

Bank SinoPac

**Financial Statements for the
Six Months Ended June 30, 2009 and 2008 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Bank SinoPac

We have audited the accompanying balance sheets of Bank SinoPac as of June 30, 2009 and 2008, and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Bank SinoPac's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank SinoPac as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the six months then ended, in conformity with Criteria Governing the Preparation of Financial Reports by Public Banks, 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.

As stated in Notes 1 and 35 to the accompanying financial statements, Bank SinoPac had a cash merger with SinoPac Card Services Co., Ltd., a wholly owned subsidiary of SinoPac Financial Holding Company Limited, with Bank SinoPac as the surviving company. Based on Statement of Financial Accounting Standards(SFAS) Interpretation No. (91) 243 and 244 and No. (95) 081 issued by the Accounting Research and Development Foundation of the Republic of China, the transaction was treated as a reorganization and was recorded at the book values of both entities' assets and liabilities. In addition, based on SFAS Interpretation No. (95) 141, the financial statements of Bank SinoPac as of and for the six months ended June 30, 2008 were retroactively restated assuming both entities had been merged within this period.

We have also audited the consolidated financial statements of Bank SinoPac and subsidiaries as of and for the six months ended June 30, 2009 and 2008, on which we have issued an unqualified and a modified unqualified opinion thereon, respectively.

August 13, 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 audit such financial statements are those generally accepted and applied in the Republic of China.

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

BANK SINOPAC

BALANCE SHEETS JUNE 30, 2009 AND 2008

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

ASSETS	2009	2008	%	LIABILITIES AND STOCKHOLDERS' EQUITY	2009	2008	%
	Amount	(Restated, Note 35) Amount	Increase (Decrease)		Amount	(Restated, Note 35) Amount	Increase (Decrease)
CASH AND CASH EQUIVALENTS (Note 4)	\$ 10,188,782	\$ 13,802,211	(26)	CALL LOANS AND DUE TO BANKS (Note 19)	\$ 35,424,146	\$ 59,809,057	(41)
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Notes 5, 32 and 33)	86,076,258	93,380,944	(8)	SHORT-TERM BORROWINGS	-	450,000	(100)
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 2, 6, 7, 32, 33 and 42)	19,326,627	29,906,094	(35)	COMMERCIAL PAPER PAYABLE, NET (Note 20)	-	3,846,916	(100)
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 2 and 8)	-	4,670,018	(100)	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 2, 6 and 42)	10,861,192	10,600,510	2
ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET (Notes 2, 9, 10, 31 and 32)	43,346,920	46,394,669	(7)	SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 2, 8 and 32)	1,251,677	6,163,965	(80)
DISCOUNTS AND LOANS, NET (Notes 2, 11, 32 and 42)	597,826,725	626,734,414	(5)	ACCOUNTS, INTEREST AND OTHER PAYABLES (Notes 2, 21 and 32)	27,617,888	26,145,898	6
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 2, 8, 12 and 33)	41,808,920	86,601,139	(52)	DEPOSITS AND REMITTANCES (Notes 22 and 32)	793,413,146	791,109,849	-
HELD-TO-MATURITY INVESTMENTS (Notes 2, 13, 32, 33 and 42)	137,735,960	71,142,297	94	BANK DEBENTURES (Notes 2, 23, 32 and 42)	32,723,589	34,693,995	(6)
EQUITY INVESTMENTS - EQUITY METHOD (Notes 2 and 14)	10,891,204	9,306,338	17	BONDS PAYABLE (Notes 2 and 23)	4,638,168	6,842,304	(32)
OTHER FINANCIAL ASSETS, NET				OTHER FINANCIAL LIABILITIES (Notes 2, 24 and 34)	1,538,134	881,936	74
Unquoted equity instruments (Notes 2, 15 and 42)	488,507	715,707	(32)	OTHER LIABILITIES (Notes 2, 25, 30 and 31)	<u>3,579,700</u>	<u>3,548,581</u>	1
Non-active market debt instruments (Notes 2, 15 and 42)	104,253	852,402	(88)	Total liabilities	<u>911,047,640</u>	<u>944,093,011</u>	(4)
Others (Notes 15, 31 and 42)	<u>1,811,183</u>	<u>1,893,218</u>	(4)	STOCKHOLDERS' EQUITY (Notes 2 and 26)			
Other financial assets, net	<u>2,403,943</u>	<u>3,461,327</u>	(31)	Capital stock, NT\$10 par value, authorized 8,000,000 thousands shares; issued and outstanding 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)
PROPERTIES (Notes 2 and 16)				Capital surplus			
Cost and revaluation increment				Additional paid-in capital from share issuance in excess of par	115,561	118,226	(2)
Land	4,800,684	4,951,697	(3)	Capital surplus from business combination	8,076,524	8,076,524	-
Buildings	4,711,577	4,545,184	4	Others	<u>1,733</u>	<u>1,733</u>	-
Computer and machinery equipment	4,862,095	4,884,250	-	Total capital surplus	<u>8,193,818</u>	<u>8,196,483</u>	-
Transportation equipment	<u>6,598</u>	<u>23,298</u>	(72)	Retained earnings			
Total cost	14,380,954	14,404,429	-	Legal reserve	2,746,023	6,435,486	(57)
Less: Accumulated depreciation	<u>5,506,573</u>	<u>5,343,642</u>	3	Special reserve	282,977	282,977	-
Prepayments for equipment and construction in Progress	<u>118,310</u>	<u>222,005</u>	(47)	Accumulated deficit	<u>(896,381)</u>	<u>(1,796,415)</u>	(50)
Net properties	<u>8,992,691</u>	<u>9,282,792</u>	(3)	Total retained earnings	<u>2,132,619</u>	<u>4,922,048</u>	(57)
INTANGIBLE ASSETS (Notes 2 and 17)	<u>1,022,114</u>	<u>1,045,687</u>	(2)	Cumulative translation adjustments	<u>29,697</u>	<u>(227,222)</u>	113
OTHER ASSETS (Notes 2, 18 and 31)	<u>6,762,609</u>	<u>7,005,056</u>	(3)	Unrealized losses on financial instruments	<u>(227,323)</u>	<u>(485,211)</u>	(53)
TOTAL	<u>\$ 966,382,753</u>	<u>\$1,002,732,986</u>	(4)	Net loss not recognized as pension cost	<u>(642,321)</u>	<u>(648,249)</u>	(1)
				Unrealized revaluation increment on land	<u>1,030,154</u>	<u>1,030,154</u>	-
				Total stockholders' equity	<u>55,335,113</u>	<u>58,639,975</u>	(6)
				TOTAL	<u>\$ 966,382,753</u>	<u>\$1,002,732,986</u>	(4)

Note: Based on Statement of Financial Accounting Standards(SFAS) Interpretation No. (91) 243 and 244 and No. (95) 081 issued by the Accounting Research and Development Foundation of the Republic of China, the merger of Bank SinoPac and SinoPac Card Services Co., Ltd. was treated as a reorganization and was recorded at the book value of both entities' assets and liabilities. Also in accordance with SFAS Interpretation No. (95) 141, the financial statements of Bank SinoPac as of and for the six months ended June 30, 2008 were retroactively restated assuming the assets and liabilities of SinoPac Card Services Co., Ltd. have been included at book value.

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

(With Deloitte & Touche audit report dated August 13, 2009)

BANK SINOPAC

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

	<u>2009</u>	<u>2008 (Restated, Note 35)</u>	<u>% Increase</u>
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>
INTEREST REVENUE (Notes 2 and 32)	\$ 10,043,333	\$ 17,285,969	(42)
INTEREST EXPENSE (Note 32)	<u>5,172,622</u>	<u>10,212,839</u>	(49)
NET INTEREST	<u>4,870,711</u>	<u>7,073,130</u>	(31)
NET REVENUES OTHER THAN INTEREST			
Commission and fee revenues, net (Notes 2, 27 and 32)	1,227,292	1,974,512	(38)
Losses on financial assets and liabilities at fair value through profit or loss (Notes 2 and 6)	(251,909)	(2,665,549)	(91)
Realized gains on available-for-sale financial assets (Notes 2 and 26)	28,799	84	34,185
(Losses on) income from equity investments - equity method, net (Notes 2 and 14)	(412,761)	550,670	(175)
Foreign exchange gain, net (Note 2)	711,471	381,022	87
Reversal gains on (impairment losses on) assets (Note 2)	5,531	(1,785,521)	100
Gains from unquoted equity instruments	10,425	17,532	(41)
Recovery of bad debts	291,732	294,496	(1)
Rental revenues	69,012	59,407	16
Contingency losses (Notes 2 and 34)	(758,868)	-	-
Other net revenues (Note 28)	<u>13,994</u>	<u>165,788</u>	(92)
Total net revenues	<u>5,805,429</u>	<u>6,065,571</u>	(4)
PROVISION FOR BAD DEBTS (Notes 2, 9 and 32)	<u>1,683,883</u>	<u>2,718,452</u>	(38)
OPERATING EXPENSES (Notes 2 and 29)			
Personnel expenses	2,648,839	3,687,507	(28)
Depreciation and amortization	282,786	305,068	(7)
Others	<u>1,546,018</u>	<u>1,917,487</u>	(19)
Total operating expenses	<u>4,477,643</u>	<u>5,910,062</u>	(24)
LOSS BEFORE INCOME TAX	(356,097)	(2,562,943)	(86)
INCOME TAX (EXPENSE) BENEFIT (Notes 2 and 31)	<u>(505,163)</u>	<u>746,458</u>	(168)
NET LOSS	<u>\$ (861,260)</u>	<u>\$ (1,816,485)</u>	(53)

(Continued)

BANK SINOPAC

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

	2009		2008 (Restated, Note 35)	
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	<u>\$ (0.08)</u>	<u>\$ (0.19)</u>	<u>\$ (0.56)</u>	<u>\$ (0.40)</u>

Note: Based on Statement of Financial Accounting Standards (SFAS) Interpretation No. (91) 243 and 244 and No. (95) 081 issued by the Accounting Research and Development Foundation of the Republic of China, the merger of Bank SinoPac and SinoPac Card Services Co., Ltd. was treated as a reorganization and was recorded at the book value of both entities' assets and liabilities. In addition, based on Interpretation No. (95) 141, the financial statements of Bank SinoPac as of and for the six months ended June 30, 2008 were retroactively restated, assuming the book values of the assets and liabilities of SinoPac Card Services Co., Ltd. were included. Thus, for the six months ended June 30, 2009 and 2008, the net loss of Bank SinoPac included the net income of SinoPac Card Services Co., Ltd. of \$35,121 and net loss \$20,070, respectively.

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

(With Deloitte & Touche audit report dated August 13, 2009)

(Concluded)

BANK SINOPAC

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(SIX MONTHS ENDED JUNE 30, 2008 - RESTATED; PLEASE REFER TO NOTE 35)
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Issued and Outstanding Capital Stock		Preferred Shares Arising from the Merger with SinoPac Card Services (Note 26)	Capital Surplus (Notes 2 and 26)			Retained Earnings (Note 26)				Cumulative Translation Adjustments (Note 2)	Unrealized Gains (Losses) on Financial Instruments (Notes 2 and 26)	Net Loss Not Recognized as Pension Cost (Note 2)	Unrealized Revaluation Increment on Land	Total Stockholders' Equity	
	Shares in Thousands	Amount (Note 26)		Share Issuance in Excess of Par	Capital Surplus from Business Combination	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)						
										Total						Total
BALANCE, JANUARY 1, 2009	4,481,847	\$ 44,818,469	\$ -	\$ 115,561	\$ 8,076,524	\$ 178	\$ 8,192,263	\$ 6,435,486	\$ 282,977	\$ (3,689,463)	\$ 3,029,000	\$ 27,956	\$ (19,860)	\$ (642,321)	\$ 1,030,154	\$ 56,435,661
Retroactive adjustments arising from a merger (Note)	339,815	3,398,150	-	-	-	1,575	1,575	-	-	(399,657)	(399,657)	-	-	-	-	3,000,068
Legal reserve to offset deficit	-	-	-	-	-	-	-	(3,689,463)	-	3,689,463	-	-	-	-	-	-
Net loss for the six months ended June 30, 2009	-	-	-	-	-	-	-	-	-	(861,260)	(861,260)	-	-	-	-	(861,260)
Unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(222,067)	-	-	(222,067)
Unrealized gains or losses on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	14,604	-	-	14,604
Change in translation adjustment on equity investments - equity method	-	-	-	-	-	-	-	-	-	-	-	1,741	-	-	-	1,741
Effects of cash merger with SinoPac Card Services Co., Ltd. (Note)	(339,815)	(3,398,150)	-	-	-	(20)	(20)	-	-	364,536	364,536	-	-	-	-	(3,033,634)
BALANCE, JUNE 30, 2009	4,481,847	\$ 44,818,469	\$ -	\$ 115,561	\$ 8,076,524	\$ 1,733	\$ 8,193,818	\$ 2,746,023	\$ 282,977	\$ (896,381)	\$ 2,132,619	\$ 29,697	\$ (227,323)	\$ (642,321)	\$ 1,030,154	\$ 55,335,113
BALANCE, JANUARY 1, 2008	4,585,197	\$ 45,851,972	\$ -	\$ 118,226	\$ 8,076,524	\$ 178	\$ 8,194,928	\$ 6,927,060	\$ 282,977	\$ (491,574)	\$ 6,718,463	\$ (23,642)	\$ (535,996)	\$ (648,249)	\$ 1,030,154	\$ 60,587,630
Retroactive adjustments arising from a merger (Note)	228,095	2,280,950	1,117,200	-	-	1,575	1,575	-	-	(27,799)	(27,799)	-	2,264	-	-	3,374,190
Legal reserve to offset deficit	-	-	-	-	-	-	-	(491,574)	-	491,574	-	-	-	-	-	-
Net loss for the six months ended June 30, 2008	-	-	-	-	-	-	-	-	-	(1,816,485)	(1,816,485)	-	-	-	-	(1,816,485)
Unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	50,785	-	-	50,785
Change in translation adjustment on equity investments - equity method	-	-	-	-	-	-	-	-	-	-	-	(203,580)	-	-	-	(203,580)
Effects of cash merger with SinoPac Card Services Co., Ltd. (Note)	(228,095)	(2,280,950)	(1,117,200)	-	-	(20)	(20)	-	-	47,869	47,869	-	(2,264)	-	-	(3,352,565)
BALANCE, JUNE 30, 2008	4,585,197	\$ 45,851,972	\$ -	\$ 118,226	\$ 8,076,524	\$ 1,733	\$ 8,196,483	\$ 6,435,486	\$ 282,977	\$ (1,796,415)	\$ 4,922,048	\$ (227,222)	\$ (485,211)	\$ (648,249)	\$ 1,030,154	\$ 58,639,975

Note: Based on Statement of Financial Accounting Standards (SFAS) Interpretation No. (91) 243 and 244 and No. (95) 081 issued by the Accounting Research and Development Foundation of the Republic of China, the merger of Bank SinoPac and SinoPac Card Services Co., Ltd. was treated as a reorganization and was recorded at the book values of both entities' assets and liabilities. In addition, based on SFAS Interpretation No. (95) 141, the financial statements of Bank SinoPac as of and for the six months ended June 30, 2008 were retroactively restated, assuming the book values of the assets and liabilities of SinoPac Card Services Co., Ltd. had been included in these financial statements.

