$24,843,456
2) Tier II capital	8,461,928	4,741,848
3) Tier III capital	-	-
4) Capital deduction	3,759,901	3,663,966
Net (1+2+3+4)	31,005,238	25,921,338
Total risk—based assets	278,622,534	198,675,119
Capital adequacy ratios (Note)	11.13%	13.05%
Ratios of debt to net worth	1,706.01%	1,399.42%

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.

b. Assets quality

(In Thousands of New Taiwan Dollars)

Item	June 30, 2004	June 30, 2003
Overdue loans (including nonperforming loans) (Note 1)	\$ 2,589,581	\$ 4,394,324
Nonperforming loans	2,091,849	2,655,805
Overdue loans ratio (Note 2)	1.04%	2.17%
Classified loans (Note 3)	790,429	1,202,883
Ratios of classified loans to total loans	0.32%	0.60%
Allowance for credit losses	1,577,932	1,684,483
Write-off amounts of credits (Note 4)	521,797	535,094

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 June 30, 2004 and 2003 were 0.83% and 1.83%, 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 six months ended June 30, 2004 and 2003.

c. Management information

1) Concentration of credit extensions

(In Thousands of New Taiwan Dollars)

	June 30, 2004		June 30, 2003	
Credit extensions to interested parties	\$3,704,784		\$4,087,158	
Ratios of credit extensions to interested parties	1.19%		1.71%	
Ratios of credit extensions secured by pledged stocks	0.98%		0.40%	
Industry concentration	Industry	Percentage	Industry	Percentage
	Natural person	76.06%	Natural person	79.43%
	Manufacturing	9.96%	Manufacturing	9.20%
	Wholesaling	4.30%	Wholesaling	2.68%

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

June 30, 2004
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Name of Investee	Original Investment Amount	Percentage of Ownership
SinoPac Bancorp	USD 112,306	100.00%
SinoPac Leasing Corporation	999,940	99.77%
SinoPac Capital Limited	HKD 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, 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, the Bank prior experiences, repayments for principal and interest by borrowers/clients, collateral provided, and estimated collectibility.

The Bank 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 SPH’s shares held by the Bank 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

June 30, 2004

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.	In 2002, a former employee, Mr. Wang, who was sued by the Bank for violating the Bank Law, was prosecuted by the District Attorney. Mr. Wang was sentenced to limited imprisonment on April 7, 2004 and his appeal to the Supreme Court to reverse this sentence was rejected on June 17, 2004. None
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 the Bank 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 Six Months Ended June 30, 2004	For the Six Months Ended June 30, 2003
Return on total assets	1.05%	0.91%
Return on net worth	17.76%	12.79%
Profit margin	20.75%	19.22%

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, 2004 and 2003.

Note 5: The profitability data listed above is expressed on an annual basis.

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

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30, 2004		For the Six Months Ended June 30, 2003	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from banks	4,019,372	0.68	3,748,363	1.22
Call loans (placement)	9,951,635	1.17	5,712,888	1.28
Due from Central Bank	7,209,337	1.61	5,616,295	1.96
Securities purchased	149,658,501	1.41	107,181,273	2.01
Securities purchased under agreement to resell	4,891,485	1.10	-	-
Loans, discounts and bills purchased	225,187,262	3.27	187,591,389	4.25
Accounts receivable from factoring	11,663,586	4.03	5,103,730	3.88
<u>Interest-bearing liabilities</u>				
Due to banks	70,467	0.48	1,198	0.53
Call loans (taken)	45,452,641	1.14	55,118,429	1.26
Demand deposits	69,018,406	0.42	30,393,453	0.62
Savings-demand deposits	68,849,430	0.50	51,693,818	0.78
Time deposits	135,234,826	0.84	107,317,944	1.45
Savings—time deposits	61,404,319	1.54	57,809,887	2.14
Negotiable certificates of deposit	28,375,387	1.01	856,520	0.94
Bank debentures	24,520,330	2.74	8,780,110	2.70
Securities sold under agreement to repurchase	12,455,173	0.96	-	-

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
June 30, 2004

(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	\$ 442,990	\$ 89,857	\$ 69,431	\$ 54,878	\$ 43,724	\$ 185,100
Liabilities	441,893	187,600	67,950	49,048	70,985	66,310
Gap	1,097	(97,743)	1,481	5,830	(27,261)	118,790
Accumulated gap	1,097	(97,743)	(96,262)	(90,432)	(117,693)	1,097

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

g. Market risk sensitivity

Item	June 30, 2004	June 30, 2003
Ratio of interest-rate sensitive assets to liabilities	88.00%	84.61%
Ratio of interest-rate sensitive gap to net worth	134.10%	71.56%

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 rates.

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

	June 30			
	2004		2003	
	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	USD 55,455	\$ 1,872,992	USD 67,127	\$ 2,323,383
	MYR 103,465	919,617	JPY 741,606	214,250
	EUR 17,266	705,909	HKD 80,096	355,490
	JPY 3,764,532	1,169,640	EUR 7,088	280,994
	AUD 4,824	112,411	CHF 12,900	329,499

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.