


遠東

2002 Annual Report

 遠東國際商業銀行 九十一年年報



遠東國際商業銀行
Far Eastern International Bank

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目錄 Table of Contents

營運績效	Financial Highlights	1
董事長嘉言	Chairman's Message	3
本行簡介	Corporate Profile	11
業務概況	Business Review	23
經營計劃	Business Plan	31
大事紀要	Significant Events	37
財務報告	Financial Report	45
營業據點	Branch Locations	85

Financial Highlights

營運績效

營運績效

Financial Highlights

單位：新台幣佰萬元
In Millions of NT\$ Except Per Share Amounts

項目	Items	2002	2001	2000	1999	1998
資產總額	Total Assets	201,023	195,026	168,957	168,572	161,331
存款及匯款	Deposits and Remittances	159,152	149,252	144,913	143,435	131,069
放款、貼現及買匯—淨額	Loans, Discounts & Bills Purchased -- Net	136,602	141,651	125,843	116,665	116,646
股東權益	Shareholders' Equity	12,127	17,024	17,269	16,917	16,605
實收股本(每股面額10元)	Capital stock (Par Value NT\$10)	15,248	15,248	15,248	14,797	14,010
稅前利益(損失)	Pretax Income(Loss)	(5,567)	477	510	365	901
純益(純損)	Net Income(Loss)	(4,463)	469	469	339	772
每股純益(損失)	Earnings(Losses) Per Share	(3.11)	0.32	0.31	0.23	0.60
每股股利(元)	Stock Dividends Declared Per Share	-	0.20	0.20	0.30	0.55
自有資本佔風險性資產比率	BIS Capital Ratio (%)	11.28	12.48	12.90	12.54	12.73

Chairman's Message

董事長嘉言

董事長嘉言

回顧壬午馬年，年初全球經濟雖溫和復甦，台灣經濟成長率自九十年度(上年度)的負二·一八%回升到九十一年度第一季的正一·二%，然國際經濟成長卻因美國恩隆與世界通訊等假帳醜聞，及美西封港等事件接踵而至之影響，以致景氣復甦力道減弱、失業率居高不下，通貨緊縮威脅仍持續加溫。有鑑於此，政府即積極謀求對策，一方面央行六月及十一月二度分別調降貼放利率，引導利率持續走低；另一方面，行政院積極推動「挑戰二〇〇八國家重點發展計畫」，為期六年之計畫總規模達二·六五兆元，內容包括「三大改革」及「十大重點投資計畫」，同時亦通過「振興產業新投資兆元優惠融資計畫」，種種措施皆欲營造有利之國內投資環境，促進產業升級，然而國際景氣仍不明朗，民間投資擱淺觀望，加上各項計畫多屬中長期投資建設，兩岸經貿發展趨勢及國內各政黨互動關係等，皆影響到政策執行成效與改善成果之良窳。

根據行政院主計處資料，我國九十一年度全年商品出口總值較上年度增加六·三%、商品進口總值增加五%，累計全年出超一八〇·五億美元，高於上年度一五六·三億美元之出超金額。商品進、出口表現雖皆較上年度成長，然資本設備進口總值卻較上年度減少三·五%，可見產業投資步伐尚緩，國內需求仍萎靡不振。九十一年度全年經濟成長率雖為三·五四%，似已擺脫上年度低迷態勢，然部份揚升原因係因基期較低所致，故國內九十一年度經濟基本面係呈「外熱內冷」之詭譎現象。(註：經濟成長率比較基期為上年度同期，而上年度經濟成長率卻是自石油危機以來首度跌到負值之水準。)

九十一年度國內金融方面，央行採取寬鬆貨幣政策，國內利率跟隨美國聯邦準備理事會(FED)降息之腳步持續下滑；十二月中旬以後，新台幣兌美元匯率因國際信用評等機構標準普爾(S&P)調降我國國家主權評等、市場預期央行傾向年底收低新台幣，及進口商實質美元買盤等影響而呈現走軟態勢，惟貶值之幅度不大。至於國內金融機構授信總額仍呈現衰退，其一方面因景氣復甦未趨明朗，深恐企業「錢進大陸、債留台灣」現象日趨嚴重，致銀行之授信態度趨於保守及嚴謹；另一方面，因民間消費仍趨保守未見大幅成長，致國內投資意願低落，故如何改善國內投資環境、促使產業升級，使企業在謀略全球佈局之同時，也願響應政府根留台灣之號召，實乃突破經濟瓶頸再創高峰之關鍵所在。

美國供應管理協會(ISM)於九十一年十二月份預測調查報告指出，在製造業景氣宣告復甦後，美國經濟將可望於二〇〇三年全面走強。而國際貨幣基金(IMF)亦於十二月十二日公佈之全球經濟展望報告中，預測二〇〇三年全球經濟將持續加速成長，惟可能受到某些不確定因素干擾致短期內成長速度可能低於預期。

展望九十二年，各國政府及研究機構對世界經濟之緩步回升多持樂觀預測與看法，惟預測之復甦力道(成長率)與時間落點(速度)有所不同而已，諸多不確定因素雖可能減緩或延後經濟復甦之腳步，但預期心理一旦獲多數國家之認同，對全球脫離經濟陰霾絕對是具有正面之裨益。國內方面，隨世界景氣緩步復甦，貿易量成長率可望提高，以及兩岸經貿往來益加頻繁，外銷可望延續擴張格局之情況下，未來經濟發展轉趨樂觀。本行為提升資產品質，除重視授信品質之良窳外，更致力打銷呆帳及處理不良資產，以降低逾放比率、健全財務結構；此外，為謀股東福祉及提高競爭力，積極進行組織調整及改善經營體質，並計畫將現有企業金融、財務&投資、消費金融、信用卡等四個核心策略事業部(SBU)擴增為六個SBU，即加入財富管理(Wealth Management)與貿易金融(Transaction Banking)，其分別獨立運作成為本行盈餘挹注之事業體，一方面致力深耕策略性業務以創造本行優勢與契機，另方面穩健擴大經營規模與經營綜效，力求從Good到Great以建構更完整之金融版圖。

董事長 徐旭東

Chairman Mr. Douglas Tong Hsu



Chairman's Message

Reflecting on 2002, Year of the Horse, world economy experienced a mild recovery during the beginning of the year. Taiwan's negative growth of 2.18% registered in the first half of 2001 rebounded to 1.2% during the first quarter of 2002. However, under the impact of Enron bankruptcy, Worldcom scandal, coupled with the lockouts at harbors on the U.S. West Coast, global economic growth became stagnant, unemployment remained high, interest rate continued to drop, and the threat of stringency was approaching. Responding to these factors, the Taiwanese Government has been planning counter measures and lowered the discount and loan rate in June and November, respectively. On the other hand, the Prime Ministry announced and actively promoted the "Challenge 2008 Major National Development Project" to invest NT\$2.65 trillion over a time span of six years which includes "three chief revolutions" and "ten major investment projects". It also passed the "trillion dollar financing new investment project to revitalize industry". All the above will serve to create a more favorable investment environment to enhance industry upgrading. However with uncertain global recovery, private investments have been withholding. As the above-mentioned projects are mostly of mid and long-term planning, together with the economic developments between both sides of the Taiwan Straits and the relationships between Taiwan's various political parties, the policy implementing efficiency and improvement result can be affected.

According to Directorate General of Budget, Accounting & Statistics, Executive Yuan, Taiwan's 2002 export volume grew 6.3% from 2001. The import value increased 5% from the previous year recording a surplus of US\$18.05 billion, higher than the 15.63 billion of 2001. While imports and exports have both increased, import value of capital equipment dropped 3.5% year on year, representing a slowdown of industrial investments and stagnant domestic demand. Even though the economic growth of 2002 reached 3.54%, seemingly getting rid of the depressive atmosphere of the preceding year, part of the rising may be attributed to lower comparison base factor. Therefore, the economy was becoming basically quite unpredictable. (Note: Growth rate comparison base factor for the first time dropped to negative figure during the same period of the previous year.)

With regard to domestic finance, the Central Bank of China adopted a loose monetary policy. Domestic interest rate continued to slide following the U. S. FED's drop. After mid December, under the influence of S&P lowering Taiwan's sovereignty rating, market forecasting Central Bank of China to depreciate NT dollars, and

unpromising buying of US dollars by importers, the exchange rate of NT dollars to US dollars devaluated slightly. Taiwan's overall national loan amount was still decreasing due to unclear recovery, and banking institution's conservative and stricter measures to prevent the increasing phenomenon of "money into China yet debt stays in Taiwan". Furthermore, private consumption did not grow substantially to stimulate domestic investments. Therefore, how to improve local investment environment, upgrade industry, and encourage enterprises to comply with government policy to stay put in Taiwan and also plan for global strategies are really the key issues to achieve breakthrough in economic developments.

ISM of the U.S.A. indicated in its December 2002 Forecast Investigation Report that inspired by the recovery of the manufacturing industry the overall American economy is expected to move upward in 2003. IMF also predicted in its global economic outlook published on December 12 that the world economy would accelerate its growth in 2003, though the short-term growth might be hampered due to some uncertain interfering factors.

Looking into 2003, each nation's government and research institutions generally think optimistic about the gradual recovery of the world economy, yet with different predicted strength (growth rate) and time (speed). While the various uncertain factors may slow down or delay recovery, as long as it is a generally recognized moving trend there is better hope to regain momentum. Domestically, with foreseeable trade volume growth, enhanced trade relations between the Straits, and extended exports opportunities, future prospects for economic development will be optimistic. To improve asset quality, Far Eastern International Bank (FEIB) has been dedicated to strengthening credit quality as well as speedily writing off non-performing loans and problem assets so as to lower overdue loan ratio and to improve its financial structure. Furthermore, to earn better benefits for its shareholders and to enhance its competitiveness, the Bank has been restructuring and reorganizing and plans to extend its existing four SBUs, namely Corporate Banking, Treasury & Investment, Consumer Banking, and Credit Card, to six independent and revenue-producing SBUs in total to also include Wealth Management and Transactional Banking. We believe that with this diversification we can become more competitive and create more chances to steadily expand our scope of operations and synergy, to move up from good to great, and provide more complete financial services to our clients.



Chairman's Message

經營效能 >>>>>>

為使本行能夠在日益艱辛的經營環境中維持成長茁壯，同時及早為金融整合潮流及國際化做出規劃，在過去一年來，本行持續進行組織及流程的改造。在企業金融方面，除了延續過去的集中徵審作業外，更於總行營業部設立了四個企業業務小組，各組成員由資深的經理人為首，帶領學有企金專長的業務人員，對外分別負責不同產業別的企業客戶，對內則與TMU及各團隊密切合作，此舉不但提升本行授信品質及效率，更為本行的企業客戶提供了一次購足的企業金融服務。

在消費金融業務方面，儘管隨著指數型房貸、現金卡等產品加入戰局使市場競爭空前激烈，本行消金授信業務仍有著亮麗的表現，房貸已位居新銀行同業第四名、汽貸則位列前三名，充分顯示本行近三年戮力架構基礎建設已顯現成效。信用卡業務在本行全體員工齊心耕耘下持續成長，累計發卡量於九十一年度已突破百萬張，較前一年成長十二・〇八%；為提高產品的附加價值、彰顯客戶的尊榮感，九十一年開始發行的白金卡卡數亦達到四萬二千卡之多；另一方面，本行對於信用卡貸款產品（信用卡代償）的開發亦投注相當的心力，多樣化的產品組合已使本行成為代償市場的領導品牌。在保險代理業務方面也大有斬獲，保費收入及手續費收入皆較前一年呈倍數成長，為本行挹注可觀的收入。

為改善經營體質，本行於九十一年度大幅打銷呆帳、處理不良資產，致使盈餘表現未臻理想；然而這是銀行為改善資產品質必須做的決定，對未來整體營運的正面效果將逐漸顯現。在提高作業效率方面，本行過去幾年來已陸續成立授

信業務區域中心、改善e化流程，成效卓著；九十一年度完成存匯作業中心之規劃，將於九十二年完成建置，配合全面流程e化，將可大幅提升經營效率。九十一年可說是本行e化的里程碑，本行獲經濟部核准參與C計畫後，立即成立B2B專案小組，全力投入產品開發及系統設計，整合原有之網路銀行、FACTORING及EOI系統，並規劃開發訂單融資、出貨融資、帳款管理、全球收款、信用保險等功能，建構企業入口網站，提升企業全方位資產管理及全球運籌之能力。

面對金融整合及國際化的挑戰，本行也積極規劃擴展金融事業之版圖，九十一年度完成Mondex Taiwan（Mondex為國際電子現金機制）投資案，未來本行的金融事業版圖將更臻完整。在本行領導團隊積極穩健的經營下，不但策略業務大幅成長，更維持了良好資產品質及財務結構，本行經國際信用評等公司惠譽（FITCH）評等，獲得國際債務信用評等之長期評等BBB-、短期評等F3，長期評等展望為穩定（Stable）。若以台灣地區專屬之評等，則分別為長期評等A-(tw)、短期評等F2(tw)，係屬投資等級之穩健金融機構，足見本行扭轉頹勢追求卓越的努力。

Operating Efficiencies >>>>>>

In order to remain competitive and still growing under this challenging operating environment and to prepare us for the trend of financial merger and internationalization, FEIB continued its restructuring and process reform during last year. Aside from our corporate banking's centralized credit review, FEIB head office has established four corporate banking units led by experienced managers together with professional team members to separately serve our corporate accounts of different industries. Internally they also work closely with TMU and other teams. This arrangement will greatly improve our credit quality and efficiency so that our corporate accounts may enjoy "one-stop shopping" corporate banking services.

As to consumer banking, with the introduction of various index house mortgage and cash cards, FEIB still managed to perform well in this respect. Our house loan ranks number four and our car loan, number three, among all the new private banks, reflecting the result of our infrastructure. In 2002, we issued more than one million credit cards, up 12.08% from the previous year. For higher value-added and more prestige, FEIB initiated to issue platinum cards in 2002, number of issued platinum cards has already reached 42,000. On the other hand, FEIB has been committed to developing credit loan products (credit card balance transfer), diversified product mix has made us the leading brand in the industry. We have also gained much from our insurance agency business. Insurance premiums and service fees have more than doubled year on year.

To further improve our operations, during 2002 FEIB launched a major write-off of non-performing loans and handled bad assets, which affected our revenues. However,

this is a necessary move to achieve the goal of sound asset quality and will definitely show positive result gradually in the future. To heighten operating efficiency, FEIB has established during recent years the loan business district centers and digitized its operating process. In 2002, we completed the planning of deposit and remittances operation center, which will be set up during 2003 to greatly improve operating efficiency. Immediately after being granted to join C project launched by the Ministry of Economic Affairs, FEIB formed the B2B Special Unit to focus on the product development and system design. We have integrated the Internet banking, factoring and EOI system to develop functions such as purchase order financing, goods received financing, account management, global collection, credit insurance, and etc. With the portal website, we are convinced to be able to operate globally and provide all-directional asset management services.

Facing with the challenge of financial merger and internationalization, FEIB has also made efforts in extending its scope of businesses. In 2002, we have invested in Mondex Taiwan (International e-money) to further expand our financial services. Under the dedicated management team, FEIB not only successfully maintained good asset quality and recorded growth, but also gained recognition from Fitch, renowned professional asset rating company, to record for 2002 Long-Term Rating of BBB-, Short-Term Rating of F3, as stable and appropriately reflect its overall risk profile at this stage. If viewed from local rating, Long-Term Rating is A-(tw), Short-Term Rating is F2(tw), also as a stable financial institution.

Chairman's Message

未來經營方針 >>>>>>

回顧九十一年度，由於經濟復甦力道未如預期，國內及國際景氣仍延續九十年度的低檔，金融業在九十一年裡可謂經歷了艱苦的一年，本行全體員工，無不為了公司的永續經營發展而齊心努力。為能在競爭激烈的經營環境中脫穎而出，本行除致力改善資產品質、強化現有產品外，對於新種業務的研究開發亦是不遺餘力。在九十二年度的營業計畫方面，本行業務重點包括：

- 一、持續推動消費金融業務，強調創造客戶財富管理附加價值，藉由多元化的金融商品及專業之個人理財規劃諮詢服務，吸引更多高資產客戶群。
- 二、信用卡業務方面，繼續擴大各項經營規模，鞏固市場領導品牌地位。
- 三、在保險業務方面，未來將強化保險銷售顧問輔導功能，搭配多種理財工具，為顧客量身訂做兼具收益及保險之理財套餐，提高客戶的維持率；同時積極開發退休規劃及投資型保險市場，以增加新的客源。
- 四、經由客戶特性分析及多元化通路，使各項商品及服務之範圍含括最合適之客戶層面，充分發揮產品交叉銷售之效能。
- 五、持續推動金融產品（Treasury Products）及低風險之貿易融資產品，增加手續費收入。
- 六、配合推動經濟部C計畫專案，建置「遠東商銀e流網金計畫」：建立企業入口網站，結合網路銀行、Factoring、EOI、融資、帳款管理、信用保險、全球收款…等功能，提供全方位的企業資產管理，建構全球運籌中心。
- 七、計劃提升香港辦事處為分行，提供台商及其周邊廠商金融服務，並積極增加與大陸地區相關產業之交流，尋求拓展兩岸三地金融業務之機會。
- 八、積極申請籌設大陸辦事處／分行。

為發揮最佳之營運效能，強化企業體質，本行亦在經營管理方面貫徹以下工作：

- 一、積極規劃轉投資事業以建構完整金融控股公司之版圖，並整合集團金融相關業務，達到金控之實質目的。
- 二、為擴大規模經濟，積極尋求海內外策略聯盟／購併對象。
- 三、配合巴塞爾協定II (BASEL II)，積極建置符合國際標準之全面風險管理(含授信風險(Credit Risk)、市場風險(Market Risk)及作業風險(Operational Risk)機制)。
- 四、完成資料倉儲(Data Warehouse)之建置，以強化行銷能力及風險控管，提高作業效率。

縱使面對利差縮小、競爭激烈的經營環境，本行仍秉持著一貫的誠摯及穩健，以前瞻的眼光、宏觀的胸襟開創事業版圖，以達成「從優秀到卓越」之極致境界自許，期與各位股東女士先生攜手共創美好將來。

董事長

徐旭東 謹啟
92年3月28日

Future Operating Goals >>>>>>

Reflecting on 2002, with recovery not so strong as expected economy remained sluggish both at home and abroad as a year before. Thus, the banking and financial industry went through quite a difficult year. FEIB and its staff have exerted all their strength to maintain our leading position and ongoing developments. Aside from improving asset quality and strengthening current products, the Bank has also made efforts in the research and development of various new businesses. For 2003, FEIB intend to focus on the following operating goals:

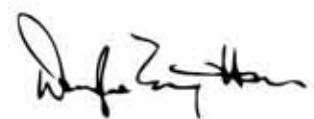
1. Continue to promote the Consumer Banking business, emphasize on creating added value for our client through wealth management, and attract more high-end client groups via our diversified financial products and professional customized consulting services.
2. As to the Credit Card business, we plan to continue to expand relevant operations and reinforce our market leadership and brand recognition.
3. With regard to Insurance business, the Bank will fortify its marketing and consulting functions and provide clients with a multiple choice of revenue-producing and insurance financial service packages to improve customer loyalty. Also we plan to penetrate into pension and investment-type insurance market to develop new customer base.
4. Through carefully analyzing our clients and sales channels, FEIB is convinced to be able to provide our various products and services for the optimal client base and to bring cross selling into full play.
5. Continue to promote treasury products and low-risk trade financing products to increase service fees.
6. Comply with the Ministry of Economic Affairs' C Project and set up "FEIB e-Net Banking Project": Establish portal website to combine Internet banking, factoring, EOI, financing, account management, credit insurance, global collection, and etc. to provide all-directional corporate asset management and build up world-wide operational center.

