

Bank SinoPac and Subsidiaries

Consolidated Financial Statements as of December 31, 2000 and 1999

Together with Independent Auditors' Report

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

The Board of Directors and Stockholders
Bank SinoPac

We have audited the consolidated balance sheets of Bank SinoPac and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank SinoPac and subsidiaries as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the ROC.

February 9, 2001

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999

(Expressed in Thousands of New Taiwan Dollars, Except Par Value of Capital Stock)

A S S E T S	2000		1999		LIABILITIES AND STOCKHOLDERS' EQUITY	2000		1999	
	Amount	%	Amount	%		Amount	%	Amount	%
CASH (Note 4)	\$ 6,392,747	2	\$ 5,328,794	2	LIABILITIES				
DUE FROM BANKS	18,654,599	7	8,656,945	4	Borrowings from other banks	\$ 2,130,017	1	\$ 3,034,053	1
DUE FROM CENTRAL BANK (Note 5)	7,564,190	3	6,849,146	3	Call loans and due to banks	8,308,516	3	12,850,963	6
SECURITIES PURCHASED - NET (Notes 2, 6, 12 and 23)	31,592,495	11	30,860,822	13	Securities sold under agreements to repurchase (Note 2)	8,315,254	3	6,306,550	2
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Note 2)	311,837	-	430,621	-	Acceptances payable	448,395	-	790,106	-
SECURITIES - DEALING AND UNDERWRITING (Notes 2, 7 and 23)	9,599,982	3	7,526,070	3	Accounts, interest and other payables (Note 14)	11,579,796	4	11,532,944	5
ACCEPTANCES	448,395	-	790,106	-	Deposits and remittances (Notes 13 and 22)	223,925,543	80	182,835,969	76
ACCOUNTS, INTEREST AND OTHER RECEIVABLES - NET (Notes 2, 8, 22 and 23)	12,280,632	4	15,658,320	6	Other liabilities (Notes 2, 10, 20 and 21)	1,386,869	1	535,937	-
PREPAYMENTS (Notes 2, 21 and 23)	1,528,045	1	187,183	-	Minority equity	210,863	-	665,684	-
LOANS, DISCOUNTS AND BILLS PURCHASED - NET (Notes 2, 9 and 22)	176,297,918	63	151,218,507	63	Total Liabilities	<u>256,305,253</u>	<u>92</u>	<u>218,552,206</u>	<u>90</u>
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 10)	2,398,161	1	2,371,048	1	STOCKHOLDERS' EQUITY (Note 15)				
LONG-TERM BOND INVESTMENTS (Notes 2 and 10)	1,395,813	1	55,591	-	Capital stock, \$10 par value				
PROPERTIES (Notes 2, 11, 23 and 24)					Authorized: 1,977,663,890 shares in 2000 and 1,804,606,040 shares in 1999				
Cost					Issued: 1,757,663,890 shares in 2000 and 1,584,606,040 shares in 1999	17,576,638	6	15,846,060	7
Land	1,756,472	1	1,706,138	1	Capital surplus (Note 2)				
Buildings	1,880,552	1	1,751,484	1	Additional paid-in capital	946,145	-	1,470,808	1
Computer equipment	1,164,083	-	914,275	-	Gain on disposal of properties	16,489	-	16,310	-
Transportation equipment	74,117	-	62,698	-	Donated capital	83	-	83	-
Office and other equipment	1,452,889	1	1,371,953	1	Other	271	-	-	-
Property held for lease	686,273	-	1,366,063	-	Retained earnings				
Total Cost	7,014,386	3	7,172,611	3	Legal reserve	2,034,866	1	1,497,868	1
Accumulated depreciation	1,431,339	1	1,280,377	-	Special reserve	190,508	-	181,909	-
Prepayments for equipment and construction in progress (Note 24)	158,859	-	101,933	-	Unappropriated (Note 21)	1,688,469	1	1,797,534	1
Net Properties	<u>5,741,906</u>	<u>2</u>	<u>5,994,167</u>	<u>3</u>	Unrealized loss on long-term equity investments (Notes 2 and 10)	(221,716)	-	-	-
OTHER ASSETS (Notes 2, 12 and 24)	4,249,709	2	3,426,859	2	Cumulative translation adjustment (Note 2)	115,398	-	(8,599)	-
TOTAL ASSETS	<u>\$ 278,456,429</u>	<u>100</u>	<u>\$ 239,354,179</u>	<u>100</u>	Treasury stock; at cost: 16,538,000 shares (Notes 2 and 16)	(195,975)	-	-	-
					Total Stockholders' Equity	<u>22,151,176</u>	<u>8</u>	<u>20,801,973</u>	<u>10</u>
					CONTINGENCIES AND COMMITMENTS (Notes 24 and 28)				
					TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 278,456,429</u>	<u>100</u>	<u>\$ 239,354,179</u>	<u>100</u>

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

English Translation of Financial Statements Originally Issued in Chinese

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2000 and 1999

(Expressed in Thousands of New Taiwan Dollars, Except Net Income Per Share)

	2000		1999	
	Amount	%	Amount	%
OPERATING REVENUES				
Interest (Notes 2 and 9)	\$16,764,058	82	\$14,470,293	80
Service fees (Notes 2 and 17)	1,420,291	7	1,059,175	6
Income from securities - net (Notes 2 and 18)	1,789,810	9	2,020,149	11
Income from long-term equity investments – net (Notes 2 and 10)	99,715	-	345,346	2
Foreign exchange gain – net (Notes 2 and 28)	258,943	1	55,745	-
Other	160,215	1	231,425	1
Total Operating Revenues	20,493,032	100	18,182,133	100
OPERATING EXPENSES				
Interest (Note 2)	11,769,509	57	10,366,322	57
Service charges	200,015	1	243,389	1
Provision for credit losses and loss reserve (Notes 2, 8 and 9)	630,664	3	853,753	5
Operating and administrative expenses (Notes 2, 19, 20 and 22)	5,118,530	25	4,317,216	24
Other	152,872	1	143,918	1
Total Operating Expenses	17,871,590	87	15,924,598	88
OPERATING INCOME	2,621,442	13	2,257,535	12
NON-OPERATING INCOME (EXPENSES)				
Income (Note 22)	108,338	1	60,235	-
Expenses	(127,433)	(1)	(52,449)	-
Non-Operating Income (Expenses) – Net	(19,095)	-	7,786	-
INCOME BEFORE INCOME TAX	2,602,347	13	2,265,321	12
MINORITY INCOME	(83,656)	-	(63,725)	-
INCOME TAX (Notes 2 and 21)	816,998	4	411,075	2
NET INCOME	\$ 1,701,693	9	\$ 1,790,521	10
NET INCOME PER SHARE				
Based on weighted average shares outstanding: 1,755,892,445 shares in 2000 and 1,584,606,040 shares in 1999			\$0.97	\$1.13
Based on 1,757,663,890 shares - after retroactive adjustment for 1999 stock dividends				\$1.02

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

English Translation of Financial Statements Originally Issued in Chinese

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2000 and 1999

(Expressed in Thousands of New Taiwan Dollars, Except Dividends Per Share)

	CAPITAL STOCK (Note 15)		CAPITAL SURPLUS (Notes 2 and 15)					RETAINED EARNINGS (Notes 15 and 21)				UNREALIZED LOSS ON LONG-TERM EQUITY INVESTMENTS (Notes 2 and 10)	CUMULATIVE TRANSLATION ADJUSTMENT (Note 2)	TREASURY STOCK (Notes 2 and 16)	TOTAL STOCKHOLDERS' EQUITY
	Shares (In Thousands)	Amount	Additional Paid-in Capital	Gain on Disposal of Properties	Donated Capital	Other	Total	Legal Reserve	Special Reserve	Unappropriated	Total				
BALANCE, JANUARY 31, 1999	1,518,900	\$ 15,189,000	\$ 2,089,000	\$ 15,784	\$ -	\$ -	\$ 2,104,784	\$ 1,196,563	\$ 181,909	\$ 1,011,112	\$ 2,389,584	(\$ 202,148)	(\$ 2,707)	\$ -	\$ 19,478,513
Appropriation of 1998 earnings															
Legal reserve	-	-	-	-	-	-	-	301,305	-	(301,305)	-	-	-	-	-
Stock dividends - \$0.407 per share	61,819	618,192	(618,192)	-	-	-	(618,192)	-	-	-	-	-	-	-	-
Cash dividends - \$0.393 per share	-	-	-	-	-	-	-	-	-	(596,928)	(596,928)	-	-	-	(596,928)
Rewards to directors and supervisors	-	-	-	-	-	-	-	-	-	(14,045)	(14,045)	-	-	-	(14,045)
Bonus to employees	3,887	38,868	-	-	-	-	-	-	-	(91,295)	(91,295)	-	-	-	(52,427)
Net income for 1999	-	-	-	-	-	-	-	-	-	1,790,521	1,790,521	-	-	-	1,790,521
Transfer of gain on sale of properties to capital surplus	-	-	-	526	-	-	526	-	-	(526)	(526)	-	-	-	-
Reversal of unrealized loss on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	202,148	-	-	202,148
Change in translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	(5,892)	-	(5,892)
Donated dividends	-	-	-	-	83	-	83	-	-	-	-	-	-	-	83
BALANCE, DECEMBER 31, 1999	1,584,606	15,846,060	1,470,808	16,310	83	-	1,487,201	1,497,868	181,909	1,797,534	3,477,311	-	(8,599)	-	20,801,973
Appropriation of 1999 earnings															
Legal reserve	-	-	-	-	-	-	-	536,998	-	(536,998)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	8,599	(8,599)	-	-	-	-	-
Stock dividends - \$1 per share	158,461	1,584,606	(524,663)	-	-	-	(524,663)	-	-	(1,059,943)	(1,059,943)	-	-	-	-
Rewards to directors and supervisors	-	-	-	-	-	-	-	-	-	(24,940)	(24,940)	-	-	-	(24,940)
Bonus to employees	14,597	145,972	-	-	-	-	-	-	-	(162,109)	(162,109)	-	-	-	(16,137)
Net income for 2000	-	-	-	-	-	-	-	-	-	1,701,693	1,701,693	-	-	-	1,701,693
Transfer of gain on sale of properties to capital surplus	-	-	-	179	-	-	179	-	-	(179)	(179)	-	-	-	-
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	(221,716)	-	-	(221,716)
Change in translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	123,997	-	123,997
Transfer of gain on sale of properties to capital surplus recognized from investees under the equity method	-	-	-	-	-	271	271	-	-	(271)	(271)	-	-	-	-
Difference adjustment between the equity in net assets for the investments and the book value from long-term equity investments	-	-	-	-	-	-	-	-	-	(17,719)	(17,719)	-	-	-	(17,719)
Treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(195,975)	(195,975)
BALANCE, DECEMBER 31, 2000	<u>1,757,664</u>	<u>\$ 17,576,638</u>	<u>\$ 946,145</u>	<u>\$ 16,489</u>	<u>\$ 83</u>	<u>\$ 271</u>	<u>\$ 962,988</u>	<u>\$ 2,034,866</u>	<u>\$ 190,508</u>	<u>\$ 1,688,469</u>	<u>\$ 3,913,843</u>	<u>(\$ 221,716)</u>	<u>\$ 115,398</u>	<u>(\$ 195,975)</u>	<u>\$ 22,151,176</u>

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

BANK SINOPAC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2000 and 1999

(Expressed in Thousands of New Taiwan Dollars)

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,701,693	\$ 1,790,521
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Minority income	83,656	63,725
Depreciation and amortization	461,321	433,188
Provision for credit losses and loss reserve	630,664	853,753
Provision for market value decline of securities	32,764	-
Loss on disposal of properties – net	73,865	7,828
Investment loss under the equity method – net	170,682	1,658
Gain on sale of long-term equity investments	(270,018)	(337,536)
Accrued pension cost	100,759	68,424
Deferred income taxes	22,374	(88)
Decrease (increase) in securities purchased – for trading purposes	(133,225)	5,587,183
Increase in securities – dealing and underwriting	(2,106,676)	(6,915,831)
Decrease (increase) in accounts, interest and other receivables	3,384,930	(10,865,395)
Increase in prepayments	(1,340,610)	(37,875)
Decrease (increase) in securities purchased under agreements to resell	118,784	(370,223)
Increase in accounts, interest and other payables	45,092	2,251,668
Increase in securities sold under agreements to repurchase	<u>2,008,704</u>	<u>5,876,043</u>
Net Cash Provided by (Used in) Operating Activities	<u>4,984,759</u>	<u>(1,592,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in loans, discounts and bills purchased	(25,684,970)	(18,006,934)
Increase in securities purchased – for investing purposes	(1,555,362)	(86,384)
Acquisition of properties	(1,585,757)	(964,149)
Increase in long-term equity investments	(756,253)	(1,250,419)
Decrease (increase) in long-term bond investments	(1,340,222)	26,729
Proceeds from sales of long-term equity investments	1,245,871	1,472,021
Proceeds from sale of properties	1,140,190	29,352
Increase in other assets	(252,360)	(1,745,990)
Net Cash Used in Investing Activities	<u>(28,788,863)</u>	<u>(20,525,774)</u>

(Forward)

English Translation of Financial Statements Originally Issued in Chinese

CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits and remittances	\$ 41,089,574	\$ 5,819,962
Increase (decrease) in borrowings from other banks	(904,036)	1,885,965
Increase (decrease) in call loans and due to banks	(4,542,447)	5,656,720
Increase (decrease) in other liabilities	713,193	(441,047)
Rewards to directors, supervisors and bonus to employees	(41,077)	(62,612)
Cash dividends paid	-	(596,928)
Donated dividends	-	83
Decrease in minority equity	(538,477)	(840,662)
Acquisition of treasury stock	(195,975)	-
Net Cash Provided by Financing Activities	<u>35,580,755</u>	<u>11,421,481</u>
INCREASE (DECREASE) IN CASH, DUE FROM CENTRAL BANK AND DUE FROM BANKS	11,776,651	(10,697,250)
CASH, DUE FROM CENTRAL BANK AND DUE FROM BANKS, BEGINNING OF YEAR	<u>20,834,885</u>	<u>31,532,135</u>
CASH, DUE FROM CENTRAL BANK AND DUE FROM BANKS, END OF YEAR	<u>\$ 32,611,536</u>	<u>\$ 20,834,885</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 11,261,495</u>	<u>\$ 10,629,233</u>
Income taxes paid	<u>\$ 732,124</u>	<u>\$ 412,754</u>
NON-CASH INVESTING ACTIVITIES		
Stock investment reclassified from securities purchased to long-term equity investments	<u>\$ 364,539</u>	<u>\$ 165,486</u>

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

BANK SINOPAC AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

The Bank obtained government approval to incorporate on August 8, 1991, and commenced operations on January 28, 1992. The Bank is engaged in commercial banking, trust, and foreign exchange operations as prescribed by the Banking Law.

