



Condensed Six-year Financial Statements

■ Balance Sheets

At December 31 (In NT\$ thousands)	2002	2001	2000	1999	1998	1997
Cash and due from banks	87,723,230	65,268,251	32,405,318	20,578,125	30,725,644	24,143,589
Loans, discounts and bills purchased, net	187,068,957	167,149,766	155,294,627	134,775,703	119,610,533	113,127,322
Securities purchased, net	24,551,850	17,549,790	21,066,260	22,284,561	27,441,343	17,863,310
Long-term equity investments	8,817,462	11,196,238	9,708,583	6,090,555	4,176,118	3,799,334
Properties, net	4,793,116	4,731,962	4,381,585	4,332,500	3,823,821	2,507,947
Other assets	16,494,466	12,372,952	11,897,872	15,407,820	4,884,138	4,989,915
Acceptances	1,253,326	159,748	302,670	659,638	941,695	5,308,381
Deposits and remittances	235,996,703	217,610,049	199,134,585	164,108,727	160,700,916	138,174,952
Call loans and due to banks	52,070,588	24,083,700	5,553,560	9,874,841	3,621,987	6,234,900
Short-term borrowings	-	-	-	-	-	300,000
Other liabilities	16,386,116	13,253,932	7,914,924	8,683,723	6,860,181	6,036,639
Acceptances payable	1,253,326	159,748	302,670	659,638	941,695	5,308,381
Capital stocks	19,443,975	19,443,975	17,576,638	15,846,060	15,189,000	12,238,130
Capital surplus	125,208	147,963	962,988	1,487,201	2,104,784	1,103,828
Retained earnings	5,526,647	4,330,761	3,913,843	3,477,311	2,389,584	2,340,414
Unrealized loss on long-term investments	(321,428)	(302,530)	(221,716)	-	(202,148)	-
Unrealized revaluation loss	ı	(35,746)	-		-	-
Translation adjustment	221,272	237,209	115,398	(8,599)	(2,707)	2,554
Tresury stock	-	(500,354)	(195,975)	-	-	-
Total assets	330,702,407	278,428,707	235,056,915	204,128,902	191,603,292	171,739,798
Total liabilities	305,706,733	255,107,429	212,905,739	183,326,929	172,124,779	156,054,872
Total stockholders' equity	24,995,674	23,321,287	22,151,176	20,801,973	19,478,513	15,684,926

■ Statements of Income

Years ended Decermber 31 (In NT\$ thousands, except earnings per share)	2002	2001	2000	1999	1998	1997
Operating revenues	15,144,749	16,361,322	16,095,633	15,208,370	14,216,206	11,608,807
Operating expenses	12,494,165	14,510,804	13,880,797	13,188,203	12,917,520	10,089,585
Operating income	2,650,584	1,850,518	2,214,836	2,020,167	1,298,686	1,519,222
Nonoperating income, net	109,809	165,297	42,432	(32)	11,829	24,843
Pretax income	2,760,393	2,015,815	2,257,268	2,020,135	1,310,515	1,544,065
Net income	2,255,049	1,551,126	1,701,693	1,790,521	1,005,308	1,236,862
Earnings per share	1.18	0.81	0.88	0.92	0.52	0.64



■ Independent Auditors' Report

The Board of Directors and Stockholders Bank SinoPac

We have audited the accompanying balance sheets of Bank SinoPac as of December 31, 2002 and 2001, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Bank SinoPac as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with Guidelines for Securities Issuers' Financial Reporting and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Bank SinoPac as of and for the years ended December 31, 2002 and 2001, on which we have issued an unqualified opinion thereon.

T N Soong & Co An Associate Member Firm of Deloitte Touche Tohmatsu Taipei, Taiwan The Republic of China

January 24, 2003

Notice to Readers

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



BANK SINOPAC

Balance Sheets

ASSETS	2002		2001	
	Amount	%_	Amount	9
CASH (Note 3)	\$ 66,128,225	20	\$ 16,997,156	
DUE FROM BANKS (Note 22)	10,583,049	3	41,073,412	1.
DUE FROM CENTRAL BANK (Note 4)	11,011,956	3	7,197,683	
SECURITIES PURCHASED (Notes 2, 5 and 22)	24,551,850	7	17,549,790	
ACCOUNTS, INTEREST AND OTHER RECEIVABLES - NET	13,565,150	4	9,885,758	
(Notes 2, 6 and 22)				
ACCEPTANCES	1,253,326	1	159,748	
PREPAID EXPENSES	169,053	-	201,023	
LOANS, DISCOUNTS AND BILLS PURCHASED-NET (Notes 2, 7 and 22)	187,068,957	57	167,149,766	6
LONG-TERM EQUITY INVESTMENTS-NET (Notes 2, 5, 8 and 22)	8,817,462	3	11,196,238	
PROPERTIES (Notes 2, 9, 22 and 23)				
Cost				
Land	1,777,147	1	1,777,147	
Buildings	2,152,831	1	1,921,906	
Computer equipment	1,157,299	-	1,056,054	
Transportation equipment	54,587	-	59,276	
Office and other equipment	1,211,209		1,127,507	
Total cost	6,353,073	2	5,941,890	
Accumulated depreciation	1,681,967	1	1,426,885	
·	4,671,106	1	4,515,005	
Advances on acquisitions of equipment and construction in progress	122,010		216,957	
Net Properties			4,731,962	_
·	4,793,116			
OTHER ASSETS (Notes 2 and 10)	2,760,263	1	2,286,171	_
TOTAL ASSETS	330,702,407	100	278,428,707	10
LIABILITIES AND STOCKHOLDERS' EQUITY				
LIABILITIES				
Call loans and due to banks	52,070,588	16	24,083,700	
Accounts, interest and other payables (Notes 11 and 20)	6,826,305	2	6,270,349	
Acceptances payable	1,253,326	-	159,748	
Deposits and remittances (Notes 12 and 22)	235,996,703	71	217,610,049	-
Bank debentures (Note 13)	7,000,000	2	5,000,000	
Other liabilities (Notes 2, 19 and 20)	2,559,811	1	1,983,583	
Total Liabilities	305,706,733	92	255,107,429	_
STACKHALDEDES FAHITY				
STOCKHOLDERS' EQUITY Capital stock, \$10 par value				
Authorized and issued- 1,944,397,617 shares	19,443,975	6	19,443,975	
Capital surplus				
Additional paid-in capital	125,030	_	125,030	
Gain on disposal of properties	120,000	_	19,866	
	- 00	_		
Donated capital	83	-	83	
Other	95	-	2,984	
Retained earnings				
Legal reserve	2,997,437	1	2,541,406	
Special reserve	282,977	-	288,227	
Unappropriated	2,246,233	1	1,501,128	
Onappropriated	(321,428)	_	(302,530)	
	021,720)		(35,746)	
Unrealized loss on long-term equity investments	_	_		
Unrealized loss on long-term equity investments Unrealized revaluation loss	001.070	-	237,209	
Unrealized loss on long-term equity investments Unrealized revaluation loss Cumulative translation adjustment	221,272			
Unrealized loss on long-term equity investments Unrealized revaluation loss Cumulative translation adjustment Treasury stock,at cost: 40,535,000 shares			(500,354)	_
Unrealized loss on long-term equity investments Unrealized revaluation loss Cumulative translation adjustment Treasury stock,at cost: 40,535,000 shares Total Stockholders' Equity	221,272	8	(500,354) 23,321,278	
Unrealized loss on long-term equity investments Unrealized revaluation loss Cumulative translation adjustment Treasury stock,at cost: 40,535,000 shares				

BANK SINOPAC Statements Of Income

For the Years Ended December 31, 2002 and 2001 (Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)	2002		2001	
OPERATING REVENUES	Amount	%	Amount	%
Interest (Note 2)	\$ 11,820,136	78	\$ 14,149,533	86
Service fees (Notes 2, 16 and 22)	954,605	6	691,706	4
Income from securities - net (Notes 2 and 17)	1,471,900	10	1,291,937	8
Income from long-term equity investments-net (Notes 2, 8 and 22)	446,957	3	-	-
Foreign exchange gain - net (Note 2)	126,161	1	89,301	1
Other (Note 27)	324,990	2	138,845	1
Total Operating Revenues	15,144,749	100	16,361,322	100
OPERATING EXPENSES				
Interest (Note 2)	6,747,246	45	9,389,245	58
Service charges (Note 22)	138,652	1	107,479	1
Provision for trading losses	13,753	-	-	-
Loss from long-term equity investments -net (Notes 2 and 8)	-	-	42,247	-
Provision for credit losses (Notes 2, 6 and 7)	1,200,202	8	1,000,000	6
Operating and administrative expenses (Notes 2, 18, 19 and 22)	4,394,121	29	3,971,216	24
Other	191		617	
Total Operating Expenses	12,494,165	83	14,510,804	89
OPERATING INCOME	2,650,584	17	1,850,518	11
NON-OPERATING INCOME (EXPENSES)				
Income (Note 22)	165,472	1	214,122	1
Expenses	(55,663)		(48,825)	
Non-operating Income - Net	109,809	1	165,297	1
INCOME BEFORE INCOME TAX	2,760,393	18	2,015,815	12
INCOME TAX (Notes 2 and 20)	505,344	3	464,689	3
NET INCOME	\$ 2,255,049	15	\$ 1,551,126	9
EARNINGS REPOULABE (N. 4. OC)		After		After
EARNINGS PER SHARE (Note 21)	Pre-tax	<u>Tax</u>	Pre-tax	Tax
Based earnings per share	\$ 1.44	\$1.18	\$ 1.05	\$ 0.81

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



BANK SINOPAC

Statements Of Changes In Stockholders' Equity

	CAPITAL STOCK (Note 14)		CAPITAL SURPLUS (Notes 2 and 14)					
	Shares	Amount	Additional Paid-in Capital	Gain on Disposal of Properties	Donated Capital	Other	Total	
BALANCE, JANUARY 1, 2001 Appropriation of 2000 earnings	1,757,663,890	\$17,576,638	\$ 946,145	\$ 16,489	\$ 83	\$ 271	\$ 962,988	
Legal reserve	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	
Stock dividends - \$1 per share,effected on July 23, 2001	174,112,589	1,741,126	(821,115)	-	-	-	(821,115)	
Remuneration to directors and supervisors	-	-	-	-	-	-	-	
Bonus to employees	12,621,138	126,211	-	-	-	-	-	
Net income for 2001	-	-	-	-	-	-	-	
Reclassification of gain on sale of properties to capital surplus	-	-	-	3,377	-	-	3,377	
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	
Unrealized revaluation loss recognized from	-	-	-	-	-	-	-	
investees under the equity method								
Change in translation adjustment on long-term equity investments	-	-	-	-	-	-	-	
Transfer of gain on sale of properties to capital surplus recognized from investees under the equity method	-	-	-	-	-	950	950	
Difference adjustment between the equity in net assets for the investments and the book	-	-	-	-	-	1,763	1,763	
value from long-term equity investments Treasury stock	-							
BALANCE, DECEMBER 31, 2001	1,944,397,617	19,443,975	125,030	19,866	83	2,984	147,963	
Reversal of capital surplus from gain on sale of properties to retained earnings	-	-	-	(19,866)	-	-	(19,866)	
Reversal of capital surplus from gain on sale of properties to retained earnings recognized from investees under the equity method	-	-	-	-	-	(1,211)	(1,211)	
Reversal of special reserve appropriated equivalent to the debit balance of accounts in stockholders'	-	-	-	-	-	-	-	
equity Appropriation of 2001 earnings:								
Legal reserve	-	-	-	-	-	-	-	
Remuneration to directors and supervisors	-	-	-	-	-	-	-	
Bonus to employees	-	-	-	-	-	-	-	
Cash dividends - \$0.4782 per share	-	-	-	-	-	-	-	
Net income for 2002	-	-	-	-	-	-	-	
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	
Reversal of unrealized revaluation loss and capital surplus upon sale of the related long-term equity investment	-	-	-	-	-	(1,678)	(1,678)	
Change in translation adjustment on long-term equity investments	-	-	-	-	-	-	-	
Treasury stock	-							
BALANCE, DECEMBER 31, 2002	1,944,397,617	\$ 19,443,975	\$ 125,030	\$ -	\$ 83	\$ 95	\$ 125,208	

• For the Years Ended December 31, 2002 and 2001 (Amounts Expressed in Thousands of New Taiwan Dollars, Except Dividends Per Share)