7. Plan to upgrade our Hong Kong Office as Branch to not only better serve Taiwanese merchants there and relevant factories, but also increase interflows with Mainland China to explore financial business opportunities.
8. Actively prepare application for establishing FEIB's Mainland China Office/Branch.

To achieve best operational results, FEIB has also implementing the following managerial tasks:

1. Take active part in reinvestments and joint ventures to reach for the goal of forming a holding company. Integrate financial related businesses within the conglomerate to achieve a real holding company.
2. To expand operations, continue to search for domestic and foreign strategic alliance partners and merger companies.
3. In accordance with Basel II, set up credit risk, market risk and operational risk control functions conforming to international standards.
4. Establish complete data warehouse to fortify marketing ability and risk management and improve operating efficiency.

Though facing with shrinking interest rate spread and highly competitive operating environment, FEIB has always been sincere and stable. With forward-looking vision and warm-hearted commitment, the Bank will continue to expand its businesses and improve its services "from good to great" and create higher revenues and benefits for its shareholders.



Chairman Douglas Tong Hsu
March 28, 2003



遠東企業集團中心
Taipei Metro, the 41-story
twin tower and Far Eastern
Group's Headquarters.

Corporate Profile

本行簡介

Corporate Profile



副董事長 席家宜
Deputy Chairman Mr. Johnny J. Shih



總經理 洪信德
President Eli Hong



高階主管合照 Senior Managers of FEIB
前排由左至右 (Seated From Left to Right)
洪信德 總經理 President Mr. Eli Hong
孫培琛 總稽核 Chief Auditor Mr. Pei-Chen Sun
後排由左至右 (Standing From Left to Right)
梁培華 副總經理 EVP Mr. Thomas Liang
周添財 副總經理 EVP Mr. Thomas Chou
陳國聯 副總經理 EVP Mr. Julius Chen

民國91年12月31日 (December 31, 2002)

公司基本資料		General Corporate Data	
銀行設立日期	民國81年01月11日	Date of establishment	January 11, 1992
股票上市日期	民國87年11月27日	Date of listing in Taiwan Stock Exchange	November 27, 1998
現金增資		Date of new right issue for cash injection	
9917萬股	民國86年12月29日	99.17million shares-	December 29, 1997
1億5千萬股	民國87年11月25日	150million shares-	November 25, 1998
資產總額	新台幣2010億2265萬5仟元	Total Assets	NT\$201,022,655,000
股東權益	新台幣121億2733萬5仟元	Total shareholder's equity	NT\$12,127,335,000
發行股數	1,524,815,400	Number of shares issued	1,524,815,400
股東人數	16,533	Number of shareholders	16,533
員工人數	1,665	Number of employees	1,665
營業據點	38	Business units	38
簽證會計師	勤業會計師事務所	Auditor	T. N. Soong & Co.
惠譽國際信評公司等 長期債務信用評等	BBB -	FITCH RATINGS long term debt rating	BBB -

民國91年12月31日 (December 31, 2002)

主要股東	Ten Major Shareholders	持有股數Number of Shares	持股比例Percentage%
遠東紡織股份有限公司	Far Eastern Textile Ltd.	65,612,371	4.30
誠靜投資股份有限公司	Chen Gin Investment Ltd.	52,137,595	3.42
東聯化學股份有限公司	Orient Union Chemical Corp.	43,624,446	2.86
亞洲水泥股份有限公司	Asia Cement Corp.	43,623,360	2.86
遠東百貨股份有限公司	Far Eastern Department Stores Ltd.	43,623,360	2.86
裕利投資股份有限公司	Yue Li Investment Ltd.	43,091,501	2.83
亞洲投資股份有限公司	Asia Investment Ltd.	29,857,141	1.96
鼎元國際投資股份有限公司	Din Yuan International Investment Ltd.	24,500,000	1.61
王島島	Dao Dao Wang	24,220,000	1.19
德勤投資股份有限公司	The Chin Investment Ltd.	11,487,482	0.56

Corporate Profile

員工年齡與學歷分佈 Age and educational background of company staff

1、年齡統計分析表 Statistics Chart of Age

項目 Items	90年12月31日 (December 31, 2001)				91年12月31日 (December 31, 2002)			
	男 Male	女 Female	合計 Total	占全行人數% Percentage	男 Male	女 Female	合計 Total	占全行人數% Percentage
60~	4	0	4	0.27%	3	0	3	0.18%
50-59	27	6	34	2.29%	25	7	32	1.92%
40-49	68	23	90	6.06%	72	23	95	5.71%
30-39	324	226	550	37.06%	366	292	658	39.52%
~ 30	289	517	806	54.31%	274	603	877	52.67%
合計Total	712	772	1,484	100.00%	740	925	1,665	100.00%

2、學歷統計分析表 Statistics Chart of Educational Background

學歷 Education Level	90年12月31日 (December 31, 2001)		91年12月31日 (December 31, 2002)	
	人數 No. of Employees	占全行人數% %	人數 No. of Employees	占全行人數% %
碩士Master	100	6.74%	113	6.79%
學士Bachelor	653	44.00%	696	41.80%
專科College	643	43.33%	717	43.06%
高商(中) High School	86	5.80%	137	8.23%
國中以下Junior High School	2	0.13%	2	0.12%
合計Total	1,484	100.00%	1,665	100.00%



董監事合照 Board of Directors and Supervisors

前排由左至右 (Seated From Left to Right)
 董事 王慶民 Director Mr. Philip C.M. Wang
 監察人 許士軍 Supervisor Dr. Shi-Chun Hsu
 董事長 徐旭東 Chairman Mr. Douglas Tong Hsu
 董事 侯金英 Director Ms. Ching-Ing Hou
 董事 武冠雄 Director Mr. K.H. Wu
 後排由左至右 (Standing From Left to Right)
 監察人 張學林 Supervisor Mr. Howard L. Chang
 常駐監察人 王孝一 Resident Supervisor Mr. Shaw Y. Wang
 常務董事 洪信德 Managing Director Mr. Eli Hong
 董事 俞明德 Director Dr. Min-The Yu

民國91年12月31日 (December 31, 2002)

董監事名錄 Board of Directors and Supervisors

董事長 Chairman	徐旭東 Mr. Douglas Tong Hsu	現任	遠東關係企業董事長 遠東紡織股份有限公司董事長 亞洲水泥股份有限公司董事長	Chairman & CEO, Far Eastern Group Chairman, Far Eastern Textile Ltd. Chairman, Asia Cement Corporation
副董事長 Deputy Chairman	席家宜 Mr. Johnny J. Shih	現任	遠東紡織股份有限公司總經理 東聯化學股份有限公司副董事長 新世紀資通股份有限公司監察人	President, Far Eastern Textile Ltd. Vice Chairman, Oriental Union Chemical Corporation Supervisor, New Century InfoComm Tech Co., Ltd
常務董事 Managing Director	洪信德 Mr. Eli Hong	現任 曾任	遠東國際商業銀行總經理 遠傳電信股份有限公司監察人 美商花旗銀行副總裁 台北國際商銀副總經理	President, Far Eastern International Bank Supervisor, Far Eastone Telecommunications Ltd. Former Vice President, Citibank Taiwan Branch Former EVP, International Bank of Taipei.

民國91年12月31日 (December 31, 2002)

董監事名錄 Board of Directors and Supervisors

董事 Director	俞明德 Dr. Min-The Yu	現任 曾任	私立靜宜大學校長 私立元智大學管理學院院長 中央大學財務管理系系主任暨所長	President, Providence University Former Dean, College of Management, Yuan Ze University Former Chairman, Department of Financial Management, National Central University
董事 Director	侯金英 Ms. Ching-Ing Hou	現任 曾任	台灣金融研訓院董事長 政治大學銀行學系教授	Chairperson, Taiwan Academy of Banking and Finance Professor, Money and Banking Department, National Chengchi University
董事 Director	武冠雄 Mr. K. H. Wu	現任 曾任	海外投資開發公司副董事長 台北世貿中心副董事長	Vice Chairman, Overseas Investment and Development Co., Ltd Former Deputy Chairman, Taipei World Trade Center
董事 Director	王覺民 Mr. Philip C. M. Wang	現任	經濟部顧問 中華民國退休人力發展協會理事長	Advisor, Ministry of Economic Affairs President, Senior Expert Development Association of the Republic of China
常駐監察人 Resident Supervisor	王孝一 Mr. Shaw Y. Wang	現任	安和製衣股份有限公司董事長 私立元智大學董事 遠東紡織股份有限公司首席資深副總	Chairman, An Ho Garment Co., Ltd Director, Yuan Ze University First Senior Executive Vice President, Far Eastern Textile Ltd.
監察人 Supervisor	張學林 Mr. Howard L. Chang	曾任	遠東國際商業銀行總經理 中國商銀副總經理	Former President, Far Eastern International Bank Former Executive Vice President, International Commercial Bank of China
監察人 Supervisor	許士軍 Dr. Shi-Chun Hsu	現任 曾任	中華民國管理科學學會理事長 台灣大學首任管理學院院長 高雄銀行董事長	President, Chinese Management Association First Dean, College of Management, National Taiwan University Former Chairman, Bank of Kaohsiung

民國91年12月31日 (December 31, 2002)

專業經營團隊 Professional Management Team

總經理 President	洪信德 Eli Hong	中興大學經濟系畢業 美商花旗銀行台北分行副總裁 台北國際商銀副總經理 遠傳電信公司監察人	Mr. Hong has served as President of FEIB for 6 years since 1996. Under his leadership, FEIB was awarded by Business Weekly Magazine in 1997 as the top bank providing the best business services. Prior to FEIB, Mr. Hong had rich experience in both foreign and local banking. He was Vice President of Citibank N.A. Taipei Branch in 1972- 1991 and Executive Vice President of Taipei Business Bank in 1991- 1996. He is also a supervisor of the Board of Directors at the Far EastOne Telecommunication. Mr. Hong graduated from National Chung Hsin University with the major in Economics. He also took the Executive Program of the Graduate School of Business Administration, University of Virginia (USA) in 1988.
副總經理 Executive Vice President, Head of Support / Administration Group	陳國聯 Julius Chen	美國東德州州立大學 資訊科學碩士 中國農民銀行經理	Mr. Chen has been with FEIB since the bank's incorporation in 1992. He took over the Support / Admin Unit since July 1, 2002 after the organizational restructuring. Previously he was the head of Corporate Banking Group. In recognition of his superior performance, he was awarded with two merits by the bank's management in 1993 and 1995. Besides banking, Mr. Chen also had rich IT experience through his previous role as Head of Information Technology Department at the Farmers Bank of China. Mr. Chen graduated from East Texas State University (USA) with a Master degree in Computer Science in 1978.
副總經理 Executive Vice President, Head of Asset Management Group	周添財 Thomas Chou	政治大學銀行系畢業 荷蘭銀行台灣區副總裁兼 高雄分行經理	Mr. Chou has served at FEIB for 6 years and is currently EVP in charge of the Asset Management Group. Before the organizational restructuring, he was head of Consumer Banking. Mr. Chou started his banking career at Continental Bank, Taipei Branch and progressed through various roles: operations clerk, loan analyst, Supervisor and Chief FX Dealer & Treasury Manager. After the merger of Continental Bank with ABN Amro, Mr. Chou was Vice President of Regional Credit Control Office of ABN Amro Bank. He graduated from National Cheng Chi University with the major in Banking.
副總經理兼 信用卡部經理 Executive Vice President, Head of Credit Card SBU	梁培華 Thomas Liang	美國凱斯西儲大學 作業研究碩士 花旗銀行台北分行副總裁	Mr. Liang has been serving as Head of the Credit Card Department for the past 4 years. Prior to FEIB, he was VP of Operations & Technology at Citibank, Taiwan. He brings to his position consumer product knowledge through his previous roles as General Manager of Chen Tsai Computer Company and Manager of the MIS Department at Esprit. Mr. Liang graduated from Case Western Reserve University (USA), with a Master degree in Operation Studies in 1980.
總稽核 Chief Auditor, Audit Department	孫培琛 Pei-Chen Sun	政治大學會計系畢業 交通銀行設計委員兼 企劃部副理	Mr. Sun has served at FEIB for 8 years since 1994. Currently he is the Chief Auditor and reports directly to the Board of Directors. Before his current role, he was Deputy EVP and served as co-head of Credit & Operations Management Department. Prior to FEIB, he was Deputy Head of Planning & Marketing Department and Assistant Manager of Auditing Department, Chiao Tung Bank. He graduated from National Cheng Chi University with a major in Accounting & Statistics.

本行簡介

Corporate Profile



總經理暨各SBU負責人 President and the Head of Major SBUs

前排由左至右 (Seated From Left to Right)
 洪信德 總經理 President Mr. Eli Hong
 陳國聯 副總經理 EVP Mr. Julius Chen
 後排由左至右 (Standing From Left to Right)
 梁培華 副總經理 EVP Mr. Thomas Liang
 周添財 副總經理 EVP Mr. Thomas Chou
 廖呂斌 協理 Deputy EVP Mr. Ben Liao-Ru
 劉遇春 協理 Deputy EVP Mr. Spring Liu

民國91年12月31日 (December 31, 2002)

專業經營團隊 Professional Management Team

協理兼 查處 處長	陸鵬程	政治大學企業管理碩士 法商百利銀行副理 英商建利銀行經理 法國里昂信貸銀行副總裁 中國信託商業銀行副理	Roy Lu Deputy Executive Vice President, Head of Credit Administration Department	Mr. Lu has served at FEIB for 4 years. Currently he is the Head of Credit Administration Department. Before his current role, he was Deputy Head of Credit & Operations Management Department. Prior to joining FEIB, Mr. Lu worked for several foreign banks. He was Vice President of Credit Lyonnais, Taipei Branch Branch Manager of Credit Lyonnais, Tianjin Branch (China), Manager of Marketing Dept. in Grindlays Bank (of ANZ Bank) as well as Assistant Manager of Marketing Dept. in Banque Paribas. He holds an MBA from National Cheng Chi University.
協理兼 營業部經理	邱欽堂	美國麻省理工學院企業 管理碩士 美商美國商業銀行 台北分行執行副總	Stephen Chiu Deputy Executive Vice President, Head of Corporate Banking SBU	Mr. Chiu joined FEIB in 2001. Before joining FEIB, he has served different jobs as Executive Vice President, Vice President, and Assistant Vice President at Bank of America, Taipei Branch and Citibank, Taipei Branch. He totally has been with the banking industry for around 20 years. Additionally, he has also worked for ITT as Marketing Specialist. Stephen graduated from National Chiao Tung University with the major of Electronic Engineering. He also held MBA degrees at National Cheng Chi University and Sloan School of Management, MIT.
企劃處處長	魏秀章	文化大學企業管理系畢業 慶豐商業銀行民生分行經理 匯通商業銀行業務部經理	Michael Wei Senior Vice President, Head of Planning & Marketing Department	Mr. Wei joined FEIB in August 2000 as Head of the Planning & Marketing Department. Prior to FEIB, he was a branch manager at Chinfon Commercial Bank and Manager of Business Department of Cathay United Bank. He holds a Bachelor degree in Business Management from Chinese Culture University.
會計處處長兼 秘書處處長	楊大衛	美國奧克拉荷馬州立大學 企業管理碩士 中國國際商業銀行副科長	David Yang Senior Vice President, Head of Financial Control Department & Head of Secretarial Department	Mr. Yang has served at FEIB since the bank's incorporation in 1992. Currently he is the Financial Controller and Head of Secretarial Department. Before his current role, he was Deputy Head and manager of Financial Control Department. In addition to having financial control expertise, Mr. Yang also has banking experience from his previous position of Manager of Business Department of International Commercial Bank of China. He holds an MBA degree from Oklahoma State University.
法務處長	蔡玉媛	台灣大學法律系畢業 中央存款保險公司一等專員	Yuh Yuann Tsay Senior Vice President, Head of Legal Department	Ms. Tsay has served at FEIB since the bank's incorporation in 1992. Currently she is the Head of Legal Department. Before her current role, she was Deputy Head of Credit and Operations Management Department. Prior to FEIB, she held the position of Vice President of the Central Deposit Insurance Corporation. She graduated from National Taiwan University with the major of Law.
資訊處長	胡營欽	台灣大學商學系畢業 慶豐銀行審查部副理及 信託部經理	George Y.V. Hu Senior Vice President, Head of Information Technology Department	Mr. Hu joined FEIB in December 2000 as Head of Information Technology Department. Before joining FEIB, he was Manager of the Credit Administration and Trust Banking Department at Chinfon Commercial Bank. He graduated from National Taiwan University with the major in Business Administration.

民國91年12月31日 (December 31, 2002)

專業經營團 Professional Management Team

協理兼 財管部經理兼 投資處處長	廖呂斌	美國國際管理學院 國際管理碩士 中國輸出入銀行副科長 道明銀行台北分行副總經理 比利時聯合銀行台北分行 副總經理	Ben Liao-Ru Deputy Executive Vice President, Head of Treasury and Investment SBU	Mr. Liao-Ru joined FEIB in 1998, during which time he has been serving as Head of Treasury Department and Head of Investment Department. Prior to FEIB, Mr. Liao-Ru was Head of Treasury Department of Kredietbank N.V., Taipei Branch, Vice President of Toronto Dominion Bank, Taipei Branch and Assistant Division Chief of the Export-Import Bank of the Republic of China. He graduated from Fu-Jen Catholic University with the major in International Trade in 1978. He also holds an MBA degree in International Management from Thunderbird Graduate School of Business Administration (USA).
協理兼 消金處處長兼 信託部經理	劉遇春	美國南卡羅萊納州大學 國際企業管理碩士 花旗銀行台北分行助理副總裁 台北區中小企業銀行 國外部副理	Spring Liu Deputy Executive Vice President, Head of Consumer Banking SBU	Mr. Liu has served at the Bank for 6 years. Currently he is the Head of the Consumer Banking Department and Co-Head of the Trust Banking Department. Prior to his current role, he was Head of the Trust Banking Department for 2 years. Before joining FEIB, Mr. Liu was AVP at Citibank N.A., Taipei Branch and VP of International Banking Department of Taipei Business Bank. He earned an MBA degree in Finance Management at the University of South Carolina (USA) in 1986.



