

## DISCLOSURE REQUIRED BY BUREAU OF MONETARY AFFAIRS

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

### 1. Information of balance sheet items

1)

Balance Sheets  
June 30, 2011 And 2010  
(In Thousands of New Taiwan Dollars, Except Par Value)

Assets				Liabilities and stockholders' equity					
Code	Accounting Item	2011 Amount	2010 Amount	% Increase (Decrease)	Code	Accounting Item	2011 Amount	2010 Amount	% Increase (Decrease)
11000	Cash and cash equivalents	\$13,527,667	\$9,768,898	38	21001	Call loans and due to banks	\$61,741,890	\$51,331,555	20
11500	Due from the central bank and other banks	60,081,910	73,764,918	(19)	22000	Financial liabilities at fair value through profit or loss	7,487,306	10,669,364	(30)
12000	Financial assets at fair value through profit or loss	41,518,134	18,943,852	119	22500	Securities sold under agreements to repurchase	3,701,852	7,118,233	(48)
12500	Securities purchased under agreements to resell	1,663,820	-	-	23000	Accounts, interest and other payables	13,171,307	19,254,313	(32)
13000	Accounts, interest and other receivables, net	43,927,321	47,685,696	(8)	23500	Deposits and remittances	932,744,871	850,471,026	10
13500	Discounts and loans, net	715,123,617	692,225,184	3	24000	Bank debentures	27,584,316	25,679,753	7
14000	Available-for-sale financial assets	31,407,210	37,301,038	(16)	25597	Other financial liabilities	18,563,116	21,091,691	(12)
14500	Held-to-maturity investments	201,374,286	141,501,775	42	29697	Other liabilities	3,364,075	3,042,267	11
15000	Equity investments-equity method	5,966,979	7,342,520	(19)	20000	Total liabilities	1,068,358,733	988,658,202	8
15500	Other financial assets, net	9,570,695	7,522,414	27					
18500	Net properties	8,677,465	8,854,496	(2)					
19000	Intangible assets	958,481	985,492	(3)					
19500	Other assets	4,616,169	5,353,148	(14)	31000	Capital stock	52,574,469	48,218,469	9
					31500	Capital surplus	9,962,818	8,873,818	12
					32000	Retained earnings	7,514,506	5,134,561	46
					32001	Legal reserve	4,411,447	3,361,034	31
					32003	Special reserve	367,188	282,977	30
					32011	Unappropriated earnings	2,735,871	1,490,550	84
					32500	Other adjustment	3,228	364,381	(99)
					32521	Cumulative translation adjustments	(235,829)	(57,394)	310
					32523	Unrealized gains on available-for-sale financial assets	183,237	177,137	3
					32525	Unrealized losses on cash flow hedge	(28,833)	(19,357)	49
					32544	Net loss not recognized as pension cost	(945,801)	(766,159)	23
					32501	Unrealized revaluation increment on land	1,030,154	1,030,154	-
					30000	Total stockholders' equity	70,055,021	62,591,229	12
10000	Total assets	\$1,138,413,754	\$1,051,249,431	8		Total liabilities and stockholders' equity	\$1,138,413,754	\$1,051,249,431	8

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

(In Thousands of New Taiwan Dollars)

	June 30, 2011	June 30, 2010
Demand deposit	399,796,917	371,699,452
Demand deposit ratio	42.89%	43.72%
Time deposit	532,313,528	478,408,680
Time deposit ratio	57.11%	56.28%
Foreign currency deposit	139,823,404	136,993,281
Foreign currency deposit ratio	15.00%	16.11%

Note 1: Demand deposit ratio = Demand deposit/Total deposit.  
Time deposit ratio = Time deposit/Total deposit  
Foreign currency deposit ratio = Foreign currency deposit/Total deposit

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

Note 3: Postal office deposit shall be excluded.

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

(In Thousands of New Taiwan Dollars)

	June 30, 2011	June 30, 2010
Small and medium-size enterprise loan	90,799,622	90,199,347
Small and medium-size enterprise loan ratio	12.60%	12.95%
Consumer loan	306,129,167	342,789,164
Consumer loan ratio	42.49%	49.20%

Note 1: Small and medium-size enterprise loan ratio = Small and medium-size enterprise loan/Total loan.  
Consumer loan ratio = Consumer loan/Total loan.

