

**UNITED WORLD CHINESE COMMERCIAL BANK**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH**  
**REVIEW REPORT**  
**FOR THE THREE-MONTH PERIODS ENDED**  
**MARCH 31, 2003 AND 2002**

The reader is advised that these financial statements have been prepared originally in Chinese. These financial statements do not include additional disclosures information that are required for Chinese-language reports under the Regulations Governing the Preparation of Financial Statements of Public Companies by the Securities and Futures Commission and Bureau of Monetary Administration of the Republic of China. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese language financial statements shall prevail.

## **REVIEW REPORT OF INDEPENDENT ACCOUNTANTS**

The Board of Directors and Shareholders of  
United World Chinese Commercial Bank

We have reviewed the accompanying balance sheets of United World Chinese Commercial Bank (the “Bank”) as of March 31, 2003 and 2002, and the related statement of income and cash flows for each of the three-month periods ended March 31, 2003 and 2002. All information included in these financial statements is the representation of the Bank’s management. Our responsibility is to issue a review report on these financial statements based on our review.

Our review was made in accordance with the statements for auditing standards No. 36 “Review of Financial Statements” generally accepted in the Republic of China, which consist principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the Republic of China.

DIWAN, ERNST & YOUNG

Taipei, Taiwan

The Republic of China

April 17, 2003

### Notice to Readers

The accompanying financial statements are intended only to present the financial position and 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 practice to audit or review such financial statements are those generally accepted and applied in the Republic of China.

UNITED WORLD CHINESE COMMERCIAL BANK  
UNAUDITED BALANCE SHEETS  
MARCH 31, 2003 AND 2002  
(Expressed in thousands of dollars)

ASSETS	NOTES	March 31, 2003		March 31, 2002	
		NT\$	US\$	NT\$	US\$
Cash and Cash equivalents	IV	\$15,558,410	\$447,724	\$16,771,210	\$479,177
Due from Central Bank	IV, VI and X	24,049,400	692,069	28,781,576	822,331
Due from other banks	IV, V, VI and X	36,438,528	1,048,591	23,781,506	679,472
Securities Purchased-Net	II, IV, VI and X	129,526,839	3,727,391	170,477,974	4,870,799
Receivables-net	II, IV and X	22,898,286	658,943	21,429,789	612,280
Prepayments	IV	1,065,509	30,662	1,242,405	35,497
Loans, discounts and bills purchased-net	II, IV, V and X	386,177,770	11,113,029	415,645,492	11,875,586
<b>Long-term investments</b>	II, IV, and X				
<b>Equity method</b>		6,049,790	174,095	6,108,669	174,533
<b>Cost method</b>		6,167,554	177,484	6,235,880	178,168
Premises and equipment	II, V, VII, VIII, and X				
Cost					
Land		14,226,550	409,397	14,174,419	404,983
Building		8,656,567	249,110	8,542,766	244,079
Furniture and fixtures		2,699,320	77,678	2,411,872	68,911
Transportation equipment		70,438	2,027	68,003	1,943
Miscellaneous equipment		2,513,917	72,343	2,330,266	66,579
Total Cost		28,166,792	810,555	27,527,326	786,495
Less: Accumulated depreciation		(5,493,684)	(158,091)	(5,000,125)	(142,861)
Construction in progress and procurement		477,539	13,742	428,281	12,237
Premises and Equipment-net		23,150,647	666,206	22,955,482	655,871
Non-operating assets	II	703,983	20,258	758,791	21,680
Other assets	IV and V	8,030,766	231,101	3,975,061	113,573
Deferred charges	II	170,758	4,914	108,706	3,106
<b>TOTAL ASSETS</b>		<b>\$659,988,240</b>	<b>\$18,992,467</b>	<b>\$718,272,541</b>	<b>\$20,522,073</b>

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

(The exchange rates provided by the Federal Reserve Bank of New York on March 31, 2003 and 2002 were respectively NT\$34.75 and NT\$35 to US\$1.00)

UNITED WORLD CHINESE COMMERCIAL BANK  
 UNAUDITED BALANCE SHEETS  
 MARCH 31, 2003 AND 2002  
 (Expressed in thousands of dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	March 31, 2003		March 31, 2002	
		NT\$	US\$	NT\$	US\$
Due to Central Bank		\$261,764	7,533	\$167,335	\$4,781
Due to other banks	IV, V and X	45,777,102	1,317,327	36,118,846	1,031,967
Payables	IV and V	28,192,045	811,282	29,863,354	853,239
Advances		809,673	23,300	749,662	21,419
Deposits and remittances	IV, V and X	515,764,640	14,842,148	581,372,287	16,610,637
Banker's debenture	IV and X	10,000,000	287,770	-	-
Bankers acceptances and funds borrowed	IV, V and X	2,544,822	73,232	2,619,573	74,845
Long-term liabilities	IV	34,119	982	34,119	975
Reserve for possible losses	II and IV	84,188	2,422	85,593	2,445
Other liabilities	IV	625,525	18,000	869,126	24,832
<b>TOTAL LIABILITIES</b>		<b>604,093,878</b>	<b>17,383,996</b>	<b>651,879,895</b>	<b>18,625,140</b>
Capital stock	IV	39,715,627	1,142,895	37,716,644	1,077,619
Capital reserve	II and IV	5,095,598	146,636	5,870,989	167,743
Retained earnings	II and IV				
Legal reserve		17,447,928	502,099	15,870,416	453,440
Special reserve		257,487	7,410	235,142	6,718
Unappropriated earnings		(6,713,174)	(193,185)	6,783,619	193,818
Unrealized losses on long-term investments	II	(79,482)	(2,287)	-	-
Translation adjustments	II	170,378	4,903	201,013	5,743
Treasury stock	II and IV	-	-	(285,177)	(8,148)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>55,894,362</b>	<b>1,608,471</b>	<b>66,392,646</b>	<b>1,896,933</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$659,988,240</b>	<b>\$18,992,467</b>	<b>\$718,272,541</b>	<b>\$20,522,073</b>

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

(The exchange rates provided by the Federal Reserve Bank of New York on March 31, 2003 and 2002 were respectively NT\$34.75 and NT\$35 to US\$1.00)

UNITED WORLD CHINESE COMMERCIAL BANK  
 UNAUDITED STATEMENTS OF INCOME  
 FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002  
 (Expressed in thousands of dollars)

ITEMS	NOTES	January 1- March 31, 2003		January 1- March 31, 2002	
		NT\$	US\$	NT\$	US\$
<b>OPERATING INCOME:</b>					
Interest revenue	V	\$6,078,655	\$174,925	\$7,845,147	\$224,147
Commission and handling fees	V	560,775	16,137	398,419	11,383
Commission income of stock brokerage		23,394	673	28,205	806
Gains on sales of securities-net	II	225,565	6,491	505,715	14,449
Investment income-equity method	II and IV	117,737	3,388	50,760	1,450
Investment income-others		78,334	2,254	5,187	148
Profit on exchange-net	II	42,720	1,230	51,767	1,479
Other operating income	V	31,445	905	33,017	944
Total operating income		<u>7,158,625</u>	<u>206,003</u>	<u>8,918,217</u>	<u>254,806</u>
<b>OPERATING COST:</b>					
Interest expense	V	1,789,076	51,484	3,574,898	102,140
Commissions and handling charges		73,273	2,109	72,432	2,069
Commission charges of stock brokerage		1,438	41	1,560	45
Provisions for possible losses	II	786,229	22,625	1,474,658	42,133
Total operating cost		<u>2,650,016</u>	<u>76,259</u>	<u>5,123,548</u>	<u>146,387</u>
OPERATING GROSS MARGIN		<u>4,508,609</u>	<u>129,744</u>	<u>3,794,669</u>	<u>108,419</u>
<b>OPERATING EXPENSES:</b>					
Business expenses	IV and V	1,892,595	54,463	1,948,352	55,667
Administration expenses		1,202	35	1,145	33
Total operating expinses		<u>1,893,797</u>	<u>54,498</u>	<u>1,949,497</u>	<u>55,700</u>
<b>NET OPERATING INCOME</b>		<u>2,614,812</u>	<u>75,246</u>	<u>1,845,172</u>	<u>52,719</u>
<b>NON-OPERATING INCOME:</b>					
Gains on disposal of premises and equipment	II	694	20	476	14
Others		49,548	1,426	41,335	1,181
Total non-operating income		<u>50,242</u>	<u>1,446</u>	<u>41,811</u>	<u>1,195</u>
<b>NON-OPERATING EXPENSE:</b>					
Losses on disposal of premises and equipment	II	25,458	733	30	1
Others	II and VIII	219,872	6,327	86,206	2,463
Total non-operating expense		<u>245,330</u>	<u>7,060</u>	<u>86,236</u>	<u>2,464</u>
INCOME BEFORE INCOME TAX		<u>2,419,724</u>	<u>69,632</u>	<u>1,800,747</u>	<u>51,450</u>
INCOME TAX EXPENSES	II and IV	<u>(550,000)</u>	<u>(15,827)</u>	<u>(275,500)</u>	<u>(7,871)</u>
NET INCOME		<u>\$1,869,724</u>	<u>\$53,805</u>	<u>\$1,525,247</u>	<u>\$43,579</u>
<b>EARNING PER SHARE (In Dollars)</b>					
INCOME BEFORRE INCOME TAX	IV	\$0.61	\$0.018	\$0.48	\$0.014
INCOME TAX EXPENSES		(0.14)	(0.004)	(0.07)	(0.002)
NET INCOME		<u>\$0.47</u>	<u>\$0.014</u>	<u>\$0.41</u>	<u>\$0.012</u>
<b>PRO FORMA INFORMATION (If subsidiaries' investment in UWCCB is not treated as treasury stock)</b>					
NET INCOME				<u>\$1,515,536</u>	<u>\$43,301</u>
EARNING PER SHARE ( In Dollars)				<u>\$0.40</u>	<u>\$0.012</u>