本行簡介

Corporate Profile



總行一級主管 Managers of FEIB Head Office

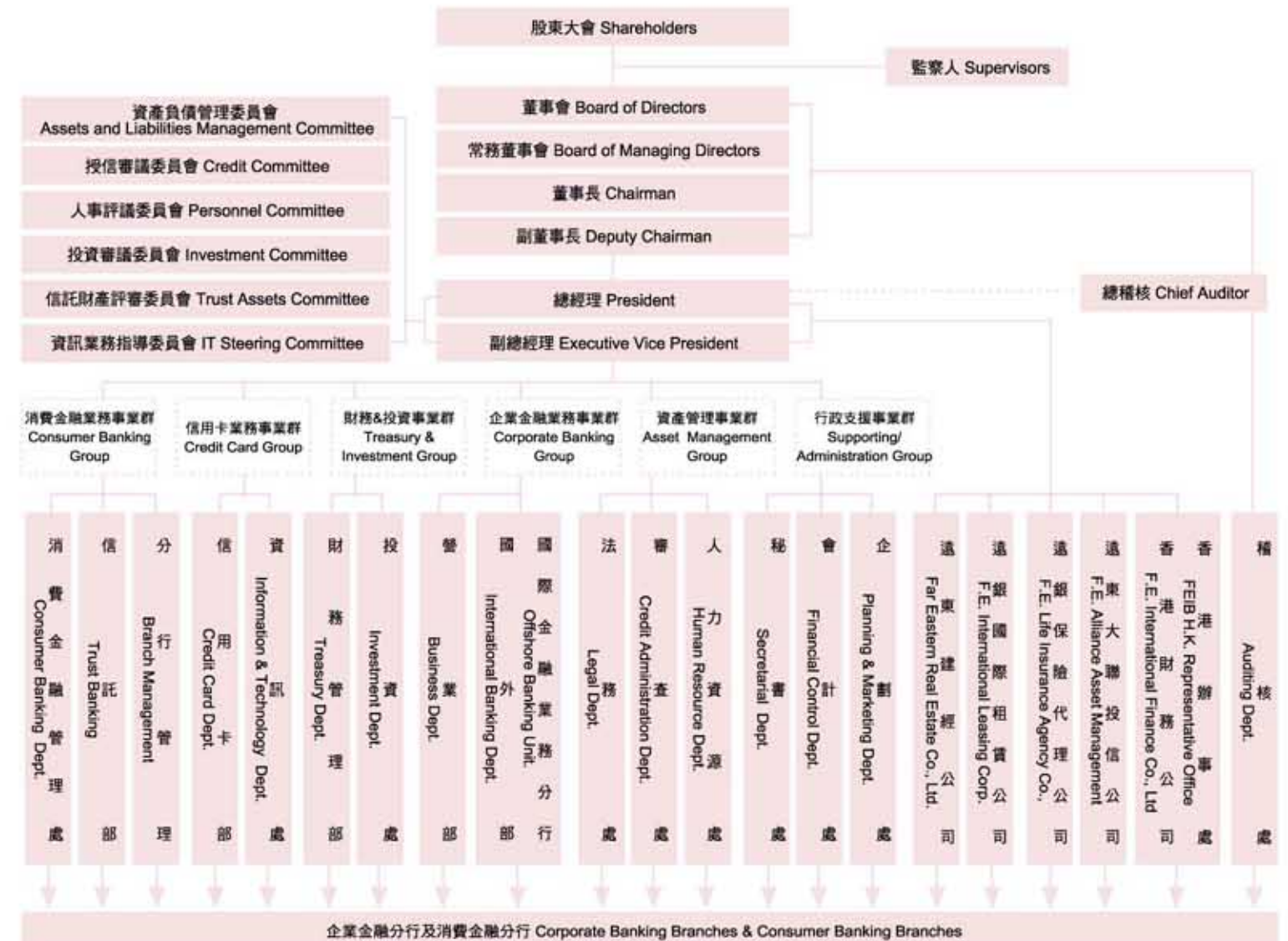
- 前排由左至右 (Seated From Left to Right)
- 詹東興 處長 Senior VP Mr. Robert Jan
 - 楊大衛 處長 Senior VP Mr. David Yang
 - 廖呂斌 協理 Deputy EVP Mr. Ben Liao-Ru
 - 劉遇春 協理 Deputy EVP Mr. Spring Lieu
- 後排由左至右 (Standing From Left to Right)
- 蔡玉媛 處長 Senior VP Ms. Yuh Yuann Tsay
 - 魏秀章 處長 Senior VP Mr. Michael Wei
 - 陸鵬程 協理 Deputy EVP Mr. Roy Lu
 - 胡營欽 處長 Senior VP Mr. George Y.V. Hu
 - 李其台 經理 Senior VP Mr. Paul Lee

民國91年12月31日 (December 31, 2002)

專業經營團隊 Professional Management Team

人力資源處 處長	詹東興	政治大學心理系畢業 花旗銀行台北分行協理	Robert Jan Senior Vice President, Head of Human Resource Department	Mr. Jan joined FEIB in 2001 with the title of Special Assistant to Executive Vice President to supervise the Human Resources Department. He brought to FEIB his rich HR experiences in both banking and other industries. He was Assistant Vice President and Leader of Organizational Development Team at Citigroup, N.A. Taiwan, EVP of Besteam Management Consulting Corp., HR Director of Trane Taiwan, Manager of DuPont Taiwan, and HR Manager of Pizza Hut Taiwan. He graduated from National Cheng Chi University with a Bachelor degree in Psychology in 1980.
國外部經理兼 國際金融業務 分行經理兼香 港分行籌備處 經理及香港代 表人辦事處 負責人	李其台	東吳大學法律系畢業 中國信託銀行紐約分行 高級行員 本行企劃處及秘書處處長	Paul Lee Senior Vice President, Head of International Department and Offshore Banking Unit	Mr. Lee became the Head of International Banking and Offshore Banking Unit since July 2002. Before the current position, he has also worked in other departments ranging from Branch to Marketing and Planning Department. Prior to joining FEIB as an international banking expert, Mr. Lee has the extensive banking experience with various banks, e.g. China Trust bank in New York City for over 12 years. Apart from a solid banking background, Mr. Lee also holds a Bachelor degree in Law from Soo Chow University.

遠東國際商業銀行組織系統簡圖 FAR EASTERN INTERNATIONAL BANK ORGANIZATION CHART





Far Eastern International Bank

Professional Administrative Team

Corporate Profile

Business Review

業務概況

1 存款業務

截至九十一年底，本行存款餘額為新台幣一仟五百九十一億四仟餘萬元，與九十年底相較，共增加新台幣九十九億三仟餘萬元，成長率為6.66%。其中活期性存款為新台幣二百八十六億九仟餘萬元，佔總存款18.03%，定期性存款為新台幣一仟三百零四億四仟餘萬元，佔總存款81.97%。

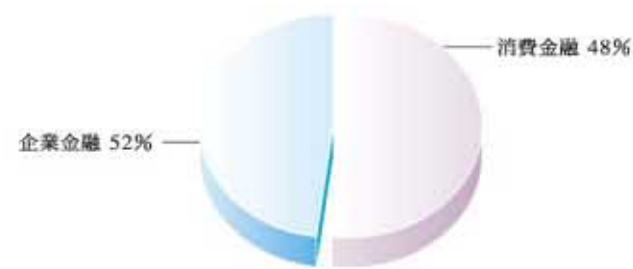
2 授信業務

截至九十一年底，本行放款餘額為新台幣一仟三百八十六億五仟餘萬元，與九十年底相較，共減少新台幣四十五億四仟餘萬元，衰退3.17%；授信業務包含放款、催收、保證、承兌及信用狀合計為新台幣一仟四百六十九億九仟餘萬元，較九十年底減少新台幣三十七億三仟餘萬元。

企業金融方面，截至九十一年底，本行企業金融放款餘額為新台幣七億六十四億元，與九十年底相較，共減少新台幣一億零七億元，衰退12.3%。含保證承兌等授信項目，本行企業金融授信餘額為新台幣八億四十八億元，與九十年底相較，共減少新台幣九十九億元，衰退10.5%，主要係因減少對政府公營機構之低利放款，金額約三十六億元，及降低風險較高之營建業放款，金額約為三十億元，再加上大舉打消呆帳約四十八億元，以致企業金融授信業務減少，但仍佔全行總授信餘額51.9%。在行業別授信結構方面，有效降低風險較高之營建業比重，由九十年底佔全行之7.26%，降至九十一年底之4.0%；另電子資訊通信等高科技產業比重，由九十年底佔全行之9.0%，提高為九十一年底之10.6%。本行九十一年底股票質押貸款總餘額為新台幣九十六億一仟萬元，與九十年底相較，共增加新台幣十億三仟萬元，佔全行授信餘額比重由5.96%略上升至6.74%。

消費金融方面，九十一年度之競爭空前激烈，隨著指數型房貸、現金卡等產品加入戰局使市場競爭生態不變，儘管如此，本行消金授信業務仍有著亮麗的表現，授信餘額持續成長已達新台幣六百二十餘億，其中房貸餘額已位居新銀行同業第四名、汽貸則位列前三名，充分顯示本行近三年戮力架構基礎建設已顯現成效。

授信餘額 (含信用卡循環餘額)



授信客戶行業別佔企金授信餘額比重



1 Deposits

On December 31, 2002, FEIB's outstanding deposit balance reached NT\$159.14 billion, increased by NT\$9.93 billion, or 6.66% from 2001. Among which, demand deposits totaled NT\$28.69 billion and time savings amounted to NT\$130.44 billion, 18.03% and 81.97% of total deposits, respectively.

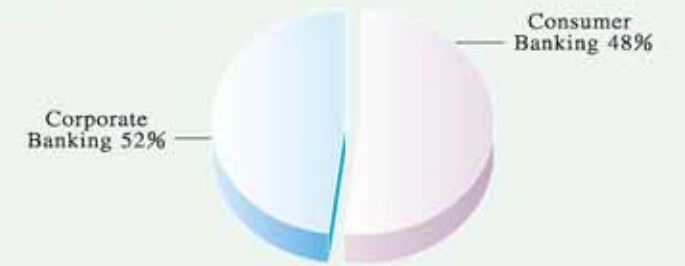
2 Lending

On December 31, 2002, FEIB's outstanding loan was NT\$138.65 billion, decreased slightly by 3.17%, or NT\$4.54 billion year on year. Total amount of lending business including loans, receivables, guaranty, acceptance, and L/C was NT\$146.99 billion, down NT\$3.73 billion from 2001.

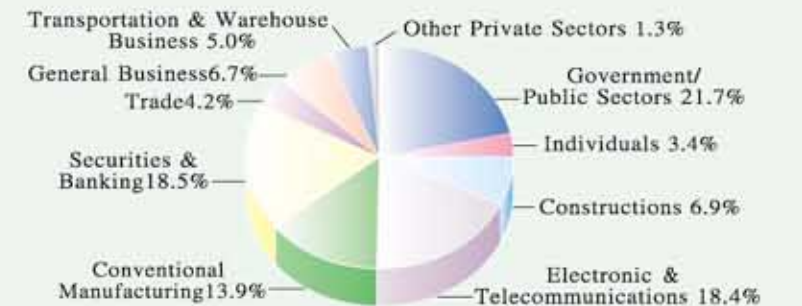
Our outstanding corporate banking loan on December 31, 2002 was NT\$76.4 billion, slipped by 12.3%, or NT\$10.7 billion as compared to that of the previous year. Combined with acceptance and other lending businesses, FEIB's outstanding corporate banking loan stood at NT\$84.8 billion, fell NT\$9.9 billion or 10.5% year on year, mainly due to the decrease of some NT\$3.6 billion of low-interest loans to the public sectors, some NT\$3 billion less of loans to the risky construction industry, and a large scale of writing off non-performing loans amounting to NT\$4.8 billion. While corporate banking loans declined, it still occupied 51.9% of the Bank's total loans. We have effectively lowered the ratio of loans to the more risky industry and percentage of loans to the construction industry with higher risk has decreased from 7.26% in end 2001 to 4.0% in end 2002. On the other hand, the ratio of loans to the high-tech electronics and telecommunications industries went up from 9.0% of end 2001 to 10.6% of end 2002. Stock collateral loans totaled NT\$9.61 billion, up NT\$1.3 billion as compared to the previous year, percentage has increased from 5.96% to 6.74%.

With intense competitions, FEIB's consumer banking loans performed well thanks to the introductions of index house mortgage, cash cards. Outstanding consumer banking loan continued to grow to reach NT\$62 billion with house mortgage and automobile loan amount ranked top four and top three among all the new private banks, representing our success in completing the necessary infrastructures.

Lending Balance (including credit card revolving balance)



Credit Exposure of Corporate Banking (Distribution by industry)



3 外匯業務

九十一年度本行進口、出口、匯兌業務量為八十七億八千餘萬美元，較九十年度六十一億一仟餘萬美元，增加二十六億七千餘萬美元，成長率為43.79%，其中進口業務量之成長，較九十年度更有高達57.93%之成長率。外幣授信餘額九十一年度為三億九千八百餘萬美元，較九十年度二億七千九百餘萬美元，增加一億一仟九百餘萬美元，成長率為42.92%。

4 信託業務

(1) 基金業務

九十一年度依指定用途及代理收付方式銷售國內外共同基金，總計承作金額為新台幣一百三十六億元，年成長率為66.74%，手續費收入為新台幣五仟五佰八十四萬五千元，較上年度成長37.82%。截至九十一年底本行信託資金餘額為新台幣一百三十七億元，較上年度成長33.58%。

單位：仟元

	1999	2000	2001	2002
信託資金餘額	4,025,000	6,906,000	10,263,064	13,709,741
手續費收入	40,610	93,143	40,521	55,845

(2) 存託業務

存託業務至九十一年底存託資產餘額為新台幣八仟九億三十三萬七千元，存託手續費收入九十一年度累計為新台幣一億七十九萬四千元。

單位：仟元

	1999	2000	2001	2002
存託資產餘額	93,031	93,031	91,226	89,337
手續費收入	1,200	900	1,853	1,794

(3) 保管業務

保管業務至九十一年底保管資產餘額為新台幣四十三億四仟五佰四十七萬九千元，保管手續費收入九十一年度累計為新台幣六億一十五萬七千元。

單位：仟元

	1999	2000	2001	2002
保管資產餘額	13,740,229	7,284,494	4,989,759	4,345,479
手續費收入	5,155	10,920	7,105	6,157

(4) 簽證業務

簽證業務九十一年度累計簽證金額為新台幣三百八十八億五仟七百萬，較上年度成長32.93%。簽證手續費收入九十一年度累計為新台幣四億零一萬一千元。

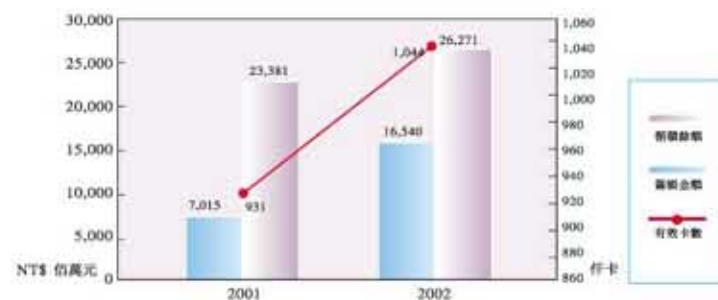
單位：仟元

	1999	2000	2001	2002
簽證金額	26,062,619	37,987,822	29,231,587	38,857,002
手續費收入	3,998	5,425	3,952	4,011

5 信用卡業務

本行在信用卡業務方面，截至九十一年底有效卡達一億零四萬四千餘卡，較九十年度大幅增加十一萬二千餘卡，成長率為12.08%，晉身百萬發卡行之列。在簽帳金額方面，九十一年度全年累計為二百六十二億七千餘萬元，較九十年度增加約二十八億八千餘萬元，成長率為12.36%。在循環餘額方面，至九十一年底有一億六十五億四千元，較九十年度增加九十五億二千五百萬元，成長率為135.79%。

	2001	2002	成長率
有效卡數(仟卡)	931	1,044	12.08%
簽帳金額(佰萬元)	23,381	26,271	12.36%
循環餘額(佰萬元)	7,015	16,540	135.79%



3 Foreign Exchange

FEIB's foreign exchange volume including import dealings, export dealings and remittances was US\$8.78 billion in 2002, up US\$2.67 billion and a surge of 43.79%, among which import dealing has in particular plummeted 57.93%. Foreign currency loans outstanding were US\$398 million, grew US\$119 million or 42.92% than a year ago.

4 Trust Business

(1) Mutual Funds Business

In 2002, FEIB's mutual funds sales, both from non-discretionary trust and acting as agency totaled NT\$13.6 billion, up 66.74% year on year. Service fees were NT\$55.845 million, up 37.82% than a year ago. On December 31, 2002, the Bank's assets under trust totaled NT\$13.7 billion, grew 33.58% than 2001.

	1999	2000	2001	2002
Assets Under Trust	4,025,000	6,906,000	10,263,064	13,709,741
Fee Income	40,610	93,143	40,521	55,845

(2) TDR Depository Business

As of end 2002, TDR asset balance totaled NT\$89.337 million, fee incomes were NT\$1.794 million.

	1999	2000	2001	2002
TDR Asset Balance	93,031	93,031	91,226	89,337
Fee Income	1,200	900	1,853	1,794

(3) Custodian Business

By end 2002, assets held in custody totaled some NT\$4,345.479 million, accumulated fee incomes in 2002 were NT\$6.157 million.

	1999	2000	2001	2002
Assets Under Custody	13,740,229	7,284,494	4,989,759	4,345,479
Fee Income	5,155	10,920	7,105	6,157

(4) Securities Certification

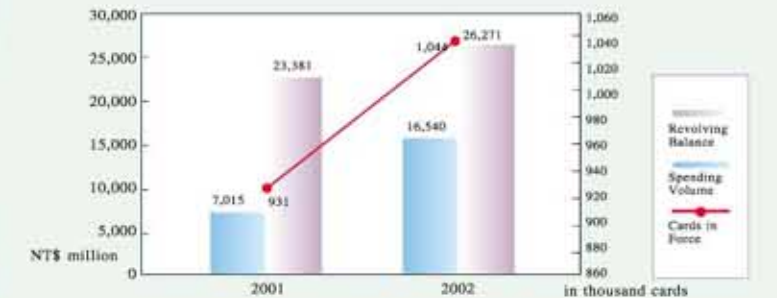
As of end 2002, FEIB's securities certification totaled NT\$38.857 billion, up 32.93% year on year, and fee income added up to NT\$4.011 million.

