# First Commercial Bank Highlights

	2001	2000	2001	Change
(in millions)	NTD	NTD	USD	%
Balance sheet as of December 31				
Total assets	\$1,276,143	\$1,230,139	\$ 36,454	3.74
Loans	905,781	888,924	25,874	1.90
Long-term investments	14,387	10,695	411	34.52
Deposits	1,118,010	1,067,956	31,937	4.69
Capital stock	38,216	36,285	1,092	5.32
Stockholders' equity	84,143	82,842	2,404	1.57
Statement of income				
for the year - January 1 to December 31				
Total revenue	\$ 73,946	\$ 82,112	\$ 2,112	-9.94
Total expenses	70,379	77,095	2,010	-8.71
Income before income tax	3,567	5,017	102	-28.90
Capital adequacy ratio as of Dec. 31	9.28%	9.18%		
Worldwide ranking				
The Banker - by tier 1 capital (00/12)	140			
The Banker - by total assets (00/12)	166			

<sup>\*</sup>NT\$35.007:US\$1.00

#### **History**

First Commercial Bank is the outgrowth of a merger by Savings Bank of Taiwan (established in 1899), Chia-I Bank (established in 1905), Commercial and Industrial Bank of Taiwan (established in 1910), and Hsin Kao Bank (established in 1916). After the retrocession of Taiwan to the Republic of China from Japan in 1945, the Bank was renamed First Commercial Bank of Taiwan, and received its present name of First Commercial Bank in 1976. The Bank has a long and glorious history of 102 years.

As of December 31, 2001, a total of 6,539 persons were employed by the Bank. Of these, 6,124 were staff and 415 were non-staff employees.

#### **Message to Our Shareholders**



Jerome J. Chen Chairman of the Board

#### **Financial Environment**

The economy of Taiwan was affected by the weakness of the international economy in 2001 and showed continuous signs of decline; and the terrorist attacks that struck the United States on Sept. 11, along with the serious typhoon damage that was inflicted on Taiwan, extinguished the hope of recovery that year. As a result, Taiwan's macroeconomic indexes continued exhibiting the weakness of the past year.

In the political arena, the legislative elections at the end of 2001 kept politics in a state of unrest, but the end of the elections gave the ruling Democratic Progressive Party more seats in the legislature than any other parties; for this reason the island's political situation can be expected to be more stable than in the past, and this will benefit economic development.

In the financial environment, the domestic money supply indicator M1b evidenced a negative rate of growth beginning in February 2001 and stayed there until the growth rate turned positive again in September. After going into a continuous slide at the beginning of the year, the stock market did not turn upward again until October. With the passage of six finance-related laws, the Ministry of Finance moved vigorously to put 36 grass-roots financial institutions in order in August 2001, bringing this previous financial "black hole" into the light of day and avoiding the outbreak of native-type financial storms. In addition, the new Financial Holding Company Law will bring a change to the operating model of the financial industry and make available to it such advantages as tax preferences, resources sharing, organizational flexibility, and cross selling.

This, in return, will present opportunities for greater improvements in the systems of our financial institutions.

As Taiwan joined the WTO and became a true member of the "global village" in 2002, we will be enabled to participate in international economic affairs from a position of equality and to develop reciprocal, mutually beneficial multilateral and bilateral economic and trade relations with other WTO members. While WTO membership will have an adverse impact on some of our industries, for our economy as a whole there will be more advantages than disadvantages. This can, in fact, be seen as an asset in the further upgrading of our industrial structure.

For the banking sector, WTO membership will encourage large foreign financial institutions to enter Taiwan's domestic market at a faster pace. Domestic financial institutions with relatively weak competitiveness will inevitably be merged or forced out of the market; but as the government allows domestic financial institutions to extend branch services in Mainland China, along with the trend that Chinese authorities inevitably open renminbi (RMB) businesses to foreign-capitalized banks, our banks will be able to take advantage of Taiwan's cultural and racial similarity with the Mainland, as well as the relatively high profiled human resources, to establish a firm foothold in the Taiwan/Mainland China/Hong Kong market.

In the environment of 2001, with major changes taking place in rapid succession both at home and abroad, the support and concern of our shareholders and clients, as well as the unstinting efforts of our entire staff, enabled the Bank to maintain a respectable standard of performance in all aspects. The Bank's operating conditions, major business measures, and business plans for 2002 are briefly described as follows:

# Results of Business Plans, Budget Implementation, and Profitability

- The total average amount of general deposits in the Bank throughout 2001 was NT\$948,323 million (if interbank deposits and funds due to overseas banks are included, the average amount of deposits for the year was NT\$1,132,897 million). This represented a target achievement ratio of 102.34%, and a growth of 8.19% over the previous year.
- The average amount of general loans outstanding bank-wide during the year was NT\$771,255 million (if funds due from overseas banks, interbank overdrafts, and interbank loans are included, the average amount of loans outstanding was NT\$934,049 million). This represented a target achievement ratio of 92.5%, and a marginal decline of 0.91% from the year before.
- Foreign exchange transactions undertaken in 2001 (including those by overseas branches) totaled US\$108,316 million, for a target achievement ratio of 110.53% and an increase of 9.51% from a year earlier.
- The Bank's securities brokerage transactions in 2001 amounted to NT\$175,053 million; this was a reduction of 42.19% from the previous year, and resulted in a target achievement ratio of only 56.47%.

- Total revenue for the period amounted to NT\$73,946 million and expenses totaled NT\$70,379 million, leaving a pre-tax net profit of NT\$3,567 million; this was 76.84% of the budget target of NT\$4,643 million, and was a reduction of 28.90% compared with 2000. Earnings per share poised at NT\$0.82.
- The Bank has built up a strong foundation over its centenial operation; in 2001 it won a short-term credit rating of twA-1 and a long-term credit rating of twAA- from the Taiwan Ratings Corp., showing its strong capability to carry out its financial commitments.

#### **Business Network Expansion**

The Bank has been moving vigorously to expand its operating scale by establishing more business units both at home and abroad. New domestic units set up in 2001 include the Sung-Mao and Nan-Kan branches as well as the Ta-Chih, Tung-Hu, and Ching-Mei minibranches. It also acquired 18 new business units as a result of the takeover of the credit departments of five Farmers' and Fishermen's Associations. At the end of 2001, the Bank operated a total of 187 domestic business units, 16 securities brokerages, and 19 overseas units (including the Offshore Banking Unit), making it the largest private bank in Taiwan.

# Major Business Measures, Research and Development

The Bank works hard toward the development of new financial products as a means to enhance its standards of service and enlarge its market share, and among its major achievements in 2001 were the following: inauguration of the Currency Options business; introduction of Taiwan's first IC card conforming to EMV specifications, "the Hi Card"; issuance of subordinated debentures; institution of financial business relations across the Taiwan Straits by the OBU; establishment of a strategic alliance and the launch of a factoring business with GE Capital Commercial Services, Inc. of the United States and UPS Capital Global Trade Finance (HK) Ltd; inauguration of the "integrated financing for offshore companies" business; start-up of the "Trade Card loan" business; inauguration of the "WAP mobile banking" business; and formal participation in Reuters online trading in the government bond market.

To offer outstanding humanistic and precisely-tailored financial services that integrate existing information technology, the Bank is working towards the establishment of Data Warehouse as well as Customer Relations Management system with the aim to provide accurate analytical tools for decision-making through an integrated database and to catch up with market trends. By means of analyzing consumption models of clients, the Bank will discover the financial products and services that are most valuable to clients. In this way, the Bank will reinforce interaction between itself and customers. increase business with and contributions from target customers, resulting in a boosted profit for the Bank.

#### **Business Plans for 2002**

With Taiwan's entry into the WTO, local banks will unavoidably face the competition and challenges arising from globalization as more large international banks and nonbank financial institutions penetrate into domestic financial market. To strengthen the competitiveness of our Bank, in 2001, we applied to the Ministry of Finance, and received permission, to establish the First Financial Holding Co. Following the establishment of the financial holding company, in 2002, the Bank will take step-by-step action toward the set-up of models for organizational structure, cross-sector integration among subsidiaries, data warehouse building, customer relations management, joint marketing and cross selling, as well as improvement of human resources. In addition, the Bank will exert its efforts toward the promotion of electronic-based banking services in order to achieve the goals of providing customeroriented financial information, accelerated speed of capital flow, reduction of receipt and payment costs, globalized deployment of funds, internationalized trade services, real-time online financing, and one-stop shopping for financial management services.

#### **Projected Business Targets**

The Bank's budget targets for 2002 include NT\$980 billion in deposits (exclusive of interbank deposits and funds due to overseas banks), NT\$820 billion in loans (exclusive of funds due from overseas banks, interbank overdrafts, and interbank loans), US\$110 billion in foreign exchange transactions,

NT\$250 billion in securities brokerage, and a pre-tax net profit of NT\$3,522 million.

#### Outlook

In the new year, the Bank will exert its efforts in the direction of technology application and integration, consolidation of cross-industry, improvement of human resources quality, and innovation in financial products and businesses, as well as the effective management of knowledge. By way of "increasing return to scale" effect of the knowledge economy, the Bank's profitability will be enhanced.

With the recovery signal of the global economy and the gradual stabilization of domestic politics, accompanied by the peaceful development of relations across the Straits, even the Bank will face new challenges of globalization but also a corresponding expansion of its business into the Greater China area. At the same time, the cross-sector consolidation that comes after financial holding company structure will bring the Bank's business into a brand-new era. In facing this new opportunity, the Bank will act with "speed, accuracy, and innovation" to emerge and utilize resources where applicable, to continuously grasp new opportunities and augment vitality for this centenary entity.

For the years past, the support and care of all our shareholders have enabled the Bank to make great strides of progress and lay down powerful roots of competitiveness. We would like to express our deep appreciation for this, and our prayer that you will continue favoring us with your encouragement and support in the years to come.

#### **Market Analysis**



Jer-Shyong Tsai President

#### **Overall Economy**

Weakness began to appear in the overall global economy starting from the fourth quarter of 2000, and then three major economic entities of U.S., Japan, and Europe sank into recessions with uneven degrees in 2001. This meltdown accompanied by a sharp drop in international demand for IT products, turned Taiwan's external trade downward. While the sluggish local stock market, plus a rising unemployment rate, caused shrinkage of wealth and income, which deterred consumption in the private sector. Private investment also remained skeptical due to gloomy outlook. All of these factors led domestic economic growth to fall from 0.91% in the first quarter of 2001 to a negative 2.35% in the second quarter, the lowest level since the second quarter of 1975. Afterwards a series of economic indexes

showed signs of bottoming out at home and abroad, but just as people were looking desperately for an upward momentum, the events of 911 attacks broke out in the United States. This not only had impaired the sagging U.S. economy but also deepened the international economic slowdown, undermined the recession in Taiwan's external trade; furthermore, domestic unemployment showed no signs of improvement and typhoons inflicted heavy damage on the island, sank the growth rate down to a negative 4.21% in the third quarter. Trade and investment continued weakening in the fourth quarter, but campaign activities for the year-end elections injected substantial vitality into private consumption and the rate of economic contraction was reduced to a negative 2.68%. According to a preliminary estimate by the Directorate General of Budget,

Accounting and Statistics, Taiwan's economic growth rate for 2001 fell from 2000's 5.86% to a negative 2.12%. In 2002, Taiwan may achieve a growth of 2.23% as the global economy bottom out and stabilize, external trade slowly increase, private consumption experiences a minor rebound, and private investment gradually warms up again.

