



  
*SinoPac Bank SinoPac*

**2004** / ANNUAL REPORT

## **Awards from the International Media:**

- Nov. 2004, rated by The Asset: The Best Domestic Bank in Taiwan
- May 2004, rated by Global Finance: The Best Emerging Market Bank in Taiwan
- Nov. 2003, rated by The Asset: The Best Domestic Commercial Bank in Taiwan
- Sept. 2003, rated by Euromoney: The Best Corporate Governance Company in Taiwan
- Sept. 2003, rated by The Banker: Bank of the Year in Taiwan
- Sept. 2003, rated by Global Finance: The Best Corporate/Institutional Internet Bank/Taiwan
- Jul. 2003, rated by Euromoney: The Best Bank in Taiwan
- May 2003, rated by Asiamoney: The Best Domestic Commercial Bank in Taiwan
- Jan. 2003, rated by The Asset: The Best Domestic Commercial Bank in Taiwan
- Dec. 2002, rated by The Asset: Best in Corporate Governance, Taiwan
- Sep. 2002, rated by Global Finance: The World's Best Corporate / Institutional integrated Site, Best Corporate / Institutional Integrated Site in Asia Pacific, Best Consumer Integrated Site in Asia Pacific, Best Corporate / Institutional Internet Bank in Taiwan, Best Consumer Internet Bank in Taiwan
- Jul. 2002, rated by Euromoney: The Best Commercial Bank in Taiwan and Best Corporate Governance in Taiwan
- May 2002, rated by Asiamoney: The Best Domestic Commercial Bank in Taiwan
- Dec. 2001, rated by The Asset: The Best Commercial Bank in Taiwan
- May 2001, rated by Global Finance: The Best Bank in Taiwan
- Sept. 2000, rated by The Banker: Bank of the Year in Taiwan



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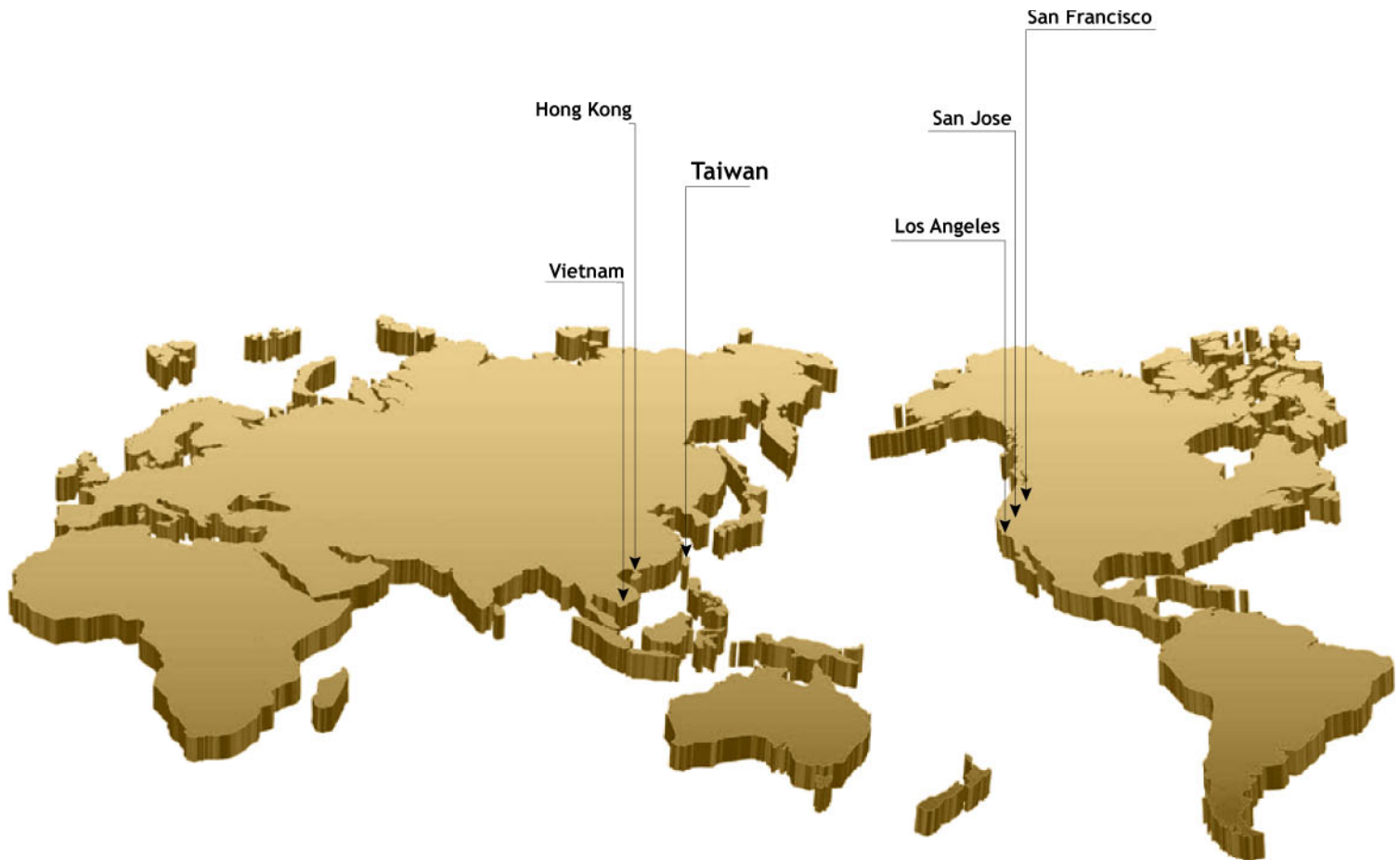


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**A Customer-driven Financial Service Provider**  
Dynamic Growth · Execution Power · Performer of Excellence



## *The Integrated Service Network of Bank SinoPac and Its Affiliates*





## 2004 ANNUAL REPORT

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## Office Locations

### Office Locations

● Headquarters : 9-1 Chien Kuo North Road, Section 2, Taipei 104	Tel : (02)2508-2288	Fax : (02)2508-3456
● Northern Operations Center : 66, Lane 9, Sung Shan Road, Taipei 105	Tel : (02) 8761-2288	Fax : (02) 8761-2211
● Southern Operations Center : 441 Yu Chen Road, Jwojin, Kaohsiung 813	Tel : (07) 557-5888	Fax : (07) 557-4777
● Banking Division : B1-3F, 45 Han Ko Street, Section 1, Taipei 100	Tel : (02) 2388-1111	Fax : (02) 2382-4243
● Trust Division : 19F, 4 Chung Hsiao West Road, Section 1, Taipei 100	Tel : (02) 2371-9998	Fax : (02) 2311-7777
● International Division : 10F, 9-1 Chien Kuo North Road, Section 2, Taipei 104	Tel : (02)2508-2288	Fax : (02) 2517-3473
● Offshore Banking Unit : 3F, 9-1 Chien Kuo North Road, Section 2, Taipei 104	Tel : (02) 2508-2288	Fax : (02) 2515-5181
● Treasury Division : 5F, 306, Bade Road, Section 2, Taipei 104	Tel : (02) 8161-8888	Fax : (02) 8772-0691
● Tunpei Branch : 209 Tun Hua North Road, Taipei 105	Tel : (02) 2712-7899	Fax : (02) 2719-8548
● Taipei Branch : 9-1 Chien Kuo North Road, Section 2, Taipei 104	Tel : (02) 2508-2288	Fax : (02) 2517-2761
● Chunghsiao Branch : 1, Lane 236, Tun Hua South Road, Section 1, Taipei 106	Tel : (02) 2778-8811	Fax : (02) 2778-4783
● Sungshan Branch : 12 Tung Hsing Road, Taipei 105	Tel : (02) 2746-9888	Fax : (02) 2768-5999
● Hsinyi Branch : 187 An Ho Road, Section 2, Taipei 106	Tel : (02) 8732-6888	Fax : (02) 8732-5999
● Tungmen Branch : 189 Hsin Yi Road, Section 2, Taipei	Tel : (02) 2392-6611	Fax : (02) 2397-2211
● Chungshan Branch : 192 Sung Chiang Road, Taipei 104	Tel : (02) 2567-9911	Fax : (02) 2563-7047
● Chunglun Branch : 3F, 306 Bade Road, Section 2, Taipei 104	Tel : (02) 8161-8000	Fax : (02) 8772-0650
● Panchiao Branch : 186 Min Chuan Road, Panchiao 220	Tel : (02) 2968-1616	Fax : (02) 2968-4289
● Hsinchuang Branch : 265 Hsin Tai Road, Hsinchuang 242	Tel : (02) 2992-9898	Fax : (02) 2992-2955
● Sanchung Branch : 80 Chung Hsiao Road, Section 2, Sanchung 241	Tel : (02) 2983-3008	Fax : (02) 2984-0551
● North Sanchung Branch : 55 Cheng Yi North, Road, San-Chung 241, Taipei	Tel : (02) 8985-2888	Fax : (02) 8985-2999
● Luchou Branch : 160 Chung Shan 1st Road, Luchou 247	Tel : (02) 8285-0088	Fax : (02) 8285-1188
● Shuangho Branch : 253 Chung Cheng Road, Yungho 234	Tel : (02) 2232-9988	Fax : (02) 2232-9977
● Hsintien Branch : 260 Peh Hsin Road, Section 2, Hsintien 231	Tel : (02) 2912-7799	Fax : (02) 2911-1622
● Tucheng Branch : 124 Hsueh Fu Road, Section 1, Tucheng 236	Tel : (02) 2266-2000	Fax : (02) 2266-5000
● Tianmu Branch : 249 Chung Chen Road, Section 2, Taipei 111	Tel : (02) 2872-1177	Fax : (02) 2872-2277
● East Taipei Branch : 380 Keelung Road, Sec. 1, Taipei 110	Tel : (02) 2345-1177	Fax : (02) 2345-0077
● Ta An Branch : 46 Hsin Yi Road, Section 4, Taipei 106	Tel : (02) 2704-9911	Fax : (02) 2784-9955
● Chungcheng Branch : 172 Luosfu Road, Section 2, Taipei 100	Tel : (02) 2367-2888	Fax : (02) 2369-8886
● Nei Hu Branch : 244 Nei Hu Road, Section 1, Taipei 114	Tel : (02) 8797-6633	Fax : (02) 8797-6655
● East Panchiao Branch : 147 Chung Shan Road, Section 2, Panchiao 220	Tel : (02) 8952-2200	Fax : (02) 8952-2211
● Keelung Branch : 10, Ren Wu Road, Keelung 200	Tel : (02) 2423-2323	Fax : (02) 2422-9955



