

Bank SinoPac

**Financial Statements for the
Three Months Ended March 31, 2009 and 2008 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
Bank SinoPac

We have reviewed the accompanying balance sheets of Bank SinoPac as of March 31, 2009 and 2008, and the related statements of income, and cash flows for the three months then ended. These financial statements are the responsibility of the Bank SinoPac's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" in the Republic of China. A review of interim financial statements consists primarily of applying analytical procedures, comparisons and making inquiries. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

April 24, 2009

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 review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants' review 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 accountants' review report and financial statements shall prevail.

BANK SINOPAC

BALANCE SHEETS

MARCH 31, 2009 AND 2008

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

(Reviewed, Not Audited)

ASSETS	2009	2008	%	LIABILITIES AND STOCKHOLDERS' EQUITY	2009	2008	%
	Amount	Amount			Amount	Amount	
CASH AND CASH EQUIVALENTS (Note 4)	\$ 9,581,157	\$ 10,697,638	(10)	CALL LOANS AND DUE TO BANKS (Note 16)	\$ 29,792,161	\$ 34,335,276	(13)
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Notes 5, 26 and 27)	92,277,391	107,674,533	(14)	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 2, 6 and 36)	14,169,074	13,461,819	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 2, 6, 7, 26, 27 and 36)	25,373,824	31,691,986	(20)	SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 2, 7 and 26)	3,124,205	8,464,747	(63)
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2 and 7)	595,737	7,762,177	(92)	ACCOUNTS, INTEREST AND OTHER PAYABLES (Notes 2, 17 and 26)	21,192,029	19,293,503	10
ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET (Notes 2, 8, 25 and 26)	31,062,718	34,957,059	(11)	DEPOSITS AND REMITTANCES (Notes 18 and 26)	791,132,127	804,313,450	(2)
DISCOUNTS AND LOANS, NET (Notes 2, 9, 26 and 36)	607,172,095	600,236,836	1	BANK DEBENTURES (Notes 2, 19, 26 and 36)	28,077,618	34,643,551	(19)
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 2, 7, 10, 27 and 36)	47,428,687	157,570,086	(70)	BONDS PAYABLE (Notes 2 and 19)	4,793,490	5,351,280	(10)
HELD-TO-MATURITY INVESTMENTS (Notes 2, 11, 26, 27 and 36)	110,342,082	2,295,567	4,707	OTHER FINANCIAL LIABILITIES (Note 2)	793,850	826,476	(4)
EQUITY INVESTMENTS - EQUITY METHOD (Notes 2, 12 and 30)	9,869,860	9,416,908	5	OTHER LIABILITIES (Notes 2, 20, 24 and 25)	<u>3,281,037</u>	<u>3,255,676</u>	1
OTHER FINANCIAL ASSETS, NET				Total liabilities	<u>896,355,591</u>	<u>923,945,778</u>	(3)
Unquoted equity instruments (Notes 2, 13, 26 and 36)	488,507	715,707	(32)	STOCKHOLDERS' EQUITY (Notes 2 and 21)			
Non-active market debt instruments (Notes 2, 13 and 36)	259,785	888,042	(71)	Capital stock, \$10 par value, authorized 8,000,000 thousands shares; issued 4,481,847 thousand shares in 2009 and 4,585,197 thousand shares in 2008	<u>44,818,469</u>	<u>45,851,972</u>	(2)
Others (Notes 13, 27 and 36)	<u>2,227,867</u>	<u>2,125,968</u>	5	Capital surplus			
Other financial assets, net	<u>2,976,159</u>	<u>3,729,717</u>	(20)	Additional paid-in capital	115,561	118,226	(2)
PROPERTIES (Notes 2 and 14)				Capital surplus from business combination	8,076,524	8,076,524	-
Cost and revaluation increment				Others	<u>178</u>	<u>178</u>	-
Land	4,733,024	4,884,570	(3)	Total capital surplus	<u>8,192,263</u>	<u>8,194,928</u>	-
Buildings	4,555,672	4,445,856	2	Retained earnings			
Computer and machinery equipment	4,624,189	4,484,107	3	Legal reserve	6,435,486	6,927,060	(7)
Transportation equipment	<u>4,631</u>	<u>21,293</u>	(78)	Special reserve	282,977	282,977	-
Total cost	13,917,516	13,835,826	1	Accumulated deficit	<u>(3,304,256)</u>	<u>(3,021,900)</u>	9
Less: Accumulated depreciation	<u>5,175,627</u>	<u>4,952,621</u>	5	Total retained earnings	<u>3,414,207</u>	<u>4,188,137</u>	(18)
Advances on acquisitions of equipment and construction in progress	<u>126,897</u>	<u>243,174</u>	(48)	Cumulative translation adjustments	<u>130,570</u>	<u>(291,174)</u>	145
Net properties	<u>8,868,786</u>	<u>9,126,379</u>	(3)	Unrealized losses on financial instruments	<u>(115,891)</u>	<u>(184,372)</u>	(37)
INTANGIBLE ASSETS (Note 2)	<u>149,392</u>	<u>161,754</u>	(8)	Net loss not recognized as pension cost	<u>(642,321)</u>	<u>(648,249)</u>	(1)
OTHER ASSETS (Notes 2, 15 and 25)	<u>7,485,154</u>	<u>6,766,534</u>	11	Unrealized revaluation increment on land	<u>1,030,154</u>	<u>1,030,154</u>	-
TOTAL	<u>\$ 953,183,042</u>	<u>\$ 982,087,174</u>	(3)	Total stockholders' equity	<u>56,827,451</u>	<u>58,141,396</u>	(2)
				TOTAL	<u>\$ 953,183,042</u>	<u>\$ 982,087,174</u>	(3)

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

BANK SINOPAC

STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<u>2009</u>	<u>2008</u>	
	Amount	Amount	%
INTEREST REVENUE (Notes 2 and 26)	\$ 5,062,398	\$ 8,268,323	(39)
INTEREST EXPENSE (Note 26)	<u>2,899,987</u>	<u>5,177,667</u>	(44)
NET INTEREST	<u>2,162,411</u>	<u>3,090,656</u>	(30)
NET REVENUES OTHER THAN INTEREST			
Commissions and fee revenues, net (Notes 2, 22 and 26)	429,662	855,678	(50)
Losses on financial assets and liabilities at fair value through profit or loss (Notes 2 and 6)	(348,341)	(2,394,410)	(85)
Realized gains from (losses on) available-for-sale financial assets (Notes 2 and 21)	115,225	(15,213)	857
(Losses on) income from equity investments - equity method, net (Notes 2 and 12)	(76,333)	281,448	(127)
Foreign exchange gain, net (Note 2)	517,400	149,609	246
Impairment losses on assets (Note 2)	-	(1,808,630)	100
Gains from unquoted equity instruments	-	5,983	(100)
Recovery of bad debts	195,360	171,115	14
Rental revenues	40,543	35,823	13
Other net revenues	<u>(2,372)</u>	<u>26,921</u>	(109)
Total net revenues	<u>3,033,555</u>	<u>398,980</u>	660
PROVISION FOR BAD DEBTS (Notes 2 and 9)	<u>657,000</u>	<u>987,000</u>	(33)
OPERATING EXPENSES (Notes 2 and 23)			
Personnel expenses	1,310,923	1,985,361	(34)
Depreciation and amortization	134,722	140,970	(4)
Others	<u>622,966</u>	<u>758,830</u>	(18)
Total operating expenses	<u>2,068,611</u>	<u>2,885,161</u>	(28)
INCOME (LOSS) BEFORE INCOME TAX	307,944	(3,473,181)	109
INCOME TAX BENEFIT (Notes 2 and 25)	<u>77,263</u>	<u>942,855</u>	(92)
NET INCOME (LOSS)	<u>\$ 385,207</u>	<u>\$ (2,530,326)</u>	115

(Continued)

BANK SINOPAC

STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<u>2009</u>		<u>2008</u>	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$(0.76)</u>	<u>\$(0.55)</u>
Diluted earnings per share	<u>\$ 0.06</u>	<u>\$ 0.08</u>	<u>\$ -</u>	<u>\$ -</u>

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

(Concluded)

BANK SINOPAC

STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 385,207	\$ (2,530,326)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	142,798	147,726
Amortization on premium or discount of financial assets	14,893	3,111
Amortization on discount of bank debentures	209	-
Provision for credit and trading losses	669,771	985,301
Impairment losses on assets	-	1,808,630
Unrealized losses on (gains from) financial assets and liabilities at fair value through profit or loss	52,737	(39,640)
(Gains from) losses on disposal of available-for-sale financial assets	(115,225)	15,213
Losses on (income from) equity investments - equity method	76,333	(281,448)
Losses on sale and retirement of properties and idle assets	1,543	1,749
Gains (losses) on disposal of collateral assumed, net	1,001	(2,083)
Accrued pension cost	(45,462)	(6,558)
Foreign exchange losses on (gains from) bonds payable	159,365	(358,688)
Gains from convertible bond repurchased	(12,534)	-
Deferred income tax	37,145	136,086
(Increase) decrease in held for trading financial assets	6,674,004	(2,714,815)
(Decrease) increase in held for trading financial liabilities	(2,749,417)	3,304,309
Decrease in accounts, interest and other receivables	4,868,791	2,036,064
Decrease in accounts, interest and other payables	<u>(2,669,969)</u>	<u>(1,474,226)</u>
Net cash provided by operating activities	<u>7,491,190</u>	<u>1,030,405</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in due from the Central Bank and other banks	(1,708,185)	40,194,075
Decrease (increase) in securities purchased under agreements to resell	2,003,045	(3,738,000)
Proceeds from sale of financial assets designated at fair value through profit or loss	180,730	10,971
Proceeds from sale of non-active market debt instruments	168,925	1,018,187
Decrease in discounts and loans	21,636,132	1,032,597
Acquisition of properties	(72,353)	(164,429)
Proceeds from sale of properties	318	135
Acquisition of available-for-sale financial assets	(53,465,894)	(48,993,227)
Proceeds from sale of available-for-sale financial assets	30,305,062	2,124,118
Acquisition of held-to-maturity investments	(78,525,905)	(255,439)
Proceeds from held-to-maturity investments matured	83,284,387	418,494
Cash returned on capital reduction of unquoted equity instruments	-	6,000
Proceeds from sale of collateral assumed	22,206	45,397
Increase in other financial assets	(441,492)	(131,569)
Increase in other assets	<u>(427,165)</u>	<u>(837,327)</u>
Net cash provided by (used in) investing activities	<u>2,959,811</u>	<u>(9,270,017)</u>

(Continued)

BANK SINOPAC

STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in call loans and due to banks	\$ (9,363,037)	\$ (10,568,302)
(Decrease) increase in securities sold under agreements to repurchase	(1,301,895)	2,027,075
(Decrease) increase in deposits and remittances	(3,956,408)	10,853,468
Bank debentures issued	-	6,400,000
Decrease in bond payable	(303,700)	-
Repayment of bank debentures	(700,000)	(3,000,000)
Increase (decrease) in other financial liabilities	6,488	(73,885)
Decrease in other liabilities	<u>(176,090)</u>	<u>(262,852)</u>
Net cash (used in) provided by financing activities	<u>(15,794,642)</u>	<u>5,375,504</u>
EFFECTS OF CHANGES IN EXCHANGE RATE	<u>1,037</u>	<u>6,953</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(5,342,604)	(2,857,155)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>14,923,761</u>	<u>13,554,793</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 9,581,157</u>	<u>\$ 10,697,638</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 5,959,374</u>	<u>\$ 7,840,060</u>
Income tax paid	<u>\$ 76,314</u>	<u>\$ 159,939</u>

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

(Concluded)

BANK SINOPAC

NOTES TO FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Unless Otherwise Stated) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Organization

- | | |
|-------------------|--|
| August 8, 1991 | Bank SinoPac (the "Bank") obtained government approval to incorporate. |
| January 28, 1992 | The Bank started operations. |
| May 9, 2002 | The Bank swap shares with SinoPac Securities Corporation and SinoPac Securities Co., Ltd. (the "SPS") to established SinoPac Financial Holdings Company Limited (the "SPH"), a financial holding company, resulting in the Bank become an unlisted wholly owned subsidiary of SPH. |
| December 26, 2005 | SPH finished the merger with International Bank of Taipei Co., Ltd. (IBT), through a 100% share swap. |
| May 8, 2006 | The boards of directors of IBT resolved to transfer credit card business and related assets and liabilities to SinoPac Card Services Co., Ltd. The transaction has been approved by the authorities on June 22, 2006 and the assets have been transferred at the book value of \$5,171,080 on August 4, 2006. |
| July 21, 2006 | The boards of directors of the Bank resolved a merger with IBT. The Bank was the surviving entity and IBT was the company ceasing to exist. |
| November 13, 2006 | The preliminary effective date of the share swap and merger. The Bank acquired the assets and liabilities of IBT through a share swap at ratio of 1.175 shares of the Bank to swap for 1 share of IBT. |
| December 26, 2008 | The board of directors which executed the rights and functions of the stockholders' meeting resolved a cash merger with SinoPac Card Services Co., Ltd. (SinoPac Card Services). The preliminary effective date of the merger will be March 30, 2009. Under this merger, the Bank will be the surviving entity and SinoPac Card Services will be the company ceasing to exist. |
| March 31, 2009 | The board of directors resolved to alter the effective date of the merger to June 1, 2009. |

Operations

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 March 31, 2009 and 2008, the Bank had a total of 4,515 and 4,865 employees, respectively.

As of March 31, 2009, the Bank's operating units included Banking, Trust, and International Division of the Head Office, OBU, 128 domestic branches, 3 overseas branches, 2 overseas sub-branches and 1 overseas representative office.

The operations of the Bank's Trust Department consist of planning, managing and operating of trust business and affiliated business. These operations are governed by the Banking Law and the Trust Law.

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, requirement of the Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China (ROC). In determining the fair value of certain financial instruments, allowance for credit losses, depreciation, assets impairment, pension, income tax, losses upon suspended lawsuit, provision for losses on guarantees, bonus to employees and remuneration to directors and supervisors, the Bank needs to make estimates based on judgment and available information. The estimates were usually made under uncertain conditions; actual results could differ from those estimates. 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 30 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.

Fair Value Determination

Fair value are determined as follows: (a) listed stocks and GreTai Securities Market (the "GTSM") stocks - closing prices as of the balance sheet date; (b) beneficiary certificates (open-end fund) - net asset values as of the balance sheet date; (c) bonds - period-end reference prices published by the GTSM or Bloomberg; and (d) for the financial instruments without active markets, fair value is determined by the price provided by counterparty.

Financial Instruments at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss consist of any financial asset and liability that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss and financial assets and liabilities which should be classified as held for trading. Those instruments are required to be recognized at fair value and to be measured at fair value through profit or loss as of the balance sheet date. The Bank uses trade date accounting when recording related transactions, except for bonds, for which settlement date accounting is used.

A derivative that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Any financial asset and any financial liability may be designated as financial instruments at fair value through profit or loss to eliminate measurement anomalies for items that provide a natural offset of each other. Applying the fair value option eliminates accounting measurement mismatch for items that naturally offset each other or eliminates the burden of separating embedded derivatives that are not considered to be closely related to the host contract pertaining to a hybrid instrument. If the Bank does not adopt hedge accounting and the hedged items are not designated as financial assets or liabilities at fair value through profit or loss, accounting measurement mismatches on these items will occur as a result of differences in measurement attributes. Thus, the Bank designated debt instruments and bank debentures issued as financial assets and liabilities at financial assets or liabilities at fair value through profit or loss. Moreover, the Bank designated hybrid instruments as financial assets and liabilities at financial assets or liabilities at fair value through profit or loss because embedded derivatives are not separated from the host

contract in a hybrid instrument. Besides, the set of financial assets, financial liabilities or the combination of both managed by the Bank's risk management policies and investment strategies will be designated as financial instruments at fair value through profit or loss.

Repurchase and Reverse Repurchase Transactions

Securities purchased under agreements to resell (reverse repurchase) agreements and securities sold under agreements to repurchase are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

Nonperforming Loans

Under guidelines issued by the Banking Bureau of Financial Supervisory Commission (the Banking Bureau), 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 overdue and shall be authorized by a resolution passed by the board of directors.

Nonperforming loans reclassified from loans are classified as discounts and loans; otherwise, they are classified as other financial assets.

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 discounts and loans, accounts receivables, interest receivables, other receivables, nonperforming loans, and other financial assets, as well as guarantees and acceptances as of the balance sheet date.

Pursuant to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" (the "Regulations") issued by the Banking Bureau, the Bank evaluates credit losses on the basis of the estimated collectibility. In accordance with the Regulations stated above, the loan assets divided into different classes subject to assets that require special mentioned, assets that are substandard, assets that are doubtful, and assets for which there is loss. The minimum allowance for credit losses and provision for losses on guarantees for the aforementioned classes should be 2%, 10%, 50% and 100% of outstanding credits, respectively.

Write-offs of loans falling under the Banking Bureau guidelines, upon approval by the board of directors, are offset against the recorded allowance for credit losses. Recovery of loans written off on the current year is recorded as reverse of allowance whereas recovery of loans written off on the previous years is recorded as other revenue.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. Unrealized gains or losses on available-for-sale financial assets are reported in equity attribute to the Bank's shareholders. On disposal of an available-for-sale financial asset, the accumulated, unrealized gain or loss in equity attributable to the Bank's shareholders is transferred to net profit and loss for the period. The Bank uses trade date accounting when recording related transactions, except for bonds, for which settlement date accounting is used.

