

Bank SinoPac

**Financial Statements for the
Six Months Ended June 30, 2005 and 2004 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Bank SinoPac

We have audited the accompanying balance sheets of Bank SinoPac as of June 30, 2005 and 2004, and the related statements of income, changes in stockholders' equity and cash flows for the six months 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.

Except disclosed in the third paragraph, we conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements of the Financial Industry by Certified Public Accountants and auditing standards generally accepted in the Republic of China. 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.

As stated in Note 9 to the financial statements, the calculation of the carrying amounts of the long-term equity investments accounted for by the equity method as of June 30, 2005 and 2004 amounted to NT\$1,006,079 thousand and NT\$3,159,023 thousand, respectively, the related investment income for the six months then ended amounted to NT\$17,195 thousand and NT\$113,415 thousand, respectively, and additional disclosure of the Bank and part of its investees stated in Note 35 to the financial statements are based on the investees' unaudited financial statements.

In our opinion, except for the effects of such adjustments in the Bank's financial statements, if any, as might have been required had the investees' financial statements mentioned in the third paragraph been audited by independent auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Bank SinoPac as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the six months then ended, in conformity with Criteria Governing the Preparation of Financial Reports by Public Banks and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases. However, according to the Criteria Governing the Preparation of Financial Reports by Public Banks effective January 1, 2004, the repurchase/resell transactions are treated as financing.

July 20, 2005

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

BANK SINOPAC

BALANCE SHEETS

JUNE 30, 2005 AND 2004

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2005		2004		LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004	
	Amount	%	Amount	%		Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 4)	\$ 6,666,644	1	\$ 7,053,582	2	LIABILITIES				
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Note 5)	56,239,916	11	24,389,790	5	Call loans and due to banks	\$ 28,113,028	6	\$ 41,756,298	9
SECURITIES PURCHASED (Notes 2 and 6)	82,283,202	17	129,035,558	27	Securities sold under agreements to repurchase (Notes 2 and 3)	18,138,548	4	12,123,883	2
ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET (Notes 2 and 7)	27,394,668	6	35,000,895	7	Accounts, interest and other payables (Notes 2, 13 and 21)	11,606,186	2	19,707,112	4
ACCEPTANCES	2,318,196	-	3,305,042	1	Acceptances payable	2,318,196	-	3,305,042	1
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2 and 3)	23,215,845	5	8,174,713	2	Deposits and remittances (Note 14)	367,638,559	75	338,855,120	71
PREPAYMENTS	300,554	-	252,787	-	Bank debentures (Note 15)	32,800,000	7	29,800,000	6
LOANS, DISCOUNTS AND BILLS PURCHASED, NET (Notes 2 and 8)	274,069,097	56	248,381,709	52	Other liabilities (Notes 2, 20 and 21)				
LONG-TERM INVESTMENTS (Notes 2, 9 and 10)					Deferred tax liabilities	544,103	-	436,351	-
Long-term equity investments - equity method	8,429,948	2	8,521,223	2	Other	2,216,352	-	2,777,425	1
Long-term equity investments - cost method	1,015,832	-	1,024,832	-	Total other liabilities	2,760,455	-	3,213,776	1
Unrealized loss	(278,905)	-	(278,325)	-	Total liabilities	463,374,972	94	448,761,231	94
Other long-term investments	1,094,300	-	-	-	STOCKHOLDERS' EQUITY				
Long-term investments, net	10,261,175	2	9,267,730	2	Capital stock, \$10 par value				
PROPERTIES (Notes 2 and 11)					Authorized and issued (shares in thousands): 2,086,339 and 1,944,398 as of June 30, 2005 and 2004, respectively	20,863,392	4	19,443,976	4
Cost					Capital surplus				
Land	2,007,731	-	2,007,731	-	Additional paid-in capital	125,030	-	125,030	-
Buildings	2,266,947	1	2,260,189	1	Donated capital	83	-	83	-
Computer equipment	1,369,032	-	1,283,378	-	Other	1,861	-	95	-
Transportation equipment	45,239	-	52,214	-	Retained earnings				
Office and other equipment	1,385,691	-	1,322,988	-	Legal reserve	5,782,921	1	4,497,477	1
Total cost	7,074,640	1	6,926,500	1	Special reserve	282,977	-	282,977	-
Accumulated depreciation	(2,409,034)	-	(2,085,118)	-	Unappropriated	1,547,376	1	2,079,084	1
Advances on acquisitions of equipment and construction in progress	291,142	-	34,448	-	Unrealized loss on long-term equity investments	(278,905)	-	(278,325)	-
Net properties	4,956,748	1	4,875,830	1	Cumulative translation adjustment	(58,591)	-	154,323	-
OTHER ASSETS (Notes 2, 12 and 21)	3,935,071	1	5,328,315	1	Total stockholders' equity	28,266,144	6	26,304,720	6
TOTAL	\$ 491,641,116	100	\$ 475,065,951	100	CONTINGENCIES AND COMMITMENTS (Notes 2, 24 and 28)				
					TOTAL	\$ 491,641,116	100	\$ 475,065,951	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated July 20, 2005)

BANK SINOPAC

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2005		2004	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest (Notes 2, 3 and 28)	\$ 7,088,294	72	\$ 4,885,483	49
Service fees (Notes 2 and 17)	863,936	9	1,197,276	12
Income from securities, net (Notes 2, 3 and 18)	510,693	5	1,124,678	11
Income from long-term equity investments under the equity method, net (Notes 2 and 9)	257,689	3	246,375	2
Foreign exchange gain, net (Notes 2 and 28)	1,099,968	11	2,555,861	26
Other	16,651	-	11,407	-
Total operating revenues	<u>9,837,231</u>	<u>100</u>	<u>10,021,080</u>	<u>100</u>
OPERATING COSTS AND EXPENSES				
Interest (Notes 2, 3 and 28)	4,296,673	44	2,628,918	26
Service charges	94,742	1	125,412	1
Provision for credit losses (Notes 2, 7 and 8)	322,968	3	540,000	6
Operating and administrative expenses (Notes 2, 19 and 20)	2,504,019	25	2,642,665	27
Loss on derivative financial instruments transactions (Notes 2 and 28)	836,986	9	1,931,399	19
Other	9	-	37	-
Total operating costs and expenses	<u>8,055,397</u>	<u>82</u>	<u>7,868,431</u>	<u>79</u>
OPERATING INCOME	1,781,834	18	2,152,649	21
NONOPERATING INCOME AND GAINS	98,970	1	198,633	2
NONOPERATING EXPENSES AND LOSSES	<u>50,013</u>	<u>-</u>	<u>22,963</u>	<u>-</u>
INCOME BEFORE INCOME TAX	1,830,791	19	2,328,319	23
INCOME TAX (Notes 2 and 21)	<u>283,415</u>	<u>3</u>	<u>249,235</u>	<u>2</u>
NET INCOME	<u>\$ 1,547,376</u>	<u>16</u>	<u>\$ 2,079,084</u>	<u>21</u>
	2005		2004	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	<u>\$ 0.88</u>	<u>\$ 0.74</u>	<u>\$ 1.12</u>	<u>\$ 1.00</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated July 20, 2005)

BANK SINOPAC

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY SIX MONTHS ENDED JUNE 30, 2005 AND 2004 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock		Capital Surplus (Notes 2 and 16)	Retained Earnings (Note 16)				Unrealized Loss on Long-term Equity Investments (Notes 2 and 9)	Cumulative Translation Adjustment (Note 2)	Total Stockholders' Equity
	Shares in Thousands	Amount (Note 16)		Legal Reserve	Special Reserve	Unappropriated	Total			
BALANCE, JANUARY 1, 2005	1,944,398	\$ 19,443,976	\$ 125,208	\$ 4,497,477	\$ 282,977	\$ 4,180,069	\$ 8,960,523	\$ (264,260)	\$ (31,850)	\$ 28,233,597
Appropriation of 2004 earnings										
Legal reserve	-	-	-	1,285,444	-	(1,285,444)	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(26,847)	(26,847)	-	-	(26,847)
Bonus to employees	-	-	-	-	-	(28,946)	(28,946)	-	-	(28,946)
Cash dividends - \$0.73 per share	-	-	-	-	-	(1,419,416)	(1,419,416)	-	-	(1,419,416)
Stock dividends - \$0.73 per share	141,941	1,419,416	-	-	-	(1,419,416)	(1,419,416)	-	-	-
Net income for the six months ended June 30, 2005	-	-	-	-	-	1,547,376	1,547,376	-	-	1,547,376
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	(14,645)	-	(14,645)
Change in translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	(26,741)	(26,741)
Change in capital surplus recognized from subsidiaries	-	-	1,766	-	-	-	-	-	-	1,766
BALANCE, JUNE 30, 2005	<u>2,086,339</u>	<u>\$ 20,863,392</u>	<u>\$ 126,974</u>	<u>\$ 5,782,921</u>	<u>\$ 282,977</u>	<u>\$ 1,547,376</u>	<u>\$ 7,613,274</u>	<u>\$ (278,905)</u>	<u>\$ (58,591)</u>	<u>\$ 28,266,144</u>
BALANCE, JANUARY 1, 2004	1,944,398	\$ 19,443,976	\$ 125,208	\$ 3,671,307	\$ 282,977	\$ 2,753,899	\$ 6,708,183	\$ (297,567)	\$ 166,872	\$ 26,146,672
Appropriation of 2003 earnings										
Legal reserve	-	-	-	826,170	-	(826,170)	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(38,000)	(38,000)	-	-	(38,000)
Bonus to employees	-	-	-	-	-	(19,277)	(19,277)	-	-	(19,277)
Cash dividends - \$0.962 per share	-	-	-	-	-	(1,870,452)	(1,870,452)	-	-	(1,870,452)
Net income for the six months ended June 30, 2004	-	-	-	-	-	2,079,084	2,079,084	-	-	2,079,084
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	19,242	-	19,242
Change in translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	(12,549)	(12,549)
BALANCE, JUNE 30, 2004	<u>1,944,398</u>	<u>\$ 19,443,976</u>	<u>\$ 125,208</u>	<u>\$ 4,497,477</u>	<u>\$ 282,977</u>	<u>\$ 2,079,084</u>	<u>\$ 6,859,538</u>	<u>\$ (278,325)</u>	<u>\$ 154,323</u>	<u>\$ 26,304,720</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated June 20, 2005)

BANK SINOPAC

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2005 AND 2004 (In Thousands of New Taiwan Dollars)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,547,376	\$ 2,079,084
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	230,390	250,230
Expensed assets	-	511
Provision for (reversal of) allowance for decline in market value of securities purchased	2,968	(388)
Provision for credit and trading losses	320,000	540,000
Provision for allowance for decline in market value of collateral assumed	34,451	2,469
Accrued pension cost	3,461	4,467
Income from long-term equity investments under the equity method, net	(257,689)	(246,375)
Cash dividends received from long-term equity investments under the equity method	-	141,041
Gain on disposal of collateral assumed	(1,860)	(2,469)
Loss on disposal of properties, net	2,700	6,781
Deferred income taxes	(28,407)	(35,452)
Decrease (increase) in securities purchased - for trading purposes	12,464,481	(10,461,598)
Decrease (increase) in accounts, interest and other receivables	1,657,169	(7,572,410)
Decrease (increase) in prepayments	101,222	(85,153)
Increase (decrease) in accounts, interest and other payables	<u>(4,963,990)</u>	<u>3,687,993</u>
Net cash provided by (used in) operating activities	<u>11,112,272</u>	<u>(11,691,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in due from the Central Bank and other banks	(20,275,567)	(92,953)
Increase in securities purchased under agreements to resell	(5,781,225)	(8,174,713)
Decrease (increase) in securities purchased - for investing purposes	132,087	(2,099,124)
Increase in loans, discounts and bills purchased	(13,589,247)	(38,336,397)
Increase in other long-term investments	(80,000)	-
Acquisition of collateral assumed	(33,686)	(157,149)
Proceeds from sale of collateral assumed	170,999	529,059
Acquisition of properties	(349,420)	(200,794)
Proceeds from sale of properties	460	875
Decrease in other assets	<u>2,594,909</u>	<u>119,054</u>
Net cash used in investing activities	<u>(37,210,690)</u>	<u>(48,412,142)</u>

(Continued)

	2005	2004
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in call loans and due to banks	\$ (10,854,838)	\$ 2,685,188
Increase (decrease) in securities sold under agreements to repurchase	(136,292)	12,123,883
Increase in deposits and remittances	38,086,716	34,567,321
Increase in bank debentures	-	8,400,000
Increase (decrease) in other liabilities	(1,385,264)	345,159
Remuneration to directors and supervisors and bonus to employees	(51,747)	(39,016)
Cash dividends paid	<u>(1,419,416)</u>	<u>-</u>
Net cash provided by financing activities	<u>24,239,159</u>	<u>58,082,535</u>
EFFECT OF CHANGES IN EXCHANGE RATE	<u>(308)</u>	<u>(2,727)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,859,567)	(2,023,603)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>8,526,211</u>	<u>9,077,185</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 6,666,644</u>	<u>\$ 7,053,582</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 3,845,086</u>	<u>\$ 2,568,230</u>
Income tax paid	<u>\$ 169,067</u>	<u>\$ 154,353</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated July 20, 2005)

(Concluded)

BANK SINOPAC

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

Bank SinoPac (the “Bank”) obtained government approval to incorporate on August 8, 1991 and started operations on January 28, 1992. The Bank engages in commercial banking, trust, and established International Division and Offshore Banking Unit (OBU) to manage foreign exchange operations as allowed under the Banking Law.

As of June 30, 2005 and 2004, the Bank had a total of 2,168 and 2,156 employees, respectively.

As of June 30, 2005, the Bank’s operating units included Banking, Trust, International Division of the Head Office, an Offshore Banking Unit (OBU), 44 domestic branches, 2 overseas branches and 1 overseas representative office.

The operations of the Bank’s Trust Department consist of: (1) planning, managing and operating of trust business; and (2) custody of non-discretionary trust fund in domestic and overseas securities and mutual funds. These operations are governed by the Banking Law and the Trust Law.