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● Taoyuan Branch : 51 Fu Hsing Road, Taoyuan 330	Tel : (03) 333-9000	Fax : (03) 332-5266
● Chungli Branch : 160 Tzu Hui 3rd Street, Chungli 320	Tel : (03) 427-8988	Fax : (03) 427-1739
● North Taoyuan Branch : 656 Chun Ji Road, Taoyuan 330	Tel : (03) 317-8889	Fax : (03) 317-9989
● Hsinchu Branch : 293 Kuang Fu Road, Section 2, Hsinchu 300	Tel : (03) 572-8866	Fax : (03) 572-5125
● Guanghwa Branch : 35 Tien Mei 3rd Street, Hsinchu 300	Tel : (03) 535-6688	Fax : (03) 535-6191
● Chupei Branch : 1-2F, 87-6, Kuang Ming Leo Road, Chupei City, Hsinchu 302	Tel : (03) 553-0000	Fax : (03) 553-5866
● Taichung Branch : 101 Tzu Yu Road, Section 1, Taichung 403	Tel : (04) 2220-5766	Fax : (04) 2229-5756
● North Taichung Branch : 1027 Wen Hsin Road, Section 3, Taichung 406	Tel : (04) 2293-8101	Fax : (04) 2293-8102
● South Taichung Branch : 66 Kung I Road, Section 2, Taichung 408	Tel : (04) 2323-2468	Fax : (04) 2320-4726
● Changhua Branch : 317 Min Tsu Road, Changhua 500	Tel : (04) 726-3111	Fax : (04) 726-3065
● Fong Yuan Branch : 139, Sanmin Road, Fong Yuan City, Taichung Country 420	Tel : (04) 2520-8966	Fax : (04) 2529-0271
● Chiayi Branch : 338 Hsing Yeh West Road, Chiayi 600	Tel : (05) 235-7888	Fax : (05) 235-9888
● Tainan Branch : 114 Chien Kang Road, Section 2, Tainan 702	Tel : (06) 223-2888	Fax : (06) 223-2822
● East Tainan Branch : 163 Chang Ron Road, Section 2, Tainan 701	Tel : (06) 200-5566	Fax : (06) 200-5599
● YungKang Branch : 725 Chung Hua Road, Yung Kang, Tainan 710	Tel : (06) 202-8599	Fax : (06) 202-8598
● Kaohsiung Branch : 143 Chung Cheng 2nd Road, Kaohsiung 802	Tel : (07) 224-3733	Fax : (07) 225-6018
● Sanmin Branch : 78 Min Tsu 1st Road, Kaohsiung 807	Tel : (07) 392-8988	Fax : (07) 392-6476
● South Kaohsiung Branch : 100 Jong Hwa 4th Road, Kaohsiung 802	Tel : (07) 535-1111	Fax : (07) 536-9455
● North Kaohsiung Branch : 1-2F, 441 Yu Chen Road, Jwojin, Kaohsiung 813	Tel : (07) 557-5888	Fax : (07) 557-4777
● Fengshan Branch : 366 Kuang Yuan Road, Fengshan 830	Tel : (07) 710-8866	Fax : (07) 710-2860
● Pingtung Branch : 14, Fu Shing North. Road, Pingtung 900	Tel : (08) 732-3322	Fax : (08) 732-8702
● Hong Kong Branch : 23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	Tel : 852-2801-2801	Fax : 852-2851-3163
● Los Angeles Branch : Two California Plaza 350 South Grand Avenue, Suite 1650, Los Angeles, CA 90071, U. S. A.	Tel : (213) 437-4800	Fax : (213) 437-4848
● Vietnam Representative Office : 2A-4A Ton Duc Thang ST, Dist. 1, Ho Chi Minh City	Tel : (848) 825-7612	Fax : (848) 825-7676

### Subsidiary Locations

● SinoPac Leasing Co, Ltd. : 7F, 132 Nanking East Road, Section 3, Taipei 104	Tel : (02) 2778-7988	Fax : (02) 2778-7989
● SinoPac Financial Consulting Co, Ltd. : 9F, 306 Bade Road, Section 2, Taipei 104	Tel : (02) 8161-8716	Fax : (02) 8161-8720
● SinoPac Capital Limited : 23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	Tel : 852-2801-2828	Fax : 852-2851-3918





### Far East National Bank Locations

- Corporate Headquarters : Two California Plaza, 350 S. Grand Avenue, 41st F. Los Angeles, CA 90071 U.S.A. Tel : (213) 687-1200 Fax : (213) 687-8511

### Southern California

- L. A. Main Office : Two California Plaza, 350 S. Grand Avenue Los Angeles, CA 90071 U.S.A. Tel : (213) 687-1260 Fax : (213) 613-3884
- Alhambra Office : 105 E. Valley Blvd., Alhambra, CA 91801 U.S.A. Tel : (626) 293-3100 Fax : (626) 284-7636
- City of Industry Office : 17870 Castleton Street,#100, City of Industry, CA 91748 U.S.A. Tel : (626) 854-8450 Fax : (626) 854-2824
- Irvine Office : 15333 Culver Drive,#640, Irvine, CA 92604 U.S.A. Tel : (949) 936-1100 Fax : (949) 262-0905
- L. A. Chinatown Office : 977 N. Broadway, Los Angeles, CA 90012 U.S.A. Tel : (213) 687-1300 Fax : (213) 680-1535
- Monterey Park Office : 809 S. Atlantic Blvd. #101, Monterey Park, CA 91754 U.S.A. Tel : (626) 293-5100 Fax : (626) 284-1077
- Newport Beach Office : 4699 Jamboree Road, Newport Beach, CA 92660 U.S.A. Tel : (949) 442-3200 Fax : (949) 263-0418
- Pasadena Office : 301 N. Lake Avenue, Pasadena, CA 91101 U.S.A. Tel : (626) 397-6300 Fax : (626) 577-5526
- Arcadia Office : 635-637 West Duarte Road, Arcadia, CA 91007 U.S.A. Tel : (626) 821-3300 Fax : (626) 821-3301

### Northern California

- San Francisco Main Office : 500 Montgomery Street, San Francisco, CA 94111 U.S.A. Tel : (415) 986-2300 Fax : (415) 986-8839
- San Francisco Richmond / Sunset Office : 2309 Noriega Street, San Francisco, CA 94122 U.S.A. Tel : (415) 242-8200 Fax : (415) 242-8201
- Silicon Valley Office : 2001 Gateway Place, Suite 101-E, San Jose, CA 95110 U.S.A. Tel : (408) 487-0320 Fax : (408) 487-0333
- Fremont Office : 46560 Fremont Boulevard, Suite 403, Fremont, CA 94538 U.S.A. Tel : (510) 790-8500 Fax : (510) 713-1325
- Cupertino Office : 10465 South De Anza Boulevard, Cupertino, CA 95014 U.S.A. Tel : (408) 342-8000 Fax : (408) 342-8001
- Oakland Office : 1423 Broadway, Oakland, CA 94612 U.S.A. Tel : (510) 267-6800 Fax : (510) 267-6801

### Vietnam

- Ho Chi Minh City Office : Saigon Riverside Office Center, 2A-4A Ton Duc Thang ST, Dist. 1, HCMC Tel : (848) 822-0566 Fax : (848) 822-0560

### China

- Beijing Representative Office : Scitech Tower Rm. 911, No.22 Jianguo Men Wai Ave., Beijing, China 100004 Tel : (10) 6515-9118 Fax : (10) 6515-9117





星華銀行香港分行  
星華銀行有限公司  
星華資產管理有限公司

Sinopac Bank Hong Kong Branch  
Sinopac Capital Limited  
Sinopac Investment Management Limited



## 2004 ANNUAL REPORT

# Financial Highlights

(NT\$ in millions, except per share data)	2004	2003	2002	2001	2000
<b>For the Year</b>					
● Pretax income	4,903	3,012	2,760	2,016	2,257
● Net income	4,285	2,754	2,255	1,551	1,702
<b>At the Year End</b>					
● Deposits and remittances	329,552	304,288	235,997	217,610	199,135
● Loans (1)	260,718	210,582	187,069	167,150	155,295
● Total assets	471,441	409,994	330,702	278,429	235,057
● Shareholders' equity	28,234	26,147	24,996	23,321	22,151
<b>Per Share</b>					
● Earnings per share	2.20	1.42	1.18	0.81	0.97
● Shareholders' equity per share	14.52	13.45	12.86	12.25	12.72
● Dividends declared per share (2)					
– Cash dividend	0.73	0.9620	0.7810	0.4782	
– Stock dividend	0.73	-	-	-	1.00
<b>Capital Adequacy</b>					
● Risk-based capital ratio (BIS Ratio)	11.25%	10.50%	10.76%	10.47%	11.25%

NOTE : (1) Represents total loans, discounts and bills purchased.

(2) Earnings are distributed in the following year.

# Letter To Shareholders

Bank SinoPac had an outstanding year in 2004, with net income increasing by an unprecedented 56% to NT\$4.285 billion, equivalent to a record US\$140 million profit after tax. SinoPac's earnings per share in 2004 increased for the fourth consecutive year, from NT\$1.42 in 2003 to NT\$2.20 in 2004. This level of profitability resulted in a strong 15.76% return on equity. The management and staff of Bank SinoPac continue to exhibit a spirit of teamwork and professional dedication necessary to record such exemplary results during this period of volatile market conditions, changing financial markets, and overall economic uncertainty.

We will most assuredly continue to build an exceptional financial operation in the Pacific region. In March of 2004, we relocated our Hong Kong operations to the new 88-floor IFC Two Tower and expanded our commercial banking, securities and investment banking platforms aimed at serving our Taiwan clients in their overseas locations. Our wholly-owned subsidiary, Far East National Bank, headquartered in Los Angeles, received permission from the Central Bank of Vietnam to establish a full-service branch in Ho Chi Minh City and opened for business on October 22, 2004. This new venture gives our cross-Pacific efforts an operating presence in five locations: Taiwan, Hong Kong, China, Vietnam and the United States, and is linked by our cross-border multi-currency regional service platform called the CrossPacific Account (CPA) money transfer system.

On the domestic front, the local Taiwan economy grew by 5% despite volatile foreign exchange and money markets caused by political election and economic uncertainties. The global economy was also improving, led by a 9.1% economic growth rate in China, the manufacturing engine of the world, and a 4.3% economic expansion in the United States, the world's principal consumer market. Due to strong demand from new economic powerhouses such as China and India, the price of basic metals, brass, steel, and aluminum soared, and the price of crude oil shot up dramatically to US\$53 a barrel.

Tumultuous fluctuation of raw material prices has forced international markets using the U.S. Dollar index to go through structural adjustments. The exchange rate of the U.S. Dollar to global currencies started declining, leading to fluctuations in the stock and bond markets. The U.S. Federal Reserve adjusted interest rates upwards numerous times, thus ending the loose monetary policy of the past five years.

Due to the strong development of the global economy, and in particular the Chinese economy, Taiwan's economic growth rate is projected to increase by almost 6% in 2005, one of the highest of the past 15 years. Exports and investments are two key factors that drive Taiwan's economy, coupled with the purchasing strength of Taiwan's two key markets, the United States and China. While Taiwan's exports remain strong and steady, the price increase of raw materials have reduced Taiwan's traditional trade surplus substantially.

Despite the slowdown in exports, strong private investment in Taiwan was the stimulus for growth in domestic consumption. Taiwan's enormous private sector investments in semiconductors and optical-electronics in 2004, its investment in the trans-island high speed rail

has helped increase total investments by almost 25% each year, and has become the driving force behind economic growth. This investment growth helped to reduce the ratio of savings to GDP, and improved the effectiveness of resource allocation and economic growth.

Nevertheless, a key obstacle to steady growth during 2004 was the economic uncertainties brought on by the hotly contested presidential campaign in Taiwan in March 2004. The Taiwan Securities Market Index declined by 25% to 5,255 points soon after the election. In addition, the Dec. 9, 2004 legislative election also contributed to the financial and economic uncertainties prevailing throughout 2004.

In this constantly changing environment, Bank SinoPac has relentlessly pursued professional excellence, fought through bottlenecks and created a sense of business urgency and execution. By the end of 2004, the deposits of Bank SinoPac increased by 8% to NT\$329 billion, outstanding loans increased 23% to NT\$49.7 billion, and credit card balances increased by 20% to NT\$31.3 billion.

Bank SinoPac remains known in the banking industry for its excellent asset quality. Assisted by the economic recovery in 2004, Bank SinoPac reduced its overdue loan ratio to a record low 0.74%, and nonperforming loans under surveillance was



● Paul C. Lo, Chairman

reduced to a mere 1.05% of total loans. Also, the reserve coverage ratio for bad debts has improved from 43.76% in 2003 to a healthy 64% in 2004. The operations of Bank SinoPac are supported by our drive for quality assets, and the Bank was in a position to take advantage of the economic recovery to create higher returns.