Note 2: Small and medium-size enterprises are defined in the standards for identifying small or medium-size enterprise promulgated by Ministry of Economics Affairs.

Note 3: Consumer loan shall include housing loan, house repairing loan and car loan, union welfare loan and other personal consumer loan. (Not including credit card circulation credit)

2.

Statements of Income  
Six Months Ended June 30, 2011 And 2010  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Item	2011	2010	% Increase (Decrease)
		Amount	Amount	
41000	Interest revenue	\$10,388,848	\$8,659,306	20
51000	Interest expense	<u>4,128,011</u>	<u>2,741,563</u>	51
	Net interest	<u>6,260,837</u>	<u>5,917,743</u>	6
	Net revenues other than interest			
49100	Commission and fee revenues, net	1,685,534	1,783,447	(5)
49200	Gains from financial assets and liabilities at fair value through profit or loss	26,559	119,070	(78)
49300	Realized losses on available-for-sale financial assets	(4,167)	(28,672)	(85)
49500	Gains from (losses on) equity investments - equity method, net	93,778	(542,490)	117
49600	Foreign exchange gain, net	453,070	153,841	195
49700	Impairment losses on assets	-	(20,972)	100
48017	Gains from disposal of properties	85,113	-	-
48021	Losses on sale of nonperforming loans	(295,470)	-	-
48095	Recovery of bad debts	331,609	500,340	(34)
49800	Other net gains (losses)	<u>7,729</u>	<u>(46,111)</u>	117
	Total net revenues	<u>8,644,592</u>	<u>7,836,196</u>	10
51500	Provision for bad debts	<u>226,507</u>	<u>1,072,315</u>	(79)
	Operating expenses	<u>5,178,218</u>	<u>4,529,743</u>	14
58500	Personnel expenses	3,240,250	2,813,514	15
59000	Depreciation and amortization	220,497	248,595	(11)
59500	Others	1,717,471	1,467,634	17
61001	Income before Income Tax	3,239,867	2,234,138	45
61003	Income tax expense	<u>503,996</u>	<u>743,588</u>	(32)
69000	Net income	<u>\$2,735,871</u>	<u>\$1,490,550</u>	84
69500	Earnings per share			
	Basic earnings per share	<u>\$0.55</u>	<u>\$0.31</u>	

## 3. Statement of capital adequacy

## Capital Adequacy

(In Thousands of New Taiwan Dollars, %)

Analysis Items		Year	June 30, 2011 (Note 4)		
			Standalone	Consolidation	
Eligible capital	Tier 1 capital		\$59,011,040	\$64,239,194	
	Tier 2 capital		15,777,370	21,976,968	
	Tier 3 capital		-	-	
	Eligible capital		74,788,410	86,216,162	
Risk-weighted assets	Credit risk	Standardized approach	597,830,381	628,183,443	
		Internal rating - based approach	N/A	N/A	
		Securitization	250,749	729,911	
	Operational risk	Basic indicator approach	26,013,713	31,791,225	
		Standardized approach/ Alternative standardized approach	N/A	N/A	
		Advanced measurement approach	N/A	N/A	
	Market risk	Standardized approach	21,985,981	23,063,831	
		Internal models approach	N/A	N/A	
	Total risk-weighted assets			646,080,824	683,768,410
	Capital adequacy rate			11.58%	12.61%
Tier 1 risk - based capital ratio			9.14%	9.40%	
Tier 2 risk - based capital ratio			2.44%	3.21%	
Tier 3 risk - based capital ratio			-	-	
Ratios of common stockholders' equity to total assets			4.62%	4.48%	
Leverage ratio			5.43%	5.67%	

