Bank SinoPac

Financial Statements for the
Nine Months Ended September 30, 2010 and 2009 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
Bank SinoPac

We have reviewed the accompanying balance sheets of Bank SinoPac as of September 30, 2010 and 2009, and the related statements of income, and cash flows for the nine months then ended. These financial statements are the responsibility of the Bank SinoPac's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

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

October 22, 2010

Notice to Readers

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

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

BANK SINOPAC

BALANCE SHEETS
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

ASSETS	2010 Amount	2009 Amount	% Increase (Decrease)
CASH AND CASH EQUIVALENTS (Notes 3 and 28)	$ 9,784,027	$ 11,968,324	(18)
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Note 4)	72,328,780	78,216,810	(8)
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 2, 5 and 28)	29,574,314	16,869,338	75
SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (Notes 2, 6 and 28)	1,113,491	-	-
ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET (Notes 2, 7, 8, 27 and 28)	49,734,398	39,352,831	26
DISCOUNTS AND LOANS, NET (Notes 2, 9 and 28)	674,275,394	603,300,626	12
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 2, 6, 10 and 29)	30,075,981	24,068,666	25
HELD-TO-MATURITY INVESTMENTS, NET (Notes 2, 11, 28 and 29)	176,460,615	149,966,519	18
EQUITY INVESTMENTS - EQUITY METHOD (Notes 2 and 12)	6,947,101	10,637,636	(35)
OTHER FINANCIAL ASSETS, NET			
Unquoted equity instruments (Notes 2 and 13)	4,149,582	488,507	749
Non-active market debt instruments (Notes 2 and 13)	88,754	101,770	(13)
Others (Notes 13 and 29)	5,319,373	2,594,290	105
Other financial assets, net	9,557,709	3,184,567	200
PROPERTIES (Notes 2 and 14)			
Cost and revaluation increment			
Land	4,765,609	4,800,684	(1)
Buildings	4,732,812	4,720,324	-
Computer and machinery equipment	4,715,319	4,897,580	(4)
Transportation equipment	1,311	1,345	(3)
Total cost	14,215,051	14,419,933	(1)
Less: Accumulated depreciation	5,731,207	5,609,930	2
	8,483,844	8,810,003	(4)
Prepayments for equipment and construction in progress	294,247	177,281	66
Net properties	8,778,091	8,987,284	(2)
INTANGIBLE ASSETS (Notes 2 and 15)	975,094	1,007,226	(3)
OTHER ASSETS (Notes 2, 16 and 27)	4,912,573	6,668,459	(26)
TOTAL	$ 1,074,517,568	$ 954,228,286	13

LIABILITIES AND STOCKHOLDERS' EQUITY	2010 Amount	2009 Amount	% Increase (Decrease)
CALL LOANS AND DUE TO BANKS (Note 17)	$ 58,306,067	$ 43,887,453	33
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 2 and 5)	11,780,484	10,662,642	10
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 2, 6 and 28)	4,458,749	1,235,680	261
ACCOUNTS, INTEREST AND OTHER PAYABLES (Notes 2, 18 and 28)	21,390,049	22,389,046	(4)
DEPOSITS AND REMITTANCES (Notes 19 and 28)	882,853,706	778,174,618	13
BANK DEBENTURES (Notes 2 and 20)	24,127,094	32,159,959	(25)
BONDS PAYABLE (Notes 2 and 20)	-	4,550,826	(100)
OTHER FINANCIAL LIABILITIES (Notes 2 and 21)	2,891,673	1,536,537	88
OTHER LIABILITIES (Notes 2, 22 and 27)	3,023,779	3,476,177	(13)
Total liabilities	1,008,831,601	898,072,938	12
STOCKHOLDERS' EQUITY (Notes 2 and 23)			
Capital stock, NT$10 par value, authorized 8,000,000 thousand shares; issued and outstanding 4,955,047 thousand shares in 2010 and 4,481,847 thousand shares in 2009	49,550,469	44,818,469	11
Capital surplus			
Additional paid-in capital from share issuance in excess of par	1,128,561	115,561	877
Capital surplus from business combination	8,076,524	8,076,524	-
Others	1,733	1,733	-
Total capital surplus	9,206,818	8,193,818	12
Retained earnings			
Legal reserve	3,361,034	2,746,023	22
Special reserve	282,977	282,977	-
Unappropriated earnings (accumulated deficit)	2,841,885	(147,810)	2,023
Total retained earnings	6,485,896	2,881,190	125
Other adjustment			
Cumulative translation adjustments	(107,786)	(34,864)	209
Unrealized gains (losses) on financial instruments	325,553	(98,433)	431
Unrealized gains (losses) on cash flow hedge	(38,978)	7,335	(631)
Net loss not recognized as pension cost	(766,159)	(642,321)	19
Unrealized revaluation increment on land	1,030,154	1,030,154	-
Total other adjustment	442,784	261,871	69
Total stockholders' equity	65,685,967	56,155,348	17
TOTAL	$ 1,074,517,568	$ 954,228,286	13

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

BANK SINOPAC

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010 Amount	2009 Amount	% Increase (Decrease)
INTEREST REVENUE (Notes 2 and 28)	$ 13,400,399	$ 14,120,429	(5)
INTEREST EXPENSE (Note 28)	4,453,307	6,943,432	(36)
NET INTEREST	8,947,092	7,176,997	25
NET REVENUES OTHER THAN INTEREST			
Commission and fee revenues, net (Notes 2, 24 and 28)	2,651,947	2,093,322	27
Gains from financial assets and liabilities at fair value through profit or loss (Notes 2 and 5)	361,452	485,592	(26)
Realized gains from (losses on) available-for-sale financial assets (Notes 2 and 23)	48,270	(44,392)	209
Losses on equity investments - equity method, net (Notes 2 and 12)	(739,173)	(523,636)	41
Foreign exchange gain, net (Note 2)	326,968	612,728	(47)
(Impairment losses) reversal gains on assets (Note 2)	(20,972)	13,584	(254)
Gains from unquoted equity instruments	44,737	31,518	42
Recovery of bad debts (Note 2)	634,709	395,077	61
Rental revenues (Note 28)	105,544	103,156	2
Contingency losses (Note 2)	-	(758,868)	100
Other net (losses) revenues (Note 28)	(77,981)	3,653	(2,235)
Total net revenues	12,282,593	9,588,731	28
PROVISION FOR BAD DEBTS (Notes 2, 7 and 9)	1,541,792	2,505,939	(38)
OPERATING EXPENSES (Notes 2, 25, 26 and 28)			
Personnel expenses	4,423,090	3,917,850	13
Depreciation and amortization	367,044	418,190	(12)
Others	2,255,918	2,297,351	(2)
Total operating expenses	7,046,052	6,633,391	6
INCOME BEFORE INCOME TAX	3,694,749	449,401	722
INCOME TAX EXPENSE (Notes 2 and 27)	(852,864)	(562,090)	52
NET INCOME (LOSS)	$ 2,841,885	$ (112,689)	2,622

(Continued)

BANK SINOPAC

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Pretax	**After Tax**	**Pretax**	**After Tax**
EARNINGS PER SHARE (Note 23)				
Basic earnings per share	$ 0.76	$ 0.59	$ 0.10	$ (0.03)

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 nine months ended September 30, 2009 were retroactively restated, assuming the book values of the assets and liabilities of SinoPac Card Services Co., Ltd. were included. Thus, for the nine months ended September 30, 2009, the net income of Bank SinoPac included the net income of SinoPac Card Services Co., Ltd. of $35,121.

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

BANK SINOPAC

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 2,841,885	$ (112,689)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities		
Depreciation and amortization	387,626	435,229
Amortization of premium or discount of financial assets	60,981	(80,068)
Amortization of premium or discount of bank debentures	1,090	(3,375)
Provision for credit and trading losses	1,545,318	2,521,322
Contingency losses	-	758,868
Impairment losses (reversal gains) on assets	20,972	(13,584)
Unrealized gains from financial assets designated at fair value through profit or loss	(5,659)	(434,265)
Realized (gains from) losses on available-for-sale financial assets	(48,270)	44,392
Losses on equity investments - equity method	739,173	523,636
Cash dividends received from investments under equity method	881,770	-
Losses on sale and retirement of properties and idle assets	4,001	933
Gains on disposal of collaterals assumed, net	(1,700)	(2,459)
Accrued pension cost	(37,478)	(6,244)
Foreign exchange gains on bonds payable	-	(83,299)
Gains from convertible bond repurchased	-	(12,534)
Deferred income tax	288,996	(62,672)
(Increase) decrease in held-for-trading financial assets	(13,428,967)	15,193,845
Increase (decrease) in held-for-trading financial liabilities	3,144,198	(6,255,849)
Securitization of accounts receivable	-	789,940
Decrease in accounts, interest and other receivables	2,818,977	7,793,425
Decrease in accounts, interest and other payables	(3,579,096)	(7,202,449)
Net cash (used in) provided by operating activities	(4,366,183)	13,792,103
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in due from the Central Bank and other banks	335,223	12,352,396
(Increase) decrease in securities purchased under agreements to resell	(1,113,491)	2,598,782
Proceeds from sale of financial assets designated at fair value through profit or loss	685,534	1,327,421
Proceeds from sale of non-active market debt instruments	9,848	331,617
(Increase) decrease in discounts and loans	(22,924,277)	24,759,815
Acquisition of properties	(196,602)	(242,598)
Proceeds from sale of properties	419	14,775
Acquisition of available-for-sale financial assets	(272,286,946)	(121,785,496)
Proceeds from sale of available-for-sale financial assets	274,021,432	121,281,762
Acquisition of held-to-maturity investments	(425,160,393)	(506,612,554)
Proceeds from matured held-to-maturity investments	372,532,835	472,397,964
Acquisition of unquoted equity instruments	(3,661,075)	-
Increase in equity investments - equity method	-	(1,645,750)

(Continued)

BANK SINOPAC

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
Proceeds from sale of collaterals assumed	$ 60,924	$ 99,344
Increase in other financial assets	(345,092)	(1,139,141)
Decrease in other assets	480,318	435,911
Net cash (used in) provided by investing activities	(77,561,343)	4,174,248
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in call loans and due to banks	15,936,307	4,732,255
Increase (decrease) in securities sold under agreements to repurchase	2,860,704	(3,190,420)
Increase (decrease) in deposits and remittances	56,501,450	(15,644,588)
Decrease in short-term borrowings	-	(3,300,000)
Decrease in commercial paper payable	-	(3,545,035)
Decrease in long-term borrowings	-	(1,750,000)
Decrease in bonds payable	-	(1,803,700)
Bank debentures issued	-	10,000,000
Repayment of bank debentures on maturity	(2,900,000)	(6,400,000)
Decrease in other financial liabilities	(104,754)	(100,583)
Increase in other liabilities	90,358	54,211
Issuance of common stock for cash	1,665,000	-
Net cash provided by (used in) financing activities	74,049,065	(20,947,860)
EFFECTS OF CHANGES IN EXCHANGE RATE	5,033	(10,135)
DECREASE IN CASH AND CASH EQUIVALENTS	(7,873,428)	(2,991,644)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	17,657,455	14,959,968
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 9,784,027	$ 11,968,324
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 4,552,047	$ 8,342,189
Income tax paid	$ 61,258	$ 191,842
NONCASH FINANCING ACTIVITIES		
Dividends payable	$ 1,435,025	$ -

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

BANK SINOPAC

NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Organization

August 8, 1991	Bank SinoPac (the "Bank") obtained government approval to incorporate.
January 28, 1992	The Bank started operations.
May 9, 2002	The Bank swap shares with SinoPac Securities Corporation and SinoPac Securities Co., Ltd. (the "SPS") to established SinoPac Financial Holdings Company Limited (the "SPH"), a financial holding company, resulting in the Bank become an unlisted wholly owned subsidiary of SPH.
December 26, 2005	SPH finished the merger with International Bank of Taipei Co., Ltd. (IBT), through a 100% share swap.
May 8, 2006	The boards of directors of IBT resolved to transfer credit card business and related assets and liabilities to SinoPac Card Services Co., Ltd. The transaction has been approved by the authorities on June 22, 2006 and the assets have been transferred at the book value of $5,171,080 on August 4, 2006.
July 21, 2006	The boards of directors of the Bank resolved a merger with IBT. The Bank was the surviving entity and IBT was the company ceasing to exist.
November 13, 2006	The preliminary effective date of the share swap and merger. The Bank acquired the assets and liabilities of IBT through a share swap at ratio of 1.175 shares of the Bank to swap for 1 share of IBT.
December 26, 2008	The board of directors 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 with SinoPac Card Services Co., Ltd. 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 September 30, 2010 and 2009, the Bank had a total of 4,644 and 4,651 employees, respectively.