Under the Financial Holding Company Act, the Bank, National Securities Co., Ltd. (the “NSC”, which was renamed as SinoPac Securities Corporation on June 9, 2002) and SinoPac Securities Co., Ltd. (the “SPS”) established SinoPac Financial Holdings Company Limited (the “SPH”), a financial holding company on May 9, 2002. The parties established the holding company to maximize the benefit of their combined capital, pool their business channel, fully harness the synergy of their diversified business operations and establish one of the most competitive organizations in the Pacific Rim. Since May 9, 2002, the effective date of the shares swap, the Bank has become an unlisted wholly owned subsidiary of SPH. The shares of SPH are traded on the Taiwan Stock Exchange (TSE). SinoPac Securities Corporation (the “SinoPac Securities”, formerly NSC) merged with SPS with SinoPac Securities as the surviving entity on July 22, 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank’s financial statements were prepared in conformity with Criteria Governing the Preparation of Financial Reports by Public Banks and accounting principles generally accepted in the Republic of China (ROC). In determining the allowance for credit losses, depreciation, assets impairment, pension, losses upon suspended lawsuit and provision for losses on guarantees, the Bank needs to estimate reasonable amounts. The estimates were usually made under uncertain conditions, the estimates may vary from the actual amounts. Since the operating cycle could not be reasonably identified in the banking industry, accounts included in the Bank’s financial statements were not classified as current or non-current. Nevertheless, accounts were properly categorized according to the nature of each account, and sequenced by their liquidity. Please refer to Note 27 for maturity analysis of assets and liabilities. Significant accounting policies of the Bank are summarized below:

Basis of Financial Statement Preparation

The accompanying financial statements include the accounts of the Head Office, OBU, all branches and the representative office. All interoffice transactions and balances have been eliminated.

Securities Purchased

Securities purchased include negotiable certificates of deposit, short-term bills, stocks, beneficiary certificates, treasury bills, structured instruments and bonds.

Short-term bills and treasury bills are stated at cost, which approximates market value. Stocks, beneficiary certificates, structured instruments and bonds are stated at the lower of cost or market value. 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) GreTai Securities Market (the "GTSM") stocks - average daily closing prices for the last month of the accounting period, published by the GTSM; and (d) bonds - period-end reference prices published by the GTSM; (e) structured instruments - period-end prices quoted by counter party.

Cost of securities sold is determined by the moving-average method, except that of short-term bills and treasury bills, which is determined by the specific identification method.

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 GTSM stocks.

Pursuant to the directive issued by the Ministry of Finance (the "MOF"), sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases until 2003. However, pursuant to the Criteria Governing the Preparation of Financial Reports by Public Banks, which was effective since January 1, 2004, the sales and purchases of securities under agreements to repurchase/resell are treated as financing.

Nonperforming Loans

Under guidelines issued by the MOF, the balance of loans and other credits extended by the Bank and the related accrued interest thereon are classified as nonperforming when the loan is six months overdue. In addition, upon approval by the board of directors, those loans which are less than six months overdue will also be classified as nonperforming.

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's 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.

Long-term Investments

Long-term equity investments are accounted for by the equity method if the Bank has significant influence over the investees. Under this method, investments are stated at cost plus (or minus) a proportionate share in net earnings (losses) or changes in net worth of the investees. On the acquisition date, any difference between the acquisition cost and the equity in the investee is amortized over 15 years. Long-term equity investments are accounted for by the cost method if the Bank does not have significant influence over the investees. Stock dividends result only in an increase in number of shares and are not recognized as investment income.

If an investee issues new shares and the Bank does not acquire new shares in proportion to its current equity in the investee, the resulting increase in the Bank's equity in the investee's net asset is credited to capital surplus. Any decrease in the Bank's equity in the investee's net asset is debited to capital surplus. If capital surplus is not enough for the debiting purpose, the remaining is debited to unappropriated retained earnings.

For listed and GTSM stocks accounted for by the cost method, when the aggregate market value is lower than the total carrying amount, an allowance for decline in market value 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.

Cost of equity investments sold is determined by the weighted-average method.

Other long-term investments include subordinated beneficiary certificates - retained interest of securitization and beneficiary certificates - credit card receivables. Retained subordinated beneficiary certificates are evaluated by estimating present value of expected future cash flows with losses recorded as operating cost; gains are not recognized. Beneficiary certificates - credit card receivables recorded at cost.

Properties

Properties are stated at cost less accumulated depreciation. Major renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred.

Upon sale or disposal of properties, their cost and related accumulated depreciation are removed from the accounts. Any resulting gain (loss) is credited (charged) to current income.

Depreciation is calculated by the straight-line method on the basis of service lives initially estimated as follows: buildings, 6 to 55 years; computer equipment, 3 to 5 years; transportation equipment, 5 years; and office and other equipment, 5 to 8 years. For assets still in use beyond their original estimated service lives, further depreciation is calculated on the basis of any remaining salvage value and the estimated additional service lives.

Collaterals Assumed

Collaterals assumed are recorded at cost (included in other assets) and revalued at the lower of cost or net realizable value on the balance sheet dates.

Derivative Financial Instruments

a. Foreign exchange forward

Foreign-currency assets and liabilities arising from forward exchange contracts, which are mainly for accommodating customers' needs or managing the Bank's currency positions, are recorded at the contracted forward rates. Gains or losses arising from the differences between the contracted forward rates and spot rates on settlement are credited or charged to current income. For contracts outstanding on the balance sheet dates, the gains or losses arising from the differences between the contracted forward rates and the forward rates available for the remaining maturities of the contracts are credited or charged to current income. Receivables arising from forward exchange contracts are offset against related payables on the balance sheet dates.

b. Forward rate agreements

Forward rate agreements, which are mainly for accommodating customers' needs or managing the Bank's interest rate positions, are recorded by memorandum entries at the contract dates. Gains or losses arising from the differences between the contracted interest rates and actual interest rates upon settlement or on the balance sheet dates are credited or charged to current income.

c. Currency swaps

Foreign-currency spot-position assets or liabilities arising from currency swaps, which are mainly for accommodating customers' needs or managing the Bank's currency positions, are recorded at spot rates when the transactions occur; while corresponding forward-position assets or liabilities are recorded at the contracted forward rates, with receivables netted against the related payables. The interest part of swap points is amortized during the contract period; for contracts outstanding on the balance sheet date, the gains or losses arising from the valuation of swap points, which are valued at the forward rates available for the remaining period of the contracts are credited or charged to current income.

d. Cross-currency swaps

Cross-currency swaps, which are for the purposes of accommodating customers' needs or managing the Bank's exposures, are marked to market on the balance sheet dates. The interest received or paid at each settlement date or balance sheet date is recognized as interest income or expense, which is credited or charged to current income.

Cross-currency swaps, which are for hedging purposes, are recorded at spot rates on the contract dates. The net interest upon each settlement is recorded as an adjustment to interest revenue or expense associated with the item being hedged.

e. Options

Options bought and/or held and options written, which are mainly for accommodating customers' needs or managing the Bank's currency positions, are recorded as assets and liabilities when the transactions occur. These instruments are marked to market on the balance sheet dates. The carrying amounts of the instruments, which are recorded either as assets or liabilities, are charged to income when they are not exercised. Gains or losses on the exercise of options are also included in current income.

f. Interest rate swaps

Interest rate swaps, which do not involve exchanges of the notional principals, are not recognized as either assets and/or liabilities on the contract dates. The swaps are entered into for accommodating customers' needs or managing the Bank's interest rate positions. The interest received or paid at each settlement date is recognized as interest income or expense. These instruments are marked to market on the balance sheet dates.

For swaps entered into for hedging purposes, the net interest on each settlement is recorded as an adjustment to interest revenue or expense associated with the item being hedged.

g. Asset swaps

Asset swaps involve exchanging the fixed interest of convertible bonds or fixed rate notes for floating interest. In addition, asset swaps involve exchanging the fixed or floating interest of credit link notes for floating or fixed interest. These transactions are recorded by memorandum entries at the contract dates. Asset swaps are entered into for hedging purposes; they are used to hedge interest rate exposure in convertible bonds, fixed rate notes and credit link notes denominated in foreign currency. Net interest on each settlement or balance sheet date is recorded as an adjustment to interest income or expense associated with the bonds or notes being hedged.

h. Futures

Margin deposits paid by the Bank for interest rate futures contracts entered into for trading purpose are recognized as assets. Gains or losses resulting from marking to market and from the settlement of the interest rate futures contracts are classified as realized or unrealized gains or losses depending on whether the gains or losses had been realized. The gains and losses are included in current income.

Margin deposits paid by the Bank for interest rate future contracts entered into for hedging purpose are recognized as assets. Gain or losses resulting form marking to market and from the settlement of the interest rate futures contracts are classified as realized or unrealized gains or losses depending on whether the gains or losses had been realized. The gains and losses are adjusted the gains or losses associated with hedging item.

i. Credit default swaps

Credit default swaps involve taking credit risk of denominated bonds and notes. Such transactions are recorded by memorandum entries at the contract dates. The premium received by the Bank for a credit default swap contract on each settlement or balance sheet date is recorded as current income by the accrual method.

Financial Asset Securitization

Under the “Regulations for Financial Asset Securitization”, the Bank securitized part of its enterprise loans and entrusted those loans to the commissioned organization for the issuance of the related beneficiary certificates. Thus, the Bank derecognizes the loans and records gain or loss because the control of contractual rights - except for subordinated retained interests for credit enhancement, which were reclassified as long-term investments - on the loans has been surrendered and transferred to a special purpose trustee.

The gain or loss on the sale of the loans is the difference between the proceeds and carrying amount of the loans. The previous carrying amount of the loans should be allocated by applying the ratios of the retained subordinated beneficiary certificates and the part sold to their fair values on the date of sale. Because quotes are not available for loans and retained subordinated beneficiary certificates, the Bank estimates fair value at the present value of expected future cash flows, using management’s key assumptions on credit losses and discount rates commensurate to the risks involved.

Subordinated beneficiary certificates - retained interest of securitization, for which quotes are not available, are accounted for as other long-term investments. Interest revenue is recorded when received. The Bank evaluates retained interests by estimating present value of expected future cash flows, with losses recorded as operating cost; gains are not recognized.

Recognition of Interest Revenue and Service Fees

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Bank that are classified as nonperforming loans. The interest revenue on those loans/credits is recognized upon collection.

Under the MOF regulations, the interest revenue on credits in which agreements have been reached to extend their maturities is recognized upon collection.

Service fees are recorded as revenue upon receipt or substantial completion of activities involved in the earnings process.

Pension

Pension expense is determined on the basis of actuarial calculations.

Income Tax

Inter-period income tax allocation is applied, in which tax effects of deductible temporary differences unused loss carryforward and unused investment tax credits are recognized as deferred income tax assets, and those of taxable temporary differences are recognized as deferred income tax liabilities. Valuation allowance is provided for deferred income tax assets that are not certain to be realized.

Tax credits for acquisitions of equipment or technology, research and development expenditures, personnel training expenditures and acquisition of equity investments are recognized as reduction of current income tax.

Adjustments of prior years' tax liabilities are included in the current year's tax expense.

Income tax (10%) on unappropriated earnings after January 1, 1998 is recorded as income tax in the year when the stockholders resolve the appropriation of the earnings.

SPH adopted the linked tax system for income tax filings with its qualified subsidiaries, including the Bank, since 2003. The different amounts between tax expense and deferred tax liabilities and assets based on consolidation and SPH with its qualified subsidiaries are adjusted on SPH, related amounts are recognized as accounts receivable or accounts payable.

Asset Impairment

The Bank began applying ROC Statement of Financial Accounting Standards (SFAS) No. 35, "Accounting for asset impairment" since January 1, 2005, which requires that certain assets, including goodwill, long-term investments accounted for the equity method, property and equipment, etc., are subject to an impairment review.

SFAS No. 35 requires the Bank reviews all of the assets to look for any indication that an asset may be impaired on each balance sheet date. If there is an indicator that an asset may be impaired, then the Bank must calculate the recoverable amount of the asset or the cash generating unit. An impairment loss should be recognized whenever the recoverable amount of the asset or the cash generating unit is below the carrying amount, and this impairment loss is either charged to accumulated impairment or reduces the carrying amount of an asset directly. After the recognition of an impairment loss, the depreciation (amortization) charged to the assets shall be adjusted in future periods by the revised asset carrying amount (net of accumulated impairment), less its salvage value, on a systematic basis over its remaining service life. If asset impairment loss (excluding goodwill) is reversed, the increase in the carrying amount resulting from reversal is credited to current income. However, loss reversal should not be more than the carrying amount (net of depreciation) had the impairment not been recognized.

Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstance indicate that goodwill may be impaired. Impairment is recorded if the book value exceeds greater of value in use. After the impairment is recognized, the goodwill should still be amortized periodically. The increase in the recoverable amount of goodwill in the period following the recognition of an impairment loss is likely to be an increase in internally generated goodwill rather than the reversal of the impairment loss recognized for the acquired goodwill. Thus, any reversal of an impairment loss on goodwill is prohibited.

Contingencies

A loss is recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If the amount of the loss cannot be reasonably estimated or the loss is possible, the related information is disclosed in the financial statements.

Foreign-currency Transactions

The Bank records foreign-currency transactions in the respective currencies in which these are denominated. Foreign-currency denominated income and expenses are translated into New Taiwan dollars at month-end rates. Foreign-currency assets and liabilities are translated into New Taiwan dollars at closing rates on the balance sheet dates. Realized and unrealized foreign exchange gains or losses are credited or charged to current income. Gains or losses resulting from restatement at period-end of foreign-currency denominated long-term equity investments accounted for by the equity method are credited or charged to "cumulative translation adjustment" under stockholders' equity.

Reclassifications

Certain 2004 accounts have been reclassified to conform to the 2005 financial statements presentation.

3. ACCOUNTING CHANGES

Under a directive issued by the MOF, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases. However, under the Criteria Governing the Preparation of Financial Reports by Public Banks effective January 1, 2004, the repurchase/resell transactions are treated as financing. The effect of this accounting change resulted in a increase of income before income tax for the six months ended June 30, 2004 by \$152,344.