RETAINED EARNINGS (Notes 14 and 20)		UNREALIZED LOSS	UNREALIZED CUMULATIVE T		TREASURY			
Legal Reserve	Special Reserve	Unappropriated	Total	ON LONG-TERM EQUITY INVESTMENTS (Notes 2 and 8)	REVALUATION LOSS (Notes 2 and 8)	TRANSLATION ADJUSTMENT (Note 2)	STOCK (Notes 2 and 15)	TOTAL STOCKHOLDERS' EQUITY
\$ 2,034,866	\$ 190,508	\$ 1,688,469	\$ 3,913,843	(\$ 221,716)	\$ -	\$ 115,398	(\$ 195,975)	\$ 22,151,176
506,540	- 97,719	(506,540) (97,719)	-	-	-	-	-	-
-	-	(920,011)	(920,011)	-	-	-	-	-
-	-	(21,647) (140,708)	(21,647) (140,708)	-	-	-	-	(21,647) (14,497)
-	-	1,551,126	1,551,126	- -	-	-	-	1,551,126
-	-	(3,377)	(3,377)	-	-	-	-	-
-	-	-	-	(80,814)	-	-	-	(80,814)
-	-	-	-	-	(35,746)	-	-	(35,746)
-	-	-	-	-	-	121,811	-	121,811
-	-	(950)	(950)	-	-	-	-	-
-	-	(47,515)	(47,515)	-	-	-	-	(45,752)
-	-	_	_	-	-	-	(304,379)	(304,379)
2,541,406	288,227	1,501,128 19,866	4,330,761 19,866	(302,530)	(35,746)	237,209	(500,354)	23,321,278
-	-	1,211	1,211	-	-	-	-	-
-	(5,250)	5,250	-	-	-	<u>-</u>	-	-
456,031	-	(456,031)	-	-	-	-	-	-
-	-	(21,423)	(21,423)	-	-	-	-	(21,423)
-	-	(139,251)	(139,251)	-	-	-	-	(139,251)
-	-	(910,489) 2,255,049	(910,489) 2,255,049	-	-	-	-	(910,489) 2,255,049
-	-	-	-	(18,898)	-	-	-	(18,898)
-	-	-	-	-	35,746	-	-	34,068
	-	-	-	-	-	(15,937)	-	(15,937)
_	_	(9,077)	(9,077)	_	_	_	500,354	491,277
\$ 2,997,437	\$ 282,977	\$ 2,246,233	\$ 5,526,647	(\$ 321,428)	\$ -	\$ 221,272	\$ -	\$ 24,995,674



BANK SINOPAC Statements Of Cash Flows

For the Years Ended December 31, 2002 and 2001 (Amounts Expressed in Thousands of New Taiwan Dollars)	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES Net income Adjustments to reconcile net income to net cash provided by operating activities	\$ 2,255,049	\$ 1,551,126
Depreciation and amortization Provision for credit and trading losses Reversal of allowance for decline in market value of securities purchased Loss on disposal of properties - net Loss (income) from long-term equity investmens under equity method-net Cash dividends received from long-term equity investments under equity method	416,717 1,213,955 - 11,883 (479,238) 56,496	377,658 1,000,000 (10,339) 9,882 72,695
Realized loss on long-term equity investments Loss (gain) on sale of long-term equity investments - net Accrued pension cost Deferred income taxes Increase in securities purchased - for trading purposes Increase in accounts, interest and other receivables Decrease in prepaid expenses Increase (decrease) in accounts, interest and other payables Net Cash Provided by Operating Activities	10,583 33,280 158,942 110,550 (192,406) (3,679,392) 31,970 555,956 504,345	(571) 138,210 64,986 (37,368) (669,742) 48,589 (650,782) 1,894,344
CASH FLOWS FROM INVESTING ACTIVITIES Decrease (increase) in due from banks Decrease (increase) in due from Central Banks Decrease (increase) in securities purchased - for investing purposes Increase in loans, discounts and bills purchased Increase in long-term equity investments Proceeds from sale of long-term equity investments Acquisition of properties Proceeds from sales of properties Increase in other assets Net Cash Provided by (Used in) Investing Activities	30,490,363 (3,814,273) (3,912,732) (21,119,393) (374,900) 199,946 (462,514) 1,477 (467,889) 540,085	(22,422,020) 366,507 3,564,177 (12,855,139) (1,364,109) 2,656 (744,731) 1,731 (100,010) (33,550,938)
CASH FLOWS FROM FINANCING ACTIVITIES Increase in call loans and due to banks Increase in deposits and remittances Increase in bank debentures Increase in other liabilities Cash dividends paid Remuneration to directors and supervisors and bonus to employees Decrease (increase) in treasury stock Net Cash Provided by Financing Activities	27,986,888 18,386,654 2,000,000 292,983 (910,489) (160,674) 491,277 48,086,639	18,530,140 18,475,464 5,000,000 798,933 - (36,144) (304,379) 42,464,014
INCREASE IN CASH	49,131,069	10,807,420
CASH, BEGINNING OF YEAR	16,997,156	6,189,736
CASH, END OF YEAR	\$ 66,128,225	\$ 16,997,156
SUPPLEMENTAL INFORMATION Interest paid Income tax paid	\$ 7,314,970 \$ 343,874	\$ 9,768,073 \$ 581,128
INVESTING ACTIVITIES NOT AFFECTING CASH Reclassification from long-terms equity investments to securities purchased	\$ 2,896,922	\$ -



NOTES TO FINANCIAL STATEMENTS

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

1.ORGANIZATION AND OPERATIONS

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

As of December 31, 2002, the Bank's operating units include Banking, Trust, International Division of the Head Office, an Offshore Banking Unit (OBU), forty-two domestic branches, two overseas branches and one overseas representative office.

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

The Bank, National Securities Co., Ltd. (the "NSC", which has been renamed as SinoPac Securities Corporation on June 9, 2002) and SinoPac Securities Co., Ltd. (the "SPS") have established SinoPac Holdings (the "SPH"), a financial holding company, pursuant to the Financial Holding Company Law, as of May 9, 2002. The parties established the holding company in order to maximize the benefit of their combined capital, pool their business channel, fully harness the synergy of their diversified business operations and establish one of the most competitive organizations in the Pacific Rim. The Bank, the NSC and the SPS exchanged issued shares with SPH at ratios of 1:1.0267130836, 1:1.0098971566 and 1:0.7968960296, respectively, which has been approved both by stockholders on November 19, 2001 and by the Ministry of Finance (MOF) on November 28, 2001. Since May 9, 2002, the effective date of the aforementioned stock exchange, the Bank has become an unlisted wholly-owned subsidiary of SPH which shares are traded on the Taiwan Stock Exchange (TSE).

SinoPac Securities Corporation (the "SinoPac Securities", formerly NSC) merged with SPS on July 22, 2002 with SinoPac Securities as the surviving entity after a decision reached by the board of directors of the two companies on May 9, 2002. 1.2672884782 shares of common stock of SPS were exchanged for each share of common stock of SinoPac Securities.

2.SIGNIFICANT ACCOUNTING POLICIES

The Bank's significant accounting policies, which conform to accounting principles generally accepted in the Republic of China (ROC), are summarized below:

◆Basis of financial statement preparation

The accompanying financial statements include the accounts of the Head Office, OBU, all branches and representative offices. All inter-office transactions and balances have been eliminated.

Securities purchased

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

Short-term bills are stated at cost (which approximates market value). Stocks, beneficiary certificates and bonds are stated at the lower of cost or market. Market prices are determined as follows: (a) listed stocks average daily closing prices for the last month of the accounting period; (b) beneficiary certificates (open-end



fund) - net asset values as of the balance sheet dates; and (c) over-the-counter stocks - average daily closing prices for the last month of the accounting period, published by the Republic of China Over the Counter Securities Exchange (the OTC Exchange); and (d) bonds - period-end reference prices published by the OTC Exchange.

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

For applying the lower of cost or market method, the SPH's shares held by the Bank should be evaluated separately from the other listed and over-the-counter stocks held by the Bank pursuant to the accounting principles generally accepted in the ROC.

Sales and purchases of bonds and short-term bills under agreements to repurchase or to resell are, pursuant to a directive issued by the MOF, treated as outright sales or purchase.

♦Non-performing loans

The balance of loans and other credits extended by the Bank and the related accrued interest thereon are classified as non-performing when the loan is six months overdue pursuant to guidelines issued by the MOF and, upon approval by the board of directors, those loans which are less than six months overdue will also be classified as non-performing.

◆Allowance for credit losses and provision for losses on guarantees

In determining the allowance for credit losses and provision for losses on guarantees, the Bank evaluates the losses on particular loans and overall credit portfolio considering the balances of loans, discounts and bills purchased, accounts, interest and other receivables, non-performing loans, as well as guarantees and acceptances as of the balance sheet dates.

Losses on overall credit portfolio are assessed on the basis of the Bank's prior experiences.

The Bank evaluates losses on particular loans based on its borrowers'/clients' credit limit, collateral provided and estimated level of collectibility in accordance with "The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts" (the "Rules") issued by the MOF. The Rules provide that the minimum amount requirement of provision for credit losses shall be equal to the aggregate of 50% of the doubtful credits and 100% of the unrecoverable credits.

Write-offs of specific loans under the MOF guidelines, upon approved by the board of directors, are offset against the recorded allowance for loan losses.

◆Long-term equity investments

Long-term equity investments are accounted for by the equity method if the Bank has significant influence over the investees. Investments accounted for by the equity method are stated at cost plus (or minus) a proportionate share in net earnings (losses) or changes in net worth of the investees. Any difference between the acquisition cost and the equity of the investee acquired at the time of investment is amortized over 15 years. Long-term equity investments are accounted for by the cost method if the Bank does not have significant influence over the investees. Stock dividends result only in an increase in number of shares and are not recognized as investment income.

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

For listed and over-the-counter stocks accounted for by the cost method, when the aggregate market value is lower than the total carrying value, an allowance for market value decline is provided and the unrealized loss is charged against stockholders' equity. If a decline in the value of an unlisted stock investment is considered as permanent loss, the decline is charged to current income.

Cost of equity investments sold is determined by the weighted-average method.

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

◆Properties

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

Upon sale or disposal of properties, their cost and related accumulated depreciation are removed from the respective accounts. Any resulting gain (loss) is credited (charged) to current income.

The gain on disposal of properties is not required to be transferred to capital surplus any more starting the year of 2001 according to the amendment of Company Law. The gain on disposal of properties for the year 2001 occurred before such amendment, has been transferred to capital surplus at the end of year, net of the applicable income tax. In compliance with related regulations, the aforementioned capital surplus has been reversed to retained earnings before December 31, 2002.

Depreciation is calculated by the straight-line method based on estimated service lives which range as follows: Buildings, 8 to 55 years; computer equipment, 3 to 5 years; transportation equipment, 5 years; office and other equipment, 5 to 8 years. For assets still in use beyond their original estimated service lives, further depreciation is calculated on the basis of any remaining salvage value and the estimated additional service lives.

♦Collaterals assumed

Collaterals assumed are recorded at cost (included in other assets) and revalued by the lower of cost or net realizable value as of the balance sheet dates.

◆Derivative financial instruments

a. Foreign exchange forward contracts

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

b.Forward rate agreements

Forward rate agreements, which are mainly to accommodate customers' needs or to manage the Bank's interest rate positions, are recorded by memorandum entries at the contract dates. Gains or losses arising from the



differences between the contracted interest rates and actual interest rates upon settlement or as of the balance sheet dates are credited or charged to current income.

c.Currency swap contracts

Foreign-currency spot-position assets or liabilities arising from currency swap contracts, which are mainly to accommodate customers' needs or to manage the Bank's currency positions, are recorded at spot rates when the transactions occur, while the corresponding forward-position assets or liabilities are recorded at the contracted forward rates; with receivables netted against the related payables.

The related discount or premium is amortized by the straight-line basis over the contract period.

d.Cross currency swaps

Cross currency swap contracts, which are intended for hedging purpose, are recorded at spot rates of the contract dates. The net interest upon each settlement is recorded as adjustment to the revenue or expense associated with the item being hedged.

e.Options

Options bought and/or held and options written, which are mainly to accommodate customers' needs or to manage the Bank's currency positions, are recorded as assets and liabilities when the transactions occur. These instruments are marked to market as of the balance sheet dates. The carrying values of the instruments, which are recovered either as assets or liabilities, are charged to income when they are not exercised. Gains or losses on the exercise of options are also included in current income.

f.Interest rate swaps

Interest rate swaps, which do not involve exchanges of the notional principals, are not recognized as either assets and/or liabilities on the contract dates. The swaps were entered into to accommodate customers' needs or to manage the Bank's interest rate positions. The interest received or paid at each settlement date is recognized as interest income or expense. The instruments are marked to market as of the balance sheet dates.