As of September 30, 2010, the Bank's operating units included Banking, Trust, and International Division of the Head Office, OBU, 128 domestic branches, 3 overseas branches, 1 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, the guidelines issued by the authority, 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 and amortization, 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 33 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.

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 ("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 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 collectability on the balances of discounts and loans, accounts receivables, interest receivables, other receivables, 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 collectability. 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 December 31, 2005, any difference between the acquisition cost and the equity in the investee is amortized over 15 years. Such goodwill is not amortized since January 1, 2006.

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, 5 years. Depreciation of revaluated property is computed on the straight-line basis over their remaining useful lives determined at the time of revaluation. For assets still in use beyond their original estimated useful lives, further depreciation is calculated on the basis of any remaining salvage value and the estimated additional useful lives.

Intangible Assets

The cost of computer software is amortized on the straight-line basis over 5 years. Goodwill resulted from the Bank's cash merger with SinoPac Card Services. Based on a newly released SFAS No. 37, goodwill is no longer amortized and instead is tested for impairment annually.

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 loss.

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.

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

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.

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.

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

The translations of the foreign operation institute's financial statement are as follows: The assets or liabilities accounts are translated at the spot rate as of the balance sheet date; the stockholders' equity accounts except the beginning balance of retained earnings are translated at the historical rate. The beginning balance of the retained earnings is translated equally as the ending balance of the aforementioned year. Dividends are translated at the spot rate as of the declaration date; the revenue on expense accounts is translated at the weighted average rate. Exchange differences arising from the translation of the financial statements of foreign operations are recognized as a separate component of shareholders' equity. Such exchange differences are recognized in profit or loss in the year in which the foreign operations are disposed of.

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 nine months ended September 30, 2009 have been reclassified to conform to the financial statement presentation as of and for the nine months ended September 30, 2010.

3. CASH AND CASH EQUIVALENTS

	September 30	
	2010	**2009**
Cash on hand	$ 5,841,334	$ 5,317,393
Due from other banks	2,263,425	5,031,336
Notes and checks in clearing	1,679,268	1,619,595
	$ 9,784,027	$ 11,968,324

4. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	September 30	
	2010	2009
Call loans to banks	$ 33,141,705	$ 51,390,716
Due from Central Banks - checking accounts	16,918,746	7,341,646
Deposit reserve - demand accounts	22,171,205	19,384,628
Deposit reserve - foreign currencies	97,124	99,820
	$ 72,328,780	$ 78,216,810

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 cannot 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.

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	September 30	
	2010	2009
Held for trading financial assets	$ 28,819,075	$ 15,435,362
Financial assets designated at fair value through profit or losses	755,239	1,433,976
	$ 29,574,314	$ 16,869,338
Held for trading financial liabilities	$ 11,780,484	$ 10,662,642

The Bank engages in derivative transactions mainly for accommodating customers' needs and managing its exposure positions. The contract amounts (notional amounts) of the outstanding derivative transactions please refer to Table 5-2. 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 nine months ended September 30, 2010 and 2009 were as follows:

	Nine Months Ended September 30	
	2010	2009
Held for trading financial assets and liabilities		
Valuation gains	$ 355,635	$ 711,812
Realized losses	(8,600)	(639,128)
	347,035	72,684

(Continued)

	Nine Months Ended September 30	
	2010	2009
Financial assets and liabilities designated at fair value through profit or loss		
Realized gains (losses)	$ 8,758	$ (21,357)
Valuation gains	5,659	434,265
	14,417	412,908
	$ 361,452	$ 485,592

(Concluded)

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

As of September 30, 2010, securities were purchased under agreements to resell at $1,114,215 between October and December 2010.

As of September 30, 2010 and 2009, securities were sold under agreements to repurchase at $4,459,353 and $1,235,779 between October and December 2010 and between October and December 2009, respectively.

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

	September 30	
Financial Assets	2010	2009
Available-for-sale	$ 4,458,749	$ 1,235,680

7. ACCOUNTS, INTEREST AND OTHER RECEIVABLES, NET

	September 30	
	2010	2009
Accounts receivable - factoring	$ 27,294,577	$ 20,898,018
Credit card receivable	15,791,522	13,691,118
Accounts receivable and notes receivable	2,024,206	534,261
Acceptances	1,907,863	1,310,260
Receivables from related parties (Note 28)	1,492,732	1,409,311
Interest receivable and revenue receivable	1,215,615	1,029,538
Proceeds receivable from the sale of accounts receivable (Note 8)	-	646,115
Others	404,590	334,672
	50,131,105	39,853,293
Less: Allowance for credit losses	396,707	500,462
	$ 49,734,398	$ 39,352,831

For the details of and changes in allowance for credit losses of accounts receivables, please refer to Table 6-1.

The credit card receivables as of September 30, 2010 and 2009 referred to SinoPac Card Services' credit cardholders who completed consultation with the Bank on debt repayment, with credit card receivables amounted to $2,204,545 and $2,470,280, respectively.

8. 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. In February, 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 September 30, 2009, SinoPac Card had deposited $268,210, recorded as guarantee deposits and as liquidity reserve for the monthly sale of credit card receivables.

As of September 30, 2009, the proceeds receivable on the sale of credit card receivables amounted to $646,115. 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 $57,662 and $1,418, respectively, for the nine months ended September 30, 2009, 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 nine months ended September 30, 2009, the service fee amounted to $857, recorded as other net revenues.

The cash flows on the revolving sales of accounts receivable for the nine months ended September 30, 2009, were as follows:

	Nine Months Ended September 30, 2009
Accumulated revolving accounts receivable sold - carrying value	$ 20,757,461
Add: Proceeds receivable from the sale of accounts receivable at beginning of period	1,280,859
Deduct: Proceeds receivable from the sale of accounts receivable at end of period	(646,115)
Loss on the sale of account receivable	(59,080)
Proceeds from the sale of accounts receivable	$ 21,333,125
Servicing fees	$ 857

9. DISCOUNTS AND LOANS, NET

	September 30 2010	September 30 2009
Negotiations	$ 1,991,193	$ 1,327,426
Overdrafts	6,535	11,886
Secured overdrafts	710,962	789,382
Accounts receivable - financing	2,650,188	2,868,106
Short-term loans	81,060,442	76,768,498
Short-term secured loans	54,917,419	44,632,442
Medium-term loans	89,024,570	73,425,959
Medium-term secured loans	75,390,656	52,605,339
Long-term loans	9,754,103	13,640,219
Long-term secured loans	359,781,012	336,285,692
Nonperforming loans transferred from loans	3,686,917	6,329,394
	678,973,997	608,684,343
Allowance for credit losses	(4,710,027)	(5,399,234)
Hedged item valuation adjustments	11,424	15,517
	$ 674,275,394	$ 603,300,626

As of September 30, 2010 and 2009, the balances of nonaccrual interest loans were $7,446,838 and $11,633,411, respectively. The unrecognized interest revenues on nonaccrual interest loans amounted to $81,012 and $188,198 for the nine months ended September 30, 2010 and 2009, respectively.

For the nine months ended September 30, 2010 and 2009, 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 nine months ended September 30, 2010 and 2009, please refer to Table 6-1.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

11. HELD-TO-MATURITY INVESTMENTS

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

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

	Balance of Equity Investments September 30		Income (Loss) from Equity Investments Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
SinoPac Bancorp	$ 5,212,513	$ 7,094,729	$ (1,195,659)	$ (954,599)
SinoPac Capital Limited (H.K.)	1,234,927	1,255,024	18,567	33,546
SinoPac Life Insurance Agent Co., Ltd.	472,230	777,141	416,632	286,314
SinoPac Property Insurance Agent Co., Ltd.	27,431	59,144	21,287	24,927
SinoPac Leasing Corporation	-	1,451,598	-	86,176
	$ 6,947,101	$ 10,637,636	$ (739,173)	$ (523,636)

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 SinoPac Bancorp as of June 25, 2009.

To improve the Group's execution and subsidiary's management efficiency, the parent company of SPH acquired the capital stock of SinoPac Leasing Corporation from the Bank and SinoPac Venture Capital Co., Ltd. at book value on December 1, 2009. Thus, SinoPac Leasing Corporation will be directly controlled by SPH. The acquisition makes the Group to plan and manage as a whole more easily and activate asset.

13. 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 5-5.

In order to strengthen the capital structure and improve competitive advantage, the board of directors resolved to acquire the preferred stocks of SinoPac Bancorp on January 8, 2010, with US$25 per share, US$45,000 thousand in total. The board of directors resolved to further increase cash investment of preferred stocks of SinoPac Bancorp by the maximum amount of US$200,000 thousand at $25 per share on April 23, 2010 and June 24, 2010, respectively. In addition, the bank further acquired the preferred stocks of SinoPac Bancorp on July 27, 2010 and September 23, 2010 amounting to US$30,000 thousand and $40,000 thousand, respectively.

14. PROPERTIES

	September 30	
	2010	2009
Cost and revaluation increment	$ 14,215,051	$ 14,419,933
Accumulated depreciation		
Buildings	1,952,890	1,825,599
Computer and machinery equipment	3,777,355	3,783,610
Transportation equipment	962	721
	5,731,207	5,609,930
Advances on acquisitions of equipment and construction in progress	294,247	177,281
Net properties	$ 8,778,091	$ 8,987,284

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 on November 13, 2006.

15. INTANGIBLE ASSETS

	September 30	
	2010	2009
Goodwill - credit card department	$ 876,717	$ 876,717
Computer software	98,377	130,509
	$ 975,094	$ 1,007,226

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 September 30, 2010.

16. OTHER ASSETS

	September 30	
	2010	2009
Deferred income tax assets (Note 27)	$ 2,072,610	$ 2,982,967
Rental properties, net	1,236,547	1,326,589
Collaterals assumed, net of accumulated impairment $72,819 and $35,874, respectively	537,938	639,281
Idle assets, net	442,369	546,149
Deferred pension cost	303,360	355,875
Prepayment	245,551	244,766
Land value increment tax	34,792	478,205
Temporary payment	27,922	75,691
Others	11,484	18,936
	$ 4,912,573	$ 6,668,459

The board of directors of the Bank resolved to sell the land, recorded as idle assets amounting to $171,367, to SPL at the price of $3,241,943 in December, 2009. The gain from disposal of the land was $2,693,234. The related-party transaction was resolved by the board of directors on December 9, 2009. The register of transfer was complete on December 25, 2009. The uncollected amount of the transaction was received on January 28, 2010.

In accordance with Financial Supervisory Commission (FSC) guideline No. 09900146911, the aforementioned gain from disposal of the land amounting to $2,693,234 shall not be included in the eligible capital upon calculation of the Bank's capital adequacy ratio.