Cash dividends are recognized on the ex-dividend date. Cash dividends received a year after investment acquisition is recognized as income, otherwise as a reduction of the carrying value of the investments. The effective interest rate method of amortization and accretion is used; the straight line method is used if there is no significant difference.

If an available-for-sale financial asset is determined to be impaired, the accumulative unrealized loss previously recognized in equity attributable to the Bank shareholders is recognized as impairment loss and reported in income statement. For equity investments, loss reversal is adjusted to the equity attributable to the Bank shareholders. For debt investments, loss reversal is credited to current income.

Held-to-maturity Investments

Held-to-maturity investments are carried at amortized cost using the effective interest method; otherwise the straight line method can be used if there is no significant difference. At initial recognition, the costs of the financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition. The net profit and loss of the held-to-maturity investments for the period is reported in to income statement when the financial assets are derecognized, impaired or amortized. The Bank uses trade date accounting when recording related transactions, except for bonds, for which settlement date accounting is used.

If a held-to-maturity financial asset is determined to be impaired, the impairment loss is recognized and reported in income statement. Loss reversal is credited to current income and should not be more than the carrying amount had the impairment not been recognized.

Equity Investments - Equity Method

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. Until March 31, 2005, any difference between the acquisition cost and the equity in the investee is amortized over 15 years. Such goodwill is not amortized since January 2006. Stock dividends only result in an increase in number of shares and are not recognized as investment income.

In accordance with Statement of Financial Accounting Standards Interpretation No. (91) 33 dated March 8, 2002 issued by the Accounting Research and Development Foundation of the Republic of China (ARDF of ROC), the SPH commence reorganization and the Bank transferred the investment at book value.

Other Financial Assets

Non-active market debt instruments are those which do not have quoted market prices in an active market, and whose fair value cannot be reliably measured. Non-active market debt instruments are carried at amortized cost. The accounting treatment for such debt instruments is similar to that for held-to maturity investments except for the absence of restriction or the timing of their disposal.

Investments in equity instruments without quoted market prices in an active market and whose fair value cannot be reliably measured are measured at their original cost. If there is objective evidence that the asset is impaired, an impairment loss is recognized and a reversal of the impairment loss is prohibited.

Properties and Non-operating Assets

Properties and non-operating assets are stated at cost plus revaluation increment less accumulated depreciation and accumulated impairment losses. Major renewals, additions and improvements are capitalized, while cost of repairs and maintenance are expensed as incurred.

Upon sale or disposal of properties and non-operating assets, their cost, revaluation increment and related accumulated depreciation and accumulated impairment losses are removed from the accounts. Any resulting gain or loss is credited or charged to current income.

Depreciation is calculated on the straight-line basis over estimated useful lives as follows: buildings, 5 to 60 years; computer and machinery equipment, 3 to 15 years; transportation equipment, 5 years. Depreciation of revaluated property is computed on the straight-line basis over their remaining useful lives determined at the time of revaluation. For assets still in use beyond their original estimated useful lives, further depreciation is calculated on the basis of any remaining salvage value and the estimated additional useful lives.

Intangible Assets

The cost of computer software is amortized on the straight-line basis over 5 years.

Collaterals Assumed

Collaterals assumed are recorded at cost (included in other assets) and revalued at the lower of cost or net fair value as of the balance sheet date, and the resulting loss is charged to current income.

Asset Impairment

SFAS No. 35 requires the impairment review on long-term investments accounted for by the equity method and properties to be made on each balance sheet date. If assets or the relevant cash-generating units (CGUs) are deemed impaired, then the Bank must calculate their recoverable amounts. An impairment loss should be recognized whenever the recoverable amount of the assets or the CGU is below the carrying amount, and this impairment loss either is charged to accumulated impairment or reduces the carrying amount of the assets or CGUs directly. After the recognition of an impairment loss, the depreciation (amortization) should be adjusted in future periods by the revised asset/CGUs 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. An impairment loss on a revalued asset is recognized directly against capital surplus from revaluation for the asset to the same asset. A reversal of an impairment loss on a revalued asset is credited directly to capital surplus from revaluation under the heading capital surplus from revaluation. However, to the extent that an impairment loss on the same revalued asset was previously recognized as profit or loss, a reversal of that impairment loss is also recognized as profit or loss.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstance indicate goodwill impairment. Impairment is recorded if the book value exceeds value in use. 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, a reversal of an impairment loss on goodwill is prohibited.

Bonds Payable

The convertible bonds issued before March 31, 2005 were recognized as liabilities by its issued price. Under the book value method applied for the conversion of convertible bonds, the carrying amount, interest premium and the related issuance costs were converted into capital stocks in the amount of face value, while the remaining amount was recorded into capital surplus on the conversion date.

Upon repurchase of the convertible bonds, the face amount plus the premium and bond issuance expense accrued to the date of repurchase are removed from the accounts, and any resulting gain or loss is credited or charged to current income.

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 Ministry of Finance (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 under defined benefit pension plan is determined on the basis of actuarial calculations. Pension under defined contribution pension plan is expensed during the period when the employees rendered their services.

Curtailment or settlement gains or losses of the defined benefit plan are recognized as part of the net periodic pension cost for the year.

Income Tax

Inter-period income tax allocation is applied, in which tax effects of deductible temporary differences unused loss carry forward 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 allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized.

Tax credits for personnel training expenditures and acquisition of equity investments are recognized as reduction of current income tax.

Interest income from short-term bills and asset backed securities have been taxed separately and recorded as tax expenses. The adjustment of prior year's income tax was included in the current income tax.

Income tax (10%) on inappropriate earnings 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. 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.

“Income Basic Tax Act” shall come into force on January 1, 2006. The amount of basic income of a profit-seeking enterprise shall be the sum of the taxable income as calculated in accordance with the Income Tax Act and income exempted due to suspension of income tax and other relevant laws, and then multiplied by the tax rate (10%) prescribed by the Executive Yuan. The affect of which higher between regular income tax and basic tax had been considered in current income tax.

On January 6, 2009, the Legislative Yuan of the Republic of China passed the amendment of Article 39 of the Income Tax Law, which extends the operating losses carryforward period from five years to ten years. The Bank reassessed deferred tax assets according to the amended Article.

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 Translations

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. As of the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars equivalents using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the income statement.

Non-derivative foreign currencies are translated into New Taiwan dollars using the rate of the trading date. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, are recognized in the income statement. Unrealized exchange differences on non-monetary financial assets (e.g. investments in equity instruments) are a component of the change in their entire fair value. For non-monetary financial investments, which are classified as available-for-sale, unrealized exchange differences are recorded directly in equity. For non-monetary financial assets classified as held for trading, unrealized exchange differences are recognized in the income statement. For non-monetary financial assets classified as unquoted equity investments are measured at the rate of trading date.

Equity investments are accounted for by equity method of foreign financial statements, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates on balance sheet date. Foreign currency income and expenses are translated using the average exchange rate in the period. Translation difference net of income tax is recorded as “cumulative translation adjustments” under stockholders’ equity.

Hedge Accounting

In order to qualify as a hedge, a derivative must effectively reduce any risk inherent in the hedged item from potential movements in interest rates, exchange rates and market values. Changes in the fair value or cash flow of the derivative must be highly correlated with changes in the fair value or cash flow of the underlying hedged item over the life of the hedged contract. At the inception of the hedge, there must be formal designation and documentation of the hedging relationship, the Bank’s risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged items, overall risk management objectives and strategies and how the entity will assess the hedging instrument’s effectiveness.

A fair value hedge that meets the entire hedge accounting criteria is accounted for as follows:

- a. The gain or loss from re-measuring the hedging instrument at fair value (for a derivative hedging instrument) or the foreign currency component of its carrying amount (for a non-derivative hedging instrument) is recognized immediately in profit or loss, and
- b. The carrying amount of the hedged item is adjusted through profit or loss for the corresponding gain or loss attributable to the hedged risk.

A cash flow hedge that meets the entire hedge accounting criteria is accounted for as follows:

- a. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in shareholders’ equity. The amount recognized in shareholders’ equity is recognized in profit or loss in the same year or years during which the hedged forecast transaction or an asset or liability arising from the hedged forecast transaction affects profit or loss.

- b. If all or a portion of a loss recognized in shareholders' equity is not expected to be recovered in the future, the amount that is not expected to be recovered is reclassified into profit or loss.

Reclassifications

Certain accounts as of and for the three months ended March 31, 2008 have been reclassified to conform to the financial statement presentation as of and for the three months ended March 31, 2009.

3. ACCOUNTING CHANGES

The ARDF issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation has no significant influence on the financial statement.

4. CASH AND CASH EQUIVALENTS

	<u>March 31</u>	
	2009	2008
Cash on hand	\$ 5,918,971	\$ 5,756,261
Due from other banks	2,529,366	3,192,705
Notes and checks in clearing	<u>1,132,820</u>	<u>1,748,672</u>
	<u>\$ 9,581,157</u>	<u>\$ 10,697,638</u>

5. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	<u>March 31</u>	
	2009	2008
Call loans to banks	\$ 71,307,423	\$ 47,592,717
Due from Central Banks - certificate of deposit	-	26,910,000
Due from Central Banks - checking account	3,171,273	11,328,689
Deposit reserve - demand account	17,693,553	18,206,689
Deposit reserve - foreign currency	<u>105,142</u>	<u>3,636,438</u>
	<u>\$ 92,277,391</u>	<u>\$ 107,674,533</u>

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. Deposit reserve - demand account can not be withdrawn momentarily, except for adjusting the deposit reserve account monthly. In addition, the foreign-currency deposit reserves are determined at prescribed rates on balances of additional foreign-currency deposits. The foreign-currency deposit reserves may be withdrawn momentarily and are no interest earning.

6. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Related information regarding financial instruments at fair value through profit or loss please refer to Table 5-1.

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Held for trading financial assets	\$ 23,938,487	\$ 29,191,550
Financial assets designated at fair value through profit or losses	<u>1,435,337</u>	<u>2,500,436</u>
	<u>\$ 25,373,824</u>	<u>\$ 31,691,986</u>
Held for trading financial liabilities	<u>\$ 14,169,074</u>	<u>\$ 13,461,819</u>

The Bank engages in derivative transactions mainly for accommodating customers' needs and managing its exposure positions. The contract amounts (notional amounts) of the outstanding derivative transactions please refer to Table 5-2, and the related information regarding to gains or losses please refer to Table 5-7. 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.

Gains or losses of financial instruments at fair value through profit or loss for the three months ended March 31, 2009 and 2008, were as follows:

	<u>For the Three Months Ended March 31</u>	
	<u>2009</u>	<u>2008</u>
Held for trading financial assets and liabilities		
Realized losses	\$ (295,604)	\$ (2,434,050)
Valuation (losses) gains	<u>(141,541)</u>	<u>67,746</u>
	<u>(437,145)</u>	<u>(2,366,304)</u>
Financial assets and liabilities designated at fair value through profit or loss		
Valuation gains (losses)	<u>88,804</u>	<u>(28,106)</u>
	<u>\$ (348,341)</u>	<u>\$ (2,394,410)</u>

The losses on held for trading financial assets and liabilities include losses on the fair value adjustments of structured investment vehicles \$0 and \$2,224,541, collateralized debt obligation \$12,243 and \$98,247, mortgage backed securities \$2,231 and \$6,322 for the three months ended March 31, 2009 and 2008, respectively, please refer to Table 5-8.

7. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL AND SOLD UNDER AGREEMENTS TO REPURCHASE

As of March 31, 2009 and 2008, securities were purchased under agreements to resell at \$595,722 and \$7,784,356 in April 2009 and between April and July 2008, respectively.

As of March 31, 2009 and 2008, securities were sold under agreements to repurchase at \$3,124,334 and \$8,476,085 between April and May 2009 and between April and July 2008, respectively.

The details of financial assets sold under agreements to repurchase were summarized as follows:

Financial Assets	March 31	
	2009	2008
Held for trading	\$ 2,063,706	\$ 7,822,285
Available-for-sale	1,060,499	642,462

8. ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET

	March 31	
	2009	2008
Accounts receivable - factoring	\$ 21,349,138	\$ 21,287,158
Receivables from related parties (Note 26)	3,870,812	4,391,169
Accounts receivable and notes receivable	2,961,267	2,901,822
Interest receivable and revenue receivable	1,712,401	3,050,940
Acceptances	809,405	2,985,883
Others	427,888	355,683
	<u>31,130,911</u>	<u>34,972,655</u>
Less - allowance for credit losses	<u>68,193</u>	<u>15,596</u>
	<u>\$ 31,062,718</u>	<u>\$ 34,957,059</u>

9. DISCOUNTS AND LOANS, NET

	March 31	
	2009	2008
Import and export negotiations	\$ 1,009,164	\$ 2,010,470
Overdrafts	12,617	58,379
Secured overdrafts	806,036	932,889
Accounts receivable - financing	1,759,497	2,478,867
Short-term loans	102,312,011	109,553,668
Short-term secured loans	39,069,311	39,703,770
Medium-term loans	74,272,631	66,598,372
Medium-term secured loans	48,802,572	40,798,746
Long-term loans	13,648,905	13,867,018
Long-term secured loans	324,537,038	320,323,629
Nonperforming loans transferred from loans	7,252,944	10,084,056
	<u>613,482,726</u>	<u>606,409,864</u>
Allowance for credit losses	(6,320,537)	(6,176,061)
Hedged item valuation adjustments	9,906	3,033
	<u>\$ 607,172,095</u>	<u>\$ 600,236,836</u>

As of March 31, 2009 and 2008, the balances of nonaccrual interest loans were \$11,041,607 and \$12,060,508, respectively. The unrecognized interest revenues on nonaccrual interest loans amounted to \$82,532 and \$139,402 for the three months ended March 31, 2009 and 2008, respectively.

For the three months ended March 31, 2009 and 2008, 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 discounts and loans for the three months ended March 31, 2009 and 2008, please refer to Table 6-1.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Related information regarding available-for-sale financial assets please refer to Table 5-3.

As of March 31, 2007, the Bank held 120,031 thousand shares of SPH, with carrying amount of \$1,968,508 and market value of \$1,728,446 based on the closing prices as of March 31, 2007. A difference of \$240,062 was recorded as unrealized losses on financial instruments under stockholders' equity. Under the Financial Holding Company Act No. 31, if the subsidiaries holding the shares of a Financial Holding Company do not transfer or sell the shares within 3 years, the shares shall be treated as unissued shares of the Financial Holding Company and re-registered accordingly as such. On November 21, 2008, the boards of directors of the Bank resolved to write off the shares and reduce the amount of capital.

11. HELD-TO-MATURITY INVESTMENTS

Related information regarding held-to-maturity financial assets please refer to Table 5-4.

For the three months ended March 31, 2009 and 2008, the Bank recognized impairment loss on structured investment vehicles amounted to \$0 and \$219,654, respectively. Related information please refer to Table 5-8.

12. EQUITY INVESTMENTS - EQUITY METHOD AND INCOME (LOSS) FROM EQUITY INVESTMENTS

	<u>Balance of</u>		<u>Income (Loss) from</u>	
	<u>Equity Investments</u>		<u>Equity Investments</u>	
	<u>March 31</u>		<u>For the Three Months</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
SinoPac Bancorp	\$ 6,486,626	\$ 6,563,200	\$ (247,677)	\$ 117,773
SinoPac Leasing Corporation	1,439,596	1,317,141	25,582	33,995
SinoPac Capital Limited (H.K.)	1,309,402	1,106,575	36,571	49,287
SinoPac Life Insurance Agent Co., Ltd.	590,547	394,077	99,720	72,379
SinoPac Property Insurance Agent Co., Ltd.	43,689	33,689	9,471	8,014
SinoPac Financial Consulting Co., Ltd.	-	2,226	-	-
	<u>\$ 9,869,860</u>	<u>\$ 9,416,908</u>	<u>\$ (76,333)</u>	<u>\$ 281,448</u>

The aforementioned equity-method investees' financial statement which had been used to determine the carrying amount of the Bank investments, had been reviewed, except those of SinoPac Financial Consulting Co., Ltd. The Bank believes that, had those financial statements been reviewed, any adjustments arising would have had no material effect on the Bank's financial statements.

The net (loss) gain of SinoPac Bancorp amounting to \$(247,677) and \$124,298 for the three months ended March 31, 2009 and 2008 was translated into NTD at the average exchange rate for the respective periods. The difference between the translated net (loss) gain of SinoPac Bancorp and the one recognized by the Bank was generated from some different accounting treatments between ROC GAAP and US GAAP.

To comply with the operation strategy as a financial institution across the Asia-Pacific region, on January 25, 2008, the board of directors resolved to dispose the equity investment on SinoPac Bancorp. Nevertheless, the board of directors resolved to withdraw the disposal on October 21, 2008. In order to strengthen the capital structure and improve competitive advantage, the board of directors resolved to increase cash investment of US\$50,000 thousand to SinPac Bancorp.

To restructuring the organization and investment in investees, the shareholders' meeting resolved to liquidate SinoPac Financial Consulting Co., Ltd. on March 28, 2008, and finished the liquidation process on March 13, 2009.

13. OTHER FINANCIAL ASSETS, NET

Related information regarding other financial assets please refer to Table 5-5.