For swaps entered into for hedging purposes, the net interest upon each settlement is recorded as an adjustment to interest income or expense associated with the item being hedged.

g.Asset swaps

Asset swaps involve exchanging the fixed rate interest of convertible bonds, bank debentures for floating rate interest; in addition, asset swaps also involve exchanging the fixed or floating interest rate of credit link notes for floating or fixed rate interest. These transactions are recorded by memorandum entries at the contract dates. Asset swaps are entered into for hedging purposes; they are used to hedge interest rate exposure in convertible bonds, bank debentures and credit link notes denominated in foreign currency. Net interest upon each settlement or balance sheet date is recorded as an adjustment to interest revenue or expenses associated with the bonds or notes being hedged.

h.Futures

Premiums paid by the Bank related to interest rate futures contracts entered into for trading purposes are recognized as assets. Gains or losses as result of marking to market value of the interest rate futures contracts as of the balance sheet dates are recognized as current income. Gains or losses arising from the settlement of the interest rate futures contracts are also recognized as current income.

◆Recognition of interest revenue and service fees

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

Pursuant to the regulations of the MOF, the interest revenue on credits covered by agreements that extend their maturities is recognized upon collection.

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

◆Pension

Pension expense is determined based on actuarial calculations.

♦Income tax

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

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

Tax credits, generated from acquisitions of equipment or technology, research and development expenditure, personnel training expenditure and equity investments acquisition, are accounted for by the flow-through method.

Income tax (10%) on unappropriated earnings is recorded as income tax in the year when the shareholders resolve the appropriation of the earnings.

◆Contingencies

A loss is recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If the amount of the loss cannot be reasonably estimated or the loss is possible and remote, the related information is disclosed in the financial statements.

♦Foreign-currency transactions

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

♦Treasury stock

Capital stock acquired is carried at cost and presented as a separate deduction from stockholders' equity. The treasury stocks acquired are to be reissued to employees. The reissuance of the treasury stocks are accounted for as follows: (a) reissue price higher than the acquisition cost - the excess is credited to paid-in capital on treasury stock; and (b) reissue price less than the acquisition cost - initially charged to paid-in capital on treasury stock with any remaining deficiency charged to retained earnings.

3.CASH

December 31				
 2002		2001		
\$ 64,122,802	\$	15,247,337		
1,554,109		1,360,096		
451,314		389,723		
\$ 66,128,225	\$	16,997,156		

As of December 31, 2002 and 2001, negotiable certificates of deposit aggregating \$23,600,000 and \$3,500,000, respectively, have maturities over one year and may be withdrawn momentarily.

To comply with the Central Bank's clearing system of Real-time Gross Settlement (RTGS), negotiable certificates of deposit aggregating \$13,800,000 has been provided as collateral for the day-time overdrafts as of December 31, 2002, with the pledged amount which can be adjusted momentarily.

4.DUE FROM CENTRAL BANK

This account consists mainly of New Taiwan dollar and foreign currency denominated deposit reserves.

Pursuant to a directive issued by the Central Bank of the ROC, New Taiwan dollar denominated deposit reserves are determined monthly at prescribed rates on average balances of customers' New Taiwan dollar - denominated deposits. These reserves include \$5,437,730 and \$4,726,084 as of December 31, 2002 and 2001, respectively, which are subject to withdrawal restrictions.

In addition, the foreign-currency denominated deposit reserves are determined at prescribed rates on balances of additional foreign-currency denominated deposits. These reserves may be withdrawn momentarily and are non-interest earnings. As of December 31, 2002 and 2001, the balances of foreign-currency denominated deposit reserves were \$45,179 and \$428,738, respectively.

5.SECURITIES PURCHASED

December 31				
2002	2001			
\$ 5,811,212	\$ 1,657,645			
5,589,107	11,608,372			
3,940,049	-			
3,789,720	1,507,699			
2,897,122	200			
1,789,056	1,268,095			
583,584	810,380			
152,000	687,000			
	10,399			
\$ 24,551,850	\$ 17,549,790			
	2002 \$ 5,811,212 5,589,107 3,940,049 3,789,720 2,897,122 1,789,056 583,584 152,000			

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

	December 31			
	20	002		2001
Corporate bonds	\$ 5	,863,528	\$	1,821,539
Floating rate notes	3	,889,345		1,567,854
Listed and over-the-counter stocks	3	,040,401		99
Government bonds	1	,820,537		1,290,843
Bank debentures		593,128		830,476
Beneficiary certificates		151,082		701,915

The Bank, NSC and SPS, have established SPH through stock conversion as of May 9, 2002. Accordingly, shares of SPS held by the Bank have been converted to shares of SPH and the Bank has reclassified such shares (the market value exceeds carrying value) from long-term equity investment to securities purchased based on its intention for holding.

As of December 31, 2002, 216,542,894 shares of SPH were held by the Bank with carrying value at \$2,896,922 and market value at \$3,040,262 based on the daily average closing price in December 2002.

6.ACCOUNTS, INTEREST AND OTHER RECEIVABLES

	December 31			
	2002	2001		
Accounts receivable	\$ 11,607,423	\$ 8,236,446		
Interest receivable	1,002,525	1,317,970		
Accrued revenue	587,722	254,804		
Tax refundable	183,456	57,772		
Forward exchange receivable - net	149,128	-		
Other	147,770	83,909		
	13,678,024	9,950,901		
Less - allowance for credit losses	112,874	65,143		
Net	\$ 13,565,150	\$ 9,885,758		

The balance of the accounts receivable as of December 31, 2002 and 2001 included \$11,200,653 and \$8,060,950, respectively, representing accounts receivable acquired from other parties in the factoring business.

7.LOANS, DISCOUNTS AND BILLS PURCHASED

December 31			
2002	2001		
\$ 2,798,774	\$ 2,917,759		
42,215,040	35,016,458		
37,191,085	40,793,583		
102,965,116	87,387,440		
1,320,750	407,653		
1,712	518		
2,027,366	1,894,363		
188,519,843	168,417,774		
1,450,886	1,268,008		
\$ 187,068,957	\$ 167,149,766		
	2002 \$ 2,798,774 42,215,040 37,191,085 102,965,116 1,320,750 1,712 2,027,366 188,519,843 1,450,886		

As of December 31, 2002 and 2001, the balances of non-accrual loans were \$3,586,993 and \$3,342,460, respectively. The unrecognized interest revenue on non-accrual loans amounted to \$161,773 and \$176,104 for the years ended December 31, 2002 and 2001, respectively.

For the years ended December 31, 2002 and 2001, the Bank had not written off credits for which legal proceedings had not been initiated.

The details and changes in allowance for credit losses of loans, discounts and bills purchased for the years ended December 31, 2002 and 2001, respectively, are summarized below:

		For the Years Ended December 31, 2002					
	I	For Losses on	For Losses on	tł	ne Overall Loan Portfolio		
	Pa	Particular Loans (Excludi		g t	the Particular Loans)		Total
Balance, beginning of year	\$	331,709	\$		936,299	\$	1,268,008
Provision		1,200,202			-		1,200,202
Write-off	(1,048,362)			-	(1,048,362)
Recovery of written-off credits		10,733			-		10,733
Reclassifications		68,036	_(47,731)		20,305
Balance, end of year	\$	562,318	\$		888,568	\$	1,450,886

	For the Years Ended December 31, 2001				
	For Losses on		For Losses on the Overall Loan Portfolio		
	Particular Loans		(Excluding the Particular Loans)		Total
Balance, beginning of year	\$	390,707	\$ 884,533	\$	1,275,240
Provision		1,000,000	-		1,000,000
Write-off	(1,046,760)	-	(1,046,760)
Recovery of written-off credits		11,832	-		11,832
Reclassifications	(24,070)	51,766		27,696
Balance, end of year	\$	331,709	\$ 936,299	\$	1,268,008

As of December 31, 2002 and 2001, allowances for credit losses and provisions for losses on guarantees of the Bank were \$1,596,906 and \$1,436,326, respectively.

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

Against this background, the Bank's financial statements for the year ended December 31, 2002 include provisions for possible losses and guarantee losses based on information available to the Bank, including defaults to the extent they can be determined or estimated. However, these estimates do not include any adjustments that might be required when related contingent liabilities become probable or determinable in the future.

8.LONG-TERM EQUITY INVESTMENTS

December 31				
2002		20		2001
		-		
\$	647,029		\$	647,029
	398,550	_		387,703
	1,045,579			1,034,732
	8,062,404			10,388,982
	9,107,983			11,423,714
3	290,521			227,476
\$	8,817,462	_	\$	11,196,238
	\$	\$ 647,029 398,550 1,045,579 8,062,404 9,107,983 8 290,521	\$ 647,029 \$ 398,550 1,045,579 8,062,404 9,107,983 \$ 290,521	\$ 647,029 \$ 398,550

The total market values of listed and over-the-counter stocks were \$356,508 and \$419,553 as of December 31, 2002 and 2001, respectively.

SinoPac Bancorp, a holding company established by the Bank in the United States, acquired and held a 100% equity interest in Far East National Bank ("FENB"), Los Angeles, California, USA.

Except SinoPac Bancorp, the operating revenues and total assets of other subsidiaries - SinoPac Leasing Corporation, SinoPac Capital Limited, SinoPac Financial Consulting Co., Ltd., SinoPac Life Insurance Agent Co., Ltd. and SinoPac Property Insurance Agent Co., Ltd. - are individually less than 10%, and are in aggregate less than 30%, of those of the Bank. Accordingly, only the accounts of SinoPac Bancorp are included in the Bank's consolidated financial statements.

Income (loss) from long-term equity investments for the years ended December 31, 2002 and 2001, respectively, are summarized as follows:

or'	the	Years	Ended
	Dec	ember	31

		Decei	IIDEL OT	
Equity method		2002	2001	
SinoPac Bancorp	\$	290,205	\$	188,645
SinoPac Leasing Corporation		143,295		50,467
SinoPac Securities Co., Ltd.		172,386		20,733
SinoPac Securities Investment Advisory Corp.		-		316
SinoPac Capital Limited	(42,906)	(106,167)
SinoPac Financial Consulting Co., Ltd.		1,258		722
Aetna Sinopac Credit Card Co., Ltd.	(164,186)	(228,775)
SinoPac Life Insurance Agent Co., Ltd.		77,435		606
SinoPac Property Insurance Agent Co., Ltd.		1,751		758
Income (loss) from long-term equity investments				
under equity method		479,238	(72,695)
Income from long-term equity investments under				
cost method		999		29,877
Gain (loss) on sale of long-term equity investments	(33,280)		571
Net	\$	446,957	(\$	42,247)

The carrying amounts of the investments accounted for by the equity method as of December 31, 2002 and 2001, and the aforementioned investment income (loss) for the years then ended, were based on the investees' audited financial statements, except for those of Rocorp Holding S.A., SinoPac Financial Consulting Co., Ltd. and SinoPac Property Insurance Agent Co., Ltd. which were based on the investees' unaudited financial statements for 2002 and 2001 and SinoPac Life Insurance Agent Co., Ltd. which was based on the unaudited financial statements for 2001. The Bank believes that any adjustments, if any, may have to be made to these investments and investment income is insignificant if such financial statements had been audited.

As of December 31, 2002 and 2001, the unrealized loss on long-term equity investments resulted from market value decline of over-the-counter stocks held by an investee accounted for by the equity method amounted to \$30,907 and \$75,054, respectively.

The Bank recognized its equity in the unrealized revaluation loss of Aetna Sinopac Credit Card Co., Ltd., which had been sold to SPH in December 2002, please see Note 22 (f), and renamed as AnShin Card Services Company



Limited (AnShin Card Services) on January 3, 2003 totaling \$35,746 as of December 31, 2001. Such unrealized revaluation loss resulted from the revaluation of financial instrument contracts.

9.PROPERTIES

	December 31			
	2002	2001		
Cost	\$ 6,353,073	\$ 5,941,890		
Less - accumulated depreciation				
Buildings	311,428	246,337		
Computer equipment	653,664	548,462		
Transportation equipment	39,051	35,644		
Office and other equipment	677,824	596,442		
	1,681,967	1,426,885		
	4,671,106	4,515,005		
Advances on acquisitions of equipment				
and construction in progress	122,010	216,957		
Net	\$ 4,793,116	\$ 4,731,962		

10.OTHER ASSETS

	December 31			
	2002	2001		
Value of options purchased	\$ 1,124,421	\$	780,838	
Guarantee deposits	589,717		677,699	
Collateral assumed	380,460		256,258	
Suspense account	323,950		179,196	
Computer system software	244,089		249,086	
Other	97,626		143,094	
	\$ 2,760,263	\$	2,286,171	

As of December 31, 2002 and 2001, guarantee deposits included \$244,871 and \$240,280, respectively, which were provided by government bonds and certificate of deposits.