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

(With Deloitte & Touche audit report dated August 13, 2009)

BANK SINOPAC

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008 (Restated, Note 35)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (861,260)	\$ (1,816,485)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	295,463	318,411
Amortization of premium or discount of financial assets	(70,386)	(7,127)
Amortization of premium or discount of bank debentures	(2,474)	133
Provision for credit and trading losses	1,687,804	2,718,797
Contingency losses	758,868	-
Impairment losses on (reversal gains from) assets	(5,531)	1,785,521
Unrealized (gains from) losses on financial assets and liabilities at fair value through profit or loss	(616,813)	2,363,205
(Gains from) losses on disposal of available-for-sale financial assets	(28,799)	15,123
Losses on (income from) equity investments - equity method	412,761	(550,670)
Losses on sale and retirement of properties and idle assets	5,952	2,871
Losses (gains) on disposal of collaterals assumed, net	1,146	(7,876)
Accrued pension cost	(15,636)	18,697
Foreign exchange losses (gains) on bonds payable	4,043	(367,664)
Gains from convertible bond repurchased	(12,534)	-
Deferred income tax	10,935	198,737
Decrease (increase) in held-for-trading financial assets	13,420,802	(3,124,265)
(Decrease) increase in held-for-trading financial liabilities	(6,057,299)	443,000
Securitization of accounts receivable	789,940	6,851,641
Decrease (increase) in accounts, interest and other receivables	3,210,987	(7,033,836)
Decrease in accounts, interest and other payables	(1,907,353)	(54,051)
Cash dividends received from equity investments - equity method	-	282,774
Net cash provided by operating activities	<u>11,020,616</u>	<u>2,036,936</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in due from the Central Bank and other banks	4,492,948	54,487,664
Decrease (increase) in securities purchased under agreements to resell	2,598,782	(645,841)
Acquisition of financial assets designated at fair value through profit or loss	-	(152,025)
Proceeds from sale of financial assets designated at fair value through profit or loss	850,424	491,518
Proceeds from sale of non-active market debt instruments	329,134	1,065,698
Decrease (increase) in discounts and loans	30,978,686	(26,383,829)
Acquisition of properties	(124,036)	(260,986)
Proceeds of sale of properties	1,862	163
Acquisition of available-for-sale financial assets	(95,772,111)	(237,964,663)
Proceeds of sale of available-for-sale financial assets	77,445,991	262,029,252
Acquisition of held-to-maturity investments	(493,831,353)	(69,425,122)
Proceeds from matured held-to-maturity investments	471,860,010	813,649
Capital returned on capital reduction of equity investments with unquoted shares	-	6,000

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BANK SINOPAC

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008 (Restated, Note 35)
Acquisition of equity investments - equity method	\$ (1,645,750)	\$ -
Proceeds from sale of collaterals assumed	65,731	185,608
Decrease in other financial assets	284,078	390,715
Decrease (increase) in other assets	<u>288,126</u>	<u>(867,389)</u>
Net cash used in investing activities	<u>(2,177,478)</u>	<u>(16,229,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in call loans and due to banks	(3,731,052)	14,905,479
Decrease in securities sold under agreements to repurchase	(3,174,423)	(273,707)
Decrease in deposits and remittances	(406,061)	(2,338,198)
Decrease in short-term borrowings	(3,300,000)	(295,000)
Decrease in commercial paper payable	(3,545,035)	(599,607)
Decrease in long-term borrowings	(1,750,000)	(300,000)
Bank debentures issued	10,000,000	6,396,485
Decrease in bond payable	(1,803,700)	-
Repayment of bank debentures on maturity	(5,900,000)	(3,000,000)
Decrease in other financial liabilities	(99,269)	(83,002)
Increase (decrease) in other liabilities	<u>101,707</u>	<u>(7,965)</u>
Net cash (used in) provided by financing activities	<u>(13,607,833)</u>	<u>14,404,485</u>
EFFECTS OF CHANGES IN EXCHANGE RATE	<u>(6,491)</u>	<u>2,549</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,771,186)	214,382
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>14,959,968</u>	<u>13,587,829</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 10,188,782</u>	<u>\$ 13,802,211</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 8,631,168</u>	<u>\$ 14,952,554</u>
Income tax paid	<u>\$ 128,575</u>	<u>\$ 352,816</u>

Note: Based on Statement of Financial Accounting Standards (SFAS) Interpretation No. (91) 243 and 244 and No. (95) 081 issued by the Accounting Research and Development Foundation of the Republic of China, the merger of Bank SinoPac and SinoPac Card Services Co., Ltd. was treated as a reorganization and was recorded at the book values of both entities' assets and liabilities. In addition, based on SFAS Interpretation No. (95) 141, the financial statements of Bank SinoPac as of and for the six months ended June 30, 2008 were retroactively restated, assuming the book values of the assets and liabilities of SinoPac Card Services Co., Ltd. were included in these financial statements.

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

(With Deloitte & Touche audit report dated August 13, 2009)

(Concluded)

BANK SINOPAC

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(SIX MONTHS ENDED JUNE 30, 2008 - RESTATED; PLEASE REFER TO NOTE 35)

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

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 executed the rights and functions of the stockholders' meeting and resolved a cash merger with SinoPac Card Services Co., Ltd. ("SinoPac Card"), with March 30, 2009 as the preliminary effective date of the merger and the Bank will be the surviving entity. |
| March 31, 2009 | The board of directors resolved to change the effective date of the merger to June 1, 2009. |
| June 1, 2009 | The Bank's cash merger with SinoPac Card took effect, with this merger amounting to \$3,873,675. Under this merger, the Bank was the surviving entity. |

Operations

The Bank engages in commercial banking and trust as well as carries out foreign exchange operations through its International Division and Offshore Banking Unit (OBU) as allowed under the Banking Law.

As of June 30, 2009 and 2008, the Bank had a total of 4,616 and 5,163 employees, respectively.

As of June 30, 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, 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, contingency losses, 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 in the banking industry cannot be reasonably identified, the accounts included in the Bank's financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Please refer to Note 37 for the 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 (GTSM) stocks - closing prices as of the balance sheet date; (b) beneficiary certificates (open-end funds) - 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 bank debentures issued overseas and 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.

Financial Asset Securitization

Under the Regulations for Financial Asset Securitization, SinoPac Card Services ("SinoPac Card") entrusted its credit card receivables and related rights to a trustee under a master trust structure. The trustee issued various series of beneficiary certificates during the revolving-period securitization, and the raised funds were transferred to SinoPac Card. Under the securitization structure, SinoPac Card surrendered its rights to and control over these securitized credit card receivables, including the principal, related interests and other rights, and derecognized these receivables from its accounts. The gain or loss from securitization was recognized, except for the retained interests in the form of subordinated certificates necessary for credit enhancement, which were classified as financial assets designated as at fair value through profit or loss. During the revolving-period securitization, SinoPac Card transfers new credit card receivables to the trustee at an amount equivalent to the principal payments collected periodically. To maintain the balance of credit card receivables in the trust asset pool at the agreed balance to protect investors' interests, SinoPac Card transferred additional credit card receivables to the trustee. Since SinoPac Card retains its rights to and control over those transferred credit card receivables, they are classified as credit card receivables. Revenue received from the trustee is recognized as investment income.

SinoPac Card adopted Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement. Under SFAS No. 34, subordinated certificates have been classified as financial assets designated as at fair value through profit or loss because fair value is used as the basis for managing and evaluating the performance of these certificates in accordance with a documented risk management strategy, and information on these certificates is provided internally to SinoPac Card's key management on this fair-value basis.

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.

Sales of Accounts Receivable

SinoPac Card Services ("SinoPac Card") transferred its credit card receivables under the following criteria, surrendered controls over the transferred assets and recorded the transfer as sales of accounts receivable.

- a. Transferred accounts receivable have been isolated from SinoPac Card. Along with its creditors, SinoPac Card can no longer control the future economic benefits on these receivables.
- b. The transferee has the right to pledge or transfer accounts receivable purchased.
- c. The transferee has no right to return the transferred accounts receivable purchased before their maturity. In addition, SinoPac Card is neither obligated nor entitled to repurchase or redeem these accounts receivable. But if a repurchase transaction is agreed upon, the repurchase price is the fair value of accounts receivable at the time.

SinoPac Card Services derecognizes the credit card receivables sold at carrying value from its balance sheet on the transfer date. The difference between the proceeds net of the estimated bad-debt provision and the carrying value is recorded as income (loss) for the current period.

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

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/Nonaccrual 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 attributed to the acquisition. Unrealized gains or losses on available-for-sale financial assets are reported in equity attributed to the Bank’s stockholders. On disposal of an available-for-sale financial asset, the accumulated, unrealized gain or loss in equity attributable to the Bank’s stockholders 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 stockholders. 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 June 30, 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 Nonoperating Assets

Properties and nonoperating 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 nonoperating 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, 3 to 15 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 December 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.

Interest income on revolving credit card receivables and cash advance is recognized on an accrual basis. Service fee income is recognized when service is rendered. Annual fee income is the member fee received from card members and is recognized when card members fail to meet the criteria for annual fee exemption; provision for allowance is estimated using past experience and is recognized as a deduction from annual fee income within the year the annual fee income is recognized.

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.

Curtailement 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.

In January 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.

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Bank recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a deferred income tax benefit or expense.

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 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.

For equity-method investees with foreign-currency 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 for the period. Translation differences net of income tax are 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 stockholders’ equity. The amount recognized in stockholders’ 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 stockholders' 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 six months ended June 30, 2008 have been reclassified to conform to the financial statement presentation as of and for the six months ended June 30, 2009.

3. ACCOUNTING CHANGE

The Accounting Research and Development Foundation issued Interpretation 2007-052, which 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. This accounting change had no significant influence on the Bank's financial statements.

4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	2009	2008
Cash on hand	\$ 5,496,389	\$ 5,515,812
Due from other banks	3,451,016	6,537,269
Notes and checks in clearing	<u>1,241,377</u>	<u>1,749,130</u>
	<u>\$ 10,188,782</u>	<u>\$ 13,802,211</u>

5. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	<u>June 30</u>	
	2009	2008
Call loans to banks	\$ 57,453,430	\$ 42,704,346
Due from Central Banks - certificates of deposit	-	24,910,000
Due from Central Banks - checking accounts	9,776,710	6,374,848
Deposit reserve - demand accounts	18,744,382	19,297,652
Deposit reserve - foreign currencies	<u>101,736</u>	<u>94,098</u>
	<u>\$ 86,076,258</u>	<u>\$ 93,380,944</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 7-1.

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Held for trading financial assets	\$ 17,535,603	\$ 27,075,961
Financial assets designated at fair value through profit or losses	<u>1,791,024</u>	<u>2,830,133</u>
	<u>\$ 19,326,627</u>	<u>\$ 29,906,094</u>
Held for trading financial liabilities	<u>\$ 10,861,192</u>	<u>\$ 10,600,510</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 7-2. 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 six months ended June 30, 2009 and 2008 were as follows:

	<u>Six Months Ended</u> <u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Held for trading financial assets and liabilities		
Realized losses	\$ (830,015)	\$ (301,968)
Valuation (losses) gains	<u>327,197</u>	<u>(2,377,682)</u>
	<u>(502,818)</u>	<u>(2,679,650)</u>
Financial assets and liabilities designated at fair value through profit or loss		
Realized losses	(38,707)	(376)
Valuation (losses) gains	<u>289,616</u>	<u>14,477</u>
	<u>\$ (251,909)</u>	<u>\$ (2,665,549)</u>

The losses on held for trading financial assets and liabilities include losses on the fair value adjustments of structured investment vehicles \$0 and \$2,123,272, collateralized debt obligation \$41,597 and \$80,566, mortgage backed securities \$89 and \$5,768 for the six months ended June 30, 2009 and 2008, respectively.

7. FINANCIAL ASSETS SECURITIZATION

Related information regarding financial assets securitization please refer to Table 7-3.

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

As of June 30, 2008, securities were purchased under agreements to resell at \$4,679,745 between July and August 2008.

As of June 30, 2009 and 2008, securities were sold under agreements to repurchase at \$1,251,781 and \$6,170,329 between July and September 2009 and between July and September 2008, respectively.

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

Financial Assets	June 30	
	2009	2008
Held for trading	\$ -	\$ 5,218,442
Available-for-sale	1,251,677	945,523

9. ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET

	June 30	
	2009	2008
Accounts receivable - factoring	\$ 25,418,769	\$ 22,339,812
Credit card receivable (Table 6-3)	10,891,471	10,874,326
Accounts receivable and notes receivable	2,496,558	3,997,641
Receivables from related parties (Note 32)	1,369,721	1,630,020
Proceeds receivable from the sale of accounts receivable (Note 10)	1,281,307	1,274,935
Interest receivable and revenue receivable	1,249,115	3,278,479
Acceptances	1,244,006	2,645,767
Income tax refund receivable	270,646	279,873
Others	<u>270,380</u>	<u>342,433</u>
	44,491,973	46,663,286
Less: Allowance for credit losses	<u>1,145,053</u>	<u>268,617</u>
	<u>\$ 43,346,920</u>	<u>\$ 46,394,669</u>

For the details of and changes in allowance for credit losses of accounts receivables, please refer to Table 8-1.

The credit card receivables as of June 30, 2009 and 2008 referred to SinoPac Card Services' credit cardholders who completed consultation with the Bank on debt repayment, with credit card receivables amounted to \$2,465,115 and \$2,192,447, respectively.

10. SALES OF ACCOUNTS RECEIVABLE

In April 2003, SinoPac Card Services ("SinoPac Card") entered into a receivables purchase agreement with ABN AMRO Bank, Taipei Branch (ABN AMRO) under which SinoPac Card would transfer credit card receivables on a continuous basis within three years. On February 9, 2006, SinoPac Card signed an agreement with ABN AMRO Bank for the extension of the final transfer date to December 9, 2008. In December 2008, SinoPac Card and ABN AMRO both agreed to postpone again the final transfer date to June 20, 2009 and then signed a fourth amendment to the transfer contract in February 2009. On June 1, 2009, Bank SinoPac merged with SinoPac Card. With this merger, the Bank assumed the role of transferring to ABN AMRO receivables totaling \$1,000,000 in six monthly installments from July to December in 2009.

SinoPac Card committed to have all sold credit card receivables conform to agreed terms (eligible terms) and to have these receivables meet certain requirements (such as restrictions on the ratios for allowance for bad debts and overdue loans). In the second half of 2008, SinoPac Card provided an additional deposit of \$82,000 since changes in the discount rate in calculating the sales of account receivables reached a certain agreed level. As of June 30, 2009 and 2008, SinoPac Card had deposited \$268,210 and \$186,210, recorded as guarantee deposits and as liquidity reserve for the monthly sale of credit card receivables.

As of June 30, 2009 and 2008, the proceeds receivable on the sale of credit card receivables amounted to \$1,281,307 and \$1,274,935, respectively. The loss on the sale of credit card receivables consisted of (a) the difference between the amount of proceeds calculated using the discount method and the carrying value and (b) the amortization of the arrangement fees for sales of accounts receivable, which amounted to \$41,253 and \$945, respectively, for the six months ended June 30, 2009, and \$79,578 and \$2,382, respectively, for the six months ended June 30, 2008, recorded as other net revenues.

SinoPac Card also entered into a service agreement with ABN AMRO for account management and collection services. Thus, SinoPac Card collects payments on the sold credit card receivables on behalf of ABN AMRO and then transfers the collections to ABN AMRO. SinoPac Card charges monthly a service fee for account management and collection services. Since the service revenue and the service cost were expected to be equal, neither related service assets nor liabilities were recognized by SinoPac Card. For the six months ended June 30, 2009 and 2008, the service fee amounted to \$571, recorded as other net revenues.