One of Bank SinoPac's key objectives for 2004 was to diversify its sources of revenue. We were highly successful in 2004, having increased fee revenue income by 61% to NT\$1.8 billion, split evenly three ways from Treasury and Money Market financial products, from interest income, and from accounts receivable and trade finance services. These business lines are all growing at rates ranging from 30% to almost 100%, demonstrating Bank SinoPac's expertise in developing new business models and building various financing platforms as sources of income.

The Corporate Banking Group of Bank SinoPac has responded to the constantly changing market environment by re-engineering its delivery platforms positioned in five locations across the Pacific and the Taiwan Straits. In Taiwan, 6 divisions were established to service customers grouped according to business model and industry, thus providing clients with relationship managers who understand their businesses and industry. In addition, an online e-Credit service was introduced in February 2004 to provide quick turnaround time on credit requests, and an online e-Position system was completed in October to monitor the securities and investment performance of the SinoPac Group. The Corporate Banking Division in 2004 also launched a NT\$4.9 billion Collateralized Loan Obligation (CLO) bond and introduced the first GDR using a floating interest rate in Taiwan.

The Wealth Management Division has pinned its future on upgrading the professional competence of its staff. Moreover, the Division has organized several programs relating to loans to small and medium-sized enterprises (SMEs), banking insurance sales teams, and on-line personal finance centers to expand the business scale of Bank SinoPac.

While the global foreign exchange market was highly volatile throughout 2004, SinoPac's Treasury Division closely monitored currency and money movements in its treasury dealings and ranked among Taiwan's top five banks in derivatives volume. New financial products and mathematical models introduced by the Treasury Division were evaluated by the Ministry of Finance and were found to be in adherence to derivatives and options regulatory standards and compliance requirements.

Under the guidance of SinoPac Holdings, the parent company of Bank SinoPac, the Bank strives to upgrade the quality of management through the use of six evaluation methods that include the Balanced Scorecard, Six Sigma, Risk Metrics, Activities-based Costing, Customer Relationship Management, and Data Warehousing. Bank SinoPac continues to invest heavily in Information Technology systems to help achieve optimal customer satisfaction in e-Banking and electronic trade financing services. During 2004, Bank SinoPac again invested NT\$1.5 billion in computer upgrades and new technology.

Ratings institutes continue to give high ratings to Bank SinoPac. The Asset magazine has rated Bank SinoPac the "Best Domestic Bank" for four consecutive years. The Taiwan Academy of Banking and Finance named Bank SinoPac "Taiwan's Outstanding Financial Institution" and also the added honors of "Best e-Commerce Award" and "Best Risk Management Award."

After years of hard work and profound dedication, Bank SinoPac has developed a comprehensive regional financial service system. We are confident in facing the constantly changing financial market, new challenges, and continue to relentlessly pursue scale and scope in our business operations, and being a leader in financial markets and the communities we serve. We will continue to exert our utmost effort in our goal to be among the best providers of financial services to our customers in the Pacific region.

Paul C. Lo  
Chairman



Chen Pou-tsang  
(Angus Chen)  
President




● Chen Pou-tsang (Angus Chen), President



# Corporate Profile

## I. Introduction

Bank SinoPac was one of the first banks approved by the government in 1989 from the private sector. The founders of Bank SinoPac include the Central Investment Company, Ruentex Industries, Southeast Soda Manufacturing Co., Formosa Oilseed Processing Co., and Mr. Paul Lo. Bank SinoPac started out with a strong belief in concepts of "customer service, risk diversification, stable profitable growth, teamwork, contribution to society" and envisioned building a competitive commercial banking platform in the Pacific region.

In August 1991, Bank SinoPac received its charter from the Ministry of Finance and opened for business on January 28, 1992. Bank SinoPac immediately made an impact on the local commercial banking market and established its Trust Department and International Department in 1993 and 1994, respectively, to manage trusts, investments, asset management, financial consulting, and foreign exchange business.

Bank SinoPac, National Securities, and SinoPac Securities on September 28, 2001, announced the incorporation of SinoPac Holdings as the first merger between a bank and another independent securities company in Taiwan.

Established thirteen years ago, Bank SinoPac now expands across the Pacific and the Taiwan Straits with offices and correspondents in Taiwan, Hong Kong, Vietnam, China and the United States. In addition to 44 domestic branches and six corporate banking divisions in Taiwan, Bank SinoPac has within the past two years established very strong commercial and investment banking platforms in Hong Kong and Los Angeles. In October 2004, SinoPac Holdings' wholly-owned California subsidiary, Far East National Bank, became only the third U.S. bank to be granted a branch license to operate in Vietnam. SinoPac now operates through a full-service branch and a Representative Office in Vietnam. Also, through Far East National Bank, SinoPac has a Beijing Representative Office in China. Bank SinoPac is now truly a cross-Pacific regional financial institution with over two thousand employees, NT\$194 billion in capital and NT\$471.4 billion in assets.

Bank SinoPac is a full-service commercial bank focused on wholesale and retail banking. Under the Individual Financial Services Group, in addition to conventional deposits and mortgage loans, Bank SinoPac concentrates on integration of various financial remittance products. Bank SinoPac was the first to introduce its Money Management Account® (MMA) in 2000 that integrated bank accounts, loans, securities, and funds comprehensively under one electronic platform. In the Institutional Financial Services Group, corporate banking efforts are focused on developing the Small and Medium-sized Enterprises (SMEs) business relationships and markets in both Taiwan and abroad. Bank SinoPac has expanded its MMA capabilities into the business MMA b2b Pay-Web and e-Factoring delivery platforms in our five targeted financial markets. With assistance from IBM Research Labs (China), Bank SinoPac developed its electronic cross-border remittance platform in 2003, and launched in 2004 its CrossPacific Account (CPA) to provide businesses and individuals with convenient and efficient fund transfers and related financial services.

Regarding its regional remittance transfer services, Bank SinoPac has developed a central platform for the integration of peripheral businesses including securities, investment trust, rentals, and credit card processing. Clients conveniently use this regional services platform to link investment transfers between SinoPac Leasing, SinoPac Capital (Hong Kong), Far East National Bank (a California subsidiary), and SinoPac Financial Consulting.



Kaohsiung Branch / Bank SinoPac

## II. Corporate Organization

### General Corporate Data

December 31, 2004

■ Date of Incorporation :	January 28, 1992
■ Date of listing on Taiwan Stock Exchange :	June 29, 1998
■ Re-listing Date of SinoPac Holdings:	May 9, 2002
■ Paid-in capital :	NT\$ 19,443,976,170
■ Total shareholders' equity:	NT\$ 28,233,597,523
■ Number of shares issued :	1,944,397,617
■ Number of employees :	2,242
■ Auditor :	Deloitte Touche Tohmatsu
■ Moody's Rating Long-term bank deposit rating :	Baa 2
■ Moody's Rating Short-term bank deposit rating :	P-3
■ S&P Rating Long-term credit rating:	BBB-
■ S&P Rating Short-term credit rating:	A-3
■ Fitch Rating Long-term senior:	BBB+
■ Fitch Rating Short-term senior:	F2
■ Taiwan Ratings Long-term credit rating:	twA+
■ Taiwan Ratings Short-term credit rating:	twA-

### Major Subsidiaries

- Far East National Bank (Los Angeles, USA)  
Robert Sweeney, President
- SinoPac Leasing Corporation  
YEH, Juei-Sheng, President
- SinoPac Capital Limited (Hong Kong)  
CHIU, Tak-Chiang, President
- SinoPac Financial Consulting Co., Ltd.  
LEI, Mike Y. L., President

(I) Board of Directors and Executive Officers

A. Board of Directors

December 31, 2004



Chairman  
Lo, Paul C.  
President,  
SinoPac Holdings



Managing Director  
Yin, Yen-Liang  
Chief Executive Officer of  
Ruentex Group



Managing Director  
Chen, Pou-Tsang  
(Angus Chen)  
President, Bank SinoPac



Director  
Lee, Tien-Chien  
Assistant VP, Ruentex  
Industries Ltd.



Director  
Lee, Chen-Chia  
Chairman of Maywufa  
Co., Ltd.



Director  
Chia, Chen-I (C.I. Chia)  
SEVP & Chief  
Operating Officer,  
Bank SinoPac



Director  
Chen, Chien-Jung (C.J. Chen)  
SEVP, Bank SinoPac



Director  
Huang, Chung-Hsing  
Manager, Texas  
Instruments



Director  
Lin, Ying-Feng  
Dean, College of Commerce,  
National Chengchi University



Supervisor  
Huang, Chuen-Su  
Chairman of National  
Securities



Supervisor  
Lee, Nancy C.  
Chief Auditor,  
SinoPac Holdings



Supervisor  
Hsieh, Mei-yueh (Margaret Chang)  
Former Chairman of JOE  
Management Consultant Co., Ltd.



**B. Executive Officers**

December 31, 2004

- Chen, Pou-Tsang (Angus Chen)  
President

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- Chia, Chen-I  
Senior Executive Vice President & Chief Operating Officer

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- Chen, Chien-Jung (C. J. Chen)  
Senior Executive Vice President

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- Fang, Nai-Chen (Joan N. Fang)  
Senior Executive Vice President

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- Yang, Shun-Fa (S.F. Yang)  
Chief Auditor and General Manager Audit Division

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- Lu, Wen-Yir  
Executive Vice President and General Manager Corporate Banking Division

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- Liao, Ted C.Y.  
Executive Vice President and General Manager Investment Banking Division

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- Han, Dao-Wei (David Han)  
Executive Vice President and General Manager Retail Banking Division

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- Twu, Lily  
Executive Vice President

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- Hsu, Swei-Yuan  
Senior Vice President and Chief Secretary

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- Huang Chi-Lin  
Senior Vice President and General Manager Northern Region Branches

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- Han Ai-Mei (Amy Han)  
Senior Vice President and General Manager Human Resources Division

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- Wu, Jean  
Senior Vice President and General Manager Taoyuan & Hsinchu Region Branches

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- Lin, Steve C.  
Senior Vice President and General Manager Banking Division

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- Pao, Shu-Chun  
Senior Vice President and General Manager Accounting Division

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- Hsieh, S.B.  
Senior Vice President and General Manager Information Technology Division

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- Lee, Martin  
Senior Vice President and General Manager Southern Region Branches

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- Tien, Benjamin  
Senior Vice President and General Manager Sungshan Branch

C. Remuneration paid to members of the Board of Directors, Supervisors, President, and Vice Presidents in 2004

Remuneration to Directors						Unit: NT\$ thousand
Name	Transportation Allowance & Remuneration	Directors' Remuneration from Appropriation of Earnings	Employees' Bonus from Appropriation of Earnings	Aggregate Amount of the Aforesaid Items	Total Amount/Net Income	Other Remuneration
Lo, Paul C.						
YIN, Yen-Liang						
CHEN, Pou-Tsang Gin An Investment Ltd.						
Maywufa Co., Ltd.						
Fortune Investment Co., Ltd.						
Southeast Soda Manufacturing Co., Ltd.	2,738	30,000	0	32,738	0.76%	Company car at book value NT\$5,088
LEE, Tien-Chien						
LEE, Chen-Chia						
LIN, Ying-Feng						
CHIA, Chen-I						
CHEN, Chien-Jung						
HUANG, Chung-Hsing						
SHEU, Jong-Ming						
YEH, Tien-Chiang						

Remuneration to Supervisors						Unit: NT\$ thousand
Name	Transportation Allowance & Remuneration	Supervisors' Remuneration from Appropriation of Earnings	Aggregate Amount of the Aforesaid Items	Total Amount/Net Income	Other Remuneration	
Yu Ruen Investment Ltd.						
CHANG, Tse-Yao						
LEE, Nancy C.	950	8,000	8,950	0.21%	-	
HUANG, Chuen-Su						
HSEIH, Mei-Yueh						