11.ACCOUNTS, INTEREST AND OTHER PAYABLES

	December 31			
	2002	2001		
Accounts payable	\$ 4,313,727	\$ 3,315,855		
Interest payable	1,168,855	1,677,159		
Accrued expenses	530,159	262,905		
Notes and checks in clearing	451,314	389,723		
Tax payable	179,740	115,725		
Other	182,510	508,982		
	\$ 6,826,305	\$ 6,270,349		

The balances of the accounts payable as of December 31, 2002 and 2001 included \$4,242,009 and \$3,292,308, respectively, representing costs of accounts receivable acquired from other parties in the factoring business.

12.DEPOSITS AND REMITTANCES

December 31			
2002	2001		
\$ 1,587,375	\$ 1,328,843		
29,162,073	19,315,693		
48,815,626	44,983,013		
96,535,536	92,593,365		
851,600	2,140,900		
58,162,492	57,005,091		
818,984	215,710		
63,017	27,434		
\$ 235,996,703	\$ 217,610,049		
	2002 \$ 1,587,375 29,162,073 48,815,626 96,535,536 851,600 58,162,492 818,984 63,017		

13.BANK DEBENTURES

The Bank issued the first 5-year bank debentures with total face amount \$5,000,000 on December 20, 2001. This instrument bears fixed annual interest rate of 3.08%. The annual interest payment will be paid in the end of every year and the principal will be repaid at the maturity date.

In addition, the Bank issued the first 5-year and 3-month subordinated bank debentures with total face amount \$2,000,000 on December 23, 2002. For the first two years, this instrument bears fixed annual interest rate of 2.15% and interest payment shall be paid semiannually. For the remaining duration, this instrument bears floating interest rate determined by the average secondary money market rate on 6-month commercial paper with a 0.4% mark-up, as of two days prior to the interest calculation date every half year, quoted in the Telerate information system (page 6165, 11:00 am). The principal will be repaid at the maturity date.

14.STOCKHOLDERS' EQUITY

a.Capital surplus

According to the Company Law, the component of capital surplus arising from issuance of shares in excess of par value and donation can be appropriated transfer to the common stock with the approval of stockholders.

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

The component of capital surplus arising from equity-accounted long-term equity investment can not be distributed for any purpose.

b.Retained earnings

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

- 1)Applied such earnings to deficit suffered in previous years, if any;
- 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.

Distribution of such earnings shall be proposed by the board of directors and approved by the shareholders.

In order to comply with the Bank's globalization strategy, strengthen its market position, integrate its diversified business operation and be major bank in domestic, the Bank has adopted the "Balanced Dividend Policy". Accordingly, dividends available for distribution is determined by reference to its Capital Adequacy Ratio (CAR). Cash dividends declaration may be made 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 dividend at a certain level in any given years.

Cash dividends and cash bonus are paid when approved by the stockholders, while the distribution of stock dividends requires the approval of the authorities (in addition to the approval of the stockholders).

Under the Company Law, the aforementioned appropriation for legal reserve is made until the reserve equals the aggregate par value of the outstanding capital stock of the Bank. This reserve is only used to offset a deficit, or, when its balance reaches 50% of aggregate par value of the outstanding capital stock of the Bank, up to 50% thereof can be distributed as stock dividends. In addition, the Banking Law provides that, before the balance of the reserve reaches the aggregate par value of the outstanding capital stock, annual cash dividends, remuneration to directors and supervisors and bonus to employees should not exceed 15% of aggregate par value of the outstanding capital stock of the Bank.

Pursuant to the Financial Holding Company Law, the board of directors is entitled to execute the authority of stockholders' meeting, which is under no jurisdiction of the related regulations in the Company Law.

The appropriation of 2002 earnings has not yet been resolved by the board of directors by January 24, 2003 on which the date of auditors' report.

The related information regarding the proposed and resolved earnings appropriation can be referred from the SEC Market Observation Post System (M.O.P.S.) website.

On May 9, 2002, the board of directors resolved the appropriation of 2001 earnings as follows:

Legal reserve	\$ 456,031
Remuneration to directors and supervisors	21,423
Bonus to employees	139,251
Cash dividends - NT\$0.4782 per share	910,489
	\$ 1,527,194

In addition, had aforementioned remuneration to directors and supervisors and bonus to employees (included in the appropriation of 2001 earnings) been recognized as expenses, the basic EPS (after tax) for 2001 would have been decreased from NT\$0.81 to NT\$0.72.

15.TREASURY STOCK

			(Shares in Thousands)		
		Shares	Shares		
	Shares at	Increased	Decreased	Shares at	
	Beginning	During	During	Ending	
Reasons of Repurchase	of Year	the Year	the Year	of Year	
For the year ended December 31, 2002					
Re-issuance to employees	40,535	-	40,535	-	
For the year ended December 31, 2001					
Re-issuance to employees	16,538	23,997	-	40,535	

The Bank is prohibited under the Securities and Exchange Law to acquire treasury stock in excess of 10% of the total shares issued and limited the purchase cost not to exceed the combined total of the retained earnings, additional paid-in capital in excess of par value, capital surplus arising from gains on disposal of properties and donated capital. In addition, the Bank is prohibited from using the treasury stock to secure any of its obligations and to exercise the rights of a stockholder in respect to those treasury stock.

Treasury stock of 40,535,000 shares repurchased by the Bank before the date of record for stock conversion had been transferred to SPH's stock with 41,617,816 shares. As of September 23, 2002, the aforementioned treasury stock had been transferred to employees at \$11.84 dollars per share.

16.SERVICE FEES

For the Years Ended December 31

	December of				
		2002	2001		
Factoring and financing	\$	260,717	\$	191,500	
Mutual funds and structured notes		164,557		147,392	
Custody		139,491		70,226	
Loan documentation fee		56,382		43,343	
Index linked mortgage conversion		41,253		-	
ATM service charge		39,070		35,579	
Guarantees		31,249		45,779	
Other		221,886		157,887	
	\$	954,605	\$	691,706	

17.INCOME FROM SECURITIES - NET

For the Years Ended

	December 31			
	2002	2001		
Short-term bills				
Capital gain - net	\$ 16,188	\$ 3,780		
Interest revenue	1,254,317	844,655		
	1,270,505	848,435		
Bond				
Capital gain - net	206,815	468,837		
Stocks and beneficiary certificates				
Capital loss - net	(5,420)	(26,255)		
Dividends		920		
	(5,420)	(25,335)		
	\$ 1,471,900	\$ 1,291,937		

18.OPERATING AND ADMINISTRATIVE EXPENSES

For the Years Ended

December	31
----------	----

	2002	2001		
Salaries and wages	\$ 2,160,835	\$ 1,747,678		
Depreciation and amortization	416,717	377,658		
Rental	331,619	295,856		
Taxes other than income tax	295,772	334,942		
Professional service charges	248,937	227,652		
Insurance	165,038	145,858		
Postage	93,656	102,412		
Other	681,547_	739,160		
	\$ 4,394,121	\$ 3,971,216		



19.PENSION

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

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

For the Years Ended December 31

	December of					
	2002			2001		
Balance, January 1	\$	733,237		\$	550,471	
Contributions		181,944			167,207	
Benefits paid	(56,772)		(39,021)	
Interest income		36,023			54,580	
Balance, December 31	\$	894,432		\$	733,237	

The ending balances consist of:

		December 31				
	2002				2001	
Contributions by the Bank	\$	549,315		\$	443,607	
Contributions by employees		345,117			289,630	
	\$	894,432		\$	733,237	

b.Net pension costs for the years ended December 31, 2002 and 2001 are summarized below:

For the Years Ended

December 51					
2002		2002			2001
\$	132,201	\$	124,170		
	37,690		30,448		
(24,689)	(22,774)		
	12,455		6,366		
\$	157,657	\$	138,210		
	\$ (<u>\$</u>	2002 \$ 132,201 37,690 (24,689) 12,455	\$ 132,201 \$ 37,690 (24,689) (12,455		

c. The reconciliations of the funded status of the plan and accrued pension cost as of December 31, 2002 and 2001 are as follows:

	December 31				
	-	2002		2001	
Benefit obligation					
Vested benefit obligation	\$	85,950	\$	63,868	
Nonvested benefit obligation		446,564		336,055	
Accumulated benefit obligation		532,514		399,923	
Additional benefits based on future salaries		376,387		361,884	
Projected benefit obligation		908,901		761,807	
Fair value of plan assets	(549,315)	(443,607)	
Funded status		359,586		318,200	
Unrecognized net transition obligation	(39,819)	(44,796)	
Unrecognized prior service cost	(812)	(940)	
Unrecognized pension loss	(242,681)	(237,882)	
Accrued pension cost	\$	76,274	\$	34,582	

	December 31				
		2002	_		2001
d.Vested benefit	\$	180,274	_	\$	139,714
e.Actuarial assumptions 1)Discount rate used in determining present values 2)Future salary increase rate 3)Expected rate of return on plan assets		4.0% 4.0% 4.0%			5.0% 5.0% 5.0%

20.INCOME TAX

a. The compositions of income tax are as follows:

	For the Years Ended December 31				
		2002		2001	
Currently payable	\$	67,087	\$	64,275	
Seperation taxes on short-term bills interest income		242,697		177,042	
Foreign income taxes over limitation		27,863		-	
Change in deferred income taxes		110,550		64,986	
Prior year's adjustment	(8,729)		14,073	
Tax on unappropriated earnings (10%)		65,876		28,964	
Withholding tax on bonds interest income attributable to period that those bonds were					
held by other investors		<u> </u>		115,349	
Income tax	\$	505,344	\$	464,689	

Income tax is based on taxable income from all sources. Foreign income taxes paid are creditable against the domestic income tax obligations to the extent of domestic income tax applicable to the foreign-source income.

b.Reconciliations of tax on pretax income at statutory rate and currently income tax payable are as follows:

	For the Years Ended December 31			
		2002		2001
Tax on pretax income at 25% statutory rate	\$	690,088	\$	503,944
Deduct tax effects of:				
Tax-exempt income	(43,499)	(103,800)
Permanent difference	(483,342)	(283,076)
Temporary difference	(88,249)	(45,304)
Investment tax credit	(7,911)	(7,489)
Currently payable	\$	67,087	\$	64,275

c.Deferred income tax assets (liabilities) as of December 31, 2002 and 2001 consist of the tax effects of the following:

,	December 31			
		2002		2001
Investment income under the equity method	(\$	311,778)	(\$	228,894)
Unrealized foreign exchange gain	(6,971)	(3,554)
Other		373		24,622
Deferred income tax - liabilities - net				
(included in other liabilities)	(\$	318,376)	(\$	207,826)

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

	December 31				
	2002		2002		2001
Balances of imputed tax credit account	\$	191,766	\$	142,411	

The projected ratio of imputed tax credit to earnings for 2002 is 10.55%, which is based on projected imputed tax credit before dividend distribution in 2003.

The actual ratio of imputed tax credit to earnings for 2001 was 12.67%.

The tax credits allocated to stockholders are based on the balance of Imputation Credit Account (ICA) on the dividend distribution date. Accordingly, 2002 projected tax credit ratio may change because the actual tax credit may differ from the projected tax credit.

e.Income tax payable (included in other payables) as of December 31, 2002 and 2001 were net of prepayments of \$127,713 and \$94,595, respectively. Income tax returns of up to 2000 had been examined by the tax authorities except 1996 and 1999. As a result of those examination, in the income tax returns for 1994, 1995, 1997, 1998 and 2000 tax returns, the tax authorities had denied the creditability of 10% withholding tax on bonds interest income totaling \$69,766 attributable to period that those bonds were held by other investors. The Bank had appealed the decision of the tax authorities to deny the creditability of those type of withholding taxes. Pursuant to the decision made by the supreme court on the tax controversy, the original reinvestigation result and decision made on the tax controversy regarding the tax return for 1994 shall be rescinded and other proper judgment shall be made by the tax authority. The income tax returns for 1996, 1999 and 2001 also reflected reduction in income tax obligations totaling \$41,443 attributable to similar type of withholding taxes; which returns were not yet examined by the tax authorities. However, the Bank had accrued liabilities and written-off any assets recognized related to the foregoing withholding taxes totaling \$111,209 as a part of income tax expense in 2001.