Analysis Items		Year	June 30, 2010		
			Standalone	Consolidation	
Eligible capital	Tier 1 capital		\$ 55,744,769	\$ 59,294,225	
	Tier 2 capital		13,099,995	17,985,798	
	Tier 3 capital		-	-	
	Eligible capital		68,844,764	77,280,023	
Risk-weighted assets	Credit risk	Standardized approach	598,671,136	643,226,705	
		Internal rating - based approach	N/A	N/A	
		Securitization	325,234	979,825	
	Operational risk	Basic indicator approach	24,656,312	30,157,400	
		Standardized approach/ Alternative standardized approach	N/A	N/A	
		Advanced measurement approach	N/A	N/A	
	Market risk	Standardized approach	22,986,586	23,361,011	
		Internal models approach	N/A	N/A	
	Total risk-weighted assets			646,639,268	697,724,941
	Capital adequacy rate			10.65%	11.08%
Tier 1 risk - based capital ratio			8.62%	8.50%	
Tier 2 risk - based capital ratio			2.03%	2.58%	
Tier 3 risk - based capital ratio			-	-	
Ratios of common stockholders' equity to total assets			4.59%	4.39%	
Leverage ratio			5.56%	5.59%	

Analysis Items		Year	December 31, 2010 (Note 4)		
			Standalone	Consolidation	
Eligible capital	Tier 1 capital		\$55,343,189	\$60,084,898	
	Tier 2 capital		18,770,866	24,584,690	
	Tier 3 capital		-	-	
	Eligible capital		74,114,055	84,669,588	
Risk-weighted assets	Credit risk	Standardized approach	573,241,752	605,474,979	
		Internal rating - based approach	N/A	N/A	
		Securitization	286,211	812,726	
	Operational risk	Basic indicator approach	26,013,713	31,791,225	
		Standardized approach/ Alternative standardized approach	N/A	N/A	
		Advanced measurement approach	N/A	N/A	
	Market risk	Standardized approach	23,193,160	23,483,560	
		Internal models approach	N/A	N/A	
	Total risk-weighted assets			622,734,836	661,562,490
	Capital adequacy rate			11.90%	12.80%
Tier 1 risk - based capital ratio			8.89%	9.08%	
Tier 2 risk - based capital ratio			3.01%	3.72%	
Tier 3 risk - based capital ratio			-	-	
Ratios of common stockholders' equity to total assets			4.48%	4.32%	
Leverage ratio			5.30%	5.47%	

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

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

Note 3: The formula:

- 1) Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
- 2) Total risk - weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) x 12.5.
- 3) Ratio of capital adequacy = Eligible capital/Total risk - weighted assets.
- 4) Tier 1 risk - based capital ratio = Tier 1 capital/Total risk - weighted assets.
- 5) Tier 2 risk - based capital ratio = Tier 2 capital/Total risk - weighted assets.
- 6) Tier 3 risk - based capital ratio = Tier 3 capital/Total risk - weighted assets.
- 7) Ratios of common stockholders' equity to total assets = Common stock/Total assets.
- 8) Leverage ratio = Tier 1 capital/adjusted average assets (average assets – goodwill, unamortized losses on sale of non-performing loans and the amount deducted from Tier 1 capital according to “Regulations Governing the Capital Adequacy Ratio of Banks”)

Note 4: In accordance with Financial Supervisory Commission's statement #09900146911, gains from the sale of idle assets are not to be included in the Bank's capital adequacy ratio calculation.

#### 4. Significant financial and operating profile

##### Assets quality

(In Thousands of New Taiwan Dollars, %)

Items		June 30, 2011				
		Non-Performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured	\$ 939,759	\$ 142,702,923	0.66%	\$ 728,296	77.50%
	Unsecured	1,168,190	219,381,944	0.53%	2,905,966	248.76%
Consumer loan	Mortgage (Note 4)	565,489	346,448,178	0.16%	904,608	159.97%
	Cash card	775	48,828	1.59%	19,584	2,526.97%
	Micro credit (Note 5)	62,582	7,614,708	0.82%	577,071	922.10%
	Other (Note 6)	Secured	1,545	4,255,123	0.04%	13,467
Unsecured						
Total		2,738,340	720,451,704	0.38%	5,148,992	188.03%
		Overdue Receivables	Account Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card		79,621	16,843,295	0.47%	389,981	489.80%
Account receivable - factoring with no recourse (Note 7)		7,843	17,706,751	0.04%	62,678	799.16%
Excluded NPL as a result of debt consultation and loan agreements (Note 8)		\$ 16,301				
Excluded overdue receivables as a result of debt consultation and loan agreements (Note 8)		695,860				
Excluded NPL as a result of consumer debt clearance (Note 9)		11,096				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)		827,414				