17. CALL LOANS AND DUE TO BANKS

	September 30	
	2010	2009
Call loans	$ 38,494,157	$ 22,668,358
Redeposit from the directorate general of postal remittance	19,783,215	21,064,745
Due to the Central Bank	-	131,243
Due to banks	28,695	23,107
	$ 58,306,067	$ 43,887,453

18. ACCOUNTS, INTEREST AND OTHER PAYABLES

	September 30	
	2010	2009
Accounts payable - factoring	$ 12,304,566	$ 14,390,418
Acceptance payable	1,907,863	1,310,260
Notes and checks in clearing	1,679,268	1,619,595
Dividends payable	1,435,025	-
Accrued expenses	1,358,119	890,965
Interest payable	1,232,678	1,746,283

(Continued)

	September 30	
	2010	2009
Receipts under custody payable	$ 448,083	$ 1,002,036
Accounts payable	263,441	688,239
Tax payable	149,868	157,561
Others	611,138	583,689
	$ 21,390,049	$ 22,389,046

(Concluded)

19. DEPOSITS AND REMITTANCES

	September 30	
	2010	2009
Checking	$ 12,886,094	$ 11,699,562
Demand	156,388,101	134,249,256
Savings - demand	222,643,883	199,460,360
Time	282,234,769	241,656,943
Negotiable certificates of deposit	21,295,400	1,961,000
Savings - time	187,041,337	188,038,631
Inward remittances	298,642	1,037,071
Outward remittances	65,480	71,795
	$ 882,853,706	$ 778,174,618

20. 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 5-6. The board of directors resolved to issue subordinate bank debentures by the maximum amount of $7,000,000 on July 23, 2010.

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. The bonds were redeemed amounting to US$141,330 thousand as of December 22, 2009.

21. OTHER FINANCIAL LIABILITIES

	September 30	
	2010	**2009**
Accrued contingency losses (Note 30)	$ 2,123,678	$ 744,578
Appropriated loan fund from the government	463,715	466,900
Guarantee deposits received	245,894	289,660
Hedging derivative financial liabilities	58,386	35,399
	$ 2,891,673	$ 1,536,537

22. OTHER LIABILITIES

	September 30	
	2010	**2009**
Accrued pension cost	$ 1,448,092	$ 1,401,637
Temporary receipt	571,798	470,440
Reserve for land value increment tax	430,599	458,362
Advance receipt	253,469	263,745
Deferred income tax liabilities (Note 27)	133,301	668,630
Others	186,520	213,363
	$ 3,023,779	$ 3,476,177

23. STOCKHOLDERS' EQUITY

a. Capital stocks

To handle the Group's capital more efficiently, increase the Bank's Tier-1 capital and make a reservation for broadening the business scale, the board of directors resolved to raise capital in private placement amounting to $4.08 billion on December 31, 2009, with 340,000 thousand shares, par value at $10, and issue price at $12.

To handle the Group's capital more efficiently, the board of directors of the Bank resolved to raise capital in private placement on August 20, 2010, amounting to $1.67 billion, with 133,200 thousand shares, par value at $10, and issue price at $12.5.

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 accrue bonus to employees and remuneration to directors of $2,668 thousand and $2,135 thousand, respectively for the nine months ended September 30, 2010. The Bank did not accrue the bonus to employees and the remuneration to directors for the nine months ended September 30, 2009 because the requirement under the Bank's Articles of Incorporation was not met. The bonus to employees and the remuneration to directors and supervisors recognized were estimated on the basis of the Bank's Articles of Incorporation and past experience. 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 inappropriate 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 Article 50-2 of the Banking Law, when legal reserve meet the total capital reserve or well financial position and setting aside legal reserve under company law is not limited to the restriction of setting aside 30% of remaining earnings as legal reserve, and the appropriation of the remainder and retained earnings from previous year was limited to 15% of total capital reserve when legal reserve has not meet the total capital reserve. The requirements for financial positions of banks to be established in accordance with this Act shall be as prescribed by the financial Supervisory Commission, Executive Yuan, R.O.C.

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.

On June 25, 2010, the board of directors which execute the rights and functions of the stockholders' meeting resolved the appropriation of earnings for 2009 as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 615,011	
Cash dividends	782,833	$0.16235
Bonus to stockholders	652,192	0.13525
	$ 2,050,036	

The bonus to employees of $16,305 and the remuneration to directors and supervisors of $10,835 for 2009 were resolved by the board of directors which execute the rights and functions of the stockholders' meeting.

In accordance with FSC guideline No. 0900146911, cash dividends and bonus to stockholders for 2009 amounting to $1,435,025 shall not be remitted to the parent company until the land transferred to SPL from the Bank is disposed and the gain is realized, please refer to Note 16.

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.

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.

d. Unrealized gains or losses on financial instruments

The movements of unrealized gains or losses on available-for-sale financial assets for the nine months ended September 30, 2010 and 2009, respectively, were summarized as follows:

	Available-for-sale Financial Assets	Equity Investments - Equity Method	Total
Nine months ended September 30, 2010			
Balance, beginning of period	$ (77,898)	$ 46,695	$ (31,203)
Recognized in stockholders' equity	390,585	57,815	448,400
Transferred to profit or loss	(48,270)	(43,374)	(91,644)
Balance, end of period	$ 264,417	$ 61,136	$ 325,553
Nine months ended September 30, 2009			
Balance, beginning of period	$ (39,222)	$ 19,362	$ (19,860)
Recognized in stockholders' equity	(163,597)	40,632	(122,965)
Transferred to profit or loss	44,392	-	44,392
Balance, end of period	$ (158,427)	$ 59,994	$ (98,433)

The movements of unrealized gains or losses of cash flows hedge for the nine months ended September 30, 2010 and 2009, respectively, were summarized as follows:

	Nine Months Ended September 30	
	2010	**2009**
Balance, beginning of period	$ 22,130	$ -
Recognized in stockholders' equity	(61,108)	7,335
Transferred to profit or loss	-	-
Balance, end of period	$ (38,978)	$ 7,335

e. Earnings per share

There would be no dilutive effect on potential common stock for the nine months ended September 30, 2010, because the convertible bonds issued by the bank were redeemed as of December 22, 2009. There would be an anti-dilutive effect on potential common stock because of net loss so as not to compute the diluted EPS for the nine months ended September 30, 2009. The numerators and denominators used in computing earnings per shares (EPS) were summarized as follows:

	Numerator (Amounts)		Denominator (Shares in Thousands)	EPS (NT$)	
	Pretax	**After Tax**		**Pretax**	**After Tax**
Nine months ended September 30, 2010					
Basic EPS	$ 3,694,749	$ 2,841,885	4,836,484	$ 0.76	$ 0.59
Nine months ended September 30, 2009					
Basic EPS	$ 449,401	$ (112,689)	4,481,847	$ 0.10	$ (0.03)

24. COMMISSIONS AND FEE REVENUES, NET

	Nine Months Ended September 30	
	2010	**2009**
Commissions and fees revenues	$ 3,089,367	$ 2,513,107
Commissions and fees expenses	(437,420)	(419,785)
	$ 2,651,947	$ 2,093,322

25. OPERATING EXPENSES

	Nine Months Ended September 30	
	2010	2009
Personnel expenses		
Salaries and wages	$ 3,552,989	$ 3,115,330
Pension	367,562	369,262
Labor insurance and national health insurance	229,165	218,210
Others	273,374	215,048
	4,423,090	3,917,850
Depreciation	323,513	364,665
Amortization	43,531	53,525
Others	2,255,918	2,297,351
	$ 7,046,052	$ 6,633,391

26. 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 nine months is counted as one year of service, and any fraction of a year of up to nine 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 nine months ended September 30, 2010 and 2009, the pension expense amounted to $105,308 and $102,241, respectively, which were contributed to personal pension accounts. For the nine months ended September 30, 2010 and 2009, the pension expense amounted to $262,254 and $267,021, respectively, which were contributed to personal pension accounts.

27. 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 were as follows:

	Nine Months Ended September 30	
	2010	2009
Current income tax payable (deductible loss carry forward)	$ 39,808	$ (300,822)
Separate taxes	31,533	152,378
Investment credit	-	(3,386)
Deferred income taxes	288,996	(62,672)
Effect of tax law changes on deferred income tax	472,733	718,916
Adjustment for prior years' tax	11,628	14,008
Overseas income taxes over limitation	8,166	43,668
Income tax expense	$ 852,864	$ 562,090

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

b. Reconciliation of tax on pretax income at statutory rate and current income tax payable (deductible loss carry forward):

	Nine Months Ended September 30	
	2010	2009
Tax on pretax income at 17% statutory rate in 2010 and 25% statutory rate in 2009	$ 628,107	$ 112,350
Add (deduct) tax effects of:		
Tax-exempt income	(16,360)	(24,702)
Permanent difference	(115,458)	(406,627)
Temporary difference	227,444	18,157
Loss carryforward	(683,925)	-
Current income tax payable (deductible loss carry forward)	$ 39,808	$ (300,822)

c. During the nine months ended September 30, 2010 and 2009, the Legislative Yuan passed the following amendments to tax laws:

1) In January 2009, the Legislative Yuan passed the amendment of Article 39 of the Income Tax Law, which extends the operating loss carryforward period from 5 years to 10 years.

2) In March 2009, the Legislative Yuan passed the amendment of Article 24 of the Income Tax Law, which requires (a) the profit-seeking enterprise that invests in short-term notes for which the issuance dates are on and after January 1, 2010 to include the interest income arising, which was taxed separately prior to January 1, 2010, in its taxable income; and (b) the profit-seeking enterprise that invests in beneficiary securities or asset-based securities issued under the Financial Asset Securitization Act or Real Estate Securitization Act to include from January 1, 2010 the interest income arising, which was taxed separately prior to January 1, 2010, in its taxable income.

3) In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduced a profit-seeking enterprise's income tax rate from 25% to 20%, effective January 1, 2010.

4) Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019. The assessment calculated by Bank SinoPac on September 30, 2010 has no income tax credits.

5) In May 2010, 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 20% to 17%, effective January 1, 2010.

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

	September 30	
	2010	**2009**
Loss carry forward	$ 1,778,962	$ 2,702,240
Deferred pension cost	227,667	271,894
Unrealized loss or gain on foreign exchange and revaluation of financial instrument, net	(12,448)	(15,913)
Staff training income tax credit	25,457	23,314
Allowance for credit loss over limit	1,927	-
Others	77,545	27,932
Valuation allowance	(26,500)	(26,500)
Deferred income tax assets, net	$ 2,072,610	$ 2,982,967

	September 30	
	2010	**2009**
Investment income under the equity method	$ (86,746)	$ (622,075)
Others	(46,555)	(46,555)
Deferred income tax liabilities, net	$ (133,301)	$ (668,630)

The unused loss carry forwards as of September 30, 2010 were as follows:

Deficit Year	**The Last Year of Claiming Deductible Loss**	**Amount**
2007	2017	$ 2,775,865
2008	2018	6,166,540
2009	2019	1,522,078
		$ 10,464,483

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

	September 30	
	2010	**2009**
Receivables from related parties	$ 1,487,203	$ 1,400,238

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

	September 30	
	2010	2009
Balances of imputed tax credit account	$ 2,494,372	$ 2,676,472

The actual creditable tax ratio used for distributing earnings generated in 2009 was 33.33%. In 2008, 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.

g. As of September 30, 2010, 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.

h. For the Bank, income tax returns through 2005, 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 reached an agreement with the Taipei National Tax Administration (TNTA) on the above appealing cases, in which TNTA would refund 65% of the withholding tax denied on the interest income on bonds to the Bank. Consequently, the Bank accrued 35% of the withholding tax denied on the interest income on bonds as income tax expenses, which were not refunded by tax authorities.

i. For IBT, income tax returns through 2006 had been examined by the tax authorities. For some income tax returns, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds, which pertained to the period those bonds were held by other investors. 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. Consequently, IBT accrued 35% of the withholding tax denied on the interest income on bonds as income tax expenses, which were not refunded by tax authorities.

j. For formerly SinoPac Card Services Co., Ltd., income tax returns through 2005 had been examined by the tax authorities.