For the three months ended March 31, 2009 and 2008, the Bank recognized impairment loss on non-active market debt instruments including structured investment vehicles amounting to \$0 and \$1,588,976. Related information please refer to Table 5-8.

To comply with reorganization of SPH, a part of unquoted equity instruments held by the Bank in 2008 had transferred to SinoPac Venture Capital Co., Ltd. (SinoPac Venture Capital) at book value.

Investee Company	Shares (in Thousands)	Book Value
Boston Life Science Venture Co.	10,000	\$ 100,000
Taiwan Global Bio Fund	5,625	56,250
Taiwan Incubator Small & Medium Enterprises	3,417	29,000
Cathay Venture Capital Corp.	2,400	24,000
China Technology Venture Capital Corp.	1,670	16,700
Lian An Services Co., Ltd.	125	1,250

Investments in equity instruments without quoted prices in an active market and whose fair values cannot be reliably measured are measured at their cost. Investments in debt instruments without quoted prices in an active market and with fixed or determinable payments are carried at amortized cost using the effective interest method.

14. PROPERTIES

	March 31	
	2009	2008
Cost and revaluation increment	<u>\$ 13,917,516</u>	<u>\$ 13,835,826</u>
Accumulated depreciation		
Buildings	1,701,219	1,631,284
Computer and machinery equipment	3,470,648	3,303,725
Transportation equipment	<u>3,760</u>	<u>17,612</u>
	<u>5,175,627</u>	<u>4,952,621</u>
Advances on acquisitions of equipment and construction in progress	<u>126,897</u>	<u>243,174</u>
Net properties	<u>\$ 8,868,786</u>	<u>\$ 9,126,379</u>

Under government regulations, the Bank revalued its properties, in the following years: Land in 1961, 1964, 1967, 1974, and 2001; and properties other than land in 1961.

Under the Financial Institutions Merger Act and interpretation (94) 349 issued by the ARDF of ROC, the Bank did not book the land value increment tax reserve amounting to \$555,910 since the land was not revalued when both banks merged in November 13, 2006.

15. OTHER ASSETS

	March 31	
	2009	2008
Deferred income tax assets	\$ 3,639,155	\$ 3,145,362
Rental properties, net	1,475,608	1,407,000
Collateral assumed, net of accumulated impairment \$42,251 and \$35,339, respectively	699,459	829,497
Idle assets, net	560,693	412,805
Land value increment tax	478,205	478,205
Deferred pension cost	355,875	122,100
Prepayment	234,163	288,294
Temporary payment	27,588	63,492
Others	<u>14,408</u>	<u>19,779</u>
	<u>\$ 7,485,154</u>	<u>\$ 6,766,534</u>

16. CALL LOANS AND DUE TO BANKS

	March 31	
	2009	2008
Call loans	\$ 8,674,067	\$ 13,034,172
Redeposit from the directorate general of postal remittance	21,064,745	21,160,118
Due to the Central Bank	34,858	116,474
Due to banks	<u>18,491</u>	<u>24,512</u>
	<u>\$ 29,792,161</u>	<u>\$ 34,335,276</u>

17. ACCOUNTS, INTEREST AND OTHER PAYABLES

	March 31	
	2009	2008
Accounts payable - factoring	\$ 13,483,555	\$ 7,186,448
Interest payable	2,371,141	3,305,406
Accounts payable	2,131,715	2,531,441
Notes and checks in clearing	1,132,820	1,748,672
Acceptance payable	809,405	2,985,883
Accrued expenses	464,337	735,187
Tax payable	121,599	252,557
Receipts under custody payable	96,267	57,452
Others	<u>581,190</u>	<u>490,457</u>
	<u>\$ 21,192,029</u>	<u>\$ 19,293,503</u>

18. DEPOSITS AND REMITTANCES

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Checking	\$ 10,256,574	\$ 10,872,961
Demand	123,252,294	110,933,815
Savings - demand	174,153,438	162,959,360
Time	274,984,356	282,008,822
Negotiable certificates of deposit	7,794,200	14,709,200
Savings - time	199,987,276	222,007,560
Inward remittances	620,894	660,100
Outward remittances	<u>83,095</u>	<u>161,632</u>
	<u>\$ 791,132,127</u>	<u>\$ 804,313,450</u>

19. BANK DEBENTURES AND BONDS PAYABLE

To raise capital for financial operation and to increase capital adequacy ratio, the Bank was approved to issue subordinate bank debentures on March 17, 2008, March 25, 2008, and September 9, 2008, as a total of \$10,000,000. The related information please refers to Table 5-6.

The Bank (formerly IBT) issued US\$180,000 thousand in zero coupon convertible bonds with par of US\$1,000 on December 22, 2004. The terms of the bonds are as follows:

a. Redemption method

The Bank will redeem the bonds on the maturity date at a price equal to 99.95% of the outstanding principal amount unless the bonds have been previously redeemed, repurchased and canceled, or converted.

1) Redemption at the Bank's option

- a) During the periods from December 22, 2006 to December 22, 2009, the Bank may redeem all or parts of the bonds if the average closing price over 130% of the conversion price of the shares at least 20 consecutive trading days.
- b) The Bank may redeem all of the bonds at any time if at least 90% of the principal of the bonds has already been redeemed, repurchased and canceled, or converted.
- c) The Bank may redeem all of the bonds at any time if any changes in ROC taxation would require the Bank to gross up the payment of interest or premium.

2) Redemption at the holders' option

- a) Each bondholder has the right to require the Bank to redeem all or parts of the bonds only on December 22, 2006 at 99.98% of the principal unless the bonds had been previously redeemed, repurchased and canceled, or converted.
- b) Each holder has the right to require the Bank to buy all of the holder's bonds at 100% of the principal if the shares cease to be listed or admitted for trading on the TSE for at least five consecutive trading days.
- c) Each holder has the right to require the Bank to buy all or parts of the holder's bonds at 100% of the principal if there is a change of control over the Bank.

d) On December 26, 2005, the Bank became a wholly-owned subsidiary of SPH. This development constitutes a change of control, on which the bond indenture has certain provisions. Thus, under the indenture, each holder has the right to require IBT to repurchase all or parts of his/her bond holdings. In addition, IBT set December 22, 2006 as the change of control date and the change of put price at 100% of the unpaid principal of the bonds.

b. Maturity date

The maturity period is five years after bond issuance. Since the bonds were issued on December 22, 2004, the maturity date is on December 22, 2009.

c. Pledged: None.

d. Conversion period and object

The bondholders can convert the bonds to IBT's stock between January 21, 2005 and December 12, 2009. They, however, will not be able to effect conversions during the closed period. A closed period is (i) 60 days before any general stockholders' meetings; (ii) 30 days before any special stockholders' meetings; (iii) 5 days before the declaration of dividends or other benefits; (iv) the period from the date following the third trading day before the date of IBT's notification to the Taiwan Stock Exchange of the record date for the determination of stockholders entitled to the receipt of dividends, subscription for new shares due to capital increase, or appropriation of other benefits and bonus; and (v) such other periods during which IBT should suspend the trading of its stocks, as required by ROC laws and regulations.

e. Conversion price

1) The conversion price on issuance is NT\$26.26 per share. The conversion price in U.S. dollars is based on the exchange rate of US\$1=NT\$32.49. The conversion price is subject to adjustment based on certain terms of the related indenture. Effective July 8, 2005, the conversion price for distributing cash dividends was adjusted from NT\$26.26 to NT\$25.22.

2) If the average closing price of the shares for any 30 consecutive trading days immediately before December 22, 2005, December 22, 2006, December 24, 2007 and December 22, 2008 (the "special reset dates"), converted into U.S. dollars at the prevailing rate on the special reset dates, is less than the conversion price then in effect converted into U.S. dollars at the fixed exchange rate, the conversion price may be decreased up to 80% of original conversion price. Effective December 22, 2005, the conversion price was reset from NT\$25.22 to NT\$22.99. Effective June 30, 2006, the conversion price was reset from NT\$22.99 to NT\$22.25. Effective November 13, 2006, the conversion price was reset at NT\$18.94. When converting to SPH's shares, the conversion price was \$16.31 which was reset at a share swap ratio 1.3646. Effective June 28, 2007, the conversion price was reset from NT\$18.94 to NT\$18.58 because of the distribution of cash dividend. When converting to SPH's shares, the conversion price was NT\$16.00 which was reset at a share swap ratio 1.1614, which according to second augment contract of November 13, 2006.

f. Settlement option

Instead of delivering to the holders some or all of the shares required for the valid exercise of a conversion right, IBT may elect to make cash payment for all or parts of a holder's bonds deposited for conversion.

g. Supplemental agreements

On December 26, 2005, IBT became a wholly-owned subsidiary of SPH and IBT's common shares were ceased to be traded on the Taiwan Stock Exchange. In the interest of the bondholders, IBT granted to the bondholders outside the United States the additional rights, after converting the bonds into common shares of IBT, and further exchanging IBT's common shares for SPH's shares at a certain ratio. If the bondholders do not choose to convert into the SPH's common shares, their bonds still can be converted into IBT's common shares.

In 2005, formerly IBT repurchased 2,000 units at discount price 99 and 99.375. And the bondholders sold the aforementioned 2,000 units at exercise price 100 in 2006, hence, as of December 31, 2007, the outstanding bonds' value was US\$176,000 thousand. The Bank repurchased bonds amounting to US\$25,350 thousand in 2008 and US\$9,320 thousand for the three months ended March 31, 2009, respectively. As of March 31, 2009, the outstanding bonds' value was US\$141,330 thousand.

20. OTHER LIABILITIES

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Accrued pension cost	\$ 1,363,917	\$ 1,133,926
Deferred income tax liabilities	888,275	1,121,734
Reserve of land value increment tax	458,362	458,362
Advanced receipt	217,219	169,351
Temporary receipt	158,100	294,909
Others	<u>195,164</u>	<u>77,394</u>
	<u>\$ 3,281,037</u>	<u>\$ 3,255,676</u>

21. STOCKHOLDERS' EQUITY

a. Capital stocks

The Bank, formerly IBT, held 120,031 thousand shares of SPH without transferring or selling within 3 years. The board of directors resolved to reduce the amount of capital \$1,033,503 and cancel 103,350 thousand shares as of December 26, 2008. The percentage of cancellation was 2.254%.

b. Capital surplus

Under related regulations, capital surplus may only be used to offset a deficit. However, capital surplus from shares issued in excess of par value (including additional paid-in capital from issuance of common stock, issuance of shares for combinations and treasury stock transactions) and donations may be transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law. Also, the capital surplus from long-term equity investments under equity method may not be used for any purpose.

c. Appropriation of 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 remaining earnings as legal reserve;
- 4) Set aside any special reserve or retained earnings allocated at its option;
- 5) Allocated Stockholders' dividends
- 6) Allocated at least 1% of the remaining earnings which allocated stockholders' dividends as employee bonus.

The Bank's Articles of Incorporation were revised at July 25, 2008 shareholders' meeting, provide that annual net income should be appropriated after deducting any accumulated losses and taxes, provide 30% of legal reserve and set aside any special reserve or retained earnings, and allocated 2.5% of the remaining earnings which allocated stockholders' dividends as employee bonus. The board of directors will then propose to the shareholders' meeting for appropriation of the remainder and retained earnings from previous year.

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 10% and stock dividends may be declared if the CAR is equal to or less than 10%. However, the Bank may make discretionary cash distribution even if the CAR is below 10%, 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.

The Bank did not accrue the bonus to employees and the remuneration to directors and supervisors, because the Bank did not meet the requirement under The Bank's Articles of Incorporation for the three months ended March 31, 2009. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are retroactively adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the balance of unrealized losses on financial instruments under shareholders' equity accounts shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the balance.

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. When its balance reaches 50% of the aggregate par value of the outstanding capital stock of the Bank, the legal reserve over 50% can be distributed as stock dividends or bonus if the Bank has no earnings, or the Bank can retain the legal reserve up to 50% of the outstanding capital and transfer the remaining legal reserve to common stock if the Bank has no deficit. 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 the 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 of the stockholders' meeting, which is under no jurisdiction in the related regulations in the Company Law.

Legal reserve \$3,689,463 were used to offset a deficit, which appropriations of earnings for 2008 had been resolved in the board of directors which execute the rights and functions of the stockholders' meeting on April 24, 2009.

Legal reserve \$491,574 were used to offset a deficit, which appropriations of earnings for 2007 had been resolved in the board of directors which execute the rights and functions of the stockholders' meeting on June 27, 2008.

As of February 19, 2009, the appropriation of earning for 2008 has not been resolved by the board of directors. The related information regarding the proposed and resolved appropriation of earnings is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

d. Unrealized gains or losses on financial instruments

The movements of unrealized gains or losses on financial instruments for the three months ended March 31, 2009 and 2008, respectively, were summarized as follows:

	Available- for-sale Financial Assets	Equity Investments - Equity Method	Unrealized Gain or Loss of Cash Flow Hedge	Total
For the three months ended <u>March 31, 2009</u>				
Balance, beginning of period	\$ (39,222)	\$ 19,362	\$ -	\$ (19,860)
Recognized in stockholders' equity	(20,514)	27,921	11,787	19,194
Transferred to profit or loss	<u>(115,225)</u>	<u>-</u>	<u>-</u>	<u>(115,225)</u>
Balance, end of period	<u>\$ (174,961)</u>	<u>\$ 47,283</u>	<u>\$ 11,787</u>	<u>\$ (115,891)</u>
For the three months ended <u>March 31, 2008</u>				
Balance, beginning of period	\$ (543,159)	\$ 7,163	\$ -	\$ (535,996)
Recognized in stockholders' equity	282,654	53,757	-	336,411
Transferred to profit or loss	<u>15,213</u>	<u>-</u>	<u>-</u>	<u>15,213</u>
Balance, end of period	<u>\$ (245,292)</u>	<u>\$ 60,920</u>	<u>\$ -</u>	<u>\$ (184,372)</u>

e. Earnings per share

For the three months ended March 31, 2008, there would be an anti-dilutive effect on potential common stock because of net loss so as not to compute the diluted EPS. 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>
<u>For the three months ended March 31, 2009</u>					
Basic EPS	\$ 307,944	\$ 385,207	4,481,847	\$ 0.07	\$ 0.09
Influence on diluted common shares					
Bonds payable	<u>-</u>	<u>-</u>	<u>303,153</u>		
Diluted EPS	<u>\$ 307,944</u>	<u>\$ 385,207</u>	<u>4,785,000</u>	<u>\$ 0.06</u>	<u>\$ 0.08</u>
<u>For the three months ended March 31, 2008</u>					
Basic EPS	<u>\$ (3,473,181)</u>	<u>\$ (2,530,326)</u>	<u>4,585,197</u>	<u>\$ (0.76)</u>	<u>\$ (0.55)</u>

22. COMMISSIONS AND FEE REVENUES, NET

	<u>For the Three Months Ended March 31</u>	
	<u>2009</u>	<u>2008</u>
Commissions and fees revenues		
Loan	\$ 145,964	\$ 157,956
Mutual funds and structured notes	123,699	497,926
Foreign exchange, import and export business	78,987	96,344
Trust and custody	54,998	67,513
Factoring and financing	35,892	80,673
Remittance expenses	18,367	20,489
Guarantee and acceptance	16,711	16,598
Automatic equipment service fees	15,409	16,864
Credit card	780	545
Others	<u>10,900</u>	<u>12,580</u>
	<u>501,707</u>	<u>967,488</u>
Commissions and fees expenses		
Automatic equipment service fees	25,404	26,503
Financial transaction	13,182	26,337
Mutual funds and structured notes	8,712	29,446
Loan	8,104	9,631
Trust and custody	4,647	8,207
Remittance expenses	992	1,069
Foreign exchange	671	1,028
Credit card	47	-
Others	<u>10,286</u>	<u>9,589</u>
	<u>72,045</u>	<u>111,810</u>
	<u>\$ 429,662</u>	<u>\$ 855,678</u>

23. OPERATING EXPENSES

	For the Three Months Ended March 31	
	2009	2008
Personnel expenses		
Salaries and wages	\$ 1,046,736	\$ 1,575,895
Pension	121,156	213,857
Labor insurance and national health insurance	71,126	74,227
Others	<u>71,905</u>	<u>121,382</u>
	1,310,923	1,985,361
Depreciation	117,718	122,510
Amortization	17,004	18,460
Others	<u>622,966</u>	<u>758,830</u>
	<u>\$ 2,068,611</u>	<u>\$ 2,885,161</u>

24. PENSION

Since July 1, 2005, for those employees who still choose to be subject to the Labor Standard Law, the Bank makes monthly contributions, equal to 4% of employee salaries, to the severance payment fund. If the employees quit willingly, they still can receive the severance payment based on the severance payment criteria. On November 13, 2006, for those employees who joined the Bank owing to the merger and still choose to be subject to the Labor Standard Law, the Bank made monthly contributions, equal to 4% of employee salaries, to the severance payment fund excluding those who are eligible for promoted or enforced retirement project. If the employees quit willingly, they still can receive the severance payment based on the severance payment criteria.

For those employees who choose to be subject to the Labor Pension Act, the Bank ceases to contribute into severance payment fund. The amount of the cumulative contributions generated before applying the Labor Pension Act is summed up in the balance at that month and retained in the severance payment fund. The employees will receive the severance payment based on the severance payment criteria when they quit willingly.