The repurchase/resell transactions of the Bank are for daily trading purpose. Since the trading volume is high and the accounting systems for such transactions had been revised for several times, it is hard to trace the historical data and causing the difficulty on calculating the cumulative effect of the change in accounting principle. Thus, the Bank cannot calculate the cumulative effect of the change in accounting principle, and the pro forma information cannot be disclosed either.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2005	2004
Due from other banks	\$ 4,132,299	\$ 4,847,854
Cash on hand	1,750,191	1,660,664
Notes and checks in clearing	<u>784,154</u>	<u>545,064</u>
	<u>\$ 6,666,644</u>	<u>\$ 7,053,582</u>

5. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Call loans to banks	\$ 37,383,931	\$ 12,284,467
Due from the Central Bank	<u>18,855,985</u>	<u>12,105,323</u>
	<u>\$ 56,239,916</u>	<u>\$ 24,389,790</u>

Due from the Central Bank consists mainly of New Taiwan Dollar (NTD) and foreign currency deposit reserves.

Under a directive issued by the Central Bank of the ROC, NTD - denominated deposit reserves are determined monthly at prescribed rates on average balances of customers' NTD - denominated deposits. These reserves included \$7,559,083 and \$7,899,881 as of June 30, 2005 and 2004, respectively, which are subject to withdrawal restrictions.

In addition, the foreign-currency deposit reserves are determined at prescribed rates on balances of additional foreign-currency deposits. These reserve may be withdrawn momentarily and are noninterest earnings. As of June 30, 2005 and 2004, the balances of foreign-currency deposit reserves were \$94,854 and \$43,908, respectively.

6. SECURITIES PURCHASED

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Negotiable certificate of deposit	\$ 55,200,235	\$ 93,806,266
Commercial paper	9,592,706	12,835,634
Corporate bonds	5,344,016	5,522,983
Floating rate notes	3,370,005	9,049,707
Government bonds	2,899,908	753,296
Beneficiary certificates	1,862,937	1,361,752
Listed and GTSM stocks	1,557,160	3,453,873
Treasury bills	1,307,204	919,143
Bank debentures	1,002,431	1,332,904
Structured instruments	<u>146,600</u>	<u>-</u>
	<u>\$ 82,283,202</u>	<u>\$ 129,035,558</u>

To comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), negotiable certificates of deposit aggregating \$8,000,000 and \$15,000,000 had been provided as collateral for the daytime overdraft as of June 30, 2005 and 2004, respectively, with the pledged amount which can be adjusted momentarily.

As of June 30, 2005 and 2004, the aggregate market values or reference prices of corporate bonds, floating rate notes, government bonds, beneficiary certificates, listed and GTSM stocks, bank debentures and structured instruments were as follows:

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Corporate bonds	\$ 5,439,512	\$ 5,782,046
Floating rate notes	3,368,455	9,043,294
Government bonds	2,871,198	752,061
Mutual fund beneficiary certificates	1,893,026	1,357,172
Listed and GRSM stocks	1,914,797	4,258,221
Bank debentures	997,628	1,324,142
Structured instruments	146,474	-

The Bank held 216,542,894 shares of SPH. In the stockholders' meeting of SPH on June 11, 2004, the appropriation of 2003 earnings was resolved and the Bank got appropriation for cash dividend of \$108,163, and stock dividend of \$99,523 (9,952,311 shares). The Bank held 226,495,205 shares of SPH after the appropriation.

As of June 30, 2005 and 2004, the Bank held 116,565,240 and 216,542,894 shares of SPH, with carrying amounts of \$1,490,918 and \$2,896,922 and market values of \$1,866,209 and \$3,478,357, respectively, based on the daily average closing prices in June 2005 and 2004.

To deal with SPH's shares held by the Bank, the board of directors (hereinafter the "Board") of SPH resolved to sell 144,361,929 shares, through the securities exchange market. Thus, as of June 30, 2005, the Bank sold 109,929,965 shares of SPH.

Pursuant to the Financial Holding Company Act, the 116,565,240 shares of SPH held by the Bank (i) may be reissued to the employees of SPH or SPH's subsidiaries within three years, (ii) may be used for equity conversion, or (iii) may be sold on a stock exchange or GreTai Securities Market. In the event that shares are not reissued or sold, such shares should be cancelled and decrease the SPH's capital stock, in addition, the alteration registration should be completed. According to the directives of Accounting Research and Development Foundation, if the Bank does not receive any proceeds from SPH for such cancelled shares, the Bank needs to reduce its capital based on the capital decrease ratio while SPH follows the regulation to cancel and decrease its capital stock. The Bank proposed the cancellation of capital stock on July 4, 2005 to the authorities, on which the capital stock the Bank decided to decrease amounted to \$1,135,324. The date for capital decreasing will be announced by the chairperson of the Bank after getting approval from the authorities.

7. ACCOUNTS, INTEREST AND OTHER RECEIVABLES

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Accounts receivable	\$ 24,376,875	\$ 31,673,611
Forward exchange receivable, net	1,546,592	707,235
Interest receivable	924,998	729,496
Accrued revenue	171,893	1,224,837
Tax refundable	125,684	249,188
Receivable from related party for allocation of linked-tax system	97,082	175,060
Other	<u>172,976</u>	<u>291,879</u>
	27,416,100	35,051,306
Less - allowance for credit losses	<u>21,432</u>	<u>50,411</u>
	<u>\$ 27,394,668</u>	<u>\$ 35,000,895</u>

The balances of the accounts receivable as of June 30, 2005 and 2004 included \$23,448,985 and \$31,574,420, respectively, representing accounts receivable from other parties in the factoring business.

8. LOANS, DISCOUNTS AND BILLS PURCHASED

	June 30	
	2005	2004
Overdrafts	\$ 1,172,475	\$ 1,637,882
Short-term loans	65,093,021	70,394,588
Medium-term loans	46,937,218	45,216,173
Long-term loans	158,236,018	127,189,897
Import and export negotiations	2,030,427	3,428,900
Bills purchased	1,602	352
Nonperforming loans	<u>1,956,778</u>	<u>2,091,849</u>
	275,427,539	249,959,641
Less - allowance for credit losses	<u>1,358,442</u>	<u>1,577,932</u>
	<u>\$ 274,069,097</u>	<u>\$ 248,381,709</u>

As of June 30, 2005 and 2004, the balances of nonaccrual interest loans were \$2,256,955 and \$2,478,836, respectively. The unrecognized interest revenues on nonaccrual interest loans amounted to \$33,686 and \$48,160 for the six months ended June 30, 2005 and 2004, respectively.

For the six months ended June 30, 2005 and 2004, the Bank had not written off credits for which legal proceedings had not been initiated.

The details of and changes in allowance for credit losses of loans, discounts and bills purchased for the six months ended June 30, 2005 and 2004, respectively, were summarized below:

	<u>For the Six Months Ended June 30, 2005</u>		
	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, January 1	\$ 331,625	\$ 843,273	\$ 1,174,898
Provision	320,000	-	320,000
Write-off	(199,629)	-	(199,629)
Recovery of written-off credits	2,738	-	2,738
Reclassifications	59,380	2,414	61,794
Result from change of foreign exchange rate	<u>(1,359)</u>	<u>-</u>	<u>(1,359)</u>
Balance, June 30	<u>\$ 512,755</u>	<u>\$ 845,687</u>	<u>\$ 1,358,442</u>

For the Six Months Ended June 30, 2004

	For Losses on Particular Loans	For Losses on the Overall Loan Portfolio (Excluding Particular Loans)	Total
Balance, January 1	\$ 593,239	\$ 951,702	\$ 1,544,941
Provision	540,000	-	540,000
Write-off	(521,797)	-	(521,797)
Recovery of written-off credits	8,948	-	8,948
Reclassifications	276,484	276,484	-
Result from change of foreign exchange rate	(3,678)	-	(3,678)
Other	9,518	-	9,518
	<u>349,746</u>	<u>1,228,186</u>	<u>1,577,932</u>
Balance, June 30	<u>\$ 349,746</u>	<u>\$ 1,228,186</u>	<u>\$ 1,577,932</u>

As of June 30, 2005 and 2004, allowances for credit losses and provisions for losses on guarantees of the Bank were \$1,379,874 and \$1,661,375, respectively.

9. LONG-TERM INVESTMENTS

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
<u>Long-term equity investments</u>		
Equity method - unlisted stocks	\$ 8,429,948	\$ 8,521,223
Cost method		
Listed and GTSM stocks	640,758	640,758
Unlisted stocks	375,074	384,074
	<u>1,015,832</u>	<u>1,024,832</u>
	9,445,780	9,546,055
Less unrealized losses	278,905	278,325
	<u>9,166,875</u>	<u>9,267,730</u>
<u>Other long-term equity investments</u>		
Subordinated beneficiary certificates - retained interest of securitization (Note 10)	1,014,300	-
Beneficiary certificates - credit card receivables	80,000	-
	<u>1,094,300</u>	<u>-</u>
	<u>\$ 10,261,175</u>	<u>\$ 9,267,730</u>

The total market values of listed and GTSM stocks were \$361,853 and \$362,433 as of June 30, 2005 and 2004, respectively.

Income from long-term equity investments for the six months ended June 30, 2005 and 2004, respectively, were summarized as follows:

	For the Six Months Ended June 30	
	2005	2004
<u>Equity method</u>		
SinoPac Bancorp	\$ 209,341	\$ 132,960
SinoPac Leasing Corporation	31,153	95,233
SinoPac Capital Limited (H.K.)	17,179	18,001
SinoPac Financial Consulting Co., Ltd.	<u>16</u>	<u>181</u>
Income from long-term equity investments under the equity method	<u>\$ 257,689</u>	<u>\$ 246,375</u>

The net income of SinoPac Bancorp for the six months ended June 30, 2005 and 2004 amounted to \$247,625 and \$174,023, respectively, were translated into NTD at the average exchange rate for the respective periods. The difference between the translated net income of SinoPac Bancorp and the one recognized by the Bank was generated from some different accounting treatments between ROC GAAP and US GAAP (please see Note 35, Table 6).

The aforementioned income from long-term equity investments under the equity method were recognized on the basis of investees' unaudited financial statements for the same period, except for the investment income of SinoPac Bancorp for the six months ended June 30, 2005 and 2004 and SinoPac Leasing Corporation for the six months ended June 30, 2005. The carrying amounts of the investments accounted for by the equity method as of June 30, 2005 and 2004 totalling \$1,006,079 and \$3,159,023, respectively, and the related investment income \$17,195 and \$113,415, respectively, for the six months then ended were based on the investees' unaudited financial statements for the same period. The Bank believes that any adjustments that may have to be made to these investments and investment income if such financial statements had been audited.

The unrealized loss on long-term equity investments (included in stockholder's equity as deductions) recognized from the reversal of unrealized loss on long-term equity investments from the investee as of June 30, 2004 amounted to \$19,242.

The Bank applied the ROC SFAS No. 35 "Accounting for asset impairment" since January 1, 2005, thus, the investment income accounted for by the equity method included impairment loss on goodwill amounted to \$6,888 for the three months ended June 30, 2005, which was recognized from the investees accounted for by the equity method.

10. SECURITIZATION

- a. Characteristic, gain (loss) recognized and key economic assumptions used in measuring retained interests

In August 2004, the Bank sold part of its enterprise loans under securitization transactions. The Bank entrusted these loans to Fuhwa Bank for issuing beneficiary certificates. The terms and key economic assumptions used in measuring retained interests were as follows:

Terms	Enterprise Loans under Securitization
Date of issuance	August 3, 2004
Carrying amount of enterprise loans	\$ 4,900,000
Gain (loss) on securitization	-

Series of Certificates	Senior				Subordinated
	First Tranche	Second Tranche	Third Tranche	Fourth Tranche	Fifth Tranche
Principal amount	\$ 2,188,100	\$ 534,100	\$ 441,000	\$ 122,500	\$ 1,014,300
Annual interest	Floating interest rate plus 0.4% (Note)	Floating interest rate plus 0.6% (Note)	Floating interest rate plus 1.0% (Note)	Floating interest rate plus 1.2% (Note)	-
Key assumptions used in measuring retained interests					
Expected weighted-average life (in years)			3		
Expected credit losses (annual rate)			-		
Discounted rate for residual cash flows			1.282%		

Note: Floating rate is the average rate of the 90-day short-term bills in the secondary market of Telerate Information Inc., at 11:00 a.m. of Taipei time two working days prior to the first day of interest period of financial assets (shown on page 6165).

The investors of the subordinated certificates have a right over any remaining interest paid after fixed interest has been paid to the holders of the senior certificates in accordance with the principal amount. Any prepayment of principal shall be paid to the tranche in the order mentioned above. When the debtors fail to pay on schedule, the investors and Fuhwa Bank have no recourse to the other assets of the Bank. The Bank has a right over the subordinated certificates. The value of the subordinated certificates is subject to credit and interest rate risks on the transferred financial assets.

b. Sensitivity analysis

As of June 30, 2005, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10 percent and 20 percent adverse changes in these assumptions were as follows:

	Enterprise Loans
Carrying amount of retained interest of subordinated certificates	\$ 1,014,300
Weighted-average life (in years)	3 years
Discount rate of residual cash flows (annual rate)	1.282%
Impact on fair value of 10% adverse change	(121)
Impact on fair value of 20% adverse change	(247)

- c. The securitized enterprise loans had not resulted in any credit losses as of June 30, 2005; thus, the expected static pool credit losses (total amount of actual credit losses and expected credit losses divided by securitized enterprise loans) are equal to the expected credit losses. The Bank anticipates that no credit losses would result from the securitized enterprise loans since there has been no default on those loans.

d. Cash flows

For the six months ended June 30, 2005, the prepayments of principal before due date resulted in the cash inflow amounted to \$600,000.

11. PROPERTIES

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Cost	\$ 7,074,640	\$ 6,926,500
Accumulated depreciation		
Buildings	496,576	421,604
Computer equipment	969,973	842,291
Transportation equipment	36,306	39,537
Office and other equipment	<u>906,179</u>	<u>781,686</u>
	<u>2,409,034</u>	<u>2,085,118</u>
	4,665,606	4,841,382
Advances on acquisitions of equipment and construction in progress	<u>291,142</u>	<u>34,448</u>
	<u>\$ 4,956,748</u>	<u>\$ 4,875,830</u>

12. OTHER ASSETS

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Guarantee deposits	\$ 1,493,232	\$ 1,519,880
Premiums paid for option contracts	1,328,446	2,484,847
Collateral assumed, net	741,022	965,404
Computer system software	204,731	248,169
Suspense account	30,057	42,131
Other	<u>137,583</u>	<u>67,884</u>
	<u>\$ 3,935,071</u>	<u>\$ 5,328,315</u>

As of June 30, 2005 and 2004, guarantee deposits included \$946,842 and \$1,008,529, respectively, which were provided by government bonds and certificates of deposit.