As of December 31, 2000, the Bank's operating units include Banking, Savings, Trust, International Division of the Head Office, an Offshore Banking Unit (OBU), thirty-six domestic branches, one overseas branch and two overseas representative offices.

The operations of the Bank's Trust Department consist of: (1) planning, managing and operating of trust business; (2) custodianship of non-discretionary trust fund in domestic and overseas securities and mutual funds. The foregoing operations are regulated under the Banking Law.

The Bank's shares of stock had been traded on the ROC Over-the-Counter Securities Exchange (the OTC Exchange) until June 29, 1998 when the shares were listed on the Taiwan Stock Exchange.

On August 15, 1997, Bank SinoPac acquired Far East National Bank (FENB), through SinoPac Bancorp, by purchase of 100% of its shares. FENB was established in Los Angeles in 1974. It is a commercial bank engaged mainly in deposit taking and lending businesses. As of December 31, 2000, FENB has 13 branches in Los Angeles and San Francisco areas and one Beijing representative office. It also has two wholly-owned subsidiaries - Far East Capital Corporation, a small business investment bank and FENB Securities Inc., a small securities corporation.

SinoPac Leasing Corporation ("SPL") was incorporated on September 2, 1997 and commenced operations on March 9, 1998. It is engaged mainly in leasing, sub-leasing, re-leasing and conditional sales (installment sales) of property, transportation equipment, machinery and equipment.

Grand Capital International Limited ("Grand Capital Ltd."), a wholly-owned subsidiary of SPL, was incorporated in the British Virgin Islands on January 2, 1998. It is mainly engaged in leasing and trading activities.

SPL acquired 30% of the issued capital of SinoPac Securities Co., Ltd. ("SPS") in September 1998. As of December 31, 1999, SPL owns 70.16% of the issued capital of SPS in view of additional shares acquired in 1999. SPL acquired 9.15% and 12.97% of the issued capital of SPS with additional shares acquired in February 2000 and May 2000, respectively, and sold all of shares held to the Bank in September 2000. As of December 31, 2000, the Bank owns 91.72% of shares of SPS.

SinoPac Securities Co., Ltd. ("SPS") was established in December 1996, and commenced its operation on March 28, 1997. SPS is primarily engaged in the brokerage, underwriting and dealing of marketable securities. On June 21, 2000 and August 5, 2000, SPS obtained approval of the SFC to engage in stock loans, financing purchases of securities and brokerage of foreign marketable securities, respectively.

As of December 31, 2000, SPS has six branches.

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries, SinoPac Bancorp, as consolidated with FENB, SPL, as consolidated with Grand Capital Ltd. and SPS (the Bank, thereafter). All significant inter-company accounts and transactions have been eliminated in consolidation.

The operating revenues and total assets of the other six subsidiaries - SinoPac Securities Investment Advisory Corp., SinoPac Capital Limited, SinoPac Financial Consulting Co., Ltd., Aetna Sinopac Credit Card Co., Ltd., SinoPac Life Insurance Agent Co., Ltd. and SinoPac Property Insurance Agent Co., Ltd. - are individually less than 10%, and are in aggregate less than 30%, of those of the Bank. Accordingly, their accounts were not included in consolidation.

Securities purchased

Securities purchased include short-term bills, stocks, beneficiary certificates and bonds.

Short-term bills are stated at cost (which approximates market value). Stocks, beneficiary certificates and bonds are stated at the lower of cost or market. Market prices are determined as follows: (a) listed stocks - average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end fund) - net asset values at the balance sheet date; (c) over-the-counter stocks - average daily closing prices for the last month of the accounting period, published by the OTC Exchange; and (d) bonds - period-end reference prices published by the OTC Exchange.

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

Securities - dealing and underwriting

Securities are carried at the lower of cost or market. Market prices are determined as follows: (a) listed stocks and corporate bonds - the closing prices at the balance sheet dates; and (b) over-the-counter securities - reference prices published by the OTC Exchange at the balance sheet dates. Allowance for decline in market value is provided for the excess of the total cost of the securities over their market value. The allowance is adjusted when the market value subsequently recovers. Cost of these securities sold is determined by the moving-average method.

Securities purchased under agreements to resell and securities sold under agreements to repurchase

Sales and purchases of bonds and short-term bills under agreements to repurchase or resell are treated as outright sales and purchases for the Bank pursuant to a directive issued by the Ministry of Finance (MOF) except for SPS.

For SPS, securities purchased under agreements to resell and securities sold under agreements to repurchase are stated at cost. The difference between the original purchase cost (or sale price) and the contracted resale (or repurchase) amount is recognized as interest income (or interest expense).

Non-performing loans

The balance of overdue loans and other credits extended by the Bank and the related accrued interest are classified as non-performing loans in accordance with guidelines issued by the MOF.

Allowance for credit losses

Allowances for losses on loans, discounts, bills purchased, accounts, interest and other receivables, lease receivables, loans receivable from customers and non-performing loans are provided based on a review of their collectibility.

The balances of uncollectible accounts are written-off against allowance for credit losses upon approval of such write-offs by the board of directors.

Long-term equity investments

Long-term equity investments are accounted for by the equity method if the Bank has significant influence over the investees. Investments accounted for by the equity method are stated at cost plus (or minus) a proportionate share in net earnings (losses) or changes in net worth of the investees. Any difference between the acquisition cost and the equity of the investee acquired at the time of investment is amortized over 15 years.

Long-term equity investments are accounted for by the cost method if the Bank does not have significant influence over the investees. Stock dividends result only in an increase in number of shares and are not recognized as investment income. For listed stocks (including shares of Bank SinoPac held by SPL as long-term equity investments) accounted for by the cost method, if the aggregate market value is lower than the total carrying value, an allowance for market value decline is provided and the unrealized loss is charged against stockholders' equity. Cost of investment (including shares of Bank SinoPac held by SPL as long-term equity investments) sold is determined by the weighted-average method and the related gain or loss on sale of long-term equity investment is recognized in the statement of income.

If an investee issues new shares and the Bank do not purchase new shares proportionately, then the investment percentage, and therefore the equity in net assets for the investment, will be changed. Such difference shall be used to adjust the additional paid-in capital and the long-term equity investment. If the book value of additional paid-in capital from long-term equity investment is not enough to be offset, then the difference shall be debited to the retained earnings.

For the listed stock investments reclassified from securities purchased to long-term equity investments, when the market value is lower than the carrying value, a realized loss for market value decline is recognized and recorded at market value.

Long-term bond investments

These consist of corporate bonds and government bonds, which are recorded at cost and adjusted for amortization of premiums or discounts. Cost of bonds sold is calculated by the moving-average method.

Properties

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

Upon sale or disposal of properties, their cost and related accumulated depreciation are removed from the respective accounts. Any resulting gain is credited to current income and then transferred to capital surplus, net of the applicable income tax. Any resulting loss is charged to current income.

Depreciation is calculated by the straight-line method based on estimated service lives which range as follows: Buildings, 8 to 55 years; computer equipment, 3 to 5 years; transportation equipment, 5 years; office and other equipment, 5 to 8 years; property for lease, 5 to 48 years. For assets which have reached their original estimated service lives but remain in use, further depreciation is calculated based on the estimated additional service lives.

Intangible assets

Intangible assets (included in other assets), mainly comprised of goodwill, are amortized on the straight-line basis over 15 years.

Collaterals assumed

Collaterals assumed were recorded at cost and revalued by the lower of cost or net realizable value on balance sheet dates.

Provision for losses on guarantees

Provisions for losses on guarantees and acceptances (included in other liabilities) are provided based on their estimated collectibility.

Derivative financial instruments

a. Foreign exchange forward contracts

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

Foreign-currency assets and liabilities arising from forward exchange contracts, which are intended for hedging purposes, are recorded on contract dates at spot rates and the premiums or discounts on the contracts arising from the differences between the spot rates and the contracted forward rates are amortized on a straight-line basis over the contracts. For contracts outstanding at the balance sheet dates, the foreign-currency assets and liabilities are revalued at closing rates at the balance sheet dates. Gains or losses resulting from aforementioned restatement are credited or charged to current income.

b. Forward rate agreements

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

c. Currency swap contracts

Foreign-currency spot-position assets or liabilities arising from currency swap contracts, which are mainly to accommodate customers' needs or to manage the Bank's currency positions, are recorded at the spot rates when the transactions occur, while the corresponding forward-position assets or liabilities are recorded at the contracted forward rates; with receivables netted against the related payables. The related discount or premium is amortized by the straight-line basis over the contract period.

d. Cross currency swap

Cross Currency Swap contracts, which are intended for hedging purpose, are recorded at the spot rates as off-balance sheet items. The net interest upon each settlement is recorded as adjustment to the revenue or expense associated with the item being hedged.

e. Options

Premiums paid or received for options, which are mainly to accommodate customers' needs or to manage the Bank's currency positions, are recorded as assets and liabilities, respectively, and are amortized over the respective contract periods on a straight-line basis. Gains or losses on exercise of options are credited or charged to current income.

Premiums paid or received for options, which are intended for hedging purposes, are recorded as assets and liabilities, respectively, and are amortized over the respective contract periods on a straight-line basis. Gains or losses on exercise of options are recorded as adjustments to the revenue, cost, or expenses associated the items being hedged.

f. Interest rate swaps

Interest rate swaps do not involve exchanges of the notional principals, which are recorded by memorandum entries at the contract dates. For such swaps entered into to accommodate customers' needs or to manage the Bank's interest rate positions, the interest differentials to be received or paid at settlement are recognized as interest income or expense. For swaps entered into for hedging purposes, the net interest upon each settlement is recorded as an adjustment to interest income or expense associated with the item being hedged.

g. Futures

Amounts paid by the Bank related to futures contracts entered into for hedging purposes are recognized as assets. Gains or losses arising from the changes in the market value of the futures contracts at the balance sheet dates are recognized in income for the period. Gains or losses determined at the settlement of the futures contracts are also recognized as current income.

Recognition of interest revenue and service fees

Interest revenue on loans is recorded at accrual basis. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Bank that are classified as non-performing loans. The interest revenue on those loans is recognized upon collection.

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

Pension

Pension expense is determined based on actuarial calculations.

Accounting for leases and installment sales

For capital leases, the costs of leased equipment and the interest imputed thereon are treated as lease receivables (included in accounts, interest and other receivables). The interest is initially treated as unearned interest income, then transferred periodically to income when earned.

For operating leases, the contracted rentals are recognized as income periodically.

Income tax

Interperiod income tax allocation is applied, whereby tax effects of deductible temporary differences. Unused investment tax credits are recognized as deferred income tax assets and these of taxable temporary differences are recognized as deferred income tax liabilities. A valuation allowance is provided for deferred income tax assets that are not certain to be realized.

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

Income taxes (10%) on unappropriated earnings is recorded as income tax in the year when the shareholders resolve that the earnings shall be retained.

Contingencies

A loss should be recognized if 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 loss cannot be reasonably estimated and the loss is possible and remote, the loss should be disclosed in the financial statements.

Foreign-currency transactions

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

Treasury stock

Capital stock acquired is carried at cost and reflected as a separate deduction from stockholders' equity.

Reclassifications

Certain accounts of 1999 have been reclassified to conform to 2000 classification.