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

(The exchange rates provided by the Federal Reserve Bank of New York on March 31, 2003 and 2002 were respectively NT\$34.75 and NT\$35 to US\$1.00)

UNITED WORLD CHINESE COMMERCIAL BANK  
 UNAUDITED STATEMENTS OF CASH FLOWS  
 FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002  
 (Expressed in thousands of dollars)

ITEMS	NOTES	January 1- March 31, 2003		January 1- March 31, 2002	
		NT\$	US\$	NT\$	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income		\$1,869,724	\$53,805	\$1,525,247	\$43,578
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	II	170,222	4,898	158,361	4,524
Provisions for possible losses	II	786,229	22,625	1,474,658	42,133
Loss (gain) on disposal of premises and equipment and non-operating assets	II	24,764	713	(363)	(10)
Investment income recognized by the equity method	II and IV	(117,737)	(3,388)	(50,760)	(1,450)
Gain on disposal of long-term investments		(71,912)	(2,069)	-	-
Adjustment of changes in exchange rates		(1,774)	(51)	1,196	34
Increase in receivables		(1,610,224)	(46,337)	(1,548,692)	(44,248)
(Increase) decrease in prepayments		347,827	10,009	(18,490)	(528)
Increase in securities purchased for trading purposes		(1,159,749)	(33,374)	(6,632,412)	(189,497)
Increase in payables		2,554,851	73,521	6,486,833	185,338
Decrease in advances		(216,052)	(6,217)	(17,268)	(493)
Increase in other liabilities		314	9	128,233	3,663
Net cash provided by operating activities		2,576,483	74,144	1,506,543	43,044
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from disposal of premises and equipment and non-operating assets		27,344	787	647	18
Addition in premises and equipment		(116,555)	(3,354)	(160,775)	(4,594)
Proceeds from disposal of long-term investments		125,732	3,618	-	-
Increase in securities purchased for non-trading purposes		(14,127,290)	(406,541)	(7,606,359)	(217,325)
Increase in long-term investments		-	-	(1,560)	(44)
Net decrease in loans, discounts, and bills purchased		7,969,652	229,343	10,813,380	308,954
Increase in other assets		(280,831)	(8,081)	(672,864)	(19,224)
Increase in due from other banks		(5,342,514)	(153,742)	(2,632,675)	(75,219)
Decrease in due from Central Bank		5,115,368	147,205	7,650,172	218,576
Increase in deferred charges		(7,067)	(203)	(9,914)	(283)
Net cash provided by (used in) investing activities		(6,636,161)	(190,968)	7,380,052	210,859
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Increase (decrease) in due to Central Bank		94,635	2,723	(177,107)	(5,060)
Increase in due to other banks		1,734,589	49,916	1,200,566	34,302
Increase in deposits and remittances		1,089,282	31,346	2,838,428	81,098
Increase (decrease) in banker's acceptances and funds borrowed		338,237	9,733	(650,786)	(18,594)
Decrease in guaranty and marginal deposits		(10,004)	(288)	(38,424)	(1,098)
Net cash provided by financing activities		3,246,739	93,430	3,172,677	90,648
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES		(14,547)	(419)	(3,043)	(87)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(827,486)	(23,813)	12,056,229	344,464
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		27,309,915	785,897	77,034,894	2,200,997
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	X	\$26,482,429	\$762,084	\$89,091,123	\$2,545,461
<b>SUPPLEMENT DISCLOSURES OF CASH FLOWS INFORMATION:</b>					
Interest expenses paid		\$1,839,206	\$52,927	\$3,302,861	\$94,367
Income tax paid		\$82,012	\$2,360	\$176,159	\$5,033

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

(The exchange rates provided by the Federal Reserve Bank of New York on March 31, 2003 and 2002 were respectively NT\$34.75 and NT\$35 to US\$1.00)

UNITED WORLD CHINESE COMMERCIAL BANK  
NOTES TO UNAUDITED FINANCIAL STATEMENTS

MARCH 31, 2003 AND 2002

(In thousands of dollars unless others stated)

I. BUSINESS

The Bank was enfranchised by the government of the Republic of China on January 1975, and started its operations on May 20, 1975. It is engaged in the following operations:

- (1) All commercial banking operations authorized by the Banking Law in the Republic of China;
- (2) International banking business and related operations;
- (3) Trust and stockbrokerage business;
- (4) Off-shore banking business;
- (5) Other financial operations related to the promotion of investments of Overseas Chinese.

The Bank's capital stock is listed on the Taiwan Stock Exchange (TSE) since November 1996. On October 4, 2002, the Bank's Shareholders determined to join Cathay Financial Holding Co., Ltd. Therefore, the Bank has become the subsidiary company of Cathay Financial Holding Co., Ltd. by share swap on December 18, 2002.

As of March 31, 2003 and 2002, the numbers of the Bank's staff were 2,520 and 2,440, respectively.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in conformity with "Regulations Governing the Preparation of Financial Statements of Public Companies" and generally accepted accounting principles in the Republic of China. The significant accounting policies are summarized as follows:

1. Basis for Preparation of Financial Statements

The accompanying financial statements include the accounts of the head office and all of the domestic and foreign branches. All inter-branch account balances and transactions among the head office and the branches have been eliminated.

## 2. Foreign-currencies Transactions

Foreign-currencies transactions of the head office and domestic branches are recorded in the currencies in which these are denominated. Foreign currencies assets and liabilities, other than those arising from forward contracts, are translated into New Taiwan Dollars at the closing rates as at the balance-sheet date. Foreign currencies income and expenses are translated into New Taiwan Dollars monthly based on the month-end exchange rates. The resulting exchange gains or losses are credited to or charged against current income.

Assets and liabilities of foreign branches, which are denominated in its local currencies, are translated into New Taiwan Dollars using the method described in the preceding paragraph. Local currencies denominated income and expenses of such branches are translated at weighted-average rate. Gains or losses resulting from the translation are treated as “Translation Adjustments” account under shareholders’ equity.

### Forward Contracts

Assets and liabilities arising from trading forward contracts are recorded at the contracted forward rate. Upon settlement, gains or losses caused by the difference between the spot rate at the settlement date and the contracted forward rate are credited or charged to income. At balance-sheet date, the gains or losses on outstanding forward contracts arising from the differences between the forward rate available for the remaining period of each contract and the contracted forward rate are credited or charged to income.

The balances of accounts receivable and payable caused by forward contracts are netted on the balance-sheet date, and the differences are treated as on asset or liability.

### Interest Rate Swaps

Interest rate swap represents agreements between two parties to exchange periodic interest payment, most often fixed vs. floating, is based on a notional principal amount. The differential to be received or paid is recorded as adjustment of interest income.

### Cross-currency Interest Rate Swaps

Cross-currency interest rate swaps involve the exchange of principal balances denominated in two different currencies at the inception of the contract, exchange of interest payments during the life of the contract, and re-exchange of the principal balance at an agreed-upon rate at a specified future date.



Assets and liabilities are recorded at the agree-upon forward rate. The differential to be received or paid is recorded as adjustment of interest income.

### Option

Premiums paid or received for options are recorded as assets or liabilities, respectively. Gains or losses on exercise of such option are credited to or charged against current income. At balance sheet dates, options are marked to market and the resulting gains or losses are recognized currently.

### 3. Cash Equivalents

The Bank considers all highly liquidated debt instruments with maturity of three months or less to be cash equivalents.

### 4. Securities Purchased

Securities Purchased are stated at cost. However, if the market value is lower than the carrying value at balance-sheet date, an allowance for market value decline is provided. Cost of stocks and mutual funds sold is determined based on weighted-average method. Cost of other securities sold is determined based on specific identification method. Bonds purchased under agreements to resell or sold under agreements to repurchase are treated as receivables and payables under the collateralized financing approach.

### 5. Allowances for Doubtful Accounts

Allowance for doubtful accounts on receivables are provided based on the results of review of the collectibility of accounts balances and the rates adopted by the relevant regulations. Whenever the management of the Bank determines the receivables are deemed uncollectible, a charge-off that conforms to the Bank's relevant regulations is recommended to and approved by the Bank's Board of Directors.

### 6. Loans, discounts and bills purchased

Loans, discounts and bills purchased are stated at the principal amount outstanding, interest on loans, discounts and bills purchased are accrued as earned, based upon the principal amount outstanding.