For the Bank's employees who choose the pension mechanism regulated by the Labor Standard Law, the retirement payments shall be paid to employees on the basis of the following standards: (i) a lump sum payment of retirement payments equal to two base units shall be paid for each year of service; (ii) provided that each year of service exceeding fifteen years shall be entitled to only one base unit of wage; (iii) and that the maximum payment shall be forty-five base units. Any fraction of a year which is equal to or more than year shall be counted as one year of service, and any fraction of a year which is less than year shall be counted as half a year of service.

The Bank applied defined contribution plan regulated by Labor Pension Act after July 1, 2005. Under this Act, the Bank contributed 6% of the employee salaries to the Labor Insurance Administration (according to this Act, the contribution rate by the employer to the Labor Pension Fund per month shall not be less than 6% of the employee's monthly wages). For the three months ended March 31, 2009 and 2008, the pension expense amounted to \$32,714 and \$36,650, respectively, which were contributed to personal pension accounts.

Information related to defined benefit pension plan of the Bank is disclosed as follows:

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

	For the Three Months Ended March 31	
	2009	2008
Balance, January 1	\$ 2,045,418	\$ 1,893,619
Contributions	133,904	227,094
Benefits paid	(70,032)	(121,411)
Interest revenue	<u>5,425</u>	<u>15,316</u>
Balance, March 31	<u>\$ 2,114,715</u>	<u>\$ 2,014,618</u>

The aforementioned pension funds were contributed by the Bank.

- b. The components of the accrued pension cost were summarized below:

	For the Three Months Ended March 31	
	2009	2008
Balance, January 1	\$ 1,409,379	\$ 1,140,484
Provision under defined contribution plans	88,442	177,207
Contributions	<u>(133,904)</u>	<u>(183,765)</u>
Balance, March 31	<u>\$ 1,363,917</u>	<u>\$ 1,133,926</u>

The Bank recognized pension costs (including overseas branches) of \$121,156 and \$213,857 for the three months ended March 31, 2009 and 2008, respectively.

25. INCOME TAX

Under a directive issued by the MOF, a financial holding company and its domestic subsidiaries which over 90% of shares issued were 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 adopted the linked-tax system for income tax filings with its qualified subsidiaries since 2003.

- a. The components of income tax benefit were as follows:

	For the Three Months Ended March 31	
	2009	2008
Current deductible loss carry forward	\$ (198,288)	\$ (1,246,146)
Separate taxes	65,446	141,693
Investment credit	(903)	-
Deferred income taxes	37,145	136,086
Overseas income taxes payable	<u>19,337</u>	<u>25,512</u>
Tax benefit	<u>\$ (77,263)</u>	<u>\$ (942,855)</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 loss at statutory rate and deductible loss carry forward:

	For the Three Months Ended March 31	
	2009	2008
Tax on pretax loss at 25% statutory rate	\$ 76,986	\$ (868,296)
Add (deduct) tax effects of:		
Tax-exempt income	(6,554)	(23,132)
Permanent difference	(213,606)	(220,725)
Temporary difference	<u>(55,114)</u>	<u>(133,993)</u>
Deductible loss carry forward	<u>\$ (198,288)</u>	<u>\$ (1,246,146)</u>

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

	March 31	
	2009	2008
Loss carry forward	\$ 3,237,383	\$ 2,767,485
Deferred pension cost	329,132	335,854
Unrealized loss or gain on foreign exchange and revaluation of financial instrument, net	(27,958)	25,305
Staff training	21,002	5,837
Allowance for credit loss over limit	97,733	-
Others	<u>(18,137)</u>	<u>10,881</u>
Deferred income tax assets, net	<u>\$ 3,639,155</u>	<u>\$ 3,145,362</u>

Deferred income tax liabilities consisted of the tax effects of the following:

	March 31	
	2009	2008
Investment income under the equity method	\$ (841,720)	\$ (1,075,179)
Others	<u>(46,555)</u>	<u>(46,555)</u>
Deferred income tax liabilities, net	<u>\$ (888,275)</u>	<u>\$ (1,121,734)</u>

The unused loss carry forward as of March 31, 2009, are as follows:

Deficit Year	The Last Year of Deductible Loss	Amount
2006	2016	\$ 573,699
2007	2017	977,539
2008	2018	1,528,601
2009	2019	<u>157,544</u>
		<u>\$ 3,237,383</u>

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

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Receivables from related parties	<u>\$ 1,367,909</u>	<u>\$ 1,059,032</u>

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

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Balances of imputed tax credit account	<u>\$ 2,541,789</u>	<u>\$ 1,847,426</u>

For the years ended December 31, 2008 and 2007, the Bank has no distributable earnings due to the deficit, and the tax credit will be used to compute the creditable tax ratios in the following years when there are distributable earnings.

- f. The inappropriate earnings generated before January 1, 1997 as of March 31, 2009 was \$8,758, which was recorded as capital surplus owing to merger of IBT.

Regulated by the law of income tax, when distributing the inappropriate earnings generated after January 1, 1997, stockholders will get imputation credit which counted by imputed tax credit ratio as of dividend declared date; as to inappropriate earnings generated before January 1, 1997, no imputation credit will allocate to stockholders.

- g. For the Bank, income tax returns through 2003, 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, 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. The income tax return for 2002 had been examined by the tax authorities according to the aforementioned refund percentage. Consequently, the Bank accrued 35% of the withholding tax denied on the interest income on bonds as income tax expenses for 2003 to 2008, which were not refunded by tax authorities.
- h. For IBT, income tax returns through 2005 had been examined by the tax authorities. For the income tax returns for 1995 to 2001, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds amounting to \$173,382 in 2001, which pertained to the period those bonds were held by other investors. IBT accrued this liability and appealed the decision of the tax authorities. In 2003, IBT 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 IBT. The income tax returns for 2002 to 2004 had been examined by the tax authorities according to the aforementioned refund percentage. Consequently, IBT accrued 35% of the withholding tax denied on the interest income on bonds as income tax expenses for 2005 to 2006, which were not refunded by tax authorities.

26. RELATED-PARTY TRANSACTIONS

In addition to the disclosure in other footnotes, 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 of the Bank
SinoPac Securities Corporation (SinoPac Securities)	Subsidiary of SPH
SinoPac Call Center Co., Ltd. (SinoPac Call Center)	Subsidiary of SPH
SinoPac Venture Capital Co., Ltd. (SinoPac Venture Capital)	Subsidiary of SPH
SinoPac Management Co., Ltd. (SinoPac Management)	Subsidiary of SPH
SinoPac Leasing Corporation (SPL)	Subsidiary of the Bank
SinoPac Life Insurance Agent Co., Ltd. (SPLIA)	Subsidiary of the Bank
SinoPac Property Insurance Agent Co., Ltd. (SPPIA)	Subsidiary of the Bank
SinoPac Card Services Co., Ltd. (SinoPac Card Services)	Subsidiary of SPH
SinoPac Securities Investment Trust Co., Ltd. (SinoPac Securities Investment Trust)	Investee company under the equity method (has been transferred to SPH at the book value during the year ended December 31, 2007)
Far East National Bank (FENB)	Overseas affiliate of the Bank
SinoPac Capital Ltd. (Hong Kong)	Overseas affiliate of the Bank
Grand Capital International Limited (Grand Capital)	Subsidiary of SPL
Fortune Investment Co., Ltd. (Fortune Investment)	Supervisor of SPH (removed in June 2008)
Ruentex Development Co., Ltd. (Ruentex Development)	Affiliate of the director of SPH
Wal Tech International Corporation (Wal Tech International)	Affiliate of SPH
Intellisys Corporation	Subsidiary of Wal Tech International
SinoPac High ROE & Dividend Balanced Fund	Managed by SinoPac Securities Investment Trust
SinoPac Strategy Balanced Fund	Managed by SinoPac Securities Investment Trust
SinoPac Small & Medium Capital Fund	Managed by SinoPac Securities Investment Trust
SinoPac Fund	Managed by SinoPac Securities Investment Trust
BoardTek Electronics Corp. (BoardTek Electronics)	Affiliate of the Bank's director
Yung An Leasing Corporation (Yung An Leasing)	Affiliate of the Bank's director
SinoPac Securities (Asia) Ltd.	Affiliate of SinoPac Securities
TaiGen Biotechnology Company Ltd. (TaiGen Biotechnology)	Affiliate of the Bank's director
SinoPac Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities
SinoPac Asia Ltd.	Affiliate of SinoPac Securities
Rung-Tzung Investment Corp. (Rung-Tzung Investment)	Affiliate of the second-degree of kinship of the director of SinoPac Securities
Chen, Bo Cang	The Bank's director
Liu, Shiou Fong	Manager of SPH
Chen, Yu Chien	The director of SPPIA
Chen Hsu, Yu Rong	The second-degree of kinship of the director of SPPIA
Lin, Hsiao Fen	The director of SinoPac Capital Management Corp.

(Continued)

<u>Name</u>	<u>Relationship with the Bank</u>
Lin Xu, Li Hong	The spouse of SinoPac Securities' director
Guo, Kai Wei	Manager of the Bank
Lyu, Shu Fen	Manager of the Bank
Huang, Yuan Chuan	Manager of the Bank
Ci, Siou Jyuan	Manager of the Bank
Guo, Fong Yuan	Manager of the Bank
Wu, Yi Cing	Manager of the Bank
Hong, Siou Huei	Manager of the Bank
Hong, Wen Jing	Manager of the Bank
Guo, Ling Shan	Manager of the Bank
Yang, Jih Fa	Manager of the Bank
Zhong, Dau Cheng	Manager of the Bank
Jhuo, Shu Lin	Manager of the Bank
Chen, Jih Wen	Manager of the Bank
Ji, Ying Huei	Manager of the Bank
Liao, Jih Ming	Manager of the Bank
Bai, Su Cing	Manager of the Bank
Chu, Wen Chi	Manager of the Bank
Yu, Chun Nan	Manager of the Bank
Lin, Cheng Che	Manager of the Bank
Chien, Wei Liang	Manager of the Bank
Guo, Ling Ling	Manager of the Bank
Lu, Zhong Xiong	Manager of the Bank
Huang, Lien Cheng	Manager of the Bank
Li, Chih Neng	Manager of the Bank
Zhung, Ji Cheng	Manager of the Bank
Luo, Guang Tsai	Manager of the Bank
Others	The Bank's directors, supervisors, managers and their relatives, department chiefs, the investees accounted for by the equity method and their subsidiaries, and the investees of SPH's other subsidiaries, etc.

(Concluded)

b. Significant transactions between the Bank and the related parties

	<u>Ending Balance</u>		<u>% of Total</u>	
	<u>March 31</u>		<u>March 31</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
1) Due from banks				
Due from banks - FENB	\$ 29,784	\$ 126,567	1.18	3.96
2) Financial assets at fair value through profit or loss				
Beneficiary certificates - SinoPac High ROE & Dividend Balanced Fund	41,171	-	0.16	-
Beneficiary certificates - SinoPac Strategy Balanced Fund	34,770	-	0.14	-
Beneficiary certificates - SinoPac Small & Medium Capital Fund	-	103,069	-	0.33
Beneficiary certificates - SinoPac Fund	-	30,510	-	0.10

3) Derivative financial instruments

March 31, 2009					
	Contract (Notional) Amount	Contract Period	Fair Value	Balance Sheet	
				Account	Balance
Currency swap contracts					
SinoPac Capital (H.K.)	\$ 984,901	2009.3.31-2009.4.30	\$ 57	Financial assets at fair value through profit or loss	\$ 57
Grand Capital	544,510	2009.1.12-2009.7.27	40	Financial assets at fair value through profit or loss	40
Interest rate swap contracts					
SinoPac Securities	12,520,000	2006.12.29-2014.3.24	(37,629)	Financial liabilities at fair value through profit or loss	(37,629)
Forward contracts					
Grand Capital	25,202	2008.12.29-2009.5.4	2	Financial assets at fair value through profit or loss	2
Non-delivery forward contract - short position					
FENB	74,109	2008.5.26-2009.6.1	(3,494)	Financial liabilities at fair value through profit or loss	(3,494)
Non-delivery forward contract - Long position					
FENB	67,834	2008.12.5-2009.5.29	(2,792)	Financial liabilities at fair value through profit or loss	(2,792)
March 31, 2008					
	Contract (Notional) Amount	Contract Period	Fair Value	Balance Sheet	
				Account	Balance
Currency swap contracts					
Grand Capital	\$ 374,779	2007.12.5-2008.6.5	\$ 192	Financial assets at fair value through profit or loss	\$ 192
SinoPac Capital (H.K.)	926,183	2008.3.26-2008.4.2	63	Financial assets at fair value through profit or loss	63
Interest rate swap contracts					
SinoPac Securities	8,900,000	2006.9.11-102.3.13	2,049	Financial assets at fair value through profit or loss	2,049
SPL	100,000	2007.7.26-2009.7.27	467	Financial assets at fair value through profit or loss	467
Forward contract					
Grand Capital	14,402	2008.3.14-2009.2.23	11	Financial assets at fair value through profit or loss	11

4) Accounts, interest, other receivables and payables

As of March 31, 2009 and 2008, the Bank's receivables from SinoPac Card Services amounted to \$21,434 and \$50,781, respectively.

As of March 31, 2009 and 2008, other receivables from related parties amounted to \$10,691 and \$9,478, respectively. As of March 31, 2009 and 2008, other payables to related parties amounted to \$12,932 and \$10,612, respectively.

As of March 31, 2009 and 2008, the Bank's receivable from sale of credit card business at book value to SinoPac Card Services amounted to \$2,482,119 and \$3,309,492, respectively. Interest on the aforementioned receivable has been received using the short-term bills secondary market rate for thirty days plus 0.3%. The related interest revenues for the three months ended March 31, 2009 and 2008 were \$6,724 and \$19,924, respectively; interest receivables as of March 31, 2009 and 2008 were \$10,093 and \$13,167, respectively.

As of March 31, 2009 and 2008, the Bank's estimated receivables resulting from the adoption of the linked-tax system amounted to \$1,367,909 and \$1,059,032, respectively.

5) Loans

March 31, 2009					
	March 31, 2009 Balance	Highest Balance	%	Interest/Fee Rates	Interest Revenue
Loans	<u>\$ 2,077,290</u>	<u>\$ 2,583,759</u>	0.34	0.8-7.38	<u>\$ 10,295</u>

March 31, 2009							
Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees consuming loan	26	\$ 9,779	\$ 8,369	V	-	None	Yes
Households mortgages	216	1,268,149	1,183,420	V	-	Real estate	Yes
Others:	BoardTek Electronics Corp. (BoardTek Electronics)	430,687	417,354	V	-	Real estate	Yes
	SinoPac Leasing Corporation (SPL)	410,000	12,000	V	-	Real estate	Yes
	Rung-Tzung Investment Corp. (Rung-Tzung Investment)	246,671	246,671	V	-	Real estate	Yes
	Yung An Leasing Corporation (Yung An Leasing)	198,800	198,800	V	-	Real estate	Yes
	Chu, Wen Chi	5,674	-	V	-	Certificate of deposit	Yes
	Chen Hsu, Yu Rong	5,522	5,375	V	-	Real estate	Yes
	Guo, Kai Wei	3,354	3,354	V	-	Certificate of deposit	Yes
	Guo, Fong Yuan	2,100	-	V	-	Certificate of deposit	Yes
	Chen, Bo Cang	1,900	1,900	V	-	Certificate of deposit	Yes
	Chen, Jih Wen	835	-	V	-	Certificate of deposit	Yes
	Lin Xu, Li Hong	118	-	V	-	Certificate of deposit	Yes
	Zhong, Dau Cheng	50	-	V	-	Certificate of deposit	Yes
	Liu, Shiou Fong	48	47	V	-	Real estate	Yes
	Ji, Ying Huei	47	-	V	-	Certificate of deposit	Yes
	Lin, Hsiao Fen	25	-	V	-	Certificate of deposit	Yes
	Sub-total	<u>1,305,831</u>	<u>885,501</u>				
		<u>\$ 2,583,759</u>	<u>\$ 2,077,290</u>				

March 31, 2008					
	March 31, 2008 Balance	Highest Balance	%	Interest/Fee Rates	Interest Revenue
Loans	<u>\$ 2,254,291</u>	<u>\$ 2,581,291</u>	0.38	2.3-8.45	<u>\$ 17,611</u>

For the Three Months Ended March 31, 2008

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees consuming loan	22	\$ 6,940	\$ 5,551	V	-	None	Yes
Households mortgages	210	1,102,054	1,048,262	V	-	Real estate	Yes
Others:	SPL	579,000	384,000	V	-	Real estate	Yes
	BoardTek Electronics Corp.	394,125	363,188	V	-	Real estate	Yes
	Rung-Tzung Investment Corp.	246,671	246,671	V	-	Real estate	Yes
	Yung An Leasing Corporation	198,800	198,000	V	-	Real estate	Yes
	Fortune Investment	36,000	-	V	-	Real estate	Yes
	Chen Hsu, Yu Rong	6,320	5,847	V	-	Real estate	Yes
	Liao, Jhih Ming	2,794	-	V	-	Certificate of deposit	Yes
	Chu, Wen Chi	2,207	2,207	V	-	Certificate of deposit	Yes
	Liu, Shiou Fong	1,785	565	V	-	Real estate	Yes
	Wu, Yi Ching	1,736	-	V	-	Certificate of deposit	Yes
	Chien, Wei Liang	950	-	V	-	Certificate of deposit	Yes
	Guo, Kai Wei	798	-	V	-	Certificate of deposit	Yes
	Jhuo, Shu Lin	500	-	V	-	Certificate of deposit	Yes
	Lin, Cheng Che	351	-	V	-	Certificate of deposit	Yes
	Guo, Ling Ling	130	-	V	-	Certificate of deposit	Yes
	Yu, Chun Nan	44	-	V	-	Certificate of deposit	Yes
	Bai, Su Cing	38	-	V	-	Certificate of deposit	Yes
	Zhong, Dau Cheng	27	-	V	-	Certificate of deposit	Yes
	Ji, Ying Huei	20	-	V	-	Certificate of deposit	Yes
	Chen, Jhih Wen	1	-	V	-	Certificate of deposit	Yes
	Other	<u>1,472,297</u>	<u>1,200,478</u>				
		<u>\$ 2,581,291</u>	<u>\$ 2,254,291</u>				

6) Guarantees

March 31, 2009

Related Party	The Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
SinoPac Leasing Corporation (SPL)	\$ 330,000	\$ 330,000	\$ -	0.3%	Real estate	
SinoPac Securities Corporation (SinoPac Securities)	2,000	2,000	-	0.3%	Certificate of deposit	
Hong, Wen Jing	400	400	-	1.5%-2.75%	None	Note
Huang, Lien Cheng	290	290	-	1.5%-2.75%	None	Note
Yang, Jhih Fa	180	180	-	1.5%-2.75%	None	Note
Huang, Yuan Chuan	105	105	-	1.5%-2.75%	None	Note
Li, Chih Neng	100	100	-	1.5%-2.75%	None	Note
Lyu, Shu Fen	100	100	-	1.5%-2.75%	None	Note
Lu, Zhong Xiong	90	90	-	1.5%-2.75%	None	Note
Guo, Ling Shan	90	90	-	1.5%-2.75%	None	Note
Hong, Siou Huei	80	80	-	1.5%-2.75%	None	Note
Zhung, Ji Cheng	70	70	-	1.5%-2.75%	None	Note
Ci, Siou Jyuan	70	70	-	1.5%-2.75%	None	Note
Luo, Guang Tsai	60	60	-	1.5%-2.75%	None	Note
Chen, Yu Chien	60	60	-	1.5%-2.75%	None	Note

Note: The listed thirteen guarantees are employees consuming loans.