21.EARNINGS PER SHARE

The numerators and denominators used in computing earnings per share (EPS) are summarized as follows:

	Nume	erator			
	(Amou	ants)	Denominator	EPS	S (NT\$)
	Pre-tax	After tax	(Shares in Thousands)	Pre-tax	After tax
For the year ended December 31, 2002					
Basic EPS					
Net income belongs to					
stockholders of common stock	\$ 2,760,393	\$ 2,255,049	1,914,968	\$ 1.44	\$ 1.18
For the year ended December 31, 2001					
Basic EPS					
Net income belongs to					
stockholders of common stock	\$ 2,015,815	<u>\$ 1,551,126</u>	1,919,570	\$ 1.05	\$ 0.81

22.RELATED PARTY TRANSACTIONS

Significant transactions with related parties, which include the Bank's parent company, SPH, the other wholly-owned subsidiaries of SPH, SinoPac Securities, SinoPac Call Center Co., Ltd., and the investee of SPH, AnShin Card Services; the Bank's directors, supervisors and their relatives, managers, the investees accounted for by the equity method and the subsidiaries of the Bank, are summarized as follows:

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

		% of Account	Interest/
	Amount	Balance	Fee Rate
<u>December 31, 2002</u>			
Deposits	\$ 6,775,576	2.87	0%-6.95%
Loans and discounts	2,123,235	1.14	1.70% - 12.50%
Due from banks	220,368	2.08	-
Other receivables	799	0.54	-
<u>December 31, 2001</u>			
Deposits	\$ 1,749,767	0.80	0%-13.00%
Loans and discounts	1,741,436	1.00	2.38%-8.30%
Due from banks	448,199	1.10	-

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

b.Fee income, service charges, project popularizing expenses, outright sales and purchases of bonds and bills, and bills sold under agreements to repurchase

		Amount			% of Accou	nt Balance
	Fo	For the Years Ended			For the Ye	ars Ended
		Decem	ber 3	1	Decen	nber 31
	2	002	9	2001	2002	2001
Fee income	\$	980	\$	2,613	0.10	0.38
Service charges		-		1,866	-	1.74
Project popularizing expense	1	15,766		-	7.63	-
Outright sales and purchases of bonds and bills -						
SPH						
Trading amount of outright sales	2,27	75,381		-	-	-
SinoPac Securities						
Trading amount of outright purchases	1,98	50,955	14,0	050,887	-	-
Trading amount of outright sales	3,02	27,335	13,9	988,318	-	-
Bills sold under agreements to repurchase -						
SPH	1,30	7,750		-	-	-
SinoPac Securities	27	71,779		-	-	-

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

c.Lease

The Bank leases certain office premises from China Television Co., Ltd. (the Bank is a director of China Television Co., Ltd.) with rental paid monthly for a three-year period ending July 2004. Rentals for the years ended December 31, 2002 and 2001 were \$9,950 and \$4,422, respectively.

The Bank leases certain office premises from Su Kwang Hui (son of a director of the Bank before April 18, 2001) with rental paid monthly for a five-year period ending December 2003. Rentals for the years ended December 31, 2002 and 2001 were \$6,476 and \$6,286, respectively.

The Bank leases certain office premises from SinoPac Securities for the year ended December 31, 2002. Rentals were paid at the end of the year. Rentals for the year ended December 31, 2002 was \$8,291.

The Bank leases certain office premises to SinoPac Securities Co., Ltd. (formerly SPS) with rental paid monthly for a seven-year period ending July 2006. Rentals received for the years ended December 31, 2002 and 2001 were \$1,554 and \$1,684, respectively.

The Bank leases certain office premises from Ruentex Construction & Development Co., Ltd. (an affiliate) with rental paid monthly for a five-year period ending September 2005. Rentals for the years ended December 31, 2002 and 2001 were \$3,196 and \$3,842, respectively.

The Bank leases an office premise from Hung-Guan Real Estate Development Corporation. Since the said property had been purchased by SinoPac Leasing Corporation (SPL, a subsidiary of the Bank), rights on the remaining term of the related lease agreement was assigned to SPL until July 2002. Rentals paid monthly to SPL for the years ended December 31, 2002 and 2001 were \$6,664 and \$4,060, respectively.

d.Guarantee and securities purchased

As of December 31, 2002 and 2001, the Bank had provided guarantees on commercial papers issued by Wal Tech International Corporation (an affiliate), SinoPac Securities and Fortune Investment Co., Ltd. (a substance related party). The aggregate face values are as follows:

	December 31				
		2002			2001
Wal Tech International	\$	168,000		\$	35,000
SinoPac Securities		48,000			-
Fortune Investment		19,000			
	\$	235,000		\$	35,000



Guarantees on Wal Tech International are collateralized by the following assets provided by SPL, Wal Tech International Corporation and Grand Capital International Limited:

	December 31				
		2002			2001
Properties - carrying value	\$	1,551,724		\$	1,142,935

Guarantees on SinoPac Securities and Fortune Investment Co., Ltd. are collateralized by the followings:

	Dece	December 31, 2002	
SinoPac Securities			
Properties - carrying value	\$	134,579	
Certificates of deposit		1,130,000	
	-\$	1,264,579	
Fortune Investment			
Properties - carrying value	\$	57,896	
Stocks - fair value		38,028	
	\$	95,924	

e.Professional advisory charges

The Bank has entered into several professional advisory contracts with its investees. The professional advisory charges paid for the years ended December 31, 2002 and 2001 amounted to \$97,173 and \$26,917, respectively.

f Due from affiliates

On May 1, 2000, the Bank transferred its credit card business to AnShin Card Services, for a total consideration of \$3,823,798, which had been received as of December 31, 2001. The interest income on the unpaid portion of the aggregate transfer price amounted to \$18,530 for the year ended December 31, 2001.

The compensation received by the Bank for its credit card accounts and the personnel of its credit card business was recognized as income over five years in the case of the credit card accounts and over three years in the case of the transfer price for the related personnel. The related income recognized from the aforementioned transaction amounted to \$91,988 and \$151,911, respectively, for the years ended December 31, 2002 and 2001.

In December 2002, the Bank sold its shares in AnShin Card Services to SPH for a total consideration of \$181,238, which had been received before December 31, 2002. The Bank had recognized a loss on sale of long-term equity investments totaling \$38,451 and recognized the aforesaid deferred income fully upon shares transferring.

As of December 31, 2002, the Bank had made receivable due from AnShin Card Services amounted to \$18,579.

g.Land and buildings purchase contract

In January 2001, the Bank entered into a contract with Fu-I Co., Ltd. (the chairman of the Company was a director of the Bank before April 18, 2001) to purchase land and a building located in Taipei for business purposes. The purchase cost was \$199,900, of which \$198,830 had already been paid as of December 31, 2002.

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

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

23. CONTINGENCIES AND COMMITMENTS

In addition to financial instruments disclosed in Note 27, contingencies and commitments of the Bank are summarized as follows:

a.Lease contract

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

Year	 Amount		
2003	\$ 226,666		
2004	211,267		
2005	118,694		
2006	103,934		
2007	66,471		

Rentals for the years beyond 2007 amount to \$19,414, the present value of which is about \$17,990 as discounted at the Bank's one-year time deposit rate of 1.5% on January 1, 2003.

b.Land and buildings purchase contract

In January 2001, the Bank entered into contracts to purchased land and buildings located in Taipei for business purposes. The purchase cost was \$199,900, of which \$198,830 had already been paid as of December 31, 2002. (Please see Note 22.g)

c.Equipment purchase contract

The Bank entered into contracts to purchase computer hardware and software for \$115,910, of which \$66,882 had already been paid as of December 31, 2002.

d.Renovation agreement

The Bank entered into contracts to renovate office premises for \$66,626, of which \$54,964 has already been paid as of December 31, 2002.

e.Short-term bills and bonds sold under agreements to repurchase

As of December 31, 2002, short-term bills and bonds with a total face value of \$12,292,400 were sold under agreements to repurchase at \$12,590,329 between January and April 2003.

f.Short-term bills purchased under agreements to resell

As of December 31, 2002, short-term bills with a total face value of \$285,000 were purchased under agreements to resell at \$284,014 between January and February 2003.

g.Balance sheet and trust property of trust accounts

BALANCE SHEET OF TRUST ACCOUNTS

December 31, 2002

Trust Assets	r -	Trust Liabilities
\$ 40,808,630	_	\$ 40,808,630

TRUST PROPERTY OF TRUST ACCOUNTS

	Amount
\$	69,903
	215,688
	3,338,492
	283,076
	11,996,216
	22,103,387
	314,480
	2,491,080
	16
(3,708)
\$	40,808,630
	\$



24.CAPITAL ADEQUACY RATIO

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

As of December 31, 2002, the Bank's standalone and consolidated capital adequacy ratio were 12.85% and 10.76%, respectively.

As of December 31, 2001, the Bank's standalone capital adequacy ratio was 14.37%.

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

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

	For the Years Ended December 31					
	200	2	200)1		
	Average Average		Average	Average		
	Balance	Rate (%)	Balance	Rate (%)		
Interest-earning assets						
Cash - negotiable certificates of deposit	\$ 38,201,479	1.62	\$ 8,757,933	2.36		
Due from banks	1,943,357	1.70	1,470,606	3.24		
Call loans (placement)	18,732,491	2.75	30,248,614	4.63		
Due from Central Bank	5,254,416	2.47	5,818,604	3.69		
Securities purchased	26,129,637	3.99	21,473,623	6.73		
Loans, discounts and bills purchased	172,342,097	5.53	158,425,153	7.13		
<u>Interest-bearing liabilities</u>						
Due to banks	5,441	0.69	7,244	2.01		
Call loans (taken)	33,630,163	1.90	22,138,610	3.58		
Demand deposits	21,579,614	0.96	15,368,546	1.94		
Savings-demand deposits	49,263,426	1.71	37,655,306	3.54		
Time deposits	96,322,075	2.21	87,261,912	4.12		
Savings-time deposits	57,815,254	2.96	59,009,564	4.74		
Negotiable certificates of deposit	949,050	2.13	4,709,635	4.46		

26.MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	December 31, 2002						
		Due Between One Year	Due After				
	Due in One Year	and Five Years	Five Years	Total			
<u>Assets</u>							
Cash	\$ 66,128,225	\$ -	\$ -	\$ 66,128,225			
Due from banks	10,583,049	-	-	10,583,049			
Due from Central Bank	11,011,956	-	-	11,011,956			
Securities purchased	24,551,850	-	-	24,551,850			
Receivables	14,931,350	-	-	14,931,350			
Loans, discounts and bills purchased	l						
(excluding non-performing loans)	58,864,677	21,854,250	105,773,550	186,492,477			
	\$186,071,107	\$ 21,854,250	\$ 105,773,550	\$313,698,907			

	December 31, 2002								
		Due Between One Year	Due After						
	Due in One Year	and Five Years	Five Years	Total					
<u>Liabilities</u>									
Call loans and due to banks	\$ 52,070,588	\$ -	\$ -	\$ 52,070,588					
Payables	8,079,631	-	-	8,079,631					
Deposits and remittances	227,636,526	8,360,177	-	235,996,703					
Bank debentures		5,000,000	2,000,000	7,000,000					
	\$ 287,786,745	\$ 13,360,177	\$ 2,000,000	\$303,146,922					
		December 31,	2001						
		Due Between One Year	Due After						
	Due in One Year	and Five Years	Five Years	Total					
Assets									
Cash	\$ 16,997,156	\$ -	\$ -	\$ 16,997,156					
Due from banks	41,073,412		-	41,073,412					
Due from Central Bank	7,197,683		-	7,197,683					
Securities purchased	17,549,790	-	-	17,549,790					
Receivables	10,110,649	-	-	10,110,649					
Loans, discounts and bills purchased	d								
(excluding non-performing loans)	49,409,411	25,699,000	91,415,000	166,523,411					
	\$ 142,338,101	\$ 25,699,000	\$ 91,415,000	\$259,452,101					
<u>Liabilities</u>									
Call loans and due to banks	\$ 24,083,700	\$ -	\$ -	\$ 24,083,700					
Payables	6,430,097	-	-	6,430,097					
Deposits and remittances	211,175,049	6,435,000	-	217,610,049					
Bank debentures		5,000,000		5,000,000					
	\$ 241,688,846	\$ 11,435,000	<u>-</u>	\$253,123,846					

27.FINANCIAL INSTRUMENTS

a. Derivative financial instruments

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

The Bank is exposed to credit risk in the event of nonperformance of the counterparties to the contracts. The Bank enters into contracts with customers that have satisfied the credit approval process and have provided the necessary collateral. The transactions are then made within each customer's credit limits and guarantee deposits may be required, depending on the customers' credit standing. Transactions with other banks are made within the trading limit set for each bank based on the bank's credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of provision for credit losses.