3. ELIMINATIONS OF SIGNIFICANT
TRANSACTIONS BETWEEN AFFILIATES IN 2000

<u>Name of Corporation</u>	<u>Elimination Account</u>	<u>Amount</u>	<u>Counterparties of Transaction</u>
Bank SinoPac	Due from banks	\$ 467,495	SinoPac Bancorp and subsidiaries
	Due from banks	90,385	SinoPac Securities Co., Ltd.
	Deposits and remittances	589,626	SinoPac Securities Co., Ltd.
	Deposits and remittances	753,018	SinoPac Leasing Corporation and subsidiaries
	Loans, discounts and bills purchased	100,000	SinoPac Securities Co., Ltd.
	Loans, discounts and bills purchased	780,223	SinoPac Leasing Corporation and subsidiaries
	Interest expense	28,611	SinoPac Securities Co., Ltd.
	Interest expense	11,679	SinoPac Leasing Corporation and subsidiaries
SinoPac Bancorp and subsidiaries	Call loans and due to banks	467,495	Bank SinoPac
SinoPac Leasing Corporation and subsidiaries	Cash and cash equivalent	202,218	Bank SinoPac
	Pledged time deposits	550,800	Bank SinoPac
	Short-term borrowings	17,000	Bank SinoPac
	Long-term borrowings	763,223	Bank SinoPac
	Interest revenues	11,679	Bank SinoPac
SinoPac Securities Co., Ltd.	Cash	97,175	Bank SinoPac
	Pledged time deposits	580,000	Bank SinoPac
	Short-term borrowings	100,000	Bank SinoPac
	Interest revenues	28,611	Bank SinoPac

4. CASH

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Negotiable certificates of deposit	\$ 3,502,162	\$ 2,726,473
Notes and checks in clearing	1,444,344	1,015,254
Cash	<u>1,446,241</u>	<u>1,587,067</u>
	<u>\$ 6,392,747</u>	<u>\$ 5,328,794</u>

As of December 31, 2000 and 1999, negotiable certificates of deposit aggregating \$500,000 and \$31,395, respectively have maturities over one year.

5. DUE FROM CENTRAL BANK

This consisted mainly of deposit reserves required by law, which are determined monthly at prescribed rates on average balances of customers' deposits. These reserves included \$5,883,216 and \$5,041,416 as of December 31, 2000 and 1999, respectively, which are subject to withdrawal restrictions.

6. SECURITIES PURCHASED

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Commercial paper	\$ 16,618,203	\$ 16,864,889
Corporate bonds	9,687,023	10,340,317
Government bonds	3,549,833	1,562,758
Beneficiary certificates	1,308,876	1,322,303
Floating rate notes	326,482	133,820
Listed and over-the-counter stocks	68,950	566,511
Bank debentures	38,034	36,958
Bank acceptances	<u>9,865</u>	<u>98,394</u>
	31,607,266	30,925,950
Less: Allowance for market value decline	<u>14,771</u>	<u>65,128</u>
Net	<u>\$ 31,592,495</u>	<u>\$ 30,860,822</u>

The aggregate market values or reference prices of corporate bonds, government bonds, beneficiary certificates, listed and over-the-counter stocks and bank debentures, are as follows:

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Corporate bonds	\$ 9,800,276	\$ 10,307,065
Government bonds	3,611,245	1,572,870
Beneficiary certificates	1,250,470	1,330,293
Listed and over-the-counter stocks	48,656	540,795
Bank debentures	39,159	38,653

As of December 31, 2000 and 1999, government bonds, corporate bonds and bank debentures totaling \$181,100 and \$54,800, respectively, have been provided to the courts as performance bonds for provisional seizure of debtors' properties.

7. SECURITIES - DEALING AND UNDERWRITING

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
<u>Dealing Department</u>		
Listed stocks	\$ 314,011	\$ 967,289
Over-the-counter stocks	969	23,106
Convertible corporate bonds	862,828	777,782

(Forward)

Government bonds and over-the-counter corporate bonds	\$ 6,950,585	\$ 4,228,471
Bank debentures	<u>1,265,862</u>	<u>1,359,039</u>
	9,394,255	7,355,687
Less: Allowance for decline in market value	<u>19,951</u>	<u>-</u>
Net	<u>9,374,304</u>	<u>7,355,687</u>
<u>Underwriting Department</u>		
Listed stocks	19,063	69,836
Over-the-counter stocks	59,428	15,747
Convertible corporate bonds	<u>160,000</u>	<u>84,800</u>
	238,491	170,383
Less: Allowance for decline in market value	<u>12,813</u>	<u>-</u>
Net	<u>225,678</u>	<u>170,383</u>
	<u>\$ 9,599,982</u>	<u>\$ 7,526,070</u>

The aggregate market value is as follows:

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Dealing department	<u>\$ 9,374,304</u>	<u>\$ 7,479,629</u>
Underwriting department	<u>\$ 225,678</u>	<u>\$ 209,272</u>

8. ACCOUNTS, INTEREST AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Accounts receivable	\$ 6,769,606	\$ 12,478,555
Interest receivable	1,553,223	1,039,655
Lease receivable – net of unearned interest income	1,381,054	1,260,359
Loans receivable from customers	954,993	-
Due from Aetna Sinopac Credit Card Co., Ltd. (Note 22)	758,477	-
Other receivable	451,943	351,160
Other	<u>536,146</u>	<u>806,337</u>
	12,405,442	15,936,066
Less: Allowance for credit losses	<u>124,810</u>	<u>277,746</u>
Net	<u>\$12,280,632</u>	<u>\$15,658,320</u>

As of December 31, 2000 and 1999, accounts receivable included \$6,544,669 and \$9,162,195, respectively, which were generated from factoring business. As of December 31, 1999, accounts receivable included \$3,309,681, which was generated from credit card business.

The Bank collected respective notes for lease receivable. As of December 31, 2000 and 1999, notes amounted to \$672,594 and \$721,862 have been provided as collateral for borrowing from other banks and credit line for issuance of short-term bills, respectively.

Loans receivable from customers for margin transactions are collateralized by the underlying securities and bear interest rates of 9.75% in 2000.

The investments in corporate bonds issued by Tong Lung Metal Industry Co., Ltd., floating rate notes issued by C. P. POKPHAND, and convertible corporate bonds issued by TECHNOLOGY RESOURCES INDUSTRIES BERHAD amounted to \$100,000, US\$5,000 and US\$3,000, respectively, were reclassified in 1999 from securities purchased to other receivables. A provision for losses amounted to \$86,702 and \$100,643, were provided on the investments based on a review of their collectibility, as of December 31, 2000 and 1999, respectively.

9. LOANS, DISCOUNTS AND BILLS PURCHASED	December 31	
	2000	1999
Overdrafts	\$ 3,007,601	\$ 3,405,131
Short-term loans	48,926,449	32,986,897
Mid-term loans	49,275,876	51,939,508
Long-term loans	75,162,967	62,156,782
Import and export negotiations	696,091	812,746
Bills purchased	2,629	12,619
Non-performing loans	<u>843,101</u>	<u>1,420,326</u>
	177,914,714	152,734,009
Less: Allowance for credit losses	1,525,320	1,429,849
Unearned loan fees	<u>91,476</u>	<u>85,653</u>
Net	<u>\$ 176,297,918</u>	<u>\$ 151,218,507</u>

Unearned loan fees pertain to nonrefundable loan fees and certain direct costs associated with originating and acquiring loans. The fees collected are not recognized at the time of origination but are deferred and amortized using the effective interest method over the life of the loan as an adjustment of the yield on the related loan.

As of December 31, 2000, the balance of non-performing loans was \$843,101 and the respective interest revenue are not recognized or recorded. The unrecognized interest revenue on non-performing loans amounted to \$91,874 for the year ended December 31, 2000.

For the year ended December 31, 2000, the Bank had not written off credits without any legal proceedings have been initiated.

The detail and changes in allowance for credit losses of loans, discounts and bills purchased are summarized below:

	For the Year Ended		
	December 31, 2000		
	Specific Risk	General Risk	Total
Balance, beginning of year	\$ 573,283	\$ 856,566	\$ 1,429,849
Provision	368,957	264,936	633,893
Write-off	(487,542)	(39,776)	(527,318)
Recoveries	17,709	-	17,709
Reclassifications	<u>80,676</u>	<u>(109,489)</u>	<u>(28,813)</u>
Balance, end of year	<u>\$ 553,083</u>	<u>\$ 972,237</u>	<u>\$ 1,525,320</u>

As of December 31, 2000, allowance for credit losses of the Bank was \$1,753,070 consisting of allowances related to loans, accounts, interest and other receivables of \$124,810 and reserve for loss on guarantees of \$102,940.

Since the third quarter of 2000, the economic and financial environment has been beset by many economic and noneconomic difficulties from inside and outside Taiwan. Thus, the country's economic growth has decelerated, investment is reduced, unemployment has risen, the stock market is bearish, and the New Taiwan dollar devaluated. Certain business enterprises, including conglomerates and listed companies, failed to meet their obligations when these obligations became due. To stabilize the situation, the government has taken various economy-boosting measures.

Against this background, the Bank's financial statements for the year ended December 31, 2000 include provisions for possible losses and guarantee losses based on information available to the Bank, including defaults to the extent they can be determined or estimated. However, these estimates do not include any adjustments that might be required when related contingent liabilities become probable or determinable in the future.

10. LONG-TERM INVESTMENTS

	December 31	
	<u>2000</u>	<u>1999</u>
<u>Long-term equity investments</u>		
Cost method		
Listed and over-the-counter stocks	\$ 740,188	\$ 824,987
Unlisted stocks	833,207	784,933
Venture funds	-	69,160
	<u>1,573,395</u>	<u>1,679,080</u>

(Forward)

Equity method		
Unlisted stocks	\$ 1,050,417	\$ 182,883
Prepayments for capital subscription	-	500,970
	<u>2,623,812</u>	<u>2,362,933</u>
Less: Unrealized loss on long-term equity investments	225,651	-
	<u>2,398,161</u>	<u>2,362,933</u>
Transfer to other liabilities	-	8,115
Net	<u>\$2,398,161</u>	<u>\$2,371,048</u>
<u>Long-term bond investments</u>		
Corporate bonds	\$ 1,393,377	\$ 43,691
Government bonds	<u>12,372</u>	<u>11,773</u>
	1,405,749	55,464
Add (less): Unamortized premiums or discounts	(<u>9,936</u>)	<u>127</u>
Net	<u>\$1,395,813</u>	<u>\$ 55,591</u>

The total market value of listed and over-the-counter stocks, corporate bonds and government bonds are as follows:

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Listed and over-the-counter stocks	\$ 514,537	\$ 907,187
Corporate bonds	1,379,324	43,383
Government bonds	12,511	11,911

The investment in China Television Co., Ltd. and Ruentex Textile Co., Ltd. were reclassified in September 2000 and 1999 from securities purchased (short-term) to long-term equity investments, respectively.

The carrying amounts of the investments accounted for by the equity method as of December 31, 2000 and 1999, and the related investment loss of \$170,682 and \$1,658, respectively, for the years then ended, were based on the investees' audited financial statements, except for those of Rocorp Holding S.A., SinoPac Financial Consulting Co., Ltd., SinoPac Life Insurance Agent Co., Ltd., SinoPac Property Insurance Agent Co., Ltd. and Asian Glory International Limited which were based on the investees' unaudited financial statements. Management believes that any adjustments, if any, may have to be made to these investments and investment income if such financial statements had been audited is not material.

11. PROPERTIES

	December 31	
	2000	1999
Cost	<u>\$7,014,386</u>	<u>\$7,172,611</u>
Accumulated depreciation		
Buildings	213,630	156,891
Computer equipment	495,856	351,789
Transportation equipment	34,074	25,059
Office and other equipment	675,392	574,190
Property held for lease	<u>12,387</u>	<u>172,448</u>
	<u>1,431,339</u>	<u>1,280,377</u>
	5,583,047	5,892,234
Prepayments for equipment and construction in progress (Note 24)	<u>158,859</u>	<u>101,933</u>
Net	<u>\$5,741,906</u>	<u>\$5,994,167</u>

The Bank acquired two aircrafts for US\$41,300 thousand (\$1,343,737) from Far East Airline Co., Ltd. ("FAT") and simultaneously entered into an operating lease contract with FAT for two years. The monthly rental amounted to US\$508 thousand with refundable deposits of US\$1,524 thousand.

In March 2000, the Bank sold the aforementioned aircrafts to Win-Wing Corporation for \$1,093,045 (US\$35,500 thousand) and recognized a loss on disposal of \$58,776.

12. OTHER ASSETS

	December 31	
	2000	1999
Guarantee deposits	\$2,048,357	\$1,384,777
Intangible assets	1,093,659	1,130,242
Collaterals assumed	261,813	205,849
Deferred debits	217,240	-
Non-operating properties	142,063	-
Suspense account	114,727	45,506
Computer system software	104,583	110,156
Other	<u>267,267</u>	<u>550,329</u>
	<u>\$4,249,709</u>	<u>\$3,426,859</u>

Guarantee deposits included, as of December 31, 2000 and 1999, \$1,392,464 and \$727,865, which were provided by government bonds, bank debentures and corporate bonds in lieu of cash, respectively.

On August 15, 1997, the Bank acquired FENB through SinoPac Bancorp and the acquisition was accounted for using the purchase method of accounting. The assets and liabilities of FENB were revalued to reflect the estimated fair market value as of the date of acquisition. The excess of purchase price over the fair market value of the net tangible assets acquired was recorded as intangible assets.

13. DEPOSITS AND REMITTANCES

	December 31	
	<u>2000</u>	<u>1999</u>
Time	\$ 103,936,017	\$ 83,848,556
Savings - time	55,922,867	49,586,441
Savings - demand	34,918,149	29,052,299
Demand	18,923,141	13,637,957
Negotiable certificates of deposit	5,558,200	2,128,600
Checking	4,596,391	4,533,194
Inward remittances	48,848	19,273
Outward remittances	<u>21,930</u>	<u>29,649</u>
	<u>\$ 223,925,543</u>	<u>\$ 182,835,969</u>

14. ACCOUNTS, INTEREST AND OTHER PAYABLES

	December 31	
	<u>2000</u>	<u>1999</u>
Commercial paper payable – net	\$ 3,667,086	\$ 2,587,303
Accounts payable	2,935,356	5,162,431
Interest payable	2,249,853	1,801,082
Notes and checks in clearing	1,641,236	1,143,789
Accrued expenses	332,206	200,312
Tax payable	297,969	107,901
Other	<u>456,090</u>	<u>530,126</u>
	<u>\$ 11,579,796</u>	<u>\$ 11,532,944</u>

As of December 31, 2000 and 1999, accounts payable include \$2,707,888 and \$5,061,333, respectively which were generated from factoring business.