Loans, discounts and bills purchased are placed on delinquent accounts when payments of principal or interest are 180 days past due or if, have performed the relevant legal proceeding, when they are placed on delinquent accounts, the accrual of income is discontinued, subsequent interest payments are credited to income when received.

Allowance for doubtful accounts on loans, discounts and bills purchased are provided based on the results of review of the collectibility of accounts balances and the rates adopted by the relevant regulations. Whenever the management of the Bank determines the receivables are deemed uncollectible, a charge-off that conforms to the Bank's relevant regulations is recommended to and approved by the Bank's Board of Directors.

## 7. Investments

Investments, which own 20% or more than 20% of the common shares of investee, are accounted for by the equity method. The differences between investment cost and net worth of the investee are amortized over five years. Long-term investments, which own less than 20% of the common shares of investee are stated at cost, except for investment in listed companies, which are stated at, lower of cost or market. The lower-of-cost-market compares aggregate cost with aggregate market price. When a decline in value of an investment is considered not recoverable, the allowance for the investment loss will be provided until the carrying value was zero. Stock dividends received are accounted for only increase in the number of shares held and not recognized as investment income.

## 8. Premises and Equipment

(1) Premises and equipment are stated at cost. Improvements, additions, and major renewals that extend the life of an asset are capitalized, while repairs and maintenance are expensed as incurred. Upon disposal of premises and equipment, the related cost and accumulated depreciation are removed from the account. Any gain or losses thereon is charged to non-operating income or expenses.

(2) Depreciation is provided by the straight-line method over the following estimated useful lives:

Building	8	60	years
Furniture and fixtures	2	60	years
Transportation equipment	3	6	years
Miscellaneous equipment	2	25	years

Depreciation is still provided over the above premises and equipment when the assets used up

the useful lives until the carrying value is zero.

9. Deferred Charges

Deferred changes are amortized by the straight-line method over five years.

10. Reserves for Losses on Guarantees

Reserves for losses on guarantees are computed at the maximum limit allowed by the relevant laws and regulations based on the account balance of guarantees for custom duties, commodity taxes and contracts.

11. Reserves for Losses on Stock Brokerage Transactions

Pursuant to the regulations issued by the Ministry of Finance, a reserve for possible losses on stock brokerage transactions is based on 0.0028% of the amount of total stock traded derived from stock brokerage business until such reserve reached the amount of \$200 million.

12. Reserves for Losses on Trading Securities

Pursuant to the regulations by ministry of Finance, 10% of the gain derived from trading securities is reserved for possible loss on trading securities until such reserve reached the amount of \$200 million. The reserve cannot be used except to offset trading losses.

13. Treasury stock

The treasury stock is stated at the acquisition cost except for the donated treasury stock, which is stated at market value. When the treasury stock is sold, the cost is computed by weighted-average-method, while gain or loss of selling treasury stock is credited to or charged against Capital Reserve. Cost of treasury stock is shown as a deduction to shareholders' equity on the balance sheets.

Since January 1, 2002, the Bank has adopted the Statements of Financial Accounting Standards in Republic of China (SFAS) No. 30 to account for its stock held by its subsidiaries as treasury stock.

#### 14. Pension Plans

The Bank has a pension plan covering all regular employees. Pension benefits payment under the plan is based on years of service and final average compensation of the employees. The Bank has established an employees retirement fund committee and a committee to supervise the employees retirement fund based on the regulations of employees retirement plan. Contribution to the pension fund is appropriated to the separate accounts of the above two committees based on actuarial report on monthly basis. The Bank makes contributions to the pension funds, which is administered and operated by an independent employees retirement fund committee. Therefore, the pension fund is not reflected in the above-mentioned financial statements.

The Bank adopted SFAS No. 18 “Accounting for pensions”, which requires actuarial determination of pension assets or obligations. The unrecognized assets or obligations at transition are amortized by the straight-line method over 15 years-the average remaining service period of employees.

#### 15. Recognition of interest revenue and service fees

Interest revenue on loans is recorded on an accrual basis. For overdue loans and other credits, interest revenue is recognized only upon collection.

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

Under the regulations of the Ministry of Finance, the interest revenue on credits covered by agreements that extend their maturity is recorded as deferred income and recognized upon collection.

#### 16. Income Tax

The Bank adopted the SFAS No. 22 “Accounting for income taxes” for interperiod and intraperiod income tax allocation. Tax effects on taxable temporary differences are recognized as deferred tax liabilities. Tax effects on deductible temporary differences, operating loss carryforwards and investment tax credits are recognized as deferred tax assets. Valuation allowance for deferred tax assets will be set up for their realizability.

The adjustments of prior years' income tax are included in the current year's income tax calculation.

If the Bank does not distribute all its current year profits as calculated on a tax basis, an additional 10% income tax will be levied on the portion of undistributed profits.

#### 17. Commitments and Contingent Liabilities

Contingent liabilities and commitments should be recorded at estimated amounts if it is probable that they have been incurred and the amounts can be reasonably estimated. If it is not probable, or it is probable but the amounts cannot be reasonably estimated, the disclosure should be made in the footnote of financial statements.

#### 18. Basis for Translating Into US Dollars

The financial statements are stated in New Taiwan dollars. Translation of the March 31, 2003 and 2002 New Taiwan dollar amounts into US dollar amounts are included in the financial statements solely for the convenience of the readers, using the buying rate provided by the Federal Reserve Bank of New York on March 31, 2003 and 2002, of NT\$34.75 and NT\$35 to US\$1.00. The convenience translation should not be construed as a representation that the New Taiwan dollars amounts have been, or could in the future be, converted into US dollars at this rate or any other rate of exchange.

### III. ACCOUNTING CHANGES

None.

### IV. BREAKDOWN OF SIGNIFICANT ACCOUNTS

#### 1. CASH AND CASH EQUIVALENTS

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Cash on hand	\$6,628,933	\$190,761	\$5,741,530	\$164,044
Post-dated checks for clearance	3,694,477	106,316	8,589,180	245,405
Cash equivalents-certified deposits	5,235,000	150,647	2,440,500	69,728
Total	<u>\$15,558,410</u>	<u>\$447,724</u>	<u>\$16,771,210</u>	<u>\$479,177</u>

#### 2. DUE FROM CENTRAL BANK

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Deposit reserve account	\$14,241,393	\$409,824	\$16,511,061	\$471,745
General account	9,808,007	282,245	12,270,515	350,586
Total	<u>\$24,049,400</u>	<u>\$692,069</u>	<u>\$28,781,576</u>	<u>\$822,331</u>

### 3. DUE FROM OTHER BANKS

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Due from banks	\$1,656,625	\$47,673	\$1,936,771	\$55,337
Call loans to banks	34,781,903	1,000,918	21,844,735	624,135
Total	<u>\$36,438,528</u>	<u>\$1,048,591</u>	<u>\$23,781,506</u>	<u>\$679,472</u>

As of March 31, 2002, the certificate of certified deposits amounting NT\$120,000 thousand were pledged to other parties for business reserve and guarantees.

### 4. SECURITIES PURCHASED-NET

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Stocks, bonds and mutual funds	\$80,423,692	\$2,314,350	\$58,826,538	\$1,680,758
Certified Deposits	38,183,261	1,098,799	55,622,188	1,589,205
Commercial papers	11,531,691	331,848	56,572,070	1,616,345
Total	130,138,644	3,744,997	171,020,796	4,886,308
Less: Allowance for decline in market price of securities	(611,805)	(17,606)	(542,822)	(15,509)
Net	<u>\$129,526,839</u>	<u>\$3,727,391</u>	<u>\$170,477,974</u>	<u>\$4,870,799</u>

(1) Securities purchased of NT\$16,543,031 thousand and NT\$1,492,463 thousand at March 31, 2003 and 2002, respectively, were pledged to other parties as collateral for business reserves and guarantees.

(2) Securities purchased of NT\$10,924,019 thousand and NT\$72,319,913 thousand at March 31, 2003 and 2002, respectively, were considered as part of cash equivalents.

### 5. RECEIVABLES-NET

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Accounts receivable	\$14,739,096	\$424,147	\$11,040,418	\$315,441
Accrued interest receivable	3,073,835	88,455	3,906,186	111,605
Customers' liabilities under acceptances	339,629	9,773	404,539	11,558
Securities purchased under agreements to resell	2,637,446	75,898	5,697,878	162,797
Others	2,732,754	78,640	440,208	12,578
Total	23,522,760	676,913	21,489,229	613,979
Less: Allowance for doubtful accounts	(624,474)	(17,970)	(59,440)	(1,699)
Net	<u>\$22,898,286</u>	<u>\$658,943</u>	<u>\$21,429,789</u>	<u>\$612,280</u>

The changes in the allowance for doubtful accounts are summarized in Note IV. 7.