March 31, 2008

Related Party	The Highest Balance in		Provision	Rates	Type of Collaterals
	Current Period	Ending Balance			
SinoPac Securities	\$ 38,000	\$ 38,000	\$ -	0.30%	Real estate and certificate of deposit
TaiGen Biotechnology Company Ltd.	18,340	18,340	-	0.45%	Certificate of deposit

7) Held-to-maturity investments

The Bank purchased subordinate debenture beneficiary certificates - credit card receivables from SinoPac Card Services. The maturity and fixed interest rate of the beneficiary certificates are February 20, 2009 and 3%, respectively, and the principal was as follows:

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Subordinate debenture beneficiary certificates - credit card receivables	\$ -	\$ 80,000

8) Securities sold under agreements to repurchase

	<u>Face Amount</u>		<u>Cost</u>	
	<u>March 31</u>		<u>March 31</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Others	\$ 449,000	\$ 354,307	\$ 469,282	\$ 391,399

9) Deposits

	Ending Balance	% of Total	Interest Rate	Interest Expense	% of Total
<u>For the three months ended March 31, 2009</u>					
SinoPac Securities	\$ 6,747,940	0.85	0-2.57	\$ 15,423	0.53
SinoPac Futures	3,316,038	0.42	0.1-2	10,920	0.38
SinoPac Venture Capital	1,311,752	0.17	0.03-0.3	1,133	0.04
SinoPac Securities (Asia) Ltd.	1,132,422	0.14	0.0005-1.95	3,215	0.11
SPLIA	728,594	0.09	0.1-0.5	1,286	0.04
Others	6,331,359	0.80	0-4.89	22,426	0.77
<u>For the three months ended March 31, 2008</u>					
SinoPac Securities	1,959,271	0.24	0-2.54	6,096	0.07
SinoPac Securities (Asia) Ltd.	1,308,766	0.14	0-4.60	7,003	0.08
SinoPac Futures	761,597	0.09	0.1-2.56	3,107	0.04
SPLIA	488,020	0.06	0.1-1.94	1,784	0.02
SinoPac Asia Ltd.	359,488	0.04	0.6-4.30	3,420	0.04
Others	5,988,621	0.75	0-13	18,446	0.21

10) Bank debentures

	Ending Balance	% of Total	Interest Expense	% of Total
<u>For the three months ended March 31, 2008</u>				
SinoPac Futures	\$ -	-	\$ 309	-

11) Revenues and expenses

	<u>Amount</u>		<u>% of Total</u>	
	<u>For the Three Months Ended March 31</u>		<u>For the Three Months Ended March 31</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Service fees	\$ 6,200	\$ 12,415	1.24%	1.28%
Service expenses	343	381	0.06%	0.34%
Project popularizing expense	448	498	0.07%	0.07%
Other revenues	2,296	2,382	0.25%	0.08%

12) 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 1 to 15 years, with rentals paid monthly. The related information was summarized as follows:

Lessor	<u>Rental Expenses</u>		Lease Term	Payment Frequency
	<u>For the Three Months Ended March 31</u>			
	<u>2009</u>	<u>2008</u>		
SPL	\$ 27,293	\$ 26,477	February 2020	Rentals paid monthly
Ruentex Development	870	900	September 2010	Rentals paid monthly

b) The Bank as a lessor

Lessee	<u>Rental Income</u>		Lease Term	Payment Frequency
	<u>For the Three Months Ended March 31</u>			
	<u>2009</u>	<u>2008</u>		
SinoPac Card Services	\$ 6,464	\$ 6,464	September 2011	Rentals received monthly
SinoPac Securities	3,667	3,667	November 2011	Rentals received monthly
SinoPac Venture Capital	2,214	-	September 2017	Rentals received monthly
SinoPac Call Center	1,559	569	December 2017	Rentals received monthly
SPL	1,483	1,488	July 2011	Rentals received monthly
Intellisys	703	-	December 2013	
SPLIA	563	563	January 2012	Rentals received monthly
SPPIA	99	99	January 2012	Rentals received monthly
Wal Tech International	15	15	June 2011	Rentals received monthly
SinoPac Investment	2	2	June 2010	Rentals received monthly

13) Professional advisory charges

The Bank had entered into several professional advisory contracts with its investees. The professional advisory charges paid for the three months ended March 31, 2009 and 2008 amounted to \$22,628 and \$20,454, respectively.

Transactions between the Bank and the related parties are at arm's length commercial terms except for the preferential interest rates offered to employees for savings and loans up to prescribed limits.

Under the Banking Law, except for government and consumer loans, credit 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.

27. RESTRICTED ASSETS

As of March 31, 2009 and 2008, pledged or restricted assets of the Bank are summarized as follows:

Restricted Assets	Object	Fair Value		Purposes
		2009	2008	
Due from the Central Bank and other banks	Certificate of deposit with maturities under one year	\$ -	\$ 10,000,000	Intraday overdraft facilities
Financial assets at fair value through profit or loss	Government bonds	-	1,003	GTSM as bond payment settlement reserves for electronic bond trading system
Available-for-sale financial assets	Government bonds	589,194	579,456	Pledged to court as collaterals for filing provisional seizure, GTSM as bond payment settlement reserves for electronic bond trading system
Available-for-sale financial assets	Certificate of deposit	-	5,003,338	Intraday overdraft facilities
Held-to-maturity investments	Government bonds	222,090	193,617	Hong Kong branch's clearing system of real-time gross settlement
Held-to-maturity investments	Certificate of deposit	2,000,000	-	Intraday overdraft facilities
Other financial assets	Guarantee deposits, negotiable certificate of deposits and cash	1,525,341	1,170,271	Futures guarantee deposits, pledge to court as collateral for filing provisional seizure or restricted

28. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

In addition to those disclosed in Note 30, financial instruments, significant contingencies and commitments of the Bank are summarized as follows:

a. Lease contract

The Bank leased 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
April 1 to December 31, 2009	\$ 240,330
2010	282,632
2011	214,871
2012	174,475
2013	87,119

Rentals for the years beyond 2014 amount to \$248,545, the present value of which is about \$232,879 as discounted at the Bank's one-year time deposit rate of 0.82% on March 31, 2009.

b. Equipment purchase contract

The Bank had entered into contracts to buy computer equipment and office equipment for \$163,856, of which \$90,744 had already been paid as of March 31, 2009.

c. Interior decoration contract

The Bank had entered into interior decoration contracts for \$79,560, of which \$36,153 had already been paid as of March 31, 2009.

d. The Securities and Futures Investors Protection Center (SFIPC) was filing a lawsuit against the Bank and SPL's subsidiary, Grand Capital, in the ground that Procomp Informatics Ltd. provided deposit US\$10,000,000 with the Bank's Shisung Branch (formally Sungshan Branch) and limited the usage as a condition for short-term loan to Addie International Limited granted by SPL and for helping Yeh, Sue-Fei and Procomp Informatics Ltd. processing irregular trading and appropriating the aforementioned limited deposit for fictitious sales. Finally the Bank directly took compensation from Procomp Informatics Ltd.'s account, causing Procomp's damage. And the Bank was suspected of misleading investors by providing unreal confirmations for conceal with the limited deposit of the Procomp and window-dressing its financial statements. The SFIPC filed additional lawsuit against the Bank, SPL and all other parties related to Procomp Informatics Ltd. for involving liability \$41.7 hundred millions to pay compensation. The Shihlin District Court rejected the SFIPC's lawsuit against the Bank on March 11, 2008. SFIPC has filed an appeal. The Bank has entered a plea on such charges and the case is under trying in the Taiwan High Court.

e. The SFIPC is believed by investors to be filing a lawsuit against the Bank in the ground that National Aerospace Fasteners Corporation provided an accounts receivable - factoring with the Bank's Tunpei Branch and recorded the substantially loan transaction as an accounts receivable financing activity to window-dress its financial position which the investors made their investing decision based on. The SFIPC files lawsuit against the Bank and all other parties for compensation \$5.7 hundred millions. The Bank has entered a plea on such charges and the case is under trying in the Taipei District Court.

f. The FSC imposed a disciplinary, FSC (6) 09480115211, at December 23, 2005 for restraining the Bank from developing new clients of accounts receivable factoring activities (except for authorized limit of original clients) in the period of January to June 2006, due to believing the Bank accommodated client to increase bank deposit falsely for window dressing the clients' financial reports, and not sufficiently disclosed the restricted deposit for CPA confirmation.

Not willing to accept the aforementioned disciplinary as final, the bank has been appealed to Executive Yuan, but it was rejected, FSC 0950088724, at July 17, 2006. For aforementioned disciplinary and appeal decision, the Bank filed an administrative lawsuit, but the Taipei High Administrative Court determined the Bank lost on July 5, 2007. It was appealed to the court on August 3, 2007.

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

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

	For the Three Months Ended March 31			
	2009		2008	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from the Central Bank and other banks	\$ 21,340,845	0.52	\$ 52,483,564	2.21
Call loans to banks	62,060,009	1.00	65,265,801	3.67
Financial assets at fair value through profit or loss	20,799,068	2.05	19,548,102	2.40
Securities purchased under agreements to resell	1,075,372	0.87	5,824,850	1.91
Available-for-sale financial assets	37,578,747	1.53	133,209,875	2.26
Discounts and loans	621,426,623	2.35	606,240,174	3.57
Accounts receivable - factoring	6,263,630	3.12	12,810,827	4.40
Held-to-maturity investments	107,980,632	1.26	2,565,599	4.85
Other financial assets	404,970	3.03	3,290,313	1.09
<u>Interest-bearing liabilities</u>				
Due to the Central Bank and other banks	21,115,430	1.28	19,490,413	2.62
Call loans	15,743,500	1.27	20,287,441	3.68
Securities sold under agreements to repurchase	6,989,720	0.22	7,461,567	2.04
Demand	114,020,312	0.12	105,328,431	0.81
Savings - demand	165,565,630	0.48	162,223,158	0.59
Time	278,771,010	1.51	276,998,601	2.68
Savings - time	203,434,481	1.81	223,046,152	2.50
Negotiable certificates of deposit	8,291,867	1.23	19,802,915	2.15
Bank debentures	28,078,207	2.55	30,750,589	1.36
Other liabilities - appropriated loan fund	489,624	1.05	461,386	1.00
Bonds payable	5,015,904	-	5,489,349	-

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

	March 31			
	2009		2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Other short-term financial assets	\$ 131,883,736	\$ 131,883,736	\$ 159,752,505	\$ 159,752,505
Financial assets at fair value through profit or loss	25,373,824	25,373,824	31,691,986	31,691,986
Discounts and loans	607,172,095	607,172,095	600,236,836	600,236,836
Available-for-sale financial assets	47,428,687	47,428,687	157,570,086	157,570,086
Held-to-maturity investments	110,342,082	110,204,266	2,295,567	2,269,834
Equity investments-equity method	9,869,860	9,869,860	9,416,908	9,416,908
Unquoted equity instruments	488,507	-	715,707	-
Non-active market debt instruments	259,785	229,132	888,042	866,068
Other financial assets	2,227,867	2,227,867	2,125,968	2,125,968

(Continued)

	March 31			
	2009		2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial liabilities</u>				
Other short-term financial liabilities	\$ 53,986,796	\$ 53,986,796	\$ 61,840,969	\$ 61,840,969
Financial liabilities at fair value through profit or loss	14,169,074	14,169,074	13,461,819	13,461,819
Deposits and remittances	791,132,127	791,132,127	804,313,450	804,313,450
Bank debentures	28,077,618	28,077,618	34,643,551	34,643,551
Bonds payable	4,793,490	4,634,379	5,351,280	5,543,926
Other financial liabilities	793,850	793,850	826,476	826,476
				(Concluded)

b. Methods and assumptions applied in estimating the fair values disclosures for financial instruments are as follows:

- 1) The carrying amounts of cash and cash equivalents, due from the Central Bank and other banks, securities purchased under agreements to resell, receivables, call loans and due to banks, securities sold under agreements to repurchase and payables approximate their fair values because of the short maturities of these instruments.
- 2) For financial instruments at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, bond debentures, bonds payable and hedged derivative financial instruments, fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Bank's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using available indirect data and appropriate valuation methodologies.

Forward contracts' and interest rate swap contracts' fair values are based on estimates using present value techniques. Options' fair value is based on estimates using Black & Scholes model.

Fair value of forward contracts is estimated based on the forward rates provided by Reuters or the Associated Press.

Fair value of structured instruments is provided by the counter parties. All outstanding contracts are based on match basis and market risks will be offset.

Fair value of interest rate swap contracts and cross currency swap contracts are estimated based on the market quotation provided by Reuters.

- 3) Discounts and loans, deposits, remittances and other financial liabilities 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) When unquoted equity instruments which the Bank does not have significant influence over the investees do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost. There are no quoted market prices for equity investments - equity method, thus their carrying amounts represent fair values. And non-active market debt instruments used estimated value as its fair value.
- 5) Fair values of refundable guarantee deposits and guarantee deposits received are estimated at their carrying amounts since such deposits do not have specific due dates.

c. Interest revenue of financial assets and liabilities other than those at fair value through profit or loss amounted to \$4,345,387 and \$7,223,536, for the three months ended March 31, 2009 and 2008, respectively. Interest expense of financial assets and liabilities other than those at fair value through profit or loss amounted to \$2,323,114 and \$4,139,915, for the three months ended March 31, 2009 and 2008, respectively.

d. Financial risk information

1) Market risk

The Bank sets up risk managing indicators according to the characters of the products to achieve the goal of risk management. The Bank evaluates market risk exposure limits approved by the board of directors and informs related units when over the limits timely.

Fair value of financial assets and financial liabilities determined based upon quoted market prices or estimates are summarized as follows:

	<u>Quoted Market Prices</u>		<u>Fair Value Based on Estimates</u>	
	<u>March 31</u>		<u>March 31</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	\$ 19,657,808	\$ 23,158,815	\$ 5,716,016	\$ 8,533,171
Available-for-sale financial assets	47,137,162	156,482,126	291,525	1,087,960
Held-to-maturity investments	110,204,266	2,181,093	-	88,741
Other financial assets - non-active market debt instruments	-	-	229,132	866,068
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss	13,719,667	12,523,425	449,407	938,394

The Bank sets up independent risk management team to control the market risk, and to carry the market risk management policy out, including organization frame, responsibility and management process; also set clear market risk regulation and limited. Each sub-risk management team reviews limits on monitoring and managing risk exposures under the respective supervision and reports to head office management team timely.

Market risk reports which include the monitor of outstanding position limitation of loss and quantitative measures of risk indicators (ex: Position, Delta, Vega, BPV and etc.) are provided to risk management sector to manage risk exposure, risk premium and capital allocation. The indicators are calculated by the valuation models (ex: Black & Scholes Model) provided by transaction systems (ex: Fenics, Kondor Plus, Bloomberg and etc.) The Bank uses the value-at-risk approach and Monte Carlo simulation method to derive quantitative measures for the trading book market risks under normal condition.