The consumer price index (CPI) inched up by only 0.1% and the wholesale price index (WPI) dropped by 1.1% during 2001, due to factors like lower level of commodity prices for crude oil, finished goods, agricultural and industrial raw materials, and due to intense competition in the domestic market. Although an increase in import prices was brought on by depreciation of the New Taiwan dollar, demand shrank due to the cooling global economy. With Taiwan's entry into the WTO, there will be a large upward adjustment in the prices of tobacco products and alcoholic beverages, because of the imposition of tobacco and wine taxes as well as a health contribution. Nevertheless, the reduction in import tariffs on agricultural and industrial products along with the open marketplace at home, it is expected that overall price levels will remain stable. The Directorate General of Budget, Accounting, and Statistics forecasts an annual growth rate of 0.7% and 0.3% for CPI and WPI respectively in 2002.

#### **Finance**

Because of the slumping domestic economy, the Central Bank of China adopted an accommodative monetary policy in 2001 and repeatedly lowered its discount rate in order to create a relatively ease-money environment. However, domestic banks held to a conservative loan policy because of the non-performing loan problem, a sagging traditional sector, and the tendency of high-tech enterprises to bypass banks in favor of directly tapping the capital market. As a result, demand for funding declined. All of these led to a loose money market but a slackening annual rate of money supply growth. The broadly defined M2 money supply continued its slow growth of 2000, with the daily average growth rate falling to a historic low of 5.03% in April 2001 and approaching the floor of the Central Bank's target range (5% to 11%). The annual growth of the M2 money supply recovered slightly after that, but the speed of the upturn was slow and the trend turned downward again in later months. In December the rate dropped below the lower limit of the target range, to just 4.73%. The growth rate for the year as a whole was 5.79%, also hit a record low.

#### Interest Rates

The global economy was shrouded under a cloud in 2001, and with faint signs of recovery, the central banks of many countries joined the parade to lower interest rates rarely seen since the Persian Gulf War of 1991. The Federal Reserve Board of the United States cut interest

rates 11 times in succession, slashing the Fed rate from 6.5% at the beginning of the year to 1.75% at year end; the total reduction was 4.75 percentage points, bringing the rate to the lowest level in 40 years. The central banks of Europe, Japan, and other areas also carried out interest rate cuts or loose-money measures to uneven degrees. In Taiwan, the Central Bank moved to revitalize the slumping economy by lowering the discount rate 12 times from 2000 to the end of 2001 for a total reduction of 2.625 percentage points in order to lead downward market rates and create ease-money environment. The result was a rapid freefall in interbank rates from 4.720% in December 2000 to 2.389% in December 2001, setting successive historic lows.

#### Foreign Exchange Rates

Under the influence of lowering US rates, narrowing gap between domestic and overseas interest rate, stabilizing Taiwan equity market, and a net inflow of foreign capital, the New Taiwan dollar appreciated slowly against the U.S. dollar at the beginning of 2001. The average exchange rate in January and February were 32.6887 and 32.3195 NT dollars to the greenback, respectively. After the first part of March, however, the local currency was hurt by the factors of domestic and international economic weakness, plunging Japanese yen, and went into depreciation. The depreciation accelerated in the latter part of May, emerged by the announcement of poor economic figures and the expression of depreciatory views by

some institutions, which aroused a strong expectation of depreciation in the market. The exchange rate of the NT dollar fell from 32.5871 against the U.S. dollar in March to 34.7791 to one in July. Afterwards, the interplay of upward momentum such as rebound of the Taiwan stock market, continuous net inflows of foreign capital, and squeezing gap of interest rate at home and abroad, plus the anti-appreciation moves of the Central Bank, resulted in a mild lift-up in the value of the NT dollar to an average of 34.6949 NT dollars against U.S. dollar in December.

#### The Deposit and Loan Market

Because of such unfavorable features as the sustained low level of annual growth rate for money supply M2, slumping domestic economy, generally poor performance for corporate earnings, and capped salary income of individual, plus tremendous decline in interest rates on bank deposits, the annual growth rate of deposit in major financial institutions (including all monetary institutions plus the postal savings system) declined appreciably, falling from 6.89% in December 2000 to a historic low of 4.78% in April 2001. Thereafter, the growth rate rebounded and reached 6.47% in July, before it nosedived again into a new record low of 4.40% in December.

In terms of loans, due to sluggish economy at home, a number of investment projects were faltered or cancelled. The relocation of factories, and shutdown of plants in traditional industries, plus the slump in the stock market led to the

weakness in the real estate market where housing demand was difficult to stimulate. In addition, loan performance weakened due to financial crisis in local conglomerates, as a result the Bank became more conservative in its credit decisions. The annual growth rate of loan profile in major financial institutions fell dramatically, dropping from 4.76% in December 2000 to a negative 3.71% in November 2001 before recovering slightly to a negative 2.96% in December. The growth rate still maintained at the negative territory for five consecutive months starting from August, a rare phenomenon ever happened before.

#### **Operation and Branch Network**

**Domestic:** According to the monthly financial statistics report of Central Bank of China, at the end of December 2001, there were 48 general banks with a total of 2,712 domestic branches, 5 small and medium business banks with 293 branches, 38 foreign banks with a total of 69 business sites in Taiwan, and 324 community financial institutions with a total of 1,300 operating units.

FCB's domestic units: Apart from the Business Department and Trust Department, at the end of December 2001, the Bank possessed a total of 166 branches, 6 mini-branches, 14 subbranches, and 16 securities brokerages.

Among the domestic branches, 60 operated as designated foreign exchange units licensed by the Central Bank to deal with import and export financing, general outward and inward

remittances, foreign-currency deposits, foreign-currency loans, and foreign-currency payment guarantees. In addition, 84 other units were licensed by the Central Bank to handle primary foreign-exchange operations such as transacting foreign-currency banknotes and traveler's checks. Besides, the Bank constructed its Internet websites and electronic banking system, all of which provide a wide range of banking services to the public.

Overseas: According to statistics from the Bureau of Monetary Affairs, Ministry of Finance, at the end of December 2001 the number of overseas units operated by local banks totaled 172, consisting of 74 branches, 36 representative offices, and 62 other affiliates (subsidiaries and their branches).

FCB's overseas Units: As the end of 2001, the Bank owned a total of 10 overseas branches (in Los Angeles, New York, London, Singapore, Hong Kong, Tokyo, Guam, Phnom Penh, Palau and El Salvador) and 2 overseas representative offices (in Bangkok and Ho Chih Minh City), as well as one overseas subsidiary named First Commercial Bank (USA) which includes City of Industry Branch, Silicon Valley Branch sand Irvine Branch.

FCB's foreign correspondent banks: At the end of 2001, the Bank had a total of 1,553 foreign correspondent banks throughout the world. Of these, 517 were in Europe, 550 in Asia, 266 in North America, 49 in Latin America, 74 in the Middle East, 33 in Africa, and 64 in Oceania, which provide extensive global services to the customers.

## Favorable and Unfavorable Factors in Future Development

In the year to come, U.S. retail sales, manufacturing orders, and consumer spending will all turn upward and inventory pressure on high tech sectors will be alleviated, indicating that its economy has bottomed out. This will benefit our export sector. In addition, the war in Afghanistan is winding down, and this will have a positive impact on U.S. and global consumption as well as investment confidence. Furthermore, stimulus packages and successive rate cuts made by the Fed, combined with tax reductions and other economic revitalization programs implemented by the Bush administration will gradually have their desired effect. For these reasons, research institutions generally comment that the U.S. economy will hit bottom in the first half of 2002 and lead a global economic rebound. Taiwan's economy will recover slowly as trade warms up again, and the step-by-step implementation of the consensus resolutions reached by the Economic Development Advisory Conference, as well as other decisions beneficial to the upgrading of Taiwan's economic and financial structures, will show a positive effect on boosting overall confidence. But problems such as the relocation of industries and the surging unemployment rate will remain hard to resolve in the short term. Competition in the domestic financial market will probably become more intense as post-WTO financial liberalization and globalization measures are instituted one after another, where mergers and acquisitions become the trend in

the financial sector. Following are explanations of the favorable and unfavorable factors that may affect the operations of the Bank in the future:

#### **Favorable Factors**

- Taiwan's domestic economy can be expected to bottom out and recover in 2002, which will be beneficial to the accelerated resolution of problem loans; and the Central Bank is expected to maintain an easy monetary policy, along with the gradual improvement of relations across the Taiwan Straits, the government's continuous enactment and revision of laws, and the enlivening of the capital and property markets, all of which should stimulate private investment and consumption, and expand bank loans and investment. This will help to increase revenues and profits.
- The Bank's operating efficiency is improving gradually following its privatization. The Bank is actively carrying out business innovation and financial automation as well as enhancement of integration of information technology with financial services. The development of core banking system and data-warehouse system will facilitate the upgrading of service quality and value-added financial products.
- Except for the goal to transform itself into a financial holding company, the Bank will provide a wide-range of financial products and services needed for both corporate and personal finance through the integration of

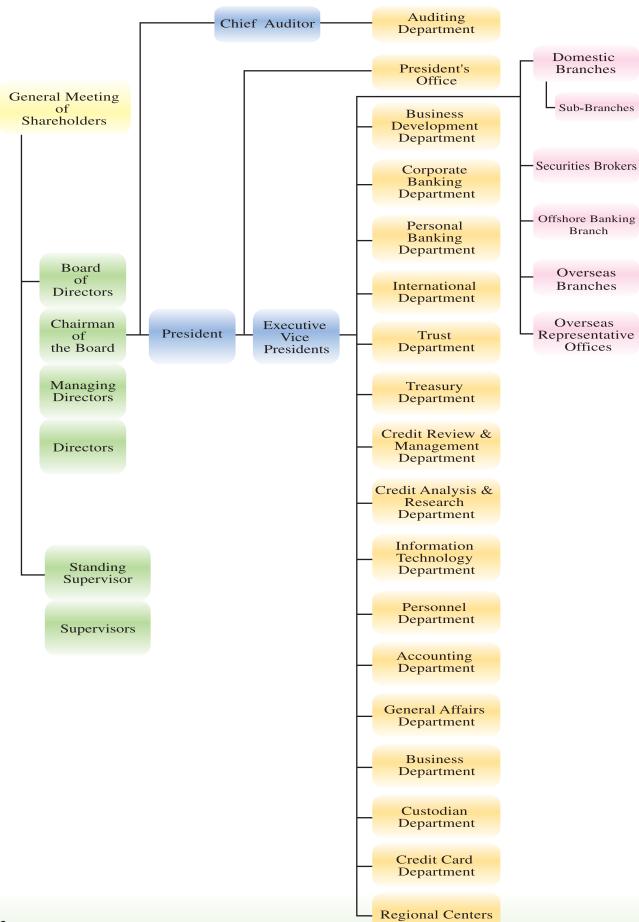
its various subsidiaries, applying crossselling strategy to achieve synergy in crosssector operations comprising banking, securities, insurance, trust, and credit cards. This will further expand the Bank's business scopes.