#### 6. PREPAYMENTS

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Inter-bank clearing funds	\$801,682	\$23,070	\$812,385	\$23,211
Others	263,827	7,592	430,020	12,286
Total	<u>\$1,065,509</u>	<u>\$30,662</u>	<u>\$1,242,405</u>	<u>\$35,497</u>

#### 7. LOANS, DISCOUNTS, AND BILLS PURCHASED-NET

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Inward-outward documentary bills purchased	\$866,842	\$24,945	\$1,029,173	\$29,405
Loans	377,356,301	10,859,174	383,615,266	10,960,436
Overdrafts	946,109	27,226	1,789,707	51,135
Delinquent accounts	12,719,815	366,038	33,237,408	949,640
Total	391,889,067	11,277,383	419,671,554	11,990,616
Less: Allowance for doubtful accounts	(5,711,297)	(164,354)	(4,026,062)	(115,030)
Net	<u>\$386,177,770</u>	<u>\$11,113,029</u>	<u>\$415,645,492</u>	<u>\$11,875,586</u>

(1) Delinquent accounts, where the accrual of interest ceased, amounted to NT\$12,719,815

thousand and NT\$33,237,408 thousand at March 31, 2003 and 2002, respectively. Unrecognized interests were NT\$205,311 thousand and NT\$575,350 thousand for the three-month periods ended March 31, 2003 and 2002, respectively.

- (2) The additional information of loans, discounts, and bills purchased by type of industry and geographic region is shown as Note X.
- (3) The following is a summary of the activity in the allowance for doubtful accounts (including receivables, loan, discounts and bills purchased) for the three-month periods ended March 31, 2003 and 2002 respectively.

	Jan. 1 ~Mar. 31, 2003					
	Allocated allowance		Unallocated portion		Total	
	NT\$	US\$	NT\$	US\$	NT\$	US\$
Balance, beginning of the period	\$6,624,009	\$190,619	\$236,724	\$6,812	\$6,860,733	\$197,431
Provision of doubtful account	742,776	21,375	-	-	742,776	21,375
Write-off	(2,047,391)	(58,918)	-	-	(2,047,391)	(58,918)
Recoveries	779,553	22,433	-	-	779,553	22,433
Reclassification	(377,943)	(10,876)	377,943	10,876	-	-
Effects of changes in foreign exchange rates	1	-	99	3	100	3
Balance, end of the period	<u>\$5,721,005</u>	<u>\$164,633</u>	<u>\$614,766</u>	<u>\$17,691</u>	<u>\$6,335,771</u>	<u>\$182,324</u>

	Jan. 1 ~Mar. 31, 2002					
	Allocated allowance		Unallocated portion		Total	
	NT\$	US\$	NT\$	US\$	NT\$	US\$
Balance, beginning of the period	\$3,965,035	\$113,287	\$251,974	\$7,199	\$4,217,009	\$120,486
Provision of doubtful account	1,473,986	42,114	-	-	1,473,986	42,114
Write-off	(1,847,369)	(52,782)	-	-	(1,847,369)	(52,782)
Recoveries	242,088	6,917	-	-	242,088	6,917
Reclassification	155,166	4,433	(155,166)	(4,433)	-	-
Effects of changes in foreign exchange rates	4	-	(216)	(6)	(212)	(6)
Balance, end of the period	<u>\$3,988,910</u>	<u>\$113,969</u>	<u>\$96,592</u>	<u>\$2,760</u>	<u>\$4,085,502</u>	<u>\$116,729</u>

In recent years, the local economic and financial environment has been affected by several factors, including the country's economic growth has decelerated, investment is reduced, the



stock market is bearish, and the New Taiwan dollar depreciated. Certain business enterprises, failed to meet its contractual obligations. To deal with the difficult situation, the government has taken various economy-boosting policies. The Bank's financial statements include allowance for doubtful accounts based on information available to the Bank, including defaults to the extent of which can be determined or estimated. However, any adjustment that might be required while the debtor's ability to repay their loans, and uncertainty related to the future realizable value of collaterals might result in amounts different from those amounts presently determined or estimated.

## 8. LONG-TERM INVESTMENTS

Investees	Mar. 31, 2003			Mar. 31, 2002		
	NT\$	US\$	% of ownership	NT\$	US\$	% of ownership
<b>Equity Method</b>						
Seaward Futures Corp.	\$1,672,355	\$48,125	99.82	\$1,695,563	\$48,445	99.82
Seaward Leasing Ltd.	2,157,637	62,090	99.97	1,902,350	54,353	99.97
Huong Yee Co., Ltd.	614,003	17,669	99.99	668,840	19,110	99.99
Seaward Insurance Agent Corp.	50,665	1,458	99.99	6,796	194	99.99
Seaward Card Co., Ltd.	36,948	1,063	99.99	34,918	998	99.99
Indovina Bank	451,751	13,000	50.00	449,874	12,853	50.00
Taiwan Real-estate Management Corp.	54,162	1,559	30.15	67,307	1,923	30.15
Taiwan Finance Corp.	1,098,095	31,600	24.57	1,370,733	39,163	24.57
Seaward Property Insurance Agent Corp.	2,000	58	99.99	-	-	-
Subtotal	6,137,616	176,622		6,196,381	177,039	
Less: Unrealized gain from intercompany transactions	(87,826)	(2,527)		(87,712)	(2,506)	
Investment in equity method	6,049,790	174,095		6,108,669	174,533	
<b>Cost Method (Lower of Cost or Market)</b>						
Pan Overseas Corp.	7,525	217	0.61	7,525	215	0.61
China Bills Finance Corp.	170,688	4,912	2.72	224,508	6,414	2.86
Taiwan Fertilizer Co., Ltd.	104,173	2,998	0.58	104,173	2,977	0.58
Chunghwa Telecom Co., Ltd.	541,097	15,571	0.11	566,862	16,196	0.11
<b>Cost Method</b>						
International Securities Investment Trust Co., Ltd.	4,900	141	4.74	4,900	140	4.74
Wallant International Trade Inc.	-	-	2.51	-	-	2.51

	Mar. 31, 2003			Mar. 31, 2002		
	NT\$	US\$	% of	NT\$	US\$	% of
			ownership			ownership
Central Deposit Insurance Corp.	10	-	-	10	-	-
Chinese Products Promotion Center	1,850	53	4.87	1,850	53	4.87
Han Tech Venture Capital Corp.	154,927	4,458	7.93	154,927	4,426	7.93
Taiwan Securities Central Depository Co., Ltd.	1,850	53	0.18	1,850	53	0.18
Taipei Forex Inc.	8,000	230	4.04	8,000	229	4.04
Global Securities Finance Corp.	161,930	4,660	2.45	161,930	4,627	2.45
An Feng Enterprise Co., Ltd.	4,500	129	15.00	4,500	129	15.00
Euroc II Venture Capital Corp.	40,000	1,151	5.00	40,000	1,143	5.00
Taiwan International Merchandise Exchange Corp.	12,500	360	0.63	12,500	357	0.63
Strategic Value Fund, Limited Partnership	170,019	4,893	-	158,760	4,536	-
Chan Sheng Investment Development Co., Ltd.	127,400	3,666	4.90	127,400	3,640	4.90
CDIB & Partners Investment Holding Corp.	500,000	14,389	4.95	500,000	14,286	4.95
Financial Information Service Co., Ltd.	45,500	1,309	1.14	45,500	1,300	1.14
Sheng-Hua Venture Capital Corp.	50,000	1,439	2.50	50,000	1,429	2.50
IBU Securities Co., Ltd.	1,045,000	30,072	10.31	1,045,000	29,857	10.31
Latin America Development Co., Ltd.	6,250	180	1.79	6,250	179	1.79
Capital Venture Fund II Corp.	30,000	864	5.00	30,000	857	5.00
ProTec Capital Corp.	8,000	230	4.88	8,000	229	4.88
Fu Yu Venture Capital Investment Corp.	50,000	1,439	3.70	50,000	1,429	3.70
Taipei Smart Card Corp.	25,000	719	5.00	25,000	714	5.00
New Century InfoComm Co., Ltd.	864,000	24,863	1.68	864,000	24,685	1.68
Harbinger Venture Capital Corp.	67,000	1,928	3.35	67,000	1,914	3.35
United Venture Capital Corp.	40,000	1,151	4.52	40,000	1,143	4.52
Centillion Venture Capital Corp.	60,000	1,727	5.00	60,000	1,714	5.00
Taiwan Asset Management Corp.	1,000,000	28,777	5.68	1,000,000	28,571	5.68
Taipei Financial Center Corp.	400,000	11,511	2.35	400,000	11,429	2.35
Taiwan Financial Asset Service Corp.	50,000	1,439	2.94	50,000	1,428	2.94
Kaohsiung Rapid Transit corp.	299,000	8,604	2.99	299,000	8,543	2.99
Taiwan Cooperative Bank	116,435	3,351	0.21	116,435	3,326	0.21

Investment in cost method	6,167,554	177,484	6,235,880	178,168
Total	<u>\$12,217,344</u>	<u>\$351,579</u>	<u>\$12,344,549</u>	<u>\$352,701</u>

- (1) Due to the losses incurred by its investee company. Wallant International Trade Inc., the Bank has fully appropriated the allowance for investment value decline against the original carrying value.
- (2) In April 1996, the shareholders of Huong Yee Co., Ltd. have determined in the liquidation of the companies in the special meeting. As of March 31, 2003, the Huong Yee Co. is still in the liquidating process.
- (3) The long-term investment accounted for by the equity method amounted to NT\$5,995,628 thousand and NT\$6,041,362 thousand as of March 31, 2003 and 2002, respectively, and related investment gain of NT\$130,882 thousand and NT\$60,572 thousand for the three-month periods ended March 31, 2003 and 2002, which were recognized in accordance with the financial statements prepared by the investee companies. There were no material adjustments should be made if the Bank recognized gains or losses by the audited or reviewed reports of the investee companies.
- (4) Up to March 31, 2003, the Bank has unrealized losses on long-term investment of Seaward Leasing Ltd. of NT\$79,482 thousand.
- (5) Since January 1, 2002, the Bank has adopted SFAS No. 30 to account for its stock held by its subsidiaries as treasury stock.