The Bank formally documents in writing its intention to apply hedge accounting and follows the requirement of related accounting standards. Risk management sector should assess the effectiveness of the hedge relationship periodically.

2) Credit risk

The Bank is exposed to credit risk in the event of default on contracts by counter-parties. 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 collaterals before drawings are made against the credit facilities. As of March 31, 2009 and 2008, ratios of secured loans to total loans were 67.67% and 66.8%, respectively. Ratio of secured financial guarantees and standby letters of credits were from 28.18% to 29.82%. 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. 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 maximum potential amount of future payments represents the notional amounts that could be lost under the guarantees if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from collaterals held or pledged.

The maximum credit exposure of the financial instruments held by the Bank equaled the book value except which analyzed as follows:

Items	March 31	
	2009	2008
	Maximum Credit Exposure	Maximum Credit Exposure
Off-balance-sheet credit risk		
Financial guarantees and standby letter of credit	\$ 19,125,140	\$ 27,697,438
Undrawn loan commitments	22,061,826	24,360,590

Concentrations of credit risk exist when changes in economic, industrial or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Bank's total credit exposure. The Bank maintains a diversified portfolio, limits its exposure to any one geographic region, country or individual creditor and monitors the exposure on a continuous basis. The Bank's most significant concentrations of credit risk were summarized as follows:

Credit Risk Profile by Counterparty	March 31	
	2009	2008
	Maximum Credit Exposure	Maximum Credit Exposure
Consumer	\$ 351,524,730	\$ 360,039,433
Private sector	237,106,759	218,258,357
Government	<u>25,020,160</u>	<u>28,408,320</u>
	<u>\$ 613,651,649</u>	<u>\$ 606,706,110</u>

Credit Risk Profile by Industry Sector	March 31	
	2009	2008
	Maximum Credit Exposure	Maximum Credit Exposure
Electricity industry	\$ 49,623,410	\$ 40,298,090
Material and supplies	39,398,135	29,486,964
Wholesale trade and retail business	30,894,354	34,464,518
	<u>\$ 119,915,899</u>	<u>\$ 104,249,572</u>

Credit Risk Profile by Region	March 31	
	2009	2008
	Maximum Credit Exposure	Maximum Credit Exposure
Domestic area	\$ 557,330,742	\$ 563,992,301
Asia	29,015,010	15,878,251
North America	14,799,039	15,385,325
	<u>\$ 601,144,791</u>	<u>\$ 595,255,877</u>

3) Liquidity risk

As of March 31, 2009 and 2008, the liquidity reserve ratio was 23.95% and 28.25%, respectively. The Bank has sufficient capital and working capital to execute all the obligation of contract and has no liquidity risk.

The management policy of the Bank is to match in the contractual maturity profile and interest rate of its assets and liabilities. As a result of the uncertainty, the maturities and interest rates of assets and liabilities usually didn't fully match. The gap may result in potential gain or loss.

The Bank applied appropriate way to group assets and liabilities. The maturity analysis of assets and liabilities was as follows:

	March 31, 2009							Total
	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due Between One Year and Seven Years	Due After Seven Years		
Assets								
Cash and cash equivalents	\$ 9,581,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,581,157
Due from the Central Bank and other banks	88,037,766	3,086,447	1,153,178	-	-	-	-	92,277,391
Financial assets at fair value through profit or loss	19,865,778	400,570	4,782,475	205,251	119,750	-	-	25,373,824
Securities purchased under agreements to resell	595,737	-	-	-	-	-	-	595,737
Receivables	14,015,140	12,339,786	824,172	2,370,052	1,581,761	-	-	31,130,911
Discounts and loans	65,466,974	54,051,604	30,953,997	22,908,871	107,795,853	332,305,427	-	613,482,726
Available-for-sale financial assets	11,999,214	2,013,609	150,229	232,503	25,251,699	7,781,433	-	47,428,687
Held-to-maturity investments	89,852,882	14,578,474	3,048,500	332,276	2,184,303	345,647	-	110,342,082
Non-active market debt instruments	13,439	137,992	-	-	101,751	6,603	-	259,785
Hedged derivative financial assets	-	127,083	5,974	19,103	367,973	-	-	520,133
	<u>299,428,087</u>	<u>86,735,565</u>	<u>40,918,525</u>	<u>26,068,056</u>	<u>137,403,090</u>	<u>340,439,110</u>	<u>-</u>	<u>930,992,433</u>

(Continued)

March 31, 2009							
	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due Between One Year and Seven Years	Due After Seven Years	Total
Liabilities							
Call loans and due to banks	\$ 8,401,600	\$ 2,167,533	\$ 4,862,324	\$ 14,360,704	\$ -	\$ -	\$ 29,792,161
Financial liabilities at fair value through profit or loss	9,070,049	236,527	281,034	4,579,534	1,930	-	14,169,074
Securities sold under agreements to repurchase	3,056,316	67,889	-	-	-	-	3,124,205
Payables	10,314,080	7,026,505	981,928	2,544,283	325,233	-	21,192,029
Deposits and remittances	139,192,894	137,276,489	121,746,726	139,383,213	253,532,805	-	791,132,127
Bank debentures	982,402	4,700,000	500,000	9,793,490	12,101,726	-	28,077,618
Bonds payable	-	-	-	-	4,793,490	-	4,793,490
Hedged derivative financial liabilities	-	-	-	31,920	-	-	31,920
	<u>171,017,341</u>	<u>151,474,943</u>	<u>128,372,012</u>	<u>170,693,144</u>	<u>270,755,184</u>	<u>-</u>	<u>892,312,624</u>
Net liquidity gap	<u>\$ 128,410,746</u>	<u>\$ (64,739,378)</u>	<u>\$ (87,453,487)</u>	<u>\$ (144,625,088)</u>	<u>\$ (133,352,094)</u>	<u>\$ 340,439,110</u>	<u>\$ 38,679,809</u>

(Concluded)

March 31, 2008							
	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due Between One Year and Seven Years	Due After Seven Years	Total
Assets							
Cash and cash equivalents	\$ 10,697,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,697,638
Due from the Central Bank and other banks	99,343,905	7,418,478	912,150	-	-	-	107,674,533
Financial assets at fair value through profit or loss	23,959,507	377,090	6,509,948	632,695	212,746	-	31,691,986
Securities purchased under agreements to resell	5,041,177	2,257,000	464,000	-	-	-	7,762,177
Receivables	12,923,430	11,630,023	3,328,755	1,780,375	5,310,072	-	34,972,655
Discounts and loans	52,413,134	49,332,821	47,122,012	26,889,481	102,423,324	328,229,092	606,409,864
Available-for-sale financial assets	76,698,385	20,498,910	28,823,168	27,509,821	3,598,492	441,310	157,570,086
Held-to-maturity investments	223,515	152,025	334,178	123,509	1,059,594	402,746	2,295,567
Non-active market debt instruments	33,734	-	-	-	382,512	471,796	888,042
Hedged derivative financial assets	-	-	18,306	69,402	406,663	-	494,371
	<u>281,334,425</u>	<u>91,666,347</u>	<u>87,512,517</u>	<u>57,005,283</u>	<u>113,393,403</u>	<u>329,544,944</u>	<u>960,456,919</u>
Liabilities							
Call loans and due to banks	7,433,422	6,190,068	6,349,152	14,362,634	-	-	34,335,276
Financial liabilities at fair value through profit or loss	6,481,315	254,482	331,294	6,392,921	1,807	-	13,461,819
Securities sold under agreements to repurchase	7,574,556	884,113	6,078	-	-	-	8,464,747
Payables	7,972,506	5,601,629	2,724,741	2,174,036	820,591	-	19,293,503
Deposits and remittances	147,885,097	102,495,518	121,977,705	191,589,931	240,365,199	-	804,313,450
Bank debentures	443,551	-	2,100,000	7,400,000	24,700,000	-	34,643,551
Bonds payable	-	-	-	-	5,351,280	-	5,351,280
Hedged derivative financial liabilities	-	-	27,749	10,235	15,869	-	53,853
	<u>177,790,447</u>	<u>115,425,810</u>	<u>133,516,719</u>	<u>221,929,757</u>	<u>271,254,746</u>	<u>-</u>	<u>919,917,479</u>
Net liquidity gap	<u>\$ 103,543,978</u>	<u>\$ (23,759,463)</u>	<u>\$ (46,004,202)</u>	<u>\$ (164,924,474)</u>	<u>\$ (157,861,343)</u>	<u>\$ 329,544,944</u>	<u>\$ 40,539,440</u>

4) Cash flow risk and fair value risk arising from interest rate fluctuations

Interest rate risk is the risk to earnings and value of financial instruments caused by fluctuations in interest risk. The risk is considered to be material to the Bank, and the Bank enters into interest rate swap contracts to manage the risk.

e. Fair value hedge

The Bank enters into interest rate swap contracts and cross currency swap contracts to hedge the risk of the interest rate fluctuation of the bank debentures and a part of fixed rate loans.

Hedged Items	Hedging Instruments	March 31			
		2009		2008	
		Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	\$ 7,100,000	\$ 208,005	\$ 10,200,000	\$ 60,671
	Cross currency swap	9,000,000	274,398	14,300,000	382,880
Fixed rate loans	Interest rate swap	374,984	(9,906)	350,210	(3,033)

f. Cash flow hedge

The Bank enters into interest rate swap contracts to hedge the risk of the interest rate fluctuation of the bank debentures.

Hedged Items	Hedging Instruments	March 31			
		2009		2008	
		Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	\$ 3,600,000	\$ 15,716	\$ -	\$ -

31. MARKET RISK CONTROL AND HEDGE STRATEGY

The Bank documents the risk management policies, including overall operating strategies and risks control philosophy. The Bank's overall risk management policies are to minimize the possibility of potential unfavorable factors. The board of directors approves the documentation of overall risk management policies and specific risk management policies; including exchange rate risk, interest rate risk, credit risk, derivative instruments transactions and managements. The board of directors reviews the policies regularly, and reviews the operation to make sure the Bank's policies are executed properly.

32. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Statement of capital adequacy

Capital Adequacy

			December 31, 2008	
			Standalone	Consolidation
Eligible capital	Tier 1 capital		\$ 51,981,518	\$ 56,276,474
	Tier 2 capital		8,855,268	15,078,068
	Tier 3 capital		-	-
	Eligible capital		60,836,786	71,354,542
Risk-weighted assets	Credit risk	Standardized approach	528,034,082	587,026,066
		Internal rating - based approach	N/A	N/A
		Securitization	883,186	2,000,091
	Operational risk	Basic indicator approach	34,925,638	40,223,938
		Standardized approach/Alternative standardized approach	N/A	N/A
		Advanced measurement approach	N/A	N/A
	Market risk	Standardized approach	18,780,898	20,261,254
		Internal models approach	N/A	N/A
	Total risk-weighted assets		582,623,804	649,511,349
	Capital adequacy rate			10.44%
Tier 1 risk - based capital ratio			8.92%	8.67%
Tier 2 risk - based capital ratio			1.52%	2.32%
Tier 3 risk - based capital ratio			-	-
Ratios of common stockholders' equity to total assets			4.60%	4.28%

			December 31, 2007	
			Standalone	Consolidation
Eligible capital	Tier 1 capital		\$ 54,687,753	\$ 58,017,419
	Tier 2 capital		2,666,728	7,718,735
	Tier 3 capital		-	-
	Eligible capital		57,354,481	65,736,154
Risk-weighted assets	Credit risk	Standardized approach	518,024,974	569,717,164
		Internal rating - based approach	N/A	N/A
		Securitization	812,215	2,006,805
	Operational risk	Basic indicator approach	38,097,163	43,264,363
		Standardized approach/Alternative standardized approach	N/A	N/A
		Advanced measurement approach	N/A	N/A
	Market risk	Standardized approach	33,003,009	34,877,838
		Internal models approach	N/A	N/A
	Total risk-weighted assets		589,937,361	649,866,170
	Capital adequacy rate			9.72%
Tier 1 risk - based capital ratio			9.27%	8.93%
Tier 2 risk - based capital ratio			0.45%	1.19%
Tier 3 risk - based capital ratio			-	-
Ratios of common stockholders' equity to total assets			4.69%	4.38%

Note 1: These tables were filled according to "Regulations Governing the Capital Adequacy Ratio of Banks" and related calculation tables.

Note 2: The bank shall disclose the capital adequacy ratio for the current and previous period in annual financial reports. For semiannual financial report, the Bank shall disclose the capital adequacy ratio for the current period, previous period, and previous year end.

Note 3: The formula:

- 1) Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
- 2) Total risk - weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5.
- 3) Ratio of capital adequacy = Eligible capital/Total risk - weighted assets.
- 4) Tier 1 risk - based capital ratio = Tier 1 capital/Total risk - weighted assets.
- 5) Tier 2 risk - based capital ratio = Tier 2 capital/Total risk - weighted assets.
- 6) Tier 3 risk - based capital ratio = Tier 3 capital/Total risk - weighted assets.
- 7) Ratios of common stockholders' equity to total assets = Common stock/Total assets.

b. Asset quality

The overdue loans and receivables information please refer to Table 6-2.

c. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (In New Taiwan Dollars)
March 31, 2009

(In Thousands of New Taiwan Dollars)

	Total	The Amount of Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	\$ 854,623,829	\$ 226,694,116	\$ 87,106,385	\$ 43,926,029	\$ 34,165,060	\$ 462,732,239
Main capital outflow on maturity	859,536,885	140,523,121	151,199,457	101,434,226	156,542,682	309,837,399
Gap	(4,913,056)	86,170,995	(64,093,072)	(57,508,197)	(122,377,622)	152,894,840

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

Maturity Analysis of Assets and Liabilities (In U.S. Dollars)
March 31, 2009

(In Thousands of U.S. Dollars)

	Total	The Amount of Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	\$ 7,133,037	\$ 3,375,609	\$ 2,038,314	\$ 716,592	\$ 337,519	\$ 665,003
Main capital outflow on maturity	7,273,819	3,464,499	1,711,990	932,418	433,860	731,052
Gap	(140,782)	(88,890)	326,324	(215,826)	(96,341)	(66,049)

Note 1: The above amounts are book value held by the onshore branches and offshore banking unit of the Bank in U.S. dollars, without off-balance amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

Note 2: If the overseas assets amount to at least 10% of the total assets, there should be additional disclosures.

Maturity Analysis of Assets and Liabilities (In New Taiwan Dollars)
March 31, 2008

(In Thousands of New Taiwan Dollars)

	Total	The Amount of Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	\$ 958,108,937	\$ 224,642,629	\$ 96,350,041	\$ 109,859,696	\$ 89,664,407	\$ 437,592,164
Main capital outflow on maturity	971,150,040	145,709,473	125,275,122	137,875,659	240,649,835	321,639,951
Gap	(13,041,103)	78,933,156	(28,925,081)	(28,015,963)	(150,985,428)	115,952,213

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

Maturity Analysis of Assets and Liabilities (In U.S. Dollars)
March 31, 2008

(In Thousands of U.S. Dollars)

	Total	The Amount of Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	\$ 9,675,828	\$ 3,125,491	\$ 2,392,907	\$ 2,112,499	\$ 1,436,215	\$ 608,716
Main capital outflow on maturity	9,914,940	3,843,560	1,878,908	1,544,653	1,454,785	1,193,034
Gap	(239,112)	(718,069)	513,999	567,846	(18,570)	(584,318)

Note 1: The above amounts are book value held by the onshore branches and offshore banking unit of the Bank in U.S. dollars, without off-balance amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

Note 2: If the overseas assets amount to at least 10% of the total assets, there should be additional disclosures.

d. Profitability

(%)

Items		For the Three Months Ended March 31, 2009	For the Three Months Ended March 31, 2008
Return on total assets	Before income tax	0.03	(0.35)
	After income tax	0.04	(0.26)
Return on net worth	Before income tax	0.54	(5.85)
	After income tax	0.68	(4.26)
Profit margin		12.70	(634.20)

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

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

Note 3: Profit margin = Income after income tax/Total net revenues

Note 4: Income before (after) income tax represents income for the three months ended March 31, 2009 and 2008.

e. Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)
March 31, 2009

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-rate sensitive assets	\$ 581,251,512	\$ 23,220,426	\$ 34,993,444	\$ 60,075,747	\$ 699,541,129
Interest-rate sensitive liabilities	260,587,240	296,494,902	107,989,253	10,761,918	675,833,313
Interest-rate sensitive gap	320,664,272	(273,274,476)	(72,995,809)	49,313,829	23,707,816
Net worth					56,764,161
Ratio of interest-rate sensitive assets to liabilities					103.51%
Ratio of interest-rate sensitive gap to net worth					41.77%

Interest Rate Sensitivity (New Taiwan Dollars)
March 31, 2008

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-rate sensitive assets	\$ 425,393,430	\$ 119,470,071	\$ 127,961,782	\$ 62,937,831	\$ 735,763,114
Interest-rate sensitive liabilities	354,429,941	276,149,325	90,642,920	8,547,886	729,770,072
Interest-rate-sensitive gap	70,963,489	(156,679,254)	37,318,862	54,389,945	5,993,042
Net worth					61,017,628
Ratio of interest-rate sensitive assets to liabilities					100.82%
Ratio of interest-rate sensitive gap to net worth					9.82%

Note 1: The above amounts include only New Taiwan dollar amounts held by the onshore branches of the Bank (i.e. exclude foreign currency). In compliance with Central Bank's supervision policies, the above data is prepared for off-site monitoring by 15th of next month.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities affected by interest-rate changes.