	1999	2000	2001	2002
Certified Amount	26,062,619	37,987,822	29,231,587	38,857,002
Fee Income	3,998	5,425	3,952	4,011

5 Credit Card Business

At the end of 2002, the number of cards in force issued by FEIB grew to more than 1,044,000 cards, grew 12.08% or 112,000 more than that of the preceding year, already exceeded the one-million card landmark. Spending volume for 2002 totaled NT\$26.27 billion, up NT\$2.88 billion or 12.36% than a year ago. Revolving balance at end 2002 was NT\$16.54 billion, soared NT\$9.525 billion or 135.79% year on year.

	2001	2002	Growth Rate
Cards in Force (in thousands)	931	1,044	12.08%
Spending Volume (NT\$ million)	23,381	26,271	12.36%
Revolving Balance (NT\$ million)	7,015	16,540	135.79%



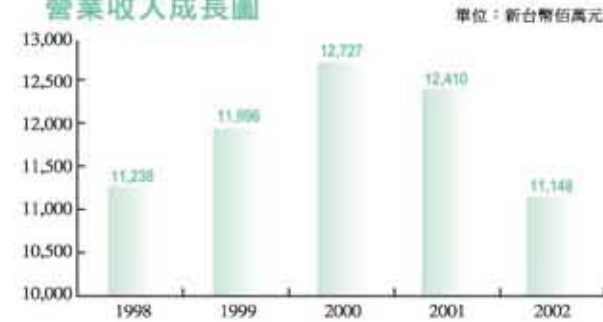
6 買賣有價證券

截至九十一年底止，本行買入票券餘額為新台幣一仟四佰萬元，全年度買賣票券利益為新台幣九佰萬元；買入債券餘額為新台幣一佰三十三億四仟九佰萬元，全年度買賣債券利益為新台幣二億九仟五佰萬元；買入債券型基金餘額為新台幣二十一億元，全年度債券型基金投資收益為新台幣六仟七佰萬元。此外，本行截至九十一年底買入股票餘額為新台幣二億二仟五佰萬元，全年度買賣股票損失為新台幣三億九仟七佰萬元；本行截至九十一年底長期股權投資餘額為新台幣一十二億四仟八佰萬元，全年度長期股權投資利益為新台幣八仟四佰萬元；九十一年度本行以預購預售及選擇權為主之衍生性金融商品承作量達五十九億美元，成長率為200%，獲利金額為新台幣八仟七佰萬元，成長率為270%。

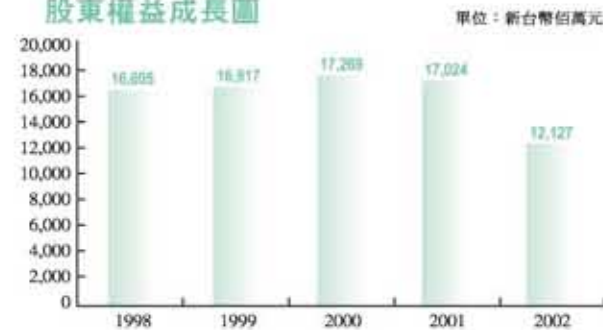
7 營收狀況

九十一年度國際與國內經濟景氣雖稍有回溫跡象，惟復甦力道未如預期，本行九十一年度之營業收入為新台幣一佰一十一億四仟八佰萬元，其中利息收入為新台幣九十七億九仟一佰萬元；手續費收入為新台幣一十一億四仟五百萬元，成長率為40.21%；消費金融與企業金融業務之營業收入比例約為58：42，較九十年度之52：48，整體消金業務貢獻度又有明顯提升。全年提存前利益為新台幣二十五億七仟九佰萬元，較九十年度之新台幣二十一億三仟萬元成長21.1%。本行為改善資產品質達到財務報表高度透明化之世界潮流，於九十一年度經董事會特別核准共計轉銷呆帳約新台幣七十六億七仟八佰萬元，致使年度稅後純損為新台幣四十四億六仟三佰萬元，每股損失為3.11元。

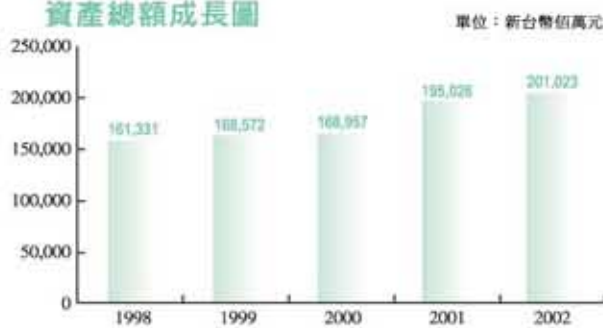
營業收入成長圖



股東權益成長圖



資產總額成長圖



Business Review

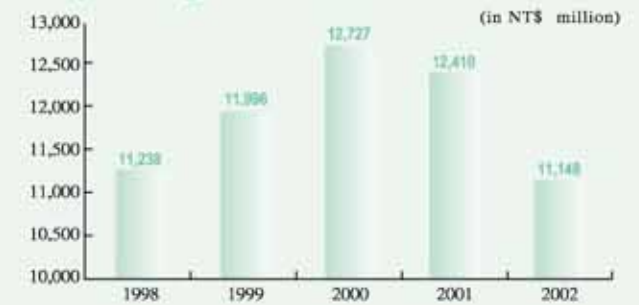
6 Securities Transaction

As of end 2002, FEIB's balance of securities purchased was NT\$14 million, income from trade in marketable securities totaled NT\$9 million. Balance of bond purchased was NT\$13.349 billion. Gains on bond trading reached NT\$295 million. Balance of bond funds purchased was NT\$2.1 billion, with gains reached NT\$67 million. In addition, at the end of 2002 balance of stocks purchased was NT\$225 million, yet loss from trade in stocks reached NT\$397 million. Balance of long-term equity investments stood at NT\$1,248 million, income from long-term equity investments was NT\$84 million. The Bank's balance of derivative transactions, mainly pre-paid, pre-sell and option contracts, was NT\$5.9 billion, up 200% from a year ago. The gain on derivative financial instruments for the year ended December 31, 2002 was NT\$87 million, a significant surge of 270%.

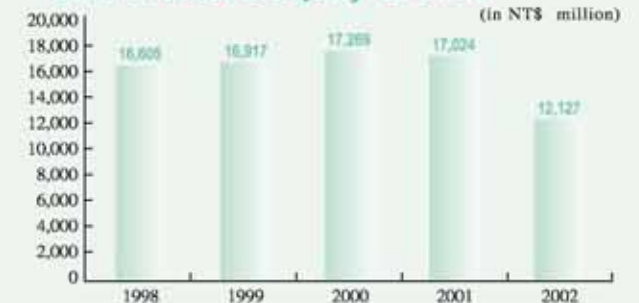
7 Income

Even though the international and domestic economy had shown signs of recovery, it was not so strong as expected. Operating revenues in 2002 were NT\$11.148 billion, among which interest revenue was NT\$9.791 billion, service fee was NT\$1.145 billion, up 40.21% year on year. Consumer banking and corporate banking business occupies some 58% and 42% of the total operating revenues, respectively. As compared to the 52 to 48 ratio recorded in 2001, consumer banking business has apparently grown. Income before provisions for the year was NT\$2.579 billion, up 21.1% from NT\$2.13 billion of 2001. To improve asset quality and comply with world trend which calls for financial transparency, as approved by Board of Directors Meeting, during 2002 FEIB wrote off non-performing loans amounting to NT\$7.678 billion, thus registering a net loss of NT\$4.463 billion, and net loss per share of NT\$3.11 for 2002.

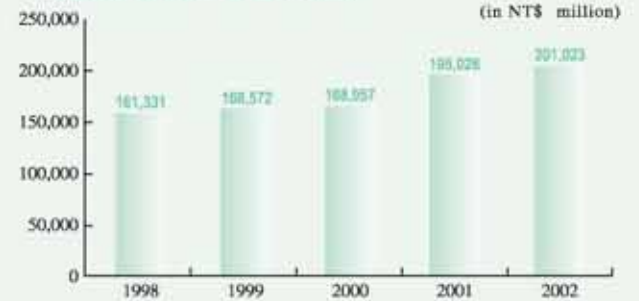
Operating Revenues Growth



Shareholder's Equity Growth



Total Assets Growth



業務概況

最近五年度財務分析 Financial Analysis During Past Five Years

分析項目 Items	年 度 Year	最近五年度財務分析 Five-year Financial Analysis				
		2002	2001	2000	1999	1998
財結構 Financial Structure	負債占資產比率 Ratio of Liabilities to Assets (%)	93.97	91.27	89.78	89.97	89.71
	存款占淨值比率 Ratio of Deposits to Net Worth (%)	1,312.34	876.73	839.15	847.89	789.31
	固定資產占淨值比率 Ratio of Fixed Assets to Net Worth (%)	18.99	13.68	11.18	11.57	9.62
償債能力 Solvency	流動比率 Liquidity Ratio (%)	236.00	152.05	499.94	536.25	297.84
	流動準備比率 Liquidity Reserve Ratio (%)	8.06	11.02	8.76	18.10	11.94
經營能力 Operating Ability	存放比率 Ratio of Loans to Deposits (%)	87.13	95.98	87.77	82.14	89.87
	逾期比率 Non-performing Loan Ratio (%)	4.254	5.986	5.233	4.827	2.646
	利息支出占平均存款餘額比率 (%)	2.56	4.40	4.93	5.45	6.39
	Ratio of Interest Costs to Annual Average Amount of Deposits					
	利息收入占平均授信餘額比率 (%)	5.52	6.99	7.83	8.49	8.74
	Ratio of Interest Income to Annual Average Loans Outstanding					
	總資產週轉率 (次) Total Assets Turnover (times)	0.06	0.07	0.08	0.07	0.08
	員工平均營業收入額 (仟元) Average Operating Revenue per Employee (NT \$1,000)	8,662	10,033	10,981	11,447	13,007
員工平均獲利額 (仟元) Average Profit per Employee (NT \$1,000)	(3,468)	379	405	323	893	
獲利能力 Profitability	資產報酬率 Return on Assets (%)	(2.25)	0.26	0.28	0.21	0.52
	股東權益報酬率 Return on Shareholder's Equity (%)	(30.62)	2.74	2.74	2.02	5.05
	佔實收資本比率 營業利益 Operating Income (%) Ratio to Paid-in Capital (%) 稅前純益 Income before Income Tax (%)	(37.06)	2.75	3.17	2.46	6.20
	(36.51)	3.13	3.35	2.47	6.43	
	純益率 Net Income Ratio (%)	(40.04)	3.78	3.68	2.82	6.87
每股盈餘 (元) Earnings per Share (NT \$1)	(3.11)	0.32	0.31	0.22	0.55	
現金流量 Cash Flow	現金流量比率 Cash Income Ratio (%)	-	-	122.96	95.32	7.45
	現金流量允當比率 Cash Flow Adequacy Ratio (%)	57.29	190.54	595.78	328.92	185.76
	現金再投資比率 Cash Reinvestment Ratio (%)	-	-	20.94	16.05	3.22

Business Plan

經營計劃

本行秉持著穩健、創新的精神，積極開發新種產品及服務，對於產品及通路的e化更是不遺餘力，FEDI、EOI、網路銀行等服務皆已陸續上線；本行為經濟部C計劃所選定的八家金融機構之一，規劃的各項服務功能已緊鑼密鼓建置測試中，足證明本行在研究發展方面的能力卓越並且受到政府及學術單位的肯定。

為配合產品交叉銷售的潮流，本行建構了一套完整的交叉銷售運作機制，透過產品分類及資料庫系統的建置，進行各項交叉銷售成效之分析，並依分析結果構思行銷活動及產品策略，配合組織調整及作業流程的改善，為未來金融整合立下良好的基礎。

未來本行將持續進行組織再造及產品創新，定能提供顧客最好的產品及最貼心的服務。

1 消費金融業務方面

因應消金客群需求更為多樣化，本行將建置網路申貸系統，客戶可以透過網路輕鬆申貸各項簡易型貸款，此舉不僅提供客戶更便捷、迅速的服務，同時亦可大幅節省作業成本，增加獲利。此外，針對時下最流行之「現金卡」產品，本行目前正著手規劃第二代「改良型現金卡」，將提款卡、電子錢包及循環動用等功能合而為一，發揮一卡多用之卓越特性，符合各年齡層之需求。

基於客戶對本行長期的支持與愛護，本行在財富管理業務的拓展上將比同業付出更多的努力與用心，尤其在產品的多元化（如結構型商品、國內金融機構首家推出手續費後收型基金商品、保險金信託）、銷售人員專業知識之養成（平均每位理財專員均有4張證照），及市場訊息等資

With steadily growing and creative spirit, FEIB has dedicated to the developments of various new products and services. We have also made efforts in digitizing our products and channels. E-services such as FEDI, EOI and Internet Banking have all been introduced. FEIB's R&D capability and achievement is widely recognized by both government and academic organizations. The Bank is one of the eight financial institutions chosen by the Ministry of Economic Affairs to implement the "C Project", and has been setting up and testing the many service functions.

In accordance with the trend of product cross selling, FEIB has established a complete operation system to implement cross selling. Via product classification and building database, we may analyze the effect and result of various cross selling operations and thus contemplate adequate promoting campaigns and product strategies, coupled with restructuring and improvement of operating processes to set up a sound foundation for future financial merger and integration.

In future, FEIB will continue to restructure its organization and innovate its product mix to surely provide clients with best products and services.

1 Consumer Banking Business

To cope with the diversified needs of consumer banking business, FEIB will set up Internet credit application system to enable clients to easily apply for various types of loans. This move will not only provide clients with more convenient, efficient and speedy financial services, but also save operating costs considerably and improve revenue gains. In addition, FEIB plans to launch the second generation "Upgraded Cash Card", having excellent multi-usage characters, to combine the many functions of withdraw card, e-purse and revolving cash card to satisfy needs for all ages.

Based on our clients' long-term trust and support, the Bank will focus more attention than our peers to explore the wealth management business, in particular to further diversify relevant products (such as structured products, Taiwan's first bank to launch mutual funds that collect service fees afterwards, and insurance trust, etc.), to cultivate professional knowledge in the

料的提供，均為滿足客戶資產規劃需求；另組成「專業諮詢團隊」，專責提供貴賓理財客戶對稅務、市場投資、家庭保險等理財專業服務，以滿足客戶在面對人生不同階段的理財需求。

2 信用卡業務方面

- (1) 秉持「股東獲利、客戶滿意、員工得意」的經營理念，規劃各項減輕卡友負擔、增加刷卡附加價值之各項方案，除了繼續以擴大代價業務，鞏固代價領導品牌的地位為主要努力方向以外，更將致力研發多元性產品，如推出代價現金卡業務、分期付款業務，強化立可貸、預借現金、運轉金等貸放性產品。
- (2) 持續風險控管之強化，運用新建置之資料庫系統，研擬最適切之授信政策，篩選目標客戶。此外，催收人員在新催收系統的支援之下，亦將加強電催與行政法務功能之連結，控制淨損失率。
- (3) 增進與客戶間之服務，將以SIEBEL系統提高客服人員的服務效率，進而提升客戶滿意度，更將致力於高貢獻度客戶的服務，真正做到與卡友快樂在一起（Happy Together!）。
- (4) 增進作業及帳務之處理效率，仍將戮力縮短作業時間，降低錯誤率，以持續推行品質管圈（QCC）的方式來改善及簡化作業流程，並研討以系統化來取代人工作業。
- (5) 強化資訊技術之專業化，除了繼續致力各項系統效能之提升、監控硬體架構之運作，並加強專案推行之順暢以外，期使信用卡部所使用的各項系統，皆為促進業務發展之加速器。

sales persons (each sales agent in average holds four certificates), and to provide market information so as to guarantee customer satisfaction. In addition, we have formed a "Professional Consulting Team" to handle VIP accounts' tax, investment, insurance matters and help plan for their wealth management during different period of time.

2 Credit Card Business

- (1) To achieve our goals of "Shareholders' Gain, Customer and Staff Satisfaction", FEIB has planned various projects to alleviate cardholders' financial burden and give added value when using their cards. Aside from expanding our existing balance transferring programs, the Bank is dedicated to developing more diversified products, such as launching the balance transferring cash card business, installment plan, immediate loan, cash advances, revolving cash as well as other loan and credit services.
- (2) Continue to fortify risk management and control, design the most appropriate credit policy via our new database warehouse system to screen target customers. Furthermore, with the support of the new collection system, our debt collectors should be able to cut down net loss by connecting collection phone calls, administrative and legal procedures.
- (3) Enhance customer relationship and services. With SEIBEL system, FEIB is confident in elevating customer service efficiency, improve customer satisfaction, and focus on providing better services to the highly contributive clients to really fulfill the vision of "Happy Together" with our cardholders.
- (4) Strengthen operating efficiency of account management, shorten processing time, lower rate of errors, continue to promote QCC to improve and streamline our operating process, and study the replacement of manual operation by computers.
- (5) Reinforce professional IT knowledge: continue to upgrade all working systems, monitor the construction of hardware and software operations, ensure smooth promotions of special projects, so that all system backup for credit card business can serve to expedite its expansion and development.

經營計劃

Business Plan

- (6) 內部控制之持續重視，加強資訊安全之控管，客戶資料之保護與委外合作廠商之管理，務使卡部之發展能遵循法令並且控制得宜。

3 企業金融業務方面

- (1) 聯貸小組積極參與及爭取主辦體質較佳之大型聯貸案。
- (2) 積極推展應收帳款業務(Factoring)。
- (3) 擴大金融交易商品 (FWD、Options、SWAP...) 承作量。
- (4) 企業金融組織進一步整合，並加強後勤支援及產品管理功能。
- (5) 加強風險控管-審查專業分工；依行業別嚴格控管授信品質；外部信用評等之利用；貸後管理之加強；持續加強企業金融授信人員之訓練；業務風險平衡原則下，支援重點業務發展。
- (6) 本行C計畫(遠東商銀e流網金計畫)獲經濟部核准後，即成立專案小組全力投入產品開發及系統設計，除整合原有之網路銀行、FACTORING及EOI系統之外，另開發訂單融資、出貨融資、帳款管理、全球收款、信用保險等功能，建構遠東商銀企業入口網站—企業快捷通，提供全方位的企業資產管理，建構全球運籌中心。
- (7) 兩岸三地業務之推展及資金流動機制。
- (8) 香港遠東國際財務公司實地執行運作。
- (9) 網路銀行外匯業務上線。
- (10) 規劃Coface保險公司之信用查詢保障及Theo Finance收款公司之國際收款產品上線，加強推展國際應收帳款業務。

- (6) Continue to pay attention on internal control, enhance safety control of data, protect client information and manage outsourcing companies, enabling the credit card division to have a law-abiding development under control.