#### 9. OTHER ASSETS

	<u>Mar. 31, 2003</u>		<u>Mar. 31, 2002</u>	
	NT\$	US\$	NT\$	US\$
Refundable deposits	\$646,962	\$18,618	\$725,747	\$20,736
Pledged assets taken-over	4,328,501	124,561	3,157,723	90,221
Deferred tax assets	3,055,303	87,922	91,591	2,616
Total	<u>\$8,030,766</u>	<u>\$231,101</u>	<u>\$3,975,061</u>	<u>\$113,573</u>

#### 10. DUE TO OTHER BANKS

	<u>Mar. 31, 2003</u>		<u>Mar. 31, 2002</u>	
	NT\$	US\$	NT\$	US\$
Due to banks	\$24,751,779	\$712,282	\$24,774,724	\$707,849

Overdrafts from banks	1,150,760	33,115	109,693	3,134
Call loans from banks	19,874,563	571,930	11,234,429	320,984
Total	<u>\$45,777,102</u>	<u>\$1,317,327</u>	<u>\$36,118,846</u>	<u>\$1,031,967</u>

#### 11. PAYABLES

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Accounts payable	\$4,402,877	\$126,701	\$10,130,272	\$289,436
Accrued interest	2,139,492	61,568	3,670,087	104,860
Accrued expenses	346,825	9,981	295,863	8,453
Income tax payable	81,187	2,336	220,152	6,290
Acceptances	349,139	10,047	418,510	11,958
Collection for customers	87,131	2,507	606,343	17,324
Securities sold under agreements to repurchase	16,599,868	477,695	12,624,708	360,706
Others	4,185,526	120,447	1,897,419	54,212
Total	<u>\$28,192,045</u>	<u>\$811,282</u>	<u>\$29,863,354</u>	<u>\$853,239</u>

#### 12. DEPOSITS AND REMITTANCES

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Check deposits	\$10,242,084	\$294,736	\$8,031,355	\$229,467
Demand deposits	46,596,146	1,340,896	45,521,771	1,300,622
Certified deposits	128,861,776	3,708,253	162,975,946	4,656,456
Saving deposits	290,197,599	8,351,010	321,162,703	9,176,077
Foreign currencies deposits	39,771,044	1,144,490	43,511,781	1,243,194
Outward remittances	1,209	35	8,814	252
Remittances payable	94,782	2,728	159,917	4,569
Total	<u>\$515,764,640</u>	<u>\$14,842,148</u>	<u>\$581,372,287</u>	<u>\$16,610,637</u>

#### 13. BANKER'S DEBENTURE

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$

Subordinate Banker's debenture	<u>\$10,000,000</u>	<u>\$287,770</u>	<u>\$-</u>	<u>\$-</u>
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On May 23, 2002, the Bank issued five-year subordinate banker's debenture amounting to NT\$5,000,000 thousand with stated interest rate of 4.15%. On September 10, 2002, the Bank issued another five-year and six-month subordinate banker's debenture amounting to NT\$5,000,000 thousand with stated interest rate of 5.9% minus the six-month LIBOR rate. The subordinate banker's debenture are repayable at maturity date and the interests are payable semiannually. Subordinate Banker's debenture with lower priority claim on assets and income than other debt. That is, principal and interest are repaid only after other debts with a higher claim have been satisfied, but senior to common stock.

#### 14. BANKER'S ACCEPTANCES AND FUNDS BORROWED

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Borrowed funds-Central Bank	\$2,033,332	\$58,513	\$2,153,127	\$61,518
Borrowed funds-Others	511,490	14,719	466,446	13,327
Total	<u>\$2,544,822</u>	<u>\$73,232</u>	<u>\$2,619,573</u>	<u>\$74,845</u>

#### 15. LONG-TERM LIABILITIES

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Reserve for land value increment tax	<u>\$34,119</u>	<u>\$982</u>	<u>\$34,119</u>	<u>\$975</u>

#### 16. RESERVES FOR POSSIBLE LOSSES

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Reserve for losses on guarantees	\$38,913	\$1,120	\$51,733	\$1,478
Reserve for losses on stock brokerage transactions	36,432	1,048	33,789	966
Reserve for losses on trading securities	8,843	254	71	2
Total	<u>\$84,188</u>	<u>\$2,422</u>	<u>\$85,593</u>	<u>\$2,445</u>

## 17. OTHER LIABILITIES

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Guarantee and margin deposits	\$625,211	\$17,991	\$582,601	\$16,646
Deferred income	-	-	286,525	8,186
Others	314	9	-	-
Total	<u>\$625,525</u>	<u>\$18,000</u>	<u>\$869,126</u>	<u>\$24,832</u>

## 18. CAPITAL STOCK

At beginning of the year 2002, the Bank has authorized capital stock amounting to NT\$37,716,644 thousand. There were 3,771,664 thousand shares issued at par value of NT\$10.

On May 30, 2002, the Bank's shareholders determined to increase capital for NT\$1,998,983 thousand by transfer from unappropriate earnings and employees' special bonus of NT\$1,433,233 thousand and capital reserve of NT\$565,750 thousand at their annual meeting. After the capitalization, issued and outstanding capital stock amounted to NT\$39,715,627 thousand and 3,971,563 thousand shares were issued at par value of NT\$10.

The Bank's increase in capital mentioned above has been approved by the authority-in-charge.

## 19. CAPITAL RESERVES

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Gain on disposal of premises and equipment	\$-	\$-	\$220,038	\$6,287
Additional paid-in capital	4,249,096	122,276	4,814,846	137,567
Capital reserves from merger of investee companies	773,348	22,255	773,348	22,096
Capital reserves from investee companies of which recognized by the equity method, and etc.	62,757	1,806	62,757	1,793
Capital reserves from treasury stock	10,397	299	-	-
Total	<u>\$5,095,598</u>	<u>\$146,636</u>	<u>\$5,870,989</u>	<u>\$167,743</u>

In order to agree with the revision of Company Law, the Bank's Shareholders determined to reverse the above gain on disposal of premises and equipment from capital reserve to

unappropriated earnings at their annual meeting on May 30, 2002.

## 20. RETAINED EARNINGS

The Bank's Articles of Incorporation provides that its annual net income shall be appropriated and distributed in the following order:

- (a) 30% thereof shall be set aside as legal reserve;
- (b) Special reserve to be distributed after deliberation;
- (c) Regular dividends; and
- (d) The remainder, if any, shall be distributed and appropriated as follows: extra dividends 80%, compensation to directors and supervisors 5%, employees' special bonus 10%, and contribution to welfare fund 5%.

The government's regulations stipulates that the Bank must retain part of its annual net income as legal reserve, and cash dividends declaration, if any, should not exceed the limit of 15% of paid-in capital, until such retention of legal reserve reached the amount of paid-in capital. The legal reserve may be used at any time to offset the accumulated deficit, if any, once the legal reserve reached one-half of the paid-in capital, up to 50% thereof may be transferred to capital stock.

In order to prevent an impairment of working capital, based on the regulations of authority-in-charge, a portion of the retained earnings equal to the deduction account of shareholders' equity, if any, becomes unavailable for dividend distribution.

The Bank has deficit for the year 2002. Consequently, no dividend will be distributed for that year. Please refer to the website of Securities and Futures Commission, for the related announcement.

## 21. TREASURY STOCK

As of March 31, 2002, the amount of NT\$285,263 thousand with 14,285 thousand shares of the Bank's stocks were held by its subsidiaries which has been adopted SFAS No. 30 to account as treasury stock.

## 22. PENSION

The Bank has adopted SFAS No.18 "Accounting for pensions", which requires actuarial



determination of pension assets or liabilities.