The cash flows on the revolving sales of accounts receivable for the six months ended June 30, 2009 and 2008, were as follows:

	Six Months Ended	
	June 30	
	2009	2008
Accumulated revolving accounts receivable sold - carrying value	\$ 16,591,542	\$ 16,414,398
Add: Receivable amount of the proceeds on sale of credit card receivable at beginning of period	1,280,859	1,274,497
Deduct: Proceeds receivable from the sale of accounts receivable at end of period	(1,281,307)	(1,274,935)
Loss on the sale of credit card receivable	<u>(42,198)</u>	<u>(81,960)</u>
Proceeds from the sale of credit card receivable	<u>\$ 16,548,896</u>	<u>\$ 16,332,000</u>
Servicing fees	<u>\$ 571</u>	<u>\$ 571</u>

11. DISCOUNTS AND LOANS, NET

	June 30	
	2009	2008
Negotiations	\$ 1,122,203	\$ 2,007,615
Overdrafts	13,995	37,978
Secured overdrafts	780,044	918,971
Accounts receivable - financing	2,180,318	2,403,702
Short-term loans	88,063,880	129,774,935
Short-term secured loans	42,944,312	41,126,941
Medium-term loans	69,470,472	67,749,736
Medium-term secured loans	50,599,617	40,966,188
Long-term loans	13,853,004	13,501,604
Long-term secured loans	327,489,975	324,849,260
Nonperforming loans transferred from loans	<u>6,616,010</u>	<u>9,531,576</u>
	603,133,830	632,868,506
Allowance for credit losses	(5,323,219)	(6,149,080)
Hedged item valuation adjustments	<u>16,114</u>	<u>14,988</u>
	<u>\$ 597,826,725</u>	<u>\$ 626,734,414</u>

As of June 30, 2009 and 2008, the balances of nonaccrual interest loans were \$11,165,283 and \$11,374,612, respectively. The unrecognized interest revenues on nonaccrual interest loans amounted to \$136,830 and \$245,757 for the six months ended June 30, 2009 and 2008, respectively.

For the six months ended June 30, 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 six months ended June 30, 2009 and 2008, please refer to Table 8-1.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Related information regarding available-for-sale financial assets please refer to Table 7-4.

As of June 30, 2008, the Bank held 120,031 thousand shares of SPH, with carrying amount of \$1,968,508 and market value of \$1,578,407 based on the closing prices as of June 30, 2008. A difference of \$390,101 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.

13. HELD-TO-MATURITY INVESTMENTS

Related information regarding held-to-maturity financial assets please refer to Table 7-5.

For the six months ended June 30, 2008, the Bank recognized impairment loss on structured investment vehicles amounted to \$219,442.

14. 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>June 30</u>		<u>For the Six Months Ended</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
SinoPac Bancorp	\$ 7,453,123	\$ 6,553,891	\$ (711,752)	\$ 200,521
SinoPac Leasing Corporation	1,436,203	1,354,133	52,888	72,576
SinoPac Capital Limited (H.K.)	1,273,975	1,122,882	43,245	68,965
SinoPac Life Insurance Agent Co., Ltd.	676,238	250,862	185,411	192,604
SinoPac Property Insurance Agent Co., Ltd.	51,665	22,428	17,447	16,088
SinoPac Financial Consulting Co., Ltd.	-	2,142	-	(84)
	<u>\$ 10,891,204</u>	<u>\$ 9,306,338</u>	<u>\$ (412,761)</u>	<u>\$ 550,670</u>

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 as of June 25, 2009.

To restructure the Bank's organization and investment in investees, the stockholders' meeting resolved on March 28, 2008 to liquidate SinoPac Financial Consulting Co., Ltd.; this liquidation was completed on March 13, 2009.

The net gain of SinoPac Bancorp amounting to \$206,828 for the six months ended June 30, 2008 was translated into NTD at the average exchange rate for the respective periods. The difference between the translated net gain of SinoPac Bancorp and the one recognized by the Bank was generated from some different accounting treatments between ROC GAAP and US GAAP.

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

15. OTHER FINANCIAL ASSETS, NET

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.

Related information regarding other financial assets please refer to Table 7-6.

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

For the six months ended June 30, 2008, the Bank recognized impairment loss on non-active market debt instruments including structured investment vehicles amounting to \$1,565,543.

16. PROPERTIES

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Cost and revaluation increment	\$ 14,380,954	\$ 14,404,429
Accumulated depreciation		
Buildings	1,789,707	1,679,522
Computer and machinery equipment	3,711,045	3,644,113
Transportation equipment	5,821	20,007
	<u>5,506,573</u>	<u>5,343,642</u>
Advances on acquisitions of equipment and construction in progress	<u>118,310</u>	<u>222,005</u>
Net properties	<u>\$ 8,992,691</u>	<u>\$ 9,282,792</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.

17. INTANGIBLE ASSETS

	June 30	
	2009	2008
Goodwill - credit card department	\$ 876,717	\$ 876,717
Computer software	<u>145,397</u>	<u>168,970</u>
	<u>\$ 1,022,114</u>	<u>\$ 1,045,687</u>

Goodwill resulted from the Bank's cash merger with SinoPac Card Services, and this merger was treated as a reorganization of SinoPac Financial Holdings Company Limited, the Bank's parent. On January 1, 2006, the Bank Statement of Financial Accounting Standards No. 35 - "Impairment of Assets," which requires the impairment review on goodwill to be made on each balance sheet date. If goodwill is deemed impaired, the Bank must calculate its recoverable amounts.

In assessing goodwill for impairment, the Bank considers the credit card department as a cash generating unit and estimates the recoverable amount by its value in use. The Bank uses the department's actual profitability and estimated salvage value as a key assumption to predict future cash flows in order to calculate its value in use. Under the going-concern assumption, the Bank predicts the net cash flows provided by its operating activities in the next 5 to 10 years and uses its parent company's weighted average funding cost as the discount rate to calculate the value in use.

After assessing the value in use of the department based on the foregoing key assumptions, the Bank found no objective evidence that goodwill had been impaired as of June 30, 2009.

18. OTHER ASSETS

	June 30	
	2009	2008
Deferred income tax assets	\$ 3,055,004	\$ 3,492,530
Rental properties, net	1,332,793	1,243,859
Collaterals assumed, net of accumulated impairment \$35,874 and \$35,875, respectively	667,060	714,947
Idle assets, net	551,954	460,743
Land value increment tax	478,205	478,205
Deferred pension cost	355,875	122,100
Prepayment	239,433	391,569
Temporary payment	61,602	59,627
Others	<u>20,683</u>	<u>41,476</u>
	<u>\$ 6,762,609</u>	<u>\$ 7,005,056</u>

19. CALL LOANS AND DUE TO BANKS

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Call loans	\$ 14,311,150	\$ 38,654,764
Redeposit from the directorate general of postal remittance	21,064,745	21,108,675
Due to the Central Bank	35,506	31,158
Due to banks	<u>12,745</u>	<u>14,460</u>
	<u>\$ 35,424,146</u>	<u>\$ 59,809,057</u>

20. COMMERCIAL PAPER PAYABLE

	<u>June 30, 2008</u>
Commercial paper payable	\$ 3,850,000
Less: Unamortized discount	<u>3,084</u>
Commercial paper payable, net	<u>\$ 3,846,916</u>
Maturity date	2008.8
Discount rate	2.608%-3.071%

As of June 1, 2009, commercial paper of SinoPac Card Services were redeemed. On June 30, 2008, commercial paper amounted to \$199,921 (net of discount \$79) of SinoPac Card Services were issued with no guarantee with interest rate 2.608%-2.998%.

21. ACCOUNTS, INTEREST AND OTHER PAYABLES

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Accounts payable - factoring	\$ 19,080,365	\$ 7,768,735
Accounts payable	2,550,109	4,436,983
Interest payable	1,971,982	3,459,351
Acceptance payable	1,244,006	2,645,767
Notes and checks in clearing	1,241,377	1,749,130
Accrued expenses	775,039	1,010,723
Tax payable	117,573	353,654
Receipts under custody payable	53,963	44,740
Accounts payable on cash merger with SinoPac Card Services	-	4,247,797
Others	<u>583,474</u>	<u>429,018</u>
	<u>\$ 27,617,888</u>	<u>\$ 26,145,898</u>

22. DEPOSITS AND REMITTANCES

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Checking	\$ 11,214,754	\$ 10,357,700
Demand	133,773,277	104,080,839
Savings - demand	183,885,473	158,519,370
Time	266,024,893	277,227,874
Negotiable certificates of deposit	6,444,800	15,943,700
Savings - time	191,588,540	222,400,308
Inward remittances	382,430	2,110,901
Outward remittances	<u>98,979</u>	<u>469,157</u>
	<u>\$ 793,413,146</u>	<u>\$ 791,109,849</u>

23. BANK DEBENTURES AND BONDS PAYABLE

Bank Debentures

To raise capital for its financial operation and to increase its capital adequacy ratio, the Bank obtained approval to issue subordinate bank debentures. Related information is shown in Table 7-7.

Bonds Payable

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 June 30, 2009, the outstanding bonds' value was US\$141,330 thousand.

SinoPac Credit Card issued 1,500,000 unsecured domestic bond and the significant terms of unsecured domestic bond were as follows:

- a. Interest rate: 1.96%, pay annually from the date of issuance.
- b. Duration: Three years (from May 12, 2006 to 2009).
- c. Repayment: The principal amount is to be redeemed at the third anniversary of the issuing date.

24. OTHER FINANCIAL LIABILITIES

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Accrued contingency losses (Note 34)	\$ 758,868	\$ -
Appropriated loan fund from the government	479,132	517,348
Guarantee deposits received	264,453	307,531
Hedging derivative financial liabilities	<u>35,681</u>	<u>57,057</u>
	<u>\$ 1,538,134</u>	<u>\$ 881,936</u>

25. OTHER LIABILITIES

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Accrued pension cost	\$ 1,393,744	\$ 1,170,503
Deferred income tax liabilities	745,514	1,168,045
Temporary receipt	527,885	402,745
Reserve for land value increment tax	458,362	458,362
Advance receipt	279,359	283,686
Others	<u>174,836</u>	<u>65,240</u>
	<u>\$ 3,579,700</u>	<u>\$ 3,548,581</u>

26. 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 stockholders' 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 stockholders' 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 six months ended June 30, 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 stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' 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 stockholders' 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.

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 six months ended June 30, 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
<u>Six months ended June 30, 2009</u>				
Balance, beginning of period	\$ (39,222)	\$ 19,362	\$ -	\$ (19,860)
Recognized in stockholders' equity	(216,880)	23,612	14,604	(178,664)
Transferred to profit or loss	<u>(28,799)</u>	<u>-</u>	<u>-</u>	<u>(28,799)</u>
Balance, end of period	<u>\$ (284,901)</u>	<u>\$ 42,974</u>	<u>\$ 14,604</u>	<u>\$ (227,323)</u>

(Continued)

	Available- for-sale Financial Assets	Equity Investments - Equity Method	Unrealized Gain or Loss of Cash Flow Hedge	Total
<u>Six months ended June 30, 2008</u>				
Balance, beginning of period	\$ (543,159)	\$ 7,163	\$ -	\$ (535,996)
Recognized in stockholders' equity	63,489	(27,827)	-	35,662
Transferred to profit or loss	<u>15,123</u>	<u>-</u>	<u>-</u>	<u>15,123</u>
Balance, end of period	<u>\$ (464,547)</u>	<u>\$ (20,664)</u>	<u>\$ -</u>	<u>\$ (485,211)</u> (Concluded)

e. Earnings per share

For the six months ended June 30, 2009 and 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>		Denominator (Shares in Thousands)	<u>EPS (NT\$)</u>	
	Pretax	After Tax		Pretax	After Tax
<u>Six months ended June 30, 2009</u>					
Basic EPS	<u>\$ (356,097)</u>	<u>\$ (861,260)</u>	<u>4,481,847</u>	<u>\$ (0.08)</u>	<u>\$ (0.19)</u>
<u>Six months ended June 30, 2008</u>					
Basic EPS	<u>\$ (2,562,943)</u>	<u>\$ (1,816,485)</u>	<u>4,585,197</u>	<u>\$ (0.56)</u>	<u>\$ (0.40)</u>

27. COMMISSIONS AND FEE REVENUES, NET

	<u>Six Months Ended June 30</u>	
	2009	2008
Commissions and fees revenues		
Mutual funds and structured notes	\$ 389,033	\$ 920,920
Card service	342,998	388,819
Loan	277,830	388,990
Foreign exchange, import and export business	155,829	191,335
Trust and custody	111,004	150,064
Factoring and financing	84,225	147,074
Remittance expenses	37,429	41,219
Guarantee and acceptance	33,877	33,226
Automatic equipment service fees	31,824	33,167
Others	<u>34,986</u>	<u>23,949</u>
	<u>1,499,035</u>	<u>2,318,763</u>
		(Continued)

	Six Months Ended June 30	
	2009	2008
Commissions and fees expenses		
Card service	\$ 112,494	\$ 112,782
Automatic equipment service fees	51,647	52,881
Financial transaction	31,132	54,444
Mutual funds and structured notes	27,984	60,606
Loan	13,916	20,763
Trust and custody	10,080	15,882
Remittance expenses	2,198	2,254
Foreign exchange	1,608	2,108
Others	<u>20,684</u>	<u>22,531</u>
	<u>271,743</u>	<u>344,251</u>
	<u>\$ 1,227,292</u>	<u>\$ 1,974,512</u>

(Concluded)

28. OTHER NET REVENUES

	Six Months Ended June 30	
	2009	2008
Income from equity interest of Master Card B	\$ 49,798	\$ -
Other revenue	30,707	32,876
Gains from convertible bonds repurchased	12,534	-
Investment income of subordinated certificates	12,082	96,218
Delayed credits	11,291	23,744
Commissions and fee revenue-processing account	11,273	15,238
Depreciation expense-rental properties and idle assets	(17,446)	(14,710)
(Losses on) gains from non-active market debt instruments	(25,339)	1,031
Other expense	(28,708)	(23,023)
Losses on sale of accounts receivable	(42,198)	(81,960)
Profit sharing from public offering of VISA	<u>-</u>	<u>116,374</u>
	<u>\$ 13,994</u>	<u>\$ 165,788</u>

29. OPERATING EXPENSES

	Six Months Ended June 30	
	2009	2008
Personnel expenses		
Salaries and wages	\$ 2,098,407	\$ 2,849,563
Pension	251,538	421,971
Labor insurance and national health insurance	150,332	158,462
Others	<u>148,562</u>	<u>257,511</u>
	2,648,839	3,687,507
Depreciation	245,347	263,534
Amortization	37,439	41,534
Others	<u>1,546,018</u>	<u>1,917,487</u>
	<u>\$ 4,477,643</u>	<u>\$ 5,910,062</u>

30. 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 and formerly SinoPac Card Services Co., Ltd.'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 of over six months is counted as one year of service, and any fraction of a year of up to six months is counted as half a year of service.

The Bank and formerly SinoPac Card Services Co., Ltd. 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 six months ended June 30, 2009 and 2008, the pension expense amounted to \$72,981 and \$81,050, respectively, which were contributed to personal pension accounts.

Other information on the defined benefit pension plan of the Bank is as follows:

a. Changes in the pension fund

	Six Months Ended June 30		
		2008	
	2009	SinoPac Bank	Formerly SinoPac Card Services Co., Ltd.
Balance, January 1	\$ 2,045,418	\$ 1,893,619	\$ 26,975
Contributions	244,726	367,807	1,048
	(Note)		
Benefits paid	(343,951)	(299,084)	-
Interest revenue	9,891	25,981	343
Balance, June 30	<u>\$ 1,956,084</u>	<u>\$ 1,988,323</u>	<u>\$ 28,366</u>

Note: The contributions of June 30, 2009 included formerly SinoPac Card Services Co., Ltd.'s contribution after the merger.

The aforementioned pension funds were contributed by the Bank and formerly SinoPac Card Services Co., Ltd.

- b. Components of the accrued pension cost:

	<u>Six Months Ended June 30</u>		
		<u>2008</u>	
	<u>2009</u>	<u>SinoPac Bank</u>	<u>Formerly SinoPac Card Services Co., Ltd.</u>
Balance, January 1	\$ 1,409,379	\$ 1,140,484	\$ 18,697
Provision under defined contribution plans	197,817	335,108	5,813
Contributions	(213,452)	(325,000)	(1,048)
Benefits paid	<u>-</u>	<u>-</u>	<u>(3,551)</u>
Balance, June 30	<u>\$ 1,393,744</u>	<u>\$ 1,150,592</u>	<u>\$ 19,911</u>

The Bank recognized pension costs (including those of overseas branches) of \$251,538 and \$421,971 for the six months ended June 30, 2009 and 2008, respectively.