Remuneration to President and Vice Presidents						Unit: NT\$ thousand
Name	Salary	Bonus & Special Allowance	Employees' Bonus from Appropriation of Earnings	Aggregate Amount of the Aforesaid Items	Total Amount/Net Income	Other Remuneration
CHEN, Pou-Tsang						
CHIA, Chen-I						
CHEN, Chien-Jung						
FANG, Nai-Chen						
YANG, Shun-Fa	40,051	58,663		98,714	2.30%	Company car at book value and rental expenses NT\$3,496
LU, Wen-Yir						
LIAO, TED, C.T.						
HAN, Dao-Wei						
TWU, Lily						

## (II) Change in Shareholdings of Directors, Supervisors and Executives

Title	Name		Shareholdings - Beginning			Shareholdings Change		Shareholdings - Ending		
			Shares	(%)	Mortgaged Shares	Shares increase (decrease)	Mortgaged shares increase (decrease)	Shareholdings	(%)	Mortgaged Shares
Chairman	Lo, Paul C.	Representative of SinoPac Holdings	1,944,397,617	100.00	-	-	-	1,944,397,617	100.00	-
Managing Director	Yin, Yen-Liang									
Managing Director	Chen, Pou-Tsang									
Director	Lee, Chen-Chia									
Director	Lin, Ying-Feng									
Director	Chia, Chen-I									
Director	Chen, Chien-Jung									
Director	Lee, Tien-Chien									
Director	Huang, Chung-Hsing									
Supervisor	Nancy C. Lee									
Supervisor	Huang, Chuen-Su									
Supervisor	Hsieh, Mei-Yueh									

## (III) Consolidated Shareholdings in Invested Companies

Unit: thousand shares

Investees	Investment Made by Bank SinoPac		Bank SinoPac's Investment in Companies Controlled by the Directors, Supervisors, President, Vice President, Directors, Supervisors of each department and branch of Bank SinoPac		Consolidated Investment	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
SinoPac Bancorp	20	100.00%	-	-	20	100.00%
SinoPac Leasing Corporation	159,629	99.7683%	5	0.0030%	159,634	99.771%
SinoPac Capital Limited (Hongkong)	229,998	99.9991%	2	0.0009%	230,000	100.00%
SinoPac Financial Consulting Co., Ltd.	194	97%	6	3.00%	200	100.00%

## III. Stocks and Dividends

## (I) Source of Capital Stock

Unit: NT\$ million ; million shares

Year	Issue Price	Authorized Capital Stock		Issued Capital Stock		Remarks Source of Capital Stock
		Shares	Amount	Shares	Amount	
1991	NT\$10	1,000	10,000	1,000	10,000	Incorporation
1995		33	330	33	330	Capitalization of retained earnings
1996		41	413	41	413	Capitalization of retained earnings
1997		51	505	51	505	Capitalization of retained earnings
1997	NT\$21	99	990	99	990	Capitalization of cash
1998		94	942	94	942	Capitalization of retained earnings
1998		1	9	1	9	Capitalization of employee's bonus
1998	NT\$15	200	2,000	200	2,000	Capitalization of cash
1999		286	2,857	62	618	Capitalization of retained earnings
1999		0	0	4	39	Capitalization of employee's bonus
2000		172	1,731	158	1,585	Capitalization of retained earnings
2000		0	0	15	146	Capitalization of employee's bonus
2001		(33)	(333)	174	1,741	Capitalization of retained earnings
2001		0	0	12	126	Capitalization of employee's bonus
Total		1,944	19,444	1,944	19,444	



Unit: million shares				
Type of Stock	Authorized Capital Stock			Remarks
	NO. of Shares Outstanding	Unissued shares	Total	
Common Stock	1,944	0	1,944	

(II) Book Value Per Share, EPS, and Dividends

			Unit: NT\$	
Item	Year	2003		2004
		Book Value per Share	Before distribution	13.45
	After distribution	12.46	12.83	
Earnings Per share	Weighted average shares (thousand shares)	1,944,398	1,944,398	
	Earnings per share	1.42	2.20	
	Cash dividend	0.962	0.73	
Dividends Per Share	Stock dividend	Earnings	-	0.73
		Capital reserves	-	-
	Dividend in arrears	-	-	-

(III) Dividend Policy

**A. Retained earnings and dividend policy**

The Bank's Articles of Incorporation provide that the Bank may declare dividends or make other distributions from earnings after it has:

1. Deducted any deficit of prior years;
2. Paid all outstanding taxes;
3. Set aside 30% of such earnings as legal reserve;
4. Set aside any special reserve or retained earnings allocated at its option
5. Allocated at least 1% of the remaining earnings as employee bonus.

To comply with the Bank's globalization strategy, strengthen its market position, integrate its diversified business operation and be a major local bank, the Bank has adopted the "Balanced Dividend Policy". Under this policy, dividends available for distribution are determined by referring to its capital adequacy ratio (CAR). Cash dividends may be declared if the Bank's CAR is above 12% and stock dividends may be declared if the CAR is equal to or less than 12%. However, the Bank may make a discretionary cash distribution even if the CAR is below 12%, if approved at the stockholders' meeting, for the purpose of maintaining the cash dividends at a certain level in any given year.

Cash dividends and cash bonus are paid when approved by the stockholders, while the distribution of stock dividends requires the additional approval of the authorities.

**B. Proposed Dividends for the Approval of the Coming Shareholder's Meeting:**

According to the Articles of Association, stock dividends are to be distributed as follows in 2004:

The amount of dividends to be distributed to shareholders is NT\$2,838,831,454, of which, NT\$1,419,415,734 is for cash dividends and NT\$1,419,415,720 for stock dividends, that is, NT\$0.73/share of cash dividend and NT\$0.73/share of stock dividend for a total of NT\$1.46/share.

(IV) The impact of stock dividend that is proposed to the Board of Directors on business performance and earnings per share

Item		Year	2004
Capital Collected	beginning (NT\$ Thousand)		19,443,976
Stock Dividend of the Year	Cash dividend per share		0.73
	Stock dividend from the capitalization of retained earnings (Share)		0.073
	Stock dividend from the capitalization of additional paid-in capital		-
Business Performance	Operating income (NT\$ Thousand)		4,661,520
	Increase (decrease) ratio of operating income from the year before		61.30%
	Net income (NT\$ Thousand)		4,284,815
	Increase (decrease) ratio of net income from the year before		55.59%
	Earnings per share (NT\$)		2.20
	Increase (decrease) ratio of earnings per share from the year before		54.93%
	Return on investment (the reverse of Net profit ratio)		-
Imitative Earnings Per Share and Net Profit Ratio	Cash dividend distributed from the capitalization of retained earnings	Imitative earnings per share	2.18
		Imitative return on investment	-
	Without the capitalization of additional paid-in capital	Imitative earnings per share	-
		Imitative return on investment	-
	Without the capitalization of additional paid-in capital and with the distribution of cash dividend from the capitalization of retained earnings	Imitative earnings per share	2.18
		Imitative return on investment	-

(V) Bonus to employees and remuneration to Directors and Supervisors

**A. The percentage or scope of bonus to employees and remuneration to Directors and Supervisors that are stipulated in the Articles of Association:**

1. Bonus to employees: Net income is deducted any deficit of prior years and paid all outstanding taxes, 30% legal reserve should be appropriated and may have special reserve and/or retained earnings appropriated. If there is any balance available afterwards, at least 1% bonus to employees should be appropriated.
2. Remuneration to Directors and Supervisors: It is not stipulated in the Articles of Association.

**B. The proposal for the distribution of bonus to employees resolved in the Board of Directors Meeting:**

1. Distribution of cash dividend and stock dividend to employees; also, remuneration to Directors and Supervisors: NT\$28,946,247 for cash dividend to employees, and NT\$26,846,995 for remuneration to Directors and Supervisors
2. Earnings per share after the proposed distribution of bonus to employees and remuneration to Directors and Supervisors NT\$2.17.

**C. The retained earnings of previous year used for the distribution of bonus to employees and remuneration to Directors and Supervisors:**

For the distribution of bonus to employees and remuneration to Directors and Supervisors from the retained earnings of the previous year, the actual distribution is identical to the distribution proposal approved by the Board of Directors NT\$19,277,290 for cash dividend to employees and NT\$38,000,000 for remuneration to Directors and Supervisors

# Operating Report

## I. Business Content

### (I) Business Scope

The business scope of Bank SinoPac is planned and implemented as follows in accordance with the Banking Law and relevant regulations, and the business license contents of the Head Office, Trust Department, and International Department.

#### A. General Deposits and Loans

1. Generate savings deposits, time deposits in New Taiwan Dollars and foreign currency.
2. Arrange short-term, mid-term, and long-term consumer credits including mortgage loans, property repair loans, auto loans, revolving mortgage lines, personal loans and loans against securities
3. Arrange short-term operating revolving lines to industries with or without collateral, medium and long-term financing guarantees, and trade acceptances
4. Arrange financial services related to public utilities, expense and tax services including domestic remittances, safety deposit box rentals, short-term securities trades, phone transfers, on-line transfers, collections on utilities and phone bills
5. Provide enterprises with cash management services including salary distribution to employees, collections and remittances, account transfers, and fund transfers through an e-Banking fund management system.
6. Arrange domestic and international Accounts Receivable Factoring business



East Taipei Branch / Bank SinoPac

#### B. Trust and Investment

1. Management of Monetary Trusts
2. Management of marketable securities in trusts.
3. Real Property Trusts
4. Trusts on properties
5. Trusts involving money, credit, and collateral
6. Investments of designated trust funds in domestic money funds and international marketable securities.
7. Entrusted with the management of securities investments in trust funds, overseas Chinese and investment by foreigners in domestic marketable securities
8. Depository bank for business deposits and investment insurance policies
9. Arrange the trust depository of employee's welfare and savings trust and retiree's pension.
10. Providing advisory service for the issuance and collection of marketable securities
11. Trustees for the issuance of bonds.
12. Be the accreditation institute for the issuance of marketable securities.
13. Accept customer's authorization in handling investments.
14. Establish trust fund for collective application and management.
15. Subscribe and issue mutual trust funds.
16. Invest in marketable securities including the listed (OTC) stock, new stock certification, bond exchange certification, debenture, and trust fund GDR.



### C. Foreign Exchange

1. Export foreign exchange business.
2. Import foreign exchange business
3. General remittances.
4. Foreign exchange deposits.
5. Deposits in foreign currency.
6. Guarantee business with guaranteed payment in foreign currency.
7. Foreign currency and traveler's check trade.
8. Derivative financial products trade.

## (II) Business Operations

### A. Consumer Banking

Several significant activities were introduced in 2004 including recruiting and re-positioning of personnel, establishing our Personal Finance School to train Personal Bankers as professionals and to initiate a customer service program. In addition, we upgraded overall staff professionalism and competence in achieving our business goals. Moreover, we organized several programs in accordance with the segregation of products and customers, such as loans to small businesses, banking insurance sales, on-line financial services, and consumer loan and auto loan centers to expand our business scope and scale. In addition, we reinforced our competence in risk management using a new credit scoring methodology.

By the end of December 2004, our consumer loans amounted to NT\$170.9 billion, of which, there were 229,240 accounts for investment management totaling NT\$57.8 billion, related loans of NT\$77.9 billion, and net profit of NT\$1.9 billion. Fees earned from the sale of funds and financing mortgage loans amounted to NT\$0.3 billion. The consumer loan past due ratio was 0.38% of total consumer loans. The amount of consumer loans written-off totaled NT\$0.4 billion and was 0.21% of all consumer loans, a very good low bad debt ratio among Taiwan banks.