3 Corporate Banking Business

- (1) The Syndicate Loan Unit will take active part in winning and becoming lead bank for revenue-producing major syndicate loan case.
- (2) Promote factoring business.
- (3) Expand the amount of derivative financial instruments (FWD, Options, SWAP, etc.)
- (4) Further integrate corporate banking business unit, strengthen backup support and product management.
- (5) Fortify risk control, credit review and professional division of labor, implement strict control of credit quality, take advantage of outside credit rating, strengthen after-loan management and staff training, balance operational risk, and support the development of focused business.
- (6) After being granted to join "C Project" (FEIB e-Net Banking Project) by the Ministry of Economic Affairs, special task force has been formed to work on relevant product development and system design. Aside from integrating the existing Internet bank, factoring and EOI systems, we have also developed purchase order financing, goods received financing, account management, global collection, credit insurance, and build up FEIB portal website for corporate e-banking to offer all-directional corporate asset management service and establish world-wide operational center.
- (7) Promote financial businesses and cash flows among Taiwan, China and Hong Kong.
- (8) Operate in practice FEIB Hong Kong Financial Co., Ltd.
- (9) Initiate online foreign exchange business of Internet bank.
- (10) Expedite international receivables business by planning the online operations of Coface Insurance Co.'s credit inquiry guarantee and Theo Finance's international collection products.

4 財務金融業務方面

- (1) 深耕現有客戶，提供專業之財務策略。
- (2) 增加金融交易客戶，以提高本行之市場佔有率。
- (3) 加強與國際知名銀行往來以獲得最新之金融產品訊息，並取得具有競爭性之產品價格。
- (4) 推出結合利率、信用之債券/債權關連衍生性金融產品，以提供客戶更多的投資選擇。
- (5) 評估引進風險管理系統，以加強衍生性商品之風險控管。

5 員工教育與發展

(1) 本行九十二年度行員訓練計劃

訓練項目	行內訓練	行外訓練	合計
金額(仟元)	9,800	4,200	14,000
人次	3,700	1,500	5,200
班次	150	350	500

(2) 未來研究發展計劃

九十二年度仍秉持「才能管理」作為本行行員訓練架構，分別包含：「專業才能」、「管理才能」及「商業才能」。訓練資源規劃分配為「專業才能75%」、「管理及商業才能25%」，並以本行業務所需之職能要求(competency)為培訓方向。

4 Treasury & Investment Business

- (1) Cultivate existing clients and provide professional financial strategies.
- (2) Increase investment transaction clients to elevate FEIB's market share.
- (3) Reinforce interflows with renowned international banks to obtain latest information on financial products and acquire competitive produce prices.
- (4) Launch derivative investment financial instruments to combine interest, credit bonds, debentures and the like to provide clients with more investment options and choices.
- (5) Evaluate the introduction of risk management system to strengthen risk control of these derivative financial instruments.

5 Staff Training & Development

(1) FEIB's Staff Training Programs in 2003

Training Item	In-store Training	Off-site Training	Total
Amount (in thousands)	9,800	4,200	14,000
Person	3,700	1,500	5,200
Class	150	350	500

(2) Future Research & Development Programs

The training programs still aimed at "capability management" in 2003 will include: "professional competency", "management competency" and "business competency". Training resources allocation is "professional competency 75%" and "management and business competencies 25%", in accordance with FEIB's business needs.



Treasury

Far Eastern International Bank Investment Business

Credit Card Consumer Banking Business

Corporate Banking Business

Staff Training & Development

Significant Events

大事紀要



消費金融授信業務訓練營
Consumer Banking training seminars

遠東商銀九十一年度大事記要 >>>>>

- 1/14 本行企金業務整合，成立北部企金中心，大台北地區企金A/O進駐遠企大樓2樓及26樓合署辦公
- 1/18 全權委託保管銀行業務開辦
- 1/28 消金處北一區客服中心成立
- 2/6 配合世界盃足球賽舉行，信用卡部推出足球卡
- 3/16 為提昇本行作業及服務品質，委請元智大學工業工程與管理研究所鄭春生教授輔導推動「六標準差品質」訓練計劃，共計60小時
- 3/21-4/12 發揮集團綜效，「遠東大聯科技基金」本行募集總金額達新台幣捌億參仟萬元
- 4~6月 與Smart智富月刊共同舉辦系列理財講座，透過媒體曝光提昇本行知名度，建立專業形象
- 4/10 遠銀信用卡部推出New Century白金卡

Significant Events



遠銀New Century信用卡捷運彩繪列車
FEIB colored pattern train

Significant Events of FEIB in 2002 >>>>>

- 1/14 Integrate FEIB's corporate banking business to establish Northern Corporate Banking Center and open offices at the 2nd and 26th floors of Taipei Metro
- 1/18 Initiate Custodian business for discretionary authorized investment funds
- 1/28 Open North First District Customer Service Center
- 2/6 Launch the Football Cards with the opening of World Cup 2002
- 3/16 Assign Professor Cheng Chun-Shen, Department of Industrial Engineering and Graduate School of Management, Yuan Ze University, to preside over the 60-hour "Six Standard Difference Quality" training program to further improve the Bank's operation and service quality
- 3/21-4/12 With the help of Group synergy, FEIB successfully raised NT\$830 million for Far Eastern Alliance Technology Fund
- April~June Sponsor a series of wealth management seminar together with Smart Magazine to enhance the Bank's brand recognition and professional image
- 4/10 FEIB Credit Card Division launches New Century Platinum Cards



遠銀九十一年度櫃員訓練
OTC training

Significant Events



慶祝信用卡發卡突破百萬
Celebrating credit card number exceeds one million

遠東商銀九十一年度大事記要 >>>>>>

- 4/11 遠銀十週年慶
- 4/16 本行C計畫「遠東商銀e流網金計畫」獲經濟部核准，補助款新台幣壹仟捌佰萬元，並於5/20完成簽約。計劃執行期間自91年3月起至92年12月止。
- 5/16 信用卡部雙百Party，慶祝發卡量破百萬及循環餘額破百億，徐董事長及洪總經理特親臨卡部嘉勉。
- 5/17 為配合推廣本行FEDI (Financial Electronic Data Interchange)業務，假遠企大樓36樓演講廳舉辦企業新世紀理財網教育訓練。
- 6/3 召開年度記者會，媒體記者逾二十位參加，以當今金融環境及遠銀未來發展走向為訪談主題。
- 6/5 九十一年遠銀股東會假台北空軍官兵活動中心介壽堂舉行，過程順利圓滿。
- 6/10 本行E-JCIC聯徵標準查詢正式上線使用。
- 7/2 張副總經理義演退休，轉榮任亞東證券董事長。
- 7/30 國際金融業務分行與大陸地區共計十家陸資銀行建立通匯關係，並與大陸台商從事進出口業務往來。

Significant Events of FEIB in 2002 >>>>>>

- 4/11 FEIB's 10th founding anniversary
- 4/16 The C Project "FEIB e-Net Banking Project" was approved by the Ministry of Economic Affairs to receive a subsidy of NT\$18 million. Contract signing was completed on May 20, execution of the project starts from March 2002 till December 2003.
- 5/16 Credit Card Division holds the breaking million and billion party, celebrating card number exceeds one million and revolving balance exceeds ten billion, Chairman Hsu and President Hong preside over the celebration.
- 5/17 Sponsor New Century Wealth Management Training Program at 36th Floor Auditorium of Taipei Metro to promote FEIB's Financial Electronic Data Interchange (FEDI) business.
- 6/3 Hold annual press conference, more than 20 reporters attended the interviews on current financial environment and FEIB's future developments.
- 6/5 FEIB 2002 Stockholders' Meeting held in Taipei.
- 6/10 E-JCIC joint auditing standard search online.
- 7/2 EVP Y. B. Chang retired and promoted as Chairman of Oriental Securities Corp.
- 7/30 International Banking Branch initiated operations with ten Mainland China invested banks and handled trade with Taiwanese merchants in China.



遠東New Century信用卡全新概念代言人記者發表會
FEIB New Century credit card 2003 brand new CF press conference

遠東商銀九十一年度大事記要 >>>>>>

- 8/21 向財政部金融局申請香港代表人辦事處升格為香港分行
- 9/3 總經理特別助理詹東興派任人力資源處處長
- 9/26 香港金融局銀行監理處主管台灣區之高層官員拜訪本行，由洪總經理信德及高層主管共同接待，就本行經營狀況作簡報並獲正面的肯定
- 10/11 假永康分行成立台南地區催收中心
- 10/22 「定儲利率指數型房貸」完成央行報備並獲准執行
- 10/25 消金處財富管理組推出「生日快樂頌，讓您在購送」系統上線
- 11/25 桃園分行遷址開業/消金處北二區客服中心(桃竹地區)正式進駐桃園分行
- 12/3 車貸EJCIC查詢自動化開放
- 12/9 「遠東New Century信用卡2003年度全新概念代言人」記者發表會假遠東飯店舉行
- 12/31 企金事業群主管兼營業部經理邱協理欽堂請辭，所遺企金事業群主管職務由周副總經理添財兼代，營業部經理人職務由營業部吳專門委員堃平兼代

Significant Events



作業主管研習會
Operation seminars

Significant Events of FEIB in 2002 >>>>>>

- 8/21 Applied to Bureau of Monetary Affairs, Ministry of Finance to upgrade FEIB's Hong Kong Representative Office as Hong Kong Branch
- 9/3 Special Assistant to President Robert Jan assigned as Director of Human Resources Department
- 9/26 Ranking officials of Hong Kong Bureau of Monetary Affairs responsible for Taiwan visited FEIB, received by President Eli Hong and executives to hear briefing
- 10/11 Established the collection center at Tainan Yung kang Branch
- 10/22 "Index Mortgage" approved by the Central Bank of China
- 10/25 Wealth Management Division of Consumer Banking Department launched "Happy Birthday Online Shopping" system
- 11/25 Moving and opening of the new Taoyuan Branch
Consumer Banking Department Second North Customer Service Center officially opened within Taoyuan Branch
- 12/3 Car loan EJCIC automatic inquiry system opened
- 12/9 "FEIB New Century Credit Card 2003 Brand New CF" press conference held at Far Eastern Plaza Hotel
- 12/31 Stephen Chiu, Corporate Banking Group Head and Manager of Business Department, resigned with Thomas Chou takes his place in Corporate Banking Group, and Kung-Ping Wu as the new Manager of Business Department



Significant Events of

FEIB

in 2002

Far Eastern International Bank

Significant Events

Financial Report

財務報告

Financial Statements as of December 31, 2002 and 2001
Together with Independent Auditors' Report

Readers are advised that the original version of these financial statements is in Chinese. This English translation is solely for the readers' convenience and may present financial statements for periods not previously presented in a single document. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese >>>>>>

Independent Auditors' Report

The Board of Directors and Shareholders
Far Eastern International Bank

We have audited the accompanying balance sheets of the Far Eastern International Bank as of December 31, 2002 and 2001, and the related statements of income, changes in shareholders' 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 the Regulations for Audit of Financial Statements of Financial Institutions by Certified Public Accountants and generally accepted auditing standards 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 position of the Bank as of December 31, 2002 and 2001, and of the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines for Securities Issuers' Financial Reporting for Public Company and generally accepted accounting principles in the Republic of China.

T N Soong & Co

T N Soong & Co
An Associate Member Firm of Deloitte Touche Tohmatsu
Taipei, Taiwan
The Republic of China
February 14, 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.

BALANCE SHEETS

December 31, 2002 and 2001 (In Thousands of New Taiwan Dollars, Except Par Value)

	2002		2001	
	Amount	%	Amount	%
ASSETS				
CASH	\$ 1,641,460	1	\$ 2,014,692	1
DUE FROM BANKS (Note 3)	6,700,408	3	12,150,732	6
DUE FROM THE CENTRAL BANK OF CHINA (Notes 4 and 21)	7,868,018	4	5,901,538	3
SECURITIES PURCHASED - NET (Notes 2 and 5)	4,417,884	2	2,019,859	1
RECEIVABLES - NET (Notes 2, 6, 16 and 20)	23,555,294	12	13,122,499	7
LOANS, DISCOUNTS AND BILLS PURCHASED - NET (Notes 2, 7 and 20)	136,601,563	68	141,650,774	73
LONG-TERM INVESTMENTS (Notes 2, 8, 20 and 21)	13,526,960	7	13,342,846	7
PROPERTIES (Notes 2 and 9)				
Cost				
Land	1,110,801	1	1,110,801	1
Buildings and improvements	787,438	-	776,662	-
Computer equipment	515,905	-	475,518	-
Transportation equipment	37,713	-	38,361	-
Miscellaneous equipment	940,068	1	867,049	1
Total cost	3,391,925	2	3,268,391	2
Less: Accumulated depreciation	1,126,712	1	960,675	1
	2,265,213	1	2,307,716	1
Prepayments for properties	37,854	-	21,438	-
Net Properties	2,303,067	1	2,329,154	1
OTHER ASSETS (Notes 2, 10 and 16)	4,408,001	2	2,494,064	1
TOTAL ASSETS	\$ 201,022,655	100	\$ 195,026,158	100

Financial Report

BALANCE SHEETS

December 31, 2002 and 2001 (In Thousands of New Taiwan Dollars, Except Par Value)

	2002		2001	
	Amount	%	Amount	%
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Repurchased-bond-liabilities (Note 2)	\$ 6,869,852	3	\$ 5,413,018	3
Due to banks (Note 11)	8,707,281	4	14,131,355	7
Payables and advances (Note 12)	3,312,070	2	3,603,198	2
Deposits and remittances (Notes 13 and 20)	159,151,544	79	149,252,244	76
Bank debentures (Note 14)	10,000,000	5	5,000,000	3
Other liabilities (Notes 2 and 15)	854,573	1	602,661	-
Total Liabilities	188,895,320	94	178,002,476	91
SHAREHOLDERS' EQUITY				
Capital stock, \$10 par value, authorized and issued - 1,524,815 thousand shares	15,248,154	7	15,248,154	8
Capital surplus				
Additional paid-in capital	204,198	-	204,198	-
Gain on disposal of properties	-	-	1,669	-
From long-term equity investments	19	-	19	-
	204,217	-	205,886	-
Retained earnings (deficit)				
Legal reserve	1,518,440	1	1,377,701	1
Special reserve	202,445	-	202,445	-
Unappropriated earnings(deficit)	(4,429,150)	(2)	485,781	-
Total retained earnings(deficit)	(2,708,265)	(1)	2,065,927	1
Cumulative translation adjustments	11,260	-	11,325	-
Treasury stock; at cost: 103,334 thousand shares in 2002 and 86,579 thousand shares in 2001	(628,031)	-	(507,610)	-
Total Shareholders' Equity	12,127,335	6	17,023,682	9
CONTINGENT LIABILITIES AND COMMITMENTS (Notes 2, 22 and 26)				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
	\$ 201,022,655	100	\$ 195,026,158	100

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

STATEMENTS OF INCOME

For the Years Ended December 31, 2002 and 2001 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2002		2001	
	Amount	%	Amount	%
INCOME				
Interest (Notes 2, 20 and 26)	\$ 9,790,842	88	\$ 10,714,603	86
Service fees (Note 2)	1,144,612	10	816,346	7
Gain on sales of securities purchased - net (Note 2)	-	-	717,182	6
Income from long-term equity investments - net (Notes 2 and 8)	49,703	-	20,571	-
Foreign exchange gain - net (Notes 2 and 26)	162,686	2	141,736	1
Total Income	11,147,843	100	12,410,438	100
COST AND EXPENSES				
Interest (Note 26)	5,076,245	46	7,071,746	57
Service charges	570,489	5	534,454	4
Loss on sales of securities purchased - net (Note 2)	88,779	1	-	-
Provisions for possible losses - net (Notes 2 and 7)	8,146,299	73	1,653,760	14
Total Cost and Expenses	13,881,812	125	9,259,960	75
OPERATING GROSS INCOME (LOSS)	(2,733,969)	(25)	3,150,478	25
OPERATING AND ADMINISTRATIVE EXPENSES (Notes 20 and 22)				
	2,916,290	26	2,730,857	22
OPERATING INCOME (LOSS)	(5,650,259)	(51)	419,621	3
NONOPERATING INCOME				
	157,511	2	71,291	1
NONOPERATING EXPENSES				
	(74,448)	(1)	(14,217)	-
INCOME (LOSS) BEFORE INCOME TAX	(5,567,196)	(50)	476,695	4
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 16)	(1,103,995)	(10)	7,565	-
NET INCOME (LOSS)	(\$ 4,463,201)	(40)	\$ 469,130	4
EARNINGS (LOSSES) PER SHARE (Note 18)				
Primary	(\$3.87)	(\$3.11)	\$0.33	\$0.32

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

Financial Report

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2002 and 2001 (In Thousands of New Taiwan Dollars, Except Par Value)