### 23. OPERATING EXPENSES

	Jan.1~Mar. 31, 2003		Jan.1~Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Personnel Expense				
Salary Expense	\$681,398	\$19,609	\$748,115	\$21,375
Insurance Expense	60,347	1,737	56,502	1,615
Pension Funds	82,936	2,386	76,363	2,182
Others	165,931	4,775	173,926	4,969
Depreciation Expense	154,855	4,456	146,584	4,188
Amortization Expense	15,367	442	11,777	336
Total	<u>\$1,160,834</u>	<u>\$33,405</u>	<u>\$1,213,267</u>	<u>\$34,665</u>

### 24. INCOME TAX

(1) The reconciliation between income tax payable and income tax expense (benefit) for the three-month periods ended March 31, 2003 and 2002 are as follows:

	Jan.1~Mar. 31, 2003		Jan.1~Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Income tax payable:				
Domestic income tax:				
General (tax rate 25%)	\$-	\$-	\$159,092	\$4,545
Interest on short-term negotiable instruments (tax rate 20%)	54,485	1,568	102,167	2,919
Foreign branches' income tax	13,617	392	10,130	289
Deferred tax (benefit) expenses:				
Employees' welfare	-	-	2,587	74
Allowance for bad debt	109,552	3,152	-	-
Allowance for pledged assets taken-over	(55,517)	(1,598)	-	-
Provisions for possible losses	(155)	(4)	(168)	(5)
Foreign investment income recognized by the equity method	4,069	117	1,521	44
Operating loss carryforwards	415,925	11,969	-	-
Others	38	1	171	5
Adjustment of prior period's income tax	7,986	230	-	-
Income tax expense	<u>\$550,000</u>	<u>\$15,827</u>	<u>\$275,500</u>	<u>\$7,871</u>

(2) Deferred tax liabilities and assets resulting from the following timing differences:

	Mar. 31, 2003	Mar. 31, 2002
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	NT\$	US\$	NT\$	US\$
Taxable temporary differences:				
Unrealized losses from intercompany transactions	\$24,999	\$719	\$25,606	\$732
Others	61,624	1,773	34,602	989
Deductible temporary differences:				
Allowance for bad debts	2,124,032	61,123	-	-
Allowance for pledged assets taken-over	2,049,219	58,970	-	-
Unrealized gain from intercompany transactions	20,154	580	20,765	593
Employees' welfare	-	-	12,164	348
Pension expenses exceed the limit of tax law	75,809	2,182	72,098	2,060
Provisions for possible losses	53,926	1,552	51,283	1,465
Others	104,807	3,016	112,877	3,225
Operating loss carryforwards	\$7,705,227	\$221,733	\$-	\$-
Deferred income tax assets of foreign branches	\$43,665	\$1,257	\$39,346	\$1,124

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
(3) Deferred tax assets	\$3,076,959	\$88,546	\$106,643	\$3,047
Deferred tax liabilities	(21,656)	(623)	(15,052)	(430)
Net deferred tax assets	<u>\$3,055,303</u>	<u>\$87,923</u>	<u>\$91,591</u>	<u>\$2,617</u>

- (4) The Bank's income tax returns for the year 1998 and the year's prior to the 1998 have been determined by the tax authorities.
- (5) The Bank's income tax returns for the year from 1999 to 2001 are being examined by the tax authorities.
- (6) On July 30, 2002, the tax authorities has determined that the amount of NT\$153,319 thousand could be deduct from the income tax payable amounting to NT\$193,319 thousand for the year 1994. The rest NT\$40,000 thousand has been paid in year 2002.

(7) A valuation allowance has been established due to the Bank's income tax returns for the years from 1995 to 1998 that have been determined by the tax authorities, however, the Bank did not agree with the assessment and appealed to the tax authorities. The claim is in the process by the tax authority.

(8) The related informations of shareholders' deductible income tax are as follows:

	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Shareholders' deductible income tax account	\$37,542	\$1,080	\$757,146	\$21,633
Unappropriated earnings (accumulated deficit)	(6,713,174)	(193,185)	6,783,619	193,818

The following is the rate of tax credit available for dividends to the Bank's shareholders for the year 2002:

	2002
Cash dividend	16.57%
Stock dividend	23.80%

## 25. EARINGS PER SHARE

(1) The computations of earning per share are as follows:

	Jan. 1~ Mar. 31, 2003	Jan. 1~Mar. 31, 2002
Weighted-averaged number of shares (In thousand shares)	<u>3,971,563</u>	<u>3,757,379</u>

	Jan. 1~ Mar. 31, 2003		Jan. 1~Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Income before income tax	\$2,419,724	\$69,932	\$1,800,747	\$51,450
Income tax expense	(550,000)	(15,827)	(275,500)	(7,871)
Net income	<u>\$1,869,724</u>	<u>\$53,805</u>	<u>\$1,525,247</u>	<u>\$43,579</u>

Earning per share (Expressed in dollars)

Income before income tax	\$0.61	\$0.018	\$0.48	\$0.014
Income tax expense	(0.14)	<u>(0.004)</u>	(0.07)	(0.002)

Net income	\$0.47	\$0.014	\$0.41	\$0.012
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Pro forma information on earnings is set out as follows: (If subsidiaries' investment in Bank is not treated as treasury stock)

	Jan. 1~Mar. 31, 2002	
	NT\$	US\$
Net income	\$1,515,536	\$43,301
Earnings per share (Expressed in dollars)	\$0.40	\$0.012

## V. RELATED PARTIES TRANSACTIONS

1. Name and relation of related parties are as follows:

<u>Name of related parties</u>	<u>Relationship</u>
Cathay Financial Holding Co., Ltd.	Parent Company
Cathay Life Insurance Co., Ltd. and etc.	Subsidiaries of Cathay Financial Holding Co. Ltd.
Seaward Futures Corp.	Subsidiary
Seaward Leasing Ltd.	Subsidiary
Seaward Insurance Agent Corp.	Subsidiary
Huong Yee Co., Ltd.	Subsidiary
Taiwan Real-estate Management Corp.	Investee company in equity Method
Taiwan Finance Corp.	Investee company in equity Method
Seaward Card Co., Ltd.	Subsidiary
Seaward Property Insurance Agent Corp.	Subsidiary
Indovina Bank	Subsidiary
Gemfor Tech. Co.	Their Chairman of the Board is the director of the Bank
Taipei Smart Card Corp.	Investee company
China England Company Ltd. and etc.	Investee company of the Bank's subsidiaries
Culture and Charity Foundation of the UWCCB	The Bank is the major sponsor of the Foundation
The International Commercial Bank of China, and etc.	Former directors or supervisors of the Bank (resigned since December 18, 2002 as the Bank join the Cathay Financial Holding Group)

2. Significant transactions with the related parties are summarized as follows:

(1) Account balances

Account/Related parties	Mar. 31, 2003			Mar. 31, 2002		
	NT\$	US\$	% of account	NT\$	US\$	% of account
<b>Due from Banks</b>						
Taiwan Cooperative Bank	\$-	\$-	-	\$274,491	\$7,843	14.17%
Others	-	-	-	187,231	5,349	9.67%
<b>Due to Banks</b>						
Taiwan Cooperative Bank	-	-	-	100,555	302	0.41%
Directorate General of Postal Remittances & Savings Bank	-	-	-	22,491,510	642,615	90.78%
Cathay United Bank	87	3	-	-	-	-
Others	-	-	-	9,913	283	0.04%
Loans, discounts and bills purchased	3,032,580	87,268	0.77%	6,642,654	189,790	1.58%
Deposits	30,991,662	891,846	6.01%	10,715,609	306,160	1.84%

Since December 18, 2002, Cathay Financial holding Co., Ltd. (Parent Company) becomes the sole shareholder of the Bank. Consequently, all of the directors and supervisors are reappointed by the Parent Company.

Call Loans to Banks	Maximum balance		March 31 balance		Interest		Interest rate
	NT\$	US\$	NT\$	US\$	NT\$	US\$	
<u>Jan. 1~Mar. 31, 2003</u>							
Cathay United Bank	\$695,400	\$20,012	\$695,400	\$20,012	\$2,239	\$64	1.4%-1.54%
<u>Jan. 1~Mar. 31, 2002</u>							
The International Commercial Bank of China	\$1,158,025	\$33,086	\$323,020	\$9,229	\$1,859	\$53	1.98%-3.65%
Taipei Bank	1,525,075	43,574	525,075	15,002	1,254	36	2.20%-2.28%
Bank of Taiwan	210,030	6,001	210,030	6,001	584	17	1.82%
Central Trust of China	245,050	7,001	245,050	7,001	196	6	2.22%
Taiwan Cooperative Bank	1,157,920	33,083	-	-	125	4	2.2%-2.28%
Land Bank of Taiwan	350,050	10,001	350,050	10,001	739	21	1.90%
The Farmers Bank of China	560,080	16,002	560,080	16,002	2,253	64	1.78%-2.28%
Directorate General of Postal Remittances & Savings Bank	500,000	14,286	-	-	93	3	2.28%

Call Loans from Banks	Maximum balance		March 31 balance		Interest		Interest rate
	NT\$	US\$	NT\$	US\$	NT\$	US\$	
<u>Jan. 1~Mar. 31, 2003</u>							
Cathay United Bank	\$417,240	\$12,007	\$417,240	\$12,007	\$1,168	\$33	1.4%
<u>Jan. 1~Mar. 31, 2002</u>							
The International Commercial Bank of China	\$945,135	\$27,004	\$455,065	\$13,002	\$2,118	\$61	1.66%-1.94%
Taipei Bank	1,050,150	30,004	1,050,150	30,004	272	8	1.87%
Bank of Taiwan	2,875,125	82,146	700,100	20,003	10,009	286	2.08%~2.40%
Central Trust of China	4,025,575	115,016	2,275,325	65,009	3,923	112	1.71%~1.84%
Taiwan Cooperative Bank	1,350,050	38,573	-	-	1,219	35	1.68%-2.30%
Land Bank of Taiwan	1,050,150	30,004	525,075	15,002	1,533	44	0.07%~1.90%
Kung Hwa Commercial Bank	210,030	6,001	210,030	6,001	2,225	64	2.27%

The transactions with the related parties were dealt with in the ordinary course of business similar to those with third parties.