28. 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

(Continued)

Name	Relationship with the Bank
SinoPac Leasing Corporation (SPL)	Subsidiary of the SPH (SinoPac Leasing Corporation has been transferred at the book value to SPH in December 2009 and become a subsidiary of SPH)
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
Far East Capita, LLC (FEC, LLC)	Overseas affiliate of the Bank
SinoPac Capital Ltd. (Hong Kong)	Overseas subsidiary of the Bank
Grand Capital International Limited (Grand Capital)	Subsidiary of SPL
Wal Tech International Corporation (Wal Tech International)	Subsidiary of SinoPac Venture Capital (was liquidated in November 2009)
Intellisys Corporation	Subsidiary of SinoPac Venture Capital
SinoPac Strategic Allocation Balanced Fund	Managed by SinoPac Securities Investment Trust
SinoPac Global Emerging Markets 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 Capital (Asia) Ltd.	Affiliate of SinoPac Securities
SinoPac Securities (Asia) Ltd.	Affiliate of SinoPac Securities
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
E Ink Holding, Inc. (E Ink Holding)	Affiliate of the Bank’s director
Rung-Tzung Investment Corp. (Rung-Tzung Investment)	Affiliate of the second-degree of kinship of the director of SinoPac Securities
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 Fang	Manager of the Bank
Huang, Yuan Chuan	Manager of the Bank
Kao, Kuo Hsing	Manager of the Bank
Sha, Nai Chun	Manager of the Bank
Lyu, Zhou Er	Manager of the Bank
Hung, Siou Huei	Manager of the Bank
Lien, His Chuan	Manager of the Bank
Hung, 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

(Continued)

Name	Relationship with the Bank
Huang, Ming Hua	Manager of the Bank
Jiang, Shang De	Manager of the Bank
Lee, Liang	Manager of the Bank
Lee, Qing Fong	Manager of the Bank
Shiung, Jr Gang	Manager of the Bank
Chang, Ping Chou	Manager of the Bank
Guo, Fong Yuan	Manager of the Bank
Lin, Jian Ying	Manager of the Bank
Huang, Shiou Jyuan	Manager of the Bank
Guo, Ling Ling	Manager of the Bank
Lyu, Zhong Xiong	Manager of the Bank
Huang, Lien Cheng	Manager of the Bank
Lee, Chih Neng	Manager of the Bank
Zhung, Ji Cheng	Manager of the Bank
Luo, Guang Tsai	Manager of the Bank
Jiang, Yen Jung	Manager of the Bank
Huang, Wei Ming	Manager of the Bank
Huang, Yung Kuang	Manager of the Bank
Lin, Shin Shin	Manager of the Bank
Hung, Jeng An	Manager of the Bank
Zhung, Ching Lin	Manager of the Bank
Liao, Chih Meng	Manager of the Bank
Liang, Ya Zi	Manager of the Bank
Lee, Qing Hsan	Manager of the Bank
Chang, Yu His	Manager of the Bank
Chuang, Ming En	Manager of the Bank
Wu, Zong Xian	Manager of the Bank
Lin, Xiu Yuan	Manager of the Bank
Chang, Tian Jun	Manager of the Bank
Chen, Jian Zhou	Manager of the Bank
Yang, Qing Long	Manager of the Bank
Lai, Li Ru	Manager of the Bank
Deng, Ai Hua	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

	Ending Balance		% of Total	
	September 30		September 30	
	2010	2009	2010	2009
1) Due from banks				
Due from banks - FENB	$ 45,811	$ 24,159	2.02%	0.48%

	Ending Balance		% of Total	
	September 30		September 30	
	2010	2009	2010	2009
2) Financial assets at fair value through profit or loss				
Beneficiary certificates - SinoPac Global Emerging Markets Fund	20,080	-	0.07%	-
Beneficiary certificates - SinoPac Strategic Allocation Balanced Fund	-	36,770	-	0.22%

3) Derivative financial instruments

	September 30, 2010				
	Contract (Notional) Amount	Contract Period	Fair Value	Balance Sheet Account	Balance Sheet Balance
Currency swap contracts					
SinoPac Capital (H.K.)	$ 928,619	2010.9.24-2010.10.22	$ 41	Financial assets at fair value through profit or loss	$ 41
FENB	453,615	2010.9.2-2010.10.12	(12)	Financial liabilities at fair value through profit or loss	(12)
Interest rate swap contracts					
SinoPac Securities	34,565,000	2007.1.3-2015.9.15	(78,539)	Financial liabilities at fair value through profit or loss	(78,539)
Non-delivery forward contract - short position					
FENB	38,223	2010.4.8-2010.12.2	169	Financial assets at fair value through profit or loss	169
Forward contracts					
Grand Capital	114,355	2010.9.29-2010.11.30	14	Financial assets at fair value through profit or loss	14

	September 30, 2009				
	Contract (Notional) Amount	Contract Period	Fair Value	Balance Sheet Account	Balance Sheet Balance
Currency swap contracts					
SinoPac Capital (H.K.)	$ 934,988	2009.9.28-2009.10.28	$ 42	Financial assets at fair value through profit or loss	$ 42
Grand Capital	67,831	2009.7.23-2009.11.18	(4)	Financial liabilities at fair value through profit or loss	(4)
Interest rate swap contracts					
SinoPac Securities	15,720,000	2006.12.29-2014.7.29	(47,661)	Financial liabilities at fair value through profit or loss	(47,661)
Non-delivery forward contract - short position					
FENB	87,666	2009.6.26-2010.9.1	314	Financial assets at fair value through profit or loss	314

4) Accounts, interest, other receivables and payables

As of September 30, 2010 and 2009, other receivables from related parties amounted to $5,529 and $9,073, respectively. As of September 30, 2010 and 2009, other payables to related parties amounted to $22,282 and $20,345, respectively.

The Bank’s dividends payable to SPH amounted to $1,435,025 as of September 30, 2010.

As of September 30, 2010 and 2009, the Bank’s estimated receivables resulting from the adoption of the linked-tax system amounted to $1,487,203 and $1,400,238, respectively.

5) Loans

	September 30, 2010				
	September 30, 2010 Balance	Highest Balance	% of Total	Interest/ Fee Rates	Interest Revenue
Loans	$ 5,163,649	$ 7,098,327	0.77	0.98-6.53	$ 120,604

	September 30, 2010						
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	28	$ 11,907	$ 10,387	V	-	None	Yes
Households mortgages	215	1,368,381	1,183,574	V	-	Real estate	Yes
Others:	SPL	2,535,000	1,836,000	V	-	Real estate and estate	Yes
	Grand Capital	1,152,983	1,116,601	V	-	Estate	Yes
	SinoPac Capital (Asia) Ltd.	985,531	112,788	V	-	Estate	Yes
	BoardTek Electronics	410,354	331,755	V	-	Real estate	Yes
	Rung-Tzung Investment	246,671	200,000	V	-	Real estate	Yes
	Yung An Leasing	198,800	198,800	V	-	Real estate	Yes
	SinoPac Securities	125,000	125,000	V	-	Marketable securities and bonds	Yes
	FEC, LLC	43,535	41,285	V	-	Real estate	Yes
	Taiwan Genome Sciences, Inc.	9,500	-	V	-	Real estate	Yes
	Chen Hsu, Yu Rong	6,370	4,815	V	-	Real estate	Yes
	Jhuo, Shu Lin	2,644	2,644	V	-	Certificate of deposit	Yes
	Lai, Li Ru	982	-	V	-	Certificate of deposit	Yes
	Lin Xu, Li Hong	320	-	V	-	Certificate of deposit	Yes
	Liang, Ya Zi	128	-	V	-	Certificate of deposit	Yes
	Chang, Ping Chou	125	-	V	-	Certificate of deposit	Yes
	Lin, Jian Ying	47	-	V	-	Certificate of deposit	Yes
	Zhong, Dau Cheng	22	-	V	-	Certificate of deposit	Yes
	Huang, Shiou Jyuan	17	-	V	-	Certificate of deposit	Yes
	Guo, Kai Wei	5	-	V	-	Certificate of deposit	Yes
	Deng, Ai Hua	5	-	V	-	Certificate of deposit	Yes
	Other	5,718,039	3,969,688				
		$ 7,098,327	$ 5,163,649				

	September 30, 2009				
	September 30, 2009 Balance	Highest Balance	% of Total	Interest/ Fee Rates	Interest Revenue
Loans	$ 2,448,312	$ 3,331,003	0.41	0.7-6.5	$ 28,910

	September 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	33	$ 15,823	$ 10,635	V	-	None	Yes
Households mortgages	224	1,460,062	1,200,919	V	-	Real estate	Yes
Others:	SinoPac Securities	500,000	-	V	-	Real estate	Yes
	BoardTek Electronics	448,687	436,554	V	-	Real estate	Yes
	SPL	413,000	345,000	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
	Development Center for Biotechnology	30,000	-	V	-	Real estate	Yes
	Taiwan Genome Sciences, Inc.	3,000	3,000	V	-	Real estate	Yes
	Chen Hsu, Yu Rong	6,734	5,344	V	-	Real estate	Yes
	Guo, Kai Wei	3,354	5	V	-	Certificate of deposit	Yes
	Guo, Fong Yuan	2,100	-	V	-	Certificate of deposit	Yes
	Jhuo, Shu Lin	1,214	1,214	V	-	Certificate of deposit	Yes
	Chen, Jhih Wen	835	-	V	-	Certificate of deposit	Yes
	Shiung, Jr Gang	319	-	V	-	Certificate of deposit	Yes
	Lin Xu, Li Hong	118	-	V	-	Certificate of deposit	Yes
	Ji, Ying Huei	99	99	V	-	Certificate of deposit	Yes
	Liang, Ya Zi	71	71	V	-	Certificate of deposit	Yes
	Zhong, Dau Cheng	54	-	V	-	Certificate of deposit	Yes
	Chen, Jian Zhou	36	-	V	-	Certificate of deposit	Yes
	Lin, Hsiao Fen	25	-	V	-	Certificate of deposit	Yes
	Chang, Tian Jun	1	-	V	-	Certificate of deposit	Yes
	Other	1,855,118	1,236,758				
		$ 3,331,003	$ 2,448,312				

6) Guarantees

September 30, 2010

Related Party	The Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
SinoPac Securities	$ 2,000	$ 2,000	$ -	0.3%	Certificate of deposit	
Luo, Guang Tsai	420	65	-	1.53%-1.71%	None	Note
Hong, Wen Jing	400	85	-	1.53%-1.71%	None	Note
Li, Qing Hsan	190	-	-	1.53%-1.71%	None	Note
Lien, His Chuan	180	180	-	1.53%-1.71%	None	Note
Lyu, Zhong Xiong	140	140	-	1.53%-1.71%	None	Note
Kao, Kuo Hsing	140	110	-	1.53%-1.71%	None	Note
Sha, Nai Chun	140	100	-	1.53%-1.71%	None	Note
Chuang, Ming En	120	120	-	1.53%-1.71%	None	Note
Chiang, Yen Jung	120	-	-	1.53%-1.71%	None	Note
Zhung, Ji Cheng	75	40	-	1.53%-1.71%	None	Note
Lin, Shin Shin	70	25	-	1.53%-1.71%	None	Note
Lyu, Zhou Er	60	45	-	1.53%-1.71%	None	Note
Huang, Yung Kuang	60	20	-	1.53%-1.71%	None	Note
Ci, Siou Jyuan	60	15	-	1.53%-1.71%	None	Note
Huang, Wei Ming	60	15	-	1.53%-1.71%	None	Note
Ji, Ying Huei	60	15	-	1.53%-1.71%	None	Note
Jung, Ching Lin	55	45	-	1.53%-1.71%	None	Note
Lyu, Shu Fang	55	10	-	1.53%-1.71%	None	Note
Huang, Yuan Chuan	45	15	-	1.53%-1.71%	None	Note

(Continued)

Related Party	The Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
Chen, Yu Chien	$ 45	$ -	$ -	1.53%-1.71%	None	Note
Chang, Yu His	40	-	-	1.53%-1.71%	None	Note
Liao, Chih Meng	40	-	-	1.53%-1.71%	None	Note
Huang, Lien Cheng	30	-	-	1.53%-1.71%	None	Note
Huang, Ming Hua	20	5	-	1.53%-1.71%	None	Note
Guo, Ling Ling	20	-	-	1.53%-1.71%	None	Note
Li, Chih Neng	10	-	-	1.53%-1.71%	None	Note
Hung, Jeng An	10	-	-	1.53%-1.71%	None	Note
Lee, Qing Fong	5	-	-	1.53%-1.71%	None	Note

(Concluded)

Note: The listed twenty-eight guarantees are employees consuming loans.