15. STOCKHOLDERS' EQUITY

a. Capital stock

On September 13, 1999, the stockholders resolved to increase the Bank's capital to issue 220,000,000 shares at a per value of 10 New Taiwan dollars in form of Global Depository Receipts. On February 5, 2001, the capital increase has been approved by authorities.

b. Capital surplus

The capital surplus arising from issuance of shares in excess of par value can, except in the year it arises, be distributed as stock dividend. Such distribution can only be made once every year and within specified limits. The foregoing restrictions are in accordance with regulations issued by the SFC.

c. Retained earnings

The Bank's Articles of Incorporation provide that the following shall be appropriated from annual net income, less any deficit:

- 1) 30% as legal reserve;
- 2) Special reserve or amount to be retained; and
- 3) Dividends to stockholders, rewards to directors and supervisors and bonus to employees at 85%, 2% and 13%, respectively, of the remainder.

Whenever the stockholders' equity contains components showing debit balances, such as unrealized loss on long-term equity investments and translation adjustment, a special reserve equal to the total debit balance shall be appropriated from the current year's earnings and unappropriated earnings generated in the prior years. The special reserve so appropriated, except the amount that is reversible due to the reduction in the total debit balance, shall not be available for appropriation.

The type and amount of dividends and bonus to employees shall be determined by the board of directors after taking into account prevailing financial market environment, market trend and the Bank's development plan. Except that during the Bank's growth period dividends and bonus to employees shall in principle be paid in stock, the board of directors shall determine the respective percentages of dividends to be paid in cash or stock and then submit them to the stockholders for resolution. Cash dividends shall be paid after they are resolved by the stockholders, while stock dividends shall be distributed after they are approved by the competent authorities.

These appropriations and the disposition of the remaining net income, as well as other allocations of earnings shall be resolved by the stockholders in the following year and given effect to in the financial statements of that year.

Under the Company Law, the aforementioned appropriation for legal reserve shall be made until the reserve equals the paid-in capital. This reserve shall only be used to offset a deficit, or, when reaching 50% of capital, up to 50% thereof can be transferred to capital. In addition, the Banking Law provides that, before the reserve equals the paid-in capital, annual cash dividends, rewards and bonus shall not exceed 15% of capital.

On February 23, 2001, the board of directors will propose to amend the Articles of Incorporation with respect to appropriation of earnings as follows:

- a. To comply with a directive issued by the SFC, whenever the stockholders' equity contains components showing debit balances, such as unrealized loss on long-term equity investments and cumulative translation adjustment, a special reserve equal to the total debit balance shall be appropriated from the current year's earnings and unappropriated earnings generated in the prior years.

b. Pursuant to the Bank's globalization strategy and with due consideration for the fact the Bank is presently in the growth stage and therefore needs substantial capital support to edge up its competitiveness in the world economic arena. The type and percentage of dividends are determined as follows:

- 1) Where the Bank's capital is less than \$30,000,000, stock dividends shall be distributed; and
- 2) Where the Bank's capital reaches \$30,000,000 or above, stock dividends of an equivalent value lower than or equal to the basis of the capital adequacy ratio, i.e. if capital adequacy ratio lower than 12% after applying the cash distribution scenario, shall be distributed; the excess of the aforementioned basis shall be distributed in the form of cash; however, where cash is distributed, if less than a dollar is allocated per share, then stock dividends may be allocated instead.

The type of bonus to employees shall be determined as regulated by the Bank.

Cash dividends and bonus shall be paid after they are resolved by the stockholders, while stock dividends shall be distributed after they are approved by the authorities.

The aforementioned amendments shall be submitted to the annual stockholders' meeting for resolution.

Under the Integrated Income Tax System, non-corporate and ROC-resident stockholders are allowed tax credits for the income tax paid by the Bank on earnings generated in 1998 and onwards.

16. TREASURY STOCK

On October 27, 2000, the board of directors resolved the repurchase, at management discretion, shares of the Bank's stock during October 30 to December 29, 2000. The shares repurchased under the foregoing resolution will be issued to employees. From October 30 to December 29, 2000, the Bank purchased back 16,538 thousand shares of its capital stock.

In compliance with Securities and Exchange Law, the treasury stock purchased should not over 10% of total shares issued and the purchase cost should not be over the total of retained earnings, additional paid-in capital in excess of par value and realized capital surplus. Treasury stock should not be pledged and should not bear rights of stockholders before transfer.

In 2000, the highest shares of treasury stock held by the Bank are 16,538 thousand shares and the highest balance of treasury stock is \$195,975.

17. SERVICE FEES	For the Year Ended	
	December 31	
	<u>2000</u>	<u>1999</u>
Brokerage	\$ 482,110	\$ 203,441
Factoring and financing	222,599	80,551
Mutual funds	145,995	39,958
Credit cards	119,001	322,217
Guarantees	91,084	86,935
Custody	50,214	22,963
Other	<u>309,288</u>	<u>303,110</u>
	<u>\$1,420,291</u>	<u>\$1,059,175</u>

18. INCOME (LOSS) FROM SECURITIES - NET	For the Year Ended	
	December 31	
	<u>2000</u>	<u>1999</u>
<u>Short-term bills</u>		
Capital gain - net	\$ 178,550	\$ 93,217
Interest revenue	1,097,171	1,006,738
Reversal of allowance for (provision for) market value decline	(<u>6</u>)	<u>10</u>
	<u>1,275,715</u>	<u>1,099,965</u>
<u>Bonds</u>		
Capital gain - net	752,055	206,158
Interest revenue	354,287	231,942
Reversal of allowance for (provision for) market value decline	<u>123,338</u>	(<u>46,498</u>)
	<u>1,229,680</u>	<u>391,602</u>
<u>Beneficiary certificates</u>		
Capital gain - net	8,619	18,748
Provision for market value decline	(<u>3,175</u>)	<u>-</u>
	<u>5,444</u>	<u>18,748</u>
<u>Stock</u>		
Capital gain (loss) - net	(678,405)	390,739
Dividends	24,060	18,552
Reversal of allowance for (provision for) market value decline	(<u>66,684</u>)	<u>100,543</u>
	(<u>721,029</u>)	<u>509,834</u>
	<u>\$1,789,810</u>	<u>\$2,020,149</u>

19. OPERATING AND ADMINISTRATIVE EXPENSES	For the Year Ended	
	December 31	
	<u>2000</u>	<u>1999</u>
Salaries and wages	\$ 2,315,487	\$ 1,742,283
Depreciation and amortization	461,321	433,188
Taxes other than income tax	439,935	564,598
Rental	388,020	356,609
Insurance	161,653	116,282
Postage	146,932	114,217
Other	<u>1,205,182</u>	<u>990,039</u>
	<u>\$ 5,118,530</u>	<u>\$ 4,317,216</u>

20. PENSION

The Bank has a defined benefit noncontributory pension plan covering all regular employees. The Bank makes monthly contributions, equal to 7% of employee salaries, to the pension fund. In addition, non-management employees also contribute a compulsory amount equivalent to 4% of their salaries to the fund. The employees will receive benefits upon retirement computed based on length of services and average monthly salary upon retirement. Also, the employees will receive their cumulative contributions, if any, and the interest thereon.

SPL has a pension plan covering all regular employees which provides benefits based on length of service and average monthly pay before retirement. SPL makes monthly contribution, equal to 7% of employee salaries, to a pension fund.

SPS also has a pension plan covering all regular employees which provides benefits based on length of service and average monthly pay before retirement. SPS makes monthly contributions, equal to 2% of employee salaries, to a pension fund.

a. The changes in the pension fund are summarized below:

	For the Year Ended	
	December 31	
	<u>2000</u>	<u>1999</u>
Balance, January 1	\$ 393,763	\$ 259,310
Contributions	155,402	121,677
Benefits paid	(22,735)	(13,728)
Interest income	<u>34,491</u>	<u>26,504</u>
Balance, December 31	<u>\$ 560,921</u>	<u>\$ 393,763</u>

The ending balances consist of:

Contributions by the Bank	\$ 344,267	\$ 237,704
Contributions by employees	<u>216,654</u>	<u>156,059</u>
	<u>\$ 560,921</u>	<u>\$ 393,763</u>

b. Net pension costs are summarized below:

	For the Year Ended	
	December 31	
	<u>2000</u>	<u>1999</u>
Service cost	\$ 86,487	\$ 59,070
Interest cost	24,591	16,875
Expected return on plan assets	(18,367)	(12,698)
Net amortization and deferral	<u>8,025</u>	<u>5,177</u>
Net pension cost	<u>\$ 100,736</u>	<u>\$ 68,424</u>

c. The reconciliations of the funded status of the plan and accrued pension cost are as follows:

	December 31	
	<u>2000</u>	<u>1999</u>
Benefit obligation		
Vested benefit obligation	\$ 41,114	\$ 33,818
Nonvested benefit obligation	<u>248,313</u>	<u>189,111</u>
Accumulated benefit obligation	289,427	222,929
Additional benefits based on future salaries	<u>196,473</u>	<u>161,293</u>
Projected benefit obligation	485,900	384,222
Fair value of plan assets	(345,801)	(239,666)
Funded status	140,099	144,556
Unrecognized net transitional obligation	(51,061)	(56,116)
Unrecognized prior service cost	(4,932)	(1,196)
Unrecognized pension loss	(72,035)	(76,623)
Additional liabilities	<u>1,860</u>	<u>-</u>
Accrued pension cost	<u>\$ 13,931</u>	<u>\$ 10,621</u>

d. Vested benefit obligation \$ 86,345 \$ 72,642

e. Actuarial assumptions

Discount rate used in determining present values	6.0%-6.5%	6.5%
Future salary increase rate	5.0%-5.5%	5.5%
Expected rate of return on plan assets	6.0%-6.5%	6.5%

FENB has a pension plan, for regular employees who have been employed for at least one year. Under this plan, employees may contribute up to 15% of their annual salary with FENB matching up to 3% of the employee's contribution.

21. INCOME TAX

- a. The compositions of income tax are as follows:

	For the Year Ended December 31	
	<u>2000</u>	<u>1999</u>
Currently payable	\$ 850,557	\$ 423,202
Investment tax credit	(45,298)	(58,585)
Foreign income taxes over limitation	2,839	-
Change in deferred income taxes	22,374	25,883
Prior year's adjustment	(17,478)	(3,417)
Tax on unappropriated earnings (10%)	4,004	12,694
Other	<u>-</u>	<u>11,298</u>
	<u>\$ 816,998</u>	<u>\$ 411,075</u>

Income tax is based on taxable income from all sources. Foreign income taxes paid are creditable 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 currently income tax payable:

	For the Year Ended December 31	
	<u>2000</u>	<u>1999</u>
Tax on pretax financial at 25% statutory rate	\$ 882,448	\$ 764,065
Add (deduct) tax effects of:		
Tax-exempt income	143,747	(192,293)
Permanent difference	(181,450)	(165,967)
Temporary difference	<u>5,812</u>	<u>17,397</u>
Currently payable	<u>\$ 850,557</u>	<u>\$ 423,202</u>

- c. Net deferred income tax assets (liabilities) as of December 31, 2000 and 1999 consist of the tax effects of the following:

	December 31	
	<u>2000</u>	<u>1999</u>
Acquisition premium	(\$ 85,574)	(\$ 94,335)
Deferred loan fees	(93,084)	(65,997)
Loss carryforward	51,653	6,028
Provision for credit losses	84,468	28,308
Contribution to employees welfare fund	4,131	3,155
Investment income under the equity method	(217,364)	(80,655)
Unrealized foreign exchange loss (gain)	(8,951)	6,091
Other	<u>136,165</u>	<u>91,223</u>
	<u>(\$ 128,556)</u>	<u>(\$ 106,182)</u>

d. The related information under the Integrated Income Tax System is as follows:

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Balances of imputed tax credit	<u>\$ 118,069</u>	<u>\$ 152,882</u>

The 2000 expected and 1999 actual ratios of imputed tax credit to earnings are 7.01% and 18.44%, respectively.

- e. The unappropriated earnings as of December 31, 1999 included earnings of \$6,760, which were generated before January 1, 1998.
- f. Income tax payable (included in other payables) as of December 31, 2000 was net of prepayments of \$379,983. Income tax returns of up to 1995 and of 1997 have been examined and approved by the tax authorities. In the assessment of 1994, 1995 and 1997 tax returns, the tax authority has denied the creditability of 10% withholding tax from bond interest income which was attributed by prior holders of the bonds. The Bank believes such assessment is without merit and therefore has filed for appeals. Management believes that it is highly unlikely that such assessment would ultimately be upheld and therefore does not include the related income tax in the financial statements of 2000.