13. ACCOUNTS, INTEREST AND OTHER PAYABLES

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Accounts payable	\$ 8,282,509	\$ 14,813,752
Interest payable	1,346,893	1,140,533
Notes and checks in clearing	784,154	545,064
Accrued expenses	653,719	495,560
Tax payable	304,205	501,626
Dividend payable	-	1,870,452
Other	<u>234,706</u>	<u>340,125</u>
	<u>\$ 11,606,186</u>	<u>\$ 19,707,112</u>

The balances of the accounts payable as of June 30, 2005 and 2004 included \$8,102,130 and \$14,726,579, respectively, representing costs of accounts receivable acquired from other parties in the factoring business.

14. DEPOSITS AND REMITTANCES

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Checking	\$ 5,616,456	\$ 4,755,438
Demand	57,789,740	65,210,705
Savings - demand	73,494,918	67,879,767
Time	120,169,284	103,960,894
Negotiable certificates of deposit	39,575,900	34,607,800
Savings - time	70,624,094	61,826,837
Inward remittances	208,899	514,736
Outward remittances	<u>159,268</u>	<u>98,943</u>
	<u>\$ 367,638,559</u>	<u>\$ 338,855,120</u>

15. BANK DEBENTURES

	<u>June 30</u>		<u>Maturity Date</u>	<u>Terms</u>
	<u>2005</u>	<u>2004</u>		
First dominant bank debenture issued in 2001	\$ 5,000,000	\$ 5,000,000	2001.12.20-2006.12.20 Principal is repayable on maturity date.	Fixed interest rate of 3.08%. Interest is paid annually.
First subordinated bank debenture issued in 2002	2,000,000	2,000,000	2002.12.23-2008.03.23 Principal is repayable on maturity date.	Floating interest rate except for the first two years fixed at 2.15%. Interest is paid semiannually.
First dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.02.14-2008.02.14 Principal is repayable on maturity date.	3.65% minus 6-month LIBOR. Interest is paid semiannually.
Second dominant bank debenture issued in 2003	500,000	500,000	2003.03.19-2008.09.19 Principal is repayable on maturity date.	3.48% minus 6-month LIBOR. Interest is paid semiannually.
Third dominant bank debenture issued in 2003	1,500,000	1,500,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	4.15% minus 6-month LIBOR except for the first year fixed at 2.50%. Interest is paid semiannually.
Fourth dominant bank debenture issued in 2003	400,000	400,000	2003.05.09-2008.11.09 Principal is repayable on maturity date.	2% plus 180-day-NTD CP rate in secondary market and minus 6-month LIBOR. Interest is paid semiannually.
First subordinated bank debenture issued in 2003	2,500,000	2,500,000	2003.06.18-2008.12.18 Principal is repayable on maturity date.	180-day CP rate in secondary market plus 0.3%. Interest is paid semiannually.
Fifth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.08.11-2010.08.11 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually
Sixth dominant bank debenture issued in 2003	700,000	700,000	2003.08.20-2009.02.20 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually
Seventh dominant bank debenture issued in 2003	800,000	800,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually

(Continued)

	June 30		Maturity Date	Terms
	2005	2004		
Eighth dominant bank debenture issued in 2003	\$ 500,000	\$ 500,000	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debenture issued in 2003	300,000	300,000	2003.09.22-2008.09.22 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Tenth dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.05-2008.11.05 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eleventh dominant bank debenture issued in 2003	1,000,000	1,000,000	2003.11.14-2008.11.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debenture issued in 2003	500,000	500,000	2003.11.21-2008.11.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Thirteenth dominant bank debenture issued in 2003	500,000	500,000	2003.11.28-2008.11.28 Principal is repayable on maturity date.	Floating rate except for the first year fixed at 4%. Interest is paid semiannually.
Fourteenth dominant bank debenture issued in 2003	2,200,000	2,200,000	2003.12.02-2009.06.02 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second subordinated bank debentures issued in 2003	3,600,000	3,600,000	2004.03.18-2009.09.18 Principal is repayable on maturity date.	Fixed interest rate of 2.3%, interest is paid semiannually.
First dominant bank debentures issued in 2004	500,000	500,000	2004.04.26-2009.10.26 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Second dominant bank debentures issued in 2004	300,000	300,000	2004.04.28-2009.10.28 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Third dominant bank debentures issued in 2004	500,000	500,000	2004.04.29-2009.04.29 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Fourth dominant bank debentures issued in 2004	200,000	200,000	2004.05.14-2009.05.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifth dominant bank debentures issued in 2004	300,000	300,000	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Sixth dominant bank debentures issued in 2004	500,000	500,000	2004.05.17-2009.05.17 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debentures issued in 2004	200,000	200,000	2004.05.21-2009.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debentures issued in 2004	500,000	500,000	2004.05.21-2011.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Ninth dominant bank debentures issued in 2004	300,000	300,000	2004.06.03-2009.06.03 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Tenth dominant bank debentures issued in 2004	500,000	500,000	2004.06.07-2009.06.07 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Eleventh dominant bank debentures issued in 2004	200,000	200,000	2004.06.15-2009.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Twelfth dominant bank debentures issued in 2004	500,000	500,000	2004.06.15-2010.06.15 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.

(Continued)

	<u>June 30</u>		<u>Maturity Date</u>	<u>Terms</u>
	<u>2005</u>	<u>2004</u>		
Thirteenth dominant bank debentures issued in 2004	\$ 300,000	\$ 300,000	2004.06.30-2009.06.30 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fourteenth dominant bank debentures issued in 2004	500,000	-	2004.07.09-2010.07.09 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifteenth dominant bank debentures issued in 2004	500,000	-	2004.07.13-2011.07.13 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
First subordinated bank debentures issued in 2004	1,500,000	-	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second subordinated bank debentures issued in 2004	500,000	-	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Index rate plus 0.50%. Interest is reset semiannually since the issuance date. Interest is paid semiannually.
	<u>\$ 32,800,000</u>	<u>\$ 29,800,000</u>		

16. STOCKHOLDERS' EQUITY

a. Capital surplus

Under the Company Law, the component of capital surplus arising from issuance of shares in excess of par value and donation can, except in the year it arises, be transferred to common stock, if approved by stockholders. This distribution can be made only within specified limits. These restrictions are in accordance with regulations issued by Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan, ROC.

Capital surplus arising from equity-accounted long-term equity investment cannot be distributed for any purpose.

b. Retained earnings and dividend policy

The Bank's Articles of Incorporation provide that the Bank may declare dividends or make other distributions from earnings after it has:

- 1) Deducted any deficit of prior years;
- 2) Paid all outstanding taxes;
- 3) Set aside 30% of such earnings as legal reserve;
- 4) Set aside any special reserve or retained earnings allocated at its option
- 5) Allocated at least 1% of the remaining earnings as employee bonus.

To comply with the Bank's globalization strategy, strengthen its market position, integrate its diversified business operation and be a major local bank, the Bank has adopted the "Balanced Dividend Policy". Under this policy, dividends available for distribution are determined by referring to its capital adequacy ratio (CAR). Cash dividends may be declared if the Bank's CAR is above 12% and stock dividends may be declared if the CAR is equal to or less than 12%. However, the Bank may make a discretionary cash distribution even if the CAR is below 12%, if approved at the stockholders' meeting, for the purpose of maintaining the cash dividends at a certain level in any given year.

Cash dividends and cash bonus are paid when approved by the stockholders, while the distribution of stock dividends requires the additional approval of the authorities.

Under the Company Law, the appropriation for legal reserve is made until the reserve equals the aggregate par value of the outstanding capital stock of the Bank. This reserve is only used to offset a deficit, or, when its balance reaches 50% of aggregate par value of the outstanding capital stock of the Bank, up to 50% thereof can be distributed as stock dividends. In addition, the Banking Law provides that, before the balance of the reserve reaches the aggregate par value of the outstanding capital stock, annual cash dividends, remuneration to directors and supervisors and bonus to employees should not exceed 15% of aggregate par value of the outstanding capital stock of the Bank.

Under the Financial Holding Company Act, the board of directors is empowered to execute the authority in stockholders' meeting, which is under no jurisdiction in the related regulations in the Company Law.

On April 28, 2005 and April 14, 2004, the board of directors which execute rights and functions of stockholders' meeting resolved the appropriation of 2004 and 2003 earnings, respectively, as follows:

	<u>Earnings Appropriation</u>		<u>Dividends Per Share (New Taiwan Dollars)</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Legal reserve	\$ 1,285,444	\$ 826,170		
Remuneration to directors and supervisors	26,847	38,000		
Bonus to employees - cash	28,946	19,277		
Cash dividends	1,419,416	1,870,452	\$0.73	\$0.962
Stock dividends	<u>1,419,416</u>	<u>-</u>	0.73	-
	<u>\$ 4,180,069</u>	<u>\$ 2,753,899</u>		

The stock dividends' ex-dividend date is June 7, 2005. In addition, the authority approved the authorized and issued capital increased from \$19,443,976 to \$20,863,392 on July 6, 2005.

17. SERVICE FEES

	<u>For the Six Months Ended June 30</u>	
	<u>2005</u>	<u>2004</u>
Factoring and financing	\$ 145,607	\$ 184,670
Loan documentation fee	133,357	116,839
Mutual funds	130,062	167,405
Import and export	64,939	65,236
Custody	63,546	85,489
Structured notes	40,072	224,071
Agency of investment - oriented products	39,800	46,472
Other	<u>246,553</u>	<u>307,094</u>
	<u>\$ 863,936</u>	<u>\$ 1,197,276</u>

18. INCOME FROM SECURITIES, NET

	For the Six Months Ended June 30	
	2005	2004
Short-term bills		
Interest revenue	\$ 379,078	\$ 827,426
Capital gain, net	<u>3,072</u>	<u>5,461</u>
	<u>382,150</u>	<u>832,887</u>
Bonds		
Capital gain, net	<u>109,873</u>	<u>162,804</u>
Stocks and beneficiary certificates		
Capital gain, net	18,211	20,339
Coupons received	459	485
Dividend revenue	<u>-</u>	<u>108,163</u>
	<u>18,670</u>	<u>128,987</u>
	<u>\$ 510,693</u>	<u>\$ 1,124,678</u>

19. PERSONNEL EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Six Months Ended June 30	
	2005	2004
Personnel expenses		
Salaries and wages	\$ 1,204,369	\$ 1,301,061
Pension	82,063	77,243
Labor insurance and national health insurance	59,149	54,734
Other	10,656	20,414
Depreciation	182,570	203,440
Amortization	47,820	46,790

20. PENSION

The Bank has a noncontributory pension plan covering all regular employees. The Bank makes monthly contributions, equal to 7% of employee salaries, to the pension fund, which is administrated by the employee's pension plan supervisors committee. In addition, non-management employees also contribute a compulsory amount equivalent to 4% of their salaries to the fund. Benefits are based on length of service and average monthly salary upon retirement. Also, the employees will receive their cumulative contributions, if any, and the interest thereon.

- a. The changes in the pension fund were summarized below:

	For the Six Months Ended June 30	
	2005	2004
Balance, January 1	\$ 1,280,049	\$ 1,084,416
Contributions	119,426	112,609
Benefits paid	(34,918)	(28,569)
Interest revenue	<u>20,597</u>	<u>16,974</u>
Balance, June 30	<u>\$ 1,385,154</u>	<u>\$ 1,185,430</u>

The ending balances as of June 30, 2005 and 2004 consisted of:

	June 30	
	2005	2004
Contributions by the Bank	\$ 864,696	\$ 741,003
Contributions by employees	<u>520,458</u>	<u>444,427</u>
	<u>\$ 1,385,154</u>	<u>\$ 1,185,430</u>

b. The changes in the accrued pension cost (included in other liabilities) were summarized below:

	For the Six Months Ended June 30	
	2005	2004
Balance, January 1	\$ 121,606	\$ 101,478
Provision	79,458	75,609
Contributions	<u>(75,997)</u>	<u>(71,142)</u>
Balance, June 30	<u>\$ 125,067</u>	<u>\$ 105,945</u>

Pension expenses including domestic and overseas branches amounted to \$82,063 and \$77,243 for the six months ended June 30, 2005 and 2004, respectively.

The Labor Pension Act takes effect on July 1, 2005. A defined contribution pension plan was stipulated by this Act. The employees could choose the pension mechanism either under the Labor Standard Law or under this Act. For those employees who were subject to the Labor Standard Law prior to the enforcement of this Act and still work for the same business entity after the enforcement of this Act, if they choose to be subject to the pension mechanism under this Act, their seniority prior to the enforcement of this Act shall be maintained. The rate of contribution by an employer to the Labor Pension Fund per month shall not be less than 6% of the employee's monthly wages.

21. INCOME TAX

Under a directive issued by the MOF, a financial holding company and its domestic subsidiaries which held over 90% of shares issued was held by the financial holding company for 12 months within the same tax year, may choose to adopt the linked tax system for income tax filings. SPH, the Bank's parent, and some of its subsidiaries, which include the Bank (collectively, the "Group") adopted the linked-tax system since 2003 income tax filings and 2002 unappropriated earnings tax filings.

a. The components of income tax were as follows:

	For the Six Months Ended June 30	
	2005	2004
Current income tax payable	\$ 221,214	\$ 256,151
Separation taxes on short-term bills interest revenue	88,584	148,693
Foreign income taxes over limitation	2,043	21,872
Change in deferred income taxes	(28,407)	(35,452)
Effect upon adoption of linked-tax system	-	(68,105)
Prior year's adjustment	<u>(19)</u>	<u>(73,924)</u>
Income tax	<u>\$ 283,415</u>	<u>\$ 249,235</u>

Income tax was based on taxable income from all sources. Foreign income taxes paid can be used as credits against the domestic income tax obligations to the extent of domestic income tax applicable to the foreign-source income.