- The international financial services network of the Bank stands at a leading position in Taiwan and gives it a competitive advantage in the tide of financial internationalization. The Bank is also preparing actively to set up a Rep-office in Mainland China to serve as a bridgehead for advancement into the market there. The aim is for the Bank to become the premier bank for trade finance by Taiwanese businesses in Taiwan, Hong Kong, and Mainland China.
- To overcome the restriction on business hour and branch location, the Bank is aggressively structuring and reinforcing its electronic banking, internet banking, and e-commerce framework in order to serve its customers with diversified features and help to reduce its operating cost and to boost its competitiveness.
- The Bank is taking accelerating action to dispose non-performing loans and write off bad debts with the aim to enhance the efficiency of its capital allocation together with the improvement of asset quality, and thereby stem a solid base for further business expansion under the framework of financial holding company in the near term.

#### **Unfavorable Factors**

- Following the entry into the WTO, Taiwan's government will speed up the pace to open its financial market, forcing local banks to meet powerful competition from large international banks with their advantages in the areas of cross-industry and multinational experience as well as financial innovation and technological integration.
- The practice of direct financing is becoming more popular; and especially with the advent of the low-interest era, the scale of issuance of bonds by the government and corporations both shall increase substantially. It will likely have an adverse effect on the traditional role for bank as intermediary.

#### **Organization Chart**



# **Backgrounds of Directors, Supervisors and Top Executive Officers**

Title	Name	Date of Appointment	Educational Background	Career Background
Chairman of the Board	Jerome J. Chen	Oct. 22'00	M.S., University of Illinois	Chairman, Bank of Kaohsiung
Managing Director	Gerry, Y. G. Lee	Oct. 22'00	B.A., Fu Jen Catholic University	EVP, FCB; President, FCB; Chairman, FCB Leasing Co., Ltd.
Managing Director	Fan-Chih Wu	Oct. 22'00	B.A., Chinese Cultural University	SVP & General Manager, Issue Department of Bank of Taiwan
Managing Director	Tien-Yuan Chen	Oct. 22'00	B.A., Tamkang University	Chairman, Golden Gate Motor Co., Ltd and Golden Garden Investment Co.
Director	Jer-Shyong Tsai	Sep. 27'01	B.A., National Chengchi University	SVP & General Manager, Finance & Investment Department of FCB; EVP, FCB; President, FCB
Director	Tsung-Huei Tu	Sep. 3'01	MBA, National Chengchi University	Chairman, Lianshan Investment Corp.; Professor of Soochow University
Director	Tsing-Yuan Hwang	Oct. 22'00	M.A. & Ph.D., Candidate, Japan University	Director, Taiwan Stock Exchange Co.; Representative, Yamato Research Institute Taipei Representative Office
Director	Chau-Wang Yao	Oct. 22'00	M.A., National Chengchi University	Comptroller, Directorate-General of Budget, Accounting and Statistics, Executive Yuan
Director	Yih-Cherng Yang	Oct. 22'00	MBA, National Taiwan University	Managing Director of Chung-Hua Bills Finance Corp.; President, Small & Medium Business Integrated Assistance Center
Director	To-Far Wang	Oct. 22'00	Ph. D., University of California	Professor, Department of Economics of National Taipei University
Director	Jou-Che Kao	Oct. 22'00	B.A., Feng Chia University	SVP & General Manager, Credit Review and Management of Hua Nan Commercial Bank
Director	An-Chyr Chen	Oct. 22'00	M.A., National Taiwan University	President and Chairman of FCB; Chairman, Joint Credit Information Center
Director	Hern-Rong Chen	Oct. 22'00	B.A., National Taiwan University	SVP & General Manager of Business Dept. of FCB; EVP of FCB
Director	Yen Tai	Oct. 22'00	Shanghai College of Law	Chief Secretary, Ministry of Finance and Ministry of Economic Affairs; SVP of FCB
Director	Chau-Jung Kuo	Jun. 21'02	Ph.D., National Chengchi University	Chair and Professor, Dept. of Finance National Sun Yat-Sen University
Standing Supervisor	Chao-Shun Chang	Apr. 26'01	M.S., National Chengchi University	CPA; Director and Supervisor, Share Long Securities Co., Ltd.
Supervisor	Shiow-Ru Ma	Oct. 22'00	Ph.D., University of Alabama	Professor, Department of Accounting National Chengchi University
Supervisor	Lung-Cheng Pan	Oct. 22'00	MBA, Tamkang University	EVP, Central Deposits Insurance Corp.
Supervisor	Sheng-Hsiung Wu	Oct. 22'00	Open Business Junior College Affiliated National Taipei College of Business	SVP & General Manager, Business Department of Bank of Taiwan
Supervisor	Wei-Sheng Huang	Oct. 22'00	MBA, National Taipei University	President, Wei Fang Lon Co., Ltd.; President, Youn Son Knitting Co., Ltd.
President	Jer-Shyong Tsai	Aug. 27'01	B.A., National Chengchi University	SVP & General Manager, Finance & Investment Department of FCB; EVP of FCB
Executive Vice President	Long-I Liao	Jun. 7'97	B.A., National Taiwan University	SVP & General Manager, Business Development Dept. of FCB
Executive Vice President	Shiu-Nan Huang	Aug. 27'01	B.A., National Chengchi University	SVP & General Manager, Business Department of FCB
Executive Vice President	Yi-Hsiung Chang	May 13'02	B.A., Tamkang University	SVP & General Manager, Business Development Department of FCB

## **Management Superiors and Department Heads**

Name	Title
Jer-Shyong Tsai	President
Long-I Liao	Executive Vice President
Shiu-Nan Huang	Executive Vice President
Yi-Hsiung Chang	Executive Vice President
Hsien-Chuan Huang	Chief Auditor
Yi-Long Lee	SVP & General Manager of Accounting Department
Ding-Yuan Yeh	SVP & General Manager of Auditing Department
Tzeng-Huei Lin	SVP & General Manager of Business Department
Ying-Hsiung Lin	SVP & General Manager of Business Development Department
Chin-Yun Wu	SVP & General Manager of Corporate Banking Department
Fu-Sun Liao	VP & General Manager of Credit Analysis and Research Department
Alex Chen	SVP & General Manager of Credit Card Department
Wen-Chang Tu	SVP & General Manager of Credit Review & Management Department
Dar Liu	VP & General Manager of Custodian Department
Wuu-Fang Lin	SVP & General Manager of General Affairs Department
Haur-Jin Lin	SVP & General Manager of Information Technology Department
Hann-Chyi Lin	SVP & General Manager of International Department
Ming-Ren Chien	SVP & General Manager of Personal Banking Department
Kwei-Chung Wu	Advisor & General Manager of Personnel Department
Shwu-Mei Shiue	SVP & General Manager of Treasury Department
Mei-Ling Cheng	VP & General Manager of Trust Department

#### **Statement of Internal Controls**

According to our evaluation of the Internal Control System from January 1, 2001 to December 31, 2001, First Commercial Bank (hereinafter referred to as "FCB") issues the following statement:

- 1. FCB acknowledges that FCB's Board of Directors and Management are responsible for the establishment, implementation, and maintenance of the Internal Control System. FCB has already established such a system in order to provide reasonable assurance with respect to the achievement of the following targets: (1) the effectiveness and efficiency of business operation (including profit, performance, protection of assets, etc.). (2) the credibility of financial reports, (3) the compliance with all applicable laws, regulations, rulings and orders.
- 2. The Internal Control System has its limitation in nature. No matter how perfectly it is designed, the efficient Internal Control System can only provide reasonable assurance with respect to achievement of the above three targets. Furthermore, since the environment and circumstances are changeable, the effectiveness of the Internal Control System may also vary from time to time. However, the Internal Control System of FCB is managed with self-auditing mechanisms. Once a deficiency is identified, FCB will correct it as soon as possible.
- 3. Pursuant to the "Guidelines for Publicly Listed Companies to establish Internal Control System" (hereinafter referred to as "Guidelines") announced by Securities and Futures Commission of the Ministry of Finance, FCB exercises its own judgment on efficiency of the Internal Control System in order to see whether or not the design and execution of Internal Control is effective. According to the "Guidelines", the Internal Control consists of the following subjects: (1) Environment Control. (2) Risk Evaluation. (3) Control Operation. (4) Information & Communication. (5) Supervision (or Audit). Each subject includes many items as specified in the "Guidelines".
- 4. In order to evaluate the efficiency of the design and execution of our Internal Control System, FCB has adopted the above mentioned criteria of Internal Control.
- 5. According to the above evaluation result, FCB considers that the design and execution of FCB's Internal Control System, including effectiveness and efficiency of Business operation, credibility of financial reports, and compliance with applicable laws, regulations, rulings are valid and can reasonably assure the achievement of the above mentioned targets.
- 6. These "Statement" will be a major part of FCB's Annual Report and Prospectus, and will also be published for public information. If the above mentioned public information has misrepresentations, frauds, intentional omissions, or any other acts which are sufficient to mislead other persons, such illegal deeds shall entail liabilities specified in Article 20, 32, 171 and 174 under the Securities and Exchange Law.
- 7. This statement was approved by the Board of Directors Meeting of FCB on February 27, 2002 and the fourteen attending members of the Board of Directors unanimously agreed to the content of this declaration.