22. RELATED PARTY TRANSACTIONS

In addition to those already disclosed in other notes, significant transactions with related parties, which include directors, supervisors, managers and their relatives and the investees accounted for by the equity method and the subsidiaries of the Bank etc., are summarized as follows:

- a. Credit extended, deposits taken and placed and due from affiliates

	<u>AMOUNT</u>		<u>% OF ACCOUNT BALANCE</u>		<u>INTEREST/FEE RATE</u>	
	<u>December, 31</u>		<u>December, 31</u>		<u>For the Year ended December 31</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Deposits	\$ 451,241	\$ 2,171,782	0.2	1.2	0%-13.00%	0.01%-13.56%
Loans and discounts	627,942	473,030	0.4	0.3	5.00%-11.00%	5.075%-8.88%
Due from affiliates	799	82,872	-	0.5	-	-

None of the related parties individually accounts for 10% or more of the respective account balances.

- b. Lease

In December 1996, the Bank entered into a lease contract with Central Investment Holding Co., Ltd. (a major stockholder of the Bank before November 1999) for certain office premises for a seven-year period ending December 2003. Rentals for the years ended December 31, 2000 and 1999 were both \$8,716.

The Bank leases certain office premises from Su Kwang Hui (son of a director of the Bank) for a five-year period ending December 2003. Rentals for the years ended December 31, 2000 and 1999 were \$6,114 and \$5,563, respectively.

The Bank leases certain office premises from Ruentex Construction & Development Co., Ltd. (an affiliate) for a five-year period ending September 2005. Rental for the year ended December 31, 2000 was \$761.

c. Professional advisory fees

The Bank has entered into an investment advisory contract with SinoPac Securities Investment Advisory Corp. (a subsidiary of the Bank). The contract matures on December 31, 2001 and is renewable. The advisory fees paid for the years ended December 31, 2000 and 1999 were \$31,500 and \$22,785, respectively.

d. Due from affiliates

On May 1, 2000, the Bank transferred its credit card business to Aetna Sinopac Credit Card Co., Ltd., a newly - incorporated and 50%-owned joint venture company, for a total consideration of \$3,823,798. The related information is summarized as follows:

<u>Transferred Items</u>	<u>Transferred Price</u>
Accounts receivable (due from credit card business) - net	\$ 3,256,688
Credit card accounts and related personnel	279,856
Advanced payments and related interest	190,281
Guarantee deposits	61,174
Properties and computer system software	36,729
Other	(930)
	<u>\$ 3,823,798</u>

As of December 31, 2000, the Bank has received payments totaling \$3,065,321 from Aetna Sinopac Credit Card Co., Ltd. The compensation amounting to \$279,856 received by the Bank for its credit card accounts and the personnel of its credit card business were recognized as income over five years in the case of the credit card accounts and over three years in the case of the transfer price for the related personnel. For the year ended December 31, 2000, the amortization of the compensation for the transfer of the credit card accounts and personnel amounted to \$41,640. The interest income on the unpaid portion of the aggregate transfer price amounted to \$82,055 for the year ended December 31, 2000.

e. In 2000, the Bank entered into contracts with Ruentex Interior Design Co, Ltd. (an affiliate) to renovate its office premises for \$19,619 and has fully paid as of December 31, 2000.

- f. In 2000, the Bank entered into contracts with Wal Tech International Corporation (WTI, an affiliate) for monitor system maintenance for a two-year period for \$2,040. For the year ended December 31, 2000, \$1,020 has been paid.
- g. In December 2000, the Bank sold 4,997 thousand shares of WTI to SinoCap Partners Ltd. (an affiliate) for \$53,812 and recognized a gain on disposal of \$5,898.
- h. In 2000, the Bank sold long-term investments to SinoCap Partners Ltd. (an affiliate) and Allstar Venture Ltd. (an affiliate) for \$67,414 and \$170,833, respectively, and recognized gains on disposal of \$1,354 and \$8,335, respectively.

The terms of the transactions with related parties are similar to those with non-related parties except the preferential interest rates on savings and loans of up to prescribed limits made available to employees.

In compliance with the Banking Law, except for consumer loans, credits extended by the Bank to any related party should be fully secured, and the terms of credits extended to related parties should be similar to those extended to non-related parties.

23. PLEDGED ASSETS

As of December 31, 2000 and 1999, except for the following securities purchased have been provided to the courts as performance bonds for provisional seizure of debtors' properties, the following assets have been pledged to financial institutes as guarantees and collateral for borrowings from other banks and issuance of commercial papers:

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Time deposits and restricted demand deposits	\$ 1,164,147	\$ 300,808
Pledged notes	672,594	721,862
Securities - dealing and underwriting		
Convertible corporate bonds and over-the-counter		
corporate bonds	254,000	440,000
Stocks - 8,000 thousand shares	-	80,000
Securities purchased (Note 6)	181,100	54,800
Property held for lease	<u>-</u>	<u>1,171,812</u>
	<u>\$ 2,271,841</u>	<u>\$ 2,769,282</u>

24. CONTINGENCIES AND COMMITMENTS

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

a. Lease contract

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

<u>Year</u>	<u>Amount</u>
2001	\$ 322,948
2002	272,877
2003	219,633
2004	176,135
2005	83,672

Rentals for the years beyond 2005 amount to \$175,248, the present value of which is about \$126,060 as discounted at the Bank's one-year time deposit rate of 5.0%-5.1% on January 1, 2001.

b. Buildings purchase contract

The Bank entered into a contract in December 2000 to purchase a building located in Kaohsiung for business for \$178,000, of which \$18,000 was already paid as of December 31, 2000.

c. Equipment purchase contract

The Bank has entered into contracts to purchase computer hardware and software for \$222,710, of which \$100,849 was already paid as of December 31, 2000.

d. Renovation agreement

The Bank has entered into contracts to renovate its office premises for \$59,844, of which \$43,253 was already paid as of December 31, 2000.

e. Short-term bills and bonds sold under agreements to repurchase - treated as outright sales

As of December 31, 2000, short-term bills and bonds with a total face value of \$8,688,656 were sold under agreements to repurchase at \$8,679,449 between January 2001 and June 2001.

f. Short-term bills and bonds purchased under agreements to resell - treated as outright purchases

As of December 31, 2000, short-term bills and bonds with a total face value of \$4,877,280 were purchased under agreements to resell at \$4,833,794 between January 2001 and March 2001.

25. CAPITAL ADEQUACY RATIO

The Banking Law and related regulations require that the Bank maintain a capital adequacy ratio of at least 8%. Pursuant to such law and regulations, if the Bank's capital adequacy ratio falls below 8%, the Ministry of Finance may impose certain restrictions on the level of the cash dividends that the Bank can declare or, in certain conditions, totally prohibits the Bank from declaring cash dividends. As of December 31, 2000, the capital adequacy ratio of the Bank was 11.25%.

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

Average balance is calculated by daily average balance of interest earning assets and interest bearing liabilities.

	<u>For the Year Ended</u> <u>December 31, 2000</u>	
	<u>Average</u> <u>Balance</u>	<u>Average</u> <u>Rate (%)</u>
<u>INTEREST EARNING ASSETS</u>		
Cash – negotiable certificates of deposit	\$ 5,958,860	5.14
Due from banks	1,021,017	5.38
Call loans (placement)	7,981,135	6.72
Due from central bank	5,698,888	3.60
Securities purchased	27,839,911	6.25
Loans, discounts and bills purchased	166,827,115	8.22
<u>INTEREST BEARING LIABILITIES</u>		
Due to banks	13,407	4.42
Call loans (borrow)	9,692,637	5.66
Demand	16,072,171	3.10
Savings	34,352,735	4.16
Time	92,666,664	5.34
Time-savings	51,416,972	5.26
Negotiable certificates of deposit	5,305,015	5.12

27. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	December 31, 2000			
	Due in one year	Due between one year and five years	Due after Five Years	Total
<u>Assets</u>				
Cash	\$ 5,892,747	\$ 500,000	\$ -	\$ 6,392,747
Due from banks	18,654,599	-	-	18,654,599
Due from central bank	7,564,190	-	-	7,564,190
Securities purchased	27,826,195	1,954,709	1,826,362	31,607,266
Securities - dealing and underwriting	2,417,188	4,627,294	2,588,264	9,632,746
Receivables	12,853,837	-	-	12,853,837
Securities purchased under agreements to resell	311,837	-	-	311,837
Loans, discounts and bills purchased (excluding non-performing loans)	<u>56,841,701</u>	<u>38,011,704</u>	<u>82,218,208</u>	<u>177,071,613</u>
	<u>\$ 132,362,294</u>	<u>\$ 45,093,707</u>	<u>\$ 86,632,834</u>	<u>\$ 264,088,835</u>
<u>Liabilities</u>				
Due to central bank	\$ 15,328	\$ -	\$ -	\$ 15,328
Borrowings from other banks	749,544	1,380,473	-	2,130,017
Call loans and due to banks	8,293,188	-	-	8,293,188
Payables	11,994,204	33,987	-	12,028,191
Securities sold under agreements to repurchase	8,315,254	-	-	8,315,254
Deposits and remittances	<u>218,314,757</u>	<u>5,610,786</u>	<u>-</u>	<u>223,925,543</u>
	<u>\$ 247,682,275</u>	<u>\$ 7,025,246</u>	<u>\$ -</u>	<u>\$ 254,707,521</u>

28. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

The Bank is engaged in derivative transactions mainly to accommodate customers' needs and to manage its exposure positions. It also enters into interest rate swap, cross currency swap, and option contracts to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency net assets, net liabilities or commitments. The Bank's strategy is to hedge most of the market risk it is exposed through hedging instruments whose changes in market value have a highly negative correlation with those of the hedged items; the Bank also assess hedge effectiveness of the instruments periodically.

The objective of possessing stock index future contracts is to hedge the market risk of listed securities held for dealing. The hedging strategy of the Bank is to use the derivative instruments that have high-negative correlation in price with the hedged items to hedge the market risk and to continuously monitor the effectiveness of such hedging activity.

The Bank is exposed to credit risk in the event of nonperformance of the counterparties to the contracts on maturity. The Bank enters into contracts with customers that have satisfied its credit approval process and have provided necessary collaterals. Transactions are made within each customer's credit limits; 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. The Bank has entered into stock index future contracts with Taiwan Futures Exchange and therefore is not exposed to significant credit risks.

The contract amounts (or notional amounts), credit risk and market values of outstanding contracts are as follows:

Financial Instruments	December 31, 2000			December 31, 1999		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Forward contracts - sell	\$ 11,217	\$ 361	\$ 361	\$ -	\$ -	\$ -
Interest rate swap contracts	659,840	2,936	2,771	1,024,067	4,184	(4,497)
Cross currency swap contracts	1,979,520	4,181	(136)	2,624,770	3,450	(39,888)
Options - As seller	-	-	-	156,975	-	1,022
Future contracts						
- Buy	4,781	-	4,770	-	-	-
- Sell	12,176	-	12,328	-	-	-
For the purpose of accommodating customers' needs or managing its exposure:						
Forward contracts						
- Buy	1,393,324	49,845	36,650	2,038,292	379	(9,460)
- Sell	5,960,901	19,265	(180,155)	2,183,144	37,873	37,684
Forward rate agreements						
- Buy	700,000	132	87	-	-	-
- Sell	1,900,000	52	(217)	-	-	-
Currency swap contracts	18,007,385	465,828	240,285	5,206,750	45,477	26,099
Interest rate swap contracts	7,750,234	79,796	34,347	4,000,000	33,239	12,216
Options						
- As buyer	9,014,232	55,754	(26,595)	2,072,274	809	(5,581)
- As seller	9,287,736	-	31,976	2,072,274	-	7,139

Except for the fair value of each stock index future contract is the closing price published by Taiwan Futures Exchange at the balance sheet dates, the fair value of each contract is determined using the quotation from Reuters or Telerate Information System.

The Bank has entered into certain derivative contracts in which the notional amounts are used solely as a basis for calculating the amounts receivable and payable under the contracts. Thus, the notional amount does not represent actual cash inflows or outflows. The working capital of the Bank is sufficient to fulfill the contracts. Furthermore, since the TAIEX Futures are to hedge against the risk of listed securities held for dealing, the demand of cash is to be offset by the proceeds from the sales of hedged securities. Therefore, there is no significant future needs for cash. The possibility that derivative financial instruments held or issued by the Bank can not be sold with reasonable price is minimal; accordingly, no significant cash demand is expected.

The gains and losses on derivative financial instruments for the years ended December 31, 2000 and 1999 are not significant.

b. Fair value of non-derivative financial instruments

	December 31, 2000		December 31, 1999	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>ASSETS</u>				
Financial assets – with fair values approximating carrying amounts	\$ 45,652,400	\$ 45,652,400	\$ 37,713,932	\$ 37,713,932
Securities purchased	31,592,495	31,704,356	30,860,822	30,886,959
Securities – dealing and underwriting	9,599,982	9,599,982	7,526,070	7,688,901
Loans, discounts and bills purchased	176,297,918	176,297,918	151,218,507	151,218,507
Long-term equity investments	2,398,161	2,623,812	2,371,048	2,371,345
Long-term bond investments	1,395,813	1,391,835	55,591	55,294
Other assets – guarantee deposits	2,048,357	2,053,894	1,384,777	1,386,389
<u>LIABILITIES</u>				
Financial liabilities - with fair values approximating carrying amounts	30,781,978	30,781,978	34,514,616	34,514,616
Deposits and remittances	223,925,543	223,925,543	182,835,969	182,835,969
Other liabilities - guarantee deposits received	285,254	285,254	76,522	76,522

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

- 1) The carrying amounts of cash, due from banks, due from Central Bank, receivables, loans receivable from customers, securities purchased under agreements to resell, call loans and due to banks, payables and securities sold under agreements to repurchase approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of securities purchased, securities - dealing and underwriting, long-term equity investments and long-term bond investments are based on their market prices, if such market prices are available. Otherwise, fair values are estimated based on their carrying amounts.
- 3) Loans, discounts and bills purchased, and deposits are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair values. Fair value of non-performing loans is based on the carrying amount, which is net of allowance for bad debt.
- 4) The fair values of government and corporate bonds submitted as guarantee deposits are based on market values. Fair values of other guarantee deposits are estimated at their carrying amounts as such deposits do not have specific due dates.