- b. Reconciliation of tax on pretax income at statutory rate and current income tax payable:

	For the Six Months Ended June 30	
	2005	2004
Tax on pretax income at 25% statutory rate	\$ 457,688	\$ 582,070
Add (deduct) tax effects of:		
Tax-exempt income	(44,128)	(34,757)
Permanent difference	(230,742)	(399,066)
Temporary difference	39,508	110,004
Investment tax credit	<u>(1,112)</u>	<u>(2,100)</u>
Current income tax payable	<u>\$ 221,214</u>	<u>\$ 256,151</u>

- c. Deferred income tax assets (liabilities) consisted of the tax effects of the following:

	June 30	
	2005	2004
Investment income under the equity method	\$ (608,807)	\$ (484,349)
Deferred pension cost	30,461	7,283
Unrealized foreign exchange loss	80,798	61,818
Other	<u>(46,555)</u>	<u>(21,103)</u>
Deferred income tax liability, net	<u>\$ (544,103)</u>	<u>\$ (436,351)</u>
Deferred income tax assets (included in other assets)	<u>\$ 5,535</u>	<u>\$ 8,714</u>

- d. The estimated receivables from adopting the linked tax system of income tax filing was as follows:

	June 30	
	2005	2004
Receivable from related party	<u>\$ 97,082</u>	<u>\$ 175,060</u>

- e. The related information under the Integrated Income Tax System was as follows:

	June 30	
	2005	2004
Balances of imputed tax credit account	<u>\$ 14,474</u>	<u>\$ 343,248</u>

The actual imputed tax ratio for earnings in 2004 and 2003 is 4.9957% and 13.0084%.

- f. Income tax returns through 2001, except those for 1996, had been examined by the tax authorities. On the income tax returns for the aforementioned years, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds pertaining to the period when those bonds were held by other investors. The Bank appealed the decision of the tax authorities. Nevertheless, on the basis of conservative principles, in 2001, the Bank recognized \$111,209 as part of income tax expenses to reflect accrued liabilities and any assets written off in relation to the foregoing withholding taxes.

In January 2004, the Bank reached an agreement with the Taipei National Tax Administration (TNTA) on the above appealing cases, in which TNTA would refund 65% of the withholding tax denied on the interest income on bonds to the Bank. Consequently, the Bank accrued 35% of the withholding tax denied on the interest income on bonds as income tax expenses for 2003 and 2002, which were not refunded by tax authorities. The Bank reversed the accrued income tax expenses on interest income on bonds amounting to \$74,022.

22. EARNINGS PER SHARE

The numerators and denominators used in computing earnings per shares (EPS) were summarized as follows:

	<u>Numerator (Amounts)</u>		<u>Denominator (Shares in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Pretax</u>	<u>After Tax</u>		<u>Pretax</u>	<u>After Tax</u>
For the six months ended June 30, <u>2005</u>					
Basic EPS					
Net income belongs to common stockholders	<u>\$ 1,830,791</u>	<u>\$ 1,547,376</u>	2,086,339	<u>\$ 0.88</u>	<u>\$ 0.74</u>
For the six months ended June 30, <u>2004</u>					
Basic EPS					
Net income belongs to common stockholders	<u>\$ 2,328,319</u>	<u>\$ 2,079,084</u>	2,086,339	<u>\$ 1.12</u>	<u>\$ 1.00</u>

The EPS has been retroactive adjusted for the distribution of stock dividends. For the six months ended June 30, 2004, the pretax EPS has been adjusted from \$1.20 to \$1.12, the after tax EPS has been adjusted from \$1.07 to \$1.00, respectively.

23. RELATED-PARTY TRANSACTIONS

Relationship with the Bank and significant transactions between the Bank and related parties were summarized as follows:

a. Related parties

<u>Name</u>	<u>Relationship with the Bank</u>
SinoPac Financial Holdings Company Limited (SPH)	Parent company
SinoPac Securities Corporation (SinoPac Securities)	Subsidiary of SPH
SinoPac Marketing Consulting Co., Ltd. (SinoPac Marketing Consulting)	Subsidiary of SPH
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary of SPH
SinoPac Life Insurance Agent Co., Ltd. (SPLIA)	Subsidiary of SPH
SinoPac Property Insurance Agent Co., Ltd. (SPPIA)	Subsidiary of SPH
AnShin Card Services Company Limited (AnShin Card Services)	Subsidiary of SPH
SinoPac Securities Investment Trust Co., Ltd. (SinoPac Investment Trust)	Subsidiary of SPH
Far East National Bank (FENB)	Overseas affiliate of the Bank
SinoPac Leasing Corporation (SPL)	Subsidiary
RSP Information Service Company Limited	Affiliate of the Bank
SinoPac Capital Ltd.	Overseas affiliate of the Bank
Grand Capital International Limited (Grand Capital)	Subsidiary of SPL
Fortune Investment Co., Ltd. (Fortune Investment)	Director of SPH
China Television Co., Ltd. (China Television)	The Bank is a director of the Company (the director had been resigned on November 2004)
Ruentex Development Co., Ltd. (Ruentex Development)	Related party in substance
Wal Tech International Corporation (Wal Tech International)	Affiliate
SinoPac Columbus Fund	Managed by SinoPac Investment Trust
SinoPac New Century Fund	Managed by SinoPac Investment Trust
Other	The Bank's directors, supervisors, managers and their relatives, department chiefs, the investees accounted for by the equity method and the unconsolidated subsidiaries of the Bank, etc.
Other	Related parties under the control of the Bank but with no transactions, please see Table 6

b. Significant transactions between the Bank and related parties

1) Loans

	Ending Balance	% of Total	Interest Rate	Interest Revenue	% of Total
For the six months ended June 30, 2005	\$ 2,025,010	0.74%	1.30%-12.60%	\$ 27,173	0.38%
For the six months ended June 30, 2004	1,730,092	0.63%	1.31%-12.30%	25,275	0.52%

2) Deposits

	Ending Balance	% of Total	Interest Rate	Interest Expense	% of Total
For the six months ended June 30, 2005					
SPH	\$ 292,732	0.08%	0%-1.5%	\$ 11,433	0.27%
Other	4,060,124	1.10%	0%-6.675%	27,091	0.64%
For the six months ended June 30, 2004					
SPH	2,405,619	0.71%	0%-1.17%	16,671	0.63%
Other	7,466,121	2.20%	0%-6.475%	26,659	1.01%

3) Due from banks and other receivables

	Ending Balance		% of Total	
	June 30		June 30	
	2005	2004	2005	2004
Due from banks - FENB	\$ 73,585	\$ 47,247	0.18%	0.28%
Other receivables	219,390	314,970	0.80%	0.90%

4) Securities purchased

	June 30, 2005	% of Total
Beneficiary certificates - SinoPac Columbus Fund	\$ 36,000	1.9%
Beneficiary certificates - SinoPac New Century Fund	50,000	2.7%
Structured instruments - SinoPac Securities	146,600	100.0%

5) Guarantees and securities purchased

The Bank had provided guarantees on commercial paper issued by Wal Tech International and SinoPac Securities. The aggregate face amounts of commercial paper were as follows:

	June 30, 2004
Wal Tech International	\$ 146,000
SinoPac Securities	<u>35,000</u>
	<u>\$ 181,000</u>

Guarantees and credits on Wal Tech International were collateralized by the following assets provided by SPL, Wal Tech International and Grand Capital:

	June 30	
	2005	2004
Properties - carrying amount	<u>\$ 1,109,364</u>	<u>\$ 1,532,430</u>

Guarantees and credits on SinoPac Securities were collateralized by the following assets provided by SinoPac Securities:

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Properties and leased assets - carrying amount	\$ 1,178,716	\$ 1,189,109
Certificates of deposit	<u>830,000</u>	<u>1,260,000</u>
	<u>\$ 2,008,716</u>	<u>\$ 2,449,109</u>

Guarantees and credits on Fortune Investment were collateralized by the following assets provided by Fortune Investment:

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
Properties - carrying amount	\$ 43,400	\$ 40,064
Stocks - market value	8,813	8,678

6) Other long-term investments

The Bank have purchased beneficiary certificates - credit card receivables from AnShin Card Services. The maturity and fixed interest rate of the beneficiary certificates are February 20, 1999 and 3%, respectively, and the principal was as follows:

	<u>June 30, 2005</u>
Beneficiary certificates - credit card receivables - AnShin Card Services	\$80,000

7) Revenues and expenses

	<u>Amount</u>		<u>% of Total</u>	
	<u>For the Six Months</u>		<u>For the</u>	
	<u>Ended June 30</u>		<u>Six Months</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Service fees	\$ 13,881	\$ 7,163	1.61%	0.60%
Service charges	-	1,595	-	1.27%
Project popularizing expense	260	2,497	0.60%	3.96%

8) Short-term bills and bonds sold under agreements to repurchase

	<u>Face Amount</u>		<u>Cost</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
SPH				
Short-term bills and bonds sold under agreements to repurchase	\$ 1,642,700	\$ -	\$ 1,875,933	\$ -
Other				
Short-term bills and bonds sold under agreements to repurchase	4,000	151,000	4,013	150,510

9) Lease

a) The Bank as a lessee

The Bank had leased certain office premises from related parties under several contracts for various periods ranging from one to fifteen years, with rentals paid monthly. The related information was summarized as follows:

Lessor	<u>Rental Expenses</u>		Lease Term	Payment Frequency
	<u>For the Six Months</u>			
	<u>2005</u>	<u>2004</u>		
SPL	\$ 34,905	\$ 3,174	February 2020	Rentals paid monthly
China Television	4,975	4,975	July 2005	Rentals paid monthly
Ruentex Development	1,848	1,762	September 2005	Rentals paid monthly
SinoPac Securities	-	2,081	-	Rentals paid monthly

b) The Bank as a lessor

Lessee	<u>Rental Income</u>		Lease Term	Payment Frequency
	<u>For the Six Months</u>			
	<u>2005</u>	<u>2004</u>		
SinoPac Marketing Consulting	\$ 937	\$ 1,437	May 2007	Rentals received monthly
SinoPac Securities	1,234	1,311	November 2008	Rentals received monthly
SinoPac Call Center	1,296	972	October 2006	Rentals received monthly
AnShin Card Services	122	72	November 2005	Rentals received monthly

10) Professional advisory charges

The Bank had entered into several professional advisory contracts with its investees. The professional advisory charges paid for the six months ended June 30, 2005 and 2004 amounted to \$64,566 and \$122,181, respectively.

11) Due from/to affiliates

As of June 30, 2005 and 2004, the Bank's receivables from AnShin Card Services amounted to \$26,676 and \$28,150, respectively.

As of June 30, 2005 and 2004, the Bank's estimated receivables resulting from the adoption of the linked tax system amounted to \$97,082 and \$175,060.

For transactions between the Bank and related parties, the terms are similar to those transacted with unrelated parties except for the preferential interest rates offered to employees for savings and loans up to prescribed limits.

12) Asset transactions

For the six months ended June 30, 2004, the Bank purchased convertible corporate bonds amounting to \$247,900, which had been paid before June 30, 2004, from SinoPac Securities.

Under the Banking Law, except for government and consumer loans, credits extended by the Bank to any related party should be fully secured, and the credit terms for related parties should be similar to those for unrelated parties.

24. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

In addition to those disclosed in Note 28, financial instruments, significant contingencies and commitments of the Bank, are summarized as follows:

a. Lease contract

The Bank leases certain office premises under several contracts for various periods ranging from one to fifteen years, with rentals paid monthly, quarterly or semiannually. Rentals for the next five years are as follows:

Year	Amount
July 1 to December 31, 2005	\$ 120,847
2006	218,867
2007	176,103
2008	125,207
2009	94,062

Rentals for the years beyond 2010 amount to \$660,901, the present value of which is about \$564,286 as discounted at the Bank's one-year time deposit rate of 1.69% on July 1, 2005.

b. Equipment purchase contract

The Bank has entered into contracts to purchase computer hardware and software for \$194,198, of which \$70,002 has been paid as of June 30, 2005.

c. Interior decoration contract

The Bank had entered into interior decoration contracts for \$397,459, of which \$218,648 has been paid as of June 30, 2005.

d. Short-term bills and bonds sold under agreements to repurchase

As of June 30, 2005, short-term bills and bonds with a total face amount of \$17,201,282 were sold under agreements to repurchase at \$18,154,481 between July 2005 and January 2006.

e. Short-term bills and bonds purchased under agreements to resell

As of June 30, 2005, short-term bills and bonds with a total face amount of \$22,691,500 were purchased under agreements to resell at \$23,233,359 between July 2005 and January 2006.

- f. The Securities and Futures Investors Protection Center (SFIPC) is believed by investors to be filing a lawsuit against the Bank for helping Procomp Informatics Ltd. to window dress its financial statements. As of June 29, 2005, the SFIPC filed additional lawsuit against the Bank, SPL and all other parties related to Procomp Informatics Ltd. Case for compensation in the amount of \$5,824,779. As a matter of fact, the Bank was authorized to engage in financing activities and did not help Procomp Informatics Ltd. to window dress the financial statements. According to the Bank attorney's opinion, the claims from SFIPC is without sufficient reason and the Bank does not need to compensate the investors for the damage.

25. CAPITAL ADEQUACY RATIO

The Banking Law and Regulations Governing Capital Adequacy of Banking Enterprises require the Bank to maintain a capital adequacy ratio of at least 8%. Pursuant to such law and regulations, if the Bank's capital adequacy ratio falls below 8%, the MOF may impose certain restrictions on level of cash dividends that the Bank can declare or, in certain conditions, totally prohibit the Bank from declaring cash dividends.

As of June 30, 2005 and 2004, the Bank's standalone capital adequacy ratios were 11.63% and 11.13%, respectively, and the consolidated capital adequacy ratios were 10.58% and 10.10%, respectively.

26. AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance were calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Six Months Ended June 30			
	2005		2004	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from other banks	\$ 5,113,621	2.48	\$ 4,019,372	0.68
Call loans (placement)	33,265,366	2.02	9,951,635	1.17
Due from the Central Bank	7,311,159	1.50	7,209,337	1.61
Securities purchased	78,217,858	1.45	149,658,501	1.41
Securities purchased under agreement to resell	18,184,786	1.16	4,891,485	1.10
Loans, discounts and bills purchased	271,861,210	3.30	225,187,262	3.27
Accounts receivable from factoring	11,982,011	4.09	11,663,586	4.03
Other long-term investments	1,080,967	2.91	-	-
<u>Interest-bearing liabilities</u>				
Due to other banks	86,518	4.01	70,467	0.48
Call loans (taken)	29,444,902	2.16	45,452,641	1.14
Demand deposits	91,339,907	0.63	69,018,406	0.42
Savings - demand deposits	73,234,742	0.48	68,849,430	0.50
Time deposits	101,165,419	1.82	135,234,826	0.84
Savings - time deposits	67,996,528	1.55	61,404,319	1.54
Negotiable certificates of deposit	29,991,856	1.19	28,375,387	1.01
Bank debentures	32,800,000	2.05	24,520,330	2.74
Securities sold under agreement to repurchase	16,489,085	1.15	12,455,173	0.96

27. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The maturity of assets and liabilities of the Bank is based on the remaining period from the balance sheet dates. The remaining period to maturity is based on maturity dates specified under agreements, and, in cases where there are no specified maturity dates, based on expected dates of collection or settlement.