31. INCOME TAX

Under a directive issued by the Ministry of Finance, 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. Thus, SinoPac Financial Holdings Company Limited adopted the linked-tax system for income tax filings with its qualified subsidiaries in 2003.

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

	<u>Six Months Ended June 30</u>	
	<u>2009</u>	<u>2008</u>
Current deductible loss carryforward	\$ (349,315)	\$ (1,348,537)
Separate taxes	107,383	326,009
Investment credit	(2,351)	(3,110)
Deferred income taxes	10,935	198,736
Overseas income taxes payable	15,945	44,627
Effect of tax law changes on deferred income tax	719,397	-
Adjustment for prior years' tax	<u>3,169</u>	<u>35,817</u>
Tax expense (benefit)	<u>\$ 505,163</u>	<u>\$ (746,458)</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:

	Six Months Ended	
	June 30	
	2009	2008
Tax on pretax loss at 25% statutory rate	\$ (89,024)	\$ (640,736)
Add (deduct) tax effects of:		
Tax-exempt income	13,249	35,934
Permanent difference	(260,321)	(553,583)
Temporary difference	<u>(13,219)</u>	<u>(190,152)</u>
Deductible loss carry forward	<u>\$ (349,315)</u>	<u>\$ (1,348,537)</u>

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

	June 30	
	2009	2008
Loss carryforward	\$ 2,768,675	\$ 2,995,188
Deferred pension cost	270,316	337,738
Unrealized loss or gain on foreign exchange and revaluation of financial instrument, net	(3,713)	(19,258)
Staff training	22,279	15,906
Allowance for credit loss over limit	-	81,409
Others	23,947	85,095
Valuation allowance	<u>(26,500)</u>	<u>(3,548)</u>
Deferred income tax assets, net	<u>\$ 3,055,004</u>	<u>\$ 3,492,530</u>

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

	June 30	
	2009	2008
Investment income under the equity method	\$ (698,959)	\$ (1,104,274)
Others	<u>(46,555)</u>	<u>(63,771)</u>
Deferred income tax liabilities, net	<u>\$ (745,514)</u>	<u>\$ (1,168,045)</u>

The unused loss carryforwards as of June 30, 2009 were as follows:

Deficit Year	The Last Year of Claiming Deductible Loss	Amount
2006	2016	\$ 458,959
2007	2017	900,832
2008	2018	1,233,308
2009	2019	<u>175,576</u>
		<u>\$ 2,768,675</u>

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

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Receivables from related parties	<u>\$ 1,360,146</u>	<u>\$ 1,160,788</u>

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

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Balances of imputed tax credit account	<u>\$ 2,630,325</u>	<u>\$ 1,958,026</u>

In 2008 and 2007, the Bank had no distributable earnings because of deficits. Thus, tax credits will be used to compute the creditable tax ratios in the following years when there are distributable earnings.

- f. As of June 30, 2009, the unappropriated earnings generated before January 1, 1998 was \$8,758, which was recorded as capital surplus owing to merger of IBT.

Under the Income Tax Law, when the unappropriated earnings generated on or after January 1, 1998 are distributed, stockholders will get imputation credits based on the imputed tax credit ratio as of the dividend declaration date; however, for the unappropriated earnings generated before January 1, 1998, no imputation credit will be allocated 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 2004 to 2007, 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 2005 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 2006, which were not refunded by tax authorities.
- i. For SinoPac Card Services Co., Ltd., income tax returns through 2004 had been examined by the tax authorities.

32. 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

Name	Relationship with the Bank
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 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 Securities Investment Trust Co., Ltd. (SinoPac Securities Investment Trust)	Subsidiary of SPH
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
Ruentex Development Co., Ltd. (Ruentex Development)	Affiliate of the director of SPH
Wal Tech International Corporation (Wal Tech International)	Subsidiary of SinoPac Venture Capital
Intellisys Corporation	Subsidiary of Wal Tech International
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
Taiwan Genome Sciences, Inc.	Affiliate of the Bank's director
Development Center for Biotechnology	Affiliate of the Bank's director
SinoPac Futures Corporation (SinoPac Futures)	Subsidiary of SinoPac Securities
Rung-Tzung Investment Corp. (Rung-Tzung Investment)	Affiliate of the second-degree of kinship of the director of SinoPac Securities
Liu, Shiou Fong	Manager of SPH (retired in May 2009)
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.
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
Guo, Fong Yuan	Manager of the Bank
Wu, Yi Cing	Manager of the Bank

(Continued)

Name	Relationship with the Bank
Hong, Siou Huei	Manager of the Bank
Hong, Wen Jing	Manager of the Bank
Guo, Ling Shan	Manager of the Bank
Yang, Jhih Fa	Manager of the Bank
Zhong, Dau Cheng	Manager of the Bank
Ci, Siou Jyuan	Manager of the Bank
Jhuo, Shu Lin	Manager of the Bank
Chen, Jhih Wen	Manager of the Bank
Ji, Ying Huei	Manager of the Bank
Liao, Jhih Ming	Manager of the Bank
Bai, Su Ching	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
Shiung, Jr Gang	Manager of the Bank
Gau, Shu Huei	Manager of the Bank
Lin, Chi Tian	Manager of the Bank
Lai, Li Ru	Manager of the Bank
Huang, Chiung Yau	Manager of the Bank
Lin, Shin Shin	Manager of the Bank
Hung, Jeng An	Manager of the Bank
Jung, Ching Lin	Manager of the Bank
Liao, Chih Meng	Manager of the Bank
Jiang, Shang De	Manager of the Bank
Lee, Liang	Manager of the Bank
Chang, Jing Ping	Manager of the Bank
Huang, Jing Fang	Manager of the Bank (retired in June 2009)
Chang, Dung Ying	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>June 30</u>		<u>June 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
1) Due from banks				
Due from banks - FENB	\$ 14,344	\$ 54,228	0.42%	0.84%
2) Financial assets at fair value through profit or loss				
Beneficiary certificates - SinoPac Strategy Balanced Fund	36,130	-	0.19%	-
Beneficiary certificates - SinoPac Small & Medium Capital Fund	-	93,618	-	0.31%
Beneficiary certificates - SinoPac Fund	-	28,647	-	0.10%

3) Derivative financial instruments

	<u>June 30, 2009</u>					
	<u>Contract (Notional) Amount</u>	<u>Contract Period</u>	<u>Fair Value</u>	<u>Balance Sheet</u>		<u>Balance</u>
				<u>Account</u>		
Currency swap contracts						
SinoPac Capital (H.K.)	\$ 953,036	2009.6.29-2009.7.29	\$ 22	Financial assets at fair value through profit or loss	\$	22
Grand Capital	79,032	2009.3.26-2009.8.24	11	Financial assets at fair value through profit or loss		11
Interest rate swap contracts						
SinoPac Securities	14,620,000	2007.1.3-2014.3.24	(42,142)	Financial liabilities at fair value through profit or loss		(42,142)
Forward contracts						
Grand Capital	65,636	2009.5.14-2009.8.18	9	Financial assets at fair value through profit or loss		9
Non-delivery forward contract - short position						
FENB	17,887	2009.6.26-2010.6.25	19	Financial assets at fair value through profit or loss		19
	<u>June 30, 2008</u>					
	<u>Contract (Notional) Amount</u>	<u>Contract Period</u>	<u>Fair Value</u>	<u>Balance Sheet</u>		<u>Balance</u>
				<u>Account</u>		
Currency swap contracts						
SinoPac Capital (H.K.)	\$ 913,994	2008.6.10-2008.7.10	\$ 85	Financial assets at fair value through profit or loss	\$	85
Grand Capital	351,371	2008.5.5-2008.8.25	9	Financial assets at fair value through profit or loss		9
Interest rate swap contracts						
SinoPac Securities	10,900,000	2006.9.7-2013.6.13	6,043	Financial assets at fair value through profit or loss		6,043
SPL	100,000	2008.7.24-2009.7.27	182	Financial assets at fair value through profit or loss		182
Forward contract						
Grand Capital	14,795	2008.3.14-2009.2.23	11	Financial assets at fair value through profit or loss		11
SPL	8,954	2008.4.7-2008.8.11	4	Financial assets at fair value through profit or loss		4
Non-delivery forward contract - long position						
FENB	3,071	2007.11.9-2008.9.4	(72)	Financial liabilities at fair value through profit or loss		(72)
Non-delivery forward contract - short position						
FENB	63,743	2007.8.31-2009.5.29	(53)	Financial liabilities at fair value through profit or loss		(53)

4) Accounts, interest, other receivables and payables

As of June 30, 2009 and 2008, other receivables from related parties amounted to \$9,575 and \$5,519, respectively. As of June 30, 2009 and 2008, other payables to related parties amounted to \$21,580 and \$25,480, respectively. As of June 30, 2008, the Bank's payable to SinoPac Financial Holdings resulting from pro-forma information amounted to \$4,247,797, respectively. As of June 30, 2008, the cash dividends receivable from relative parties amounted to \$297,982, respectively.

As of June 30, 2009 and 2008, the Bank's estimated receivables resulting from the adoption of the linked-tax system amounted to \$1,360,146 and \$1,160,788, respectively. As of June 30, 2008, SinoPac Card Services estimated receivables resulting from the adoption of the linked - tax system amounted to \$165,731, respectively.

5) Loans

		June 30, 2009					
		June 30, 2009 Balance	Highest Balance	%	Interest/Fee Rates	Interest Revenue	
Loans		<u>\$ 2,419,887</u>	<u>\$ 3,224,864</u>	<u>0.40</u>	0.7-6.58	<u>\$ 20,618</u>	
		June 30, 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	29	\$ 12,300	\$ 9,705	V	-	None	Yes
Households mortgages	223	1,378,029	1,166,505	V	-	Real estate	Yes
Others:	SPL	413,000	413,000	V	-	Real estate	Yes
	Rung-Tzung Investment	246,671	246,671	V	-	Real estate	Yes
	Yung An Leasing	198,800	198,800	V	-	Real estate	Yes
	BoardTek Electronics	430,687	377,354	V	-	Real estate	Yes
	SinoPac Securities	500,000	-	V	-	Real estate	Yes
	Development Center for Biotechnology	30,000	-	V	-	Real estate	Yes
	Taiwan Genome Sciences, Inc.	2,000	2,000	V	-	Real estate	Yes
	Chen Hsu, Yu Rong	6,029	5,847	V	-	Certificate of deposit	Yes
	Guo, Kai Wei	3,354	5	V	-	Certificate of deposit	Yes
	Guo, Fong Yuan	2,100	-	V	-	Certificate of deposit	Yes
	Chen, Jhih Wen	835	-	V	-	Certificate of deposit	Yes
	Jhuo, Shu Lin	496	-	V	-	Certificate of deposit	Yes
	Shiung, Jr Gang	319	-	V	-	Certificate of deposit	Yes
	Lin Xu, Li Hong	118	-	V	-	Certificate of deposit	Yes
	Zhong, Dau Cheng	54	-	V	-	Certificate of deposit	Yes
	Ji, Ying Huei	47	-	V	-	Certificate of deposit	Yes
	Lin, Hsiao Fen	25	-	V	-	Certificate of deposit	Yes
	Other	<u>1,834,535</u>	<u>1,243,677</u>				
		<u>\$ 3,224,864</u>	<u>\$ 2,419,887</u>				
		June 30, 2008					
		June 30, 2008 Balance	Highest Balance	%	Interest/Fee Rates	Interest Revenue	
Loans		<u>\$ 2,334,473</u>	<u>\$ 2,825,782</u>	<u>0.37</u>	2.3-10.025	<u>\$ 33,529</u>	

June 30, 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	25	\$ 8,045	\$ 5,089	V	-	None	Yes
Households mortgages	221	1,293,410	1,096,790	V	-	Real estate	Yes
Others:	SPL	579,000	378,000	V	-	Real estate	Yes
	BoardTek Electronics	469,125	407,250	V	-	Real estate	Yes
	Rung-Tzung Investment	246,671	246,671	V	-	Real estate	Yes
	Yung An Leasing	198,800	193,000	V	-	Real estate	Yes
	Chen Hsu, Yu Rong	7,000	5,555	V	-	Real estate	Yes
	Lin, Chi Tian	6,884	-	V	-	Certificate of deposit	Yes
	Chu, Wen Chi	5,354	-	V	-	Certificate of deposit	Yes
	Liao, Chih Meng	2,794	1,562	V	-	Certificate of deposit	Yes
	Liu, Shiou Fong	1,785	556	V	-	Real estate	Yes
	Wu, Yi Cing	1,736	-	V	-	Certificate of deposit	Yes
	Guo, Kai Wei	1,108	-	V	-	Certificate of deposit	Yes
	Chien, Wei Liang	950	-	V	-	Certificate of deposit	Yes
	Gau, Shu Huei	949	-	V	-	Certificate of deposit	Yes
	Jhuo, Shu Lin	500	-	V	-	Certificate of deposit	Yes
	Huang, Chiung Yau	385	-	V	-	Certificate of deposit	Yes
	Lin, Cheng Che	351	-	V	-	Certificate of deposit	Yes
	Lai, Li Ru	341	-	V	-	Certificate of deposit	Yes
	Guo, Ling Ling	310	-	V	-	Certificate of deposit	Yes
	Ji, Ying Huei	170	-	V	-	Certificate of deposit	Yes
	Yu, Chun Nan	44	-	V	-	Certificate of deposit	Yes
	Bai, Su Ching	38	-	V	-	Certificate of deposit	Yes
	Zhong, Dau Cheng	27	-	V	-	Certificate of deposit	Yes
	Lin, Hsiao Fen	4	-	V	-	Certificate of deposit	Yes
	Chen, Jhin Wen	1	-	V	-	Certificate of deposit	Yes
	Other	1,524,327	1,232,594				
		<u>\$ 2,825,782</u>	<u>\$ 2,334,473</u>				

6) Guarantees

June 30, 2009

Related Party	The Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
SPL	\$ 330,000	\$ 125,000	\$ -	0.30%	Real estate	
SinoPac Securities	2,000	2,000	-	0.30%	Certificate of deposit	
Hong, Wen Jing	400	250	-	1.75%-3.25%	None	Note
Huang, Lien Cheng	290	140	-	1.75%-3.25%	None	Note
Luo, Guang Tsai	260	260	-	1.75%-3.25%	None	Note
Yang, Jhih Fa	180	120	-	1.75%-3.25%	None	Note
Lin, Shin Shin	160	160	-	1.75%-3.25%	None	Note
Lu, Zhong Xiong	150	150	-	1.75%-3.25%	None	Note
Ci, Siou Jyuan	130	130	-	1.75%-3.25%	None	Note
Hung, Jeng An	120	120	-	1.75%-3.25%	None	Note
Huang, Chuan Yuan	105	90	-	1.75%-3.25%	None	Note
Zhung, Ji Cheng	100	100	-	1.75%-3.25%	None	Note
Li, Chih Neng	100	90	-	1.75%-3.25%	None	Note
Lyu, Shu Fen	100	85	-	1.75%-3.25%	None	Note
Guo, Ling Shan	90	60	-	1.75%-3.25%	None	Note
Jung, Ching Lin	85	85	-	1.75%-3.25%	None	Note
Hong, Siou Huei	80	50	-	1.75%-3.25%	None	Note
Liao, Chih Meng	60	60	-	1.75%-3.25%	None	Note
Jiang, Shang De	60	60	-	1.75%-3.25%	None	Note
Chen, Yu Chien	60	30	-	1.75%-3.25%	None	Note
Lee, Liang	10	10	-	1.75%-3.25%	None	Note

Note: The listed nineteen guarantees are employees consuming loans.