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

	Dece	mber 31, 20	002	De	cember 31,	2001
	Contract			Contract		
	(Notional)	Credit	Fair	(Notional)	Credit	Fair
<u>Financial Instruments</u>	Amount	Risk	Value	Amount	Risk	Value
For hedging purposes:						
Interest rate swap contracts	\$ 1,561,000	\$ -	(\$ 80,826)	\$ -	\$ -	\$ -
Cross currency swap contracts	-	-	-	2,099,940	14,667	14,667
For the purposes of accommodating						
customers' needs or managing the	he					
Bank's exposure:						
Forward contracts						
- Buy	24,868,277	264,793	178,243	14,766,748	126,822	87,537
- Sell	20,890,261	252,601	116,617	18,755,980	48,681	(151,451)
Forward rate agreements						
- Buy	63,931,364		(241,496)	16,294,506	2,851	(8,386)
- Sell	64,931,364	242,187	242,187	15,994,506	19,900	15,932
Currency swap contracts	60,606,619	668,675	(177,765)	52,436,363	433,394	(161,912)
Interest rate swap contracts	44,233,503	461,519	(60,003)	28,560,700	190,068	(63,936)
	Dece	mber 31, 20	002	De	cember 31,	2001
			Value of		00111501 01,	Value of
	Contract		Options	Contract		Options
	(Notional)	Credit	Purchased /	(Notional)	Credit	Purchased /
Financial Instrument	Amount	Risk	Written	Amount	Risk	Written
For the purposes of accommodating						
customers' needs or managing the	he					
Bank's exposure:						
Options						
- As buyer	\$47,935,279	\$531,332	\$1,124,421	\$30,632,833	\$ 369,608	\$ 780,838
- As seller	48,700,237	-	1,119,744	29,782,357	-	777,766

The fair value of each contract is determined using the quotation from Reuters or Telerate Information System.

As of December 31, 2002 and 2001, the Bank entered into asset swap contracts for hedging purpose in which the notional amounts were \$4,830,283 and \$1,572,855, respectively. The Bank entered into these contracts with counterparties that have splendid worldwide ranking and credit rating, thus, no significant credit risk is expected.

The Bank has entered into certain derivative financial contracts in which the notional amounts are used solely as a basis for calculating the amounts receivable and payable under the contracts. Thus, the notional amounts do not represent the actual cash inflows or outflows. The possibility that derivative financial instruments held or issued by the Bank can not be sold at reasonable price is remote; accordingly, no significant cash demand is expected.

The gains and losses on derivative financial instruments for the years ended December 31, 2002 and 2001 are as follows:

			For the Years Ended December 31				
	Account		2002		2001		
For hedging purposes:							
Cross currency swap contracts	Interest revenue	\$	31,690	\$	107,409		
- Realized	Interest expense		14,425)	(94,606)		

				ars Ended aber 31		
	Foreign exchange gain Foreign exchange gain Foreign exchange gain Income from derivative financial transactions Income (loss) from derivative financial transactions (Interest revenue Interest expense Income (loss) from derivative financial transactions Income from derivative financial transactions Foreign exchange loss (Income from derivative financial transactions Foreign exchange loss (Income from derivative financial transactions	2002		2001		
For the purposes of accommodating customers' needs or managing the Bank's exposure: Forward contracts						
- Realized - Unrealized		\$	128,377 $358,774$	\$	8,012 $73,289$	
<u> </u>	r oreign exchange gain		000,771		10,200	
Forward rate agreements - Realized - Unrealized	financial transactions Income (loss) from		10,033		2,836	
	***************************************	(6,855)		7,546	
Currency swap contracts - Realized		(368,811 402,643)	(156,442 146,167)	
Interest rate swap contracts						
- Realized	Interest expense	(571,601 627,702)	(108,169 109,954)	
- Unrealized	derivative financial		17,263	(77,266)	
Options contracts						
- Realized	financial transactions	(268,438 48,152)	(126,853 11,384)	
- Unrealized			17,007		20,910	
Interest rate futures contracts - Realized	Loss from derivative financial transactions	(3,423)		-	
Cross currency swap contracts	•					

Income from derivative financial transactions - net (included in other operating revenue) for the years ended December 31, 2002 and 2001 were \$302,463 and \$80,879, respectively.

Interest revenue

 $Interest\ expense$

b. Fair value of non-derivative financial instruments

- Realized

		Decen	iber 31	
	200)2	20	001
	Carrying		Carrying	
	Amount	Fair Value	Amount	Fair Value
<u>Assets</u>				
Financial assets - with fair values				
approximating carrying amounts	\$ 102,541,706	\$102,541,706	\$ 75,313,757	\$ 75,313,757
Securities purchased	24,551,850	24,887,177	17,549,790	17,831,497
Loans, discounts and bills purchased	187,068,957	187,068,957	167,149,766	167,149,766
Long-term equity investments	8,817,462	8,817,462	11,196,238	11,196,238
Other assets - guarantee deposits	589,717	595,362	677,699	678,494

2,517

3,070)



		December 31								
	200	02	2	001						
	Carrying		Carrying							
	Amount	Fair Value	Amount	Fair Value						
Liabilities										
Financial liabilities - with fair values										
approximating carrying amounts	\$ 60,150,219	\$ 60,150,219	\$ 30,513,797	\$ 30,513,797						
Deposits and remittances	236,996,703	236,996,703	217,610,049	217,610,049						
Bank debentures	7,000,000	7,000,000	5,000,000	5,000,000						
Other liabilities	104,463	104,463	77,178	77,178						

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

- 1) The carrying amounts of cash, due from banks, due from Central Bank, acceptances, receivables, call loans and due to banks, acceptances payable and payables approximate their fair values because of the short maturities of these instruments.
- 2)The fair values of securities purchased and long-term equity investments are based on their market prices, if such market prices are available. Otherwise, fair values are estimated at their carrying amounts.
- 3)Loans, discounts and bills purchased, deposits and remittances, bank debentures and funds received for subloans are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair values. Fair value of non-performing loans is based on the carrying amount, which is net of allowance for credit losses.
- 4)The fair values of government bonds submitted as guarantee deposits are based on market values while those submitted as certificates of deposits are estimated at their carrying amounts. Fair values of other guarantee deposits and guarantee deposits received are estimated at their carrying amount since such deposits do not have specific due dates.

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

c.Off-balance-sheet credit risks

The Bank has significant credit commitments principally relating to customer financing activities. The terms of most of the credit commitments are under seven years. For the year ended December 31, 2002, the interest rates of the loans range from 0.38% to 12.75%. The Bank also issues financial guarantees and standby letters of credit to guarantee the performance of customer obligations to a third party. The terms of these guarantees are usually one year, and their maturity dates are not concentrated in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risks as of December 31, 2002 and 2001 are as follows:

December 31

		-	
	2002		2001
Financial guarantees and standby letters of credit	\$ 9,755,797	\$	11,071,599
Irrevocable loan commitments	1,193,526		913,317

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

The Bank makes credit commitments and issues financial guarantees and standby letters of credit only after careful evaluation of customers' credit standing. Based on the result of the credit evaluation, the Bank may require collateral before drawings are made against the credit facilities. As of December 31, 2002 and 2001, secured loans amounted to about 76% and 79%, respectively, of the total loans. Collaterals held vary but may include cash, inventories, marketable securities, and other properties. When the customers default, the Bank will, as required by circumstances foreclose the collateral or execute other rights arising out of the guarantees given.

28.INFORMATION ON CONCENTRATIONS OF RISK

The Bank has no credit risk concentration arising from any individual counterparty or groups of counterparties engaged in similar business activities. Industries which account for 5% or more of the outstanding loans as of December 31, 2002 and 2001 are as follows:

D 1 01

	Decen	iber 31
	2002	2001
Natural person	\$ 136,837,518	\$ 123,678,448
Manufacturing	15,510,637	11,489,773
Foreign corporation	14,985,057	11,642,783

The net positions on foreign-currency transactions as of December 31, 2002 and 2001 are insignificant.

29.ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the SFC for the Bank and affiliates:
 - 1) Financing provided: Please see Table 1;
 - 2)Collateral/guarantee provided: Please see Table 2;
 - 3)Marketable securities held: Please see Table 3;
 - 4)Marketable securities acquired and disposed of, at costs or prices of at least NT\$100 million or 20% of the issued capital: Please see Table 4;
 - 5)Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the issued capital: None;
 - 6)Disposal of individual real estate at prices of at least NT\$100 million or 20% of the issued capital: None;
 - 7) Total purchase from or sales to related parties amounting to at least NT\$100 million or 20% of the issued capital: Not applicable;
 - 8) Receivables from related parties amounting to NT\$100 million or 20% of the issued capital: None;
 - 9)Names, locations, and other information of investees on which the Bank exercises significant influences: Please see Table 5:
 - 10)Derivative instrument transactions: The derivative financial instruments of the Bank are disclosed in Note 27, and the derivative financial instrument of Far East National Bank ("FENB", a wholly-owned subsidiary of SinoPac Bancorp, which is a wholly-owned subsidiary of the Bank) are summarized below:



FENB is engaged in derivative transactions mainly to accommodate customers' needs and to manage its exposure positions.

FENB is exposed to credit risk in the event of nonperformance by the counterparties to the contracts on maturity. FENB enters into contracts with customers that have satisfied its credit approval process and those that have provided the necessary collateral. Transactions are made within each customer's credit line; guarantee deposits may be required, depending on the customer's credit standing. Transactions with other banks are made within the trading limit set for each bank based on the bank's credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of provision for credit losses.

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

		Dece	emb	er 31, 20	002		_	Dec	ember 31, 20)01	
		Contract						Contract			
		(Notional)		Credit		Fair		(Notional)	Credit		Fair
Financial Instruments		Amount		Risk		Value		Amount	Risk		Value_
For the purpose of											
accommodating customers'											
needs or managing its											
exposure:											
Forward contracts											
- Buy	\$	834,072	\$	39,966	\$	54,440	\$	5,257,114	\$ 373,271	(\$	42,774)
- Sell		834,072		39,966	(55,277)		5,253,051	373,169		32,011
Options											
- As buyer	9	2,085,180		166,814		90,649		-	-		-
- As seller	9	2,085,180		-		90,649		-	-		-

The fair value of each contract is determined using the quotation from Reuters or Telerate Information System.

FENB entered into certain derivative contracts in which the notional amounts are used solely as a basis for calculating the amounts receivable and payable under the contracts. Thus, the notional amounts do not represent the actual cash inflows or outflows. The possibility that derivative financial instruments held or issued by FENB can not be sold at reasonable price is remote; accordingly, no significant cash demand is expected.

The gains and losses on derivative transactions for the years ended December 31, 2002 and 2001 were not significant.

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

30.SEGMENT AND GEOGRAPHIC INFORMATION

The Bank is engaged only in banking activities as prescribed by the Banking Law and has no single customer that accounts for 10% or more of the Bank's operating revenues. All operating overseas units individually represent less than 10% of the Bank's operating revenues and 10% of its total assets. Accordingly, no segment and geographic information is required to be disclosed

BANK SINOPAC AND INVESTEES

TABLE1 • FINANCING PROVIDED

December 31, 2002 (Amounts Expressed in Thousands of New Taiwan Dollars)

			Financial	Maximum						Allowance	Colle	ateral	Financing	Financing	
No.	Financing Name	Counterparty	Statement Account	Balance for the Period	Ending Balance	Interest Rate	Financing Type	Transaction Amount	Financing Reasons	for Bad Debt	ltem	Value	Limit for Each Borrowing Company	Company's Financing Amount Limits	
5	Intellisys Corp.	Intellisoft Corporation	Temporary Payments	\$ 5,106	\$ -	-	Short-term financing	-	Working capital	-	-	\$ -	\$ 20,000 (Note)	\$ 57,791 (Note)	
		Intellisys Shanghai Corporation	Temporary Payments	313	-	-	Short-term financing	-	Working capital	-	-	-	20,000 (Note)	57,791 (Note)	

Note: The stockholders of Intellisys Corp. have approved that the limit on total financing amounts is up to 30% of the net asset value of Intellisys corp., and the limit on individual financing amounts is up to \$20,000

BANK SINOPAC AND INVESTEES

TABLE2 • COLLATERAL/GUARANTEE PROVIDED

December 31, 2002 (Amounts Expressed in Thousands of New Taiwan Dollars)

No.	Collaterals/	Counterparty		Limits on Individual Collateral or	Maximum		Carrying Value (As of	Ratio of Accumulated	Maximum
	. Guarantees Provider	Name	Nature of Relationship	Guarantee	Balance for the Period	Ending Balance	Balance Sheet Date) of Properties Guaranteed by Collateral	Amount of Guarantee to Net Asset Value of the Latest Financial Statement (Note 4)	Collateral/Guarantee Amounts Allowable
1	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	(Note 2)	\$ 2,372,048	\$ 2,372,048	\$ -	130%	(Note 3)
		Wal Tech International Corporation	Affiliate Company	(Note 2)	522,500	409,000	-	22%	(Note 3)

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

BANK SINOPAC AND INVESTEES

TABLE3 • MARKETABLE SECURITIES HELD

• December 31, 2002 (Amounts Expressed in Thousands of New Taiwan Dollars)

			Account of		Decembe	er 31, 2002		
Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement	Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	Note
Bank SinoPac	Stock SinoPac Bancorp Rocorp Holdings S.A. SinoPac Leasing Corporation SinoPac Capital Limited SinoPac Financial Consulting Co., Ltd. SinoPac Life Insurance Agent Co., Ltd. SinoPac Property Insurance Agent Co., Ltd. Ruentex Industries Ltd. (formerly Ruentex Textile Co., Ltd.) Mega Financial Holding Company	Subsidiary An investee accounted for by the equity method Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary Subsidiary An investee accounted for by the cost method	Long-term equity investments Long-term equity investments Long-term equity investments Long-term equity investments Long-term equity investments Long-term equity investments Long-term equity investments	20 0.11 149,652 229,998 194 194 194 11,452 3,998	\$ 5,033,023 3,531 2,040,696 898,618 3,284 79,451 3,801 165,486 (Note 3) 110,732 (Note 3)	100.00% 33.33% 99.77% 99.99% 97.00% 97.00% 1.45%	\$ 5,033,023 3,531 1,823,674 898,618 3,284 79,451 3,801 183,696 65,496	Note 5 Note 6 Note 5 Note 5 Note 4 Note 5 Note 4 Note 2

Note 2: Except for no limitation applied on any subsidiaries of the Corporation, the limit on individual collateral or guarantee amounts is up to 200% of the net asset value (Note 4) of the Corporation. As of December 31, 2002, the limit amounts was \$3,655,818.