Note 3: Interest-rate sensitive gap = Interest-rate sensitive assets – Interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity (USD)
March 31, 2009

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-rate sensitive assets	\$ 4,301,808	\$ 207,454	\$ 71,615	\$ 423,068	\$ 5,003,945
Interest-rate sensitive liabilities	2,075,326	2,023,963	217,631	130	4,317,050
Interest-rate-sensitive gap	2,226,482	(1,816,509)	(146,016)	422,938	686,895
Net worth					40,129
Ratio of interest-rate sensitive assets to liabilities					115.91%
Ratio of interest-rate sensitive gap to net worth					1,711.72%

Interest Rate Sensitivity (USD)
March 31, 2008

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-rate sensitive assets	\$ 3,536,196	\$ 677,552	\$ 167,737	\$ 714,474	\$ 5,095,959
Interest-rate sensitive liabilities	2,455,552	1,895,469	198,984	269,283	4,819,288
Interest-rate-sensitive gap	1,080,644	(1,217,917)	(31,247)	445,191	276,671
Net worth					15,757
Ratio of interest-rate sensitive assets to liabilities					105.74%
Ratio of interest-rate sensitive gap to net worth					1,755.86%

Note 1: The above amounts include only USD amounts held by the onshore branches, OBU and offshore branches of the Bank, and exclude contingent assets and contingent liabilities. In compliance with Central Bank's supervision policies, the above data is prepared for off-site monitoring by 15th of next month.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities affected by interest-rate changes.

Note 3: Interest-rate sensitive gap = Interest-rate sensitive assets – Interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (in U.S. dollars)

f. Concentration of credit extensions

March 31, 2009

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%) (Note 4)
1	Formosa Plastics Group	\$10,100,629	17.90%
2	CHI MEI Optoelectronics	6,603,836	11.70%
3	Hung Tai Construction	5,287,000	9.37%
4	China Metal Products Group	5,238,548	9.28%
5	China Airlines	4,755,500	8.43%
6	Dell Inc.	4,578,795	8.11%
7	AU Optronics Group	4,319,130	7.65%
8	Far East Group	4,299,031	7.62%
9	Quanta Group	3,594,513	6.37%
10	HON HAI Precision Group	3,425,717	6.07%

March 31, 2008

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%) (Note 4)
1	Qisda Group	\$6,359,561	10.50%
2	Dell Inc.	5,432,678	8.97%
3	Formosa Plastics Group	5,336,057	8.81%
4	Far East Group	5,246,430	8.66%
5	Hung Tai Construction	5,150,000	8.50%
6	China Metal Products Group	5,073,267	8.37%
7	China Airlines	4,802,500	7.93%
8	Chinatrust Group	3,985,725	6.58%
9	HON HAI Precision Group	3,312,621	5.47%
10	CHI MEI Optoelectronics	3,046,937	5.03%

Note 1: Ranking top ten groups (excluded the government or state - owned utilities) accounting to total credit consists of loans.

Note 2: Groups were regulated in the Banking Law Article 33-3.

Note 3: Total credit consists of loans were totalized each credit (included import bill negotiated, export bill negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and nonperforming loans), exchange bills negotiated, accounts receivable - without recourse factoring, acceptances receivable, and grantees issued.

Note 4: Net worth of previous year end.

33. INFORMATION REGARDING THE TRUST BUSINESS UNDER THE TRUST LAW

a. Balance sheets and trust properties of trust accounts

These statements were managed by the Bank's Trust Department. However, these items were not included in the Bank's financial statements.

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

	March 31					
	2009			2008		
	Other Trust Business	Financial Assets and Real Estate Trust Plan	Total	Other Trust Business	Financial Assets and Real Estate Trust Plan	Total
<u>Trust assets</u>						
Bank deposits	\$ 5,809,062	\$ 7,014,682	\$ 12,823,744	\$ 3,228,288	\$ 590,757	\$ 3,819,045
Bonds	20,798,321	3,076,526	23,874,847	39,463,961	9,358,083	48,822,044
Stocks	9,539,628	-	9,539,628	2,944,377	-	2,944,377
Funds	91,636,061	-	91,636,061	101,651,797	-	101,651,797
Receivables	1,837	18,714	20,551	12,473	22,580	35,053
Prepayments	4	18,373	18,377	11	10,141	10,152
Real estate						
Land	6,329,315	3,538,574	9,867,889	6,473,190	3,538,574	10,011,764
Buildings	361,712	1,364,856	1,726,568	24,110	1,364,856	1,388,966
Construction in process	3,685,201	-	3,685,201	2,979,022	-	2,979,022
Securities under custody	168,763,371	-	168,763,371	208,638,276	-	208,638,276
Other assets	-	76,446	76,446	-	85,053	85,053
Total trust assets	<u>\$ 306,924,512</u>	<u>\$ 15,108,171</u>	<u>\$ 322,032,683</u>	<u>\$ 365,415,505</u>	<u>\$ 14,970,044</u>	<u>\$ 380,385,549</u>
<u>Trust liabilities</u>						
Payables	\$ 133	\$ 17,654	\$ 17,787	\$ 493	\$ 18,148	\$ 18,641
Advance receipts	-	16,337	16,337	-	15,707	15,707
Other liabilities	-	20,171	20,171	-	27,008	27,008
Payable on securities under custody	168,763,371	-	168,763,371	208,638,276	-	208,638,276
Trust capital	136,447,080	13,948,904	150,395,984	154,830,389	14,027,468	168,857,857
Reserves and cumulative earnings						
Reserves	-	71,184	71,184	-	71,184	71,184
Net income	(190,290)	73,904	(116,386)	214,481	36,104	250,585
Cumulative earnings	1,940,252	496,587	2,436,839	1,765,466	310,995	2,076,461
Deferred amount	(36,034)	-	(36,034)	(33,600)	-	(33,600)
Unrealized revaluation increment on land	-	463,430	463,430	-	463,430	463,430
Total trust liabilities	<u>\$ 306,924,512</u>	<u>\$ 15,108,171</u>	<u>\$ 322,032,683</u>	<u>\$ 365,415,505</u>	<u>\$ 14,970,044</u>	<u>\$ 380,385,549</u>

Trust Properties of Trust Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	March 31			
	2009		2008	
	Book Value	Note	Book Value	Note
Bonds	\$ 20,798,321		\$ 39,463,961	
Stocks	9,539,628		2,944,377	
Funds	91,636,061		101,651,797	
Asset pool of financial asset securitization	3,076,526		9,358,083	
Asset pool of real estate securitization	4,903,430		4,903,430	
Real estate				
Land	6,329,315		6,473,190	
Buildings	361,712		24,110	
Construction in process	3,685,201		2,979,022	
Securities under custody	<u>168,763,371</u>		<u>208,638,276</u>	
Total	<u>\$ 309,093,565</u>		<u>\$ 376,436,246</u>	

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

34. CROSS SELLING INFORMATION

For the three months ended March 31, 2008, the Bank charged SinoPac Securities for \$1,556, as marketing and opening accounts and paid SinoPac Securities \$32, as commission of promoting real estate loan financing under cross selling business.

In February 2003, the Bank had contracts with SPLIA and SPPIA, respectively, for cross selling business. The contracts refer to the rules of promoting cross selling business and how to allocate the related expenses to sites, personnel, and equipments and how to calculate the related compensation. For the three months ended March 31, 2008, the Bank charged SPPIA for \$1,631, as incentive rewards under cross selling business.

35. ADDITIONAL DISCLOSURES

- a. and b. 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) Acquired and disposed of investee investment at cost or prices of at least NT\$300 million or 10% of the issued capital: None;
 - 6) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the issued capital: None;
 - 7) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None;
 - 8) Financial asset securitization: None;
 - 9) Allowance for service fees to related-parties amounting to at least NT\$5 million: None;
 - 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital: Table 4;
 - 11) Sale of nonperforming loans: None;
 - 12) The information of investees: Non applicable;
 - 13) Other significant transactions which may affect the decisions of users of financial reports: Table 5 and 6;

- 14) Derivative financial transactions: Except the disclosure in other footnotes, the derivative financial instruments of the Bank are disclosed in Notes 6 and 30, and the derivative financial instrument 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 financial instrument 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 March 31, 2009 and 2008, the contract amounts (or notional amounts), credit risks and fair values of outstanding contracts were as follows:

Financial Instruments	March 31, 2009		
	Contract (Notional) Amount	Credit Risk	Fair Value
For the purpose of accommodating customers’ needs or managing FENB’s exposures:			
Forward contract contracts - short position	\$ 6,783	\$ 204	\$ 6,668
Non-deliverable forward contracts			
Long position	67,834	320	70,584
Short position	74,109	350	70,559

Financial Instruments	March 31, 2008		
	Contract (Notional) Amount	Credit Risk	Fair Value
For the purpose of accommodating customers’ needs or managing FENB’s exposures:			
Non-deliverable forward contracts			
Long position	\$ 178,331	\$ 7,195	\$ 178,097
Short position	177,869	7,176	(177,583)

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.

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

BANK SINOPAC AND INVESTEES

**FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(In Thousands of New Taiwan Dollars)**

No.	Financing Name	Counter-party	Financial Statement Account	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	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 Leasing Corporation	Wal-Tech International Corporation	Other receivable - related parties	\$ 86,800	\$ 80,300	2.1%-3.488%	Short-term financial	\$ -	Operating use	\$ -	-	\$ -	\$ 89,800 (Note 1)	\$1,034,745 (Note 2)

Note 1: According to the Operational Procedures for Making Loans to Others, the financing limit for the borrowing company is 30% of the reviewed net asset value NT\$2,586,862 (in thousand) of SinoPac Leasing Corporation as of March 31, 2009. The maximum amount approved by the board of directors is NT\$89,800 (in thousand) for Wal-Tech International Corporation in May 2008.

Note 2: According to the Operational Procedures for Making Loans to Others, the financing company's financing amount limits are 40% of the reviewed net asset value NT\$2,586,862 (in thousand) of SinoPac Leasing Corporation as of March 31, 2009.

BANK SINOPAC AND INVESTEES

**ENDORSEMENT/GUARANTEE PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2009
(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 3)	\$6,678,257	\$6,101,668	\$ -	235.87%	\$12,934,312 (Note 5)

Note 1: Foreign-currency amounts were translated to New Taiwan dollars at the closing exchange rate as of March 31, 2009.

Note 2: The audited net asset value of SinoPac Leasing Corporation as of March 31, 2009 is NT\$2,586,862 (in thousand).

Note 3: The limit on individual endorsement or guarantee amounts is up to 200% of the net asset value of the Corporation. As of March 31, 2009, the limit was NT\$5,173,725 (in thousand) (Note 6). But no limit applied on subsidiaries which was owned over 50% by the Corporation.

Note 4: The net asset value of SinoPac Leasing Corporation was based on its reviewed financial statements as of March 31, 2009.

Note 5: The maximum amount of endorsement or guarantee amounts is up to 500% of the net asset value of the Corporation. As of March 31, 2009, the limit was NT\$12,934,312 (in thousands) (Note 6). But no limit applied on subsidiaries which was owned over 50% by the Corporation.

Note 6: According to the operational procedures for endorsement and guarantee to others, the net asset value of SinoPac Leasing Corporation was based on its reviewed financial statements as of March 31, 2009.

BANK SINOPAC AND INVESTEEES

MARKETABLE SECURITIES HELD

MARCH 31, 2009

(In Thousands of New Taiwan Dollars)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	March 31, 2009				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	Equity investments - equity method	180	\$ 6,695,517	100.00%	\$ 6,695,517	Note 4
Far East Capital Corporation	<u>Stock (common stock)</u> PCRS Capital Partners, LLC	-	Unquoted equity investments	-	1,167	4.00%	1,167	Note 5
	Vivaro Warrants	-	Unquoted equity investments	112	38	-	38	Note 5
	Metropolis Digital	-	Unquoted equity investments	1,257	-	8.00%	-	Note 5
	TVIA, Inc.	-	Unquoted equity investments	-	0.01	-	0.01	Note 5
	<u>Stock (preferred stock)</u> AgraQuest, Inc.	-	Unquoted equity investments	100	914	0.80%	914	Note 5
	Zone Reactor, Inc. (Lumexis)	-	Unquoted equity investments	23	34	1.50%	34	Note 5
SinoPac Leasing Corporation	<u>Stock</u> Grand Capital International Limited	Subsidiary	Equity investments - equity method	29,900	934,438	100.00%	934,438	Note 4
SinoPac Capital Limited (H.K.)	<u>Stock</u> SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Equity investments - equity method	4,450	36,305	100.00%	52,083	Note 4
	SinoPac Insurance Brokers Ltd.	Subsidiary	Equity investments - equity method	100	1,313	100.00%	128,991	Note 4
	Bio-Dynamic	-	Trading financial assets - current	3,217	2,872	0.5684%	2,872	Note 2
	<u>Fund</u> China Enterprise Capital	-	Unquoted equity investments	0.02	33,932	-	33,932	Note 5
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u> Pinnacle Investment Management Ltd.	Subsidiary	Equity investments - equity method	200	6,783	100.00%	11,429	Note 4
	RSP Information Service Company Limited	Subsidiary	Equity investments - equity method	1,000	4,348	100.00%	4,523	Note 4
SinoPac Property Insurance Agent Co., Ltd.	<u>Bond</u> Government bond 88-3	-	Guarantee deposits	600	641	-	789	Pledge
SinoPac Life Insurance Agent Co., Ltd.	<u>Bond</u> Government bond 88-3	-	Guarantee deposits	600	641	-	789	Pledge

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 GreTai Securities Market stocks were determined by closing prices at March 31, 2009.

Note 3: Net asset values were based on the investees' unaudited or unreviewed financial statements for 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 based on closing prices or net value of funds at March 31, 2009.

BANK SINOPAC AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL

MARCH 31, 2009

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Bank SinoPac	SinoPac Card Services Co., Ltd.	Subsidiary of SinoPac Financial Holdings Company Limited	\$ 2,493,876	-	\$ -	-	\$ -	\$ -
Bank SinoPac	SinoPac Financial Holdings Company Limited	The parent company of the Bank	1,367,909	-	-	-	-	-

Note: Included mostly receivables resulting from the adoption of the linked-tax system and receivable from related parties.

TABLE 5-1**BANK SINOPAC****FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS****MARCH 31, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	March 31	
	2009	2008
<u>Held for trading financial assets</u>		
Interest rate swap	\$ 9,292,759	\$ 2,934,075
Government bonds	3,700,197	296,229
Forward contracts	3,589,187	6,127,930
Corporate bonds	2,795,902	3,662,679
Bank debentures	1,935,126	3,347,623
Premium paid on option contracts	884,999	3,566,061
Beneficiary certificates	758,400	1,355,382
Convertible bonds	472,825	2,383,412
Listed stock	237,633	360,764
Equity-linked swap contracts	132,326	146,620
Currency swap contracts	84,697	411,978
Collateralized debt obligations	32,400	181,756
Credit default swap	16,456	72,337
Cross-currency swap contracts	3,305	80,796
Futures	2,275	-
Negotiable certificates of deposit	-	3,998,885
Structured investment vehicles (Note)	-	256,836
Mortgage backed securities	-	8,187
	<u>23,938,487</u>	<u>29,191,550</u>
<u>Financial assets designated at fair value through profit or loss</u>		
Corporate bonds	1,089,044	1,959,700
Credit linked notes	346,293	526,446
Convertible bonds	-	14,290
	<u>1,435,337</u>	<u>2,500,436</u>
Total of Financial assets at fair value through profit or loss	<u>\$ 25,373,824</u>	<u>\$ 31,691,986</u>
<u>Held for trading financial liabilities</u>		
Interest rate swap	\$ 9,289,586	\$ 3,072,115
Forward contracts	3,321,963	5,571,335
Premium received from option contract	713,940	3,112,576
Securities purchased under agreement to resell-short sales	546,128	993,349
Equity-linked swap contract	132,326	146,620
Credit default swap	92,124	76,801
Currency swap contracts	66,905	435,544
Futures	6,102	399
Cross-currency swap contracts	-	53,080
	<u>\$ 14,169,074</u>	<u>\$ 13,461,819</u>

(Continued)

Note: During the year ended December 31, 2008, structured investment vehicles amounted to \$5,096,541 with full valuation allowance are derecognized from the balance sheet according to the resolution of the boards of directors of the Bank on September 19, 2008.