June 30, 2008

Related Party	The Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
SinoPac Securities	\$ 38,000	\$ 38,000	\$ -	0.30%	Real estate and certificate of deposit	
TaiGen Biotechnology	18,340	-	-	0.45%	Certificate of deposit	
Lee, Liang	80	80	-	1.5%-2.5%	None	Note
Chang, Jing Ping	70	71	-	1.5%-2.5%	None	Note
Guo, Ling Ling	70	70	-	1.5%-2.5%	None	Note
Huang, Jing Fang	70	70	-	1.5%-2.5%	None	Note
Chang, Dung Ying	80	80	-	1.5%-2.5%	None	Note
Huang, Lien Cheng	70	70	-	1.5%-2.5%	None	Note
Li, Chih Neng	70	70	-	1.5%-2.5%	None	Note

Note: The listed seven guarantees are employees consuming loans.

7) Held-to-maturity investments

	June 30	
	2009	2008
Certificate of deposit - FENB	\$ 32,818	\$ -
Subordinated debenture beneficiary certificates - credit card receivables	\$ -	\$ 80,000

8) Securities sold under agreements to repurchase

	Face Amount		Cost	
	June 30		June 30	
	2009	2008	2009	2008
Others	\$ 574,500	\$ 363,226	\$ 591,755	\$ 391,613

9) Deposits

	Ending Balance	% of Total	Interest Rate	Interest Expense	% of Total
<u>Six months ended June 30, 2009</u>					
SinoPac Securities	\$ 3,614,306	0.46%	0-2.57	\$ 26,633	0.51%
SinoPac Futures	3,033,984	0.38%	0.1-2.00	18,929	0.37%
SPH	1,725,773	0.22%	0-0.1	187	-
SinoPac Securities (Asia) Ltd.	1,563,220	0.20%	0.0005-1.95	4,782	0.09%
SinoPac Venture Capital	1,152,976	0.15%	0.03-0.15	1,637	0.03%
Others	6,176,167	0.78%	0-13	36,516	0.70%

	Ending Balance	% of Total	Interest Rate	Interest Expense	% of Total
<u>Six months ended June 30, 2008</u>					
SinoPac Futures	\$ 1,809,916	0.23%	0.1-2.605	\$ 7,965	0.08%
SinoPac Securities	1,800,981	0.23%	0-2.54	12,176	0.12%
SinoPac Securities (Asia) Ltd.	1,016,771	0.13%	0.0005-4.6	10,919	0.11%
SPLIA	601,830	0.08%	0.1-1.98	3,878	0.04%
SinoPac Venture Capital	240,657	0.03%	0.1-2.125	1,704	0.02%
Others	5,466,182	0.69%	0-13	68,169	0.67%

10) Bank debentures

	Ending Balance	% of Total	Interest Expense	% of Total
<u>Six months ended June 30, 2008</u>				
SinoPac Futures	\$ -	-	\$ 309	-

11) Revenues and expenses

	<u>Amount</u>		<u>% of Total</u>	
	<u>Six Months</u>		<u>Six Months</u>	
	<u>Ended June 30</u>		<u>Ended June 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Service fees	\$ 14,895	\$ 20,639	0.99%	0.89%
Service expenses	1,991	3,606	0.73%	1.05%
Project popularizing expense	259	275	0.02%	0.01%
Promotion fee	13,689	20,644	0.89%	1.08%
Other revenues	3,824	4,060	27.33%	2.45%

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:

	<u>Rental Expenses</u>			
	<u>Six Months</u>			
Lessor	<u>2009</u>	<u>2008</u>	Lease Term	Payment Frequency
SPL	\$ 56,857	\$ 55,082	February 2020	Rentals paid monthly
Ruentex Development	1,725	1,800	September 2010	Rentals paid monthly

b) The Bank as a lessor

Lessee	<u>Rental Income</u>		Lease Term	Payment Frequency
	<u>Six Months</u>			
	<u>2009</u>	<u>2008</u>		
SinoPac Securities	\$ 7,914	\$ 7,334	November 2011	Rentals received monthly
SinoPac Securities Investment Trust	5,731	-	September 2017	Rentals received monthly
SinoPac Call Center	3,119	2,129	March 2013	Rentals received monthly
SPL	2,956	2,976	July 2011	Rentals received monthly
Intellisys Corporation	1,758	-	December 2013	Rentals received monthly
SPLIA	1,058	1,125	January 2012	Rentals received monthly
SPPIA	167	198	January 2012	Rentals received monthly
Wal Tech International	30	30	June 2011	Rentals received monthly
SinoPac Venture Capital	5	5	June 2010	Rentals received monthly

13) Professional advisory charges

The Bank and former SinoPac Card Services Co., Ltd. had entered into several professional advisory contracts with its investees. The professional advisory charges paid for the six months ended June 30, 2009 and 2008 amounted to \$100,208 and \$94,878, 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.

33. RESTRICTED ASSETS

Pledged or restricted assets of the Bank as of June 30, 2009 and 2008 are summarized as follows:

Restricted Assets	Object	<u>Fair Value</u>		Purposes
		<u>2009</u>	<u>2008</u>	
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	-	1,000	GTSM as bond payment settlement reserves for electronic bond trading system
Available-for-sale financial assets	Government bonds	551,877	556,890	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	-	5,001,309	Intraday overdraft facilities
Held-to-maturity investments	Government bonds	214,082	193,357	Hong Kong branch's clearing system of real - time gross settlement
Other financial assets	Guarantee deposits, negotiable certificate of deposits and cash	1,230,505	873,384	Pledged to court as collaterals for filing provisional seizure or restricted

34. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

In addition to those disclosed in Note 37, 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
July 1 to December 31, 2009	\$ 166,229
2010	305,563
2011	235,934
2012	181,452
2013	86,978

Rentals for the years beyond 2014 amount to \$246,945, the present value of which is about \$231,380 as discounted at the Bank's one-year time deposit rate of 0.82% on June 30, 2009.

b. Equipment purchase contract

The Bank had entered into contracts to buy computer equipment and office equipment for \$578,952, of which \$98,125 had already been paid as of June 30, 2009.

c. The Bank's Hong Kong branch was delegated by professional investors to sell investment products of PEM GROUP amounting to US\$146,000 thousand in private placement, which was allowed under Hong Kong's regulations. The Court appointed permanent receiver for all assets that belong to, are being managed by, or in the possession of or control of PEM GROUP and any of their subsidiaries and affiliates. The Receiver moves this Court for an order clarifying the order appointing him. However, on August 10, 2009, the Court finds that the Receiver has not presented sufficient evidence to establish that GVEC is a PEM GROUP affiliate. Accordingly, the Receiver's Motions are denied, without prejudice, to the extent they relate to GVEC. The aforementioned investment products amounting to USD 59,773 thousand belongs to GVEC. According to declaration judged by Federal Courts, the Bank excluded GVEC from the portfolio of PEM GROUP. If the products aforementioned fail to repay at maturity due to deceptive underlying assets, the Bank will buy back those products at the price of initial payment deducted the distribution and redemption. As far, the Bank investigate internally and externally, delegate the lawyer and inform the related investors simultaneously to solve the problem. In accordance with aforementioned principle, the contingent loss amounting to \$758,868 was estimated and recorded for the six months ended June 30, 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 thousand 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.

35. RESTATEMENT OF FINANCIAL STATEMENTS

The Bank had a cash merger with SinoPac Card Services ("SinoPac Card") on June 1, 2009. Based on Statement of Financial Accounting Standards (SFAS) Interpretation Nos. (91) 243 and 244 and (95) 081 issued by the Accounting research and Development Foundation of the ROC, this merger was treated as a reorganization and was recorded at the book values of both entities' assets and liabilities because the Bank and SinoPac Card Services were both 100% subsidiaries of SinoPac Financial Holdings Company Limited. In addition, based on SFAS Interpretation No. (95) 141, the Bank's financial statements as of and for the six months ended June 30, 2008 were retroactively restated assuming SinoPac Card's assets and liabilities had been included in these financial statements at book value. The Bank acquired from SinoPac Card the following net assets, amounting to \$2,998,513 thousand:

Item	Amount
Cash and cash equivalents	\$ 936,109
Financial assets at fair value through profit or loss	169,527
Accounts, interest and other receivables, net	11,884,889
Other financial assets	457,738
Properties, net	60,577
Intangible assets	7,180
Other assets	84,302
Short-term borrowings	(2,700,000)
Commercial paper payable	(3,550,000)
Accounts, interest and other payables	(3,462,284)
Long-term debts	(800,000)
Other financial liabilities	(500)
Other liabilities	(89,025)
	<u>2,998,513</u>
Goodwill	876,717
Capital surplus	<u>(1,555)</u>
	<u>\$ 3,873,675</u>

The above assets were to be used for operating purposes. The Bank had no plan to dispose of any significant assets. The Bank's net income for the six months ended June 30, 2008 included SinoPac Card's net income for the same period.

36. 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.

	Six Months Ended June 30			
	2009		2008	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from the Central Bank and other banks	\$ 21,157,644	0.48	\$ 50,102,277	2.19
Call loans to banks	67,003,036	0.86	61,160,698	3.32
Financial assets at fair value through profit or loss	15,631,547	2.32	18,231,867	2.72
Securities purchased under agreements to resell	667,350	0.70	5,610,009	1.82
Available-for-sale financial assets	43,136,735	1.38	123,728,558	2.25
Discounts and loans	612,573,485	2.12	609,819,327	3.50
Accounts receivable - factoring	5,130,537	3.00	12,448,822	4.01
Credit card receivable	7,223,392	13.81	7,201,955	13.23
Held-to-maturity investments	114,150,872	0.96	28,099,633	2.34
Other financial assets	315,343	2.63	2,351,741	1.28
<u>Interest-bearing liabilities</u>				
Due to the Central Bank and other banks	21,123,454	1.23	20,349,168	2.61
Call loans	13,959,578	0.97	25,548,588	3.17
Securities sold under agreements to repurchase	4,675,498	0.19	7,072,297	1.89
Demand	120,561,944	0.11	105,467,852	0.66
Savings - demand	173,592,776	0.45	163,161,555	0.59
Time	274,330,651	1.23	281,046,121	2.59
Savings - time	199,630,338	1.70	223,004,469	2.52
Negotiable certificates of deposit	7,669,310	0.97	17,972,127	2.15
Bank debentures	29,052,807	2.44	32,488,727	1.91
Other liabilities - appropriated loan fund	486,486	1.02	460,448	1.00
Bonds payable	4,831,647	-	5,420,351	-

37. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

	June 30			
	2009		2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Other short-term financial assets	\$ 137,981,168	\$ 137,981,168	\$ 156,807,181	\$ 156,807,181
Financial assets at fair value through profit or loss	19,326,627	19,326,627	29,906,094	29,906,094
Discounts and loans	597,826,725	597,826,725	626,734,414	626,734,414
Available-for-sale financial assets	41,808,920	41,808,920	86,601,139	86,601,139
Held-to-maturity investments	137,735,960	137,763,224	71,142,297	71,121,628
Equity investments-equity method	10,891,204	10,891,204	9,306,338	9,306,338
Unquoted equity instruments	488,507	-	715,707	-
Non-active market debt instruments	104,253	80,663	852,402	823,462
Other financial assets	1,811,183	1,811,183	1,893,218	1,893,218

(Continued)

	June 30			
	2009		2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial liabilities</u>				
Other short-term financial liabilities	\$ 64,176,138	\$ 64,176,138	\$ 91,765,266	\$ 91,765,266
Financial liabilities at fair value through profit or loss	10,861,192	10,861,192	10,600,510	10,600,510
Deposits and remittances	793,413,146	793,413,146	791,109,849	791,109,849
Bank debentures	32,723,589	32,723,589	34,693,995	34,693,995
Bonds payable	4,638,168	4,541,049	6,842,304	6,914,425
Other financial liabilities	1,538,134	1,538,134	881,936	881,936
				(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, bank 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 \$8,763,351 and \$15,175,203, for the six months ended June 30, 2009 and 2008, respectively. Interest expense of financial assets and liabilities other than those at fair value through profit or loss amounted to \$4,128,464 and \$8,244,353, for the six months ended June 30, 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>June 30</u>		<u>June 30</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	\$ 14,070,778	\$ 21,998,827	\$ 5,255,849	\$ 7,907,267
Available-for-sale financial assets	41,635,490	85,539,496	173,430	1,061,643
Held-to-maturity investments	137,763,224	71,033,129	-	88,499
Other financial assets - non-active market debt instruments	-	-	80,663	823,462
<u>Financial liabilities</u>				
Financial liabilities at fair value through profit or loss	10,572,874	9,125,785	288,318	1,474,725

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 June 30, 2009 and 2008, ratios of secured loans to total loans were 70.18% and 64.9%, respectively. Ratio of secured financial guarantees and standby letters of credits were from 30.21% and 32.32%. 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:

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Items	Maximum Credit Exposure	Maximum Credit Exposure
Off-balance-sheet credit risk		
Credit card commitments for credit card	\$ 138,935,612	\$ 157,366,665
Financial guarantees and standby letter of credit	18,704,117	24,007,115
Undrawn loan commitments	22,507,055	23,507,453

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:

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Credit Risk Profile by Counterparty	Maximum Credit Exposure	Maximum Credit Exposure
Consumer	\$ 362,011,435	\$ 371,038,820
Private sector	232,584,836	232,056,623
Government	<u>8,686,322</u>	<u>30,220,820</u>
	<u>\$ 603,282,593</u>	<u>\$ 633,316,263</u>

Credit Risk Profile by Industry Sector	June 30	
	2009	2008
	Maximum Credit Exposure	Maximum Credit Exposure
Electricity industry	\$ 51,861,241	\$ 45,831,268
Material and supplies	41,683,370	37,834,331
Construction and real estate	<u>31,792,665</u>	<u>27,753,985</u>
	<u>\$ 125,337,276</u>	<u>\$ 111,419,584</u>

Credit Risk Profile by Region	June 30	
	2009	2008
	Maximum Credit Exposure	Maximum Credit Exposure
Domestic area	\$ 555,399,956	\$ 583,817,421
Asia	25,267,563	20,353,183
North America	<u>13,465,718</u>	<u>16,230,284</u>
	<u>\$ 594,133,237</u>	<u>\$ 620,400,888</u>

3) Liquidity risk

As of June 30, 2009 and 2008, the liquidity reserve ratio was 27.24% and 27.67%, 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:

	June 30, 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		
<u>Assets</u>								
Cash and cash equivalents	\$ 10,188,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,188,782
Due from the Central Bank and other banks	83,046,879	239,849	1,969,080	820,450	-	-	-	86,076,258
Financial assets at fair value through profit or loss	15,787,802	314,271	2,882,766	224,538	117,250	-	-	19,326,627
Receivables	17,787,309	11,528,310	2,328,477	4,763,138	8,084,739	-	-	44,491,973
Discounts and loans	67,184,635	49,526,508	26,676,505	18,291,385	106,724,173	334,730,624	-	603,133,830
Available-for-sale financial assets	9,006,292	4,549,999	226,966	103,801	26,149,052	1,772,810	-	41,808,920
Held-to-maturity investments	127,997,659	6,065,634	1,971,044	108,233	1,365,989	227,401	-	137,735,960
Non-active market debt instruments	-	-	-	-	98,454	5,799	-	104,253
Hedged derivative financial assets	<u>102,537</u>	<u>-</u>	<u>12,866</u>	<u>35,383</u>	<u>218,092</u>	<u>-</u>	<u>-</u>	<u>368,878</u>
	<u>331,101,895</u>	<u>72,224,571</u>	<u>36,067,704</u>	<u>24,346,928</u>	<u>142,757,749</u>	<u>336,736,634</u>	<u>-</u>	<u>943,235,481</u>

(Continued)