		June 30, 2010				
Items		Non-Performing Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured	\$ 1,494,772	\$ 133,179,533	1.12%	\$ 785,318	52.54%
	Unsecured	1,671,087	188,135,071	0.89%	1,678,039	100.42%
Consumer loan	Mortgage (Note 4)	1,071,721	361,963,401	0.30%	924,221	86.24%
	Cash card	240	62,729	0.38%	2,791	1,162.92%
	Micro credit (Note 5)	155,387	8,341,063	1.86%	1,104,749	710.97%
	Other (Note 6)	Secured Unsecured	11,558	5,074,929	0.23%	48,541
Total		4,404,765	696,756,726	0.63%	4,543,659	103.15%
		Overdue Receivables	Account Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card		121,223	16,451,287	0.74%	383,134	316.06%
Account receivable - factoring with no recourse (Note 7)		120,511	14,686,454	0.82%	119,036	98.78%
Excluded NPL as a result of debt consultation and loan agreements (Note 8)		\$ 22,790				
Excluded overdue receivables as a result of debt consultation and loan agreements (Note 8)		946,487				
Excluded NPL as a result of consumer debt clearance (Note 9)		14,680				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)		811,575				

- 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).

## 5. Management information

### 1) Concentration of credit extensions

June 30, 2011

(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 (Optical products manufacturing)	18,779,599	28.47%
2	B Group (Plastics)	10,905,878	16.54%
3	C Group (LCD and its components manufacturing)	9,334,373	14.15%
4	D Group (Computer and peripheral equipment)	7,776,677	11.79%
5	E Group (Trading and consumers' goods industry)	5,556,886	8.43%
6	F Group (Finance and lease)	5,419,441	8.22%
7	G Group (CATV)	4,827,748	7.32%
8	H Group (Synthetic fiber)	3,806,385	5.77%
9	I Group (Metal product)	2,503,370	3.80%
10	J Group (Transport marine)	2,428,009	3.68%

June 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)	12,542,376	20.11%
2	B Group (Computer and peripheral equipment)	9,270,452	14.87%
3	C Group (Other electronic)	8,994,028	14.42%
4	D Group (Optoelectronic)	6,705,364	10.75%
5	E Group (Trading and consumers' goods industry)	5,800,000	9.30%
6	F Group (Building material and construction)	5,540,396	8.88%
7	G Group (Cotton and textiles)	5,516,697	8.85%
8	H Group (Non-profit organization)	4,712,500	7.56%
9	I Group (Finance and lease)	3,409,785	5.47%
10	J Company (Metal product)	2,321,563	3.72%

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.