	CAPITAL STOCK AUTHORIZED AND ISSUED (\$10 PAR VALUE)		CAPITAL SURPLUS			RETAINED EARNINGS (DEFICIT) (Note 17)				CUMULATIVE TRANSLATION ADJUSTMENTS (Note 2)	TREASURY STOCK (Notes 19)	TOTAL SHAREHOLDERS' EQUITY	
	Shares	Amount	Additional Paid-in Capital (Note 17)	Gain on Disposal of Properties (Note 17)	From Long-term Equity Investments (Note 2)	Total	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit)				Total
BALANCE, JANUARY 1, 2001	1,524,815,400	\$ 15,248,154	\$ 204,198	\$ 1,669	\$ 19	\$ 205,886	\$ 1,237,042	\$ 202,445	\$ 474,318	\$ 1,913,805	\$ 7,785	(\$ 106,661)	\$ 17,268,969
Appropriation of prior year's earnings													
Legal reserve	-	-	-	-	-	-	140,659	-	(140,659)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	(19,020)	(19,020)	-	-	(19,020)
Bonus to directors and supervisors	-	-	-	-	-	-	-	-	(6,340)	(6,340)	-	-	(6,340)
Cash dividends - 2%	-	-	-	-	-	-	-	-	(291,648)	(291,648)	-	-	(291,648)
Balance after the appropriations	1,524,815,400	15,248,154	204,198	1,669	19	205,886	1,377,701	202,445	16,651	1,596,797	7,785	(106,661)	16,951,961
Net income in 2001	-	-	-	-	-	-	-	-	469,130	469,130	-	-	469,130
Translation adjustments - offshore banking unit	-	-	-	-	-	-	-	-	-	-	3,540	-	3,540
Treasury stock - 65,889 thousand shares	-	-	-	-	-	-	-	-	-	-	-	(400,949)	(400,949)
BALANCE, DECEMBER 31, 2001	1,524,815,400	15,248,154	204,198	1,669	19	205,886	1,377,701	202,445	485,781	2,065,927	11,325	(507,610)	17,023,682
Appropriation of prior year's earnings													
Legal reserve	-	-	-	-	-	-	140,739	-	(140,739)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	(18,760)	(18,760)	-	-	(18,760)
Bonus to directors and supervisors	-	-	-	-	-	-	-	-	(6,253)	(6,253)	-	-	(6,253)
Cash dividends - 2%	-	-	-	-	-	-	-	-	(287,647)	(287,647)	-	-	(287,647)
Balance after the appropriations	1,524,815,400	15,248,154	204,198	1,669	19	205,886	1,518,440	202,445	32,382	1,753,267	11,325	(507,610)	16,711,022
Transfer of capital surplus from pre-2000 gain on disposal of properties to unappropriated earnings	-	-	-	(1,669)	-	(1,669)	-	-	1,669	1,669	-	-	-
Net loss in 2002	-	-	-	-	-	-	-	-	(4,463,201)	(4,463,201)	-	-	(4,463,201)
Translation adjustments - offshore banking unit	-	-	-	-	-	-	-	-	-	-	(291)	-	(291)
Translation adjustments - long-term equity investments	-	-	-	-	-	-	-	-	-	-	226	-	226
Treasury stock - 16,755 thousand shares	-	-	-	-	-	-	-	-	-	-	-	(120,421)	(120,421)
BALANCE, DECEMBER 31, 2002	1,524,815,400	\$ 15,248,154	\$ 204,198	\$ -	\$ 19	\$ 204,217	\$ 1,518,440	\$ 202,445	(\$ 4,429,150)	(\$ 2,708,265)	\$ 11,260	(\$ 628,031)	\$ 12,127,335

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

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STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2002 and 2001 (In Thousands of New Taiwan Dollars)

	2002	2001		2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM FINANCING ACTIVITIES		
Net income (loss)	(\$ 4,463,201)	\$ 469,130	Increase (decrease) in due to banks	(5,424,074)	12,598,846
Provision for possible losses	8,146,299	1,653,760	Increase in deposits and remittances	9,899,300	4,339,565
Depreciation and amortization	194,703	177,225	Increase in repurchased-bond-liabilities	1,456,834	4,000,421
Amortization of premium on bonds	36,748	40,054	Increase in other liabilities	107,117	231,149
Recognition (reversal) of loss on decline in value of securities purchased	31,872	(83,562)	Issuance of bank debentures	\$ 5,000,000	\$ 5,000,000
Net loss on disposal of properties	967	4,293	Cash dividends	(287,647)	(291,648)
Net loss on disposal of collaterals assumed - net	45,471	8,559	Bonus to directors, supervisors and employees	(25,013)	(25,360)
Provision for retirement benefits	44,012	40,836	Acquisition of treasury stock	(120,421)	(400,949)
Payment of pension benefits	(13,883)	(8,878)	Net Cash Provided by Financing Activities	10,606,096	25,452,024
Investment loss (income) recognized by the equity method	(10,122)	14,058			
Cash dividends from investments accounted for by the equity method	8,379	19,950	EFFECTS OF EXCHANGE RATE CHANGES	15,794	23,307
Loss on disposal of long-term equity investments	-	140			
Deferred income tax	(1,105,993)	-	NET DECREASE IN CASH	(373,232)	(127,395)
Decrease (increase) in securities purchased - held for trading purpose	(2,363,976)	1,814,383			
Increase in other receivables	(10,033,284)	(4,645,626)	CASH, BEGINNING OF YEAR	2,014,692	2,142,087
Decrease (increase) in payables and advances	(555,717)	114,486			
Net Cash Used in Operating Activities	(10,037,725)	(381,192)	CASH, END OF YEAR	\$ 1,641,460	\$ 2,014,692
CASH FLOWS FROM INVESTING ACTIVITIES			SUPPLEMENTAL INFORMATION		
Decrease (increase) in due from banks	5,450,324	(1,174,335)	Interest paid	\$ 5,653,738	\$ 7,148,776
Decrease (increase) in due from the Central Bank of China	(1,966,480)	705,965	Income tax paid	51,403	37,331
Increase in loans, discounts and bills purchased	(3,935,083)	(18,834,741)			
Acquisition of properties	(153,792)	(233,799)			
Proceeds from disposal of properties	724	377			
Proceeds from disposal of collaterals assumed	450,620	100,210			
Proceeds from sale of long-term equity investments	-	3,958			
Increase in long-term equity investments	(25,000)	(232,960)			
Increase in long-term investment on bonds	(275,836)	(5,536,361)			
Increase in other assets	(502,874)	(19,848)			
Net Cash Used in Investing Activities	(957,397)	(25,221,534)			

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

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NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

1. GENERAL

Far Eastern International Bank ("the Bank") obtained its license on January 11, 1992 and started business operations on April 11, 1992. It engages in: (a) receiving deposits and extending loans and guarantees; (b) issuing letters of credit and handling remittances; (c) acting as an agent for transacting government bonds, corporate bonds and bank debentures; and (d) doing other businesses permitted by the Banking Law and regulations.

As of December 31, 2002, the Bank had several operating units, including a business department, international operating unit, trust department, credit card department, offshore banking unit, and 35 domestic branches, as well as a representative office in Hong Kong.

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

Its capital shares are listed on the Taiwan Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

Securities purchased

Securities purchased are carried at the lower of cost or market. Cost of listed stocks and bonds sold is determined by the moving-average method and others by specific identification method.

Repurchased and resold bond transactions are recorded as financing transactions.

Impaired loans

The balance of overdue loans and other credits extended by the Bank and the related accrued interest are classified as impaired loans in accordance with the directive of the Ministry of Finance.

Allowance for possible losses

The Bank makes provisions for bad debts and losses on guarantees based on an evaluation of the collectibility of loans, discounts, receivables, acceptances, overdue loans and guarantees for their specific risks or general risks.

Debts and guarantees with specific risk are evaluated internally for their collaterals, collectibility and customers' overall credit. Following the guidelines of the Ministry of Finance, the Bank makes full provisions for credits deemed uncollectible and makes provisions of at least 50% of credits for the credits with high uncollectibility.

Balances of uncollectible accounts are either charged to income or are written off against the allowance for possible losses upon the board of directors' approval of such write-offs.

Long-term investments

Long-term equity investments are a shareholding of 20% or more in an investee, which are accounted for by the equity method. Under this method, the investment is stated at cost and later adjusted for the Bank's equity in the investee's net earnings (or net losses). Cash dividends received are recognized as a reduction of investment cost.

Other long-term equity investments are accounted for at cost. Cash dividends earned are recorded as investment income.

Bond investments are also accounted for at cost. Premiums or discounts on the bonds are amortized by the straight-line method over the remaining maturity periods of the securities. Amortizations are added to or deducted from interest income. The cost of bond investments sold is determined by the moving-average method.

Allowance for possible losses on foreign bond investments is based on the evaluation of the investment risk.

Properties

Properties are stated at cost less accumulated depreciation. Improvements and major renewals are capitalized while repairs and maintenance are expensed currently.

Depreciation is computed using the straight-line method over these estimated service lives: buildings and improvements, 5 to 55 years; computer equipment, 3 to 7 years; transportation equipment, 3 to 7 years; and miscellaneous equipment, 3 to 20 years. Properties that have reached their full residual values but are still being used are depreciated over their newly estimated service lives.

Upon sale or disposal of properties, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to nonoperating income.

Collaterals assumed

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

Pension cost

The Bank accrues pension cost based on an actuarial report. Unrecognized net transition obligation and unrecognized prior service cost are amortized over 26 and 23 years, respectively.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

Income tax

Provision for income tax represents income tax paid and payable for the current year plus the changes in the deferred income tax assets and liabilities during the year. Deferred income taxes are recognized for tax effects of temporary differences, unused tax credits and operating loss carryforwards. Valuation allowance is provided for deferred tax assets that are not certain to be realized.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Income taxes (10%) on undistributed earnings are recorded as expense in the year when the shareholders resolve to retain the earnings.

Income tax credits for certain research and development expenditures, personnel training expenses and stock investments are recognized in the period when acquisitions or expenses are paid.

Foreign-currency transactions

The Bank maintains foreign-currency transactions in the currencies in which transactions are originally denominated. In addition to those of the Offshore Banking Unit (OBU), the other units' gains and losses on foreign-currency transactions are converted into New Taiwan Dollars at rates prevailing on the settlement date. At the end of each month, all foreign-currency assets and liabilities-other than those of forward contracts and OBU transactions-are converted into New Taiwan Dollars at prevailing rates, and resulting gains or losses are credited or charged to current income. OBU gains or losses are recorded as cumulative translation adjustments under shareholders' equity.

Derivative financial instruments

a. Forward exchange contracts, which are used for trading purposes, are recorded at the contracted forward rate. Upon settlement, gains or losses resulting from the difference between the spot rate at the settlement date and the contracted forward rate are credited or charged to income. At year-end, gains or losses on outstanding forward contracts arising from the differences between the forward rate available for the remaining period of each contract and the contracted forward rate are credited or charged to income; also, the balances of receivable and payable accounts are netted out, and the resulting amount is classified as an asset or a liability.

b. Currency swap contracts, which are used for trading purposes, are recorded at spot rates on the transaction dates, and the corresponding forward-position assets or liabilities are recorded at the contracted forward rates. The difference between the spot rate and the forward rate is amortized by the straight-line method over the contract period and recorded as interest income or interest expense. At year-end, the balances of receivables and payables are netted out, and the resulting amount is classified as an asset or a liability.

c. Cross-currency swap (CCS) contracts, which are used for nontrading purposes, are recorded at the contracted forward rates. The related discounts or premiums are amortized over the contract period on the straight-line basis. Net interests upon each settlement are recorded as adjustments to revenue or expense of the items being hedged.

d. Options

Premiums paid and received for options, which are used to trading purposes, are recorded as assets and liabilities, respectively. Gains or losses on exercise of options are credited or charged to current income. Options outstanding on the balance sheet date are marked to market, and the resulting gains or losses are recognized currently.

e. Interest rate swaps

The interest received or paid on each settlement or interest accrued on the balance sheet date for interest rate swap agreements, which are used to accommodate customers' needs or to manage the Bank's currency positions, is recorded as revenue or expense and assessed by the fair value method.

Recognition of interest income and service fees

Interest income on loans is recorded on the accrual basis. For impaired loans and credits, interest income is recognized only when collection on these obligations is made. Based on Ministry of Finance regulations, interest on mitigation and extended specific loans is recorded as deferred income and recognized as income when it is collected.

Service fees are recorded as income upon receipt or when the related services are substantially complete.

Contingencies

A loss should be recognized if it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If loss is possible but the amount of loss cannot be reasonably estimated, a footnote disclosure of the situation that might give rise to the loss should be made.

Reclassifications

Certain 2001 accounts have been reclassified to conform to the 2002 financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

3. DUE FROM BANKS

	December 31	
	2002	2001
Due from banks	\$ 709,095	\$ 528,690
Call loans to banks	5,991,313	11,622,042
	<u>\$ 6,700,408</u>	<u>\$ 12,150,732</u>

4. DUE FROM THE CENTRAL BANK OF CHINA

	December 31	
	2002	2001
Time deposits	\$ 2,800,000	\$ 800,000
Deposit reserve - Type A	1,468,038	1,500,097
Deposit reserve - Type B	3,389,459	3,260,778
Financial information system center account	200,095	200,667
Foreign-currency deposit reserve	10,426	139,996
	<u>\$ 7,868,018</u>	<u>\$ 5,901,538</u>

The above reserves are required by law and determined at prescribed rates of average deposit balances. The Type B reserve cannot be withdrawn and is adjusted on the basis of monthly recomputation of reserve for customers' deposits in the Bank.

Foreign-currency reserves are required by law and determined at prescribed rates of average deposit balances. The reserve can be withdrawn but earn no interest.

As of December 31, 2002, time deposits of \$2,800,000 were provided as collateral for the day-term overdraft in joining the Central Bank's clearing system of Real-time Gross Settlement (RTGS). The pledged amount is adjustable according to the overdraft amount.

5. SECURITIES PURCHASED

	December 31	
	2002	2001
Government bonds	\$ 2,000,480	\$ -
Listed and over-the-counter stocks	225,796	534,089
Mutual funds	2,100,000	1,195,030
Time deposits	76,643	75,269
Commercial paper	14,965	248,146
	<u>4,417,884</u>	<u>2,052,534</u>
Less: Allowance for losses on decline in value of securities	-	32,675
	<u>\$ 4,417,884</u>	<u>\$ 2,019,859</u>

The market values of listed and over-the-counter stocks and mutual funds were \$2,318,800 in 2002 and \$1,696,444 in 2001, which were calculated at the average daily closing prices in December 2002 and 2001 or net asset values as of December 31, 2002 and 2001.

The market value of the government bonds was \$2,073,013 in 2002, which was calculated at closing prices as of December 31, 2002.

6. RECEIVABLES-NET

	December 31	
	2002	2001
Credit card	\$ 20,276,501	\$ 10,531,419
Interest	1,728,633	1,755,684
Factoring	926,120	375,143
Acceptances	308,309	109,177
Share in foreclosed assets auctioned off	120,678	166,065
Stock to settle business transactions	111,278	50,899
Other	251,339	339,098
	<u>23,722,858</u>	<u>13,327,485</u>
Less: Allowance for uncollectible receivables	167,564	204,986
	<u>\$ 23,555,294</u>	<u>\$ 13,122,499</u>



NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

7. LOANS, DISCOUNTS AND BILLS PURCHASED - NET

	December 31	
	2002	2001
Inward/outward documentary bills and bills purchased	\$ 451,851	\$ 394,924
Overdraft and discounts	108,457	225,020
Loans		
Short-term	22,647,600	26,543,066
Short-term - secured	8,620,951	10,368,892
Medium-term	27,947,570	31,046,717
Medium-term - secured	18,113,846	21,998,797
Long-term	3,614,110	2,684,409
Long-term - secured	52,631,334	43,272,497
Impaired loans	4,521,216	6,666,461
	138,656,935	143,200,783
Less: Allowance for possible losses	2,055,372	1,550,009
	<u>\$ 136,601,563</u>	<u>\$ 141,650,774</u>

As of December 31, 2002 and 2001, the balances of loans without computing interest were \$4,521,216 and \$6,666,461, respectively. For loans that became impaired loans, the unrecognized interest revenues were \$211,004 and \$402,657 for the years ended December 31, 2002 and 2001, respectively.

For the years ended December 31, 2002 and 2001, the Bank had written off credits under legal proceedings.

The changes in the allowance for possible losses on loans, discounts and bills purchased summarized below:

	For the Year Ended December 31, 2002		
	Specific Risk	General Risk	Total
Balance, beginning of year	\$ 1,229,534	\$ 320,475	\$ 1,550,009
Provision	8,401,556	(218,603)	8,182,953
Write-off	(7,677,642)	-	(7,677,642)
Effects of exchange rate changes	-	52	52
Balance, end of year	<u>\$ 1,953,448</u>	<u>\$ 101,924</u>	<u>\$ 2,055,372</u>

	For the Year Ended December 31, 2001		
	Specific Risk	General Risk	Total
Balance, beginning of year	\$ 842,616	\$ 452,574	\$ 1,295,190
Provision	1,699,948	(141,066)	1,558,882
Write-off	(1,333,030)	-	(1,333,030)
Recoveries	20,000	-	20,000
Effects of exchange rate changes	-	8,967	8,967
Balance, end of year	<u>\$ 1,229,534</u>	<u>\$ 320,475</u>	<u>\$ 1,550,009</u>

Since the third quarter of 2000, the economic and financial environment has been beset by many economic and noneconomic difficulties from inside and outside of 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 included provisions for possible losses on loans and guarantee 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 adjustment that might be required when related contingent liabilities become probable or determinable in the future.

8. LONG-TERM INVESTMENTS

	December 31			
	2002		2001	
	Amount	% of Ownership	Amount	% of Ownership
<u>Equity investments</u>				
Equity method				
Far Eastern International Leasing Corp.	\$ 495,981	39.9	\$ 472,017	39.9
Far Eastern Alliance Asset Management Co., Ltd.	156,799	60.0	191,932	60.0
Far Eastern Life Insurance Agency Co., Ltd.	18,801	99.0	5,099	99.0
Far Eastern Realty Management Ltd.	11,997	30.0	12,561	30.0
	<u>683,578</u>		<u>681,609</u>	

(Forward)

Financial Report

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

	December 31			
	2002		2001	
	Amount	% of Ownership	Amount	% of Ownership
Cost method				
Dah Chung Bills Finance Corp.	\$ 251,854	7.1	\$ 251,854	7.1
ERA Communications Co., Ltd.	200,000	3.7	200,000	3.7
Financial Information Service Co., Ltd.	45,500	1.1	45,500	1.1
Mondex Taiwan Co., Ltd.	25,000	6.9	-	-
An Feng Enterprise Co., Ltd.	3,000	10.0	3,000	10.0
Taipei Forex Inc.	800	0.4	800	0.4
	<u>526,154</u>		<u>501,154</u>	
Prepayments				
Far Eastern International Finance Corp.	3,950		3,950	
	<u>1,213,682</u>		<u>1,186,713</u>	
Bond investments				
Government bonds	11,314,704		11,093,325	
Floating-interest-rate notes	759,046		827,070	
Foreign corporate bonds	485,789		451,989	
	<u>12,559,539</u>		<u>12,372,384</u>	
Less: Allowance for possible loss on foreign bond investments	246,261		216,251	
	<u>12,313,278</u>		<u>12,156,133</u>	
	<u>\$ 13,526,960</u>		<u>\$ 13,342,846</u>	

In November 2001, the Bank sold 500 thousand common shares of Far Eastern Realty Management Ltd. for NT\$7.94 dollars per share, which resulted in a \$140 loss on sale of investment in 2001.

In May 2002, the Bank acquired 6.9% holding in Mondex Taiwan Co., Ltd. by subscribing to the Company's 2,000 thousand shares for \$25,000.

The carrying value of equity investments as of December 31, 2002 and 2001 was based on audited financial statements of investees for the same period as that of the Bank, except the 2001 financial figures of Far Eastern Life Insurance Agency Co., Ltd., which were based on unaudited financial statements. However, the 2001 carrying value of equity investments and investment income of Far Eastern Insurance Agency Co., Ltd. had no significant influence on the Bank's financial statements.