June 30, 2005				
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
Assets				
Cash and cash equivalent	\$ 6,666,644	\$ -	\$ -	\$ 6,666,644
Due from the Central Bank and other banks	56,239,916	-	-	56,239,916
Securities purchased	82,283,202	-	-	82,283,202
Receivables	29,734,296	-	-	29,734,296
Securities purchased under agreements to resell	23,215,845	-	-	23,215,845
Loans, discounts and bills purchased (excluding nonperforming loans)	80,669,681	29,013,080	163,788,000	273,470,761
Other long-term investments	-	1,094,300	-	1,094,300
	<u>\$ 278,809,584</u>	<u>\$ 30,107,380</u>	<u>\$ 163,788,000</u>	<u>\$ 472,704,964</u>
Liabilities				
Call loans and due to banks	\$ 28,113,028	\$ -	\$ -	\$ 28,113,028
Securities sold under agreements to repurchase	18,138,548	-	-	18,138,548
Payables	13,924,382	-	-	13,924,382
Deposits and remittances	357,210,941	10,427,618	-	367,638,559
Bank debentures	-	30,300,000	2,500,000	32,800,000
	<u>\$ 417,386,899</u>	<u>\$ 40,727,618</u>	<u>\$ 2,500,000</u>	<u>\$ 460,614,517</u>
June 30, 2004				
	Due in One Year	Due Between One Year and Five Years	Due After Five Years	Total
Assets				
Cash and cash equivalent	\$ 7,053,582	\$ -	\$ -	\$ 7,053,582
Due from the Central Bank and other banks	24,389,790	-	-	24,389,790
Securities purchased	129,035,558	-	-	129,035,558
Receivables	38,356,348	-	-	38,356,348
Securities purchased under agreements to resell	8,174,713	-	-	8,174,713
Loans, discounts and bills purchased (excluding nonperforming loans)	89,485,117	24,828,675	133,554,000	247,867,792
	<u>\$ 296,495,108</u>	<u>\$ 24,828,675</u>	<u>\$ 133,554,000</u>	<u>\$ 454,877,783</u>
Liabilities				
Call loans and due to banks	\$ 41,756,298	\$ -	\$ -	\$ 41,756,298
Securities sold under agreements to repurchase	12,123,883	-	-	12,123,883
Payables	23,012,154	-	-	23,012,154
Deposits and remittances	332,244,120	6,611,000	-	338,855,120
Bank debentures	-	24,400,000	5,400,000	29,800,000
	<u>\$ 409,136,455</u>	<u>\$ 31,011,000</u>	<u>\$ 5,400,000</u>	<u>\$ 445,547,455</u>

28. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

The Bank engages in derivative transactions mainly for accommodating customers' needs and managing its exposure positions. It also enters into cross-currency swaps, interest rate swaps, futures, foreign currency options and asset swaps to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency assets and liabilities. The Bank's strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged. The Bank also evaluates the hedge effectiveness periodically.

The Bank is exposed to credit risk in the event of default on contracts by counter-parties. The Bank enters into contracts with customers that have satisfied the credit approval process and have provided the necessary collateral. The transactions are then made within each customer's credit limit, and guarantee deposits may be required, depending on the customer's credit standing. Transactions with other banks are made within the trading limit set for each bank on the basis of the bank's credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of provision for credit losses. In addition, the Bank has entered into futures contracts with international futures and options exchanges, and therefore, no significant credit risk is expected.

The contract amounts (or notional amounts), credit risks and fair values of outstanding contracts were as follows:

Financial Instruments	June 30					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Interest rate swap contracts	\$ 16,410,160	\$ 299,079	\$ 197,961	\$ 13,587,150	\$ 177,572	\$ 59,955
Cross-currency swap contracts	14,300,000	1,423,142	1,423,142	14,300,000	379,704	64,690
For the purposes of accommodating customers' needs or managing the Bank's exposures:						
Forward contracts						
- Buy	95,875,761	1,102,150	626,741	122,174,755	1,028,150	991,733
- Sell	86,622,122	382,219	(567,065)	179,136,770	48,508	(796,564)
Currency swap contracts	223,249,630	388,074	63,323	159,460,449	678,004	(223,775)
Interest rate swap contracts	109,996,046	489,349	(18,137)	33,637,223	227,326	(21,816)
Cross-currency swap contracts	31,139,430	181,419	1,545	1,893,920	18,386	669
Interest rate futures contracts						
- Long position	-	-	-	400,000	-	(12)
- Short position	-	-	-	500,000	-	6

Financial Instruments	June 30					
	2005			2004		
	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written	Contract (Notional) Amount	Credit Risk	Value of Options Purchased/ Written
For the purposes of accommodating customers' needs or managing the Bank's exposures:						
Options						
- Long position	\$ 89,331,957	\$ 608,488	\$ 1,328,446	\$ 165,538,652	\$ 653,016	\$ 2,484,847
- Short position	85,829,532	-	1,190,383	155,524,196	-	1,600,005

The fair value of each contract is determined based upon the quotations from Reuters Information System. The fair value of each future contract refers to the closing price published by international futures and options exchanges as of the balance sheet date.

As of June 30, 2005 and 2004, the Bank entered into asset swap contracts for hedging purposes, with notional amounts at \$2,044,535 and \$2,802,020, respectively. Since the Bank entered into these contracts with counter-parties with splendid worldwide ranking and credit rating, no significant credit risk is expected.

As of June 30, 2005 and 2004, the Bank entered into credit default swap contracts for the purposes of accommodating customers' needs, with notional amounts at \$348,952 and \$542,173. Since the Bank entered into these contracts with counter-parties with splendid worldwide ranking and credit rating, no significant credit risk is expected.

The notional amounts of derivative contracts are used solely for the purpose of calculating receivables and payables to all contract-parties. Thus, the notional amounts does not represent the actual cash inflows or outflows. The possibility that derivative financial instruments held or issued by the Bank cannot be sold at reasonable prices is remote; thus, no significant cash demand is expected.

The gains and losses on derivative financial instruments for the six months ended June 30, 2005 and 2004 were as follows:

	Account	For the Six Months Ended	
		June 30	
		2005	2004
For hedging purposes:			
Cross-currency swap contracts			
- Realized	Interest revenue	\$ 142,249	\$ 110,783
	Interest expense	(188,496)	(63,740)
Interest rate swap contracts			
- Realized	Interest revenue	23,282	67,782
	Interest expense	(23,631)	(9,711)
	Income from derivative financial instruments transactions	12,177	-
	Foreign exchange gain	22,054	-
Interest rate futures contracts	Loss on derivative financial instruments transactions	-	(7,590)
Options contracts	Income from derivative financial instruments transactions	-	17,123
For the purposes of accommodating customers' needs or managing the Bank's exposures:			
Forward contracts			
- Realized	Interest revenue	126,932	-
	Interest expense	(26,642)	-
- Unrealized	Loss on derivative financial instruments transactions	(3,659)	-
- Realized	Foreign exchange loss	(771,295)	(50,284)
- Unrealized	Foreign exchange gain (loss)	351,432	(27,026)
Forward rate agreements			
- Realized	Loss on derivative financial instruments transactions	(487)	(3,504)
- Unrealized	Income from derivative financial instruments transactions	486	3,525

(Continued)

	Account	For the Six Months Ended	
		June 30	
		2005	2004
Currency swap contracts			
- Realized	Interest revenue	\$ 917,102	\$ 272,359
	Interest expense	(798,608)	(240,937)
- Unrealized	Income from derivative financial instruments transactions	53,050	-
Interest rate swap contracts			
- Realized	Interest revenue	241,550	138,288
	Interest expense	(268,918)	(163,652)
	Income from derivative financial instruments transactions	27,359	1,419
- Unrealized	Income from derivative financial instruments transactions	1,857	20,508
Options contracts			
- Realized	Loss on derivative financial instruments transactions	(420,786)	(1,713,789)
	Foreign exchange gain (loss)	(530,681)	346,812
- Unrealized	Loss on derivative financial instruments transactions	(500,571)	(209,204)
Interest rate futures contracts			
- Realized	Loss on derivative financial instruments transactions	(6,726)	(40,156)
- Unrealized	Income from (loss on) derivative financial instruments transactions	(474)	438
Cross-currency swap contracts			
- Realized	Interest revenue	176,081	4,443
	Interest expense	(175,018)	(3,458)
- Unrealized	Loss on derivative financial instruments transactions	(1,743)	(2,844)
Credit default swap contracts			
- Realized	Income from derivative financial instruments transactions	2,531	2,675

b. Fair value of nonderivative financial instruments

	June 30			
	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets - with fair values approximating carrying amounts	\$ 115,709,585	\$ 115,709,585	\$ 77,674,834	\$ 77,674,834
Securities purchased	82,283,202	82,731,235	129,035,558	130,077,979

(Continued)

	June 30			
	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Loans, discounts and bills purchased	\$ 274,069,097	\$ 274,069,097	\$ 248,381,709	\$ 248,381,709
Long-term equity investments	9,166,875	9,166,875	9,267,730	9,267,730
Other long-term investments	1,094,300	1,094,300	-	-
Guarantee deposits	1,493,232	1,474,452	1,519,880	1,519,916
<u>Liabilities</u>				
Financial liabilities - with fair values approximating carrying amounts	59,993,003	59,993,003	76,827,060	76,827,060
Deposits and remittances	367,638,559	367,638,559	338,855,120	338,855,120
Bank debentures	32,800,000	32,800,000	29,800,000	29,800,000
Other liabilities	34,438	34,438	35,632	35,632

Methods and assumptions applied in estimating the fair values of nonderivative financial instruments are as follows:

- 1) The carrying amounts of cash and cash equivalent, due from the Central Bank and other banks, acceptances, receivables, securities purchased under agreements to resell, call loans and due to banks, securities sold under agreements to repurchase, payables, acceptances payable and remittances, approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of securities purchased, long-term equity investments and other long-term investments are based on their market prices if these market prices are available. Otherwise, fair values are estimated at their carrying amounts.
- 3) Loans, discounts and bills purchased, deposits, bank debentures and funds received for subloans are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair values. Fair value of nonperforming loans is based on the carrying amount, which is net of allowance for credit losses.
- 4) The fair values of government bonds submitted as guarantee deposits are based on market values while those of certificates of deposit are estimated at their carrying amounts. Fair values of other guarantee deposits and guarantee deposits received are estimated at their carrying amounts since such deposits do not have specific due dates.

Certain financial instruments and all nonfinancial instruments are excluded from disclosure requirement. Accordingly, the aggregate fair values presented above do not necessarily represent the total values of the Bank.

c. Financial instruments with off-balance-sheet credit risks

The Bank had significant credit commitments principally relating to customer financing activities. The terms of most of the credit commitments were under seven years. (For the six months ended June 30, 2005 and 2004, the interest rates of the loans both ranged from 0.01% to 20.00%.) The Bank also issues financial guarantees and standby letters of credit to guarantee the performance of a customer obligations to a third party. The term of these guarantees were usually less than one year, and their maturity dates are not concentrated in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risk as of June 30, 2005 and 2004 were as follows:

	June 30	
	2005	2004
Financial guarantees and standby letters of credit	\$ 12,367,164	\$ 15,562,487
Undrawn loan commitments	3,737,235	3,624,664

Since most of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash demands. The Bank's maximum credit risk relative to these commitments is the amount of the commitment assuming that the customer uses the full amount of the commitment and the related collateral or other security turns out to be worthless.

The Bank makes credit commitments and issues financial guarantees and standby letters of credit only after careful evaluation of customers' credit worthiness. On the basis of the result of the credit evaluation, the Bank may require collateral before drawings are made against the credit facilities. As of June 30, 2005 and 2004, ratios of secured loans to total loans were about 72% and 70%, respectively. Collaterals held vary but may include cash, inventories, marketable securities, and other properties. When the customers default, the Bank will, as required by circumstances, foreclose the collaterals or execute other rights arising out of the guarantees given.

29. INFORMATION ON CONCENTRATIONS OF RISK

The Bank has no credit risk concentration arising from any counter-party or groups of counter-parties engaged in similar business activities. Industries that accounted for 5% or more of the outstanding loans as of June 30, 2005 and 2004 were as follows:

	June 30			
	2005		2004	
	Amount	%	Amount	%
Natural person	\$ 186,918,628	68	\$ 157,969,312	63
Manufacturing	47,271,262	17	46,461,167	19

The net positions on foreign-currency transactions as of June 30, 2005 and 2004 were as follows:

	June 30					
	2005		2004			
	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	14,147	\$ 447,311	USD	2,221	\$ 75,030
	THB	569,505	436,184	JPY	3,764,532	1,169,640
	JPY	1,505,524	431,333	MYR	103,465	919,617
	CAD	10,375	266,436	EUR	17,266	705,909
	HKD	16,137	66,381	AUD	4,824	112,411

30. MAJOR RISK EXPOSURE SITUATIONS, MANAGEMENT POLICY AND PRACTICE OF CREDIT RISK, MARKET RISK, LIQUIDITY RISK, OPERATING RISK AND LEGAL RISK

a. Credit risks

1) Assets quality

(In Thousands of New Taiwan Dollars, %)

Item	June 30, 2005	June 30, 2004
Overdue loans (including nonperforming loans) (A)	2,888,593	2,589,581
Nonperforming loans	1,956,778	2,091,849
Overdue loans ratio (B)	1.05	1.04
Classified loans (C)	373,249	790,429
Ratios of classified loans to total loans	0.13	0.32
Allowance for credit losses	1,358,442	1,577,932
Write-off amounts of credits (D)	199,629	521,797

A: 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).

B: 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, 2005 and 2004 were 0.90% and 0.83%, respectively.

C: 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.

D: Write-off amounts of credits = Accumulated write-off amounts of credits for the six months ended June 30, 2005 and 2004.