Our MMA platform was introduced for the first time at the beginning of 2000 when our "One-stop One-step" log-in money management account was launched in the domestic financial market under the "SinoPac MMA" brand name. In 2002, we were awarded with the "Best Product Design" in the Taiwan Banking and Finance Practice Awards. Our objective in constructing the "MMA.com" was to have the MMA product and other eCommerce instruments combined in order to have the "MMA.com" become a comprehensive automated asset management tool. After our "MMA.com" was selected by Global Finance magazine as the "Best Consumer Internet Bank and Best Consumer Integrated Site in Asia Pacific" in 2002, Bank SinoPac won the "Best eCommerce Award" in the 2<sup>nd</sup> Taiwan Banking and Finance Practice Awards in 2004. Our "MMA.com" has not only introduced the "One-stop One-step" log-in mechanism but also completed the integration of SinoPac Holdings' electronic platforms, providing consumers with a full array of financial products in a "One-Stop Shopping" service, personal assets information, and even "one-on-one customer service." In addition, our "MMA.com" integrated online electronic services will be available to serve our global clients with service requirements around the Pacific Rim.

### B. Wealth Management

Since the incorporation of Bank SinoPac, our mission has been to provide customers with the most reliable professional service supported by the most advanced information technology. The Trust Department has accumulated years of experience in trust and assets management and has gained the confidence and support of its customer base.

We expect to expand our trust business and product offerings in numerous categories such as children's education trust, personal property trust, insurance trust, pension trust, and legacy trust. Bank SinoPac has invested NT\$48.6 billion of designated trust funds in domestic mutual funds and international marketable securities. Bank SinoPac is also the depository bank for domestic mutual funds subscribed by securities investment trusts with fund depository assets totaling NT\$106.3 billion by the end of 2004. We are also a trustee for the issuance of debentures with a balance of NT\$192.3 billion. Bank SinoPac

is under contract for the management of asset trusts, investment businesses, trust fund collections, marketable securities trusts, real property trusts, depository for investments by international institutions, employee's welfare and savings trusts, employee's pension trusts. Total depository trust assets amounted to NT\$214.9 billion by the end of 2004.

### C. Corporate Banking

The Corporate Banking Division of Bank SinoPac has a mission of becoming the best provider of commercial and investment banking solutions concentrating on Taiwan-related businesses in the pan-Pacific area. Bank SinoPac has established efficient trade finance and receivables processing platforms for its clients through its wholly-owned California subsidiary Far East National Bank in the U.S., China and Vietnam, and through Bank SinoPac's own branches in Los Angeles and Hong Kong. The Corporate Banking Division has established an "Asia Pacific Workshop" to provide Taiwan enterprises with services extended to clients' business centers in Taiwan, manufacturing facilities in China and Vietnam, trade offices in Hong Kong, and marketing offices in the United States - all through one designated regional contact window.

The CrossPacific Account (CPA), first introduced in November 2003, was developed for international cash management and financing to small and medium-sized enterprises (SMEs). The value-added financial service of the CPA has attracted over 1,100 corporate clients as of the end of 2004. SinoPac's Corporate Banking homepage MMAb2b, a convenient on-line service, has attracted over 12,000 enterprises. Moreover, the Bank's electronic CPA platform was named by Global Finance magazine as "Taiwan's Best On-line Corporate Banking Service" in 2003 and was also nominated as "Taiwan's Outstanding Finance Solution -Best Product Design" in 2004. Bank SinoPac was also a leader in the securitization of assets - through a Collateralized Loans Obligation (CLO) successfully launched on August 3, 2004 for NT\$4.9 billion.

### D. Financial Market

The Treasury Department performed well in business development in 2004. In order to provide more diversified financial products to customers, Bank SinoPac has dedicated itself to product research and development, and has been active in the foreign exchange spot and options markets, interest rate and money markets.

Bank SinoPac has developed derivative financial products of delivery forwards, non-delivery forwards, foreign exchange swaps and options, interest rate swaps, cross-currency swaps, forward rate agreements, futures, caps and floors, and swaptions. Bank SinoPac is the first bank to offer exchange rate options in foreign currency to brokers in Taiwan and is currently among the top five banks in Taiwan ranked for its derivatives product diversification and trading volume. Bank SinoPac intends to pursue both scale and scope in further developing its reputation and market share in financial treasury products.

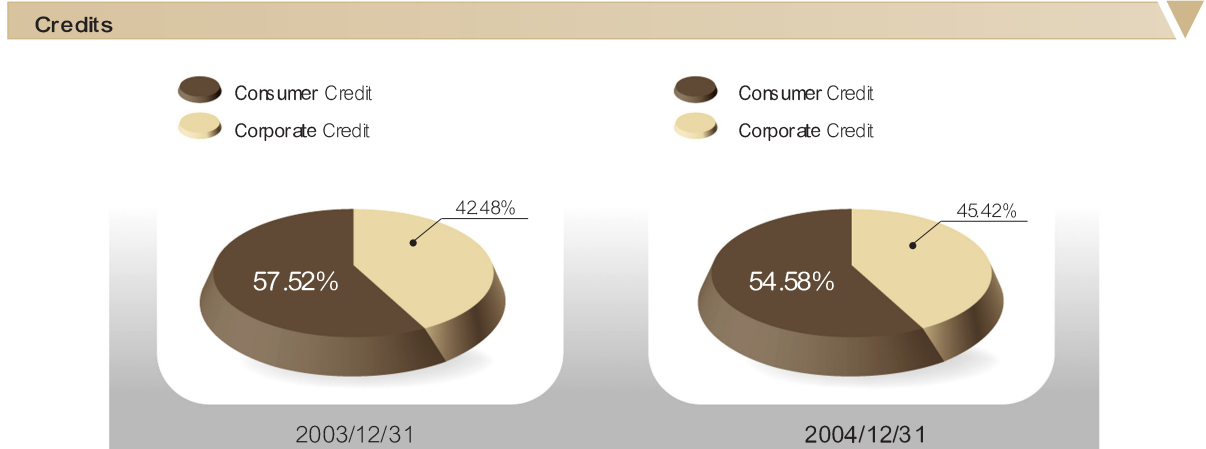
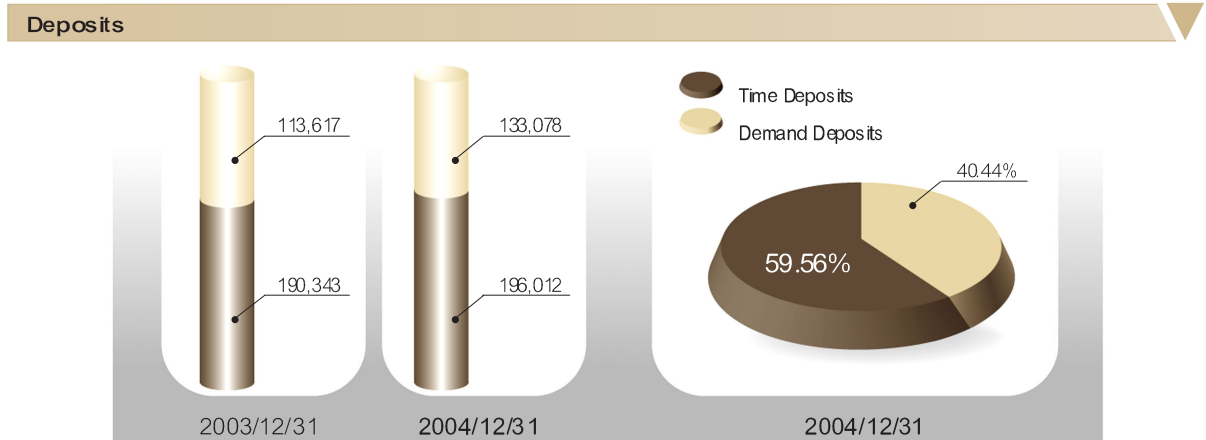
### E. Foreign Exchange and Offshore Banking

Bank SinoPac's trade finance business continues to demonstrate stable growth. By the end of 2004, our market share of letters of credit negotiations reached 3.11% and was ranked eighth in the market place. Also, trading volume increased by 53% from the prior year. The market share of import letters of credit amounted to 1.67% and trading volume increased 75% from the prior year.

The Offshore Banking Department has its operations focused on investments in overseas financial markets, targeting investments in convertible debentures and bonds. In terms of diversifying investment risk, the unit also has investments in Europe and the United States.

## (III) Main Business Performance

Deposits		Unit : NT\$ million		
Type of Deposits	2003/12/31		2004/12/31	
	Amount	Percentage	Amount	Percentage
<b>Demand Deposits</b>				
Checking Deposit	4,413	1.45%	5,779	1.76%
Demand Deposit-General Deposit	18,077	5.95%	21,296	6.47%
Demand Deposit-Savings Deposit	59,686	19.64%	73,452	22.32%
Demand Deposit-Employee's Deposit	989	0.32%	980	0.30%
Foreign Currency Demand Deposits	30,452	10.02%	31,571	9.59%
Sub-total	113,617	37.38%	133,078	40.44%
<b>Time Deposits</b>				
Time Deposit-General Deposit	95,389	31.38%	92,492	28.11%
Time Deposit-Savings Deposit	60,331	19.85%	65,594	19.93%
Foreign Exchange Deposits	34,623	11.39%	37,926	11.52%
Subtotal	190,343	62.62%	196,012	59.56%
<b>Total</b>	<b>303,960</b>	<b>100.00%</b>	<b>329,090</b>	<b>100.00%</b>
<b>Accounts</b>	<b>1,095,867</b>		<b>1,208,169</b>	



Credits - Table 1

Unit : NT\$ million

Type of Credits	2003/12/31		2004/12/31	
	Amount	Percentage	Amount	Percentage
<b>Loans</b>				
Short-term Unsecured Loans	33,846	16.39%	46,949	18.24%
Short-term Secured Loans	20,031	9.70%	22,710	8.82%
Mid-term Unsecured Loans	12,933	6.26%	21,099	8.19%
Mid-term Secured Loans	22,059	10.68%	23,270	9.04%
Long-term Unsecured Loans	3,302	1.60%	3,351	1.30%
Long-term Secured Loans	114,380	55.37%	140,086	54.41%
Subtotal	206,551	100.00%	257,465	100.00%
Non-performing Loans	2,840	-	1,881	-
Bills Purchased and Import/Export Bills	2,736	-	2,547	-
Guarantee, Acceptances, L/ C	14,753	-	17,414	-
Factoring business	14,737	-	16,185	-
Others	18,862	-	17,639	-
<b>Total</b>	<b>260,479</b>	<b>-</b>	<b>313,131</b>	<b>-</b>

Credits - Table 2

Unit : NT\$ million

Type of Credits	2003/12/31	2004/12/31
<b>Corporate Banking</b>		
Credit Lines	282,213	386,208
Credit Balance	110,644	142,237
Loan Balance	58,728	87,003
<b>Consumer Banking</b>		
Credit Lines	203,406	227,401
Credit Balance	149,835	170,894
Loan Balance	147,823	170,462
<b>Total Credit Balance</b>	<b>260,479</b>	<b>313,131</b>
<b>Total Loan Balance</b>	<b>206,551</b>	<b>257,465</b>

Overdue & Non-performing Loans

Unit : NT\$ million

Type	2003/12/31		2004/12/31	
	Amount	%	Amount	%
Overdue Loans (1)	883	0.42% (0.34%)	62	0.02% (0.02%)
Non-performing Loans (2)	2,840	1.34% (1.09%)	1,881	0.72% (0.60%)
Loans Under Surveillance (3)	832	0.39% (0.32%)	820	0.31% (0.26%)
Total Overdue Loans (1)+(2)	3,723	1.76% (1.43%)	1,943	0.74% (0.62%)
Past Due & Under Surveillance (1)+(2)+(3)	4,555	2.15% (1.75%)	2,763	1.05% (0.88%)
Charge Off	1,472	0.69% (0.56%)	908	0.35% (0.29%)
Bad Debt Reserve	1,628	-	1,258	-

Note : The denominator is total loans; percentages in brackets are based on total credits.