Certain financial instruments and all nonfinancial instruments are excluded from disclosure of fair value. Accordingly, the aggregate fair value presented above does not represent the underlying value of the Bank.

c. Off-balance-sheet credit risks

The Bank has significant credit commitments principally relating to customer financing activities; which included financial commitments (loans) and issuance of credit cards. (see also Note 22 regarding the transfer of the Bank's credit card business to Aetna Sinopac Credit Card Co., Ltd.). Most of the credit commitments are under seven years. The interest rates of the loans range from 0.52% to 12.21%. The Bank also issues financial guarantees and standby letters of credit to guarantee the performance of a customer to a third party. The terms of these guarantees are usually one year, and their maturity dates do not concentrate in any particular period.

The contract amounts for financial instruments with off-balance-sheet credit risks as of December 31, 2000 and 1999 are as follows:

	<u>December 31</u>	
	<u>2000</u>	<u>1999</u>
Irrevocable loan commitments	\$ 8,308,289	\$ 5,846,756
Credit card commitments for credit cards	38,985	22,220,218
Financial guarantees and standby of letters of credit	12,232,499	16,321,679

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

The Bank makes credit commitments and issues financial guarantees and standby letters of credit only after careful evaluation of customers' creditworthiness. Based on the result of the credit evaluation, the Bank may require collaterals before the credit facilities are drawn upon. Collateralized loans amounted to about 81% of the total loans. Collaterals held vary but may include cash, inventories, marketable securities, and other property. When the customers default, the Bank will, as the case may be, foreclose the collateral or execute other rights arising out of the guarantees given.

29. INFORMATION ON CONCENTRATIONS OF RISK

The Bank has no risk concentration arising from any individual counterparty or groups of counterparties engaged in similar business activities. Industries which account for 5% or more of the outstanding loans as of December 31, 2000 and 1999 are listed below for reference:

	December 31			
	2000	%	1999	%
Loans - by industry				
Real estate	\$18,919,478	11	\$19,800,681	13
Manufacturing	12,586,331	7	7,958,476	5

The net position on foreign-currency transactions as of December 31, 2000 is not significant.

30. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the SFC for the Bank and affiliates:

- 1) Financing provided: None;
- 2) Collateral/guarantees provided: Please see Table 1;
- 3) Marketable securities held: Please see Table 2;
- 4) Marketable security acquired and disposed of, at costs or prices of at least NT\$100 million or 20% of the issued capital: Please see Table 3;
- 5) Acquisition of individual real estate at cost of at least NT\$100 million or 20% of the issued capital: Please see Table 4;
- 6) Disposal of individual real estates at price of at least NT\$100 million or 20% of the issued capital: None;
- 7) Total purchase from or sales or related parties amounting to at least NT\$100 million or 20% of the issued capital: None;
- 8) Receivables from related parties amounting to NT\$100 million or 20% of the issued capital: Please see Table 5;
- 9) Names, locations, and other information of investees on which the Bank exercises significant influences: Please see Table 6;
- 10) Derivative financial transactions: Note 28.

b. Information Related to Investment in Mainland China: None.

31. SEGMENT AND GEOGRAPHIC INFORMATION

The Bank is engaged only in banking activities as prescribed by the Banking Law. The Bank has no single customer that accounts for 10% or more of the operating revenue. Geographic information are as follow:

	<u>Domestic</u>	<u>United States</u>	<u>Other Overseas Operating Segments</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
<u>2000</u>					
Revenues from third parties	\$ 17,111,512	\$ 3,204,861	\$ 176,659	\$ -	\$ 20,493,032
Revenues from the Bank and subsidiaries	<u>964,464</u>	<u>-</u>	<u>13,347</u>	<u>(977,811)</u>	<u>-</u>
Total revenues	<u>\$ 18,075,976</u>	<u>\$ 3,204,861</u>	<u>\$ 190,006</u>	<u>(\$ 977,811)</u>	<u>\$ 20,493,032</u>
Segment income	<u>\$ 2,748,105</u>	<u>\$ 394,639</u>	<u>\$ 118,286</u>	<u>(\$ 658,683)</u>	<u>\$ 2,602,347</u>
General expenses					<u>-</u>
Income before income tax					<u>\$ 2,602,347</u>
Identifiable assets	<u>\$ 238,839,493</u>	<u>\$ 38,934,509</u>	<u>\$ 2,190,454</u>	<u>(\$ 2,558,444)</u>	<u>\$ 277,406,012</u>
General assets					<u>1,050,417</u>
Total assets					<u>\$ 278,456,429</u>
<u>1999</u>					
Revenues from third parties	\$ 16,103,626	\$ 2,059,489	\$ 19,018	\$ -	\$ 18,182,133
Revenues from the Bank and subsidiaries	<u>658,546</u>	<u>3,838</u>	<u>41,005</u>	<u>(703,389)</u>	<u>-</u>
Total revenues	<u>\$ 16,762,172</u>	<u>\$ 2,063,327</u>	<u>\$ 60,023</u>	<u>(\$ 703,389)</u>	<u>\$ 18,182,133</u>
Segment income	<u>\$ 2,612,966</u>	<u>\$ 312,540</u>	<u>(\$ 30,374)</u>	<u>(\$ 629,811)</u>	<u>\$ 2,265,321</u>
General expenses					<u>-</u>
Income before income tax					<u>\$ 2,265,321</u>
Identifiable assets	<u>\$ 210,943,693</u>	<u>\$ 28,778,525</u>	<u>\$ 1,106,256</u>	<u>(\$ 1,657,178)</u>	<u>\$ 239,171,296</u>
General assets					<u>182,883</u>
Total assets					<u>\$ 239,354,179</u>

BANK SINOPAC AND INVESTEES
 COLLATERALS/GUARANTEES PROVIDED
 December 31, 2000
 (Amounts in Thousand New Taiwan Dollars)

No.	Collaterals/Guarantees Provider	Counterparty		Limits on Individual Collaterals or Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Carrying Value (As of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Guarantee to Net Asset Value of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Relationship						
1	SinoPac Leasing Corporation	Grand Capital International Limited	A subsidiary of the Corporation	Note 2	\$ 2,261,374	\$ 2,261,374	-	136%	Note 3
		Wal Tech International Corporation	Affiliate company	Note 2	752,000	752,000	-	45%	

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

Note 2: Except for no limitation applied on any subsidiaries of the Corporation, the limits on individual collaterals or guarantee amounts is up to \$3,324,952.

Note 3: Except for no limitation applied on any subsidiaries of the Corporation, the maximum collaterals or guarantee amounts allowance is up to 500% of the net asset value of the Corporation. As of December 31, 2000, the maximum allowance is \$8,312,380.

BANK SINOPAC AND INVESTEES
MARKETABLE SECURITIES HELD
December 31, 2000
(Amounts in Thousand New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Bank SinoPac	<u>Stock</u> SinoPac Bancorp	A subsidiary of the Bank	Long-term equity investments	20	\$ 3,987,370	100.00%	\$ 3,985,542	
	Rocorp Holdings S.A.	An investee accounted for by the equity method	Long-term equity investments	0.11	3,531	33.33%	3,044	
	SinoPac Leasing Corporation	A subsidiary of the Bank	Long-term equity investments	132,592	1,875,864	99.77%	1,658,624	
	SinoPac Securities Investment Advisory Co., Ltd.	A subsidiary of the Bank	Long-term equity investments	994	11,088	99.40%	11,088	
	SinoPac Capital Limited	A subsidiary of the Bank	Long-term equity investments	109,998	497,145	99.998%	497,145	
	SinoPac Financial Consulting Co., Ltd.	A subsidiary of the Bank	Long-term equity investments	194	2,007	97.00%	2,007	
	SinoPac Securities Co., Ltd.	A subsidiary of the Bank	Long-term equity investments	197,109	2,294,238	91.72%	2,294,238	
	Aetna Sinopac Credit Card Co., Ltd.	A subsidiary of the Bank	Long-term equity investments	50,097	302,050	50.10%	302,050	
	SinoPac Life Insurance Agent Co., Ltd.	A subsidiary of the Bank	Long-term equity investments	194	2,051	97.00%	2,051	
	SinoPac Property Insurance Agent Co., Ltd.	A subsidiary of the Bank	Long-term equity investments	194	2,194	97.00%	2,194	
	Ruentex Textile Co., Ltd.	Parent company of the Director of the Bank and an investee accounted for by the cost method	Long-term equity investments	11,452	165,486 (Note 3)	1.45%	207,860	
	Chiao Tung Bank Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	3,263	110,732 (Note 3)	0.13%	82,130	
	Vate Technology Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	660	8,347 (Note 3)	0.44%	5,280	
	China Television Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	11,874	364,539 (Note 3)	3.41%	198,062	
	Global Securities Finance Corp.	An investee accounted for by the cost method	Long-term equity investments	11,719	100,000	1.56%	136,671	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
SinoPac Bancorp	Z-Com, Inc.	An investee accounted for by the cost method	Long-term equity investments	1,200	\$ 16,800	3.00%	\$ 5,202	
	Taipei Forex Inc.	An investee accounted for by the cost method	Long-term equity investments	80	800	0.40%	1,032	
	Taiwan International Merchantile Exchange Corp.	An investee accounted for by the cost method	Long-term equity investments	900	9,000	0.45%	9,096	
	Taiwan Leader Copper Clad Laminate Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,050	16,554	1.07%	7,386	
	Apack Technology Inc.	An investee accounted for by the cost method	Long-term equity investments	2,485	25,059	1.31%	23,833	
	Fuh-Hwa Investment Trust Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	2,400	24,000	8.00%	30,302	
	Financial Information Services Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	4,550	45,500	1.14%	56,055	
Far East National Bank	<u>Stock</u> Far East National Bank	A subsidiary of the Company	Long-term equity investments	170	3,966,859	100.00%	3,966,859	
Far East National Bank	<u>Stock</u> Far East Capital Corporation	A subsidiary of the Bank	Long-term equity investments	350	94,390	100.00%	94,394	
	FENB Securities, Inc.	A subsidiary of the Bank	Long-term equity investments	2.5	726	100.00%	726	
	Federal Reserve Bank	An investee accounted for by the cost method	Long-term equity investments	62	101,648	0.94%	409,365	
	Federal Home Loan Bank	An investee accounted for by the cost method	Long-term equity investments	19	61,695	0.035%	62,431	
	Genesis L.A. Real Estate Fund LLC	An investee accounted for by the cost method	Long-term equity investments	-	8,710	-	-	
	Southern California Business Development Corporation (SCBDC)	An investee accounted for by the cost method	Long-term equity investments	40	1,320	-	-	
	California Economic Development Lending Initiative (CEDLI)	An investee accounted for by the cost method	Long-term equity investments	50	1,650	-	-	
	California Tax Credit Fund	An investee accounted for by the cost method	Long-term equity investments	-	31,111	-	-	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
	<u>Government bond</u> Yosemite CA Community College	-	Long-term bond investments	\$ 12,372	\$ 12,372	-	\$ 12,511	
	<u>Corporate bond</u> FHLB	-	Long-term bond investments	32,992	32,992	-	33,037	
	FNMA	-	Long-term bond investments	36,291	36,277	-	36,427	
	FHLMC	-	Long-term bond investments	98,976	98,923	-	99,463	
	FHLMC	-	Long-term bond investments	82,480	82,435	-	82,886	
	FHLMC	-	Long-term bond investments	98,976	98,976	-	99,495	
	FHLMC FGC37234	-	Long-term bond investments	40,074	39,482	-	40,676	
	FHLMC PAC FHR1531K	-	Long-term bond investments	3,021	3,014	-	3,006	
	FHLMC PAC FHR1572-A AB	-	Long-term bond investments	81	81	-	81	
	FNMA PAC FNR1991-98H	-	Long-term bond investments	3,467	3,590	-	3,588	
	RESIDENTIAL FDG MTG SEC 1998-S15 A2	-	Long-term bond investments	161,235	158,716	-	161,550	
	PNC MORTGAGE SEC 1998-12 1A1	-	Long-term bond investments	175,944	169,319	-	173,484	
	Citibank Credit Card Master Trust	-	Long-term bond investments	65,984	65,951	-	65,963	
	Comdisco Inc. Senior Notes (Fixed)	-	Long-term bond investments	98,976	98,818	-	87,099	
	Goldman Sachs Group	-	Long-term bond investments	164,960	164,521	-	164,218	
	Lehman Brothers Holdings	-	Long-term bond investments	164,960	164,694	-	163,310	
	Commonwealth Bank Australia	-	Long-term bond investments	164,960	165,653	-	165,042	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Far East Capital Corporation	<u>Stock (common stock)</u> Grant Financial Group (Aegis)	An investee accounted for by the cost method	Long-term equity investments	154	\$ 3,563	1.39%	\$ -	
	Metropolis Digital	An investee accounted for by the cost method	Long-term equity investments	116	8,281	7.98%	151	
	Hollywood International Financial Inc.	An investee accounted for by the cost method	Long-term equity investments	-	-	15.01%	(61)	
	PCRS Capital Partners LLC	An investee accounted for by the cost method	Long-term equity investments	-	3,299	4.00%	-	
	<u>Stock (preferred stock)</u> AgraQuest, Inc.	An investee accounted for by the cost method	Long-term equity investments	100	7,753	0.79%	7,753	
	Iphysician Net Inc.	An investee accounted for by the cost method	Long-term equity investments	88.25	11,646	0.32%	11,646	
	Silicon Motion Inc.	An investee accounted for by the cost method	Long-term equity investments	60.965	8,248	0.22%	8,248	
	Click2Asia Inc.	An investee accounted for by the cost method	Long-term equity investments	60	3,299	0.18%	3,299	
	TVIA, Inc.	An investee accounted for by the cost method	Long-term equity investments	100	8,248	0.22%	8,248	
	Media Now!, Inc. dba 2NetFX, Inc.	An investee accounted for by the cost method	Long-term equity investments	450	7,423	3.60%	7,423	
	Softknot Corp.	An investee accounted for by the cost method	Long-term equity investments	250	6,598	2.00%	6,598	
	SinoPac Leasing Corporation	<u>Stock</u> Grand Capital International Limited	A subsidiary of the Company	Long-term equity investments	29,900	1,111,412	100.00%	1,111,412
Bank of Overseas Chinese		An investee accounted for by the cost method	Long-term equity investments	5,782	82,836 (Note 3)	0.35%	16,883	
Chain Yarn Co., Ltd.		An investee accounted for by the cost method	Long-term equity investments	1,969	38,444	1.90%	19,731	
Prime Electronics Corp.		An investee accounted for by the cost method	Long-term equity investments	688	18,773	1.11%	6,493	
Tekcon Electronics Corp.		An investee accounted for by the cost method	Long-term equity investments	832	20,768	1.51%	8,537	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Grand Capital International Limited	Global Securities Finance Corporation	An investee accounted for by the cost method	Long-term equity investments	1,423	\$ 15,664	0.19%	\$ 16,646	
	Z-Com, Inc.	An investee accounted for by the cost method	Long-term equity investments	300	6,600	0.50%	867	
	Walsin Advanced Electronics Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,389	23,616	0.45%	16,874	
	<u>Venture fund</u>							
	Bio Asia Investment, LLC/BDF II	-	Long-term equity investments	0.00125	13,197	2.30%	18,082	
	World Wide Multimedia L.P.	-	Long-term equity investments	0.005	82,480	16.67%	80,381	
	NAVF II	-	Long-term equity investments	-	19,795	2.00%	18,549	
	<u>Stock (preferred stock)</u>							
	Silicon Motion Inc.	An investee accounted for by the cost method	Long-term equity investments	75	9,898	0.36%	9,898	
	@Network, Inc.	An investee accounted for by the cost method	Long-term equity investments	100	9,898	0.56%	9,898	
	Best 3C. Com, Inc.	An investee accounted for by the cost method	Long-term equity investments	600	14,846	1.67%	14,846	
	e21 Corp.	An investee accounted for by the cost method	Long-term equity investments	200	9,898	1.49%	9,898	
	Media Now!, Inc. dba 2NetFx, Inc.	An investee accounted for by the cost method	Long-term equity investments	550	9,072	4.54%	9,072	
	Netvista (B.V.I.) Holding Company, Ltd.	An investee accounted for by the cost method	Long-term equity investments	600	9,898	3.30%	9,898	
	<u>Stock (common stock)</u>							
Q-East Bermuda Holding Limited	An investee accounted for by the cost method	Long-term equity investments	53	16,945	1.10%	1,150		
Ciphergen Biosystems Inc.	An investee accounted for by the cost method	Long-term equity investments	45	9,426	0.22%	19,671		
<u>Convertible Bond</u>								
Macronix Int'l Co.	-	Short-term investments	\$ 16,496	16,529	-	16,727		