First Commercial Bank

Jerome J. Chen *Chairman* 

March 14, 2002

Jer-Shyong Tsai *President* 

# **Banking Operations**Key Figures Over the Last Five Years

#### Deposits

Year	2001		2000		1999		Transitiona Period 1		1998		1997	
Item	NT\$,000	%	NT\$,000	%	NT\$,000	%	NT\$,000	%	NT\$,000	%	NT\$,000	%
Checking deposits	30,292,617	2.71	32,095,988	3.01	34,484,294	3.38	31,423,731	3.30	33,014,935	3.53	32,738,217	3.88
Demand deposits	131,731,367	11.78	111,617,580	10.45	101,675,694	9.97	101,266,577	10.63	96,776,410	10.33	85,444,345	10.13
Savings deposits	222,958,891	19.94	179,935,920	16.85	170,334,104	16.71	147,046,691	15.43	134,083,526	14.32	134,309,133	15.92
Treasury deposits	15,844,059	1.42	12,210,538	1.15	9,578,117	0.94	1,527,037	0.16	1,789,046	0.19	1,610,662	0.19
Time deposits	229,594,615	20.54	253,894,866	23.77	216,849,005	21.27	237,051,832	24.87	229,869,904	24.55	185,811,821	22.02
Time savings deposits	362,448,368	32.42	340,291,363	31.86	325,174,730	31.89	301,011,870	31.59	276,731,488	29.55	277,121,031	32.85
Due to banks including due to Central Bank	55,106,090	4.93	55,112,523	5.16	49,909,455	4.90	35,573,513	3.73	54,823,930	5.85	38,726,296	4.59
Call loans from banks incl. overseas branches	70,033,857	6.26	82,797,611	7.75	111,526,006	10.94	98,024,748	10.29	109,406,550	11.68	87,876,569	10.42
Total	1,118,009,864	100.00	1,067,956,389	100.00	1,019,531,405	100.00	952,925,999	100.00	936,495,789	100.00	843,638,074	100.00

<sup>\*</sup> Figures presented herein are the balances of each FY and transitional fiscal period 1999 (1998.7.-1998.12.) .

#### Loans

Year	2001		2000		1999		Transitional Period 1		1998	3	1997	
Item	NT\$,000	%	NT\$,000	%	NT\$,000	%	NT\$,000	%	NT\$,000	%	NT\$,000	%
Short-term loans and overdrafts	294,470,781	32.51	332,832,036	37.44	329,128,165	40.40	327,765,319	42.30	317,014,344	41.64	293,733,345	42.95
Medium-term loans	216,348,295	23.88	175,284,516	19.72	161,247,380	19.80	140,533,126	18.14	134,713,723	17.69	114,054,139	16.68
Long-term loans	293,910,678	32.45	289,496,148	32.57	261,608,970	32.12	248,413,999	32.06	242,877,266	31.90	225,817,034	33.02
Discounts	4,140,711	0.46	5,393,728	0.60	6,546,748	0.80	5,301,113	0.68	6,453,958	0.85	6,509,109	0.95
Due from banks	96,910,212	10.70	85,917,317	9.67	56,034,460	6.88	52,791,443	6.82	60,319,635	7.92	43,793,695	6.40
Total	905,780,677	100.00	888,923,745	100.00	814,565,723	100.00	774,805,000	100.00	761,378,926	100.00	683,907,322	100.00

<sup>\*</sup> Figures presented herein are the balances of each FY and transitional fiscal period 1999 (1998.7.-1998.12.) .

#### Foreign Exchange Transactions

Year	2001		2000	1999		1999 Transitional Fiscal Period 1999		1998		1997		
Item	US\$,000	%	US\$,000	%	US\$,000	%	US\$,000	%	US\$,000	%	US\$,000	%
Purchase	56,747,767	52.39	50,940,242	51.50	41,224,643	53.74	20,339,541	55.28	35,720,658	56.32	31,636,242	57.33
Sale	51,568,161	47.61	47,969,146	48.50	35,485,076	46.26	16,453,537	44.72	27,699,195	43.68	23,546,931	42.67
Total	108,315,928	100.00	98,909,388	100.00	76,709,719	100.00	36,793,078	100.00	63,419,853	100.00	55,183,173	100.00

<sup>\*</sup> Figures presented herein are the turnover of each FY and transitional fiscal period 1999 (1998.7.-1998.12.).

#### Trust

Year	2001	2000	1999	Transitional Fiscal Period 1999	1998	1997
Item	NT\$,000	NT\$,000	NT\$,000	NT\$,000	NT\$,000	NT\$,000
Mutual funds	91,632,492	55,873,561	27,416,373	6,465,491	15,201,000	8,188,094
Securities investment trust fund under custody (average balance)	202,248,834	110,789,050	77,893,036	66,648,240	54,484,000	36,947,734
Bills and securities businesses	1,003,950,838	1,078,971,281	884,430,813	307,521,600	614,872,013	421,186,251
Brokerage on securities	175,053,368	302,783,971	238,399,707	81,406,786	188,004,173	159,031,049
Financing on securities (average balance)	1,207,785	2,360,155	2,040,354	1,683,875	1,373,969	1,489,129
Securities underwriting	300,000	1,121,608	183,665	342,500	1,448,678	534,786
Registrar for issuance of securities	3,220,865,156	208,365,297	1,256,791,251	893,376,134	511,313,117	107,880,146

<sup>\*</sup> Figures presented herein are the balances of each FY and transitional fiscal period 1999 except

#### Total Revenue

Year	2001	2000	1999	Transitional Fiscal Period 1999	1998	1997
Item	NT\$,000	NT\$,000	NT\$,000	NT\$,000	NT\$,000	NT\$,000
Interest income	62,705,679	68,819,936	65,753,820	33,288,844	65,357,699	54,760,301
Fees and commissions	2,409,850	2,985,226	2,371,143	1,040,761	2,089,844	1,804,123
Revenue from brokerage operations	221,324	373,323	310,332	111,416	272,125	223,276
Gain on disposal of marketable bills and securities	6,477,163	6,122,525	6,343,229	2,354,904	1,234,559	7,551,647
Investment income	619,319	2,000,029	4,933,659	2,399,616	3,268,343	744,671
Gain on exchange	905,788	1,076,911	842,104	386,656	1,068,349	580,000
Rental earned from operating properties	-	-	-	80,545	167,716	141,347
Other operating revenue	8,597	3,316	3,343	1,172	1,675	2,233
Non-operating revenue	598,755	730,572	779,181	224,339	272,218	163,712
Total	73,946,475	82,111,838	81,336,811	39,888,253	73,732,528	65,971,310

<sup>\*</sup> Figures presented herein were audited by CPA.

<sup>(1)</sup> securities investment trust fund under custody.

<sup>(2)</sup> financing on securities.

<sup>\* &</sup>quot;Rental earned from operating properties" and "Expenses incurred from leasing operating properties" are combined and the net amount derived is to be reclassified as "Non-operating revenue".

#### **Scope of Operations**

#### **Banking Department**

- 1. Receive checking deposits.
- 2. Receive demand deposits.
- 3. Receive time deposits.
- 4. Extend short-, medium- and long-term loans.
- 5. Extend discount negotiable instruments.
- 6. Invest in securities.
- 7. Engage in domestic remittances.
- 8. Engage in acceptance of commercial drafts.
- 9. Issue local letters of credit.
- 10. Engage in domestic guaranty business.
- 11. Act as collecting and paying agent.
- 12. Underwrite government bonds, treasury bills, corporate bonds, and company stocks.
- 13. Engage in credit card business.
- 14. Engage in custodies and warehousing services.
- 15. Engage in safe-deposit box rental service.
- 16. Engage in agency services business related to those permitted business items listed on business license or approved by the central competent authority.
- 17. Engage in derivative financial products business approved by the central competent authority.
- 18. Engage in import and export foreign exchange operations, overseas outward and inward remittances, foreign currency deposits, foreign currency loans and guaranty business of foreign currency secured payment.
- 19. Engage in financing related advisor business.
- 20. Engage in trust business regulated by the related laws.

- 21. Engage in agency business of charity lottery tickets approved by the central competent authority.
- 22. Undertake underwriting and trading of securities on its own behalf or for the account of its customers.
- 23. Extend financing for securities business.
- 24. Purchase and sell of government bonds.
- 25. Act as broker, dealer, registrar, and underwriter for short-term debt instruments.
- 26. Act as sales broker of gold bars, gold and silver coins.
- 27. Guarantee the issuance of corporate bonds and securities.
- 28. Issue bank debentures.

#### Trust Department

- 1. Engage in trust businesses approved by the central competent authority:
  - money trust
  - nondiscretionary trust fund invested in foreign securities and domestic mutual funds
  - employee savings plans trust
  - 2. Affiliated businesses
    - act as agent for issuance, transfer, registration of securities, and for distribution and payment of dividends and bonuses
    - provide consultation services for securities issuance and subscription act as a registrar for issuance of bonds and securities
    - provide custody services act as custodian of domestic security investment trust fund

#### **Business Plans for Fiscal Year 2002**

Aggressively exploring the sources of working capital, continuously improving branch operation, reinforcing customer services, and upgrading core competence of the Bank

- 1 With equal-weighted basis of quality and quantity, followed by the rule of thumb of lower funding costs, increasing liquid deposits and expanding corporate finance and personal fund management services to reinforce the degree of customer dependence.
- 2 New branches will be added or existing branches locations and business scope restructured in accordance with geographic development. Regional operations centers will be in place to centralize deposit, remittance, and foreign exchange operations, thus reinforcing the competitiveness of the branches.
- 3 Improving branch operations will continue to focus mainly on customer satisfaction, the function of account managers will be developed, and an active marketing strategy will be undertaken to enlarge market share.

Promotion of industrial upgrading in line with the government's domestic demand expansion and cross-straits financial policies in order to satisfy the needs of companies for funds and related consulting services

- 1 The Bank will respond to adjustments in the government's cross-straits policies and changes in the domestic economic environment by vigorously building up its OBU as a Taiwan funding center for Taiwanese businesses.
- 2 The corporate loan and syndicated loan businesses will be promoted aggressively so as to furnish the funds required for corporate investment and for the support of industrial development.

- 3 Strategic financing for small and medium businesses will be strengthened and the execution of risk-sharing by the Small and Medium Business Credit Guarantee Fund will be carried out actively in order to lift up the ratio of the Bank's capital to risk-weighted assets and to promote industrial upgrading.
- 4 Foreign currency loans and trade finance will be vigorously promoted to help companies expand their international trade and to provide services to multinational enterprises, thus stimulating economic and trade development.

In the light of diversified trends in private fund management, the Bank serves to satisfy the need for consumer banking products that comply with individual's career planning, accompanied by the consolidation and promotion of personal banking that eventually expand customer base and profit source

- 1 Marketing channels and customer service quality will be enhanced; facility for phone banking and Internet banking will be extended, and cross-industry alliances will be utilized to strengthen the added value to the personal finance business.
- 2 In coordination with socioeconomic development, the promotion of strategic housing loans will be strengthened so as to upgrade the living quality of Taiwan's people.
- The business of the international credit card will be promoted and the add-on value of underlying products, the diversified functions and fraud-prevention measures will be enhanced in line with the projected switch to IC cards.

# Application of information technology, which follows the development of global high-tech sector to fortify marketing and product strategy, and further enhance service quality

- 1 Data warehouse systems will be applied to customer analysis and market segmentation, and with reference to varying market needs, appropriate products and marketing programs will be designed to strengthen customer relations management with the aim of heightening customer loyalty.
- 2 New information technology will be introduced and professional information capability developed. The security mechanism for IT operation and efficiency management will also be reinforced.
- 3 The strategy of technology development will be pursued aggressively and customers will be offered by wireless communication financial services through such channels as mobile phones and PDAs.