(2) Lease

Related parties	Jan. 1~ Mar. 31, 2003		Jan. 1~Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
<u>Rental income</u>				
Seaward Leasing Ltd.	\$499	\$14	\$528	\$15
Taipei Smart Card Corp.	1,556	45	-	-
<u>Rental Expense</u>				
Seaward Leasing Ltd.	\$171	\$5	\$-	\$-
<u>Refundable deposits</u>				
Seaward Leasing Ltd.	\$42,180	\$1,124	\$42,000	\$1,200
Related parties	Jan. 1~ Mar. 31, 2003		Jan. 1~Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$

(3) Insurance Expense

Cathay Life Insurance Co., Ltd.	\$29,992	\$863	\$-	\$-
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<u>Related parties</u>	<u>Jan. 1~ Mar. 31, 2003</u>		<u>Jan. 1~Mar. 31, 2002</u>	
	<u>NT\$</u>	<u>US\$</u>	<u>NT\$</u>	<u>US\$</u>
(4) <u>Commissions and handling fees</u>				
Seaward Futures Corp.	\$592	\$17	\$324	\$9

(5) Credit card processing charges

Seaward Card Co., Ltd.	\$74,728	\$2,150	\$58,268	\$1,665
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(6) Accrued expenses

<u>Related parties</u>	<u>Mar. 31, 2003</u>		<u>Mar. 31, 2002</u>	
	<u>NT\$</u>	<u>US\$</u>	<u>NT\$</u>	<u>US\$</u>
Seaward Card Co., Ltd.	\$18,494	\$532	\$16,698	\$477

(7) Property transactions

- a. The Bank has received the contract price of NT\$27,739 thousand from Seaward Leasing Ltd. for the disposal of real estate in 2002.
- b. As of March 31, 2003, the Bank has paid NT\$792 thousand of total purchase amount of NT\$1,980 thousand for the web design service provided by Gemfor Tech Co.
- c. The Bank has purchased equipment amounting to NT\$32,881 thousand from Gemfor Tech Co for the first three months of 2002.
- d. The Bank has paid the project and construction management services fee to Taiwan Real-estate Management Corp. for NT\$213 thousand and NT\$696 thousand during the first three months of 2003 and 2002, respectively.

The Bank presents its transaction or account balance with related parties, in the aggregate, except for which represents the amount over certain percentage of account balance.

## VI. ASSETS PLEDGED OR MORTGAGED

See Note IV

## VII. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2003, the Bank had the following commitments and contingent liabilities, which are not, reflected in the abovementioned financial statements:

	<u>NT\$</u>	<u>US\$</u>
1. Collection and Guarantee Assets and Liabilities		
Securities purchased under agreements to resell	\$10,777,701	\$310,150
Securities sold under agreements to repurchase	18,476,801	531,707
Trust and security held for safe keeping (included trustee amount of NT\$19,769,120)	424,249,974	12,208,632
Travelers checks for sale	819,535	23,584
Bills for collection	54,537,741	1,569,431
Guarantees on duties and contracts	12,281,217	353,417
Unused commercial letters of credit	2,302,658	66,264
Stamp tax, securities and memorial currency consignments in	3,802	109
Loan commitments	18,866,616	542,924
Credit card lines	38,288,342	1,101,823

2. As of March 31, 2003, various lawsuits, claims and proceedings of a nature considered normal to its business are pending against the Bank, the most significant ones are described below:

(1) In 1997, the certificate of certified deposit for the amount of NT\$600 million with Chung Shing Bank requested by Polaris International Securities Investment Trust Co., Ltd. (formerly Chronicle Securities Investment Trust Co., Ltd.) was found to be a forgery made by Mr. Chung-For Su. The Bank has filed a suit in the higher court to claims for the NT\$600 million.

(2) In 1996, the clients claimed that the bank should be responsible in making restitution for approximately the amount of NT\$24,000 thousand because safe deposits were stolen at Chung-Li Branch. The higher court held the bank responsible in making restitution for NT\$12,634 thousand. The Bank is filing for an appeal. The claim is still in the process by the Supreme Court. The Bank also has filed insurance claims against Taiwan Secom Co., Ltd. related to loss mentioned above.



(3) In 2001 unauthorized transactions were made by the Bank's employees for the amount of approximately NT\$60,204 thousand and NT\$89,307 thousand, respectively. The Bank has held the employee's personal properties or related deposits by the court order or as collateral which maybe sold to cover the loss.

The management believes that the amount of contingent liability, if any, after deducting appropriate reserve with respect to these actions will not materially affect the financial statements of the Bank.

3. As of March 31, 2003, the Bank has entered into certain contracts to purchase premises and equipments totaling NT\$558,111 thousand with prepayments of NT\$477,539 thousand.

4. Derivative Financial Instruments

In a normal course of business, the Bank is a party to a variety of off-balance-sheet and derivative instruments including forward exchange contracts, interest rate swaps, and cross-currency interest rate swaps, and options. These financial instruments involve to varying degrees of risks. These transactions are typically customer-driven and are not for trading purpose. The related in formations are as follows:

(1) Notional and Credit Risk Amounts for Derivative Financial Instruments (In thousands of US Dollars)

	Mar. 31, 2003		Mar. 31, 2002	
	Notional Amount	Credit Risk	Notional Amount	Credit Risk
<u>Derivative Financial Instruments</u>				
Foreign Exchange Contracts				
Forward Contracts				
Commitments to purchase	\$418,838	\$1,848	\$152,429	\$587
Commitments to sell	491,517	1,809	190,593	2,999
Options	4,820	-	-	-
Interest Rate Contract, Interest rate swaps	212,316	8,485	168,867	27,788
Cross-currency interest rate swaps	96,780	628	101,184	1,743

Credit risk is the possibility of loss if a counter party fails to fully perform under the term of a derivative financial instrument. The above amount of credit risk represents that the Bank would suffer if counter parties failed to perform according to the terms of the contract after the effects of master netting agreements. Credit risk is calculated based on the positive amount at yearend.

Foreign exchange contracts constitute agreements to exchange designated currencies at specified date at a predetermined price. The Bank enters into foreign exchange contracts to provide foreign exchange to its clients as hedging instruments. All client positions are entered into under the approved credit limits and under the similar policies and procedures used for lending activities to ensure that exposure to all clients is actively monitored and controlled. Certain clients are required to provide collateral, generally cash, before entering into these transactions and are deemed necessary over the life of the contract to reduce the Bank's credit exposure on these position.

Interest rate swaps entered into by the Bank with remaining maturities range from half months to approximately nine year and three months on March 31, 2003 represents agreements between two parties to exchange periodic interest payments, most often fixed vs. floating, are based on a notional principal amount. Cross-currency interest rate swaps entered into by the Bank with remaining maturities from one months to three year and four month on March 31, 2003 involve an exchange of principal balance denominated in two different currencies at the inception of the contract, exchange of interest payments during the life of the contract, and reexchange of the principal balance at a specified future date. The above nontrading swap transactions are used to hedge Bank's balance sheet position of foreign marketable securities, foreign certified deposits and foreign liquidity gap, since the swap contracts entered into by the Bank are made with major international financial institutions only within approved credit limits based on each financial institution's world ranking and credit rating. Therefore, the risk associated with these swap contracts is limited to a less extent.

To limit the credit exposure arising from option transaction, the Bank maintains its transactions with counterparty that has deposit in the Bank on major financial institutions. Consequently, the Bank does not anticipate any significant loss due to credit risk.

## (2) Market Risk

Market risk is the potential loss arising from adverse future changes in market rates and prices, such as interest rate, foreign currency exchange rate, and price of equity securities. Market risk includes interest rate risk, equity price risk and foreign exchange rate risk. The related risks for the Bank's derivative financial instruments are as follows: (In thousands of US Dollars)

Items	Mar. 31, 2003	Mar. 31, 2002
Interest rate risk	\$73,508	\$33,837
Foreign exchange risk	226,218	151,235

The overall value of marker risk of the Bank's derivative financial instruments is less than the accumulated value of the above risks.

(3) Liquidity Risk, Cash Flow Risk and the Uncertainty of Amount and Period of Future Cash Flow

The table below summarizes the expected cash outflow for the Bank's derivative financial instrument activities: (In thousands of US Dollars)

Period	Mar. 31, 2003	Mar. 31, 2002
0-1 year	\$1,374	\$1,450
1-2 year	1,619	619
2-3 year	1,619	542
3-4 year	1,402	529
4 year	1,360	352

The uncertainty of the fluctuation for future interest rate and foreign exchange rate will affect the amount of the above expected cash outflow. The longer time frame is the more uncertainty will be.

The liquidity of forward exchange contracts, which are entered by the Bank with customers, could be low. However, the Bank provides this financial instrument to its customers as a hedge instrument and also requires customers to provide the related trading documents to execute the trade. Since the Bank and customers both commit to perform according to the term of forward exchange contract, the liquidity risk of the forward exchange contract should be immaterial. In the meantime, the Bank also enters forward exchange contracts with international financial institutions. The liquidity risk of this type of transaction is very low because it could buy or sell for ward exchange contracts at any time on secondary market. Though the liquidity of interest rate swaps and cross-currency interest rate swaps is not high, the liquidity risk associated with these financial instruments should be limited to less extent because most of the trading participants will held these financial statements to maturity.