September 30, 2009

Related Party	The Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
SPL	$ 380,000	$ 70,000	$ -	0.3%	Real estate and certificate of deposit	
SinoPac Securities	2,000	2,000	-	0.3%	Certificate of deposit	
Luo, Guang Tsai	555	555	-	1.25%-2.75%	None	Note
Hong, Wen Jing	400	255	-	1.25%-2.75%	None	Note
Huang, Lien Cheng	290	90	-	1.25%-2.75%	None	Note
Yang, Jhih Fa	180	60	-	1.25%-2.75%	None	Note
Lin, Shin Shin	160	145	-	1.25%-2.75%	None	Note
Lu, Zhong Xiong	150	105	-	1.25%-2.75%	None	Note
Ci, Siou Jyuan	130	85	-	1.25%-2.75%	None	Note
Hung, Jeng An	120	100	-	1.25%-2.75%	None	Note
Huang, Yuan Chuan	105	75	-	1.25%-2.75%	None	Note
Zhung, Ji Cheng	100	10	-	1.25%-2.75%	None	Note
Li, Chih Neng	100	40	-	1.25%-2.75%	None	Note
Lyu, Shu Fang	100	70	-	1.25%-2.75%	None	Note
Guo, Ling Shan	90	30	-	1.25%-2.75%	None	Note
Jung, Ching Lin	85	70	-	1.25%-2.75%	None	Note
Chuang, Ming En	80	80	-	1.25%-2.75%	None	Note
Hong, Siou Huei	80	20	-	1.25%-2.75%	None	Note
Ji, Ying Huei	75	75	-	1.25%-2.75%	None	Note
Liao, Chih Meng	60	30	-	1.25%-2.75%	None	Note
Jiang, Shang De	60	30	-	1.25%-2.75%	None	Note
Lyu, Zhou Er	60	60	-	1.25%-2.75%	None	Note
Chen, Yu Chien	60	-	-	1.25%-2.75%	None	Note
Yang, Qing Long	30	30	-	1.25%-2.75%	None	Note
Wu, Zong Xian	20	20	-	1.25%-2.75%	None	Note
Lin, Xiu Yuan	20	20	-	1.25%-2.75%	None	Note
Lee, Liang	10	-	-	1.25%-2.75%	None	Note

Note: The listed twenty-five guarantees are employees consuming loans.

7) Held-to-maturity investments

	September 30	
	2010	2009
Certificate of deposit - FENB	$ -	$ 966,000

8) Securities purchased under agreements to resell

	Face Amount		Cost	
	September 30		September 30	
	2010	2009	2010	2009
SinoPac Capital (Asia) Ltd.	$ 839,486	$ -	$ 839,486	$ -

9) Securities sold under agreements to repurchase

	Face Amount		Cost	
	September 30		September 30	
	2010	2009	2010	2009
Others	$ 180,000	$ 408,000	$ 179,507	$ 439,878

10) Deposits

	Ending Balance	% of Total	Interest Rate	Interest Expense	% of Total
Nine months ended September 30, 2010					
SinoPac Securities	$ 4,013,811	0.45%	0-0.9	$ 7,455	0.17%
SinoPac Securities (Asia) Ltd.	1,421,483	0.16%	0.0005-1.5	1,742	0.04%
SinoPac Venture Capital	1,131,377	0.13%	0.02-0.11	828	0.02%
SinoPac Futures	1,085,429	0.12%	0.11-0.54	3,226	0.07%
E Ink Holding, Inc.	998,686	0.11%	0.01-0.11	260	0.01%
Others	7,061,361	0.80%	0-13	50,508	1.13%
Nine months ended September 30, 2009					
E Ink Holding, Inc.	4,902,286	0.63%	0.01-0.13	873	0.01%
SinoPac Securities	3,685,373	0.47%	0-2.57	31,768	0.46%
SinoPac Futures	2,922,143	0.38%	0.1-2	26,946	0.39%
SinoPac Securities (Asia) Ltd.	1,237,231	0.16%	0.05-1.95	6,159	0.09%
SinoPac Venture Capital	1,012,763	0.13%	0.01	1,914	0.03%
Others	7,236,845	0.93%	0-13	50,953	0.73%

11) Revenues and expenses

	Amount		% of Total	
	Nine Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
Service fees	$ 23,648	$ 26,349	0.77%	1.05%
Service expenses	1,838	2,702	0.42%	0.64%
Project popularizing expense	308	364	0.01%	0.02%
Promotion fee	18,519	13,689	0.82%	0.60%
Other revenues	5,902	5,672	(7.57%)	155%

12) Lease

a) The Bank as a lessee

Lessor	Rental Expenses Nine Months Ended September 30 2010	2009	Lease Term	Payment Frequency
SPL	$ 85,452	$ 85,384	February 2020	Rentals paid monthly

b) The Bank as a lessor

Lessee	Rental Income Nine Months Ended September 30 2010	2009	Lease Term	Payment Frequency
SinoPac Securities	$ 14,690	$ 12,450	November 2014	Rentals received monthly
SinoPac Securities Investment Trust	10,404	9,199	September 2017	Rentals received monthly
SinoPac Call Center	4,978	4,678	March 2013	Rentals received monthly
SPL	4,419	4,429	July 2011	Rentals received monthly
Intellisys Corporation	2,502	2,739	December 2013	Rentals received monthly
SPLIA	1,485	1,553	March 2012	Rentals received monthly
SPPIA	203	234	March 2012	Rentals received monthly
Wal Tech International	-	45	October 2009	Rentals received monthly
SinoPac Venture Capital	-	5	June 2009	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 nine months ended September 30, 2010 and 2009 amounted to $138,278 and $151,333, 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.

29. RESTRICTED ASSETS

Pledged or restricted assets of the Bank as of September 30, 2010 and 2009 are summarized as follows:

Restricted Assets	Object	Fair Value September 30 2010	Fair Value September 30 2009	Purposes
Available-for-sale financial assets	Government bonds	$ 538,443	$ 460,134	Pledged to court as collaterals for filing provisional seizure, GTSM as bond payment settlement reserves for electronic bond trading system
Held-to-maturity investments	Government bonds	201,749	209,247	Hong Kong branch's clearing system of real - time gross settlement
Other financial assets	Guarantee deposits, negotiable certificate of deposits and cash	842,739	1,208,672	Pledged to court as collaterals for filing provisional seizure or restricted

30. SIGNIFICANT CONTINGENCIES AND COMMITMENTS

In addition to those disclosed in Note 33, 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
October 1 to December 31, 2010	$ 77,471
2011	260,237
2012	202,731
2013	135,038
2014	90,834

Rentals for the years beyond 2015 amount to $223,071, the present value of which is about $208,162 as discounted at the Bank's one-year time deposit rate of 1.025% on September 30, 2010.

b. Equipment purchase contract

The Bank had entered into contracts to buy computer equipment and office equipment for $676,938, of which $282,298 had already been paid as of September 30, 2010.

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. 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 US$67,784 thousand was estimated and recorded for the nine months ended September 30, 2010.

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. On August 27, 2009, the Superme Administrative Court judged that the aforementioned judge shall be abolished and remanded.

31. 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 nine months ended September 30, 2009 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:

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
	(Continued)

Item	Amount
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)
	2,998,513
Goodwill	876,717
Capital surplus	(1,555)
	$ 3,873,675

(Concluded)

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 nine months ended September 30, 2009 included SinoPac Card's net income of $35,121 for the five months ended May 31, 2009.

32. 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.

	Nine Months Ended September 30			
	2010		2009	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Due from the Central Bank and other banks	$ 22,695,918	0.45	$ 21,200,392	0.47
Call loans to banks	40,742,252	0.54	65,340,121	0.85
Financial assets at fair value through profit or loss	8,706,680	1.41	12,396,317	2.34
Securities purchased under agreements to resell	183,910	0.37	459,592	0.67
Available-for-sale financial assets	31,548,751	1.56	37,391,369	1.32
Discounts and loans	683,857,640	1.92	609,227,651	2.03
Accounts receivable - factoring	9,668,806	1.25	5,068,169	2.68
Credit card receivable	11,051,155	14.19	7,407,000	14.01
Held-to-maturity investments	140,974,683	0.68	126,304,137	0.82
Other financial assets	244,743	0.58	322,729	1.98

(Continued)

	Nine Months Ended September 30			
	2010		2009	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-bearing liabilities				
Due to the Central Bank and other banks	20,509,819	1.05	21,124,191	1.22
Call loans	27,830,872	0.43	14,950,567	0.74
Securities sold under agreements to repurchase	5,777,582	0.25	3,416,713	0.18
Demand	149,105,982	0.11	125,041,138	0.10
Savings - demand	214,144,622	0.35	180,207,152	0.43
Time	265,891,477	0.61	268,003,212	1.06
Savings - time	181,064,947	1.02	196,385,584	1.62
Negotiable certificates of deposit	28,606,836	0.39	6,593,385	0.83
Bank debentures	26,009,607	2.07	30,151,918	2.32
Other liabilities - appropriated loan fund	473,668	0.92	480,513	1.01
Bonds payable	-	-	4,758,532	-

(Concluded)

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

	September 30			
	2010		2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets				
Other short-term financial assets	$ 131,473,493	$ 131,473,493	$ 128,130,290	$ 128,130,290
Financial assets at fair value through profit or loss	29,574,314	29,574,314	16,869,338	16,869,338
Discounts and loans	674,275,394	674,275,394	603,300,626	603,300,626
Available-for-sale financial assets	30,075,981	30,075,981	24,068,666	24,068,666
Held-to-maturity investments	176,460,615	176,479,248	149,966,519	149,993,732
Equity investments-equity method	6,947,101	6,947,101	10,637,636	10,637,636
Unquoted equity instruments	4,149,582	-	488,507	-
Non-active market debt instruments	88,754	80,660	101,770	87,685
Other financial assets	5,319,373	5,319,373	2,594,290	2,594,290
Financial liabilities				
Other short-term financial liabilities	84,004,997	84,004,997	67,354,618	67,354,618
Financial liabilities at fair value through profit or loss	11,780,484	11,780,484	10,662,642	10,662,642
Deposits and remittances	882,853,706	882,853,706	778,174,618	778,174,618
Bank debentures	24,127,094	24,127,094	32,159,959	32,159,959
Bonds payable	-	-	4,550,826	4,530,716
Other financial liabilities	2,891,673	2,891,673	1,536,537	1,536,537

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, payables, and remittances 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, 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, guarantee deposits received and purchase of instruments issued by PEM Group 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 $12,534,700 and $12,558,368, for the nine months ended September 30, 2010 and 2009, respectively. Interest expense of financial assets and liabilities other than those at fair value through profit or loss amounted to $3,630,537 and $5,585,075, for the nine months ended September 30, 2010 and 2009, 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:

	Quoted Market Prices		Fair Value Based on Estimates	
	September 30		September 30	
	2010	2009	2010	2009
Financial assets				
Financial assets at fair value through profit or loss	$ 26,595,835	$ 12,722,733	$ 2,978,479	$ 4,146,605
Available-for-sale financial assets	28,087,294	24,005,724	1,988,687	62,942
Held-to-maturity investments	176,479,248	149,993,732	-	-
Other financial assets - non-active market debt instruments	-	-	80,660	87,685
Financial liabilities				
Financial liabilities at fair value through profit or loss	11,545,252	10,449,398	235,232	213,244