# Active development of trust products and expansion of the securities and trust businesses in line with the enactment of the Trust Business Law and its sub-laws, also in response to the trend toward diversification in financial sector

- Diversified products will be offered and noninterest income will be augmented through the inauguration of the "Custody for Discretionary Investment Business" and "Insurance Fund Trust Business" as well as development of the "Inheritance Trust Business", "Real Estate Trust Business", and "Mutual Trust Fund Business".
- 2 The Bank plans to establish a marketing team for financial management, and to strengthen customer management and market analysis, in order to become the service provider of financial management to customers.

3 Online trading for the securities brokerage business will continue to be promoted.

The Internet based customer group will be explored to enlarge the Bank's market share.

# Upgrading of operating efficiency, enhancement of risk management, improvement of professional knowledge of employees, and molding of prominent corporate image

- 1 Loan quality will be enhanced to lower credit risk, and "relationship officer for offshore corporate" will be instituted to reinforce inspection visits to the offshore affiliates of credit customers and the collection of laws and regulations from overseas areas.
- 2 Vacant bank premises will be effectively developed and utilized through sale, rental, or joint operation to generate revenue.
- To cope with future business development needs, the Bank will enhance proficiency in such areas as foreign exchange, international finance, trust, portfolio management, and operational management and implement on-the-job training and advanced education, and strengthen human resources planning to heighten productivity and service quality.
- The Bank's certification system will be carried through, encouraging employees build up their professional know-how during off hours and to participate in certification testing that improve their knowledge and their ability to provide customers with quality services.
- 5 In line with the Bank's transformation into a financial holding company, planning will be carried out for renewal of its corporate identity system (CIS) and corporate image advertising.

### First Commercial Bank Financial Summary 1998-2001

#### **Balance Sheet**

NT\$,000	12.31.2001	12.31.2000	12.31.1999	12.31.1998	6.30.1998
Cash	64,375,200	52,884,775	60,898,694	45,018,247	25,979,748
Due from Banks	100,020,608	87,382,952	57,694,973	55,203,201	86,527,486
Due from Central Bank	59,555,952	48,229,843	40,810,854	46,287,936	59,165,575
Marketable bills and securities-	net 85,619,705	94,256,332	118,670,305	106,129,650	94,285,765
Receivables-net	25,069,745	33,454,727	32,542,049	28,289,157	24,374,179
Prepayments	3,467,679	2,948,746	3,456,281	2,831,998	2,699,880
Bills purchased, discounted and loans-net	811,146,219	806,428,970	762,732,830	726,681,685	706,851,359
Long-term investments	14,387,205	10,695,045	11,453,422	10,667,048	9,559,597
Fixed assets-net	27,622,713	26,489,427	27,027,049	26,747,713	27,623,219
Others assets-net	84,878,104	67,368,646	63,394,881	52,675,529	47,109,482
Total Assets	1,276,143,130	1,230,139,463	1,178,681,338	1,100,532,164	1,084,176,290
Due to Central Bank and banks	75,279,486	92,078,408	121,429,994	108,537,000	147,970,242
Payables	45,994,320	60,201,489	58,171,859	49,315,929	39,109,248
Collections in advance	1,062,891	1,400,636	1,221,208	1,596,754	1,042,519
Deposits and remittances	1,046,123,627	980,038,014	901,924,666	850,809,726	805,601,772
Bank debentures	10,000,000	-	-	-	-
Funds borrowed from Central Bank and banks	556,187	929,898	1,194,481	1,278,983	982,154
Long-term liabilities and other liabilities	12,983,679	12,649,052	12,501,135	12,662,885	13,352,090
<b>Total Liabilities</b>	1,192,000,190	1,147,297,497	1,096,443,343	1,024,201,277	1,008,058,025
Capital stock	38,216,000	36,284,855	32,745,867	31,472,106	27,367,049
Capital stock subscribed	-	-	-	-	24,630,344
Capital surplus	22,950,160	23,876,696	24,531,613	25,135,966	4,602,559
Retained earnings	22,758,358	22,591,322	24,918,407	19,484,966	19,257,133
Cumulative translation adjustments	218,422	89,093	42,108	237,849	261,180
Total Stockholders' Equity	84,142,940	82,841,966	82,237,995	76,330,887	76,118,265

#### **Statement of Income**

NT\$,000	2001	2000	1999	1998	1997
Operating revenue	73,347,720	81,381,266	80,557,630	73,460,310	65,807,598
Operating cost and expenses	68,116,874	74,979,422	72,462,576	63,705,596	58,236,576
Operating income	5,230,846	6,401,844	8,095,054	9,754,714	7,571,022
Non-operating revenue	598,755	730,572	779,181	272,218	163,712
Non-operating expenses	2,262,106	2,115,043	2,175,565	1,291,355	287,008
Income before income tax	3,567,495	5,017,373	6,698,670	8,735,577	7,447,726
Net income	3,150,610	4,162,072	6,123,945	7,471,169	5,908,302
Earnings per share (\$)	0.82	1.15	1.87	2.73	2.16

### **Key Ratios (%)**

			Transitional Fisca	1
2001	2000	1999	Period 1999	1998
93.41	93.27	93.02	93.06	92.98
32.83	31.98	32.86	35.04	36.29
13.09	11.11	15.24	12.21	9.47
0.25	0.35	0.54	0.31	0.73
3.77	5.04	7.72	4.47	15.42
13.69	17.64	24.72	15.63	35.64
9.34	13.83	20.46	12.88	31.92
4.30	5.12	7.60	8.59	10.17
9.28	9.18	9.80	9.74	13.28
	93.41 32.83 13.09 0.25 3.77 13.69 9.34 4.30	93.41 93.27 32.83 31.98 13.09 11.11 0.25 0.35 3.77 5.04 13.69 17.64 9.34 13.83 4.30 5.12	93.41       93.27       93.02         32.83       31.98       32.86         13.09       11.11       15.24         0.25       0.35       0.54         3.77       5.04       7.72         13.69       17.64       24.72         9.34       13.83       20.46         4.30       5.12       7.60	93.41       93.27       93.02       93.06         32.83       31.98       32.86       35.04         13.09       11.11       15.24       12.21         0.25       0.35       0.54       0.31         3.77       5.04       7.72       4.47         13.69       17.64       24.72       15.63         9.34       13.83       20.46       12.88         4.30       5.12       7.60       8.59

# First Commercial Bank Balance Sheet

as of December 31, 2001 and 200	0		2001		2000	
	Note	;	NT\$,000	%	NT\$,000	%
Assets						
Cash	2	\$	64,375,200	5.05	\$ 52,884,775	4.30
Due from banks	3		100,020,608	7.85	87,382,952	7.10
Due from Central Bank	4		59,555,952	4.67	48,229,843	3.92
Marketable bills and securities-net	1,5		85,619,705	6.71	94,256,332	7.66
Receivables-net	1,6		25,069,745	1.96	33,454,727	2.72
Prepayments			3,467,679	0.26	2,948,746	0.24
Bills purchased, discounted and loans-net	1,7		811,146,219	63.56	806,428,970	65.56
Long-term investments	1,8		14,387,205	1.13	10,695,045	0.87
Fixed assets	1,9					
Cost						
Land (incl. revaluation increments)			19,219,360	1.51	18,617,163	1.51
Buildings and structures (incl. revaluation incre	ements)		7,328,088	0.57	6,884,065	0.56
Machinery and equipment			2,650,604	0.21	2,484,640	0.20
Transportation equipment			688,080	0.05	709,145	0.06
Other equipment and lease equity improvement	ents		2,468,843	0.19	2,521,992	0.20
Total cost and revaluation increments			32,354,975	2.53	31,217,005	2.53
Less: Accumulated depreciation			(5,938,603)	(0.46)	(5,337,870)	(0.43)
			26,416,372	2.07	25,879,135	2.10
Prepayments on purchases of equipment and						
construction in progress			1,206,341	0.09	610,292	0.05
Fixed assets-net			27,622,713	2.16	26,489,427	2.15
Other assets	10		84,878,104	6.65	67,368,646	5.48
Total Assets		\$	1,276,143,130	100.00	\$ 1,230,139,463	100.00
Liabilities and Stockholders' Equity						
Due to Central Bank		\$	687,540	0.05	\$ 2,935,258	0.24
Due to banks	11		74,591,946	5.85	89,143,150	7.25
Payables	12		45,994,320	3.60	60,201,489	4.89
Collections in advance			1,062,891	0.08	1,400,636	0.11
Deposits and remittances	13		1,046,123,627	81.98	980,038,014	79.67
Bank debentures	14		10,000,000	0.78	-	-
Funds borrowed from Central Bank and banks			556,187	0.04	929,898	0.08
Long-term liabilities	15		10,936,967	0.86	10,844,058	0.88
Other liabilities	16		2,046,712	0.17	1,804,994	0.15
Total liabilities			1,192,000,190	93.41	1,147,297,497	93.27
Stockholders' Equity	19					
Capital stock			38,216,000	2.99	36,284,855	2.95
Capital surplus			22,950,160	1.80	23,876,696	1.94
Retained earnings						
Legal reserve			14,323,239	1.12	13,074,617	1.06
Special reserve			3,695,364	0.29	3,695,364	0.30
Unappropriated earnings			4,739,755	0.37	5,821,341	0.47
Cumulative translation adjustments			218,422	0.02	89,093	0.01
Total Stockholders' Equity			84,142,940	6.59	82,841,966	6.73
Total Liabilities and Stockholders' E	quity	\$	1,276,143,130	100.00	\$ 1,230,139,463	100.00
*NT\$35.007:LIS\$1.00						

<sup>\*</sup>NT\$35.007:US\$1.00

### First Commercial Bank Statement of Income

for the years ended December, 2001 and 2000

,		2001		2000	
N	ote	NT\$,000	%	NT\$,000	%
Operating revenue					
Interest income	\$	62,705,679	85.49	\$ 68,819,936	84.57
Gain on disposal of marketable bills and securities-ne	t	6,477,163	8.83	6,122,525	7.52
Fees and commissions		2,409,850	3.29	2,985,226	3.67
Investment income		619,319	0.84	2,000,029	2.46
Gain on exchange		905,788	1.23	1,076,911	1.32
Revenue from brokerage operations		221,324	0.30	373,323	0.46
Others		8,597	0.02	3,316	-
Total operating revenue		73,347,720	100.00	81,381,266	100.00
Operating cost					
Interest expenses		40,228,837	54.85	46,845,139	57.56
Fees and commissions		405,313	0.55	305,148	0.37
Expenses on brokerage operations		28,973	0.04	50,471	0.06
Appropriation for reserve accounts 7		13,811,780	18.83	14,386,612	17.68
Others		111,204	0.15	79,205	0.10
Total operating cost		54,586,107	74.42	61,666,575	75.77
Gross profit		18,761,613	25.58	19,714,691	24.23
Operating expenses					
Marketing expenses		12,620,274	17.21	12,398,938	15.24
Administrative expenses		868,946	1.18	873,705	1.07
Other operating expenses		41,547	0.06	40,204	0.05
Total operating expenses		13,530,767	18.45	13,312,847	16.36
Operating income		5,230,846	7.13	6,401,844	7.87
Non-operating revenue					
Gain on disposal of fixed assets		66,625	0.09	-	-
Rental earned from operating properties		137,177	0.19	139,980	0.17
Others		394,953	0.54	590,592	0.73
Total non-operating revenue		598,755	0.82	730,572	0.90
Non-operating expenses					
Loss on disposal of fixed assets		3,546	-	273	-
Loss on retirement of fixed assets		58,896	0.08	69,247	0.09
Others		2,199,664	3.00	2,045,523	2.51
Total non-operating expenses		2,262,106	3.08	2,115,043	2.60
Income before income tax		3,567,495	4.87	5,017,373	6.17
Income tax 1,17	7	416,885	0.57	855,301	1.05
Net income	\$	3,150,610	4.30	\$ 4,162,072	5.12
Earnings per share (in NT\$)					
- Current	\$	0.82		\$ 1.15	
- Retroactively adjusted	\$	0.82		\$ 1.09	