The total assets or operating income of two investees - Far Eastern Alliance Asset Management Co., Ltd. and Far Eastern Life Insurance Agency Co., Ltd. - were individually less than 10% and jointly less than 30% of those of the Bank. Thus, these investees' financial statements were not consolidated.

9. PROPERTIES

Accumulated depreciation consisted of:

Buildings and improvements
Computer equipment
Transportation equipment
Miscellaneous equipment

	December 31	
	2002	2001
	\$ 178,723	\$ 157,280
	291,697	243,572
	29,892	27,553
	626,400	532,270
	<u>\$ 1,126,712</u>	<u>\$ 960,675</u>

As of December 31, 2002 and 2001, properties were insured for about \$2,854,208 and \$3,949,614, respectively.

10. OTHER ASSETS

Collaterals assumed - 2002:
Less allowance for possible losses of \$24,000
Deferred income tax (Note 16)
Refundable deposits
Deferred charges

	December 31	
	2002	2001
	\$ 2,100,522	\$ 1,795,324
	1,292,645	186,652
	837,600	182,878
	177,234	329,210
	<u>\$ 4,408,001</u>	<u>\$ 2,494,064</u>

11. DUE TO BANKS

Call loans
Due to banks
Overdraft

	December 31	
	2002	2001
	\$ 8,187,947	\$ 13,805,817
	419,790	318,934
	99,544	6,604
	<u>\$ 8,707,281</u>	<u>\$ 14,131,355</u>

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

12. PAYABLE AND ADVANCES

	December 31	
	2002	2001
Accrued interest	\$ 942,642	\$ 1,520,460
Factoring	521,310	202,828
Checks for clearing	472,898	677,327
Acceptance	308,309	109,177
Collections on notes	248,610	156,391
Bonus payable	142,569	162,918
Accrued advertising expenses	128,000	88,544
Others	547,732	685,553
	<u>\$ 3,312,070</u>	<u>\$ 3,603,198</u>

13. DEPOSITS AND REMITTANCES

	December 31	
	2002	2001
Checking	\$ 1,690,769	\$ 1,696,463
Demand	7,572,976	6,706,888
Time	57,855,068	58,857,023
Negotiable certificates of deposit	17,919,000	8,068,000
Savings	58,137,945	56,728,406
Due to Postal and Remittances Savings Bank	15,965,382	17,148,432
Outward remittances	8,691	29,264
Inward remittances	1,713	17,768
	<u>\$159,151,544</u>	<u>\$ 149,252,244</u>

14. BANK DEBENTURES

Item	The Issuing Period	Note	December 31	
			2002	2001
First bank debentures - three-year maturity; first series issued in 2001	2001.08.06 ~ 2004.08.06	Interest payable on August 6 each year; 4.03% interest	\$ 5,000,000	\$ 5,000,000
First of 1 st bank debentures - five-year maturity; second series issued in 2002	2002.06.28 ~ 2007.06.28	Interest payable on June 28 each year; floating interest rate	2,000,000	-
First of 2 nd bank debentures - five-year maturity; second series issued in 2002	2002.07.31 ~ 2007.07.31	Interest payable on January 31 and July 31 each year; floating interest rate	3,000,000	-
			<u>\$ 10,000,000</u>	<u>\$ 5,000,000</u>

15. PENSION PLAN

The Bank has a pension plan for all regular employees. Benefits under the plan are based on length of service and average salary at a specified period before retirement.

Since 1992, the Bank has accrued retirement benefits based on 4% of salaries. In 1996, the Bank started to accrue pension cost according to the actuarial report.

Since July 1998, the Bank has contributed amounts equal to 2% of monthly salaries to a retirement fund. This fund is administered by a retirement fund monitoring committee and deposited in the committee's name in the Central Trust of China.

Pension information is summarized as follows:

a. Net periodic pension cost

	2002	2001
Service cost	\$ 47,832	\$ 44,301
Interest cost	13,633	14,177
Amortization of unrecognized benefit obligations at transition and prior service cost	1,174	1,174
Projected return on plan assets	(3,014)	(2,474)
Pension cost	<u>\$ 59,625</u>	<u>\$ 57,178</u>

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

b. Reconciliation of pension fund contributions and accrued pension liabilities

	December 31	
	2002	2001
Benefit obligation		
Vested benefit obligation	(\$ 13,416)	(\$ 16,863)
Non-vested benefit obligation	(211,663)	(150,029)
Accumulated benefit obligation	(225,079)	(166,892)
Effects on employees' future salary level	(131,631)	(117,729)
Projected benefits obligation	(356,710)	(284,621)
Fair value of plan assets	70,526	51,678
Pension fund contribution	(286,184)	(232,943)
Unrecognized net transition obligation	12,912	13,591
Unrecognized prior service cost	9,769	10,264
Unrecognized net loss (gain)	12,306	(13,837)
Accrued pension liabilities (recognized as other liabilities)	(\$ 251,197)	(\$ 222,925)
Vested benefit	\$ 14,930	\$ 19,003

c. Actuarial assumptions for pension obligation

Discount rate	4%	5%
Incremental rate for employees' future salary level	3%	4%
Expected rate of return on plan assets	4%	5%

d. Summary of changes in the pension fund

	2002	2001
Balance, beginning of year	\$ 51,678	\$ 33,727
Contributions	17,470	16,243
Interest income	1,378	1,708
Balance, end of year	\$ 70,526	\$ 51,678

16. INCOME TAX EXPENSE

a. Reconciliation of income tax based on pretax accounting income at statutory income tax rate and income tax expense is as follows:

	2002	2001
Tax on pretax income (loss) at statutory income tax rate (25%)	(\$ 1,391,799)	\$ 119,174
Tax effects of offshore business unit	58,575	(22,996)
Add (deduct) tax effects of:		
Permanent differences	(1,430)	(168,685)
Temporary differences	38,209	(26,054)
Loss carryforwards	1,298,421	106,938
Current year's income tax	1,976	8,377
Separate tax on interest on short-term negotiable instruments	(1,976)	(8,377)
Income tax currently payable	-	-
Withholding tax	(49,427)	(28,954)
Refundable income tax, December 31	(\$ 49,427)	(\$ 28,954)

b. Income tax expense (benefit) consisted of:

Current year's income tax	\$ 1,976	\$ 8,377
Prior year's adjustments	22	(812)
Income tax (10%) on unappropriated earnings	7,007	-
Deferred income tax assets - loss carryforwards	(1,113,000)	-
Income tax expense (benefit)	(\$ 1,103,995)	\$ 7,565

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

c. Deferred income tax assets (calculated at 25% rate) consisted of:

	December 31	
	2002	2001
Over-provision for pension cost	\$ 28,702	\$ 2,539
Over-provision for losses on loans	71,409	1,821
Unused loss carryforwards	1,608,958	384,984
Unused investment tax credits	31,421	20,061
	1,740,490	409,405
Less: Allowance	447,845	222,753
Net deferred income tax assets	\$ 1,292,645	\$ 186,652

d. Information under the Integrated Income Tax System is as follows:

	December 31	
	2002	2001
Period-end balance of imputed tax credit	\$ 16,432	\$ 22,993

The actual creditable tax ratio for the distribution of the 2001 earnings was 5.44%.

e. As of December 31, 2002, the Bank had unused loss carryforwards, with expiry years as follows:

Expiry Year	Unused Loss Carryforwards
2004 (examined amount)	\$ 140,779
2005 (examined amount)	124,090
2006 (declared amount)	57,284
2007 (estimated amount)	1,286,805

f. As of December 31, 2002, investment tax credits were as follows:

Regulation	Items	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Research and development expenditures, personnel training expenses	\$ 5,438	\$ 5,438	2003 (examined amount)
		5,345	5,345	2004 (declared amount)
		10,638	10,638	2005 (declared amount)
		10,000	10,000	2006 (estimated amount)

g. Income tax returns through 2000 had been examined by the tax authorities. In examining the 1998, 1999 and 2000 income tax returns, the tax authorities denied the creditability of 10% taxes, amounting to \$376, \$4,115 and \$14,941, respectively, withheld from interest income on bonds held by other investors in certain periods. The Bank has appealed the tax authorities' decision. The Superior Administration Court later overruled the tax authorities' decision on the 1998 income tax return.

17. SHAREHOLDERS' EQUITY

The Bank's Articles of Incorporation provide that the annual net income (less accumulated losses, if any) must be appropriated as follows:

a. 30% as legal reserve;

b. Special reserve at a percentage based on the relevant law or regulations;

c. Portion to be retained on the basis of operational needs; and

d. Any remainder:

	%
Bonus to shareholders	92
Bonus to directors and supervisors	2
Bonus to employees	6
	100

Since the Bank's business operations are continuing to expand fast, its policy is to distribute at least 10% of the appropriated earnings as cash dividends. This policy will be evaluated and adjusted in the future after taking into account factors such as the level of its future operations and investment requirement.

All appropriations must be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

In their June 5, 2002 meeting, the shareholders approved the appropriation of prior year's earnings as follows:

	Amount
Legal reserve	\$ 140,739
Cash dividends - 2%	287,647
Bonus to directors and supervisors	6,253
Bonus to employees - cash	18,760

Had the above bonus for employees and for directors and supervisors been charged against the 2001 income, the primary earnings per share after income tax expense for the year ended December 31, 2001 would have decreased from NT\$0.32 dollar to NT\$0.30 dollar.

In their June 5, 2002 meeting, the shareholders approved the transfer to retained earnings of a pre-2000 gain on disposal of properties amounting to \$1,669.

As of February 14, 2003, the appropriation of the 2002 earnings had not been resolved by the board of directors. The resolution on this appropriation will be announced through the Market Observation Post System on the Web site of the Taiwan Stock Exchange.

Under the Company Law, the appropriation for legal reserve must be made until the reserve equals paid-in capital. The reserve may be used only to reduce or offset deficit. When the reserve reaches 50% of the paid-in capital, up to 50% thereof may be transferred to capital.

The capitalization of paid-in capital in excess of par value may be made only once a year within a certain prescribed amount. Also, paid-in capital in excess of par value that arises in the current year may only be capitalized in subsequent years.

Under the Integrated Income Tax System, which took effect on January 1, 1998, R.O.C.-resident shareholders will be allocated a tax credit for the income tax paid by the Bank on earnings generated since 1998, which is maintained in the Imputation Credit Account (ICA) and calculated ratio of creditable tax to unappropriated earnings on the dividend distribution date.

The Bank's foreign shareholders are not entitled to the tax credit described above, except those related to 10% income taxes on undistributed earnings actually paid by the Bank. The foreign shareholders' share in such tax will be used to reduce the final withholding tax on their cash dividends.

18. EARNINGS PER SHARE

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

	Amounts (Numerator)		Shares Denominator (Thousands)	EPS (Dollars)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
For the year ended December 31, <u>2002</u>					
Income available to common shareholders	(\$ 5,567,196)	(\$ 4,463,201)	1,436,800	(\$ 3.87)	(\$ 3.11)
For the year ended December 31, <u>2001</u>					
Income available to common shareholders	\$ 476,695	\$ 469,130	1,464,406	\$ 0.33	\$ 0.32

19. TREASURY STOCK OF COMMON STOCK

Reason for Repurchase	Changes in Treasury Stock (Thousand Shares)			
	Beginning Balance	Acquisition	Disposal	Ending Balance
<u>2002</u>				
Transfer to employees	86,579	16,755	-	103,334
<u>2001</u>				
Transfer to employees	20,690	65,889	-	86,579

The Securities and Exchange Law states that the treasury stock purchased should not exceed 10% of total shares issued and the purchase cost should not exceed the sum of total retained earnings, additional paid-in capital in excess of par value and realized capital surplus. In addition, treasury stock should not be pledged and the Bank should not exercise stockholders' rights on the stock before it is transferred.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

20. RELATED-PARTY TRANSACTIONS

The Bank has business transactions with the following related parties:

Related Party	Relationship with the Bank
Far Eastern Textile Ltd.	Common chairman
Asia Cement Corporation	Common chairman
Far Eastern Department Store Corp.	Common chairman
U-Ming Marine Transport Corp.	Common chairman
Yuan-Je University	Common chairman
Yuan Ding Co., Ltd.	Common chairman
Far Eastern Great Company Ltd.	Common chairman
By Ding Investment Co., Ltd.	Common chairman
By-Yang Investment Co., Ltd.	Common chairman
Yuan Ding Investment Co.	Far Eastern Textile Co., Ltd.'s investee accounted for by the equity method
Everest Textile Co., Ltd.	Chairman is Bank's vice chairman
Far Eastern International Leasing Corp.	Equity-accounted investee
Far Eastern Life Insurance Agency Co., Ltd.	Equity-accounted investee
Far Eastern Alliance Asset Management Co., Ltd.	Equity-accounted investee
Far Eastern Realty Management Ltd.	Equity-accounted investee
Other	Bank's supervisors and managers and relatives of the Bank's chairman

Significant transactions and account balances with the above parties are summarized as follows:

a. Loans

	2002	Year-end Balance	Credit Line	Interest Rate	Interest
Far Eastern Textile Ltd.		\$ 1,298,647	\$ 1,600,000	1.8%-2.484%	\$ 12,608
Asia Cement Corporation		220,000	500,000	1.80%	2,323
Yuan-Je University		205,147	335,000	4.60%	10,590
Yuan Ding Investment Co.		160,000	500,000	1.80%	76
By Ding Investment Corp.		101,000	200,000	1.90%	1,567
Everest Textile Co., Ltd.		100,000	300,000	2.30%	5,067
Far Eastern International Leasing Corp.		100,000	707,850	1.80%	705
Far Eastern Great Company Ltd.		80,000	200,000	2.10%	1,525
Far Eastern Department Store Corp.		50,000	300,000	1.80%	344
U-Ming Marine Transport Corp.		30,000	98,000	1.80%	131
By-Yang Investment Co., Ltd.		12,000	100,000	1.90%	234
Other (Note)		9,663	10,980	3.91%	-
		<u>\$ 2,366,457</u>			
	2001				
Far Eastern Textile Ltd.		\$ 1,393,000	\$ 1,600,000	2.9%	\$ 10,610
Far Eastern International Leasing Corp.		335,000	707,850	3%	5,363
Yuan-Je University		246,148	470,000	7.47%-7.56%	21,383
Everest Textile Co., Ltd.		201,089	290,000	3.15%-5%	12,995

(Forward)

Financial Report

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

	Year-end Balance	Credit Line	Interest Rate	Interest
Asia Cement Corporation	\$ 200,000	500,000	2.9%	1,999
Far Eastern Great Company Ltd.	120,000	200,000	3%	131
By Ding Investment Corp.	100,000	100,000	3%	80
Yuan Ding Investment Co.	95,000	500,000	3%	95
Far Eastern Department Store Corp.	55,000	300,000	3%	195
By-Yang Investment Co., Ltd.	47,000	50,000	3%	73
U-Ming Marine Transport Corp.	30,000	98,000	2.9%	19,463
Other (Note)	19,969	21,780	6%-7.25%	-
	<u>\$ 2,842,206</u>			

Note: Interests from other related parties are minor, with balances not exceeding \$10,000 each.

Under the Banking Law, except for consumer loans, credits extended by the Bank to any related party should be fully secured, and the terms of credits extended to related parties should be similar to those extended to third parties.

b. Outward documentary bills

	Year-end Balance	Credit Line
<u>2002</u>		
Far Eastern Textile Ltd.	\$ 53,548	\$ 1,600,000
Everest Textile Co., Ltd.	14,616	300,000
	<u>\$ 68,164</u>	
<u>2001</u>		
Far Eastern Textile Ltd.	\$ 23,621	\$ 1,000,000
Everest Textile Co., Ltd.	14,848	290,000
	<u>\$ 38,469</u>	

(Forward)

c. Guarantees (2001 - none)

<u>2002</u>
Far Eastern Textile Ltd. By Ding Investment Corp.

d. Letter of credit

<u>2002</u>
Far Eastern Textile Ltd.
Everest Textile Co., Ltd.
Asia Cement Corporation
<u>\$ 73,254</u>
<u>2001</u>
Far Eastern Textile Ltd.
Everest Textile Co., Ltd.

e. Deposits

	December 31			
	2002		2001	
	Amount	Interest Rate	Amount	Interest Rate
Deposit balances	<u>\$ 4,259,208</u>	0%-7.25%	<u>\$ 4,684,135</u>	0.65%-13%

Each related party's deposits did not exceed 5% of total deposits.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

f. Rental expense

	2002		2001	
	Amount	%	Amount	%
Yuan Ding Co., Ltd.	\$ 87,054	30	\$ 86,056	32
Far Eastern Department Store Corp.	7,443	3	5,743	2
	<u>\$ 94,497</u>	<u>33</u>	<u>\$ 91,799</u>	<u>34</u>

Three branch locations are leased from Far Eastern Department Store Corp., and the locations of the head office and business department are leased from Yuan Ding Co., Ltd.

As of December 31, 2002, minimum rentals for the next five years are summarized as follows, excluding imputed interest:

Year	Amount
2003.1.1 - 2003.12.31	\$ 142,502
2004.1.1 - 2004.12.31	130,012
2005.1.1 - 2005.12.31	125,681
2006.1.1 - 2006.12.31	70,306
2007.1.1 - 2007.12.31	18,311

d. Balance sheet and property of trust accounts

BALANCE SHEET OF TRUST ACCOUNTS
December 31, 2002

Assets		Liabilities	
Domestic trust assets	\$ 5,397,250	Domestic trust liabilities	\$ 5,397,250
Overseas trust assets	8,312,491	Overseas trust liabilities	8,312,491
Depository assets	89,337	Depository liabilities	89,337
	<u>\$ 13,799,078</u>		<u>\$ 13,799,078</u>

TRUST ACCOUNT PROPERTIES
December 31, 2002

Investment Portfolio	Amount
Domestic trust assets	\$ 5,397,250
Overseas trust assets	8,312,491
Depository assets	89,337
	<u>\$ 13,799,078</u>

21. PLEDGED ASSETS

	December 31	
	2002	2001
Time deposits - due from the central bank of China	\$ 2,800,000	\$ -
Long-term investments - bonds	830,100	751,300
	<u>\$ 3,630,100</u>	<u>\$ 751,300</u>

The foregoing assets have been provided as collateral for the day-term overdraft in joining the Central Bank's clearing system of Real-time Gross Settlement (RTGS, Note 4). Performance bonds will be used for the provisional seizure of debtors' assets and for credit card transaction reserves, if needed.

22. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to Note 26, the Bank's regular contingency liabilities and commitments as of December 31, 2002:

- Short-term bills with a total value of \$1,137,874 will be sold under agreements to repurchase for \$1,137,982 by January 3, 2003.
- Bonds with a total face value of \$6,869,852 will be sold under agreements to repurchase for \$6,873,128 by January 14, 2003.
- The Bank leases all of its locations, except for the Bank's own locations for its 10 branches, under agreements which will expire between 2003 and 2007.



NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

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

	2002		2001	
	Average Balance	Average Rate %	Average Balance	Average Rate %
<u>Interest - earning assets</u>				
Due from banks	\$ 7,811,748	2.02	\$ 11,360,044	3.66
Due from the Central Bank of China	8,435,967	1.81	7,607,175	2.52
Securities purchased	520,855	2.14	1,197,576	3.98
Loans, discounts and bills purchased	127,144,740	5.52	120,015,956	7.05
Long-term investments - bonds	11,847,436	3.83	8,621,709	4.96
<u>Interest - bearing liabilities</u>				
Repurchased - bond - liabilities	6,880,811	1.75	2,196,251	2.70
Due to banks	4,587,530	1.87	1,684,280	2.46
Demand deposits	25,879,747	1.59	22,187,279	3.20
Time deposits	94,514,181	2.82	93,867,533	4.63
Negotiable certificates of deposit	13,065,504	2.45	12,370,061	4.83
Due to postal and remittance savings bank	16,278,804	2.86	16,687,466	4.72
Bank debentures	7,274,731	4.27	2,016,129	4.03

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

24. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	December 31, 2002			
	Due in One Year	Due Between One Year and Seven Years	Due After Seven Years	Total
<u>Assets</u>				
Cash	\$ 1,641,460	\$ -	\$ -	\$ 1,641,460
Due from banks	6,700,408	-	-	6,700,408
Due from the Central Bank of China	7,868,018	-	-	7,868,018
Securities purchased	4,417,884	-	-	4,417,884
Receivables	23,679,608	43,250	-	23,722,858
Loans, discounts and bills purchased	41,697,422	44,762,716	52,196,797	138,656,935
Long-term investments - bonds	313,873	1,021,098	11,224,568	12,559,539
	<u>\$ 86,318,673</u>	<u>\$ 45,827,064</u>	<u>\$ 63,421,365</u>	<u>\$ 195,567,102</u>
<u>Liabilities</u>				
Repurchased-bond-liabilities	\$6,869,852	\$ -	\$ -	\$ 6,869,852
Due to banks	8,707,281	-	-	8,707,281
Payables and advances	3,312,070	-	-	3,312,070
Deposits and remittances	155,319,877	3,831,667	-	159,151,544
Bank debentures	-	10,000,000	-	10,000,000
	<u>\$ 174,209,080</u>	<u>\$ 13,831,667</u>	<u>\$ -</u>	<u>\$ 188,040,747</u>

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

	December 31, 2001			
	Due in One Year	Due Between One Year and Seven Years	Due After Seven Years	Total
Assets				
Cash	\$ 2,014,692	\$ -	\$ -	\$ 2,014,692
Due from banks	12,150,732	-	-	12,150,732
Due from the Central Bank of China	5,901,538	-	-	5,901,538
Securities purchased	1,977,265	75,269	-	2,052,534
Receivables	13,292,485	35,000	-	13,327,485
Loans, discounts and bills Purchased	61,138,685	38,472,383	43,589,715	143,200,783
Long-term investments - bonds	79,339	2,444,381	9,848,664	12,372,384
	<u>\$ 96,554,736</u>	<u>\$ 41,027,033</u>	<u>\$ 53,438,379</u>	<u>\$ 191,020,148</u>
Liabilities				
Repurchased bonds - liabilities	\$ 5,413,018	\$ -	\$ -	\$ 5,413,018
Due to banks	14,131,355	-	-	14,131,355
Payables and advances	3,603,198	-	-	3,603,198
Deposits and remittances	144,428,635	4,823,609	-	149,252,244
Bank debentures	-	5,000,000	-	5,000,000
	<u>\$167,576,206</u>	<u>\$ 9,823,609</u>	<u>\$ -</u>	<u>\$ 177,399,815</u>

25. CAPITAL ADEQUACY RATIO

The Banking Law and related regulations require that the Bank maintain a capital adequacy ratio (CAR) of at least 8%. Thus, if the Bank's (CAR) falls below 8%, the Ministry of Finance may impose certain restrictions on the level of the cash dividends that the Bank can declare or, in certain conditions, totally prohibit the Bank from declaring cash dividends. As of December 31, 2002 and 2001, the Bank's CARs were 11.28% and 12.48%, respectively.

26. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

(1) The Bank engages in derivative transactions mainly to accommodate customers' needs and to manage its own exposure positions. It also enters into interest rate swaps, cross-currency swaps, and option contracts to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency net assets, net liabilities or commitments. The Bank's strategy is to hedge most of the market risk through hedging instruments market value fluctuations that have a highly negative correlation with those of the hedged items. The Bank also assesses the hedging effectiveness of the instruments periodically.

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

Financial Instruments	December 31, 2002			December 31, 2001		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Cross-currency swap contracts	\$ 1,350,000	\$ 11,803	(\$ 36,585)	\$ 1,310,240	\$ -	(\$ 93,790)
Interest rate swap contract	3,000,000	109,540	109,217	-	-	-
Foreign-currency swap contracts	1,575,087	4,706	4,073	-	-	-
For the purpose of accommodating customers' needs or managing Bank's own exposure:						
Foreign forward contracts	10,558,856	177,841	116,088	4,449,810	15,229	(18,222)
Currency swap contracts	11,019,647	83,474	(74,515)	4,631,756	35,953	23,245
Options	27,948,082	372,251	39,961	42,889,998	447,386	11,908

The Bank is exposed to credit risk from counter-parties' default on contracts. The Bank enters into contracts with customers that have satisfied its credit approval process and have provided necessary collaterals. Transactions are made within each customer's credit limit, and 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 fair value of each contract is determined using the quotation from Reuters.

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



NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001 (Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

(3) Gains and losses on derivative transactions were as follows:

	2002	2001
Cross-currency swap contract		
Interest income	\$ 29,897	\$ 57,867
Interest expense	26,370	65,099
Net gain on derivative financial instruments	9,023	-
Currency swap contract		
Interest income	46,518	124,738
Interest expense	46,912	104,805
Foreign currency option contract		
Net gain on derivative financial instruments	80,862	28,609
Interest rate swap contract		
Interest income	23,389	-

b. Fair value of nonderivative financial instruments

	December 31, 2002		December 31, 2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Financial assets - with fair values approximating carrying amounts	\$ 177,204,343	\$ 177,204,343	\$ 175,023,113	\$ 175,023,113
Securities purchased	4,417,884	4,483,477	2,019,859	2,019,859
Long-term investments	13,526,960	14,738,342	13,342,846	13,061,936
	<u>\$ 195,149,187</u>	<u>\$ 196,426,162</u>	<u>\$ 190,385,818</u>	<u>\$ 190,104,908</u>
Liabilities				
Financial liabilities - with fair values approximating carrying amounts	<u>\$ 188,040,747</u>	<u>\$ 188,040,747</u>	<u>\$ 177,399,815</u>	<u>\$ 177,399,815</u>

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

- (1) The carrying amounts of cash, due from banks, due from the Central Bank of China, receivables, due to banks, and payables and advances approximate their fair values because of the short maturities of these instruments.
- (2) The fair values of securities purchased and long-term investments are based on their market prices. Otherwise, fair values are estimated at their carrying amounts.

(3) Loans, discounts and bills purchased, deposits, repurchased bonds liabilities and bank debentures are interest-earning assets and interest-bearing liabilities. Thus, their carrying amounts represent fair values.

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

c. Financial instruments with off-balance-sheet credit risks

The contract amounts of financial instruments with off-balance-sheet credit risks were as follows:

	December 31	
	2002	2001
Irrevocable loan commitments	\$ 396,286	\$ 1,164,997
Financial guarantees and standby letters of credit	8,031,740	7,423,097
Credit card commitments	90,431,620	71,195,400

The Bank makes credit commitments and issues financial guarantees and standby letters of credit only after careful evaluation of customers' creditworthiness. Based on the result of the credit evaluation, the Bank may require collaterals before the credit facilities are drawn upon. Collaterals may include real estate property, negotiable certificates of deposit, inventories, marketable securities, and other property. If customers default, the Bank will, as the case may require, foreclose the collaterals or execute other rights arising out of the guarantees given.

For credit card facilities, however, no security is required, but the credit status of each credit cardholder is closely monitored. Appropriate measures are adopted depending on the results of the credit status monitoring, such as amending the credit limit and, if necessary, canceling the facility.

Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements and credit losses.

d. Information on concentration of credit risk

There is concentration of credit risks when the counter-parties to the financial instruments are only a few customers or when customers engage in commercial activities based on similar economic characteristics that make the customers' ability to fulfill their obligations affected in the same way by the same economic or other events. The Bank has controls in place to ensure that there is no significant concentration of credit risks on individual counter-parties. Industries that account for 10% or more of the outstanding loans as of December 31, 2002 and 2001 are listed below for reference:



NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2002 and 2001
(Amounts in Thousand New Taiwan Dollars, Unless Otherwise Stated)

	December 31	
	2002	2001
<u>Domestic</u>		
Private sector		
Manufacturing	\$20,420,169	\$22,617,241
Construction	5,184,686	8,892,256
General commerce	9,120,610	11,728,350
Other	13,667,326	11,590,500
Government	17,115,078	19,189,378
Individual	63,576,018	56,855,801
Other	2,574,171	3,937,325
	<u>\$131,658,058</u>	<u>\$134,810,851</u>
<u>Foreign</u>		
Financial institution	776,730	815,477
Nonfinancial institution	1,700,931	907,994
	<u>2,477,661</u>	<u>1,723,471</u>
	<u>\$134,135,719</u>	<u>\$136,534,322</u>

The net position on foreign-currency transactions is as follows:

	December 31	
	2002	2001
<u>Currency</u>		
USD (thousands)	\$ 27,639	\$ 40,524
THB (thousands)	94,936	97,039
JPY (thousands)	1,191,842	9,208

27.SEGMENT AND GEOGRAPHIC INFORMATION

The Bank engages only in banking activities as prescribed by the Banking Law. The Bank operates entirely in the Republic of China. Thus, no disclosure of industry or geographic segment information is required.

Branch Locations

營業據點

Branch Locations

單位	地址	電話
總行	台北市敦化南路二段207號26、27樓	(02)2378-6868
營業部	台北市敦化南路二段207號1樓	(02)2378-6868
國外部	台北市重慶北路一段30號2樓	(02)2550-8811
信託部	台北市襄陽路1號5樓	(02)2312-3636
信用卡部	台北縣板橋市文化路二段182巷3弄33號	(02)8073-1166
台北襄陽分行	台北市襄陽路1號1樓	(02)2381-4567
台北逸仙分行	台北市基隆路一段200號之3	(02)2722-9558
台北松江分行	台北市松江路165號	(02)2505-5533
台北民權分行	台北市民權西路104之1號	(02)2553-9966
台北松山分行	台北市南京東路五段171號	(02)8787-6668
台北南門分行	台北市羅斯福路一段40號	(02)2392-6955
台北重慶分行	台北市重慶北路一段30號	(02)2550-6600
台北忠孝分行	台北市忠孝東路一段112號	(02)2327-8898
台北永吉分行	台北市信義區中坡北路7號	(02)8785-5788
板橋南雅分行	台北縣板橋市南雅南路二段172號	(02)2963-3339
板橋文化分行	台北縣板橋市文化路二段1號	(02)2255-6499
三重分行	台北縣三重市福德北路46號	(02)8973-1133
永和分行	台北縣永和市福和路222號	(02)2232-6500
台北新莊分行	台北縣新莊市復興路一段209號	(02)8991-3366
新莊富國分行	台北縣新莊市富國路6號	(02)2901-6868
台北汐止分行	台北縣汐止市新台五路一段88號	(02)2696-4556
桃園分行	桃園市南華街78號	(03)339-6339
桃園大興分行	桃園市大興西路二段6號	(03)301-8966
林口分行	桃園縣龜山鄉復興一路227號	(03)397-3888
中壢分行	中壢市延平路372號	(03)427-9696
新竹林森分行	新竹市林森路216號	(03)524-6668
新竹科園分行	新竹市科學園區國區二路11號3樓	(03)579-8833
竹北分行	新竹縣竹北市光明六路41號	(03)553-6699
台中公益分行	台中市公益路367號	(04)2328-8666
台中文心分行	台中市文心路四段698號	(04)2230-6689
台中自由分行	台中市自由路二段131號	(04)2225-2008
台南分行	台南市東門路二段2號	(06)208-9898
永康分行	台南縣永康市中正北路37號	(06)253-0400
高雄五福分行	高雄市五福四路83號	(07)533-3820
高雄中正分行	高雄市中正四路49號	(07)251-8199
高雄亞企分行	高雄市三多四路21號8樓	(07)338-2833
台北農安簡易型分行	台北市農安街12-1號1樓	(02)2592-2255
台北金湖簡易型分行	台北市民權東路六段495號1樓	(02)2630-5788
板橋四川簡易型分行	台北縣板橋市四川路一段389號1樓	(02)7738-6868
桃園武陵簡易型分行	桃園市中山路939號1樓	(03)392-1218

Branch Locations	Address	Tel-number
Head Office	26 & 27F, No. 207, Sec. 2, Duenhua S. Rd., Taipei, Taiwan 106	886-2-2378-6868
Business Department	1 F, No. 207, Sec. 2, Duenhua S. Rd., Taipei, Taiwan 106	886-2-2378-6868
International Banking Department	2F, No. 30, Sec. 1, Chungching N. Rd., Taipei, Taiwan 103	886-2-2550-8811
Trust Banking Department	5F, No. 1, Shiangyang Rd., Taipei, Taiwan 100	886-2-2312-3636
Credit Card Department	No. 33, Alley 3, Lane 182, Sec. 2, Wenhua Rd., Banchiau City, Taipei, Taiwan 220	886-2-8073-1166
Taipei Shiangyang Branch	1F, No. 1, Shiangyang Rd., Taipei, Taiwan 100	886-2-2381-4567
Taipei Yihsien Branch	No. 200-3, Sec. 1, Jilung Rd., Taipei, Taiwan 110	886-2-2722-9558
Taipei Sungjiang Branch	No. 165, Sungjiang Rd., Taipei, Taiwan 100	886-2-2505-5533
Taipei Minchiuan Branch	No. 104-1, Minchiuan W. Rd., Taipei, Taiwan 103	886-2-2553-9966
Taipei Sungshan Branch	No. 171, Sec. 5, Nanjing E. Rd., Taipei, Taiwan 105	886-2-8787-6668
Taipei Nanmen Branch	No. 40, Sec. 1, Luosfu Rd., Taipei, Taiwan 100	886-2-2392-6955
Taipei Chungching Branch	No. 30, Sec. 1, Chungching N. Rd., Taipei, Taiwan 103	886-2-2550-6600
Taipei Jungshiau Branch	No. 112, Sec. 1, Jungshiau E. Rd., Taipei, Taiwan 100	886-2-2327-8898
Taipei Yungji Branch	No. 7, Jungpo N. Rd., Taipei, Taiwan 110	886-2-8785-5788
Banchiau Nanya Branch	No. 172, Sec. 2, Nanya S. Rd., Banchiau City, Taipei, Taiwan 220	886-2-2963-3339
Banchiau Wenhua Branch	No. 1, Sec. 2, Wenhua Rd., Banchiau City, Taipei, Taiwan 220	886-2-2255-6499
Sanchung Branch	No. 46, Fude N. Rd., Sanchung City, Taipei, Taiwan 241	886-2-8973-1133
Yunghe Branch	No. 222, Fuhe Rd., Yunghe City, Taipei, Taiwan 234	886-2-2232-6500
Taipei Shinjuang Branch	No. 209, Sec. 1, Fushing Rd., Shinjuang City, Taipei County, Taiwan 242	886-2-8991-3366
Shinjuang Fu-guo Branch	No. 6, Fuguo Rd., Shinjuang City, Taipei, Taiwan 242	886-2-2901-6868
Taipei Shijir Branch	No. 88, Sec. 1, Shintai 5th Rd., Shijir City, Taipei County, Taiwan 221	886-2-2696-4556
Taoyuan Branch	No. 78, Nanhua St., Taoyuan City, Taoyuan County, Taiwan 330	886-3-339-6339
Taoyuan Dashing Branch	No. 6, Sec. 2, Dashing W. Rd., Taoyuan City, Taoyuan County, Taiwan 330	886-3-301-8966
Linkuo Branch	No. 227, Fushing 1st Rd., Gueishan Shiang, Taoyuan County, Taiwan 333	886-3-397-3888
Jungli Branch	No. 372, Yanping Rd., Jungli City, Taoyuan County, Taiwan 320	886-3-427-9696
Hsinchu Linsen Branch	No. 216, Linsen Rd., Hsinchu, Taiwan 300	886-3-524-6668
Hsinchu Science Based Industrial Park Branch	3F, No. 11, Yuanchiu 2nd Rd., Hsinchu, Taiwan 300	886-3-579-8833
Jubei Branch	No. 41, Guangming 6th Rd., Jubei City, Hsinchu County, Taiwan 302	886-3-553-6699
Taichung Gungyi Branch	No. 367, Gungyi Rd., Taichung, Taiwan 403	886-4-2328-8666
Taichung Wenshin Branch	No. 698, Sec. 4, Wenshin Rd., Taichung, Taiwan 404	886-4-2230-6689
Taichung Tzyou Branch	No. 131, Sec. 2, Tzyou Rd., Taichung, Taiwan 400	886-4-2225-2008
Tainan Branch	No. 2, Sec. 2, Dungmen Rd., Tainan, Taiwan 701	886-6-208-9898
Yungkang Branch	No. 37, Jungjeng N. Rd., Yungkang City, Tainan County, Taiwan 710	886-6-253-0400
Kaohsiung Wufu Branch	No. 83, Wufu 4th Rd., Kaohsiung, Taiwan 803	886-7-533-3820
Kaohsiung Jungjeng Branch	No. 49, Jungjeng 4th Rd., Kaohsiung, Taiwan 801	886-7-251-8199
Kaohsiung Asia World Branch	8F., No. 21, Sanduo 4th Rd., Kaohsiung, Taiwan 802	886-7-338-2833
Taipei Nung-an Branch	1F., No. 12-1, Nung-an St., Taipei, Taiwan 104	886-2-2592-2255
Taipei Jinhu Branch	1F, No. 495, Sec. 6, Minchiuan E. Rd., Taipei, Taiwan 114	886-2-2630-5788
Si-chuan Branch	1F, No. 389, Sec. 1, Sichuan Rd., Banchiau City, Taipei, Taiwan 220	886-2-7738-6868
Wuling Branch	1F, No. 939, Jungshan Rd., Taoyuan City, Taoyuan County, Taiwan 330	886-3-392-1218



遠東國際商業銀行股份有限公司



董事長

徐旭東