2) Information on Invested Enterprises

Six Months Ended June 30, 2011

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

Investee Company	Location	Main Businesses and Products	Balance as of June 30, 2011			Consolidated Investment				Note
			Percentage of Ownership	Carrying Amount	Investment Gains (Loss)	Shares	Imitated Shares	Total		
								Shares	Percentage of Ownership	
<u>Financial related enterprise</u>										
SinoPac Bancorp	California	Holding company	100.00%	\$ 4,458,648	\$(219,932)	20	-	20	100.00%	Subsidiary
SinoPac Capital Limited (H.K.)	Hong Kong	Lending and financing	100.00%	1,157,333	24,454	229,998	-	229,998	100.00%	Subsidiary
SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	100.00%	331,668	276,071	300	-	300	100.00%	Subsidiary
SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	100.00%	19,330	13,185	300	-	300	100.00%	Subsidiary
SinoPac Bancorp	California	Holding company	100.00%	6,043,165	-	7,800	-	7,800	100.00%	Note 2
Global Securities Finance Corporation	Taipei	Securities financing	2.63%	173,496	-	19,712	-	19,712	2.63%	
Taipei Foreign Exchange Inc.	Taipei	Foreign exchange market maker	3.43%	6,800	2,173	680	-	680	3.43%	Note 3
Taiwan Futures Exchange	Taipei	Futures exchange and settlement	1.07%	21,490	-	5,036	-	5,036	1.88%	
Fuh Hwa Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust and consultant	4.63%	15,000	15,750	1,500	-	1,500	4.63%	Note 3
Financial Information Service Co., Ltd.	Taipei	Planning and developing the information system of across banking institution and managing the information web system	2.28%	91,000	-	9,100	-	9,100	2.28%	
Taiwan Asset Management Corporation	Taipei	Evaluating, auctioning, and managing for financial institutions' loan	0.28%	50,000	-	5,000	-	5,000	0.28%	
Mondex Taiwan Inc.	Taipei	Information process services	6.69%	4,935	-	395	-	395	6.69%	
Taiwan Financial Asset Service Co.	Taipei	Auction	5.88%	100,000	-	10,000	-	10,000	5.88%	
Sunny Asset Management Corp.	Taipei	Purchasing for financial institutions' loan assets	1.42%	164	-	85	-	85	1.42%	
Taiwan Depository and Clearing Co.	Taipei	Securities custodian	0.08%	4,639	-	2,232	-	2,232	0.75%	
<u>Nonfinancial related enterprise</u>										
Taiwan Television Enterprise, Ltd.	Taipei	Wireless television company	4.84%	20,983	-	13,938	-	13,938	4.97%	

Note 1: Foreign-currency amounts were translated at the exchange rate as of the balance sheet date, except for foreign-currency-denominated income and expenses, which were translated to New Taiwan dollars at the average exchange rate for the six months ended June 30, 2011.

Note 2: During 2010 and for the six months ended 2011, the Bank increase cash investment of preferred stocks of SinoPac Bancorp amounted to 7,800 thousand shares.

Note 3: Investment gains(loss) are dividends income.

## 3) Transaction Information On Financial Instruments

## 1-1.Domestic Transaction Information On Financial Instruments

June 30, 2011

(In Thousands of New Taiwan Dollars)

Name of Financial Instruments		Financial Statement Account	The Costs	Appraisal Adjustment	Accumulated Impairment	The Balance of Account	Measured Method	The Origin of Fair Value
stock	Listed stock	Financial assets at fair value through profit or loss	729,038	25,117	0	754,155	Fair Value	quoted market prices in an active market
		Available-for-sale financial assets	55,796	18,119	0	73,915	Fair Value	quoted market prices in an active market
	Unlisted equity investments	Unquoted equity instruments	6,531,672	0	0	6,531,672	Amortized Cost	
Bond	Government bonds	Financial assets at fair value through profit or loss	1,828,630	(115)	0	1,828,515	Fair Value	quoted market prices in an active market/OTC theoretical valuation
		Available-for-sale financial assets	12,005,292	52,486	0	12,057,778	Fair Value	quoted market prices in an active market/OTC theoretical valuation
	Bank debentures	Available-for-sale financial assets	2,000,000	(271)	0	1,999,729	Fair Value	Discounted cash flow method
	Corporate bonds	Available-for-sale financial assets	3,799,271	54,592	0	3,853,863	Fair Value	quoted market prices in an active market/OTC Reference Interest Rate
		Held-to-maturity investments	840,870	0	0	840,870	Amortized Cost	
Convertible bonds	Financial assets at fair value through profit or loss	20,000	160	0	20,160	Fair Value	quoted market prices in an active market	
others	Negotiable certificates of deposit	Financial assets at fair value through profit or loss	28,100,000	3,862	0	28,103,862	Fair Value	quoted market prices in an active market
		Held-to-maturity investments	200,050,000	0	0	200,050,000	Amortized Cost	
	Treasury bills	Available-for-sale financial assets	499,088	63	0	499,151	Fair Value	Reference to other merchandise at substantially the same market price
	Commercial papers	Available-for-sale financial assets	4,845,839	107	0	4,845,946	Fair Value	Reference to other merchandise at substantially the same market price
	Beneficiary certificates	Financial assets at fair value through profit or loss	587,082	4,006	0	591,088	Fair Value	Reference to recent market value of net