<sup>\*</sup>NT\$35.007:US\$1.00

# First Commercial Bank Statement of Cash Flows

for the years ended December 31, 2001 and 2000

Adjustment items:  Provision for allowance for doubtful accounts  Depreciation  Amortization  Reversal of allowance for decline of marketable securities  Increase in accrued pension liabilities  Investments loss under equity method  Increase in trading securities  Loss (gain) on disposal of fixed assets  Gain on disposal of long-term investments  Decrease (increase) in receivables  13,813  (580  (580  (580  (6,657  (6,657  (70  (70  (70  (70  (70  (70  (70  (	0,610 \$ 4,162,072 1,780
Net income \$ 3,150 Adjustment items:  Provision for allowance for doubtful accounts 13,811 Depreciation 1,004 Amortization 1,902 Reversal of allowance for decline of marketable securities (580 Increase in accrued pension liabilities 182 Investments loss under equity method 51 Increase in trading securities (6,657) Loss (gain) on disposal of fixed assets (44 Gain on disposal of long-term investments (172 Decrease (increase) in receivables 8,384	1,780     14,386,612       4,772     913,256       2,681     1,871,766       0,378)     (935,122)       2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Net income \$ 3,150 Adjustment items:  Provision for allowance for doubtful accounts 13,811 Depreciation 1,004 Amortization 1,902 Reversal of allowance for decline of marketable securities (580 Increase in accrued pension liabilities 182 Investments loss under equity method 51 Increase in trading securities (6,657) Loss (gain) on disposal of fixed assets (44 Gain on disposal of long-term investments (172 Decrease (increase) in receivables 8,384	1,780     14,386,612       4,772     913,256       2,681     1,871,766       0,378)     (935,122)       2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Adjustment items:  Provision for allowance for doubtful accounts  Depreciation  Amortization  Reversal of allowance for decline of marketable securities  Increase in accrued pension liabilities  Investments loss under equity method  Increase in trading securities  Loss (gain) on disposal of fixed assets  Gain on disposal of long-term investments  Decrease (increase) in receivables  13,817  1,002  1,002  1,003  1,004  1,002  1,003  1,004  1	1,780     14,386,612       4,772     913,256       2,681     1,871,766       0,378)     (935,122)       2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Provision for allowance for doubtful accounts  Depreciation  Amortization  Reversal of allowance for decline of marketable securities  Increase in accrued pension liabilities  Investments loss under equity method  Increase in trading securities  Loss (gain) on disposal of fixed assets  Gain on disposal of long-term investments  Decrease (increase) in receivables  13,813  (580  (580  (6,657  (6,657)  (70  (70  (70  (70  (70  (70  (70  (	4,772     913,256       2,681     1,871,766       0,378)     (935,122)       2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Depreciation 1,002 Amortization 1,902 Reversal of allowance for decline of marketable securities (580) Increase in accrued pension liabilities 182 Investments loss under equity method 51 Increase in trading securities (6,657) Loss (gain) on disposal of fixed assets (40) Gain on disposal of long-term investments (172) Decrease (increase) in receivables 8,384	4,772     913,256       2,681     1,871,766       0,378)     (935,122)       2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Amortization 1,902 Reversal of allowance for decline of marketable securities (580) Increase in accrued pension liabilities 182 Investments loss under equity method 51 Increase in trading securities (6,657) Loss (gain) on disposal of fixed assets (40) Gain on disposal of long-term investments (172) Decrease (increase) in receivables 8,384	2,681     1,871,766       0,378)     (935,122)       2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Reversal of allowance for decline of marketable securities Increase in accrued pension liabilities Investments loss under equity method Increase in trading securities Loss (gain) on disposal of fixed assets Gain on disposal of long-term investments Decrease (increase) in receivables  (580  (680  (78	0,378)     (935,122)       2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Increase in accrued pension liabilities Investments loss under equity method Increase in trading securities Loss (gain) on disposal of fixed assets Gain on disposal of long-term investments Decrease (increase) in receivables  182 (6,657) Loss (gain) on disposal of fixed assets (172 (172 (173 (174 (175 (175 (175 (175 (175 (175 (175 (175	2,932     215,495       1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Investments loss under equity method51Increase in trading securities(6,657Loss (gain) on disposal of fixed assets(4Gain on disposal of long-term investments(172Decrease (increase) in receivables8,384	1,074     169,055       7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Increase in trading securities (6,657) Loss (gain) on disposal of fixed assets (4) Gain on disposal of long-term investments (172) Decrease (increase) in receivables 8,384	7,296)     (2,203,380)       4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Loss (gain) on disposal of fixed assets  Gain on disposal of long-term investments  Decrease (increase) in receivables  (42)	4,183)     69,520       2,990)     (1,891,103)       4,982     (937,639)       8,933)     507,535
Gain on disposal of long-term investments (172 Decrease (increase) in receivables 8,384	2,990)(1,891,103)4,982(937,639)8,933)507,535
Decrease (increase) in receivables 8,384	4,982     (937,639)       8,933)     507,535
	8,933) 507,535
Decrease (increase) in prepayments (518)	
Decrease (increase) in prepayments (518 Increase (decrease) in payables (14,239	9,254) 1,952,775
	7,744) 179,428
	8,053 18,460,270
Cash Flows from Investing Activities:	10,100,270
Increase in due from banks (12,637)	7,656) (29,687,979)
Increase in due from Central Bank (11,326)	
	74,301 28,781,244
	7,249) (43,777,438)
	5,510 2,342,051
	5,515)
	7,305) (1,286,812)
	4,555 3,219
Increase in other assets (33,474	
Cash dividends and remuneration received under equity method	300 (20,327,122)
Net cash used in investing activities (51,683)	
Cash Flows from Financing Activities:	(11,571,570)
	7,718) (1,461,265)
Decrease in due to banks (14,551	
Increase in deposits and remittances 66,085	
Increase in bank debentures 10,000	
, and the second	3,712) (264,583)
	0,022) (82,612)
	4,314 (82,012) 11,969
	2,595) 3,065
	2,124) (3,197,732)
	5,308) (330,499)
Net cash provided from financing activities 57,137	
	8,791 (4,183)
Net increase (decrease) in cash  11,490	
Beginning balance of cash 52,884	
Ending balance of cash \$ 64,375	
Cash Paid During the Year for:	у 34,00 <del>4</del> ,773
Interest \$ 42,884	4,303 \$ 45,808,249
	7,605 \$ 1,756,044
Supplemental Information of Non-Cash Financing Activities:	1,700,044
	3,719 \$ 201,635
Dividends payable \$ 23.	$2,112$ $\Psi$ $201,033$

<sup>\*</sup>NT\$35.007:US\$1.00

# **First Commercial Bank** Statement of Changes in Stockholders' Equity for the years ended December 31, 2001 and 2000

			_	
Capital Stock	C	apital Surplus	L	egal Reserve
\$ 32,745,867	\$	24,531,613	\$	10,241,759
-		-		2,832,858
-		-		-
264,402		-		-
-		-		-
-		-		-
3,274,586		(654,917)		-
-		-		-
-		-		-
\$ 36,284,855	\$	23,876,696	\$	13,074,617
-		-		1,248,622
-		-		-
116,902		-		-
-		-		-
-		36		-
1,814,243		(907,121)		-
-		(19,451)		-
-		-		-
-		-		-
\$ 38,216,000	\$	22,950,160	\$	14,323,239
\$	\$ 32,745,867  - 264,402 - 3,274,586 3,6,284,855  \$ 36,284,855 116,902 - 1,814,243	\$ 32,745,867 \$	264,402 - 264,402 - 3,274,586 (654,917) - 36,284,855 \$ 23,876,696  116,902 - 116,902 - 36 1,814,243 (907,121) - (19,451) - (19,451)	\$ 32,745,867 \$ 24,531,613 \$

NT\$35.007:US\$1.00

D . 1	-
Patrinad	Harninge
Retained	Laimies

Special Reserve		Unapp	ropriated Earnings	ive Translatio justments	n	Total
\$	3,695,364	\$	10,981,284	\$ 42,108	\$	82,237,995
	-		(2,832,858)	-		-
	-		(264,399)	-		(264,399)
	-		(264,402)	-		-
	-		(66,100)	-		(66,100)
	-		(3,274,587)	-		(3,274,587)
	-		(2,619,669)	-		-
	-		4,162,072	-		4,162,072
	-		-	46,985		46,985
\$	3,695,364	\$	5,821,341	\$ 89,093	\$	82,841,966
	-		(1,248,622)	-		-
	-		(116,174)	-		(116,174)
	-		(116,902)	-		-
	-		(29,134)	-		(29,134)
	-		(1,814,242)	-		(1,814,206)
	-		(907,122)	-		-
	-		-	-		(19,451)
	-		3,150,610	-		3,150,610
	-		-	129,329		129,329
\$	3,695,364	\$	4,739,755	\$ 218,422	\$	84,142,940

#### **Notes to Financial Statements**

(Expressed in New Taiwan dollars in thousands, except otherwise stated)

## 1. Summary of Significant Accounting Policies

The books, records and financial statements are maintained and prepared by the Bank in accordance with the "Uniform Regulations Governing Accounting System for the Financial Institutes Subordinated to the Ministry of Finance", and are in conformity with the "Regulations for Stock Issuers in the Preparation of Financial Statements" and generally accepted accounting principles as appropriate to the Bank's activities.

The significant accounting policies are as

#### a Fiscal year

follows:

Prior to January 22, 1998 the Bank adopted June 30 as fiscal year end. After privatization on January 22, 1998, the Bank changed its fiscal year end to December 31, effective from January 1, 1999.

#### **b** Preparation of financial statements

The financial statements include the accounts of the head office and its branches and representative offices. All inter-office account balances and transactions are offset in the combined financial statements.