A summary of the notional amount of the Bank's liquidity risk related to derivative financial instruments outstanding appears in the table below: (In thousands of US Dollars)

Items	Notional Amount	
	Mar. 31, 2003	Mar. 31, 2002
Interest rate swaps	\$212,316	\$168,867
Cross-currency interest rate swaps	96,780	101,184

(4) The policies for disclosed gains or losses of derivative financial instruments on financial statements are summarized as follows:

Assets and liabilities arising from trading forward contracts are recorded at the contract forward rate. Upon settlement, gains or losses caused by the difference between the spot rate at the settlement date and the contracted forward rate are credited or charged to income. At balance-sheet date, the gains or losses on outstanding forward contracts arising from the differences between the forward available for the remaining period of each contract and the contracted forward rate are credited or charged to income. The balance of account receivable and payable caused by forward contracts are netted on the balance-sheet date, and the difference are treated as an asset or liability.

The notional amount is not recorded for interest rate swaps. In the meantime, the differential to be received or paid which was calculated by fixed vs. floating is recorded as adjustment of interest income.

Assets and liabilities caused by cross-currency interest rate swaps are recorded at the agree-upon forward rate. The differential to be received or paid is recorded as adjustment of interest income.

For options contracts only memorandum entries of notional principle are made on the contract date. Gains or losses on exercise of the option are credited to or charged against current income. At balance sheet dates, options are marked to market and the resulting gains or losses are recognized currently.

## (5) Off-Balance-Sheet Credit Risk

The Bank entered into certain transaction with customers to repurchase or resell securities or short-term notes for business purpose. The Bank also provides a various type of loans and credit card services. The term for the related loans is various and depends on the credit status of the borrowers. The interest rate for credit card loans are in 19.7%. The Bank also provides guarantees for loans and commercial letters of credit services. These guarantees represent an irrevocable obligation to pay a third-party beneficiary in the event a customer fails to meet a financial or performance obligation and the dates of guarantees for maturity are not in one particular period.

A summary of the contract amount of each significant class of off-balance-sheet credit related financial instruments outstanding appear in the table below:

Items	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Securities purchase under agreements to resell	\$10,777,701	\$310,150	\$25,375,240	\$725,007
Securities sold under agreements to repurchase	18,476,801	531,707	19,323,174	552,091
Loan commitments	18,866,616	542,924	28,246,705	807,049
Credit card lines	38,288,342	1,101,823	28,132,244	803,078
Guaranty and Commercial letters of credit	14,583,875	419,680	27,685,297	791,008

These financial instruments will not be fully paid before maturity. Therefore, the total contract amount of these contracts does not necessarily represent future cash requirement. The maximum amount of possible losses for the above off-balance-sheet credit related financial instruments approximate to those contractual amounts if borrowers failed to perform according to the terms of the contract and the value of existing collateral became worthless.

The Bank conducts a strict policy to evaluate customers' credit status when provided securities sold under agreements to repurchase, securities purchase under agreements to resell, loan commitments, and commercial letters of credit transactions. Certain customers are required to provide appropriate collateral for the related loan and the Bank retains the legal right to foreclose or liquidated the collateral. Generally, these collateral include cash, real estate, securities, or other properties. Credit card lines are not secured and may be cancel by the Bank after periodically review of customers' credit status.

## VIII. SIGNIFICANT DISASTER LOSS

None.

## IX. SIGNIFICANT SUBSEQUENT EVENT

The Bank and Cathay United Bank Co., Ltd. determines the consolidation of the two banks by Law Governing Merger of Financial Institutions, and the Bank will be the surviving company. The determination will be approved by Boards of Directors of the two banks.

## X. OTHERS

### 1. Fair Value of Financial Instruments

As of March 31, 2003 and 2002, except for the table summarize below, the carrying amounts of financial assets and liabilities reported on the balance sheets are approximately equal to their carrying values:

(In thousands of New Taiwan Dollars)

Financial Assets	Mar. 31, 2003		Mar. 31, 2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Securities Purchased	\$129,526,839	\$130,319,198	\$170,477,974	\$171,680,399
Long-term investments	12,217,344	12,356,622	12,344,549	12,409,299

(In thousands of US Dollars)

Financial Assets	Mar. 31, 2003		Mar. 31, 2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Marketable securities	\$3,727,391	\$3,750,193	\$4,870,799	\$4,905,154
Long-term investments	351,579	355,586	352,701	354,551

Fair value amounts of securities purchased and long-term investments were based on quoted market price, if available. If quoted market prices did not exist, fair values were estimated according to book value or other financial resources.

## 2. Others

### (1) Concentration Aggregation of Credit Risk

When counter parties of financial instrument transactions are significantly concentrated on one particular person or most of the counter parties perform the similar business or have the similar business characteristic, the Bank is exposed to credit risk while counter parties fail to live up the terms of the contract under certain economic circumstances. The Bank mitigates the above risk by diversifying counter parties and customers. The below table summarizes the above risk by type of industry and geographic region:

Items	Mar. 31, 2003		Mar. 31, 2002	
	NT\$	US\$	NT\$	US\$
Loans, discounts, bills purchased, customers' liabilities under acceptances and guarantees account				
<b>Geographic Region</b>				
Domestic	\$381,659,476	\$10,983,007	\$421,416,948	\$12,040,484
South East Asia	9,546,840	274,729	9,250,048	264,287
North East Asia	513,516	14,777	835,202	23,863
North America	6,536,199	188,092	6,410,932	183,170
Others	6,253,882	179,968	7,735,395	221,011
<b>Total</b>	<b>\$404,509,913</b>	<b>\$11,640,573</b>	<b>\$445,648,525</b>	<b>\$12,732,815</b>
<b>Industry type</b>				
Manufacturing	\$49,996,189	\$1,438,739	\$54,876,375	\$1,567,896
Financial institutions and insurer	25,936,378	746,371	30,351,822	867,195
Leasing and real estate	65,378,482	1,881,395	85,680,141	2,448,004
Individuals	163,498,547	4,704,994	169,026,532	4,829,329
Others	99,700,317	2,869,074	105,713,656	3,020,390
<b>Total</b>	<b>\$404,509,913</b>	<b>\$11,640,573</b>	<b>\$445,648,526</b>	<b>\$12,732,814</b>
<b>Credit Card</b>				
Gold card	\$8,883,039	\$255,627	\$7,786,980	\$222,485
Regular card	2,566,384	73,853	2,057,124	58,775
<b>Total</b>	<b>\$11,449,423</b>	<b>\$329,480</b>	<b>\$9,844,104</b>	<b>\$281,260</b>

The amount of possible losses for the above credit related loan approximated to those notional amounts if borrowers failed to perform according to the terms of the contract and the value of existing collateral became worthless.

(2) Assets and liabilities-average balance and average rate

	Jan. 1~ Mar. 31, 2003		
	Average balance		Average rate
	NT\$	US\$	(%)
<b>Assets</b>			
Due from Central Bank	\$25,373,101	\$730,161	1.73
Time certificate, accepted bills... etc.	71,968,615	2,071,039	1.92
Due from other banks	31,757,625	913,888	1.52
Loans, discounts and bills purchased	378,446,342	10,890,542	4.71
Government and corporate bonds	74,368,119	2,140,090	3.76
<b>Liabilities</b>			
Due to banks	\$44,197,675	\$1,271,876	1.24
Demand deposits	58,514,267	1,683,864	0.24
Saving deposits	290,325,517	8,354,691	1.04
Certified deposits	153,894,598	4,428,622	1.65
Negotiable certificates of certified deposits	5,034	145	1.57
Banker's debenture	10,000,000	287,770	4.23
Bank's acceptances and fund borrowed	2,216,380	63,781	1.83
<b>Jan. 1~ Mar. 31, 2002</b>			
	Average balance		Average rate
	NT\$	US\$	(%)
<b>Assets</b>			
Due from Central Bank	\$30,078,957	\$859,399	1.81
Time certificate, accepted bills... etc.	117,656,516	3,361,615	2.53
Due from other banks	24,249,196	692,834	2.53
Loans, discounts and bills purchased	391,641,532	11,189,758	5.98
Government and corporate bonds	51,529,335	1,472,267	5.09
<b>Liabilities</b>			
Due to banks	\$36,287,007	\$1,036,772	3.12
Demand deposits	58,689,029	1,676,829	0.98
Saving deposits	314,424,154	8,983,547	2.19
Certified deposits	197,869,653	5,653,419	2.68
Negotiable certificates of certified deposits	9,409,501	268,843	2.99
Bank's acceptances and fund borrowed	2,801,070	80,031	2.32



- (3) As of March 31, 2003 and 2002, the amount of insurance coverage for Bank's premises and equipments were NT\$6,213,488 thousand and NT\$5,752,923 thousand, respectively.
- (4) Certain accounts for the financial statements of the first quarter of 2002 have been reclassified to conform to the current presentation.