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, and BPV, 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, and Bloomberg, 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 September 30, 2010 and 2009, ratios of secured loans to total loans were 72.31% and 71.46% respectively. Ratio of secured financial guarantees and standby letters of credits were from 21.69% to 22.72%. 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:

	September 30	
	2010	**2009**
Items	**Maximum Credit Exposure**	**Maximum Credit Exposure**
Off-balance-sheet credit risk		
Credit card commitments for credit card	$ 172,941,718	$ 188,750,548
Financial guarantees and standby letter of credit	19,686,035	18,502,828
Undrawn loan commitments	20,065,142	22,228,791

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:

	September 30	
	2010	**2009**
Credit Risk Profile by Counterparty	**Maximum Credit Exposure**	**Maximum Credit Exposure**
Consumer	$ 387,107,868	$ 368,993,919
Private sector	262,599,404	231,937,724
Government	29,502,848	8,870,160
	$ 679,210,120	$ 609,801,803

	September 30	
	2010	**2009**
Credit Risk Profile by Industry Sector	**Maximum Credit Exposure**	**Maximum Credit Exposure**
Electricity industry	$ 52,881,827	$ 47,887,440
Material and supplies	45,556,467	34,647,060
Wholesale trade and retail business	44,823,599	30,427,278
	$ 143,261,893	$ 112,961,778

	September 30	
	2010	**2009**
Credit Risk Profile by Region	**Maximum Credit Exposure**	**Maximum Credit Exposure**
Domestic area	$ 616,856,615	$ 559,774,033
Asia	32,139,881	22,798,212
North America	22,354,582	15,763,188
	$ 671,351,078	$ 598,335,433

3) Liquidity risk

As of September 30, 2010 and 2009, the liquidity reserve ratio was 27.32% and 27.10% 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:

	September 30, 2010						
	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	$ 9,784,027	$ -	$ -	$ -	$ -	$ -	$ 9,784,027
Due from the Central Bank and other banks	63,715,247	3,616,586	4,996,947	-	-	-	72,328,780
Financial assets at fair value through profit or loss	25,463,665	682,916	3,068,302	358,000	1,431	-	29,574,314
Receivables	21,334,932	16,359,647	2,299,979	1,194,953	8,941,594	-	50,131,105
Securities purchased under agreements to resell	1,057,097	56,394	-	-	-	-	1,113,491
Discounts and loans	44,772,567	52,142,742	36,317,044	34,369,260	153,610,531	357,761,853	678,973,997
Available-for-sale financial assets	5,289,017	94,371	1,216,659	2,520,763	20,860,545	94,626	30,075,981
Held-to-maturity investments	78,194,006	78,535,242	6,918,946	11,915,915	840,603	55,903	176,460,615
Non-active market debt instruments	-	-	-	-	86,847	1,907	88,754
Hedged derivative financial assets	-	-	-	15,065	118,956	-	134,021
	249,610,558	151,487,898	54,817,877	50,373,956	184,460,507	357,914,289	1,048,665,085
Liabilities							
Call loans and due to banks	32,492,773	15,893,765	4,116,018	5,803,511	-	-	58,306,067
Financial liabilities at fair value through profit or loss	8,077,337	626,250	215,932	2,860,197	768	-	11,780,484
Securities sold under agreements to repurchase	4,397,282	61,467	-	-	-	-	4,458,749
Payables	9,384,492	8,829,820	2,164,405	718,668	292,664	-	21,390,049
Deposits and remittances	138,425,181	142,984,786	153,112,567	133,097,234	315,233,938	-	882,853,706
Bank debentures	134,021	-	-	4,000,000	19,993,073	-	24,127,094
Hedged derivative financial liabilities	-	-	-	-	58,386	-	58,386
	192,911,086	168,396,088	159,608,922	146,479,610	335,578,829	-	1,002,974,535
Net liquidity gap	$ 56,699,472	$ (16,908,190)	$ (104,791,045)	$ (96,105,654)	$ (151,118,322)	$ 357,914,289	$ 45,690,550

	September 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
Assets							
Cash and cash equivalents	$ 11,968,324	$ -	$ -	$ -	$ -	$ -	$ 11,968,324
Due from the Central Bank and other banks	61,401,551	12,919,059	3,896,200	-	-	-	78,216,810
Financial assets at fair value through profit or loss	13,490,339	403,297	2,381,844	468,000	125,858	-	16,869,338
Receivables	18,943,472	7,335,062	2,485,931	2,984,718	8,104,110	-	39,853,293
Discounts and loans	55,838,052	48,952,603	27,511,605	23,738,138	110,879,719	341,764,226	608,684,343
Available-for-sale financial assets	3,782,091	76,411	-	569,864	18,357,967	1,282,333	24,068,666
Held-to-maturity investments	39,966,000	67,934,037	38,555,388	2,000,000	1,315,634	195,460	149,966,519
Non-active market debt instruments	-	-	-	-	96,600	5,170	101,770
Hedged derivative financial assets	107,672	-	31,628	63,697	94,381	-	297,378
	205,497,501	137,620,469	74,862,596	29,824,417	138,974,269	343,247,189	930,026,441

(Continued)

	September 30, 2009						
	Due in One Month	**Due Between One Month and Three Months**	**Due Between Three Months and Nine Months**	**Due Between Nine Months and One Year**	**Due Between One Year and Seven Years**	**Due After Seven Years**	**Total**
Liabilities							
Call loans and due to banks	$ 18,074,529	$ 14,848,525	$ 4,260,358	$ 6,704,041	$ -	$ -	$ 43,887,453
Financial liabilities at fair value through profit or loss	7,590,183	402,357	230,844	2,432,108	7,150	-	10,662,642
Securities sold under agreements to repurchase	1,064,859	170,821	-	-	-	-	1,235,680
Payables	12,771,547	5,704,689	1,837,661	1,738,290	336,859	-	22,389,046
Deposits and remittances	117,239,436	125,620,140	138,766,760	114,700,444	281,847,838	-	778,174,618
Bank debentures	1,068,328	8,750,826	-	2,900,000	17,240,805	2,200,000	32,159,959
Bonds payable	-	-	-	-	4,550,826	-	4,550,826
Hedged derivative financial liabilities	35,399	-	-	-	-	-	35,399
	157,844,281	155,497,358	145,095,623	128,474,883	303,983,478	2,200,000	893,095,623
Net liquidity gap	$ 47,653,220	$ (17,876,889)	$ (70,233,027)	$ (98,650,466)	$ (165,009,209)	$ 341,047,189	$ 36,930,818

(Concluded)

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.

		September 30			
		2010		2009	
Hedged Items	**Hedging Instruments**	**Notion Amount**	**Fair Value**	**Notion Amount**	**Fair Value**
Bank debentures	Interest rate swap	$ 1,400,000	$ 105,052	$ 4,100,000	$ 172,910
	Cross currency swap	1,000,000	28,968	3,800,000	95,417
Fixed rate loans	Interest rate swap	155,847	(11,424)	348,322	(15,517)

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.

		September 30			
		2010		2009	
Hedged Items	**Hedging Instruments**	**Notion Amount**	**Fair Value**	**Notion Amount**	**Fair Value**
Bank debentures	Interest rate swap	$ 3,600,000	$ (46,961)	$ 3,600,000	$ 9,169

34. 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.

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

a. Asset quality

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

b. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities
September 30, 2010

(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	$ 997,487,059	$ 223,654,511	$ 144,308,525	$ 53,940,400	$ 50,610,197	$ 524,973,426
Main capital outflow on maturity	1,014,654,073	188,405,341	163,503,292	127,743,629	156,976,847	378,024,964
Gap	(17,167,014)	35,249,170	(19,194,767)	(73,803,229)	(106,366,650)	146,948,462

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
September 30, 2010

(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	$ 10,359,363	$ 4,506,146	$ 2,279,434	$ 869,119	$ 793,916	$ 1,910,748
Main capital outflow on maturity	10,299,498	4,637,726	1,946,161	1,077,202	626,792	2,011,617
Gap	59,865	(131,580)	333,273	(208,083)	167,124	(100,869)

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
September 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	$ 852,338,994	$ 156,285,598	$ 115,953,736	$ 70,753,604	$ 36,792,191	$ 472,553,865
Main capital outflow on maturity	861,335,336	150,351,212	139,141,299	108,356,314	121,415,465	342,071,046
Gap	(8,996,342)	5,934,386	(23,187,563)	(37,602,710)	(84,623,274)	130,482,819

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
September 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	$ 6,272,080	$ 3,259,581	$ 1,523,306	$ 673,295	$ 355,303	$ 460,595
Main capital outflow on maturity	6,319,729	3,088,633	1,369,086	615,395	460,273	786,342
Gap	(47,649)	170,948	154,220	57,900	(104,970)	(325,747)

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.

c. Profitability

(%)

Items		Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Return on total assets	Before income tax	0.36	0.05
	After income tax	0.27	(0.01)
Return on net worth	Before income tax	5.77	0.80
	After income tax	4.44	(0.20)
Profit margin		23.14	(1.18)

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 nine months ended September 30, 2010 and 2009.

d. Interest rate sensitivity information

Interest Rate Sensitivity
September 30, 2010

(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	$ 661,999,289	$ 19,157,715	$ 50,685,618	$ 87,537,592	$ 819,380,214
Interest-rate sensitive liabilities	363,232,889	355,583,539	46,019,157	16,107,369	780,942,954
Interest-rate sensitive gap	298,766,400	(336,425,824)	4,666,461	71,430,223	38,437,260
Net worth					66,314,443
Ratio of interest-rate sensitive assets to liabilities					104.92%
Ratio of interest-rate sensitive gap to net worth					57.96%

Interest Rate Sensitivity
September 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	$ 562,510,521	$ 56,546,076	$ 34,617,287	$ 66,056,390	$ 719,730,274
Interest-rate sensitive liabilities	291,336,366	330,755,731	42,818,245	19,437,663	684,348,005
Interest-rate sensitive gap	271,174,155	(274,209,655)	(8,200,958)	46,618,727	35,382,269
Net worth					56,794,890
Ratio of interest-rate sensitive assets to liabilities					105.17%
Ratio of interest-rate sensitive gap to net worth					62.30%

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
September 30, 2010

(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	$ 4,009,073	$ 284,547	$ 75,915	$ 402,974	$ 4,772,509
Interest-rate sensitive liabilities	2,446,036	2,553,062	177,095	13	5,176,206
Interest-rate sensitive gap	1,563,037	(2,268,515)	(101,180)	402,961	(403,697)
Net worth					59,997
Ratio of interest-rate sensitive assets to liabilities					92.20%
Ratio of interest-rate sensitive gap to net worth					(672.86%)

Interest Rate Sensitivity
September 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	$ 3,891,938	$ 274,447	$ 66,017	$ 223,434	$ 4,455,836
Interest-rate sensitive liabilities	1,903,116	2,298,994	241,267	2,130	4,445,507
Interest-rate sensitive gap	1,988,822	(2,024,547)	(175,250)	221,304	10,329
Net worth					62,673
Ratio of interest-rate sensitive assets to liabilities					100.23%
Ratio of interest-rate sensitive gap to net worth					16.48%

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)

e. Concentration of credit extensions

September 30, 2010

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%) (Note 4)
1	A Group (Plastics)	$13,472,770	21.60%
2	B Group (Other electronic)	9,230,044	14.80%
3	C Group (Computer and peripheral equipment)	8,953,207	14.36%
4	D Group (Optoelectronic)	7,539,385	12.09%
5	E Group (Trading and consumers' goods industry)	5,800,000	9.30%
6	F Group (Building material and construction)	5,412,693	8.68%
7	G Group (Ocean transportation industry)	3,531,452	5.66%
8	H Company (Metal product)	2,439,518	3.91%
9	I Group (Textile)	2,185,809	3.51%
10	J Company (Building material and construction)	2,000,000	3.21%

September 30, 2009

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%) (Note 4)
1	A Group (Plastics)	$13,004,977	23.04%
2	B Group (Shipping and Transportation)	5,621,677	9.96%
3	C Group (Optical products manufacturing)	5,160,144	9.14%
4	D Group (Non-profit organization)	4,725,000	8.37%
5	E Group (Cotton and Textile)	4,223,385	7.48%
6	F Group (LCD and its components manufacturing)	3,496,164	6.19%
7	G Group (Other electronic)	3,134,669	5.55%
8	H Group (Computer and peripheral equipment)	2,724,400	4.83%
9	I Company (Textile)	1,959,332	3.47%
10	J Group (Semiconductor)	1,757,472	3.11%

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 Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings Law Article 6.