## Foreign Currency Business

Unit : US\$ million

Type of Business	2003	2004
Outward Remittances	15,718	30,627
Inward Remittances	18,018	29,913
Export Negotiation & Collection	1,180	1,899
Letter of Credit & D/P, D/A	1,061	1,926
Traveler's Check	58	75
Bills Collection & Purchase	21	39
<b>Total</b>	<b>36,056</b>	<b>64,479</b>

## Securities Trading

Unit : NT\$ million

Type	2003	2004
Bills, Bonds Trading Volume	1,657,825	2,208,001
Bills, Bonds Holdings (Average)	111,047	114,283
Bills, Bonds Holdings at Year-end	115,389	98,412
Listed Share Holdings (Average)	2,897	3,095
Beneficiary Certificates Holdings (Average)	144	851
Listed Share Holdings at Year-end	2,897	1,602
Beneficiary Certificates Holdings at Year-end	173	1,320
Bills Certified and Underwritten	36,616	30,256

## Income Statements

Unit : NT\$ million

Item	2003		2004	
	Amount	%	Amount	%
<b>Operating Revenue</b>	<b>15,077</b>	<b>100.00%</b>	<b>19,709</b>	<b>100.00%</b>
Interest	9,629	63.87%	10,713	54.36%
Service Fees	1,383	9.17%	2,074	10.52%
Income from Securities-net	2,337	15.50%	2,193	11.13%
Income from Long-term Equity Stock investment Under the equity method-net	640	4.24%	516	2.62%
Foreign Exchange gain-net	-	-	4,114	20.87%
Income from derivative Financial Instruments Transactions	1,058	7.02%	-	-
Other	30	0.20%	99	0.50%
<b>Operating Cost and Expense</b>	<b>12,187</b>	<b>80.83%</b>	<b>15,048</b>	<b>76.35%</b>
Interest	5,091	33.77%	5,781	29.33%
Service Charges	236	1.57%	228	1.16%
Provision for Trading Losses	-	-	3	0.02%
Foreign Exchange Loss-net	568	3.77%	-	-
Provision for Credit Losses	1,505	9.98%	540	2.74%
Operating and Administration Expense	4,786	31.74%	5,623	28.53%
Loss on Derivative Financial Instruments Transaction	-	-	2,873	14.58%
Other	-	-	-	-
<b>Non-operating Income-net</b>	<b>121</b>	<b>0.80%</b>	<b>242</b>	<b>1.23%</b>
<b>Income Before Tax</b>	<b>3,012</b>	<b>19.98%</b>	<b>4,903</b>	<b>24.88%</b>
<b>Net Income</b>	<b>2,754</b>	<b>18.27%</b>	<b>4,285</b>	<b>21.74%</b>

#### (IV) Business Plan for 2005

##### A. Consumer Banking

1. Our goal each year is to expand our core business, which continues to be residential mortgage assets. We continuously initiate new programs to bring the best funding solutions and services to our customers.
2. We improve on our operating model by developing our target market and providing the most efficient customer service in areas of product delivery and future asset planning. In addition, introduction of new products that fit the needs of our clients in this changing and more competitive market is a marketing priority.
3. To continuously improve our customer service, we provide intensive training to our business associates in areas of product knowledge and rapid delivery of solutions.
4. We continue to concentrate on our risk management objectives, using proven mathematical models to calculate levels of risk in our portfolio and efficiently applying our best efforts in credit checkings and due diligence.
5. To grow our business, we expand our customer source by exploring new markets and developing new products and credit structures that meet customer needs.
6. To be successful, we need to be aware of the changes in business environment and competitive pricing prevalent in the marketplace. By understanding and managing our cost structure, we are able to provide customers with competitive pricing and innovative products. Where appropriate, we establish strategic alliances and outsource to subcontractors in order to reduce our operating costs.

##### B. Wealth Management

1. In accordance with recent amendments of trust regulations, we were able to develop new trust products that meet the needs of our customers. These products include Co-operative Building Management Fund Trusts, Securities Trading Trusts, Marketable Securities Trusts, Real Estate Trusts, Charitable Trusts, Entrusted Investments, Mutual Trust Funds and Trust Fund Management accounts.
2. We provide trust services as depository bank of private fund subscriptions, investment insurance policies, investment trust funds, entrusted investments, employee welfare trusts and investments of overseas Chinese and foreigners in Taiwan.
3. In support of our trust business, we provide customers with convenient information service, security and confidentiality of information, and provide an integrated wealth management service platform.
4. Our staff receives extensive wealth management training and includes professional trust and finance planners. Our trust personnel receive certification in trust services and take part in professional trust and financial planning education in order to develop product knowledge and improve service quality.

##### C. Corporate Banking

1. Under our new customer service-driven organizational structure, Bank SinoPac continues to strive for the optimal delivery of products and services to our large stable group of loyal small and medium-sized wholesale customers.
2. Through the application of our new CrossPacific Account electronic platform, we are able to provide offshore financing and accounts receivable factoring services for our Taiwan corporate clients who use multiple trade channels and require operating funds for their trade finance needs.
3. Bank SinoPac works closely with the government "Small Business Credit Guarantee Fund" to help small businesses acquire medium-term preferential financing in order to provide working capital and increase the competitiveness of Taiwan and overseas Chinese businesses.
4. Corporate lending requires a prudent evaluation of credit risk and the market environment. By gaining a solid understanding of the client's business and the industry risks involved, Bank SinoPac is able to grow its financing portfolio each year while still maintaining one of the best asset quality records among all banks in Taiwan. In addition, the Bank continuously seeks to provide trade, funding, and securities distribution services and solutions to its loyal small and medium-sized clients in various industries.

#### D. Financial Market

1. Our goal is always to recruit and train excellent talent, build team work, and organize a support platform able to coordinate the global treasury operations of all subsidiaries of SinoPac Holdings.
2. We have formed a global financial management network of SinoPac entities which will upgrade our trading capabilities, money market activities, and financial operations.
3. Our global treasury team that encompasses all our overseas locations is able to utilize the funding resources of the group and to increase our global trading and investment returns.
4. We continuously develop new financial products to create value-added trading and investments for our clients.
5. With the strategic marketing resources available to us under the structure of SinoPac Holdings, we are able to provide customers with custom-made financial products and investment planning.

#### E. Foreign Exchange and Offshore Banking

1. SinoPac will expand our range of foreign exchange products to upgrade our trading volume and increase our market share in trade finance and foreign exchange business.
2. We started electronic Letters of Credit negotiations and Letters of Credit issuances with capability to link the foreign exchange process electronically in order to provide convenient service as well as reduce our process operating costs.
3. We will integrate the foreign exchange business among our international branches and affiliates in order to provide our customers with trading services and foreign exchange products in their overseas trading locations and operations.
4. As more sophisticated international finance products come into the domestic market, our International Finance Department will design and structure new products that provide an optimal solution for our clients.
5. We will provide financial advisory services to our domestic clients, particularly in regards to their overseas investments and listings.

#### (V) Market Analysis

2004 was a dramatic year for the global economy. The U.S. economy was strong at the beginning of the year; however, at the end of April, the stimulus provided by favorable monetary policy had subsided and the economic recovery weakened. The Federal Reserve emphasized that the weakening of the economy in the middle of the year was temporary and interest rates were adjusted up in June for the first time. More important, monetary policy was adjusted from loose to neutral and interest rates were adjusted upwards five times in 2004, up to a Fed Funds rate of 2.25%. The double deficit issue of the U.S. was worsening and the U.S. Dollar was devalued; therefore, the exchange rate between the Euro and U.S. Dollar reached a new high of 1.3644 by December 28, 2004, representing a value increase of 8.32%. The broad U.S. Dollar index had gone down for the third consecutive year. The political uncertainty in the Middle East and the increase of oil and raw material prices caused the expansion of U.S. and global economies to worsen with uncertainty.

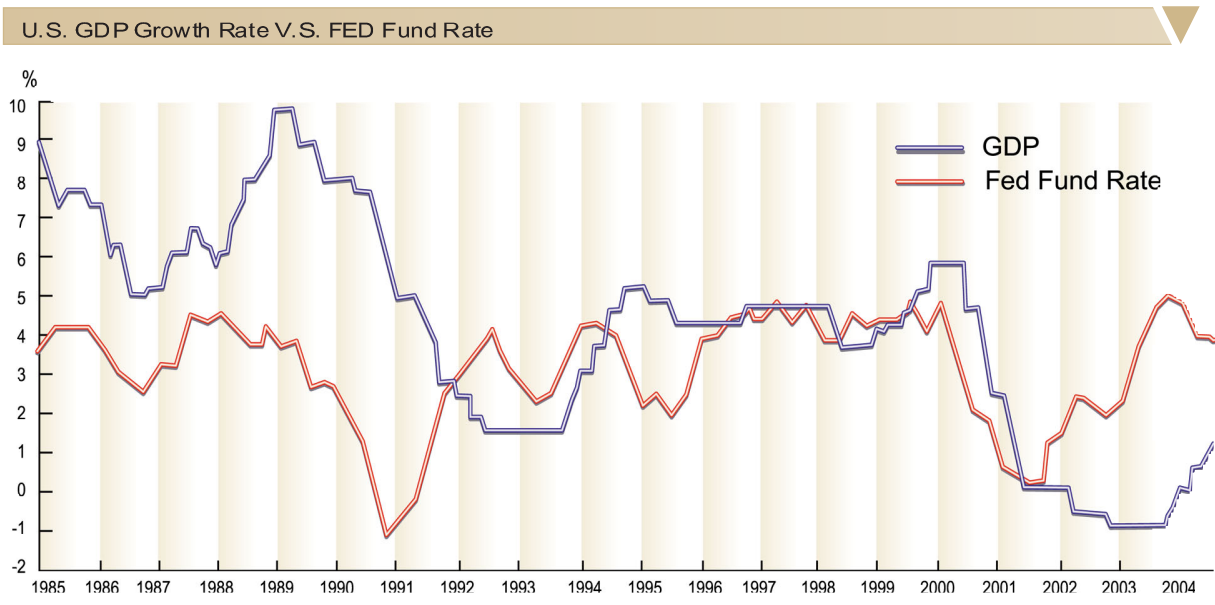
The global economy is expected to slow in 2005, and its economic growth will slide down from the record high of the last three years but will maintain a medium growth level. According to the Economist Intelligence Unit, the actual GDP of the U.S. will go down from 4.4% to 3.1% while Japan will go down from 4.0% to 2.1% since the profit of exporters is compromised due to the valuation of the currency; also, the domestic demand of European nations will go down due to the valuation of Euro and the GDP will grow by a mere 1.9% that is the lowest among the three major economic bodies. In terms of price index, global inflation will be restrained at a defined level while the lukewarm economic policy of the Chinese government is taking effect. Global oil and raw material prices remain high but are moderating slowly.

In summary, the trend of the global financial market relies on three subjects: the devaluation of the U.S. Dollar, interest rate increase of the Federal Reserve, and lukewarm economy and exchange rate policy of China's government. First of all, the general deficit and budget deficit of the U.S. is at the historical high or record high of 5.7% and 48% of GDP, respectively, the profitability

of the U.S. Dollar in the long run is expected to go low and stay low unless (1) the Bush administration proposes economic reforms that will indeed help reduce the double deficits by half in five years or the revaluation of the RMB currency and the reduction of oil prices to US\$35 for the improvement of the double deficits; (2) the U.S. market is weak and bond interest rate is high; therefore, the U.S. government has amended its attitude in accepting the devaluation of the U.S. Dollar; (3) the devaluation of U.S. Dollar will not stop until ECB or Asian central banks interfere with exchange markets. If central banks, especially the ones in Asia, reduce their deposits of U.S. Dollar and sell their bonds, or if their double deficits keep getting worse, the devaluation of the U.S. Dollar will be more severe. Over 60% of U.S. securities are held by central banks worldwide while the other 40% are held by private sectors, in which, the shareholdings of central banks are primarily with BOJ (38.6%), PBoC (9.4%), BOE (7.6%), BOK (3.5%), and CBC (3.1%) while OPEC has about 2.5%. Basically, central banks will not have their holdings of U.S. assets adjusted dramatically in the short run; however, once the action is activated, the deposit of foreign exchange will be reduced substantially in a cycle that may be detrimental to global economic growth. We expect the exchange rate of Euro to U.S. Dollar to go up to \$1.36 in the first quarter and then the U.S. Dollar will bounce back due to the effect of interest rate differences.