June 30, 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	\$ 10,176,574	\$ 8,788,053	\$ 10,263,811	\$ 6,195,708	\$ -	\$ -	\$ 35,424,146
Financial liabilities at fair value through profit or loss	7,733,899	222,757	90,967	2,813,331	238	-	10,861,192
Securities sold under agreements to repurchase	1,167,359	84,318	-	-	-	-	1,251,677
Payables	13,060,790	10,190,635	1,789,338	2,203,823	373,302	-	27,617,888
Deposits and remittances	120,406,616	111,098,192	165,369,839	126,562,960	269,975,539	-	793,413,146
Bank debentures	331,057	500,000	900,000	10,138,168	20,854,364	-	32,723,589
Bonds payable	-	-	-	-	4,638,168	-	4,638,168
Hedged derivative financial liabilities	30,296	-	5,385	-	-	-	35,681
	<u>152,906,591</u>	<u>130,883,955</u>	<u>178,419,340</u>	<u>147,913,990</u>	<u>295,841,611</u>	<u>-</u>	<u>905,965,487</u>
Net liquidity gap	<u>\$ 178,195,304</u>	<u>\$ (58,659,384)</u>	<u>\$ (142,351,636)</u>	<u>\$ (123,567,062)</u>	<u>\$ (153,083,862)</u>	<u>\$ 336,736,634</u>	<u>\$ 37,269,994</u>

(Concluded)

June 30, 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	\$ 13,802,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,802,211
Due from the Central Bank and other banks	82,707,019	6,120,825	4,553,100	-	-	-	93,380,944
Financial assets at fair value through profit or loss	23,128,108	750,412	4,296,307	1,463,489	267,778	-	29,906,094
Securities purchased under agreements to resell	3,577,279	1,092,739	-	-	-	-	4,670,018
Receivables	13,348,390	12,216,528	5,002,936	3,577,522	12,517,910	-	46,663,286
Discounts and loans	68,532,340	64,193,479	35,057,736	30,283,011	102,659,552	332,142,388	632,868,506
Available-for-sale financial assets	35,990,837	10,294,926	33,134,038	2,852,513	3,150,964	1,177,861	86,601,139
Held-to-maturity investments	44,823,515	14,785,664	9,800,000	396,074	981,356	355,688	71,142,297
Non-active market debt instruments	33,678	-	-	115,292	585,113	118,319	852,402
Hedged derivative financial assets	6,621	11,470	29,941	130,539	363,893	-	542,464
	<u>285,949,998</u>	<u>109,466,043</u>	<u>91,874,058</u>	<u>38,818,440</u>	<u>120,526,566</u>	<u>333,794,256</u>	<u>980,429,361</u>
Liabilities							
Call loans and due to banks	31,639,075	11,056,761	10,917,513	6,195,708	-	-	59,809,057
Financial liabilities at fair value through profit or loss	5,929,229	371,139	248,427	4,048,881	2,834	-	10,600,510
Securities sold under agreements to repurchase	4,956,121	1,181,532	26,312	-	-	-	6,163,965
Payables	10,607,183	5,660,036	4,278,360	2,283,355	3,316,964	-	26,145,898
Deposits and remittances	143,428,031	125,948,622	137,417,991	155,030,166	229,285,039	-	791,109,849
Bank debentures	497,377	2,100,000	7,400,000	5,900,000	18,796,618	-	34,693,995
Bonds payable	-	-	-	1,500,000	5,342,304	-	6,842,304
Hedged derivative financial liabilities	21,609	-	-	6,899	28,549	-	57,057
	<u>197,078,625</u>	<u>146,318,090</u>	<u>160,288,603</u>	<u>174,965,009</u>	<u>256,772,308</u>	<u>-</u>	<u>935,422,635</u>
Net liquidity gap	<u>\$ 88,871,373</u>	<u>\$ (36,852,047)</u>	<u>\$ (68,414,545)</u>	<u>\$ (136,146,569)</u>	<u>\$ (136,245,742)</u>	<u>\$ 333,794,256</u>	<u>\$ 45,006,726</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 against the risk of the interest rate fluctuation of the bank debentures and a part of fixed rate loans.

Hedged Items	Hedging Instruments	June 30			
		2009		2008	
		Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	\$ 4,100,000	\$ 182,518	\$ 11,600,000	\$ 192,674
	Cross currency swap	3,800,000	148,538	14,300,000	304,702
Fixed rate loans	Interest rate swap	358,945	(16,114)	346,201	(14,988)

f. Cash flow hedge

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

Hedged Items	Hedging Instruments	June 30			
		2009		2008	
		Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	\$ 3,600,000	\$ 18,255	\$ -	\$ -

Floating rate liabilities assumed by SinoPac Card Services may be subject to future cash flow fluctuation due to the market interest rates' volatility resulting in cash flow risk; therefore, SinoPac Card Services entered into interest rate swap contracts to hedge against the related risks.

The cash flow hedge and designated hedging derivatives are as follows:

June 30, 2008					
Hedged Items	Hedge Instruments	Nominal Amount	Fair Value of Hedging Instruments	Period of Expect Cash Flow	Expected Recognition Period of Gain or Loss
Floating rate debentures	Interest rate swap	\$ 2,600,000	\$ 3,019	2008-2010	2008-2010

38. 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.

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

a. Statement of capital adequacy

Capital Adequacy

			June 30, 2009	
			Standalone	Consolidation
Eligible capital	Tier 1 capital		\$ 48,016,693	\$ 52,651,387
	Tier 2 capital		18,376,342	24,743,350
	Tier 3 capital		-	-
	Eligible capital		66,393,035	77,394,737
Risk-weighted assets	Credit risk	Standardized approach	517,963,661	575,815,677
		Internal rating - based approach	N/A	N/A
		Securitization	529,307	1,512,902
	Operational risk	Basic indicator approach	28,963,913	33,814,338
		Standardized approach/Alternative standardized approach	N/A	N/A
		Advanced measurement approach	N/A	N/A
	Market risk	Standardized approach	21,963,851	23,528,439
		Internal models approach	N/A	N/A
	Total risk-weighted assets		569,420,732	634,671,356
	Capital adequacy rate			11.66%
Tier 1 risk - based capital ratio			8.43%	8.29%
Tier 2 risk - based capital ratio			3.23%	3.90%
Tier 3 risk - based capital ratio			-	-
Ratios of common stockholders' equity to total assets			4.64%	4.35%

			June 30, 2008	
			Standalone	Consolidation
Eligible capital	Tier 1 capital		\$ 53,070,162	\$ 56,631,602
	Tier 2 capital		6,764,403	11,839,909
	Tier 3 capital		-	-
	Eligible capital		59,834,565	68,471,511
Risk-weighted assets	Credit risk	Standardized approach	528,175,092	580,468,604
		Internal rating - based approach	N/A	N/A
		Securitization	1,696,268	3,058,197
	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	18,730,844	19,275,952
		Internal models approach	N/A	N/A
	Total risk-weighted assets		583,527,842	643,026,691
	Capital adequacy rate			10.25%
Tier 1 risk - based capital ratio			9.09%	8.81%
Tier 2 risk - based capital ratio			1.16%	1.84%
Tier 3 risk - based capital ratio			-	-
Ratios of common stockholders' equity to total assets			4.63%	4.34%

		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%	10.99%
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%	

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 8-2.

c. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities
June 30, 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	\$ 873,716,328	\$ 265,975,537	\$ 72,688,110	\$ 37,450,150	\$ 34,416,844	\$ 463,185,687
Main capital outflow on maturity	882,850,731	150,451,079	115,569,111	145,127,260	137,496,812	334,206,469
Gap	(9,134,403)	115,524,458	(42,881,001)	(107,677,110)	(103,079,968)	128,979,218

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
June 30, 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	\$ 6,739,448	\$ 3,362,984	\$ 1,632,209	\$ 572,155	\$ 459,958	\$ 712,142
Main capital outflow on maturity	6,873,464	2,996,754	1,793,498	871,384	454,762	757,066
Gap	(134,016)	366,230	(161,289)	(299,229)	5,196	(44,924)

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
June 30, 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	\$ 946,556,201	\$ 238,548,497	\$ 110,547,110	\$ 98,530,651	\$ 65,946,323	\$ 432,983,620
Main capital outflow on maturity	960,783,597	151,391,668	151,497,196	160,525,330	193,078,398	304,291,005
Gap	(14,227,396)	87,156,829	(40,950,086)	(61,994,679)	(127,132,075)	128,692,615

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
June 30, 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	\$ 9,917,054	\$ 3,427,416	\$ 2,388,216	\$ 2,062,405	\$ 1,425,063	\$ 613,954
Main capital outflow on maturity	10,143,463	3,643,587	2,119,366	1,706,444	1,585,379	1,088,687
Gap	(226,409)	(216,171)	268,850	355,961	(160,316)	(474,733)

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 Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2008
Return on total assets	Before income tax	(0.04)	(0.26)
	After income tax	(0.09)	(0.18)
Return on net worth	Before income tax	(0.64)	(4.30)
	After income tax	(1.54)	(3.05)
Profit margin		(14.84)	(29.95)

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 six months ended June 30, 2009 and 2008.

e. Interest rate sensitivity information

**Interest Rate Sensitivity
June 30, 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	\$ 604,328,250	\$ 21,790,701	\$ 27,867,777	\$ 58,812,566	\$ 712,799,294
Interest-rate sensitive liabilities	241,851,938	359,245,936	72,462,665	20,194,355	693,754,894
Interest-rate sensitive gap	362,476,312	(337,455,235)	(44,594,888)	38,618,211	19,044,400
Net worth					56,769,729
Ratio of interest-rate sensitive assets to liabilities					102.75%
Ratio of interest-rate sensitive gap to net worth					33.55%

**Interest Rate Sensitivity
June 30, 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	\$ 468,321,348	\$ 133,442,470	\$ 104,940,388	\$ 57,601,311	\$ 764,305,517
Interest-rate sensitive liabilities	368,733,970	268,007,456	77,566,898	6,944,809	721,253,133
Interest-rate sensitive gap	99,587,378	(134,564,986)	27,373,490	50,656,502	43,052,384
Net worth					61,243,989
Ratio of interest-rate sensitive assets to liabilities					105.97%
Ratio of interest-rate sensitive gap to net worth					70.30%

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
June 30, 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	\$ 4,043,919	\$ 246,430	\$ 50,629	\$ 529,873	\$ 4,870,851
Interest-rate sensitive liabilities	2,061,717	2,185,496	184,773	130	4,432,116
Interest-rate sensitive gap	1,982,202	(1,939,066)	(134,144)	529,743	438,735
Net worth					76,923
Ratio of interest-rate sensitive assets to liabilities					109.90%
Ratio of interest-rate sensitive gap to net worth					570.36%

**Interest Rate Sensitivity
June 30, 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	\$ 4,116,116	\$ 930,990	\$ 161,544	\$ 532,856	\$ 5,741,506
Interest-rate sensitive liabilities	3,071,448	1,853,432	252,086	113,381	5,290,347
Interest-rate sensitive gap	1,044,668	(922,442)	(90,542)	419,475	451,159
Net worth					42,080
Ratio of interest-rate sensitive assets to liabilities					108.53%
Ratio of interest-rate sensitive gap to net worth					1,072.15%

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

June 30, 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	\$12,195,568	21.61%
2	CHI MEI Optoelectronics	6,493,826	11.51%
3	HON HAI Precision Group	6,323,414	11.20%
4	Hung Tai Construction	5,260,000	9.32%
5	China Airlines	4,755,500	8.43%
6	China Metal Products Group	4,360,407	7.73%
7	Far East Group	4,043,099	7.16%
8	Quanta Group	3,922,476	6.95%
9	AU Optronics Group	3,877,753	6.87%
10	Kinpo Group	3,289,163	5.83%

June 30, 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	Formosa Plastics Group	7,425,358	12.26%
2	HON HAI Precision Group	5,501,749	9.08%
3	Hung Tai Construction	5,150,000	8.50%
4	CHI MEI Optoelectronics	4,997,430	8.25%
5	Dell Inc.	4,992,168	8.24%
6	China Metal Products Group	4,964,794	8.19%
7	China Airlines	4,802,500	7.93%
8	Far East Group	4,789,997	7.91%
9	Qisda Corporation/AU Optronics Group	4,087,422	6.75%
10	Chinatrust Group	3,811,505	6.29%

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..

40. TRUST BUSINESS UNDER THE TRUST LAW

a. Balance sheets, income statement 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
June 30, 2009 and 2008**

(In Thousands of New Taiwan Dollars)

	June 30					
	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	\$ 4,337,125	\$ 7,893,126	\$ 12,230,251	\$ 3,127,908	\$ 1,069,884	\$ 4,197,792
Bonds	20,393,439	2,183,185	22,576,624	33,384,434	8,885,080	42,269,514
Stocks	8,884,810	-	8,884,810	3,044,086	-	3,044,086
Funds	95,613,502	-	95,613,502	103,201,654	-	103,201,654
Receivables	5,566	20,957	26,523	75,188	34,427	109,615
Prepayments	6	21,566	21,572	21	6,722	6,743
Real estate						
Land	5,460,256	3,538,574	8,998,830	6,702,866	3,538,574	10,241,440
Buildings	356,419	1,364,856	1,721,275	57,415	1,364,856	1,422,271
Construction in process	4,334,817	-	4,334,817	3,796,992	-	3,796,992
Securities under custody	152,289,327	-	152,289,327	209,817,097	-	209,817,097
Other assets	-	77,035	77,035	-	81,710	81,710
Total trust assets	<u>\$ 291,675,267</u>	<u>\$ 15,099,299</u>	<u>\$ 306,774,566</u>	<u>\$ 363,207,661</u>	<u>\$ 14,981,253</u>	<u>\$ 378,188,914</u>
<u>Trust liabilities</u>						
Payables	\$ 25	\$ 3,285	\$ 3,310	\$ 3,567	\$ 3,389	\$ 6,956
Advance receipts	-	15,973	15,973	-	18,389	18,389
Other liabilities	-	20,171	20,171	-	20,762	20,762
Payable on securities under custody	152,289,327	-	152,289,327	209,817,097	-	209,817,097
Trust capital	137,605,354	13,930,022	151,535,376	151,399,077	14,012,673	165,411,750
Reserves and cumulative earnings						
Reserves	-	71,184	71,184	-	71,184	71,184
Net income	(106,585)	98,647	(7,938)	657,357	80,431	737,788
Cumulative earnings	1,940,252	496,587	2,436,839	1,765,466	310,995	2,076,461
Deferred amount	(53,106)	-	(53,106)	(434,903)	-	(434,903)
Unrealized revaluation increment on land	-	463,430	463,430	-	463,430	463,430
Total trust liabilities	<u>\$ 291,675,267</u>	<u>\$ 15,099,299</u>	<u>\$ 306,774,566</u>	<u>\$ 363,207,661</u>	<u>\$ 14,981,253</u>	<u>\$ 378,188,914</u>

Trust Income Statement
Six Months Ended June 30, 2009 and 2008

(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30					
	2009			2008		
	Other Trust Business	Financial Assets and Real Estate Trust Plan	Total	Other Trust Business	Financial Assets and Real Estate Trust Plan	Total
Trust income						
Interest income	\$ 166,944	\$ 123,713	\$ 290,657	\$ 95,584	\$ 111,760	\$ 207,344
Rental income	-	103,543	103,543	-	109,574	109,574
Cash dividends	-	-	-	17,823	-	17,823
Gains from beneficiary certificates	3,725	-	3,725	4,755	-	4,755
Realized investment income	71,131	-	71,131	615,602	-	615,602
Others	-	-	-	14	4,439	4,453
Total trust income	<u>241,800</u>	<u>227,256</u>	<u>469,056</u>	<u>733,778</u>	<u>225,773</u>	<u>959,551</u>
Trust expense						
Trust administrative expenses	2,297	2,234	4,531	4,744	2,264	7,008
Tax expenses	17,219	7,533	24,752	9,677	7,801	17,478
Interest expenses	-	116,628	116,628	-	133,115	133,115
OTC expenses	-	993	993	-	1,000	1,000
Marketing expenses	1,675	-	1,675	729	-	729
Realized investment loss	326,507	-	326,507	54,467	-	54,467
Unrealized investment loss	116	-	116	6,314	-	6,314
Others	571	1,221	1,792	490	1,162	1,652
Total trust expense	<u>348,385</u>	<u>128,609</u>	<u>476,994</u>	<u>76,421</u>	<u>145,342</u>	<u>221,763</u>
Income before income tax	(106,585)	98,647	(7,938)	657,357	80,431	737,788
Income tax expense	-	-	-	-	-	-
Net income	<u>\$ (106,585)</u>	<u>\$ 98,647</u>	<u>\$ (7,938)</u>	<u>\$ 657,357</u>	<u>\$ 80,431</u>	<u>\$ 737,788</u>

Trust Properties of Trust Accounts
June 30, 2009 and 2008

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30			
	2009		2008	
	Book Value	Note	Book Value	Note
Bonds	\$ 20,393,439		\$ 33,384,434	
Stocks	8,884,810		3,044,086	
Funds	95,613,502		103,201,654	
Asset pool of financial asset securitization	2,183,185		8,885,080	
Asset pool of real estate securitization	4,903,430		4,903,430	
Real estate				
Land	5,460,256		6,702,866	
Buildings	356,419		57,415	
Construction in process	4,334,817		3,796,992	
Securities under custody	<u>152,289,327</u>		<u>209,817,097</u>	
Total	<u>\$ 294,419,185</u>		<u>\$ 373,793,054</u>	

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

41. CROSS-SELLING INFORMATION

For the six months ended June 30, 2009 and 2008, the Bank charged SinoPac Securities for \$970 and \$3,359, respectively, as marketing and opening accounts and paid SinoPac Securities \$0 and \$86, respectively, 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 six months ended June 30, 2008, the Bank charged SPPIA for \$2,935, as incentive rewards under cross selling business.