## 1-2.Domestic Transaction Information On Derivative Financial Instruments

June 30, 2011

(In Thousands of New Taiwan Dollars)

Item	Notional amount	Financial statement account	The balance of account	Valuation losses or gain	The Origin of Fair Value
Interest rate related contract	319,817,828	Financial Instruments at fair value through profit or loss	(81,435)	234,640	quoted market prices in an active market / Measurement of valuation approach /Interbank valuation
Exchange rate related contract	245,812,259	Financial Instruments at fair value through profit or loss	80,765	125,626	Interbank valuation/Measurement of valuation approach
Securities related contract	17,615	Financial Instruments at fair value through profit or loss	(124)	(209)	quoted market prices in an active market /Interbank valuation
Commodity related contract	127,520	Financial Instruments at fair value through profit or loss	(4,399)	28	Interbank valuation
Credit related contract	1,100,000	Financial Instruments at fair value through profit or loss	-	4,962	Measurement of valuation approach /Interbank valuation
Others	-		-	-	NA

## 2-1. Overseas Transaction Information On Financial Instruments

June 30, 2011

(In Thousands of New Taiwan Dollars)

Name of Financial Instruments		Financial Statement Account	The Costs	Appraisal Adjustment	Accumulated Impairment	The Balance of Account	Measured Method	The Origin of Fair Value	Country
stock	Listed stock	Financial assets at fair value through profit or loss	70,164	1,090	0	71,254	Fair Value	quoted market prices in an active market	
Bond	Government bonds	Held-to-maturity investments	184,854	0	0	184,854	Fair Value	quoted market prices in an active market	
		Held-to-maturity investments	122,081	0	0	122,081	Amortized Cost		
	Bank debentures	Financial assets at fair value through profit or loss	1,901,570	(159)	0	1,901,410	Fair Value	quoted market prices in an active market	
		Available-for-sale financial assets	2,525,219	5,468	0	2,530,687	Fair Value	quoted market prices	
		Available-for-sale financial assets	3,151,019	(8,436)		3,142,583	Fair Value	quoted market prices in an active market	
		Held-to-maturity investments	24,698	0	0	24,698	Amortized Cost		
	Corporate bonds	Financial assets at fair value through profit or loss	144,010	(4,077)	0	139,933	Fair Value	Interbank valuation	
		Financial assets at fair value through profit or loss	225,037	2,146	0	227,183	Fair Value	quoted market prices in an active market	
		Available-for-sale financial assets	1,389,701	666	0	1,390,367	Fair Value	quoted market prices in an active market	
	Convertible bonds	Financial assets at fair value through profit or loss	670,755	(50,043)	0	620,712	Fair Value	quoted market prices	
Agency Bond	Available-for-sale financial assets / Kreditanstalt Fur Wiederaufbau (KfW)/DE	575,904	5,257	0	581,161	Fair Value	quoted market prices	DE	
others	Security Instruments	Financial assets at fair value through profit or loss	364,945	(364,049)	0	896	Fair Value	Interbank valuation	
		Held-to-maturity investments	7,772	0	0	7,772	Amortized Cost	Interbank valuation	
		Non-active market debt instruments	71,199	0	0	71,199	Amortized Cost	Interbank valuation	
	Negotiable certificates of deposit	Available-for-sale financial assets	432,030	0	0	432,030	Fair Value	Interbank valuation	
Held-to-maturity investments		144,010	0	0	144,010	Amortized Cost			

2-2.Overseas Transaction Information On Derivative Financial Instruments

June 30, 2011

(In Thousands of New Taiwan Dollars)