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.

36. 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
September 30, 2010 and 2009

(In Thousands of New Taiwan Dollars)

	September 30					
	2010			2009		
	Other Trust Business	Financial Assets and Real Estate Trust Plan	Total	Other Trust Business	Financial Assets and Real Estate Trust Plan	Total
Trust assets						
Bank deposits	$ 4,652,695	$ 1,480,752	$ 6,133,447	$ 4,805,409	$ 1,086,281	$ 5,891,690
Bonds	12,869,263	-	12,869,263	18,426,642	1,687,825	20,114,467
Stocks	6,663,847	-	6,663,847	7,743,152	-	7,743,152
Funds	115,027,275	-	115,027,275	103,377,623	-	103,377,623
Securities lent	133,242	-	133,242	-	-	-
Receivables	43	76	119	3,713	5,648	9,361
Prepayments	7	13,847	13,854	8	24,196	24,204
Real estate						
Land	7,942,602	3,538,574	11,481,176	6,051,361	3,538,574	9,589,935
Buildings	531,497	1,364,856	1,896,353	330,091	1,364,856	1,694,947
Construction in process	5,273,777	-	5,273,777	4,911,362	-	4,911,362
Securities under custody	122,043,306	-	122,043,306	149,069,354	-	149,069,354
Other assets	-	76,418	76,418	-	76,851	76,851
Total trust assets	$ 275,137,554	$ 6,474,523	$ 281,612,077	$ 294,718,715	$ 7,784,231	$ 302,502,946
Trust liabilities						
Payables	$ 34	$ 15,742	$ 15,776	$ -	$ 16,278	$ 16,278
Advance receipts	-	16,369	16,369	-	15,876	15,876
Other liabilities	-	20,908	20,908	-	20,178	20,178
Payable on securities under custody	122,043,306	-	122,043,306	149,069,354	-	149,069,354
Trust capital	150,765,125	5,193,067	155,958,192	143,538,700	6,601,419	150,140,119
Reserves and cumulative earnings						
Reserves	-	71,184	71,184	-	71,184	71,184
Net income	728,926	70,206	799,132	584,831	99,279	684,110
Cumulative earnings	2,148,753	623,617	2,772,370	1,940,252	496,587	2,436,839
Deferred amount	(548,590)	-	(548,590)	(414,422)	-	(414,422)
Unrealized revaluation increment on land	-	463,430	463,430	-	463,430	463,430
Total trust liabilities	$ 275,137,554	$ 6,474,523	$ 281,612,077	$ 294,718,715	$ 7,784,231	$ 302,502,946

Trust Income Statement
Nine months ended September 30, 2010 and 2009

(In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30					
	2010			2009		
	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	$ 145,180	$ 16,896	$ 162,076	$ 205,775	$ 139,315	$ 345,090
Rental income	-	148,636	148,636	-	146,744	146,744
Cash dividend income	370,821	-	370,821	322,480	-	322,480
Gains from beneficiary certificates	177	-	177	5,515	-	5,515
Realized investment income	273,974	-	273,974	408,441	-	408,441
Unrealized investment income	9,472	-	9,472	-	-	-
Others	42	-	42	-	-	-
Total trust income	799,666	165,532	965,198	942,211	286,059	1,228,270
Trust expense						
Trust administrative expenses	3,251	1,260	4,511	4,560	3,184	7,744
Tax expenses	14,368	6,941	21,309	23,442	7,533	30,975
Interest expenses	-	85,151	85,151	-	173,302	173,302
OTC expenses	-	956	956	-	993	993
Marketing expenses	-	-	-	1,954	-	1,954
Realized investment loss	52,863	-	52,863	326,699	-	326,699
Unrealized investment loss	-	-	-	-	-	-
Others	258	1,018	1,276	725	1,768	2,493
Total trust expense	70,740	95,326	166,066	357,380	186,780	544,160
Income before income tax	728,926	70,206	799,132	584,831	99,279	684,110
Income tax expense	-	-	-	-	-	-
Net income	$ 728,926	$ 70,206	$ 799,132	$ 584,831	$ 99,279	$ 684,110

Trust Properties of Trust Accounts
September 30, 2010 and 2009

(In Thousands of New Taiwan Dollars)

	September 30			
	2010		2009	
Investment Portfolio	**Book Value**	**Note**	**Book Value**	**Note**
Bonds	$ 12,869,263		$ 18,426,642	
Stocks	6,663,847		7,743,152	
Funds	115,027,275		103,377,623	
Securities lent	133,242		-	
Asset pool of financial asset securitization	-		1,687,825	
Asset pool of real estate securitization	4,903,430		4,903,430	
Real estate				
Land	7,942,602		6,051,361	
Buildings	531,497		330,091	
Construction in process	5,273,777		4,911,362	
Securities under custody	122,043,306		149,069,354	
	$ 275,388,239		$ 296,500,840	

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

37. CROSS-SELLING INFORMATION

For the nine months ended September 30, 2010 and 2009, the Bank charged SinoPac Securities for $3,171 and $2,642, respectively, as marketing and opening accounts.

38. ADDITIONAL DISCLOSURES

a. and b. Following are the additional disclosures required by the Securities and Futures Bureau for the Bank and investees:

1) Financing provided: NA;

2) Endorsement/guarantee provided: NA;

3) Marketable securities held: Table 1;

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 2;

6) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the issued capital: None;

7) Disposal of individual real estate at prices of at least NT$300 million or 10% of the issued capital: None;

8) Financial asset securitization: None;

9) Allowance for service fees to related-parties amounting to at least NT$5 million: None;

10) Receivables from related parties amounting to at least NT$300 million or 10% of the issued capital: Table 3;

11) Sale of nonperforming loans: Table 4;

12) The information of investees: Non applicable;

13) Other significant transactions which may affect the decisions of users of financial reports: Table 5 and 6;

14) Derivative financial transactions: Except the disclosure in other footnotes, the derivative financial instruments of the Bank are disclosed in Notes 5, 33 and Table 5-2, 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 5-7.

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

TABLE 1

BANK SINOPAC AND INVESTEES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2010
(In Thousands of New Taiwan Dollars or Share)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statement Account	September 30, 2010				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Bancorp	Stock							
	Far East National Bank	Subsidiary	Equity investments - equity method	4,870	$ 9,059,977	100%	$ 9,059,977	Note 2
	Far East Capital, LLC	Subsidiary	Equity investments - equity method	-	18,743	100%	18,743	Note 2
SinoPac Capital Limited (H.K.)	Stock							
	SinoPac Capital (B.V.I.) Ltd.	Subsidiary	Equity investments - equity method	4,450	33,488	100%	51,577	Note 2
	SinoPac Insurance Brokers Ltd.	Subsidiary	Equity investments - equity method	100	1,211	100%	138,461	Note 2
	Fund							
	China Enterprise Capital	-	Unquoted equity investments	0.020	31,300	-	31,300	Note 3
SinoPac Capital (B.V.I.) Ltd.	Stock							
	RSP Information Service Company Limited	Subsidiary	Equity investments - equity method	1,000	4,017	100%	4,534	Note 2
SinoPac Property Insurance Agent Co., Ltd.	Bond							
	Government bond 88-3	-	Guarantee deposits	600	635	-	789	Pledge
SinoPac Life Insurance Agent Co., Ltd.	Bond							
	Government bond 88-3	-	Guarantee deposits	600	635	-	789	Pledge

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

Note 2: Net asset values were based on the investees' audited financial statements for the latest period.

Note 3: Net asset values were based on the carrying amounts.

TABLE 2

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)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010
(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
	Stock													
Bank SinoPac	SinoPac Bancorp	Unquoted of equity investments	-	Subsidiary of the Bank	-	$ -	4,600	$ 3,661,075	-	$ -	$ -	$ -	4,600	$ 3,661,075
SinoPac Bancorp	Far East National Bank	Investment in subsidiaries	-	Overseas affiliate of the Bank	230	US$ 162,893 thousand	4,640	US$ 116,000 thousand	-	-	-	-	4,870	US$ 278,893 thousand

TABLE 3

BANK SINOPAC AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE ISSUED CAPITAL
SEPTEMBER 30, 2010
(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	$ 1,487.421 (Note)	-	$ -	-	$ -	$ -

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

TABLE 4

BANK SINOPAC AND INVESTEES

TRADING INFORMATION - SELLING NONPERFORMING LOANS
SEPTEMBER 30, 2010
(In Thousands of New Taiwan Dollars)

Date	Counter-parties	Loans	Carrying Amount (Note)	Selling Price	Gain or Loss on Disposal	Attachment	Relation
March 25, 2010	Sympnony Asset Pool IV LLC/Pacifica Enterprises, Inc.	Commercial secured loans	US$ 3,216 thousand	US$ 3,412 thousand	US$ 196 thousand	-	None
June 30, 2010	Executive Capital Investment Group LLC	Commercial secured loans	US$ 2,942 thousand	US$ 2,950 thousand	US$ 8 thousand	-	None
July 23, 2010	Prime A investments LLC	Commercial secured loans	US$ 986 thousand	US$ 986 thousand	-	-	None
July 23, 2010	8060 Las Vegas LLC	Commercial secured loans	US$ 1,997 thousand	US$ 2,200 thousand	US$ 203 thousand	-	None
September 1, 2010	PSIP Magellan Riverside LLC	Commercial secured loans	US$ 7,933 thousand	US$ 8,249 thousand	US$ 316 thousand	-	None
September 30, 2010	Sympnony Asset Pool IV LLC/Pacifica Enterprises, Inc.	Commercial secured loans	US$ 1,600 thousand	US$ 1,503 thousand	US$ (97 thousand)	-	None
September 30, 2010	Sympnony Asset Pool IV LLC/Pacifica Enterprises, Inc.	Commercial secured loans	US$ 1,381 thousand	US$ 1,297 thousand	US$ (84 thousand)	-	None

Note: Carrying amount is the original credit amount deducted allowance for bad debt.