42. ADDITIONAL DISCLOSURES

- a. and b. Following are the additional disclosures required by the Securities Futures Bureau 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: Table 4;
 - 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: Note 7 and Table 7-3;
 - 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 5;
 - 11) Sale of nonperforming loans: None;
 - 12) The information of investees: Table 6;
 - 13) Other significant transactions which may affect the decisions of users of financial reports: Tables 7 and 8;
 - 14) Derivative financial transactions: Except the disclosure in other footnotes, the derivative financial instruments of the Bank are disclosed in Notes 6 and 37, 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 disclosed in Table 7-8.
- c. Information related to investment in Mainland China: None.

BANK SINOPAC AND INVESTEES

FINANCING PROVIDED

SIX MONTHS ENDED JUNE 30, 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	\$ -	2.1%-3.488%	Short-term financial	\$ -	Operating use	\$ -	-	\$ -	\$ 89,800 (Note 1)	\$1,035,774 (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 audited net asset value NT\$2,589,436 (in thousand) of SinoPac Leasing Corporation as of June 30, 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 audited net asset value NT\$2,589,436 (in thousand) of SinoPac Leasing Corporation as of June 30, 2009.

BANK SINOPAC AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 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)	\$6,461,864	\$5,657,823	\$ -	218.50%	\$12,947,180 (Note 5)

Note 1: Foreign-currency amounts were translated to New Taiwan dollars at the closing exchange rate as of June 30, 2009.

Note 2: The audited net asset value of SinoPac Leasing Corporation as of June 30, 2009 is NT\$2,589,436 (in thousand).

Note 3: The limit on individual endorsement or guarantee amounts is up to 200% of the net asset value of SinoPac Leasing Corporation. As of June 30, 2009, the limit was NT\$5,178,872 (in thousand) (Note 6). But no limit applied on subsidiaries which was owned over 50% by SinoPac Leasing Corporation.

Note 4: The net asset value of SinoPac Leasing Corporation was based on its audited financial statements as of June 30, 2009.

Note 5: The maximum amount of endorsement or guarantee amounts is up to 500% of the net asset value of SinoPac Leasing Corporation. As of June 30, 2009, the limit was NT\$12,947,180 (in thousands) (Note 6). But no limit applied on subsidiaries which was owned over 50% by SinoPac Leasing 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 audited financial statements as of June 30, 2009.

BANK SINOPAC AND INVESTEES

MARKETABLE SECURITIES HELD

JUNE 30, 2009

(In Thousands of New Taiwan Dollars or Share)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	June 30, 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	230	\$ 7,656,802	100.00%	\$ 7,656,802	Note 4
Far East Capital Corporation	<u>Stock (common stock)</u> PCRS Capital Partners, LLC	-	Unquoted equity investments	-	1,129	4.00%	1,129	Note 5
	Vivaro Warrents	-	Unquoted equity investments	112	37	-	37	Note 5
	Metropolis Digital, Inc.	-	Unquoted equity investments	1,257	-	8.00%	-	Note 5
	<u>Stock (preferred stock)</u> AgraQuest, Inc.	-	Unquoted equity investments	100	33	0.80%	33	Note 5
	Softknot Corporation	-	Unquoted equity investments	250	-	2.00%	-	Note 5
	Zone Reactor, Inc.	-	Unquoted equity investments	23	-	1.50%	-	Note 5
SinoPac Leasing Corporation	<u>Stock</u> Grand Capital International Limited	Subsidiary	Equity investments - equity method	29,900	929,719	100.00%	929,719	Note 4
SinoPac Capital Limited (H.K.)	<u>Stock</u> SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Equity investments - equity method	4,450	35,129	100.00%	50,401	Note 4
	SinoPac Insurance Brokers Ltd.	Subsidiary	Equity investments - equity method	100	1,270	100.00%	125,002	Note 4
	<u>Fund</u> China Enterprise Capital	-	Unquoted equity investments	0.02	32,833	-	32,833	Note 5
SinoPac Capital (B.V.I.) Ltd.	<u>Stock</u> Pinnacle Investment Management Ltd.	Subsidiary	Equity investments - equity method	200	6,564	100.00%	11,228	Note 4
	RSP Information Service Company Limited	Subsidiary	Equity investments - equity method	1,000	4,207	100.00%	4,503	Note 4
SinoPac Property Insurance Agent Co., Ltd.	<u>Bond</u> Government bond 88-3	-	Guarantee deposits	600	640	-	780	Pledge
SinoPac Life Insurance Agent Co., Ltd.	<u>Bond</u> Government bond 88-3	-	Guarantee deposits	600	640	-	780	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 at closing prices on June 30, 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 on June 30, 2009.

BANK SINOPAC AND INVESTEES

ACQUIRED AND DISPOSED OF INVESTEE INVESTMENT AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
(MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF, AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL)
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

Company Name	Type and Name of Marketable Securities	Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units	Amount	Units	Amount	Carrying Value	Gain on Disposal	Units	Amount (Note)
Bank SinoPac	<u>Stock</u> SinoPac Bancorp	Equity investments - equity method	-	Subsidiary of the Bank	20	\$ 3,328,915	-	\$ 1,645,750	-	\$ -	\$ -	\$ -	20	\$ 4,974,665

Note: Excluding income from equity investments - equity method.

BANK SINOPAC AND INVESTEES

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

JUNE 30, 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 Financial Holdings Company Limited	The parent company of the Bank	\$ 1,360,371	-	\$ -	-	\$ -	\$ -

Note: Mostly receivables resulted from the use of the linked-tax system and receivables from related parties.

BANK SINOPAC AND INVESTEEES

INFORMATION ON INVESTED ENTERPRISES

SIX MONTHS ENDED JUNE 30, 2009

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

Investee Company	Location	Main Businesses and Products	Balance as of June 30, 2009			Consolidated Investment				Note
			Percentage of Ownership (%)	Carrying Amount (Note 1)	Investment Gains (Loss) (Note 1)	Shares (Thousand)	Imitated Shares	Total		
								Shares	Percentage of Ownership (%)	
<u>Financial enterprise</u>										
SinoPac Bancorp	California	Holding company	100.00%	\$ 7,453,123	\$ (711,752)	20	-	20	100.00%	Subsidiary
SinoPac Leasing Corporation	Taipei	Leasing and installment sales	99.7683%	1,436,203	52,888	177,100	-	177,100	100.00%	Subsidiary
SinoPac Capital Limited (H.K.)	Hong Kong	Lending and financing	100.00%	1,273,975	43,245	229,998	-	229,998	100.00%	Subsidiary
SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	100.00%	676,238	185,411	300	-	300	100.00%	Subsidiary
SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	100.00%	51,665	17,447	300	-	300	100.00%	Subsidiary
Global Securities Finance Corporation	Taipei	Securities financing	2.63%	173,496	-	19,712	-	19,712	2.63%	
Taipei Foreign Exchange Inc.	Taipei	Foreign exchange market maker	3.43%	6,800	2,176	680	-	680	3.43%	
Taiwan Futures Exchange	Taipei	Futures exchange and settlement	1.07%	21,490	-	4,424	-	4,424	1.88%	
Fuh Hwa Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust and consultant	4.63%	15,000	4,200	1,500	-	1,500	4.63%	
Financial Information Service Co., Ltd.	Taipei	Planning and developing the information system of across banking institution and managing the information web system	2.28%	91,000	-	9,100	-	9,100	2.28%	
Taiwan Asset Management Corporation	Taipei	Evaluating, auctioning, and managing for financial institutions' loan	0.28%	50,000	3,959	5,000	-	5,000	0.28%	
Mondex Taiwan Inc.	Taipei	Information process services	6.69%	4,935	-	395	-	395	6.69%	
Taiwan Financial Asset Service Co.	Taipei	Auction	5.88%	100,000	-	10,000	-	10,000	5.88%	
Sunny Asset Management Corp.	Taipei	Purchasing for financial institutions' loan assets	1.42%	164	89	85	-	85	1.42%	
Taiwan Depository and Clearing Co.	Taipei	Securities custodian	0.08%	4,639	-	2,232	-	2,232	0.75%	
<u>Nonfinancial enterprise</u>										
Taiwan Television Enterprise, Ltd.	Taipei	Wireless television company	4.84%	20,983	-	13,573	-	13,573	4.84%	

Note: Foreign-currency amounts were translated at the exchange rate as of the balance sheet date, except for foreign-currency-denominated income and expenses, which were translated to New Taiwan dollars at the average exchange rate for the six months ended June 30, 2009.

TABLE 7-1**BANK SINOPAC****FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS****JUNE 30, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	June 30	
	2009	2008
<u>Held-for-trading financial assets</u>		
Corporate bonds	\$ 2,041,247	\$ 2,806,660
Bank debentures	1,984,666	3,274,109
Beneficiary certificates	1,539,946	1,169,880
Government bonds	396,129	387,249
Convertible bonds	202,610	2,181,953
Collateralized debt obligations	100,881	199,788
Listed stock	18,920	272,848
Negotiable certificates of deposit	-	4,500,747
Structured investment vehicles (Note)	-	349,873
Mortgage backed securities	-	5,269
Derivative financial assets		
Interest rate swaps	8,154,337	4,675,690
Forward contracts	2,494,604	4,738,245
Premium paid on option contracts	491,990	2,067,953
Currency swap contracts	60,244	192,409
Equity-linked swap contracts	25,890	76,700
Credit default swaps	18,047	151,177
Cross-currency swap contracts	5,963	25,202
Futures	129	209
	<u>17,535,603</u>	<u>27,075,961</u>
<u>Financial assets designated at fair value through profit or loss</u>		
Hybrid product		
Corporate bonds	1,206,493	1,568,372
Credit linked notes	352,875	533,815
Convertible bonds	-	14,266
A group of financial instruments is managed and its performance is evaluated on a fair value basis		
C equity interest in VISA Inc.	151,066	-
B equity interest in Mastercard Inc.	80,590	91,412
Subordinated certificates	-	622,268
	<u>1,791,024</u>	<u>2,830,133</u>
Total of financial assets at fair value through profit or loss	<u>\$ 19,326,627</u>	<u>\$ 29,906,094</u>

(Continued)

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
<u>Held-for-trading financial liabilities</u>		
Securities purchased under agreement to resell - short sales	\$ -	\$ 438,306
Derivative financial liabilities		
Interest rate swaps	8,165,532	4,776,038
Forward contracts	1,973,512	3,354,455
Premiums received on option contracts	537,683	1,652,464
Currency swap contracts	84,655	230,223
Credit default swaps	73,920	46,849
Equity-linked swap contracts	25,890	76,700
Cross-currency swap contracts	-	20,512
Futures	-	4,963
	<u>\$ 10,861,192</u>	<u>\$ 10,600,510</u>

Note: In 2008, structured investment vehicles with full valuation allowance were derecognized from the balance sheet in accordance the resolution of the Bank's board of directors passed on September 19, 2008.

(Concluded)

TABLE 7-2**BANK SINOPAC****CONTRACT AMOUNTS OF OUTSTANDING DERIVATIVE TRANSACTIONS****JUNE 30, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	June 30	
	2009	2008
Interest rate swap contracts	\$ 756,424,731	\$ 685,177,322
Currency swap contracts	230,025,913	345,869,918
Options		
Long position	30,200,370	64,631,676
Short position	38,553,740	61,806,215
Forward contracts		
Long position	15,389,442	13,127,580
Short position	1,207,255	1,485,409
Non-deliverable forward contracts		
Long position	81,797,167	108,808,289
Short position	80,443,909	106,091,024
Cross-currency swap contracts	1,108,050	18,116,650
Assets swap contracts	2,565,095	2,675,066
Credit default swap contracts	1,100,000	1,251,770
Equity-linked swap contracts	719,371	1,970,347
Futures		
Interest rate futures long position	92,606	60,708
Interest rate futures short position	-	5,767,260
Credit linked swap contracts	3,300,000	4,600,000

BANK SINOPAC

FINANCIAL ASSET SECURITIZATION

JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

1. Characteristics of and gain (loss) recognized from securitization

Under the Regulations for Financial Asset Securitization, SinoPac Card Services entrusted its credit card receivables at book value and related rights to the trustee, Land Bank of Taiwan Co., Ltd. (“Land Bank”). The trustee issued series 2005-1 beneficiary certificates for private placement and issued series 2005-2 beneficiary certificates for public placement during the securitization revolving period.. The terms of the beneficiary certificates were as follows:

Class of Beneficiary Certificates	Priority of Payment	Issuance Amount	Certificate Rate	Expected Maturity Date
Series 2005-1 Class A certificates	First priority	\$ 3,680,000	2.50%	February 20, 2009
Series 2005-1 Class B certificates	Second priority	80,000	3.00%	February 20, 2009
Series 2005-1 Class C certificates	Third priority/Residual	<u>512,000</u>	None	February 20, 2009
		<u>\$ 4,272,000</u>		
Class of Beneficiary Certificates	Priority of Payment	Issuance Amount	Certificate Rate	Expected Maturity Date
Series 2005-2 Class A3 certificates	First priority	\$ 276,000	2.00%	September 20, 2008
Series 2005-2 Class B certificates	Second priority	20,000	2.50%	September 20, 2008
Series 2005-2 Class C certificates	Third priority/Residual	<u>60,000</u>	None	September 20, 2008
		<u>\$ 356,000</u>		

For credit enhancement, SinoPac Card Services (“SinoPac Card”) retained the subordinated series 2005-1 Class C certificates with an aggregate face amount of \$512,000 and series 2005-2 Class C certificates with an aggregate face amount of \$60,000. If the credit card debtors default, neither the investor nor Land Bank of Taiwan has a right of recourse to SinoPac Card’s other assets. The repayment of the principal of subordinated certificates is subordinate to that of the investors’ beneficiary certificates, and the repayment value is affected by the credit risk, principal payment rate, and change in interest rate of the securitized credit card receivables.