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	June 30, 2005		June 30, 2004	
Credit extensions to interested parties	4,197,864		3,704,784	
Ratios of credit extensions to interested parties	1.30		1.19	
Ratios of credit extensions secured by pledged stocks	0.14		0.17	
Industry concentration	Industry	Percentage	Industry	Percentage
	Natural person	78.57	Natural person	76.06
	Manufacturing	9.11	Manufacturing	9.96
	Wholesaling	3.85	Wholesaling	4.30

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

B: Ratio of credit extensions to interested parties = Credit extensions to interested parties/Total credit extensions.

C: Ratio of credit extensions secured by pledged stocks = Credit extensions secured by pledged stocks/Total credit extensions.

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

3) Policy of provision on credit losses: Please refer to Note 2.

4) Concentrations of risk: Please refer to Note 29.

b. Market risk

1) Average amount and average interest rate of interest-earning assets and interest-bearing liabilities: Please refer to Note 26.

2) Interest rate sensitivity

Item	June 30, 2005	June 30, 2004
Ratio of interest-rate sensitive assets to liabilities	96.31%	88.00%
Ratio of interest-rate sensitive gap to net worth	38.97%	134.10%

A: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by changes of interest rates.

B: 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).

C: Interest rate-sensitive gap = Interest rate-sensitive assets – Interest rate-sensitive liabilities

3) Net positions of the major foreign-currency: Please refer to Note 29.

c. Liquidity risk

1) Profitability

Item	For the Six Months Ended June 30, 2005	For the Six Months Ended June 30, 2004
Return on total assets	0.76%	1.05%
Return on net worth	12.96%	17.76%
Profit margin	15.73%	20.75%

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

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

C: Profit margin = Income after income tax/Total operating revenues

D: Income after income tax represents income for the six months ended June 30, 2005 and 2004.

2) Maturity analysis of assets and liabilities

June 30, 2005

(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	\$ 475,504	\$ 159,905	\$ 39,065	\$ 19,146	\$ 18,943	\$ 238,445
Liabilities	477,800	114,716	93,604	59,362	53,602	156,516
Gap	(2,296)	45,189	(54,539)	(40,216)	(34,659)	81,929
Accumulated gap	(2,296)	45,189	(9,350)	(49,566)	(84,225)	(2,296)

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

d. Operating risk and litigation risk

**Matters Requiring Special Notation
June 30, 2005**

Causes (Note)	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.	None
Within the past one year, a fine was levied on the Bank for violations of the related regulations.	None
Within the past one year, misconduct occurred that resulted in the Financial Supervisory Commission imposing strict corrective measures.	The Bank's affiliate company, Grand Capital International Limited (Grand Capital), had granted short-term loans to Addie International Limited. On October 26, 2004, the Financial Supervisory Commission imposed strict corrective measure on the significant weakness of Grand Capital's related controls. Some employees involved in the significant weakness of the aforementioned loans had been punished, and the Bank had followed the FSC's instructions to strengthen the investees' management.
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: The term "within the past one year" means the one year prior to the balance sheet date.

31. STATEMENT OF CAPITAL ADEQUACY

Item	June 30, 2005	June 30, 2004
Capital adequacy ratios (Note)	11.63%	11.13%
Ratios of debt to net worth	1,639.33%	1,706.01%

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.

32. INFORMATION RELATED TO THE TRUST BUSINESS UNDER THE TRUST LAW

a. Balance sheets and trust properties of trust accounts

Balance Sheets of Trust Accounts June 30, 2005 and 2004					
Trust Assets	2005	2004	Trust Liabilities and Equities	2005	2004
Bank deposits	\$ 921,567	\$ 717,303	Payables	\$ 499	\$ 11,240
Short-term investments	53,289,807	55,139,492	Trust capital	56,983,798	57,004,615
Receivables	126	14,036	Cumulative earnings	<u>1,246,544</u>	<u>1,192,586</u>
Prepayments	31	18			
Properties	3,409,435	656,766			
Net asset value of collective investment trust fund	<u>609,875</u>	<u>1,680,826</u>			
Total trust assets	<u>\$ 58,230,841</u>	<u>\$ 58,208,441</u>	Total trust liabilities and equities	<u>\$ 58,230,841</u>	<u>\$ 58,208,441</u>

Trust Properties of Trust Accounts June 30, 2005 and 2004

Investment Portfolio	June 30	
	2005	2004
Bank deposits	<u>\$ 921,567</u>	<u>\$ 717,303</u>
Short-term investments		
Bonds	9,935,269	9,977,393
Common stock	4,315,633	2,436,148
Funds	<u>39,038,905</u>	<u>42,725,951</u>
	<u>53,289,807</u>	<u>55,139,492</u>
Receivables	<u>126</u>	<u>14,036</u>
Prepayments	<u>31</u>	<u>18</u>
Properties		
Land	2,599,567	528,493
Buildings	7,947	-
Construction in process	<u>801,921</u>	<u>128,273</u>
	<u>3,409,435</u>	<u>656,766</u>
Net asset value of collective investment trust fund	<u>609,875</u>	<u>1,680,826</u>
	<u>\$ 58,230,841</u>	<u>\$ 58,208,441</u>

b. The contents of operations of the trust business under the Trust Law: Please refer to Note 1.

33. INFORMATION RELATED TO BORROWERS, GUARANTORS AND COLLATERAL PROVIDERS AS INTEREST PARTIES

Category	Account Volume	June 30, 2005	Possibility of Loss (Note C)
Consumer loans (A)	384	\$ 266,265	-
Loans for employees' family mortgage	247	597,870	-
Other borrowers (B)	635	3,813,934	-
Guarantees	501	2,143,141	-
Collateral providers	1,151	6,503,754	-

A: Consumer loans were regulated in the Banking Law Article 32.

B: Except for consumer loans and loans for employees' family mortgage, the credits that borrowers as interest parties.

C: The estimated amount of loss is required for disclosure, if any.

D: The interest parties mentioned above are defined in the Banking Law Article 33-1.

34. CROSS SELLING INFORMATION

The Bank has contracted with SinoPac Securities for the sharing of operating equipment and premises, and the allocation of expenses. The related information were summarized as follows:

Item	The Bank	SinoPac Securities	Total	Terms of Allocation
<u>For the six months ended June 30, 2005</u>				
Rentals	\$ _____	\$ _____	\$ _____	In discussion
<u>For the six months ended June 30, 2004</u>				
Rentals	\$ 815	\$ 94	\$ 909	On the basis of actual square measures used.
Utilities	60	177	237	On the basis of actual measures used.
Other	119	164	283	All expenses are allocated on the basis of actual measures used except for administrative expenses, which is allocated on the basis of actual measures used.
	_____	_____	_____	
	<u>\$ 994</u>	<u>\$ 435</u>	<u>\$ 1,429</u>	

In February 2003, the Bank contracted with SPLIA and SPPIA, to regulate the rules of cross selling activities and promotions as well as the allocation of expenses and the sharing of operating equipment and premises. For the six months ended June 30, 2005, the Bank should charge service fee \$533 to SPPIA and \$6,153 to SPLIA for cross selling business, respectively.

35. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the SFB for the Bank and investees:

- 1) Financing provided: Table 1;
- 2) Endorsement/guarantee provided: Table 2;
- 3) Marketable securities held: Table 3;
- 4) Marketable securities acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital: None;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the issued capital: Table 4;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: Table 5;
- 7) Allowance for service fees to related-parties amounting to at least NT\$5 million: None;
- 8) Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital: None;
- 9) Sale of nonperforming loans amounting to at least NT\$5 billion: None;
- 10) Other significant transactions which may affect the decisions of users of financial reports: None;
- 11) Names, locations, and other information of investees on which the Bank exercises significant influence: Table 6;
- 12) Derivative financial transactions: The derivative financial instruments of the Bank are disclosed in Note 28, and the derivative transactions of Far East National Bank (“FENB”, a wholly owned subsidiary of SinoPac Bancorp, which is a wholly owned subsidiary of the Bank) are summarized below:

FENB engages in derivative transactions mainly for accommodating customers’ needs and managing its exposure positions.

FENB is exposed to credit risk if the counter-parties default on the contracts on maturity date. FENB enters into contracts with customers that have satisfied its credit approval process and have provided the necessary collateral. Transactions are made within each customer’s credit line; guarantee deposits may be required, depending on the customer’s credit standing. Transactions with other banks are made within the trading limit set for each bank based on the bank’s credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of provision for credit losses.

As of June 30, 2005 and 2004, the contract amounts (or notional amounts), credit risks and fair values of outstanding contracts were as follows:

June 30, 2005			
Financial Instruments	Contract (Notional) Amount	Credit Risk	Fair Value
For the purpose of accommodating customers' needs or managing FENB's exposures:			
Forward contracts			
- Buy	\$ 474,270	\$ 18,971	\$ (14,654)
- Sell	52,871	2,174	843
June 30, 2004			
Financial Instruments	Contract (Notional) Amount	Credit Risk	Fair Value or Value of Options Purchased/ Written
For the purpose of accommodating customers' needs or managing FENB's exposures:			
Forward contracts			
- Sell	\$ 33,775	\$ 2,533	\$ 2,533
Options			
- As buyer	1,621,200	924	9,457
- As seller	135,100	-	-

The fair value of each contract is determined on the basis of quotations from Reuters or the Telerate Information System.

The notional amounts of derivative contracts are used solely for the purpose of calculating receivables and payables to all contract parties. Thus, the notional amounts do not represent the actual cash inflows or outflows. The possibility that derivative financial instruments held or issued by FENB cannot be sold at reasonable prices is remote; thus, no significant cash demand is expected.

The gains and losses on derivative transactions for the six months ended June 30, 2005 and 2004 were insignificant.

- b. Information related to investment in Mainland China: None.

BANK SINOPAC AND INVESTEEES

**FINANCING PROVIDED
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars)**

No.	Financing Name	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
											Item	Value		
1	SinoPac Capital (B.V.I.) Ltd.	SinoPac Capital Ltd.	Short-term borrowings	\$ 176,249 (Note 1)	\$ 170,842 (Note 1)	2.46%-3.70%	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 237,135	\$ 237,135

Note 1: Foreign-currency amounts were translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

BANK SINOPAC AND INVESTEEES

**ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Individual Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Endorsement/Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/Guarantee to Net Asset Value of the Latest Financial Statement (Note 4)	Maximum Endorsement/Guarantee Amounts Allowable
		Name	Nature of Relationship						
1	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	(Note 2)	\$ 4,114,781 (Note 1)	\$ 4,114,781 (Note 1)	-	14%	(Note 3)
		Wal Tech International Corporation	Affiliate	(Note 2)	338,500	338,500	-	1%	(Note 3)

Note 1: Foreign-currency amounts were translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

Note 2: The limit on individual endorsement or guarantee amount is up to 200% of the net asset value (Note 4) of the Corporation. But no limit applied on any subsidiary of the Corporation. As of June 30, 2005, the limit was NT\$8,289,562 thousand.

Note 3: The maximum amount of endorsement or guarantee amounts is up to 500% of the net asset value (Note 4) of the Corporation. But no limit applied on any subsidiary of the Corporation. As of June 30, 2005, the maximum allowance was NT\$20,573,905 thousand.

Note 4: The net asset value of SinoPac Leasing Corporation was based on its audited financial statements as of June 30, 2005.

BANK SINOPAC AND INVESTEES

MARKETABLE SECURITIES HELD

JUNE 30, 2005

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Bancorp	<u>Stock</u>							
	Far East National Bank	Subsidiary	Long-term equity investments	175	\$ 5,448,870	100.00%	\$ 5,448,870	Note 3
	SinoPac Financial Service (USA) Ltd.	Subsidiary	Long-term equity investments	2.5	34,138	100.00%	34,138	Note 3
Far East Capital Corporation	<u>Stock (common stock)</u>							
	PCRS Capital Partners, LLC	Investee accounted for by the cost method	Long-term equity investments	-	1,302	4.00%	1,302	Note 5
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	33	1,813	0.20%	1,813	Note 6
	<u>Stock (preferred stock)</u>							
	AgraQuest, Inc.	-	Long-term equity investments	100	7,430	0.80%	7,430	Note 5
	Silicon Motion, Inc.	-	Long-term equity investments	61	3,478	0.20%	3,478	Note 5
	Zone Reactor, Inc.	-	Long-term equity investments	300	1,065	1.50%	1,065	Note 5
	Epana Networks, Inc.	-	Long-term equity investments	568	7,905	0.90%	7,905	Note 5
Straszheim Global Advisors, LLC	-	Long-term equity investments	0.14	5,826	6.00%	5,826	Note 5	
SinoPac Leasing Corporation	<u>Stock</u>							
	Grand Capital International Limited	Subsidiary	Long-term equity investments	29,900	1,411,847	100.00%	1,411,847	Note 4
	Chain Yarn Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	2,067	38,444	1.73%	27,574	Note 3
	Tekcon Electronics Corp.	Investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51%	3,234	Note 3
	Global Securities Finance Corp.	Investee accounted for by the cost method	Long-term equity investments	1,423	15,664	0.19%	15,962	Note 3
	Z-Com, Inc.	Investee accounted for by the cost method	Long-term equity investments	365	6,340	0.47%	2,942	Note 3
	Walton Advanced Engineering, Inc.	Investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.34%	13,903	Note 3
Telexpress Corp.	Investee accounted for by the cost method	Long-term equity investments	525	7,835	4.70%	5,941	Note 3	
Grand Capital International Limited	<u>Stock (preferred stock)</u>							
	Best 3C. Com, Inc.	-	Long-term equity investments	600	14,228	1.85%	14,228	Note 5
	e21 Corp.	-	Long-term equity investments	200	9,485	0.79%	9,485	Note 5
SinoPac Capital Limited (H.K.)	<u>Stock</u>							
	SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Long-term equity investments	4,450	26,232	100.00%	400,495	Note 3
	SinoPac Insurance Brokers Ltd.	Subsidiary	Long-term equity investments	100	1,220	100.00%	3	Note 3
	SinoPac (Hong Kong) Nominees Ltd.	Subsidiary	Long-term equity investments	0.001	0.004	100.00%	0.004	Note 3
	TPV Technology	-	Short-term investments	3,130	56,977	0.22%	68,762	Note 2
	HC	-	Short-term investments	7,998	51,091	1.76%	53,688	Note 2
	Comba	-	Short-term investments	3,064	41,346	0.37%	40,200	Note 2
	Suga International	-	Short-term investments	7,080	41,684	3.11%	22,178	Note 2
Sun East	-	Short-term investments	10,650	58,018	2.84%	31,196	Note 2	