TABLE 5-1

BANK SINOPAC

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	September 30	
	2010	**2009**
Held-for-trading financial assets		
Negotiable certificates of deposit	$ 10,001,352	$ -
Bank debentures	2,037,815	770,321
Corporate bonds	1,461,775	1,804,808
Listed stocks	1,102,666	449,627
Government bonds	923,616	199,659
Beneficiary certificates	741,669	569,450
Convertible bonds	200,872	516,488
Depository receipt	29,645	13,230
Collateralized debt obligations	975	133,631
Derivative financial assets		
Interest rate swaps	7,797,810	7,885,529
Premium paid on option contracts	2,297,761	941,355
Forward contracts	2,111,466	2,059,102
Currency swap contracts	57,194	72,607
Others	54,459	19,555
	28,819,075	15,435,362
Financial assets designated at fair value through profit or loss		
Hybrid product		
Convertible bonds	392,612	470,919
Corporate bonds	302,991	294,970
Credit linked notes	-	407,137
A group of financial instruments is managed and its performance is evaluated on a fair value basis		
C equity interest in VISA Inc.	59,636	163,731
B equity interest in Master Card Inc.	-	97,219
	755,239	1,433,976
Total of financial assets at fair value through profit or loss	$ 29,574,314	$ 16,869,338
Held-for-trading financial liabilities		
Derivative financial liabilities		
Interest rate swaps	$ 7,680,649	$ 7,849,819
Forward contracts	1,993,286	1,838,162
Premiums received on option contracts	1,954,089	825,562
Credit default swaps	49,482	65,138
Currency swap contracts	40,201	68,254
Cross-currency swap contract	37,317	1,591
Equity-linked swap contract	13,109	14,081
Others	12,351	35
	$ 11,780,484	$ 10,662,642

TABLE 5-2

BANK SINOPAC

CONTRACT AMOUNTS OF OUTSTANDING DERIVATIVE TRANSACTIONS
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	September 30	
	2010	2009
Interest rate swap contracts	$ 876,529,684	$ 775,970,439
Currency swap contracts	291,215,791	192,078,267
Options		
Long position	144,534,749	57,422,345
Short position	146,457,345	64,389,480
Forward contracts		
Long position	19,120,593	19,610,084
Short position	11,098,808	7,462,002
Non-deliverable forward contracts		
Long position	98,291,696	87,471,300
Short position	98,016,500	86,538,257
Cross-currency swap contracts	3,474,694	950,700
Assets swap contracts	1,378,520	2,028,600
Credit default swap contracts	1,100,000	1,100,000
Equity-linked swap contracts	36,700	601,174
Commodity-linked swap contracts	276,300	-
Futures		
Interest rate futures long position	2,390,182	71,816
Interest rate futures short position	1,673,206	103,040
Credit linked swap contracts	2,500,000	2,500,000

TABLE 5-3

BANK SINOPAC

AVAILABLE-FOR-SALE FINANCIAL ASSETS
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	September 30	
	2010	**2009**
Government bonds	$ 11,919,794	$ 14,808,051
Corporate bonds	6,502,132	2,411,723
Bank debentures	6,015,728	1,165,842
Commercial paper	4,808,338	4,255,360
Government sector bonds	638,427	1,364,748
Listed stocks	191,562	-
Collateralized debt obligations	-	792,499
	30,075,981	24,798,223
Less: Accumulated impairment	-	729,557
	$ 30,075,981	$ 24,068,666

TABLE 5-4

BANK SINOPAC

HELD-TO-MATURITY INVESTMENTS
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	September 30	
	2010	**2009**
Negotiable certificates of deposit	$ 175,071,650	$ 148,177,000
Corporate bonds	840,603	840,263
Government bonds	330,997	382,283
Bank debentures	107,602	166,192
Floating rate notes	80,726	245,571
Collateralized debt obligations	29,037	195,460
	176,460,615	150,006,769
Less: Accumulated impairment	-	40,250
	$ 176,460,615	$ 149,966,519

TABLE 5-5

BANK SINOPAC

OTHER FINANCIAL ASSETS
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	September 30	
	2010	2009
Unquoted equity instruments		
Oversea unlisted equity investments - preferred stock	$ 3,661,075	$ -
Unlisted equity investments - common stock	488,507	488,507
	4,149,582	488,507
Non-active market debt instruments		
Collateralized debt obligations	86,847	96,600
Mortgage backed securities	1,907	5,170
Structured investment vehicles	-	322,000
	88,754	423,770
Less: Accumulated impairment	-	322,000
	88,754	101,770
Others		
Issued commodities purchased from PEM Group	4,171,187	583,873
Guarantee deposits	842,739	1,208,672
Guarantee of futures and options	163,502	99,367
Hedging derivative financial instruments	134,021	297,378
Short-term advancement	5,673	73,448
Bills purchased	2,251	1,433
Nonperforming receivables transferred from other than loans, net	-	330,119
	5,319,373	2,594,290
	$ 9,557,709	$ 3,184,567

BANK SINOPAC

BANK DEBENTURES
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	September 30 2010	September 30 2009	Maturity Date	Terms
Dominant bank debentures				
Eighth dominant bank debentures issued in 2004	$ 515,065	$ 526,194	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.
Fifteenth dominant bank debentures issued in 2004	513,902	522,427	2004.07.13-2011.07.13 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Fifth dominant bank debentures issued in 2003	-	1,030,232	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	-	502,086	2004.04.26-2009.10.26 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually with simple interest based on actual days.
Second dominant bank debentures issued in 2004	-	306,010	2004.04.28-2009.10.28 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Twelfth dominant bank debentures issued in 2004	-	514,987	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	-	511,038	2004.07.09-2010.07.09 Principal is repayable on maturity date.	Floating rate. Interest is paid semiannually.
Dominant bank debentures	1,028,967	3,912,974		
Subdominant bank debentures				
First subordinated bank debentures issued in 2005	3,000,000	3,000,000	2005.12.13-2011.06.13 Principal is repayable on maturity date.	Index rate plus 0.35%. Interest rate is reset semiannually since the issuance date. Interest is paid semiannually.
First subordinated bank debentures issued in 2008	1,504,575	1,538,083	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)	4,498,405	4,498,080	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)	499,823	499,787	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	3,598,738	3,598,396	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	5,597,599	5,597,207	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)	2,199,055	2,198,869	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)	2,199,932	2,199,922	2009.06.23-2017.06.23 Principal is repayable on maturity date.	Fixed interest rate of 2.9%, interest is paid annually.

(Continued)

	September 30			
	2010	2009	Maturity Date	Terms
Second subordinated bank debentures issued in 2003	$ -	$ 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 (B)	-	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)	-	416,641	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	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.
Subdominant bank debentures	23,098,127	28,246,985		
	$ 24,127,094	$ 32,159,959		

(Concluded)

BANK SINOPAC

DERIVATIVE FINANCIAL INSTRUMENT TRANSACTIONS
SEPTEMBER 30, 2010 AND 2009
(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 September 30, 2010 and 2009, the contract amounts (or notional amounts), credit risks and fair values of outstanding contracts were as follows:

	September 30, 2010		
Financial Instruments	**Contract (Notional) Amount**	**Credit Risk**	**Fair Value**
For the purpose of accommodating customers' needs or managing FENB's exposures:			
Currency swap contracts	$ 453,615	$ 19	$ 12
Forward contracts			
Long position	59,085	1,773	1,779
Short position	58,850	1,765	2,015
Non-deliverable forward contracts			
Long position	38,223	1,529	(73)
Short position	38,223	1,529	(3)

	September 30, 2009		
Financial Instruments	**Contract (Notional) Amount**	**Credit Risk**	**Fair Value**
For the purpose of accommodating customers' needs or managing FENB's exposures:			
Non-deliverable forward contracts			
Long position	$ 87,666	$ 7,682	$ 629
Short position	87,666	7,682	415

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

(Continued)

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.

SinoPac (Hong Kong) Financial

As of September 30, 2010 and 2009, the outstanding amount of derivative financial instruments contracts were as follows:

	September 30			
	2010		2009	
Financial Instruments	**Contract (Notional) Amount**	**Fair Value**	**Contract (Notional) Amount**	**Fair Value**
Currency swap contracts	$ 928,619	$ (41)	$ 934,988	(42)

(Concluded)

BANK SINOPAC

STATEMENT OF CHANGES IN ALLOWANCE FOR CREDIT LOSS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

Nine Months Ended September 30, 2010

	Discounts and Loans								
	Specific Reserve	General Reserve	Subtotal	Account Receivable	Non-performing Receivables Transferred from Other Than Loans	Provisions for Acceptance and Guarantees	Other Financial Assets	Other Assets	Total
Balance, January 1	$ 2,286,482	$ 2,773,395	$ 5,059,877	$ 404,898	$ 825,806	$ 31	$ 63,041	$ 723	$ 6,354,376
Provision	726,913	421,728	1,148,641	63,878	322,707	3	6,563	-	1,541,792
Write-off	(1,459,668)	-	(1,459,668)	(286,170)	(939,515)	-	(19,630)	-	(2,704,983)
Recovery of written-off credits	31,178	-	31,178	214,477	-	-	768	-	246,423
Reclassifications	191,021	(191,021)	-	-	-	-	-	-	-
Result from change of effects of exchange rate changes	(70,001)	-	(70,001)	(376)	28,159	(3)	(387)	-	(42,608)
Others	-	-	-	-	(1,034)	-	-	-	(1,034)
Balance, September 30	$ 1,705,925	$ 3,004,102	$ 4,710,027	$ 396,707	$ 236,123	$ 31	$ 50,355	$ 723	$ 5,393,966

Nine Months Ended September 30, 2009

	Discounts and Loans								
	Specific Reserve	General Reserve	Subtotal	Account Receivable	Non-performing Receivables Transferred from Other Than Loans	Provisions for Acceptance and Guarantees	Other Financial Assets	Other Assets	Total
Balance, January 1	$ 3,399,785	$ 3,063,274	$ 6,463,059	$ 519,209	$ 307,848	$ 32	$ -	$ 140	$ 7,290,288
Provision	1,487,345	524,582	2,011,927	488,939	5,073	-	-	-	2,505,939
Write-off	(2,406,241)	-	(2,406,241)	(698,534)	(174,813)	-	-	-	(3,279,588)
Recovery of written-off credits	20,110	-	20,110	190,861	-	-	-	-	210,971
Reclassifications	72,409	(731,923)	(659,514)	-	659,514	-	-	-	-
Result from change of effects of exchange rate changes	(30,107)	-	(30,107)	(13)	(8,912)	(1)	-	-	(39,033)
Others	-	-	-	-	(1,369)	-	-	-	(1,369)
Balance, September 30	$ 2,543,301	$ 2,855,933	$ 5,399,234	$ 500,462	$ 787,341	$ 31	$ -	$ 140	$ 6,687,208

BANK SINOPAC

OVERDUE LOANS AND RECEIVABLES
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, %)

Items			September 30, 2010					September 30, 2009				
			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		$ 1,247,430	$ 135,632,419	0.92%	$ 641,577	51.43%	$ 1,795,530	$ 93,799,489	1.91%	$ 721,597	40.19%
	Unsecured		1,793,710	172,328,725	1.04%	1,946,471	108.52%	2,436,120	154,420,971	1.58%	2,205,776	90.54%
Consumer loan	Mortgage (Note 4)		893,561	358,629,649	0.25%	972,568	108.84%	2,270,681	346,421,299	0.66%	1,061,611	46.75%
	Cash card		943	59,285	1.59%	2,647	280.70%	4,990	81,112	6.15%	8,994	180.24%
	Micro credit (Note 5)		133,486	8,280,256	1.61%	1,101,343	825.06%	471,654	9,565,716	4.93%	1,351,336	286.51%
	Other (Note 6)	Secured Unsecured	7,982	4,043,663	0.20%	45,421	569.04%	18,231	4,395,756	0.41%	49,920	273.82%
Total			4,077,112	678,973,997	0.60%	4,710,027	115.52%	6,997,206	608,684,343	1.15%	5,399,234	77.16%
			Overdue Receivables	**Account Receivables**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**	**Overdue Receivables**	**Account Receivables**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**
Credit card			107,876	15,791,522	0.68%	383,153	355.18%	165,867	13,691,118	1.21%	432,301	260.63%
Account receivable - factoring with no recourse (Note 7)			115,024	15,001,412	0.77%	115,024	100.00%	976,016	6,521,523	14.97%	648,955	66.49%
Excluded NPL as a result of debt consultation and loan agreements (Note 8)			$ 19,890					$ 53,274				
Excluded overdue receivables as a result of debt consultation and loan agreements (Note 8)			878,167					1,163,549				
Excluded NPL as a result of consumer debt clearance (Note 9)			15,947					14,800				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)			822,046					663,360				

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 receivables/Account receivables.

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) and is excluded from credit card and cash card loans.

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: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt consultation and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letter dated September 15, 2008 (Ref. No. 09700318940).