Under the securitization plan on the issued series 2005-1 and 2005-2 beneficiary certificates, the trustee bought new credit card receivables from SinoPac Card at amounts equivalent to the daily collected principal amounts during the revolving period. After the revolving period, a controlled accumulation period followed. At the end of the accumulation period, the trustee allocated to the certificate holders at an agreed-upon sequence the principal collected. Then, on their maturity, beneficiary certificates issued by the trust were repaid on February 20, 2009. As a result, the Bank terminated the contract with the trustee in accordance with the trust agreement and took back all the rights to and benefits on the remaining accounts receivable (including accounts receivable on financial revenues).

(Continued)

The key assumptions used in measuring retained interests as of June 30, 2008 were as follows:

	June 30, 2008
Expected principal payment rate (monthly rate)	26.25%
Expected weighted-average life (in years)	0.32 years
Expected credit loss rate (annual rate)	6.21%
Discounted rate for residual cash flows (annual rate)	Short-term bills secondary market rate or IRS rate

2. Sensitivity analysis

As of June 30, 2008, key economic assumptions and the sensitivity of the current fair value of residual cash flows with immediate 10% and 20% adverse changes in these assumptions were as follows:

	June 30, 2008
Carrying amount of retained interests	\$ 622,268
Expected weighted-average life (in years)	0.32 years
Expected principal payment rate (monthly rate)	26.25%
Impact on fair value of 10% adverse change	\$ (2,820)
Impact on fair value of 20% adverse change	\$ (5,335)
Expected credit loss rate (annual rate)	6.21%
Impact on fair value of 10% adverse change	\$ (8,074)
Impact on fair value of 20% adverse change	\$ (16,149)

3. Cash flows

For the six months ended June 30, 2009 and 2008, the cash flows received from and paid to securitization trusts were as follows:

	Six Months Ended June 30	
	2009	2008
Proceeds from reinvestment in securitization of credit card receivables	\$ 789,940	\$ 6,851,641
Servicing revenues received	160	1,143
Other cash flows received on retained interests	10,050	90,027
Service transfer reserve (classified as other financial assets - guarantee deposits)	-	3,685

(Continued)

4. Delinquencies, net credit losses and other unsecuritized financial assets were as follows:

	<u>June 30, 2009</u>		
	Balance of Credit Card Receivables	Balance of Credit Card Receivables Past Due 60 Days or More	Six Months Ended June 30, 2009 Net Credit Losses (Note 1)
Credit card receivables managed	\$ 18,164,471	\$ 370,199	\$ 529,131
Credit card receivables sold	(7,273,000)	(148,314)	-
Credit card receivables securitized - principal	-	-	(16,779)
Credit card receivables securitized - financial revenue	-	-	(3,086)
Credit card receivables	<u>\$ 10,891,471</u>	<u>\$ 221,885</u>	<u>\$ 509,266</u> (Note 2)

	<u>June 30, 2008</u>		
	Balance of Credit Card Receivables	Balance of Credit Card Receivables Past Due 60 Days or More	Six Months Ended June 30, 2008 Net Credit Losses (Note 1)
Credit card receivables managed	\$ 22,840,478	\$ 528,489	\$ 941,578
Credit card receivables sold	(7,273,000)	(177,273)	-
Credit card receivables securitized - principal	(4,628,000)	(93,707)	(132,828)
Credit card receivables securitized - financial revenue	(65,152)	(7,670)	(18,129)
Credit card receivables	<u>\$ 10,874,326</u>	<u>\$ 249,839</u>	<u>\$ 790,621</u> (Note 2)

Note 1: Net credit losses refer to receivables written off.

Note 2: For the six months ended June 30, 2009 and 2008, credit card receivables with net credit losses due to fraud amounted to \$4,020 and \$6,519, respectively.

As of June 30, 2008, SinoPac Card Services had transferred to the Bank additional credit card receivables with a carrying amount of \$451,637.

5. Securitization income (loss) on credit card receivables for the six months ended June 30, 2009 and 2008 was as follows:

	<u>Six Months Ended June 30</u>	
	<u>2009</u>	<u>2008</u>
Securitization gains recognized during the revolving period	\$ 7,891	\$ 70,101
Valuation losses on subordinated certificates	(46,598)	(70,478)
Investment income on subordinated certificates	<u>12,082</u>	<u>96,218</u>
	<u>\$ (26,625)</u>	<u>\$ 95,841</u>

(Concluded)

TABLE 7-4**BANK SINOPAC****AVAILABLE-FOR-SALE FINANCIAL ASSETS****JUNE 30, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	June 30	
	2009	2008
Government bonds	\$ 25,204,198	\$ 2,534,916
Commercial paper	13,579,302	4,776,373
Bank debentures	1,181,797	1,675,684
Government sector bonds	954,356	-
Collateralized debt obligations	916,989	1,061,643
Negotiable certificates of deposit	599,775	72,303,720
Corporate bonds	103,424	590,771
Acceptance payable	12,638	-
Treasury bills	-	1,954,499
Listed stocks	-	<u>1,703,533</u>
	<u>42,552,479</u>	<u>86,601,139</u>
Less: Accumulated impairment	<u>743,559</u>	<u>-</u>
	<u>\$ 41,808,920</u>	<u>\$ 86,601,139</u>

TABLE 7-5**BANK SINOPAC****HELD-TO-MATURITY INVESTMENTS****JUNE 30, 2009 AND 2008****(In Thousands of New Taiwan Dollars)**

	June 30	
	2009	2008
Negotiable certificates of deposit	\$ 135,496,908	\$ 69,151,770
Corporate bonds	840,173	-
Bank debentures	583,449	430,155
Government bonds	353,499	363,040
Collateralized debt obligations	260,573	421,318
Floating rate notes	250,585	687,515
Structured investment vehicles (Note)	-	455,310
SinoPac Card Services Co., Ltd. subordinated beneficiary certificates	-	80,000
	<u>137,785,187</u>	<u>71,589,108</u>
Less: Accumulated impairment	<u>49,227</u>	<u>446,811</u>
	<u>\$ 137,735,960</u>	<u>\$ 71,142,297</u>

Note: In 2008, there was full impairment on all structured investment vehicles (SIVs); thus, these SIVs were derecognized from the balance sheet in accordance with the resolution of the Bank's board of directors passed on September 19, 2008.

TABLE 7-6**BANK SINOPAC****OTHER FINANCIAL ASSETS
JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	June 30	
	2009	2008
Unquoted equity instruments		
Unlisted equity investments	\$ 488,507	\$ 715,707
Non-active market debt instruments		
Structured investment vehicles (Note)	328,180	3,460,356
Collateralized debt obligations	98,454	234,924
Mortgage backed securities	5,799	33,576
Bank debentures	-	151,770
Floating rate notes	-	48,111
	<u>432,433</u>	<u>3,928,737</u>
Less: Accumulated impairment	<u>328,180</u>	<u>3,076,335</u>
	<u>104,253</u>	<u>852,402</u>
Others		
Guarantee deposits	1,230,505	873,384
Hedging derivative financial instruments	368,878	542,464
Excess margin	129,375	269,291
Short-term advancement	80,592	123,827
Nonperforming receivables transferred from other than loans, net	1,645	83,701
Bills purchased	188	551
	<u>1,811,183</u>	<u>1,893,218</u>
	<u>\$ 2,403,943</u>	<u>\$ 3,461,327</u>

Note: In 2008, there was full impairment on all structured investment vehicles (SIVs); thus, these SIVs were derecognized from the balance sheet in accordance with the resolution of the Bank's board of directors passed on September 19, 2008.

BANK SINOPAC

BANK DEBENTURES
JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	June 30		Maturity Date	Terms
	2009	2008		
<u>Dominant bank debentures</u>				
Fifth dominant bank debentures issued in 2003	\$ 1,029,620	\$ 1,011,483	2003.08.11-2010.08.11 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
First dominant bank debentures issued in 2004	502,078	519,093	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	305,402	304,713	2004.04.28-2009.10.28 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eighth dominant bank debentures issued in 2004	523,916	529,765	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.
Twelfth dominant bank debentures issued in 2004	516,786	513,978	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.
Fourteenth dominant bank debentures issued in 2004	528,038	523,056	2004.07.09-2010.07.09 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifteenth dominant bank debentures issued in 2004	559,638	541,216	2004.07.13-2011.07.13 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Second dominant bank debentures issued in 2003	-	502,792	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	-	1,511,303	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	-	404,783	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.
Sixth dominant bank debentures issued in 2003	-	705,768	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	-	808,679	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	-	500,000	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	-	300,000	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	-	1,010,622	2003.11.05-2008.11.05 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Eleventh dominant bank debentures issued in 2003	-	1,008,950	2003.11.14-2008.11.14 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.

(Continued)

	June 30		Maturity Date	Terms
	2009	2008		
Twelfth dominant bank debentures issued in 2003	\$ -	\$ 505,752	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	-	504,618	2003.11.28-2008.11.28 Principal is repayable on maturity date.	Floating rate except for the first year fixed at 4%. Interest is paid semiannually.
Fourteenth dominant bank debentures issued in 2003	-	2,237,840	2003.12.02-2009.06.02 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Third dominant bank debentures issued in 2004	-	507,778	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	-	202,050	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	-	305,792	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	-	511,067	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	-	202,656	2004.05.21-2009.05.21 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Ninth dominant bank debentures issued in 2004	-	304,677	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	-	514,545	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	-	201,832	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.
Thirteenth dominant bank debentures issued in 2004	-	310,529	2004.06.30-2009.06.30 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Dominant bank debentures	<u>3,965,478</u>	<u>17,005,337</u>		
<u>Subdominant bank debentures</u>				
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 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 quarterly.
First subordinated bank debentures issued in 2004 (C)	418,597	419,010	2004.09.14-2010.06.14 Principal is repayable on maturity date.	Floating rate. Interest is paid quarterly.
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.

(Continued)

	June 30		Maturity Date	Terms
	2009	2008		
First subordinated bank debentures issued in 2008	\$ 1,546,315	\$ 1,572,217	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)	4,498,001	4,497,688	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)	499,778	499,743	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	3,598,309	-	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.
First subordinated bank debentures issued in 2009	5,597,111	-	2009.04.29-2016.04.29 Principal is repayable on maturity date.	Fixed interest rate of 2.8%, interest is paid annually.
Second subordinated bank debentures issued in 2009 (A)	2,200,000	-	2009.06.23-2015.06.23 Principal is repayable on maturity date.	Fixed interest rate of 2.7%, interest is paid annually.
Second subordinated bank debentures issued in 2009 (B)	2,200,000	-	2009.06.23-2017.06.23 Principal is repayable on maturity date.	Fixed interest rate of 2.9%, interest is paid annually.
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.
Subdominant bank debentures	<u>28,758,111</u>	<u>17,688,658</u>		
	<u>\$ 32,723,589</u>	<u>\$ 34,693,995</u>		

(Concluded)

BANK SINOPAC

DERIVATIVE FINANCIAL INSTRUMENT TRANSACTIONS

JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

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 June 30, 2009 and 2008, the contract amounts (or notional amounts), credit risks and fair values of outstanding contracts were as follows:

Financial Instruments	June 30, 2009		
	Contract (Notional) Amount	Credit Risk	Fair Value
For the purpose of accommodating customers' needs or managing FENB's exposures:			
Forward contract contracts - long position	\$ 164,570	\$ 12,343	\$ 5,076
Non-deliverable forward contracts			
Long position	17,887	1,789	60
Short position	17,887	1,789	8
	June 30, 2008		
Financial Instruments	Contract (Notional) Amount	Credit Risk	Fair Value
For the purpose of accommodating customers' needs or managing FENB's exposures:			
Forward contract contracts - short position	\$ 14,284	\$ 429	\$ (258)
Non-deliverable forward contracts			
Long position	109,310	7,332	508
Short position	109,274	7,330	(373)

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.

TABLE 8-1

BANK SINOPAC

STATEMENT OF CHANGES IN ALLOWANCE FOR CREDIT LOSS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30, 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	\$ 519,209	\$ 307,848	\$ 32	\$ 140	\$ 7,290,288
Provision	1,026,594	288,579	1,315,173	366,883	1,827	-	-	1,683,883
Write-off	(1,797,228)	-	(1,797,228)	(509,265)	(174,726)	-	-	(2,481,219)
Recovery of written-off credits	7,954	-	7,954	124,097	-	-	-	132,051
Reclassifications	(758,770)	100,901	(657,869)	644,133	13,736	-	-	-
Result from change of Effects of exchange rate changes	(7,870)	-	(7,870)	(4)	(198)	-	-	(8,072)
Others	-	-	-	-	(1,369)	-	-	(1,369)
Balance, June 30	<u>\$ 1,870,465</u>	<u>\$ 3,452,754</u>	<u>\$ 5,323,219</u>	<u>\$ 1,145,053</u>	<u>\$ 147,118</u>	<u>\$ 32</u>	<u>\$ 140</u>	<u>\$ 6,615,562</u>
	Six Months Ended June 30, 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	\$ 191,918	\$ 319,166	\$ 16,961	\$ 140	\$ 6,524,336
Provision	1,147,868	826,491	1,974,359	744,452	-	(359)	-	2,718,452
Write-off	(1,752,382)	-	(1,752,382)	(790,618)	(15,452)	-	-	(2,558,452)
Recovery of written-off credits	16,642	-	16,642	115,916	-	-	-	132,558
Reclassifications	423,712	(495,967)	(72,255)	12,001	76,778	(16,524)	-	-
Result from change of Effects of exchange rate changes	(13,435)	-	(13,435)	(5,052)	(3,557)	(29)	-	(22,073)
Other	-	-	-	-	(12,879)	-	-	(12,879)
Balance, June 30	<u>\$ 3,512,195</u>	<u>\$ 2,636,885</u>	<u>\$ 6,149,080</u>	<u>\$ 268,617</u>	<u>\$ 364,056</u>	<u>\$ 49</u>	<u>\$ 140</u>	<u>\$ 6,781,942</u>

BANK SINOPAC

OVERDUE LOANS AND RECEIVABLES

JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars, %)

Items		June 30, 2009					June 30, 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	\$ 1,925,907	\$ 90,042,602	2.14%	\$ 681,713	35.40%	\$ 2,088,070	\$ 75,936,169	2.75%	\$ 798,424	38.24%
	Unsecured	2,516,984	159,972,016	1.57%	1,971,519	78.33%	2,830,220	195,998,513	1.44%	2,359,605	83.37%
Consumer loan	Mortgage (Note 4)	2,810,589	338,665,203	0.83%	1,158,093	41.20%	4,317,411	341,524,112	1.26%	1,493,923	34.60%
	Cash card	6,825	89,744	7.6%	12,790	187.40%	25,689	162,114	15.85%	33,698	131.18%
	Micro credit (Note 5)	597,890	9,945,860	6.01%	1,448,137	242.21%	1,211,208	13,268,800	9.13%	1,403,996	115.92%
	Other (Note 6)										
	Secured	22,594	4,418,405	0.51%	50,967	225.58%	50,315	5,978,798	0.84%	59,434	118.12%
	Non-secured										
Total		7,880,789	603,133,830	1.31%	5,323,219	67.55%	10,522,913	632,868,506	1.66%	6,149,080	58.44%
		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		154,190	10,891,471	1.42%	432,748	280.66%	183,136	10,874,326	1.68%	253,022	138.16%
Account receivable - factoring with no recourse (Note 7)		1,182,100	6,352,362	18.61%	653,437	55.28%	19,353	14,644,932	0.13%	19,353	100.00%

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 \$59,799 and \$94,613, respectively as of June 30, 2009 and 2008, and the disclosure of excluded overdue receivables resulting from debt consultation and loan agreement amounts to \$1,251,713 and \$1,754,771, respectively as of June 30, 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 \$7,966 and \$0, respectively as of June 30, 2009 and 2008, and the disclosure of excluded overdue receivables resulting from debt liquidation and loan agreement amounts to \$570,061 and \$0, respectively as of June 30, 2009 and 2008.