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Dongjiang	-	Short-term investments	4,800	\$ 9,841	2.70%	\$ 8,983	Note 2
	China - Metal	-	Short-term investments	300	1,733	0.03%	2,929	Note 2
	IC Media	-	Short-term investments	800	63,236	-	63,236	Note 2
	QPL	-	Short-term investments	4,920	31,627	0.64%	16,129	Note 2
	Solomon	-	Short-term investments	6,050	46,043	0.24%	59,923	Note 2
	Sino Forest	-	Short-term investments	664	60,139	0.49%	46,919	Note 2
	Shougang	-	Short-term investments	14,892	49,159	1.46%	38,774	Note 2
	ZZNode	-	Short-term investments	15,804	37,893	3.95%	32,148	Note 2
	Sau San Tong	-	Short-term investments	5,130	14,803	0.78%	11,061	Note 2
	Shougang International	-	Short-term investments	22,208	47,529	0.48%	52,402	Note 2
	China Force Oil	-	Short-term investments	2	8	0.0003%	8	Note 2
	Norstar	-	Short-term investments	6,908	54,620	0.71%	62,531	Note 2
	Hans Energy	-	Short-term investments	9,904	26,814	0.53%	23,773	Note 2
	SMIC	-	Short-term investments	6,251	38,329	0.03%	40,944	Note 2
	Techfaith	-	Short-term investments	70	39,687	0.16%	36,961	Note 2
	Bestfield Enterprises Ltd.	-	Short-term investments	38	47,427	-	47,427	Note 2
	<u>Fund</u>							
	China Enterprise Capital	-	Short-term investments	US\$ 1,000	31,618	-	31,618	Note 5
	<u>Bond</u>							
	Chiam International	-	Short-term investments	US\$ 2,000	63,236	-	63,236	Note 5
	InvestLink International	-	Short-term investments	US\$ 1,200	37,942	-	37,942	Note 5
	<u>Convertible bill and bond</u>							
	Yue Yuen Industrial	-	Short-term investments	US\$ 991	31,341	-	31,665	Note 2
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u>							
	Cyberpac Holding Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	4,000	(70,084)	100.00%	(68,000)	Note 3
	Allstar Venture Ltd. (B.V.I.)	Subsidiary	Long-term equity investments	0.002	(193,863)	100.00%	(193,863)	Note 3
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary	Long-term equity investments	4,800	25,157	60.00%	25,224	Note 3
	Pinnacle Investment Management Ltd.	Subsidiary	Long-term equity investments	199.999	3,773	99.9995%	3,706	Note 3
	RSP Information Service Company Limited	Subsidiary	Long-term equity investments	999.999	1,762	99.9999%	1,762	Note 3
Cyberpac Holding Ltd. (B.V.I.)	<u>Venture fund</u>							
	3V Source One LP	-	Long-term investments	3,600	115,195	71.43%	46,026	Note 3
	<u>Stock</u>							
	Wal Tech International Corporation	Subsidiary	Long-term equity investments	26,500	107,061	100.00%	107,061	Note 3
	Telexpress Corp.	Investee accounted for by the equity method	Long-term equity investments	3,900	55,254	34.21%	42,428	Note 3
Allstar Venture Ltd. (B.V.I.)	<u>Venture fund</u>							
	InveStar Excelsus Venture Capital (Int'l) Inc., LDC	-	Long-term investments	2,220	55,399	6.25%	55,399	Note 5
	UOB Venture Technology Investments Limited	-	Long-term investments	26	70,550	8.62%	70,550	Note 5
	MDS Life Sciences Technology Fund - Barbados	-	Long-term investments	50	111,642	25.00%	47,877	Note 3

(Continued)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 2005				Note
				Shares/Units/ Face Amount (In Thousand)	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Biotechnology Development Fund II, L.P.	-	Long-term investments	-	\$ 17,623	2.30%	\$ 30,978	Note 3
	North America Venture Fund II, L.P.	-	Long-term investments	-	11,639	2.07%	17,876	Note 3
	<u>Stock (common stock)</u>							
	Ardent Pharmaceuticals, Inc.	Investee accounted for by the cost method	Long-term equity investments	143	16,161	0.58%	22	Note 3
	TVIA, Inc.	Investee accounted for by the cost method	Long-term equity investments	167	9,285	0.75%	9,064	Note 6
	DiCon Fiberoptics, Inc.	Investee accounted for by the cost method	Long-term equity investments	221	31,612	0.20%	4,008	Note 3
	<u>Stock (preferred stock)</u>							
	Sunol Molecular Corp.	-	Long-term equity investments	100	15,958	0.87%	15,958	Note 5
	Phytoceutica, Inc.	-	Long-term equity investments	200	16,310	1.45%	16,310	Note 5
	Immusol, Inc.	-	Long-term equity investments	25	9,697	0.05%	9,697	Note 5
	Virtual Silicon Technology, Inc.	-	Long-term equity investments	120	9,689	0.31%	9,689	Note 5
	BioAgri Corp.	-	Long-term equity investments	375	9,485	2.34%	9,485	Note 5
Wal Tech International Corporation	<u>Stock</u>							
	Intellisys Corp.	Subsidiary	Long-term equity investments	7,197	196,280	62.58%	94,383	Note 3
	Multiwin Asset Management Co., Ltd.	Investee accounted for by the equity method	Long-term equity investments	1,800	9,019	30.00%	9,230	Note 3
	Webi & Neti Internet Services Inc.	Investee accounted for by the cost method	Long-term equity investments	63	625	2.63%	438	Note 3
	YesMobile Holdings Company Limited	Investee accounted for by the cost method	Long-term equity investments	294	12,000	0.75%	615	Note 3
	SynTest Technologies, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	361	Note 3
	Taiwan Leader Advanced Technology Co., Ltd.	Investee accounted for by the cost method	Long-term equity investments	1,575	15,000	1.53%	14,928	Note 3
	Ruentex Resources Integration Co., Ltd.	A subsidiary of Bank SinoPac's supervisor and investee accounted for by the cost method	Long-term equity investments	2,361	24,114	2.47%	25,941	Note 3
	Media Reality Technologies, Inc.	Investee accounted for by the cost method	Long-term equity investments	6	102	0.60%	1,806	Note 3
	Nanya PCB Corporation	Investee accounted for by the cost method	Long-term equity investments	1,359	82,461	0.28%	27,610	Note 3
	ENE Technology Inc.	Investee accounted for by the cost method	Long-term equity investments	100	2,899	0.30%	2,943	Note 2
	SonicEdge Industries Corporation	Investee accounted for by the cost method	Long-term equity investments	290	7,250	1.16%	926	Note 3
	Maximum Venture I, Inc., Taiwan	Investee accounted for by the cost method	Long-term equity investments	17,500	175,350	9.39%	158,493	Note 3
	SinoPac Financial Consulting Co., Ltd.	Affiliate and investee accounted for by the cost method	Long-term equity investments	6	57	3.00%	76	Note 3
	Silicon Motion Inc.	Investee accounted for by the cost method	Long-term equity investments	13	6,447	0.20%	4,403	Note 6
Intellisys Corp.	<u>Stock</u>							
	Orion Financial Tech. Ltd.	Investee accounted for by the cost method	Long-term equity investments	81	122	2.31%	61	Note 3

Note 1: Foreign-currency amounts were translated to New Taiwan dollars at the exchange rate as of the balance sheet date.

Note 2: Market prices of listed and GTSM stocks were determined by average daily closing prices in June 2005

Note 3: Net asset values were based on the investees' unaudited or unreviewed financial statements for the latest period.

Note 4: Net asset values were based on the investees' audited or reviewed financial statements for the latest period.

Note 5: Net asset values were based on the carrying amounts.

Note 6: Market prices were determined at the closing prices on June 30, 2005.

BANK SINOPAC AND INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company Name	Property	Transaction Date	Transaction Amount	Condition of Payment	Counter-party	Relationship	Prior Transaction of Related Counter-party (Note 2)				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
SinoPac Leasing Corporation	Zhonglun buildings	December 29, 2004 (Note 1)	\$ 734,817 (Including input tax NT\$34,991 thousand)	Paid	Li-Seng Develop Company	-	-	-	\$ -	-	For business use	-	
	Superficies of Zhonglun buildings	December 29, 2004 (Note 1)	1,102,226 (Including input tax NT\$52,487 thousand)	Paid	Li-Seng Develop Company	-	-	-	-	-	For business use	-	

Note 1: For SinoPac Leasing Corporation, the amount were included in advances on acquisitions of equipment at acquisition date, but classified as property held for lease and superficies from 2005.

Note 2: The Zhonglun buildings and superficies were build by SinoPac Leasing Corporation, therefore, there were no prior transaction of related counter-party information.

BANK SINOPAC AND INVESTEES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT COST OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars)**

Company Name	Property	Transaction Date	Acquisition Date	Carrying Amount	Transaction Amount	Collection Terms	Gain (Loss) of Disposal	Counter-party	Relationship	Price Reference	Purpose of Disposal	Other Terms
SinoPac Leasing Corporation	Property hold for lease - land and building	March 4, 2005	June 28, 2001	\$333,104	\$279,460 (Including output tax NT\$4,525 thousand)	Collected	\$(58,169)	AnHong Co., Ltd.	-	Appraisal report of real estate	For business	-

BANK SINOPAC AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2005
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2005			Net Income (Loss) of the Investee (Note 2)	Investment Gains (Loss)	Note
				June 30, 2005 (Note 1)	June 30, 2004 (Note 1)	Shares (Thousand)	Percentage of Ownership (%)	Carrying Amount (Note 2)			
Bank SinoPac	SinoPac Bancorp Rocorp Holding S.A.	California	Stock holding	US\$ 112,306	US\$ 112,306	20	100.00	\$ 5,401,013	\$ 247,625	\$ 209,341	Subsidiary Investee under significant influence held by the Bank
		Luxembourg	Stock holding	\$ 3,531	\$ 3,531	0.11	33.33	-	-	-	
	SinoPac Leasing Corporation SinoPac Capital Limited SinoPac Financial Consulting Co., Ltd.	Taipei Hong Kong Taipei	Oversea trading, leasing, lending and financing Financial advisory Investment advisory and business management advisory	\$ 999,940 HK\$ 229,998 \$ 1,940	\$ 999,940 HK\$ 229,998 \$ 1,940	159,629 229,998 194	99.7683 99.9991 97.00	2,022,856 1,003,615 2,464	33,273 106,223 17	31,153 17,179 16	Subsidiary Subsidiary Subsidiary
SinoPac Bancorp	Far East National Bank SinoPac Financial Service (USA) Ltd.	California	Commercial bank	US\$ 112,714	US\$ 112,714	175	100.00	5,448,870	257,800	-	Affiliate
		California	Securities brokerage	US\$ 25	US\$ 25	2.5	100.00	34,138	(6,078)	-	Affiliate
Far East National Bank	Far East Capital Corporation FENB Loan Corp. FENB Film Corp. Film Service Management Corp.	California	Investment bank	US\$ 3,500	US\$ 3,500	350	100.00	54,480	(1,554)	-	Affiliate
		California	Asset management	US\$ 1	US\$ 1	0.1	100.00	(37,275)	-	-	Affiliate
		California	Motion picture asset management	US\$ 1	US\$ 1	0.1	100.00	(76,761)	1,474	-	Affiliate
		California	Film management and advisory	US\$ 0.1	US\$ 0.1	0.1	100.00	1,047	1,038	-	Affiliate
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Oversea trading, leasing, lending and financing	US\$ 29,900	US\$ 29,900	29,900	100.00	1,411,847	37,291	-	Affiliate
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd. SinoPac Insurance Brokers Ltd. SinoPac (Hong Kong) Nominees Ltd.	British Virgin Islands	Financial advisory	US\$ 4,450	US\$ 4,450	4,450	100.00	26,232	3,996	-	Affiliate
		Hong Kong	Insurance brokerage	HK\$ 300	HK\$ 300	100	100.00	1,220	2,318	-	Affiliate
		Hong Kong	Custody securities	HK\$ 0.001	HK\$ 0.001	0.001	100.00	0.004	-	-	Affiliate
SinoPac Capital (B.V.I.) Ltd.	Cyberpac Holding Ltd. (B.V.I.) Allstar Venture Ltd. (B.V.I.)	British Virgin Islands	Investment and advisory	US\$ 4,000	US\$ 4,000	4,000	100.00	(70,084)	(66,223)	-	Affiliate
		British Virgin Islands	Investment	US\$ 0.002	US\$ 0.002	0.002	100.00	(193,863)	(9,888)	-	Affiliate
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management	HK\$ 10,000	HK\$ 10,000	4,800	60.00	25,157	4,127	-	Affiliate
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management, trust and consulting	US\$ 200	US\$ 200	199,999	99.9995	3,773	(18)	-	Affiliate
	RSP Information Service Company Limited	Hong Kong	General trading and providing internet - based service	HK\$ 999,999	HK\$ 999,999	999,999	99.9999	1,762	(235)	-	Affiliate
Cyberpac Holding Ltd. (B.V.I.)	Wal Tech International Corporation Telexpress Corp.	Taipei	Leasing, international trading, and sale of machinery equipment	\$ 272,182	\$ 272,182	26,500	100.00	107,061	(37,130)	-	Affiliate
		Cayman Islands	Investment	US\$ 1,560	US\$ 1,560	3,900	34.21	55,254	5,827	-	Investee under significant influence held by the Bank's affiliate
Wal Tech International Corporation	Intellisys Corp. Multiwin Asset Management Co., Ltd.	Taipei	Computer and peripheral system integration engineering, software development and design	227,544	258,836	7,197	62.58	196,280	(5,370)	-	Affiliate
		Taipei	Asset management	18,000	18,000	1,800	30.00	9,019	(415)	-	Investee under significant influence held by the Bank's affiliate

Note 1: The original investment amounts were expressed in respective foreign currencies denominated.

Note 2: Foreign-currency amounts were translated at the exchange rate as of the balance sheet date, except for foreign-currency-denominated income and expenses, which were translated to New Taiwan dollars at the average exchange rate for the six months ended June 30, 2005.

Note 3: The amounts were after deducting realized losses.