# **c** Foreign currency transaction (except for derivative financial instruments)

The Bank maintains its books in New Taiwan dollars. Foreign currency transactions during the year are converted into New Taiwan dollars at exchange rates in effect at the time of the transactions. Assets and liabilities outstanding in foreign currencies are converted into New Taiwan dollars at the exchange rates of balance sheet date. Foreign exchange gains or losses resulting from

settlement of such transactions or conversion of foreign currency assets and liabilities are included in current operating results.

The financial statements of the overseas branches are converted into New Taiwan dollars at the exchange rates prevailing at the balance sheet date, with the exception of stockholders' equity accounts which are translated at the historical rates; revenue, costs and expenses are translated at the average exchange rates over the reporting period. Gains and losses resulting from translation of the combined financial statements are recorded as cumulative translation adjustments in stockholders' equity.

#### d Derivative financial instruments

#### (1) Forward exchange contracts

Assets and liabilities, arising from forward exchange contracts for non-hedging purposes, are recorded at the forward contract rate.

On the settlement date, the realized gains or losses are included in the current operating results. If the settlement date is after the balance sheet date, the forward exchange contracts are converted into NT dollars at the forward rate on balance sheet date (covering the remaining life of the contract), and the gains or losses are included in the current operating results.

#### (2) FX swap transactions

FX swap transactions for hedging purposes are recorded at the forward contract rate when engaged. The premium or discount related are proportionally amortized throughout the remaining life of the swap contract. Gains or losses resulting from settlements of FX swap

transactions are included in the current operating results.

#### (3) Interest rate swap and option

Interest rate swap and option contracts are treated as off-balance-sheet items and recorded as memorandum. Gains or losses from settlement of IRS transactions are debited or credited to interest income or interest expenses account while holding as hedge of underlying assets or liabilities.

The premiums received or paid from option contracts are charged to prepayments or collections in advance accounts. Gains or losses from settlement of option transactions are recorded to relative account according to the nature of contracts.

#### e Marketable bills and securities

Non-equity securities are stated at cost. The cost of sales or redemption is determined on the individual identification basis. Gains or losses resulting from settlements between the purchase price and the liquidation or redemption price are included in the current operating results.

Equity securities are stated at cost. Stock dividends are not recognized as income but treated as additional shares to lower the cost of carry. The cost of sale is determined on the weighted-average basis.

Non-equity securities and equity securities are valued at the lower of cost or market value at the end of the fiscal year. The evaluation for securities of listed companies is based on the average closing price from the last month of the accounting period.

Provision for losses is made and charged against current operations when the aggregate

carrying value exceeds the market value of securities.

The disposal of repurchase (resell) marketable bills and securities in the term of RS (RP) agreement together with the nature of financing will be credited (debited) to the "securities purchased (sold) under reverse RS (RP) agreement" accounts, while the difference derived from trading will be accounted for as interest expense (interest revenue).

#### f Bills purchased, discounted and loans-net

Bills purchased, discounted and loans are stated at the principle amount outstanding. Interest is credited to income on an accrued basis. However, accumulation of interest for those transferred to overdue loan accounts will be suspended.

Bills purchased, discounted and loans are converted to overdue loan accounts in the event of meeting the following conditions:

- a) In the assessment of management, if there is a likelihood that the borrower may be unable to meet payments on schedule.
- b) Default on repayment of principle or interest in arrears by more than 180 days.

The accrued interest for the suspension period will be credited upon receipt.

## g Allowance and write-off of doubtful accounts

The allowance is determined by evaluating the recoverability of the outstanding balances of various loans and receivables at the balance sheet date. The Bank classifies loan assets into four Tiers. They are (1) pass (2) substandard (3) doubtful and (4) loss.

In planning for potential losses, the Bank allocates 1%, 50%, and 100% of loss allowance to tier 2, 3, and 4 respectively. Further allocation is 1% of the total outstanding loan or the total allowance derived from the tier classification system, whichever is greater.

The Bank writes off the overdue loans in accordance with the guideline of "The Procedure for Handling Non-Performing Loans, Overdue Receivables and Bad Debts".

#### h Long-term investments

#### (1) Long-term equity investments

Investments in marketable or non-marketable securities which are intended to be held for long-term purpose, are accounted for as long-term equity investments.

The equity method of accounting is used to account for long-term equity investments where the percentage of ownership exceeds 20%. The difference between the cost of the investment and the net value of equity is amortized on a straight-line basis over five years. In preparing the first quarter financial statement, no investment income is recognized under the equity method where the percentage of ownership does not exceed 50%; in preparing the semi-annual financial statement, investment income is recognized under the equity method of accounting. However, in preparing the third quarter financial statements, the investment income of the third quarter is not recognized in the income statement.

Net profit or loss generated from investee company will be treated as plus or minus for the value of investment under equity method. Any cash dividends received from investee company are credited to the investment account.

Long-term investment in listed equity securities, which represent less than 20% of the investee's voting stock, is stated at the lower of cost (weighted-average method) or market value (average market price of the last month of the fiscal year).

Long-term investment in non-listed equity securities is stated at the cost except that there is evidence suggesting a permanent diminution in value, where the investment is written down to reflect the market value and recognizes as current loss.

Subsidiaries are companies in which the Bank owns over 50% of the investees' voting stock. Its financial statements are consolidated in the annual consolidation report only if its total assets or operating revenue exceed 10% of the Bank's.

The gains or losses from the disposal of long-term equity investments are charged to investment income, cost is determined by the weighted-average method.

#### (2) Long-term bond investments

Long-term bond investment is stated at cost, monthly amortization of premiums and discounts on debt securities are adjusted to interest income under the straight-line method.

#### i Fixed assets

Fixed assets are stated at cost plus revaluation increments in accordance with relevant laws. Repairs and maintenance are charged to expenses as incurred; replacements, renewals and enhancement are treated as capital expenditures and depreciated accordingly.

Gains from disposal of fixed assets are included in current income. Such gains, net of income tax, were transferred to capital reserve in the current year. Whereas any loss incurred is treated as current expenditure. However, due to the amendment of Regulation on Business Entity Accounting, gains from disposal of fixed assets, net of income tax, are not required to be transferred to capital reserve as of 2001.

Depreciation is provided on the straightline basis over the estimated useful lives. Residual values of these assets, which have been fully depreciated, are depreciated on the straight-line basis over the newly estimated useful lives, if they are still in use.

Leasehold improvements are stated at cost, and amortized on a straight-line basis according to the tenor of the related lease contracts or 5-year timeframe. Non-operating fixed assets are classified as other assets, while the depreciation is accounted for as non-operating expenses.

#### j Intangible assets

Intangible assets are stated at cost and amortized on a straight-line basis over 3 years.

#### **k** Deferred charges

Deferred charges are stated at cost and amortized on a straight-line basis over 5 years. After the privatization on January 22, 1998, the Employees' Benefit Compensation is amortized on a straight-line basis over 5 years beginning from fiscal year 1998.

#### Reserves for losses on guarantees

Reserves for losses are provided in proportion to the outstanding balances of acceptances,

guarantees and letters of credit after deducting cash deposits.

#### m Reserve for land value increment tax

Reserve for land value increment tax is calculated and based on the balance of the incremental value of land while it would be written off when the land is sold and the actual increment tax is settled.

#### n Reserve for default losses

In accordance with the regulations of the Securities & Futures Commission, 0.0028% of monthly volume for brokerage trading of securities must be reserved as coverage of default loss before it reaches the ceiling of NT\$ 200 million. Such reserve can only be used to offset actual losses arising from security brokerage or with the approval of SFC.

#### • Reserve for securities trading losses

In accordance with the regulations of the Securities & Futures Commission, 10% of the excess of monthly gains over losses on securities trading must be reserved until the balance of provision reaches NT\$ 200 million. Such reserve can only be used to offset losses over gains arising from securities trading.

#### **p** Pension benefits and severance benefits

The Bank was privatized on January 22, 1998. In accordance with "Regulations of State-Run Enterprises Transformed into Private-Held Companies", employee service compensation cost was calculated as of January 21, 1998 based on service years, plus additional one month salary of the employees who have decided to retire. After deducting retirement fund and accrued pension cost, the employee service compensation cost is

recorded as deferred employee benefit compensation. The Employee Benefit Compensation is amortized on a straight-line basis over 5 years from year 1998 to 2002.

After privatization, the Bank adopted the employee retirement plan in accordance with the Labor Standards Law, effective the year 1998. To meet this benefit obligation, the Bank makes a monthly contribution of 8% of wages and salaries to a pension fund.

The Bank adopted ROC Financial Accounting Standards No.18, "Accounting for Pension Cost" effective the year 1996 to account the employee retirement benefit. The Bank has computed the actuarial employment liabilities at the balance sheet date as the measurement date, and recorded the minimum liabilities accordingly.

#### q Income tax

The Company adopted Statement of Financial Accounting Standard No.22, "Accounting for Income Taxes", in accounting for income tax. Under the method, the amount of deferred tax liabilities or assets is calculated by applying the provisions of enacted tax law to determine the amount of tax payable or refundable, currently or in future years. The tax effects of deductible temporary differences and tax credits are recognized as deferred tax assets. An allowance is provided on deferred tax assets that may not be realized in the future.

Deferred income tax assets or liabilities are classified as current or non-current based on the classification of the asset or liability relating to the deferred item or, on certain transactions not directly related to an asset or liability, the timing of recognition of the deferred item for income tax purposes.

10% tax levied on undistributed retained earning is accounted as income tax expenses as at the date of the shareholders meeting. The under-provision/ over-provision income tax of prior year is treated as the adjustment item of income tax expense of the current year.

#### r Earnings per share of common stock

Earnings per share (EPS) of common stock are based on the weighted average number of common shares outstanding during the period and on the weighted shares outstanding after retroactive adjustment for capitalization from retained earnings and capital reserve.

#### **S** Reclassification

Certain amounts in the 2000 financial statements have been reclassified to comply with the 2001 presentation. Such reclassification has no significant impact on the accompanying financial statements.

#### 2. Cash

	December 31, 2001	December 31, 2000
Cash on hand	\$ 9,596,988	\$ 10,428,457
Certificates of deposit	44,301,236	19,685,738
Checks for clearing	10,476,976	22,770,580
Total	\$ 64,375,200	\$ 52,884,775

The insurance coverage for cash amounted to \$2,016,000 as of December 31, 2001 and 2000 respectively.

#### 3. Due from Banks

	December 31, 2001	December 31, 2000
Due from other banks	\$ 4,035,429	\$ 3,636,733
Overdraft by banks	1,069	25,813
Call loans to banks	95,984,110	83,720,406
Total	\$ 100,020,608	\$ 87,382,952

#### 4. Due from Central Bank of China (CBC)

The Bank maintains a deposit reserve with the Central Bank of China (CBC). As of December 31, 2001 and 2000, the reserve amounted to \$49,149,951 and \$46,203,880 respectively, of which \$24,114,601 and \$29,768,878 were class B reserve.