Item	Notional amount	Financial statement account	The balance of account	Valuation losses or gain	The Origin of Fair Value
Interest rate related contract	588,064,120	Financial Instruments at fair value through profit or loss	63,206	(95,620)	quoted market prices in an active market / Measurement of valuation approach / Interbank valuation
	5,133,959	Hedged derivative financial Instruments	(27,017)	38,319	
Exchange rate related contract	796,613,314	Financial Instruments at fair value through profit or loss	486,961	41,764	Interbank valuation/Measurement of valuation approach
	500,000	Hedged derivative financial Instruments	(17,780)	14,621	
Securities related contract	17,615	Financial Instruments at fair value through profit or loss	-	209	quoted market prices in an active market /Interbank valuation
Commodity related contract	552,885	Financial Instruments at fair value through profit or loss	4,991	23	Interbank valuation
Credit related contract	1,100,000	Financial Instruments at fair value through profit or loss	-	(28,040)	Measurement of valuation approach / Interbank valuation
Others	-		-	-	NA

#### 4) Overdue loans and impairment loss policy

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.

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.

The Bank adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of loans and receivables originated by the Bank should be covered by SFAS No. 34. Loans and receivables are assessed for impairment at the end of each reporting period and considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the discounts and loans, accounts receivables, interest receivables, other receivables, and other financial assets, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- The discounts and loans, accounts receivables, interest receivables, other receivables, and other financial assets becoming overdue; or
- Probability that the debtor will enter into bankruptcy or financial re-organization.

Discounts and loans, accounts receivables, interest receivables, other receivables, and other financial assets that are individually assessed not to be impaired are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of discounts and loans, accounts receivables, interest receivables, other receivables, and other financial assets could include the Bank's past experience of collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on loans and receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the original effective interest rates. The carrying amount of the discounts and loans, accounts receivables, interest receivables, other receivables, and other financial assets is reduced through the use of an allowance account.

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 credit assets divided into different classes subject to normal assets, assets that require special mentioned, assets that are substandard, assets that are doubtful, and assets for which there is loss.

In accordance with the Regulations stated above, the minimum allowance for credit losses and provision for losses on guarantees for the assets that require special mentioned, assets that are substandard, assets that are

doubtful, and assets for which there is loss should be 2%, 10%, 50% and 100% of outstanding credits before January 1, 2011, respectively.

However, effective January 1, 2011, the minimum provisions for possible losses should be the sum of 0.5% of the outstanding balance of normal on and off balance sheet credit assets (excluding assets that represent claims against an ROC government agency) and the foregoing provisions for unsound credit assets. The minimum loan loss provision and reserves against liability on guarantees of normal credit assets shall be allocated sufficiently within three years of the execution of the amendment.

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.

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.

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.

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.

##### 5) Matters requiring special notation

Please refer to the Chinese version in [http://www.banksinopac.com.tw/bsp/investor/qr\\_pdf/2011r-q2.pdf](http://www.banksinopac.com.tw/bsp/investor/qr_pdf/2011r-q2.pdf).

## 6. Profitability

1)

Item		(%)	
		Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Return on total assets	Before income tax	0.29	0.22
	After income tax	0.24	0.15
Return on net worth	Before income tax	4.76	3.58
	After income tax	4.02	2.39
Profit margin		31.65	19.02

Note 1:  $\text{Return on total assets} = \text{Income before (after) income tax} / \text{Average total assets}$

Note 2:  $\text{Return on net worth} = \text{Income before (after) income tax} / \text{Average net worth}$

Note 3:  $\text{Profit margin} = \text{Income after income tax} / \text{Total net revenues}$

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2011 and 2010.

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

(In Thousands of New Taiwan Dollars, %)