(Concluded)

TABLE 5-2**BANK SINOPAC**
THE CONTRACT AMOUNTS OF OUTSTANDING DERIVATIVE TRANSACTIONS
MARCH 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	March 31	
	2009	2008
Currency swap contracts	\$ 244,998,503	\$ 363,045,829
Interest rate swap contracts	707,533,487	579,438,505
Options		
Long position	33,025,605	74,544,065
Short position	36,053,270	82,873,610
Forward contracts		
Long position	7,083,084	19,876,900
Short position	3,515,627	4,698,558
Non-deliverable forward contracts		
Long position	80,017,484	107,972,082
Short position	77,578,693	108,892,094
Cross-currency swap contracts	1,426,950	13,443,190
Assets swap contracts	2,650,994	2,983,899
Credit default swap contracts	1,100,000	1,556,075
Equity-linked swap contracts	1,134,863	2,005,045
Futures		
Interest rate futures long position	445,864	-
Interest rate futures short position	837,750	4,560,750
Credit linked swap contracts	4,100,000	5,400,000

TABLE 5-3**BANK SINOPAC****AVAILABLE-FOR-SALE FINANCIAL ASSETS****MARCH 31, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	March 31	
	2009	2008
Government bonds	\$ 32,070,125	\$ 2,215,736
Commercial papers	10,298,193	8,437,624
Treasury bills	1,958,028	-
Collateralized debt obligations	1,059,984	1,087,961
Bank debentures	978,722	1,506,516
Government sectors bonds	915,910	-
Negotiable certificates of deposit	845,618	141,358,299
Listed stock	70,566	1,871,447
Corporate bonds	-	<u>1,092,503</u>
	<u>48,197,146</u>	<u>157,570,086</u>
Less - accumulated impairment	<u>768,459</u>	<u>-</u>
	<u>\$ 47,428,687</u>	<u>\$ 157,570,086</u>

TABLE 5-4**BANK SINOPAC****HELD-TO-MATURITY INVESTMENTS****MARCH 31, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	March 31	
	2009	2008
Negotiable certificates of deposit	\$ 107,923,833	\$ 152,025
Corporate bonds	840,084	-
Bank debentures	593,514	431,701
GSE debentures	395,264	485,511
Government bonds	380,975	449,056
Floating rate notes	259,288	688,533
SinoPac Card Services Co., Ltd. subordinated beneficiary certificates	-	80,000
Structured investment vehicles (Note)	-	456,075
	<u>110,392,958</u>	<u>2,742,901</u>
Less - accumulated impairment	<u>50,876</u>	<u>447,334</u>
	<u>\$ 110,342,082</u>	<u>\$ 2,295,567</u>

Note: During the year ended December 31, 2008, structured investment vehicles amounted to \$481,950 with full accumulated impairment are derecognized from the balance sheet according to the resolution of the board of directors of the Bank on September 19, 2008.

TABLE 5-5**BANK SINOPAC****OTHER FINANCIAL ASSETS
MARCH 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	March 31	
	2009	2008
Unquoted equity instruments		
Unlisted equity investments	\$ 488,507	\$ 715,707
Non-active market debt instruments		
Structured investment vehicles (Note)	339,170	3,466,170
Collateralized debt obligations	239,743	213,587
Floating rate notes	53,758	48,192
Mortgage backed securities	6,603	108,538
Bank debentures	-	152,025
	<u>639,274</u>	<u>3,988,512</u>
Less - accumulated impairment	<u>379,489</u>	<u>3,100,470</u>
	<u>259,785</u>	<u>888,042</u>
Others		
Guarantee deposits	1,525,341	1,170,271
Hedged derivative financial instruments	520,133	494,371
Excess margin	91,539	317,000
Short-term advancement	90,186	135,823
Bills purchased	668	310
Nonperforming receivables transferred from other than loans, net	-	8,193
	<u>2,227,867</u>	<u>2,125,968</u>
	<u>\$ 2,976,159</u>	<u>\$ 3,729,717</u>

Note: During the year ended December 31, 2008, structured investment vehicles amounted to \$3,680,690, of which \$3,341,520 with full accumulated impairment are derecognized from the balance sheet according to the resolution of the board of directors of the Bank on September 19, 2008.

TABLE 5-6**BANK SINOPAC****BANK DEBENTURES
MARCH 31, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	March 31		Maturity Date	Terms
	2009	2008		
Fifth dominant bank debentures issued in 2003	\$ 1,025,328	\$ 1,019,219	2003.08.11-2010.08.11 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fourteenth dominant bank debentures issued in 2003	2,225,507	2,261,397	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	2004.03.18-2009.12.18 Principal is repayable on maturity date.	Fixed interest rate of 2.3%. Interest is paid semiannually.
First dominant bank debentures issued in 2004	511,428	522,850	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	306,255	305,129	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	527,654	514,497	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	201,429	198,817	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	304,771	312,634	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	507,268	518,380	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	201,429	198,864	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	529,849	548,396	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	302,644	300,037	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	527,820	527,703	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	207,967	207,837	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	534,270	530,618	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.
Thirteenth dominant bank debentures issued in 2004	305,974	313,983	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	526,807	532,910	2004.07.09-2010.07.09 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.

(Continued)

	<u>March 31</u>		<u>Maturity Date</u>	<u>Terms</u>
	<u>2009</u>	<u>2008</u>		
Fifteenth dominant bank debentures issued in 2004	\$ 552,928	\$ 550,612	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 (A)	500,000	500,000	2004.09.14-2009.09.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
First subordinated bank debentures issued in 2004 (B)	600,000	600,000	2004.09.14-2009.12.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
First subordinated bank debentures issued in 2004 (C)	427,665	426,911	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	500,000	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Index rate plus 0.50%. Interest rate is reset semiannually since the issuance date. Interest is paid semiannually.
First subordinated bank debentures issued in 2005	3,000,000	3,000,000	2005.12.13-2011.06.13 Principal is repayable on maturity date.	Index rate plus 0.35%. Interest rate is reset semiannually since the issuance date. Interest is paid semiannually.
First subordinated bank debentures issued in 2008	1,554,706	1,400,000	2008.03.17-2013.09.17 Principal is repayable on maturity date.	Fixed interest rate of 3.05%, interest is paid annually.
Second subordinated bank debentures issued in 2008 (A)	4,497,922	4,500,000	2008.03.25-2015.03.25 Principal is repayable on maturity date.	Index rate plus 1%. Interest rate is reset quarterly since the issuance date and paid annually.
Second subordinated bank debentures issued in 2008 (B)	499,769	500,000	2008.03.25-2015.03.25 Principal is repayable on maturity date.	Fixed interest rate of 3.2%, interest is paid annually.
Third subordinated bank debentures issued in 2008	3,598,228	-	2008.09.09-2014.03.09 Principal is repayable on maturity date.	Index rate plus 0.95%. Interest rate is reset quarterly since the issuance date and paid annually.
Second dominant bank debentures issued in 2003	-	502,775	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 debentures issued in 2003	-	1,516,379	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 debentures issued in 2003	-	409,790	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 debentures issued in 2003	-	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.
Sixth dominant bank debentures issued in 2003	-	695,244	2003.08.20-2009.02.20 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Seventh dominant bank debentures issued in 2003	-	788,626	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debentures issued in 2003	-	502,453	2003.09.16-2008.09.16 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debentures issued in 2003	-	299,736	2003.09.22-2008.09.22 Principal is repayable on maturity date.	Coupon rate at 2.55% for the first year of the issuance and 5% minus index rate for the years thereon.
Tenth dominant bank debentures issued in 2003	-	1,012,928	2003.11.05-2008.11.05 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.

(Continued)

	March 31		Maturity Date	Terms
	2009	2008		
Eleventh dominant bank debentures issued in 2003	\$ -	\$ 1,012,235	2003.11.14-2008.11.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debentures issued in 2003	-	506,939	2003.11.21-2008.11.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Thirteenth dominant bank debentures issued in 2003	-	505,652	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.
	<u>\$ 28,077,618</u>	<u>\$ 34,643,551</u>		

(Concluded)

TABLE 5-7**BANK SINOPAC****THE GAINS (LOSSES) ON DERIVATIVE FINANCIAL INSTRUMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	Account	For the Three Months Ended March 31	
		2009	2008
For hedging purposes:			
Cross-currency swap contracts			
- Realized	Foreign exchange (loss) gain	\$ (50,259)	\$ 74,600
Interest rate swap contracts			
- Realized	Foreign exchange (loss) gain	(1,550)	2,524
		<u>(51,809)</u>	<u>77,124</u>
For the purposes of accommodating customers' needs or managing the Bank's exposures:			
Forward contracts			
- Realized	Interest revenue	9,446	37,551
	Interest expense	(7,889)	(33,179)
	Foreign exchange gain	449,591	45,424
- Unrealized	Income from (loss on) derivative financial instruments transactions	2,896	(2,452)
	Foreign exchange gain (loss)	59,437	(26,744)
Currency swap contracts			
- Realized	Interest revenue	618,730	900,667
	Interest expense	(378,031)	(742,041)
	Loss on derivative financial instruments transactions	(26,970)	(66,460)
- Unrealized	Income from derivative financial instruments transactions	21,474	36,397
- Realized	Foreign exchange gain	256,002	158,461
Interest rate swap contracts			
- Realized	Interest revenue	-	2,577
	Interest expense	-	(1,050)
	Loss on derivative financial instruments transactions	(72,603)	(41,760)
- Unrealized	Income from (loss on) derivative financial instruments transactions	18,322	(136,545)
Foreign-currency options contracts			
- Realized	Loss on derivative financial instruments transactions	(137,574)	(212,377)
	Foreign exchange gain (loss)	110,623	(945,479)
- Unrealized	Income from (loss on) derivative financial instruments transactions	(678)	313,903

(Continued)

	Account	For the Three Months Ended March 31	
		2009	2008
Interest rate futures contracts			
- Realized	(Loss on) income from derivative financial instruments transactions	\$ (10,129)	\$ 18,993
	Foreign exchange loss	(680)	(1,552)
- Unrealized	Loss on derivative financial instruments transactions	(2,612)	(925)
Equity futures contracts			
- Realized	Income from derivative financial instruments transactions	2,544	-
- Unrealized	Income from derivative financial instruments transactions	194	-
Cross-currency swap contracts			
- Realized	Income from derivative financial instruments transactions	31,000	79,715
- Unrealized	Loss on derivative financial instruments transactions	(22,972)	(22,751)
Credit default swap contracts			
- Realized	Loss on derivative financial instruments transactions	(5,572)	(2,582)
- Unrealized	Loss on derivative financial instruments transactions	(14,626)	(42,670)
Miscellaneous swap contracts - exchange rate			
- Realized	(Loss on) income from derivative financial instruments transactions	(97)	1,863
Miscellaneous swap contracts - stock index			
- Realized	Income from (loss on) derivative financial instruments transactions	2,872	(815)
		<u>902,698</u>	<u>(683,831)</u>
		<u>\$ 850,889</u>	<u>\$ (606,707)</u>
			(Concluded)

TABLE 5-8**BANK SINOPAC**
**STATEMENTS OF IMPAIRMENT LOSS ON ASSETS
 FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
 (In Thousands of New Taiwan Dollars)**

		For the Three Months Ended March 31, 2009	
Financial Instruments	Purpose	Impairment Losses	Losses on Financial Assets and Liabilities at Fair Value Through Profit or Loss
Structured investment vehicles/ collateralized debt obligations/ mortgage backed securities	Trading/available-for-sale/ held-to-maturity/non-active market debt instruments	\$ -	\$ (14,474)
Other securities	Trading/designated at fair value through profit or loss	-	(119,336)
Derivative financial instruments	Trading/designated at fair value through profit or loss	-	(214,531)
Financial assets		-	<u>\$ (348,341)</u>
Other assets		-	
		<u>\$ -</u>	
		For the Three Months Ended March 31, 2008	
Financial Instruments	Purpose	Impairment Losses	Losses on Financial Assets and Liabilities at Fair Value Through Profit or Loss
Structured investment vehicles/ collateralized debt obligations/ mortgage backed securities	Trading/ held-to-maturity /non-active market debt instruments	\$ (1,808,630)	\$ (2,316,466)
Other securities	Trading/designated at fair value through profit or loss		522
Derivative financial instruments	Trading/designated at fair value through profit or loss	-	(78,466)
Financial assets		<u>(1,808,630)</u>	<u>\$ (2,394,410)</u>
Other assets		-	
		<u>\$ (1,808,630)</u>	

TABLE 6-1

BANK SINOPAC

STATEMENT OF CHANGES IN ALLOWANCE FOR CREDIT LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31, 2009							
	Discounts and Loans			Account Receivable	Non-performing Receivables Transferred from Other Than Loans	Provisions for Acceptance and Guarantees	Other Assets	Total
	Specific Reserve	General Reserve	Subtotal					
Balance, January 1	\$ 3,399,785	\$ 3,063,274	\$ 6,463,059	\$ 68,175	\$ 307,848	\$ 32	\$ 140	\$ 6,839,254
Provision	549,986	107,014	657,000	-	-	-	-	657,000
Write-off	(785,187)	-	(785,187)	-	(167,403)	-	-	(952,590)
Recovery of written-off credits	2,255	-	2,255	-	-	-	-	2,255
Reclassifications	(174,910)	149,578	(25,332)	-	25,332	-	-	-
Result from change of foreign exchange rate	8,742	-	8,742	18	4,515	1	-	13,276
Others	-	-	-	-	(1,369)	-	-	(1,369)
Balance, March 31	<u>\$ 3,000,671</u>	<u>\$ 3,319,866</u>	<u>\$ 6,320,537</u>	<u>\$ 68,193</u>	<u>\$ 168,923</u>	<u>\$ 33</u>	<u>\$ 140</u>	<u>\$ 6,557,826</u>
	For the Three Months Ended March 31, 2008							
	Discounts and Loans			Account Receivable	Non-performing Receivables Transferred from Other Than Loans	Provisions for Acceptance and Guarantees	Other Assets	Total
	Specific Reserve	General Reserve	Subtotal					
Balance, January 1	\$ 3,689,790	\$ 2,306,361	\$ 5,996,151	\$ 8,646	\$ 319,164	\$ 16,961	\$ 140	\$ 6,341,062
Provision	622,697	364,661	987,358	-	-	(358)	-	987,000
Write-off	(799,249)	-	(799,249)	-	-	-	-	(799,249)
Recovery of written-off credits	1,823	-	1,823	-	-	-	-	1,823
Reclassifications	235,199	(232,320)	2,879	28,231	(31,110)	-	-	-
Result from change of foreign exchange rate	(12,901)	-	(12,901)	(8,401)	-	(28)	-	(21,330)
Other	-	-	-	(12,880)	-	-	-	(12,880)
Balance, March 31	<u>\$ 3,737,359</u>	<u>\$ 2,438,702</u>	<u>\$ 6,176,061</u>	<u>\$ 15,596</u>	<u>\$ 288,054</u>	<u>\$ 16,575</u>	<u>\$ 140</u>	<u>\$ 6,496,426</u>

BANK SINOPAC

OVERDUE LOANS AND RECEIVABLES

MARCH 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, %)

Items		March 31, 2009					March 31, 2008				
		Non-performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	Non-performing Loan (NPL)	Total Loans	NPL Ratio	Loan Loss Reserves (LLR)	Coverage Ratio
Corporate loan	Secured	2,144,160	84,527,305	2.54%	792,825	36.98%	2,266,001	73,261,710	3.09%	1,460,762	64.46%
	Unsecured	2,572,554	177,430,691	1.45%	2,592,413	100.77%	2,673,826	173,108,721	1.54%	1,720,700	64.35%
Consumer loan	Mortgage (Note 4)	2,984,071	336,014,852	0.89%	1,252,971	41.99%	5,045,815	339,037,531	1.49%	1,634,952	32.40%
	Cash card	9,503	100,596	9.45%	18,387	193.49%	23,524	185,208	12.70%	28,406	120.75%
	Micro credit (Note 5)	709,742	10,598,339	6.70%	1,606,301	226.32%	1,370,745	14,530,071	9.43%	1,268,651	92.55%
	Other (Note 6)										
	Secured	27,735	4,810,943	0.58%	57,640	207.82%	46,995	6,286,623	0.75%	62,590	133.18%
	Non-secured										
Total		8,447,765	613,482,726	1.38%	6,320,537	74.82%	11,426,906	606,409,864	1.88%	6,176,061	54.05%
		Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio	Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card		-	-	-	-	-	-	-	-	-	-
Account receivable - factoring with no recourse (Note 7)		10,656	7,914,006	0.13%	10,722	100.62%	19,390	14,105,523	0.14%	11,198	57.75%

Note 1: For Loan business: Overdue loans represent the amounts of reported overdue loans pursuant to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the MOF.

For Credit card business: Overdue receivables are regulated by the Banking Bureau dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For Loan business: NPL ratio = NPL/Total loans.

For Credit card business: Delinquency ratio = Overdue receivable/Account receivable.

Note 3: For loan business: Coverage ratio = LLR/NPL.

For credit card business: Coverage ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage means the purpose of financing is to purchase, build, or fix up the dwelling and provides dwelling owned by the borrower, spouse, or children to fully secure the loan.

Note 5: Micro credit is regulated by the Banking Bureau dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Others in consumer loans refer to secured or unsecured loans excluding mortgage, cash card, micro credit, and credit cards.

Note 7: Account receivable - factoring with no recourse as required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 094000494), provision for bad debt are recognized once no compensation are made from factoring or insurance company.

Note 8: Under the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270), the disclosure of excluded NPLs resulting from debt consultation and loan agreement amounts to \$60,968 and \$100,479, respectively as of March 31, 2009 and 2008, and the disclosure of excluded overdue receivables resulting from debt consultation and loan agreement amounts to \$0 as of March 31, 2009 and 2008.

Note 9: Under the Banking Bureau letter dated September 15, 2008 (Ref. No. 09700318940), the disclosure of excluded NPLs resulting from debt liquidation and loan agreement amounts to \$6,599 and \$0, respectively as of March 31, 2009 and 2008, and the disclosure of excluded overdue receivables resulting from debt liquidation and loan agreement amounts to \$0 as of March 31, 2009 and 2008.