Note 3: Except for no limitation applied on any subsidiaries of the Corporation, the maximum amount of collateral or guarantee amounts allowance is up to 500% of the net asset value (Note 4) of the Corporation. As of December 31, 2002, the maximum allowance was \$9,139,546.

Note 4: The net asset value of SinoPac Leasing Corporation was based on the audited financial statements as of December 31, 2002.

			Account of	December 31, 2002						
Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement	Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	Note		
	Vate Technology Co., Ltd.	An investee accounted for by the	Long-term equity investments	186	\$ 6,272	0.25%	\$ 1,339	Note		
	China Television Co., Ltd.	cost method An investee accounted for by the cost method	Long-term equity investments	12,468	(Note 3) 364,539 (Note 3)	3.40%	105,977	Note		
	Global Securities Finance Corp.	An investee accounted for by the cost method	Long-term equity investments	11,719	100.000	1.56%	132,473	Not		
	Z-Com, Inc.	An investee accounted for by the cost method	Long-term equity investments	1,040	13,230	1.58%	12,031	Not		
	Taipei Forex Inc.	An investee accounted for by the cost method	Long-term equity investments	80	800	0.40%	1,153	No		
	Taiwan Future Exchange Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	899	8,990	0.45%	10,481	No		
	Taiwan Leader Advanced Technology Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,103	16,554	1.07%	10,968	No		
	Apack Technology Inc.	An investee accounted for by the cost method	Long-term equity investments	1,694	14,476	1.31%	13,299	No		
	Fuh-Hwa Investment Trust Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	2,400	24,000	7.77%	33,286	No		
	Financial Information Services Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	4,550	45,500	1.14%	64,476	No		
	Taiwan Asset Management Corporation	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	0.28%	50,899	No		
	Taiwan Financial Asset Service Corporation	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.94%	50,728	No		
	Prudence Venture Investment Corporation	An investee accounted for by the cost method	Long-term equity investments	5,000	50,000	2.50%	49,262	No		
	Mondex Taiwan Inc.	An investee accounted for by the cost method	Long-term equity investments	2,000	25,000	6.47%	16,148	No		
inoPac Bancorp	Stock Far East National Bank	Subsidiary	Long-term equity investments	175	4,919,206	100.00%	4,919,206	No		
ar East National Bank	Stock Far East Capital Corporation	Subsidiary	Long-term equity investments	350	82,433	100.00%	82,433	N		
DUTIK	FENB Securities, Inc.	Subsidiary	Long-term equity investments	330	13,521	100.00%	13,521	N		
	FENB Loan Corp.	Subsidiary	Long-term equity investments	0.1	(14,046)	100.00%	(14,046)	l N		
	FENB Film Corp. Federal Reserve Bank	Subsidiary An investee accounted for by the	Long-term equity investments Long-term equity investments	0.1 62	(41,033) 112,303	100.00%	(41,033) 112,303	N N		
	Federal Home Loan Bank	cost method An investee accounted for by the	Long-term equity investments	100	225,895	-	225,895	N		
	Southern California Business	cost method An investee accounted for by the	Long-term equity investments	40	1,390	_	1,390	N		
	Development Corporation (SCBDC) California Economic Development Lending Initiative (CEDLI)	cost method An investee accounted for by the cost method	Long-term equity investments	50	1,738	-	1,738	N		
	Genesis L.A. Real Estate Fund LLC	-	Long-term investments	-	45,802	-	45,802	N		
	California Tax Credit Fund LLC Bay Area Smart Growth Fund LLC	- -	Long-term investments Long-term investments	-	28,980 11,885	-	28,980 11,885	N N		
ar East Capital Corporation	Stock (common stock) Metropolis Digital	An investee accounted for by the	Long-term equity investments	1,257	8,739	8.00%	8,739	N		
	Hollywood International Finance Inc.	cost method An investee accounted for by the	Long-term equity investments	0.3	10	15.10%	10	N		
	PCRS Capital Partners LLC	cost method An investee accounted for by the cost method	Long-term equity investments	-	2,182	4.00%	2,182	N		
	TVIA, Inc.	An investee accounted for by the cost method	Long-term equity investments	33	8,688	0.20%	822	N		
	Stock (preferred stock) AgraQuest, Inc.	An investee accounted for by the	Long-term equity investments	100	8,167	0.80%	8,167	N		
	iPhysician Net, Inc.	cost method An investee accounted for by the	Long-term equity investments	115	14,127	0.30%	14,127	N		
	Silicon Motion Inc.	cost method An investee accounted for by the	Long-term equity investments	61	8,688	0.20%	8,688	N		
	Softknot Corporation	cost method An investee accounted for by the	Long-term equity investments	250	6,952	2.00%	6,952	N		
	Zone Reactor, Inc.	cost method An investee accounted for by the	Long-term equity investments	300	2,085	1.50%	2,085	N		
inoPac Leasing	Stock	cost method								
Corporation	Grand Capital International Limited Bank of Overseas Chinese	Subsidiary An investee accounted for by the cost method	Long-term equity investments Long-term equity investments	29,900 5,482	1,347,751 39,269 (Note 3)	100.00% 0.33%	1,347,751 15,240	N N		

			T	December 31, 2002						
Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	Note		
	Chain Yarn Co., Ltd.	An investee accounted for by the	Long-term equity investments	1,969	\$ 38,444	1.90%	\$ 23,945	Note 4		
	Tekcon Electronics Corp.	cost method An investee accounted for by the	Long-term equity investments	832	20,768	1.51%	7,046	Note 4		
	Global Securities Finance Corp.	cost method An investee accounted for by the	Long-term equity investments	1,423	15,664	0.19%	16,135	Note 4		
	Z-Com, Inc.	cost method An investee accounted for by the cost method	Long-term equity investments	330	6,600	0.50%	3,819	Note 4		
	Walsin Advanced Engineering, Inc. (formerly Walsin Advanced	An investee accounted for by the cost method	Long-term equity investments	1,528	23,616	0.45%	12,874	Note 4		
	Electronics Ltd.) Telexpress Corp.	An investee accounted for by the cost method	Long-term equity investments	525	7,835	5.00%	5,474	Note 5		
Grand Capital International Limited	Venture fund World Wide Multimedia L.P.	-	Long-term investments	0.005	86,883	16.67%	85,108	Note 4		
	Stock (preferred stock) @Network, Inc.	An investee accounted for by the cost method	Long-term equity investments	106	10,426	0.49%	10,426	Note 6		
	Best 3C. Com, Inc.	An investee accounted for by the cost method	Long-term equity investments	600	15,639	1.85%	15,639	Note 6		
	e21 Corp.	An investee accounted for by the cost method	Long-term equity investments	200	10,426	0.79%	10,426	Note 6		
	Netvista (B.V.I.) Holding Company Ltd.	An investee accounted for by the cost method	Long-term equity investments	600	10,426	3.30%	10,426	Note 6		
	Stock (common stock) Ciphergen Biosystems Inc.	An investee accounted for by the cost method	Long-term equity investments	45	9,929	0.17%	9,929	Note 6		
SinoPac Capital Limited	Stock SinoPac Capital (B.V.I.) Ltd. Shanghai Land Holding Ltd. ASM Pacific Phoenix TV TPV Holdings	Subsidiary	Long-term equity investments Short-term investments Short-term investments Short-term investments Short-term investments	4,450 2,850 250 5,000 160	148,653 10,284 17,622 16,866 1,711	100.00% 0.09% 0.07% 0.10% 0.01%	148,653 8,258 16,711 15,336 1,765	Note 5 Note 2 Note 2 Note 2 Note 2		
	Fund KCM Asset Management Convertible bill and bond Harbin Brewery Group Limited	- -	Short-term investments Short-term investments	34,758	69,517 34,758	-	69,538 46,233	Note 7		
Cia a Dava Cana ital	Sinbon Electronics Co., Ltd. Micro Star Int' 1 Co., Ltd.	-	Short-term investments Short-term investments	34,758 104,275	34,758 104,275		34,407 104,275	Note 2 Note 2		
SinoPac Capital (B.V.I.) Ltd.	Stock Cyberpac Holding Ltd. (B.V.I.) Allstar Venture Ltd. (B.V.I.) Shanghai International Asset Management (Hong Kong) Co., Ltd.	Subsidiary Subsidiary Subsidiary	Long-term equity investments Long-term equity investments Long-term equity investments	4,000 0.002 4,800	53,228 (135,570) 33,143	100.00% 100.00% 60.00%	53,228 (135,570) 23,611	Note 5 Note 5 Note 4		
Cyberpac Holding	Pinnacle Investment Management Ltd. Venture fund	Subsidiary	Long-term equity investments	200	4,466	99.9995%	4,467	Note 4		
Ltd. (B.V.I.)	3V Source One LP Stock	-	Long-term investments	2,000	71,012	71.43%	71,012	Note 6		
	Wal Tech International Corporation BSP Venture Management (B.V.I.) Ltd. Telexpress Corp.	Subsidiary Subsidiary An investee accounted for by the	Long-term equity investments Long-term equity investments Long-term equity investments	26,497 50 3,900	208,243 1,168 51,942	99.99% 100.00% 34.21%	202,738 1,168 35,298	Note 5 Note 4 Note 5		
	Hollywood International Finance Inc.	equity method An investee accounted for by the cost method	Long-term equity investments	0.098	3	4.90%	3	Note 4		
Allstar Venture Ltd. (B.V.I.)	Venture fund InveStar Excelsus Venture Capital (Int'I) Inc., LDC		Long-term investments	2,220	84,900	6.25%	84,900	Note 6		
	UOB MDS Life Sciences Technology Fund Bio Asia Investment, LLC/BDF II NAVF II	- - - -	Long-term investments Long-term investments Long-term investments Long-term investments	26 50 -	77,545 116,343 36,232 46,760	8.62% 25.00% 2.30% 2.07%	77,545 116,343 36,232 46,760	Note of Note of Note of Note of		
	Stock (common stock) Ardent Pharmaceutica, Inc.	An investee accounted for by the cost method	Long-term equity investments	143	17,763	0.58%	17,763	Note 6		
	TVIA, Inc.	An investee accounted for by the cost method	Long-term equity investments	167	10,206	0.75%	4,112	Note 7		
	Dicon Fiberoptics, Inc.	An investee accounted for by the cost method	Long-term equity investments	221	34,747	0.20%	34,747	Note 6		
	Stock (preferred stock) Sunol Molecular Corp.	An investee accounted for by the cost method	Long-term equity investments	100	17,540	0.92%	17,540	Note 6		