	Six Months Ended June 30			
	2011		2010	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
<u>Interest-earning assets</u>				
Due from the Central Bank and other banks	\$ 26,956,429	0.57	\$ 22,398,572	0.42
Call loans to banks	26,485,526	0.69	42,347,876	0.50
Financial assets at fair value through profit or loss	42,551,284	1.02	6,319,450	1.76
Securities purchased under agreements to resell	1,617,635	0.70	149,924	0.10
Available-for-sale financial assets	36,563,446	1.79	29,815,832	1.57
Discounts and loans	707,759,148	2.08	679,973,206	1.90
Accounts receivable - factoring	9,334,599	1.24	8,564,406	1.17
Credit card receivable	10,095,879	13.30	11,232,900	14.37
Held-to-maturity investments	187,041,973	0.79	128,371,212	0.68
Other financial assets	240,794	0.47	252,184	0.55
<u>Interest-bearing liabilities</u>				
Due to the Central Bank and other banks	18,799,731	1.24	20,748,188	1.03
Call loans	43,054,737	0.64	23,260,275	0.34
Securities sold under agreements to repurchase	3,691,270	0.48	5,209,244	0.21
Demand	161,198,571	0.13	147,725,790	0.11
Savings - demand	226,053,069	0.40	212,578,958	0.35
Time	293,066,324	0.83	256,051,655	0.58
Savings - time	196,121,719	1.16	179,411,977	1.01
Negotiable certificates of deposit	26,167,494	0.68	26,752,659	0.37
Bank debentures	30,213,011	2.00	26,781,714	2.06
Other liabilities - appropriated loan fund	423,146	0.94	477,279	0.93

Note : Average amounts are calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

## 7. Maturity Analysis of Assets and Liabilities

### Maturity Analysis of Assets and Liabilities

June 30, 2011

(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	\$1,077,684,077	\$ 279,579,676	\$ 120,149,529	\$ 112,277,774	\$ 48,396,969	\$ 517,280,129
Main capital outflow on maturity	1,089,558,625	160,404,428	176,355,702	174,087,872	183,168,006	395,542,617
Gap	(11,874,548)	119,175,248	(56,206,173)	(61,810,098)	(134,771,037)	121,737,512

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

### Maturity Analysis of Assets and Liabilities

June 30, 2011

(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	\$ 12,136,767	\$ 4,348,302	\$ 2,659,402	\$ 1,597,700	\$ 950,108	\$ 2,581,255
Main capital outflow on maturity	12,052,317	4,999,048	2,695,390	1,075,312	786,100	2,496,467
Gap	84,450	(650,746)	(35,988)	522,388	164,008	84,788

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.

## 8. Interest-rate sensitivity information

1)

### Interest Rate Sensitivity June 30, 2011

(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	\$714,425,747	\$ 82,425,809	\$ 46,319,230	\$ 46,118,453	\$889,289,239
Interest-rate sensitive liabilities	401,087,392	374,893,419	52,095,911	20,701,142	848,777,864
Interest-rate sensitive gap	313,338,355	(292,467,610)	(5,776,681)	25,417,311	40,511,375
Net worth					70,455,034
Ratio of interest-rate sensitive assets to liabilities					104.77%
Ratio of interest-rate sensitive gap to net worth					57.50%

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

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

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

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

### Interest Rate Sensitivity June 30, 2011

(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	\$ 4,780,230	\$ 252,331	\$ 55,687	\$ 150,131	\$ 5,238,379
Interest-rate sensitive liabilities	2,470,737	2,758,386	204,934	1,082	5,435,139
Interest-rate sensitive gap	2,309,493	(2,506,055)	(149,247)	149,049	(196,760)
Net worth					123,618
Ratio of interest-rate sensitive assets to liabilities					96.38%
Ratio of interest-rate sensitive gap to net worth					(159.17%)

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)

2) Net positions of major foreign-currency

	June 30					
	2011			2010		
	Foreign-Currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)		Foreign-Currency Amounts (in Thousand)	New Taiwan Dollar Amounts (in Thousand)	
Net positions of major foreign-currency with market risk	CNY	488,681	2,177,647	USD	50,678	1,635,784
	ADU	8,753	270,484	CNY	242,689	1,153,891
	JPY	738,320	264,444	KRW	33,901,552	895,340
	MOP	57,985	208,277	HKD	94,606	392,267
	EUR	3,136	130,861	GBP	5,324	258,620

Note 1: “Major foreign currencies” mean the top five currencies with largest positions.

Note 2: “Net position of major foreign currencies” shall mean the absolute net value of each currency.

9. Others

Please refer to the Chinese version in [http://www.banksinopac.com.tw/bsp/investor/qr\\_pdf/2011r-q2.pdf](http://www.banksinopac.com.tw/bsp/investor/qr_pdf/2011r-q2.pdf).