In terms of interest rate policy, the market expects the Federal Reserve to maintain interest rate at a neutral level continuously in 2005. We expect interest rates to go up to and stay at 3% in the first half of the year. Economic recovery in the U.S. is expected to go slow in 2006 and the non-agricultural employment rate is increasing slowly; also, core inflation will be suppressed. We expect the Federal Reserve will have interest rates adjusted up to 3% before mid-2005 and remain unchanged in the second half of 2005.

Lastly, the lukewarm economic policy of the Chinese government and the valuation of the RMB is the key to the development of financial markets in 2005. The Chinese government is determined to limit the effects of speculators; therefore, the Chinese government may pass exchange rate policy reforms unexpectedly while speculation is still low. Reforms could be initially having a floating rate between a 3%~5% band. In addition to reducing speculation, the lukewarm economic policy upheld by the Chinese government is crucial to the valuation of the RMB, especially in the control of inflation and fixed investments (Table 1). The Consumer Price Index has dropped for three consecutive months to 2.8%. Apparently, the lukewarm economic policy is continued by the Chinese government; however, the export and import growth rates have gone up by 46% and 39% in November, respectively. The effects of suppressing an overheated economy is to be watched closely.



The price of international crude oil and raw materials is expected to stay high, however remain lower than the record prices of 2004. There is a direct correlation between the improvement of the U.S. trade deficit and the valuation of the RMB. Also, the economic growth and currency valuation of Asian nations relies on the economic development of China and the United States and the valuation of the RMB. During the financial crisis in 1997, the RMB currency appreciated by 70% and the adjustment did not have a significant impact on exports. We do not expect any revaluation of the RMB this year to have any negative impact on exports or foreign investments in China as long as the revaluation of the RMB is not substantial. The Chinese economy is still growing, labor cost is relatively low even with a currency revaluation of 3-5%; therefore, foreign investors will still be willing to invest in China. Of course, we expect RMB to go up only 3-5% in 2005 and it will not be able to satisfy market demand; therefore, the pressure of RMB valuation remains; however, we expect the Chinese government to wait for a longer period before another adjustment in exchange rate policy.

## (VI) Research and Development

### A. Consumer Banking Services

#### ■ Introduced in 2004 :

1. Secondary mortgage "Real Estate Pay Amount" provide a convenient, low interest, and flexible funding channel to the customers of SinoPac Holdings. Whether used for managing investments, house repairs, college tuition, or paying back high interest loans, the client needs not pay high rates for refinancing.
2. MMA Personal Loans: Selected a premier group of mortgage loan prospects who qualify for preferential low rates, no co-signer required, free of collateral, free of handling charge, was very popular with customers. A total of NT\$1.8 billion in loans were generated in three months
3. MMA Revolving Credit: For the purpose of providing SinoPac's MMA investment management customers with a consumer loan, MMA financing was made available to customers who used Bank SinoPac to trade securities over six months. These selected stock market investors benefited from low rates and no collateral or credit insurance requirement.
4. MMA car loan: Bank SinoPac has offered auto loans since its incorporation and it is the first bank to offer zero-interest auto loans. In addition, we were one of the first to offer revolving loans and used car loans to provide added flexibility for our customers

#### ■ Future Research and Development Plan :

In response to the enforcement of the new Basel II capital pact, our personal finance credit risk management is enforced with differentiation analysis while accumulating data in order to construct an accurate credit module and customer's risk profile. In addition, we continue to develop new products, to maintain excellent credit quality, and to achieve high operating objectives with stable growth.

### B. Wealth Management

1. To ensure the investment safety of our customers' assets, we take clear trust instructions from our clients, understand our clients' investment objectives, and manage trades in accordance with clients' stated instructions
2. We recently introduced our marketable securities trust which combines gift assets with a tax savings function. The objective is to gift the interest that is accrued during the trust period to the investors' next generation of beneficiaries while the trust principal is returned to the original trust investor.
3. Our real estate trust business continues to expand. The ownership of land is transferred to Bank SinoPac and the proceeds for land development are deposited in a trust account set up with SinoPac to isolate risk and ensure successful project completion.
4. In cooperation with domestic and international institutions, we have combined various financial products (such as insurance, domestic and overseas funds) with value-added trust services for customers with stable returns
5. We provide customers with custom-made investment services in accordance with their stated scope and investment objectives, using tools such as money funds and mutual trust funds.



### C. Corporate Banking Services

#### 1. CPA - CrossPacific Account

Bank SinoPac has worked with IBM Research Labs (China) to build a financial platform that stretches from Taiwan to four overseas locations as part of the integration of cross-Pacific financial services for small and medium-sized enterprises operating throughout the region. The introduction of the CPA (CrossPacific Account) provides our clients with the capability to efficiently conduct pan-Pacific fund transfers and quickly provide financing to their overseas affiliates. Since the introduction of the CPA in 2003, a total of 1,128 accounts have been opened, helping Bank SinoPac expand its customer base, especially among small businesses and entrepreneurs.

The functions of the CPA and our trade-related electronic platforms in Hong Kong are especially effective and in 2005 includes on-line foreign exchange trading, on-line letters of credit negotiations, and on-line accounts receivable factoring services. The establishment of the Ho Chi Minh Branch of Far East National Bank (U.S.A.) in Vietnam will assist our Taiwan-based clients who trade with Vietnamese companies or have manufacturing operations in Vietnam.

#### 2. CLO - Collateralized Loan Obligation

Bank SinoPac initiated the first "Collateralized Loan Obligation (CLO)" calculated with a floating interest rate in August 2004. Bank SinoPac was the co-arranger, originator and servicer, while Calyon Corporate and Investment Bank was the arranger for the CLO and FuHua Bank was the trustee. It was arranged for NT\$4.9 billion and included trust assets from 15 obligors (industries including aerospace, automobile, textile, electronics, rental, securities business, steel, electronic disc industry, and computer peripheral products) for a period of three years and was successfully completed through public offerings.

### D. Foreign Exchange and Offshore Banking

In response to the stipulations of eUCP500 and the rapid growth of eCommerce, Bank SinoPac has started working with Tariff Internet Co., Ltd. to develop an export letters of credit online negotiation process that allows customers to complete custom clearance and the letters of credit negotiations with one set of documents.

We are developing an online electronic platform that will automate the Central Bank of China filing requirements for amounts over NT\$500,000 required under foreign exchange regulations.

### E. Process Management and Development

#### 1. Centralized Processing

Five processing centers help minimize the "over the counter" manual processing while work volume increased by 12% in 2004; yet average manpower time has dropped by 3%, resulting in effective cost control and improved efficiency.

#### 2. Automation

We evaluated customer preferences in the forty-five business locations islandwide and have set up ATMs in seventeen locations. The results have been good with ATM volume increasing by 15% without added operating cost.

#### 3. Embedded chip card transfers at ATM

168 ATMs have embedded chip card reading equipment islandwide, providing financial services with enhanced security and convenient automated services.

#### 4. Integrated financial resources

By integrating business resources of several subsidiaries, we have upgraded operating systems, effectively lowering operating costs.

#### 5. Introduce Six Sigma

Operating departments have started to apply Six Sigma quality control procedures to monitor process quality, surface operational deficiencies, provide resolutions and overall, improve our quality of service to customers.

#### 6. Basel II operating risk management

We have initiated a comprehensive risk management program, including outside professionals, to collect research data, develop statistical models to accurately measure our operating risks.

#### 7. Analysis of Processing Cost

Evaluate resources applied to each operating process, analyze cost structures, and develop cost data to ensure comprehensive cost applications to product and business lines.

### (VII) Business Planning & Strategy

#### A. Consumer Banking

1. Continue to recruit outstanding new talent and substantiate training programs; enforce business development strategy with sufficient and productive business manpower; also, utilize the MMA sales platform and various automation platforms of Bank SinoPac and the core competence of personal bankers to enhance new business. Reinforce business and product knowledge training and sharing through communications and case reviews in order to create team value, to reinforce the delivery of products efficiently at competitive pricing.
2. In response to the enforcement of the Basel II capital pact, establish analytical sales and risk databases while accumulating data on financial credit risk; also, organize business database analysis MIS teams, utilize customer databases to increase business opportunities and control credit risk properly.

#### B. Wealth Management

1. Trust Business
 

Improve existing trust products and develop new trust products for the needs of customers, such as, Building Management Fund Trusts, Marketable Securities Trusts, Real Estate Trusts, Charitable Trusts, Employee Welfare Trusts, Trust Fund Management, property transfer trusts, and beneficiary trusts.
2. Depository Trust Banking
 

Expand the business of investment trust fund, entrusted investment, investment of overseas Chinese and foreigners in Taiwan, private subscription fund, and investment insurance
3. Securities Business
 

Develop asset securities and real estate investment securities. Cooperate with international banks and solicit their securities custodian business
4. Process Improvement
 

Reduce time required to process an application, and continue to ensure information security while providing efficient customer service.



East Taipei Branch / Bank SinoPac

#### 5. Personnel Training

Organize a wealth management training unit and develop professional trust and financial planners. Trust personnel must receive certification and take part in professional trust and finance courses continuously in order to be knowledgeable about new issues and requirements.

### C. Corporate Banking

1. Establish Accounts Receivable Factoring Centers throughout our cross-Pacific locations. In cooperation with global credit insurance providers and Factors Chain International (FCI), we provide Taiwan businesses in the Pacific region with prompt, competitive, flexible and customized accounts receivable factoring services. In addition to expanding this electronic receivables platform into the U.S. and European markets in 2005, Bank SinoPac intends to develop international accounts information procedures in order to quickly provide customers with more convenient and efficient service quality.
2. Develop a pan-Pacific asset management service for our Taiwan-based clients and California-based clients of Far East National Bank, to assist them in the on-time on-line management of their cross-border foreign exchange and interest rate risks.
3. Integrate the financial services of SinoPac Holdings under the new customer-oriented organizational structure. Integrating the commercial and investment banking businesses under SinoPac Holdings is a key one-stop delivery strategy to meet the increasing financial demands of customers in the ever-changing and increasingly-competitive marketplace.

### D. Financial Market

Recruit experienced senior managers, assign staff for domestic and offshore training, and invite instructors to give professional seminars to upgrade the quality of the management team and enhance product development.

Upgrade hardware and information technology to develop on-time, effective risk management systems; also, expand products and asset management capabilities for easy access and convenience for clients through Internet banking.

The Treasury Department will construct a valuation and risk control system that manages "interest rate," "market price," and "risk level" of derivative products.

## II. Human Resources

Year	2003	2004	March 31, 2005
Number of staff	2,026	2,242	2,194
Average age	31.93	32.12	32.42
Average service years	4.15	4.27	4.97
Education			
Ph.D	0.10%	0.13%	0.13%
Master's Degree	20.24%	19.76%	20.24%
University & College	77.44%	78.11%	77.62%
High School	2.07%	1.87%	1.87%
Under high School	0.15%	0.13%	0.14%
Professional Certificates held by staff	Internal control, life and property insurance, trust and financial planning.		

## III. Corporate Responsibility

In areas of community involvement, Bank SinoPac participates in numerous public activities that care for minorities and sponsors various programs of non-profit organizations.

Since 1992, Bank SinoPac has been dedicated to various public activities including mass disaster rehabilitation, cultural arts, and academical programs. Bank SinoPac sponsors the Chinese performance arts and has won numerous prizes from the Council For Cultural Affairs. The "SinoPac Classical Music Contest" was co-sponsored with Philharmonic Radio Taipei and has been very popular among musicians and artists. In 2004, joining several government programs, Bank SinoPac has donated NT\$3 million to assist in the South-east Asia Disaster Relief.