			Account of	December 31, 2002						
Name of Held Company	Type and Name of Marketable Securities	Relationship	Financial Statement	Shares/Units/ Face Value (In Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	Not		
	Phytoceutica, Inc.	An investee accounted for by the cost method	Long-term equity investments	200	\$ 17,926	1.10%	\$ 17,926	Note		
	Selective Genetics, Inc.	An investee accounted for by the cost method	Long-term equity investments	50	10,789	0.43%	10,789	Note		
	Immusol, Inc.	An investee accounted for by the cost method	Long-term equity investments	75	10,658	0.16%	10,658	Note		
	Virtual Silicon Technology, Inc.	An investee accounted for by the cost method	Long-term equity investments	120	10,650	0.31%	10,650	Note		
	BioAgri Corp.	An investee accounted for by the cost method	Long-term equity investments	63	10,426	1.08%	10,426	Note		
	Divio, Inc.	An investee accounted for by the cost method	Long-term equity investments	125	17,443	0.64%	17,443	Note		
Wal Tech	Stock (common stock)									
International Corporation	Intellisys Corp. Multiwin Asset Management Co., Ltd.	Subsidiary An investee accounted for by the	Long-term equity investments Long-term equity investments	10,326 1,800	244,045 10,292	62.58% 30.00%	120,552 10,292	Note Note		
	Monmon Medza Technology Co., Ltd.	equity method An investee accounted for by the equity method	Long-term equity investments	598	3,473	32.39%	3,473	Note		
	Fu Po Electronics Corporation	An investee accounted for by the cost method	Long-term equity investments	1,650	29,700	1.50%	14,397	Note		
	Webi & Neti Internet Services Inc.	An investee accounted for by the cost method	Long-term equity investments	63	625	2.63%	397	Note		
	YesMobile Ltd.	An investee accounted for by the cost method	Long-term equity investments	400	12,000	2.00%	4,453	Note		
	SynTest Technologies, Inc., Taiwan	An investee accounted for by the cost method	Long-term equity investments	79	10,598	0.35%	658	Note		
	Taiwan Leader Advanced Technology Co., Ltd.	An investee accounted for by the cost method	Long-term equity investments	1,575	15,000	1.53%	15,693	Note		
	Ruentex Resources Integration Co., Ltd. (formerly Runhorn Pretech Engineering Co., Ltd.)	A subsidiary of the Bank's supervisor and an investee accounted for by the cost method	Long-term equity investments	2,361	24,114	2.47%	18,681	Note		
	Media Reality Technologies, Inc.	An investee accounted for by the cost method	Long-term equity investments	800	13,598	1.78%	8,124	Note		
	Advanced Power Electronics Corp.	An investee accounted for by the cost method	Long-term equity investments	660	14,520	1.32%	9,246	Note		
	Nanya PCB Corporation	An investee accounted for by the cost method	Long-term equity investments	1,519	93,080	0.33%	27,569	Note		
	ENE Technology Inc.	An investee accounted for by the cost method	Long-term equity investments	765	29,996	3.22%	9,324	Note		
	SonicEdge Industries Corporation	An investee accounted for by the cost method	Long-term equity investments	580	14,500	3.00%	5,960	Note		
	Maximum Venture I, Inc., Taiwan	An investee accounted for by the cost method	Long-term equity investments	7,000	70,350	8.33%	70,350	Note		
	Stock (preferred stock) Silicon Motion Inc.	An investee accounted for by the cost method	Long-term equity investments	90	12,523	0.31%	12,523	Note		
Intellisys Corp.	Beneficiary certificate				0.000		1 (00			
	KGI Pioneer Fund	-	Short-term investments	200	2,000 (Note 3)	-	1,698	NOT		
	Apollo Nobel Fund	-	Short-term investments	10	100 (Note 3)	-	51	Not		
	Stock Orion Financial Tech. Ltd.	An investee accounted for by the cost method	Long-term equity investments	81	525	2.31%	402	Not		
SinoPac Life	Beneficiary certificate									
Insurance	Fuh-hwa Yu-Li Fund	-	Short-term investments	1,328	15,000	-	15,295	Not		
Agent Co., Ltd.	Fuh-hwa Bond Fund CP Bond Fund	•	Short-term investments Short-term investments	164 3,432	2,000 50,000	-	2,035 50,230			
SinoPac Property Insurance	Beneficiary certificate CP Bond Fund		Short-term investments	104	1,500	-	1,526			
Agent Co., Ltd.	ABN AMRO Bond Fund Cap.	_	Short-term investments	71	1,000		1,012			

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

Note 2: Market prices of listed and over-the-counter stocks were determined by average daily closing prices for December 2002.

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

Note 4: Net asset values were based on the investees' unaudited or unreviewed financial statements for the latest period.

Note 5: Net asset values were based on the investees' audited or reviewed financial statements for the latest period.

Note 6: Net asset values were based on the carrying value.

Note 7: Market prices were determined by closing prices of of December 31, 2002.



MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE ISSUED CAPITAL TABLE4 •

• For the Year Ended December 31, 2002 (Amounts Expressed in Thousands of New Taiwan Dollars)

		Account of			Beginning Balance		Acquisition		Disposal				Ending Balance	
Company Name	Type and Name of Marketable Securities	Financial Statement	Counterparty	Relationship	Shares/Units/ Face Value (In Thousand)	Amount	Shares/Units/ Face Value (In Thousand)	Amount	Shares/Units/ Face Value (In Thousand)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units/ Face Value (In Thousand)	Amount
Bank SinoPac	<u>Stock</u>													
	SinoPac Bancorp	Long-term equity investments	-	-	20	\$ 4,425,056	-	\$ 607,967 (Note 2)	-	\$ -	\$ -	\$ -	20	\$ 5,033,02
	AnShin Card Services Company Limited	Long-term equity investments	SinoPac Holdings	Parent company and subsidiary	81,104	349,264	-	-	81,104	180,695 (Note 3)	349,264	(38,451)	-	
SinoPac Bancorp	Stock Far East National Bank	Long-term equity investments	-	-	170	4,367,729	5	551,477 (Note 2)		-	-	-	175	4,919,20
SinoPac Capital (B.V.I.) Ltd.	Stock Cyberpac Holding Ltd.(B.V.I.)	Long-term equity investments	-	-	0.002	(38,675)	3,999.998	91,903 (Note 2)	-	-		-	4,000	53,22
Cyberpac Holding Ltd.(B.V.I.)	Stock Wal Tech International Corporation	Long-term equity investments	_	-	4,997	30,007	21,500	178,236 (Note 2)				-	26,497	208,24
Wal Tech International Corporation	Stock Intellisys Corp.	Long-term equity investments	Gin An Investment, Ltd., Ruentex Industries Ltd.,et al.	Affiliates	2,970	138,027	7,356	106,028 (Note 2)	-	-	-		10,326	244,05

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

Note 2: Consist of acquisition costs, investment income (loss) recognized under the equity method and cumulative translation adjuatment for the year ended December 31, 2002.

BANK SINOPAC AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY TABLE5 **EXERCISES SIGNIFICANT INFLUENCE**

• For The Year Ended December 31, 2002 (Amounts Expressed in Thousands of New Taiwan Dollars)

				Original Invest	ment Amount	Balance as of December 31, 2002			Net Income	Recognized Gains)
Investor Company	Investee Company	Location	Main Businesses and Products	December 31, 2002 (Note)	December 31, 2001 (Note)	Shares (Thousand)	Percentage of Ownership(%)	Carrying Value (Note)	(Losses) of the Investee (Note)	(Losses) on Investment (Note)	Note	
Bank SinoPac	SinoPac Bancorp Rocorp Holding S.A.	California Luxembourg	Stock holding Company Stock holding Company	\$ 3,328,915 3,531	\$ 2,979,015 3,531	20 0.11	100.00 33.33	\$ 5,033,023 3,531	\$ 380,855	\$ 290,205	Subsidiary Subsidiary	
	SinoPac Leasing Corporation	Taipei	Engaged in leasing of aircraft and machinery equipment	999,940	999,940	149,652	99.77	2,040,696	146,000	143,295	Subsidiary	
İ	SinoPac Capital Limited	Hong Kong	Lending and financing	1,001,108	1,001,108	229,998	99.99	898,618	(42,758)	(42,906)	Subsidiary	
	SinoPac Financial Consulting Co., Ltd.	Taipei	Investment advisory and business management advisory	1,940	1,940	194	97.00	3,284	1,304	1,258	Subsidiary	
	SinoPac Securities Co., Ltd.	Taipei	Brokerage, dealing, and underwriting of securities	-	2,944,784	-	-	-	149,455	172,386	Subsidiary	WW
	AnShin Card Services Company Limited	Taipei	Credit card business	-	811,037	-	-	-	(384,746)	(164,186)	Subsidiary	w.bank
	SinoPac Life Insurance Agent Co., Ltd.	Taipei	Life insurance agent	1,940	1,940	194	97.00	79,451	79,829	77,435	Subsidiary	www.banksinopac.com.tw
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Note 3: Consist of investment loss recognized under the equity method, unamortized portion of compensation for the transfer of the credit card accounts and personnel, adjustments to additional paid-in capital and unrealized revaluation loss.



	Investee Company		Main Businesses and Products	Original Inves	tment Amount	Balance	e as of Decem	ber 31, 2002	Net Income - (Losses) of the Investee (Note)	Recognized Gains	
Investor Company		Location		December 31, 2002 (Note)	December 31, 2001 (Note)	Shares (Thousand)	Percentage of Ownership(%)	Carrying Value (Note)		(Losses) on Investment (Note)	Note
	SinoPac Property Insurance Agent Co., Ltd.	Taipei	Property insurance agent	\$ 1,940	\$ 1,940	194	97.00	\$ 3,801	\$ 1,813	\$ 1,751	Subsidiary
SinoPac Bancorp	Far East National Bank	California	Commercial bank	3,153,965	2,979,015	175	100.00	4,919,206	389,530		Grandson corp.
Far East National Bank	Far East Capital Corporation	California	Investment bank	121,636	121,636	350	100.00	82,433	2,156		Great-grandson corp.
	FENB Securities, Inc.	California	Brokerage of securities	24,368	3,475	3	100.00	13,521	6,782		Great-grandson corp.
	FENB Loan Corp.	California	Asset management corporation	35	35	0.1	100.00	(14,046)	(14,005)		Great-grandson corp.
	FENB Film Corp.	California	Motion picture assets management	35	35	0.1	100.00	(41,033)	(14,005)		Great-grandson corp.
SinoPac Leasing Corporation	Grand Capital International Limited	British Virgin Islands	Oversea trading, leasing, lending and financing	914,066	914,066	29,900	100.00	1,347,751	124,291		Grandson corp.
SinoPac Capital Limited	SinoPac Capital (B.V.I.) Ltd.	British Virgin Islands	Financial advisory	154,651	154,651	4,450	100.00	148,653	(13,890)		Grandson corp.
SinoPac	Cyberpac Holding Ltd. (B.V.I)	British Virgin	Investment and advisory	139,012	0.07	4,000	100.00	53,228	(45,795)		Great-grandson
Capital (B.V.I.) Ltd.	Allstar Venture Ltd. (B.V.I)	Islands British Virgin Islands	business Investment corporation	0.07	0.07	0.002	100.00	(135,570)	(35,030)		corp. Great-grandson corp.
	Shanghai International Asset Management (Hong Kong) Co., Ltd.	Hong Kong	Asset management corporation	44,562	44,562	4,800	60.00	33,143	888		Great-grandson corp.
	Pinnacle Investment Management Ltd.	Hong Kong	Asset management corporation	6,951	6,951	200	99.9995	4,466	(1,081)		Great-grandson corp.
Cyberpac Holding Ltd. (B.V.I.)	Wal Tech International Corporation	Taipei	Leasing, international trading, and sale of machinery equipment	272,160	57,160	26,497	99.99	208,243	(36,287)		Great-great- grandson corp.
(=1::)	BSP Venture Management (B.V.I.) Ltd.	British Virgin Islands	Investment management corporation	1,738	1,738	50	100.00	1,168	(9)		Great-great- grandson corp.
	Telexpress Corp.	Cayman Islands	Investment corporation	54,215	54,215	3,900	34.21	51,942	1,630		Great-great- grandson corp.
Wal Tech International Corporation	Intellisys Corp.	Taipei	computer and peripheral system integration engineering, software development and design	258,836	148,500	10,326	62.58	244,045	4,236		Great-great-great grandson corp.
	Multiwin Asset Management Co., Ltd.	Taipei	Asset management corporation	18,000	18,000	1,800	30.00	10,292	1,051		Great-great-great grandson corp.
	Monmon Medza Technology	Taipei	Software products retail and distribution service	5,980	5,980	598	32.39	3,473	(7,861)		Great-great-great grandson corp.

Note: Except for foreign-currency denominated income and expenses were translated to New Taiwan dollars at the average exchange rate for the year ended December 31, 2002, and foreigncurrency denominated original investment amounts that Bank SinoPac and SinoPac Leasing Corporation had invested in were translated to New Taiwan dollars at the historical exchange rate, other foreign-currency amounts were translated at the exchange rate as of the balance sheet date.