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Aetna Sinopac Credit Card Co., Ltd.	<u>Beneficiary</u> Jardine Fleming First Bond Fund	-	Short-term investments	802	\$ 10,000	-	\$ 10,001	
SinoPac Securities Co., Ltd.	<u>Stock</u> SinoPac Asset Management Corp. (B.V.I)	A subsidiary of the Corporation	Long-term equity investments	7,000	230,351	100.00%	230,351	
SinoPac Asset Management Corp. (B.V.I.)	<u>Stock</u> SinoPac Securities (H.K.) Limited	A subsidiary of the Corporation	Long-term equity investments	5,000	20,273	100.00%	20,266	
	<u>Corporate bond</u> AT&T CORP	-	Short-term investments	\$ 16,496	15,539	-	15,770	
	AT&T CORP1	-	Short-term investments	\$ 32,992	29,759	-	29,396	
	MORGAN STANLEY DEAN WITTER	-	Short-term investments	\$ 32,992	34,081	-	35,565	
	<u>Convertible bond</u> DELTA ELEC. INC.CV	-	Short-term investments	\$ 32,992	36,642	-	32,662	
	MACRONIX INTL.CO.CV (REGS)	-	Short-term investments	\$ 49,488	53,909	-	50,214	
SinoPac Capital Limited	<u>Stock</u> SinoPac Capital (B.V.I.) Ltd.	A subsidiary of the Company	Long-term equity investments	4,450	175,287	100.00%	175,287	
SinoPac Capital (B.V.I.) Ltd.	<u>Convertible bill</u> Silicon Magic Corporation	-	Short-term investments	\$ -	98,976	-	-	
	<u>Stock</u> SinoCap Partners Ltd.	A subsidiary of the Company	Long-term equity investments	0.002	(293)	100.00%	(293)	
	Allstar Venture Ltd.	A subsidiary of the Company	Long-term equity investments	0.002	(633)	100.00%	(633)	
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	A subsidiary of the Company	Long-term equity investments	4,800	42,214	60.00%	36,952	

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
SinoCap Partners Ltd.	Divio, Inc.	-	Long-term equity investments	125	\$ 16,496	0.66%	\$ 3,022	
	Alaska Seafood International, LLC(ASI)	-	Long-term equity investments (prepayments for capital subscription)	-	82,480	-	-	
	<u>Venture fund</u> Source One Venture Fund	-	Long-term equity investments	2,000	67,403	71.43%	62,922	
Allstar Venture Ltd.	<u>Stock</u> Wal Tech International Corporation	A subsidiary of the Company	Long-term equity investments	4,997	53,777	99.94%	47,873	
	<u>Venture fund</u> InveStar Excellsus	-	Long-term equity investments	2,000	80,599	6.90%	89,564	
	UOB	-	Long-term equity investments	26	73,440	8.62%	75,553	
	MDS Life Sciences Technology Fund	-	Long-term equity investments	35	83,041	2.60%	36,803	
	<u>Stock (preferred stock)</u> Sunol Molecular Corp.	An investee accounted for by the cost method	Long-term equity investments	100	16,661	1.00%	16,661	
	Phytoceutica, Inc.	An investee accounted for by the cost method	Long-term equity investments	200	17,024	1.50%	17,024	
	Selective Genetics, Inc.	An investee accounted for by the cost method	Long-term equity investments	50	10,228	0.43%	10,228	
	Immusol, Inc.	An investee accounted for by the cost method	Long-term equity investments	25	10,129	0.19%	10,129	
	Virtual Silicon Technology, Inc.	An investee accounted for by the cost method	Long-term equity investments	120	10,096	0.90%	10,096	
	<u>Stock (common stock)</u> Delta Pharmaceutica, Inc.	An investee accounted for by the cost method	Long-term equity investments	143	16,859	0.47%	7,250	
Global Semiconductor Manufacturing Corporation	An investee accounted for by the cost method	Long-term equity investments	500	16,892	0.43%	-		

(Forward)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2000				Note
				Shares/Units/ Face Value (in Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 2)	
Wal Tech International Corporation	Stock							
	Multiwin Asset Management Co., Ltd.	An investee accounted for by the equity method	Long-term equity investments	1,800	\$ 13,489	30.00%	\$ 13,489	
	Intellisys Corp.	An investee accounted for by the equity method	Long-term equity investments	2,970	148,500	18.00%	41,436	
	Medigen Biotechnology Corp.	An investee accounted for by the cost method	Long-term equity investments	1,950	19,500	2.95%	18,916	
	Fu Po Electronics Corporation	An investee accounted for by the cost method	Long-term equity investments	1,650	29,700	1.83%	5,709	
	Webi & Neti Internet Services Inc.	An investee accounted for by the cost method	Long-term equity investments	250	5,000	2.63%	1,972	
	YesMobile Ltd.	An investee accounted for by the cost method	Long-term equity investments	400	12,000	2.00%	6,184	
	SynTest Technologies, Inc., Taiwan	An investee accounted for by the cost method	Long-term equity investments	70	10,598	0.35%	669	
	Taiwan Leader Copper Clad Laminate Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,500	15,000	1.53%	16,085	
	RUNHORN PRETECH Engineering Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	4,000	40,000	10.00%	29,898	
	Media Reality Technologies, Inc.	An investee accounted for by the cost method	Long-term equity investments	1,000	16,997	3.03%	8,414	
Advanced Power Electronics Corp.	An investee accounted for by the cost method	Long-term equity investments	660	14,520	1.32%	8,627		

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

Note 2: Market price are determined as follows:

- a. Listed and over-the-counter stocks and beneficiary certificates – average daily closing prices for the last month of the accounting period;
- b. Unlisted stocks and other unlisted investments – the net asset values are based on the investees' unaudited financial statements, except for those of SinoPac Bancorp, Far East Capital Corporation, SinPac Leasing Corporation, Grand Capital International Limited, SinoPac Securities Investment Advisory Co., Ltd., SinoPac Capital Limited, SinoPac Securities Co., Ltd., SinoPac Asset Management Corp. (B.V.I.), Aetna Sinopac Credit Card Co., Ltd., SinoCap Partners Ltd., Allstar Venture Ltd., Z-Com, Inc., Taiwan International Merchantile Exchange Corp., Global Securities Finance Corp., Fuh-Hwa Investment Trust Co., Ltd., Taipei Forex Inc., Financial Information Services Co., Ltd., Taiwan Leader Copper Clad Laminate Co., Ltd., Far East National Bank, Federal Reserve Bank, Federal Home Loan Bank, InveStar Excellus, UOB, MDS Life Sciences Technology, Q-East Bermuda Holding Limited, Metropolis Digital, Hollywood International Financial Inc., Bio Asia Investments, LLC/BDF II, Walsin Advanced Electronics Ltd., Multiwin Asset Management Co., Ltd., SynTest Technologies, Inc., Taiwan, Fu Po Electronics Corporation, and Apack Technology Inc. are based on the investees' audited financial statements for the latest period;
- c. Preferred stocks - the market values are estimated at their carrying values.

Note 3: The amounts are before deducting related unrealized losses.

BANK SINOPAC AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COST OR PRICE OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
For the Year Ended December 31, 2000
(Amounts in Thousand New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Account of Financial Statement	Counterparty	Relationship	Beginning Balance		Acquisition (Note 3)		Disposal			Ending Balance		
					Shares/Units/ Face Value (In Thousand)	Amount	Shares/Units/ Face Value (In Thousand)	Amount	Shares/Units/ Face Value (In Thousand)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units/ Face Value (In Thousand)	Amount
Bank SinoPac	<u>Stock</u> SinoPac Securities Co., Ltd.	Long-term equity investments	SinoPac Leasing Corporation	A subsidiary of the Bank	-	\$ -	197,109	\$ 2,294,238	-	\$ -	\$ -	\$ -	197,109	\$ 2,294,238
	SinoPac Capital Limited	Long-term equity investments	-	-	29,998	124,475	80,000	372,670	-	-	-	-	109,998	497,145
	China Television Co., Ltd. (Note 2)	Long-term equity investments	-	-	-	-	11,874	364,539	-	-	-	-	11,874	364,539
SinoPac Leasing Corporation	<u>Stock</u> SinoPac Securities Co., Ltd.	Long-term equity investments	Bank SinoPac	Parent company	140,314	1,686,025	44,245	1,052,037	184,559	2,502,431	2,738,062	(235,631)	-	-
	Bank SinoPac	Long-term equity investments	-	-	24,915	358,569	-	-	24,915	516,571	358,569	158,002	-	-
	Trans Asia Development Co., Ltd.	Long-term equity investments	-	-	13,300	178,220	-	-	13,300	206,549	178,220	28,329	-	-
	Grand Capital International Limited	Long-term equity investments	-	-	700	22,371	29,200	1,089,041	-	-	-	-	29,900	1,111,412
SinoPac Securities Co., Ltd.	<u>Stock</u> SinoPac Asset Management Corp. (B.V.I.)	Long-term equity investments	-	-	-	-	7,000	230,351	-	-	-	-	7,000	230,351
SinoPac Asset Management Corp. (B.V.I.)	<u>Convertible bond</u> MACRONIX INTL.CO.CV (REGS)	Short-term investments	-	-	-	-	\$ 49,488	53,909	-	-	-	-	\$ 49,488	53,909
SinoPac Capital Limited	<u>Stock</u> SinoPac Capital (B.V.I.) Ltd.	Long-term investments	-	-	-	39,418	4,450	135,869	-	-	-	-	4,450	175,287
SinoPac Capital (B.V.I.) Ltd.	<u>Convertible bill</u> Silicon Magic Corporation	Short-term investments	-	-	-	-	-	98,976	-	-	-	-	-	98,976
	<u>Stock</u> Shanghai International Asset Management (Hong Kong) Co., Ltd.	Long-term investments	-	-	-	-	4,800	42,214	-	-	-	-	4,800	42,214
	Alaska Seafood International, LLC (ASI)	Long-term investments (prepayments for capital subscription)	-	-	-	-	-	82,480	-	-	-	-	-	82,480
Aetna Sinopac Credit Card Co., Ltd.	<u>Beneficiary</u> Jardine Fleming First Bond Fund	Short-term investments	-	-	-	-	10,800	133,000	9,998	123,046	123,000	46	802	10,000
SinoCap Partners Ltd.	<u>Venture fund</u> Source One Venture Fund	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	-	2,000	67,403	-	-	-	-	2,000	67,403
	<u>Stock</u> Wal Tech International Corporation	Long-term equity investments	SinoPac Leasing Corporation	An affiliate company	-	-	4,997	53,777	-	-	-	-	4,997	53,777
Allstar Venture Ltd.	<u>Venture fund</u> InveStar Excellsus	Long-term equity investments	Asian Glory International Limited	An affiliate company	-	-	2,000	80,599	-	-	-	-	2,000	80,599
	UOB	Long-term equity investments	Asian Glory International Limited	An affiliate company	-	-	26	73,440	-	-	-	-	26	73,440
	MDS Life Sciences Technology Fund	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	-	35	83,041	-	-	-	-	35	83,041
	<u>Stock (common stock)</u> Delta Pharmaceutica, Inc.	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	-	143	16,859	-	-	-	-	143	16,859
	Global Semiconductor Manufacturing Corporation	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	-	500	16,892	-	-	-	-	500	16,892