#### IV. Information Technology

Bank SinoPac has extensive back-up information technology systems and equipment to address security and emergency backup issues.

(I) Risk Manager : This system will be in place by the second quarter of 2005 to integrate KVAR of SinoPac Holdings, and thus manage the overall market risk in line with the expanding business in derivatives, and is in compliance with government risk control requirements and the new Basel II Accord that will be implemented by the end of 2006.

(II) Networking Platform : New equipment will be purchased to improve networking efficiency.

1. By focusing on the core networking equipment, ADSL and safety backup systems will be installed to provide a stable network system.
2. Build up "Data Synchronization" to strengthen backup systems and integrate the networking platform.

#### V. Labor Relations

(I) Labor policy and Relations

##### A. Major welfare policy

Employee benefits provided:

##### 1. By the Bank

- (1) Special rates in employee deposits: Under a specified amount, deposits of employees will receive preferential rates
- (2) Special rates in employee loans: Both guaranteed and non-guaranteed loans are provided at preferential rates
- (3) Insurance: In addition to Labor Insurance, the Bank will provide regular group insurance and contribute to National Health Insurance.

2. By the Employee Welfare Committee: The employee welfare committee was founded in 1992. Bank SinoPac contributed 1% of its initial capital to the Employee Welfare Fund and annually contributes 0.1% of its revenue to employee welfare. The Employee Welfare Committee sponsors various employee activities.

##### B. Retirement policy

As approved from the Board of Directors, policies on retirement, resignation, staff reduction, and other employee issues are managed by the Employee Welfare Committee. Since 1998, Banks in Taiwan are to operate under the National Labor Law.

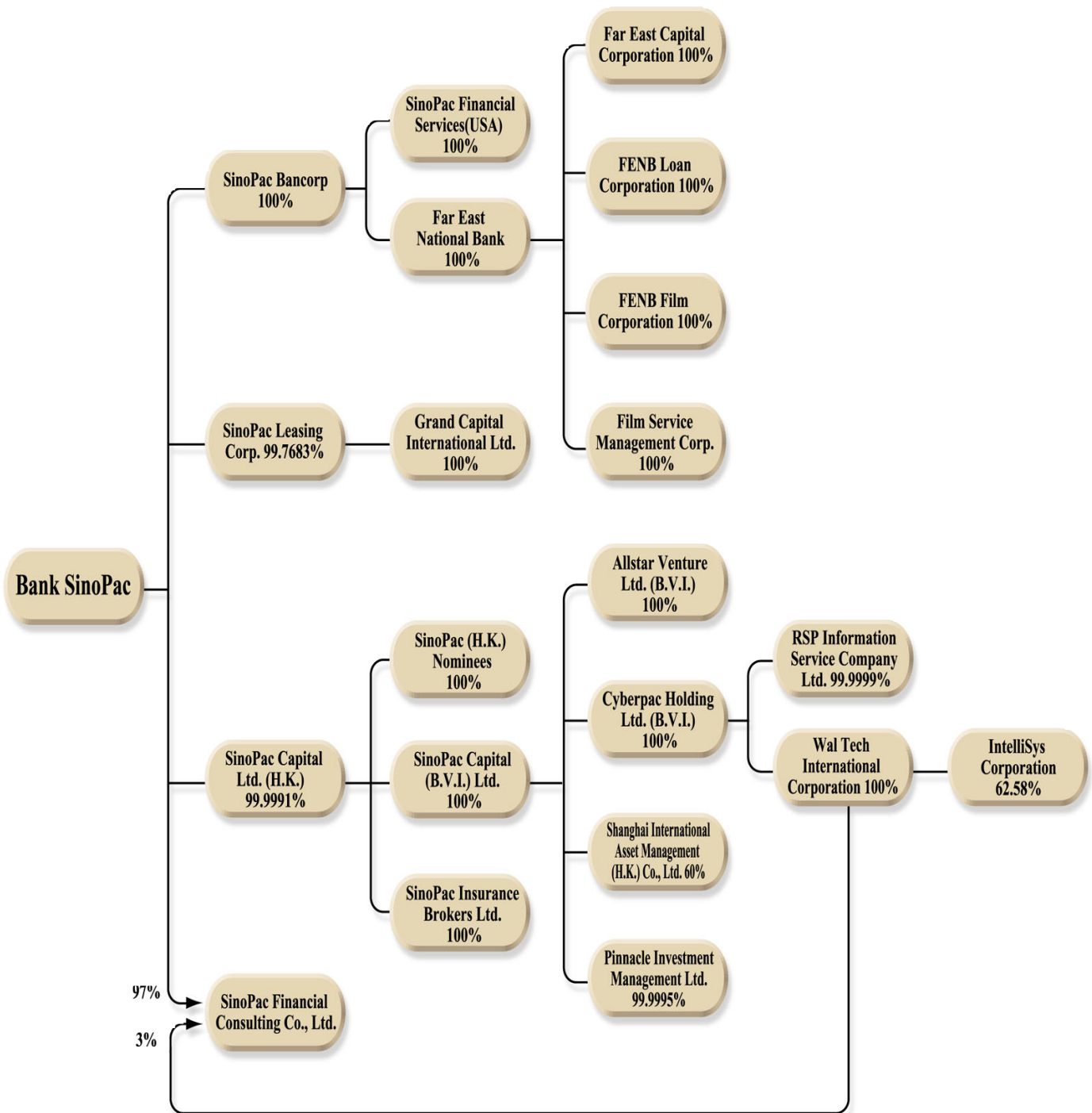
##### C. Labor Disputes : None.

## VI. Significant Events in 2004

- January** ● Hong Kong Branch relocated to 23rd Floor, Two International Finance Centre, #8 Finance Street, Central District
- May** ● Bank SinoPac was honored by "Global Finance" as the "The Best Emerging Market Bank in Taiwan"
- August** ● Launched CLO as the first floating-interest mortgage pass-through security in Taiwan.
- September** ● 2004 SinoPac Young Artist Showcase concert where Lin yi-fan and Kao-tsu won first prize in piano and windwoods; Philharmonic Radio Taipei was co-sponsor.
- October** ● FENB opened overseas branch in Ho Chi Minh City, Vietnam
- November** ● Bank SinoPac won "Best e-bank" and "Best Risk Management" awards of the 2004 Taiwan Outstanding Financial Service Contest conducted by the Taiwan Academy of Banking and Finance
- November** ● Bank SinoPac East Taipei Branch relocated its office
- November** ● Bank SinoPac was rated by "The Asset" as the "Best Domestic Bank in Taiwan"
- December** ● The opening of our "wealth management center" in Kaohsiung, Taiwan.







# Subsidiaries Profile

## FAR EAST NATIONAL BANK

Far East National Bank (FENB) was founded in 1974 as the first federally chartered Asian American bank in the United States.

The Bank was acquired in August of 1997 by Bank SinoPac. Supported by SinoPac Holdings' extensive network, Far East National Bank continues to expand and solidify its operations to serve CrossPacific business enterprises and individuals in the United States, Taiwan, China, Hong Kong and Vietnam.

Both corporate and individual banking services are provided through a total of 15 branches in Los Angeles, Orange County, San Francisco, Oakland, and the Silicon Valley, along with an overseas Beijing Representative Office. FENB also has a strategic correspondent relationship with First Sino Bank in Shanghai. In addition, FENB opened its first overseas branch in Ho Chi Minh City, Vietnam in October of 2004. Far East National Bank now has more than 300 employees with total assets of US\$1.7 billion.

Far East National Bank is an important service provider for U.S.-based businesses interested in expanding their products and services into Taiwan, Hong Kong, China and Vietnam. FENB provides a unique network on both sides of the Pacific Rim, facilitating our unparalleled ability to integrate our services to clients' international business interests.

FENB also offers corporate advisory and capital services through the Bank's wholly-owned subsidiary, FAR EAST CAPITAL CORPORATION. Far East Capital Corporation engages in corporate advisory services to emerging and high growth companies and obtains corporate mandates to raise equity capital, senior debt, and mezzanine debt in support of clients' business plans.

Far East National Bank continues to expand and direct its strategic operations toward CrossPacific Financial Services and to becoming a premier regional bank with a focus on North America and the Pacific Rim. Please visit us at [www.fenb-us.com](http://www.fenb-us.com).



Far East National Bank offers the following products and services:

### COMMERCIAL FACILITIES

- ◆ Working Capital
- ◆ Trade Finance
- ◆ Small Business Loans
- ◆ Real Estate Financing
- ◆ Construction Financing
- ◆ Specialized Structured Financing

### INTERCONTINENTAL

#### FINANCIAL SERVICES (ICES)

- ◆ Professional staff to assist customers' personalized banking and investment needs in Taiwan, China, Hong Kong and the U.S.
- ◆ CrossPacific Account (CPA)

### TREASURY SERVICES

- ◆ Full support to business owners, CEOs, or treasurers involving foreign exchange
- ◆ Foreign Currency Deposits
- ◆ Interest Rate Risk Hedging
- ◆ Investments

### CONSUMER LENDING

- ◆ Auto Loans
- ◆ Credit Cards
- ◆ Home Equity Lines of Credit & Loans
- ◆ Mortgages
- ◆ Money Management Account (MMA)

### DEPOSITS

- ◆ Checking
- ◆ Savings
- ◆ Money Market
- ◆ Time Deposit Accounts

### CASH MANAGEMENT

- ◆ Integrated Funds Management
- ◆ ACH
- ◆ Deposit Reporting
- ◆ Controlled Disbursement

### INTERNET BANKING

- ◆ Account Management
- ◆ Bills Payment

### CORPORATE ADVISORY

- ◆ Fee-based corporate advisory tailored for the special circumstances of emerging companies



### SinoPac Leasing

SinoPac Leasing Corporation (formerly known as Bank SinoPac Leasing Corporation), established in September 1997, is a key SinoPac platform in financing small and medium-sized businesses.

Other than financing machinery and equipment to small and medium-sized businesses, SinoPac Leasing Corporation also aggressively expands its business into receivables financing and automobile leasing. In line with the needs of small and medium-sized businesses to develop their overseas subsidiaries, SinoPac Leasing Corporation has established overseas subsidiaries to diversify its sales and market risks.

With proper positioning and appropriate strategies, SinoPac Leasing Corporation has successfully developed its business and expanded its organization. In the past seven years, it has established a solid market position in financing small and medium-sized businesses, and also plays a key role in SinoPac Holdings' business diversification efforts.



### SinoPac Capital Ltd. (HK)

SinoPac Capital Limited, established in Hong Kong in June 1999, is the first overseas site of Bank SinoPac to extend its business in Asia. Other than investments, it provides working capital, structures asset-backed financing and strategic financing to small and medium-sized corporations.

Facing the market risks of small and medium-sized businesses, SinoPac Capital Limited minimizes the relative risks while fulfilling its customers' financial needs. The bank is well-positioned among SinoPac Holdings as it provides complete customer-oriented financing services to businesses and becomes the main organization providing direct or structured financing services.



### SinoPac Financial Consulting Co., Ltd.

SinoPac Financial Consulting Co., Ltd. was established in July 1999. In order to differentiate itself in the fund raising market, SinoPac Financial Consulting Co., Ltd. specializes in financing through both equity and debt instruments custom-tailored to customers' needs.

SinoPac Financial Consulting Co., Ltd. provides services in consulting and planning for the following activities :

- ◆ New business start-up.
- ◆ Capital funding.
- ◆ Idle assets management.
- ◆ Business acquisition or strategic alliance.
- ◆ Local or international investments.

The above activities will be completed by:

- ◆ Market research, competitor analysis, and strategic planning.
- ◆ Sales goal and financial statement forecast.
- ◆ Corporate and equity valuation.
- ◆ Feasibility study and business plan write-up.
- ◆ Investment or trading.
- ◆ Financial planning.