(Forward)

Company Name	Type and Name of Marketable Securities	Account of Financial Statement	Counterparty	Relationship	Beginning Balance		Acquisition (Note 3)		Disposal				Ending Balance		
					Shares/Units/ Face Value (In Thousand)	Amount	Shares/Units/ Face Value (In Thousand)	Amount	Shares/Units/ Face Value (In Thousand)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units/ Face Value (In Thousand)	Amount	
Wal Tech International Corporation	<u>Stock (preferred stock)</u> Sunol Molecular Corp.	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	\$ -	100	\$ 16,661	-	\$ -	\$ -	\$ -	-	100	\$ 16,661
	Phytoceutica, Inc.	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	-	200	17,024	-	-	-	-	-	200	17,024
	Selective Genetics, Inc.	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	-	50	10,228	-	-	-	-	-	50	10,228
	Immusol, Inc.	Long-term equity investments	Grand Capital International Limited	An affiliate company	-	-	25	10,129	-	-	-	-	-	25	10,129
	Virtual Silicon Technology, Inc.	Long-term equity investments	Asian Glory International Limited	An affiliate company	-	-	120	10,096	-	-	-	-	-	120	10,096
	<u>Stock</u> Medigen Biotechnology Corp.	Long-term equity investments	-	-	-	-	1,950	19,500	-	-	-	-	-	1,950	19,500
	Fu Po Electronics Corporation	Long-term equity investments	-	-	-	-	1,650	29,700	-	-	-	-	-	1,650	29,700
	Multiwin Asset Management Co., Ltd.	Long-term equity investments	-	-	-	-	1,800	13,489	-	-	-	-	-	1,800	13,489
	Intellisys Corp.	Long-term equity investments	-	-	-	-	2,970	148,500	-	-	-	-	-	2,970	148,500
	YesMobile Ltd.	Long-term equity investments	-	-	-	-	400	12,000	-	-	-	-	-	400	12,000
	SynTest Technologies, Inc., Taiwan	Long-term equity investments	-	-	-	-	70	10,598	-	-	-	-	-	70	10,598
	Taiwan Leader Copper Clad Laminate Co., Ltd.	Long-term equity investments	-	-	-	-	1,500	15,000	-	-	-	-	-	1,500	15,000
	RUNHORN PRETECH Engineering Co., Ltd.	Long-term equity investments	-	-	-	-	4,000	40,000	-	-	-	-	-	4,000	40,000
	Media Reality Technologies, Inc.	Long-term equity investments	-	-	-	-	1,000	16,997	-	-	-	-	-	1,000	16,997
	Advanced Power Electronics Corp.	Long-term equity investments	-	-	-	-	660	14,520	-	-	-	-	-	660	14,520

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

Note 2: In September 2000, the board of directors resolved to reclassify the investment in China Television Co., Ltd. from securities purchased to long-term equity investments.

Note 3: Consist of acquisition costs, stock dividends, investment income or losses recognized under the equity method and cumulative translation adjustments.

Note 4: The amounts are before deducting related unrealized losses.

BANK SINOPAC AND INVESTEEES

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COST OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL
 For the Year Ended December 31, 2000
 (Amounts in Thousand New Taiwan Dollars)

Company Name	Property	Transaction Date	Amount of Transaction	Status of Payment	Counterparty	Relationship	Prior Period's Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Acquisition Terms
							Owner	Relationship	Date of Transfer	Amount			
Bank SinoPac	Land and buildings	2000.05.26	\$ 218,906	Paid	Fung-Shang Wang, etc.	None	-	-	-	-	Appraisal report issued by professional organization. Reference price: \$200,339	For self-use	None
Bank SinoPac	Land and buildings	2000.12.22	178,000	\$18,000 of the transaction amount has been paid.	Tong Lung Metal Industry Co., Ltd.	None	-	-	-	-	Appraisal report issued by professional organization. Reference price: \$179,000	For self-use	None

BANK SINOPAC AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL

December 31, 2000

(Amounts in Thousand New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Management		
Bank SinoPac	Aetna Sinopac Credit Card Co., Ltd.	A subsidiary of the Bank	\$759,276 (Note)	-	\$ -	-	\$ -	\$ -

Note: Included the amounts of account receivable of credit card business transfer and advanced payments made by the Bank for Aetna Sinopac Credit Card Co., Ltd.

BANK SINOPAC AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
For the Year Ended December 31, 2000
(Amounts in Thousand New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2000			Net Income (Losses) of the Investee	Recognized Gains (Losses) on Investment	Note
				Dec. 31, 2000	Dec. 31, 1999	Shares (Thousand)	Percentage of Ownership (%)	Carrying Value			
Bank SinoPac	SinoPac Bancorp	350 S. Grand Avenue, 41st Floor Los Angeles, California 90071	Stock holding Company	\$ 3,375,276	\$ 3,375,276	20	100.00	\$ 3,987,370	\$ 283,019	\$ 331,774	
	Rocorp Holding S.A.	23, rue Beaumont L-1219, Luxembourg	Stock holding Company	3,531	3,531	0.11	33.33	3,531	819	-	
	SinoPac Leasing Corporation	7F, 132, 136, Nanking E. Road, Sec.3, Taipei, Taiwan, R.O.C.	Engaged in leasing of aircraft and machinery equipment	999,940	999,940	132,592	99.77	1,875,864	282,618	498,702	
	SinoPac Securities Investment Advisory Co., Ltd.	4F, 132, Nanking E. Road, Sec. 3 Taipei, Taiwan, R.O.C.	Securities analysis and investment advisory	9,940	9,940	994	99.40	11,088	1,040	980	
	SinoPac Capital Limited	1802Rm, 18F, Gloden Centre, 188 Des Voeux Road, Central, Hong Kong	Lend and financing	467,597	128,157	109,998	99.998	497,145	28,292	26,827	
	SinoPac Financial Consulting Co., Ltd.	6F, 9-1 Chien Kuo N. Road, Sec. 2, Taipei, Taiwan, R.O.C.	Investment advisory and business management advisory	1,940	1,940	194	97.00	2,007	50	67	
	SinoPac Securities Co., Ltd.	9F, 132, 136, Nanking E. Road, Sec. 3, Taipei, Taiwan, R.O.C.	Brokerage, dealing, and underwriting of securities	2,502,431	-	197,109	91.72	2,294,238	257,037	(206,188)	
	Aetna Sinopac Credit Card Co., Ltd.	12F, 760, Patche Road, Sec. 4, Taipei Taiwan, R.O.C.	Credit card business	500,970	500,970	50,097	50.10	302,050	(364,239)	(198,920)	
	SinoPac Life Insurance Agent Co., Ltd.	3F, 9-1, Chien Kuo N. Road, Sec. 2, Taipei, Taiwan, R.O.C.	Life insurance agent	1,940	-	194	97.00	2,051	114	111	
SinoPac Property Insurance Agent Co., Ltd.	3F, 9-1, Chien Kuo N. Road, Sec. 2, Taipei, Taiwan, R.O.C.	Property insurance agent	1,940	-	194	97.00	2,194	261	254		
SinoPac Bancorp	Far East National Bank	350 S. Grand Avenue, 41st Floor Los Angeles, California 90071	Commercial bank	3,388,754	3,388,754	170	100.00	3,966,859	283,005	283,005	Note 2
Far East National Bank	Far East Capital Corporation	350 S. Grand Avenue, 41st Floor Los Angeles, California 90071	Investment bank	115,472	115,472	350	100.00	94,390	(3,860)	(3,860)	Note 3
	FENB Securities, Inc.	350 S. Grand Avenue, 41st Floor Los Angeles, California 90071	Brokerage of securities	825	-	2.5	100.00	726	(99)	(99)	Note 3
SinoPac Leasing Corporation	Grand Capital International Limited	P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Oversea trading, leasing, lending and financing	986,461	23,094	29,900	100.00	1,111,412	124,842	118,286	Note 4
SinoPac Securities Co., Ltd.	SinoPac Asset Management Corp. (B.V.I.)	24 De Castro Street, Wickams Cay L Road Two Tortola, British Virgin Islands	Securities brokerage and investment advisory	271,344	-	7,000	100.00	230,351	(563)	(567)	Note 5
SinoPac Asset Management Corp. (B.V.I.)	SinoPac Securities (H.K.) Limited	1803 Rm, 18F, Golden Centre, 188 Des Voeux Road, Central, Hong Kong	Securities brokerage, investment advisory, fund management and security business	19,920	-	5,000	100.00	20,273	(883)	(884)	Note 6

(Forward)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2000			Net Income (Losses) of the Investee	Recognized Gains (Losses) on Investment	Note
				Dec. 31, 2000	Dec. 31, 1999	Shares (Thousand)	Percentage of Ownership (%)	Carrying Value			
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	P. O. Box 957, East Asia Changers, Road Town, Tartola, British Virgin Islands	Financial advisory	\$ 146,814	\$ -	4,450	100.00	\$ 175,287	\$ 23,485	\$ 23,485	Note 7
SinoPac Capital (B.V.I.) Ltd.	SinoCap Partners Ltd.	P. O. Box 901, East Asia Changers, Road Town, Tartola, British Virgin Islands	Investment corporation	0.066	-	0.002	100.00	(293)	(293)	(293)	Note 8
	Allstar Venture Ltd.	P. O. Box 901, East Asia Changers, Road Town, Tartola, British Virgin Islands	Investment corporation	0.066	-	0.002	100.00	(633)	(633)	(633)	Note 8
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Unit 1608 Jardine House, Central, Hong Kong	Asset management corporation	42,299	-	4,800	60.00	42,214	1,600	(85)	Note 8
SinoCap Partners Ltd.	Wal Tech International Corporation	7F, 132, 136, Nanking E. Road, Sec. 3, Taipei, Taiwan, R.O.C.	Leasing, international trading, and sale of machinery equipment	53,974	-	4,997	99.94	53,777	(2,223)	(230)	Note 9
Wal Tech International Corporation	Mutiwin Asset Management Co., Ltd.	13F, 102, Civil Boulevard Sec. 4, Taipei, Taiwan, R.O.C.	Asset management corporation	18,000	-	1,800	30.00	13,489	(15,038)	(4,511)	Note 10
	Intellisys Corp.	705 Rm, 205 Tunhwa S. Road, Sec. 1, Taipei, Taiwan, R.O.C.	Computer and peripheral system integration engineering, software development and design	148,500	-	2,970	18.00	148,500	6,115	-	Note 10

Note 1: Foreign-currency amounts are translated to New Taiwan Dollars at the exchange rate at the balance sheet date.

Note 2: A subsidiary of SinoPac Bancorp, and the investment information of percentage of ownership and the carrying value is related to SinoPac Bancorp.

Note 3: A subsidiary of Far East National Bank, and the investment information of percentage of ownership and the carrying value is related to Far East National Bank.

Note 4: A subsidiary of SinoPac Leasing Corporation, and the investment information of percentage of ownership and the carrying value is related to SinoPac Leasing Corporation.

Note 5: A subsidiary of SinoPac Securities Co., Ltd., and the investment information of percentage of ownership and the carrying value is related to SinoPac Securities Co., Ltd.

Note 6: A subsidiary of SinoPac Asset Management Corp. (B.V.I.) and the investment information of percentage of ownership and the carrying value is related to SinoPac Asset Management Corp. (B.V.I.).

Note 7: A subsidiary of SinoPac Capital Limited, and the investment information of percentage of ownership and the carrying value is related to SinoPac Capital Limited.

Note 8: A subsidiary of SinoPac Capital (B.V.I.) Ltd., and the investment information of percentage of ownership and the carrying value is related to SinoPac Capital (B.V.I.) Ltd.

Note 9: A subsidiary of SinoCap Partners Ltd., and the investment information of percentage of ownership and the carrying value is related to SinoCap Partners Ltd.

Note 10: An investee of Wal Tech International Corporation, and the investment information of percentage of ownership and the carrying value is related to Wal Tech International Corporation.