#### 5. Marketable Bills and Securities-net

	December 31, 2001	December 31, 2000	
Marketable securities	\$ 70,344,595	\$ 53,541,905	
Trading securities	14,077,493	7,420,197	
Acceptances	53,885	75,372	
Commercial papers	1,592,265	33,756,882	
Treasury bills		490,887	
Total	86,068,238	95,285,243	
Less: Allowance for decline of			
marketable bills and securities	(448,533)	(1,028,911)	
Net	\$ 85,619,705	\$ 94,256,332	

Marketable bills and securities, amounting to \$3,306,900 and \$2,038,300 as of December 31, 2001 and 2000, respectively, were placed as reserve for guarantee deposits.

#### 6. Receivables-net

	December 31, 2001	December 31, 2000
Accounts receivable	\$ 3,462,312	\$ 2,913,802
Accrued interest receivable	6,705,337	7,347,742
Customers' liabilities under acceptances	5,961,339	6,280,471
Accrued income	291,757	954,166
Net accounts receivable from buying		
forward contracts transactions	8,306,554	15,562,389
Other receivables	781,607	825,891
Total	25,508,906	33,884,461
Less: Allowance for doubtful accounts	(439,161)	(429,734)
Net	\$ 25,069,745	\$ 33,454,727

#### 7. Bills Purchased, Discounted and Loans-net

#### (1) Details:

	December 31, 2001	December 31, 2000	
Loans	\$ 804,729,754	\$ 797,612,700	
Bills discounted	4,140,711	5,393,728	
Bills purchased	47,306	88,543	
Inward documentary bills	121,793	93,855	
Outward documentary bills	3,376,102	4,264,395	
Total	812,415,666	807,453,221	
Less: Allowance for doubtful accounts	(1,269,447)	(1,024,251)	
Net	\$ 811,146,219	\$ 806,428,970	

#### (2) Details by sector (excluding bills purchased):

	December 31, 2001	December 31, 2000	
Domestic loans			
Private-held enterprises	\$ 440,902,353	\$ 430,676,420	
State-run enterprises	34,470,994	5,075,585	
Government	33,706,259	55,968,430	
Non-profit organizations	6,647,263	7,236,576	
Individuals	288,078,220	292,201,799	
Others	18,554,244	760,000	
Sub-total	822,359,333	791,918,810	
Oversea loans	75,217,530	78,679,927	
Total	\$ 897,576,863	\$ 870,598,737	

As of December 31, 2001, the total amount of loans on non-accrual status was \$78,674,110 and the estimated amount of non-accumulating interest was \$5,354,560.

#### (3) The allowance for doubtful accounts:

		2001	
	Unrecoverable risk for specific loans	Inherent risk for total loan portfolio	Total
Beginning balance	\$ 9,886,374	\$ 1,380,390	\$ 11,266,764
Provision charged	13,811,780	-	13,811,780
Write-offs	(14,715,307)	-	(14,715,307)
RTC's compensation for takeover of community			
financial institutions	2,967,966	-	2,967,966
Others	(1,138,368)	1,794,177	655,809
Ending balance	\$ 10,812,445	\$ 3,174,567	\$ 13,987,012
		2000	
		2000	
	Unrecoverable risk for specific loans	Inherent risk for total loan portfolio	Total
Beginning balance	\$ 8,265,134	\$ 2,107,343	\$ 10,372,477
Provision charged	14,386,612	-	14,386,612
Write-offs	(13,643,931)	-	(13,643,931)
Others	878,559	(726,953)	151,606
Ending balance	\$ 9,886,374	\$ 1,380,390	\$ 11,266,764

The above analysis comprises the accounts of loans, bills discounted, inward/outward documentary bills and accounts receivable overdue.

#### 8. Long-term Investments

#### (1) The details:

	De	December 31, 2001		December 31, 2000	
Long-term equity investments	\$	13,334,077	\$	10,537,432	
Long-term bond investments		1,053,128		157,613	
Total	\$	14,387,205	\$	10,695,045	

#### (2) Long-term equity investments:

	December 31, 2001		December 31, 2000	
		Percentage of		Percentage of
Name of investee	Amount	ownership	Amount	ownership
Equity method		· · · · · · · · · · · · · · · · · · ·		·
First Commercial Bank (USA)	\$ 1,100,522	100.00	\$ 1,004,904	100.00
East-Asia Real Estate				
Management Co., Ltd	16,027	30.00	20,682	30.00
FCB Leasing Co., Ltd	496,545	99.97	487,043	99.97
FCB Capital Management Co., Ltd	-	-	37,288	99.90
Central Bills Finance Corporation	1,230,773	24.88	1,312,073	24.88
First Insurance Agency Co., Ltd	50,000	100.00	-	-
Sub-total	2,893,867		2,861,990	
Lower of cost or market				
value method				
Taiwan Navigation Co., Ltd	-	-	42,979	1.88
The Ambassador Hotel Co., Ltd	-	-	52,327	1.93
Chang Hwa Commercial Bank	1,283,365	4.69	1,283,365	4.70
Hua Nan Commercial Bank	701,235	2.68	701,235	3.00
Chung Hsing Bills Finance Corp.	-	-	124,780	1.27
Taiwan Business Bank	1,481,574	7.04	1,481,574	6.51
Bank of Overseas Chinese	1	-	58,132	0.37
Taiwan Development & Trust Corp.	173,680	5.79	173,680	5.79
Others		_	900	
Sub-total Sub-total	3,639,855		3,918,972	
Cost method				
Ve Wong Co., Ltd	6	-	6,121	0.40
Taiwan Power Co.	2,187,531	0.84	2,187,531	0.84
Taiwan Sugar Corp.	124,120	0.75	124,120	0.75
China Daily News	1,800	1.72	1,800	1.72
Taiwan TV Ent. Ltd	96,506	7.25	96,506	7.25
Taiwan Stock Exchange Corp.	72,008	3.00	72,008	3.00
Tang Eng Iron Work Co.	492,680	7.04	492,680	7.04
China Chemical Synthesis Co., Ltd	9,763	1.06	9,763	1.06
Taipei Forex Incorp.	7,000	3.53	7,000	3.53
Lien An Co., Ltd	1,250	5.00	1,250	5.00
Taiwan Futures Exchange Corp.	20,000	1.00	20,000	1.00
CDIB & Partners Investment Holding Corporation	400,000	3.96	400,000	3.96
Financial Information Service	45 500	1 1 4	45.500	1 1 4
Co., Ltd	45,500	1.14	45,500	1.14
Everlight Investment Corp.	254,040	17.39	254,040	17.39
Capital Venture Fund II Corp.	30,000	5.00	30,000	5.00 4.88
Protec Capital Corp.  Taiwan Financial Asset Service	8,000	4.88	8,000	4.00
Corp.	50,000	2.94	_	-
Taiwan Asset Management Corp.	3,000,000	17.03	_	-
Others	151	-	151	_
Sub-total	6,800,355		3,756,470	
Total	\$ 13,334,077		\$ 10,537,432	

The amount of the investment income (loss) was recognized based on the investee's audited financial statements, which were audited by certified public accountant. The bank did not compile consolidated financial statements because none of its subsidiaries met the requirements for consolidation. The reason for non-compiling consolidated financial statements is as follows:

	Percentage of	fownership	
Name of subsidiaries	December 31, 2001	December 31, 2000	Description
First Commercial Bank (USA)	100.00%	100.00%	Total assets and operating revenue do not exceed 10% of the Banks' total assets and operating revenue.
FCB Leasing Co., Ltd	99.97%	99.97%	The same as above
FCB Capital Management Co., Ltd	-	99.90%	The same as above
First Insurance Agency Co., Ltd	100.00%	-	The same as above

Total assets and operating revenue of all the above subsidiaries do not exceed 30% of the Banks' total assets and operating revenue.

As of December 31, 2001 and 2000, long-term investment valued at the lower of cost or market value was as follows:

	December 31, 2001		December 31, 2000	
Cost	\$	3,639,855	\$	3,918,972
Market value	\$	5,775,154	\$	7,252,930

# 9. Fixed Assets-net

- (1) The Bank had revalued the land on July 1, 1956, 1964, 1968, 1975, 1980, 1987, 1990, 1992 and 1997, and certain buildings and equipment in 1961 and 1978 according to the regulations of the authorities. The revaluation increment has been recorded as addition of assets and capital surplus respectively.
- (2) As of December 31, 2001 and 2000, net values (after deducting related accumulated depreciation) of non-operating land and buildings, amounted to \$5,774,959 and \$6,025,536 respectively, were classified as other assets accounts.
- (3) As of December 31, 2001 and 2000, the balances of revaluation increment of land and buildings, booked in the accounts of fixed assets and other assets, amounted to \$17,070,367 and \$17,115,763 respectively. The balances of reserve for land value increment tax, which amounted to \$9,271,190 and \$9,296,389, were credited to long-term liabilities account in accordance with the "Regulations for Stock Issuers in the Preparation of Financial Statements".
  - (4) As of December 31, 2001 and 2000, no fixed assets (including operating and non-operating) have been provided as guarantee or collateral.

(5) The insurance coverage on fixed assets amounted to \$8,611,747 and \$9,102,938 as of December 31, 2001 and 2000 respectively.

# 10. Other Assets

	December 31, 2001	December 31, 2000
Non-operating fixed assets		
Cost		
Land	\$ 145,289	\$ 284,242
Buildings	736,466	839,776
Others	8,996	9,006
Sub-total	890,751	1,133,024
Revaluation increment	5,082,901	5,083,466
Total cost and revaluation increment	5,973,652	6,216,490
Less: accumulated depreciation	(198,693)	(190,954)
Net	5,774,959	6,025,536
Accounts receivable overdue-net		
Accounts receivable overdue	85,208,503	63,234,059
Less: Allowance for doubtful accounts	(12,717,565)	(10,242,513)
Net	72,490,938	52,991,546
Deferred assets		
Deferred income tax assets	2,001,829	2,017,675
Other deferred charges	1,846,946	3,708,508
Sub-total Sub-total	3,848,775	5,726,183
Refundable deposits	1,060,383	845,010
Pledged properties and salvage taken-over	1,356,377	1,646,807
Miscellaneous assets	92,615	68,029
Intangible assets-computer softwares	56,640	65,535
Other assets to be adjusted	197,417	
Total	\$ 84,878,104	\$ 67,368,646

The Ministry of Finance approved the Bank's takeover of five credit departments of Farmers' and Fishermen's Associations in Tainan county effective September 14, 2001. The acquired assets together with the indebtedness were transferred to the Bank. The RTC fund has partially reimbursed the losses suffered by the Bank. The remaining parts of disputed assets and liabilities, under investigation, have been temporarily booked in "other assets to be adjusted" and "other liabilities to be adjusted" respectively. Once all the problems are clarified and settled by the authorities, they will be transferred to appropriate accounts and the deficit will be compensated by the fund as well.

# 11. Due to Banks

	December 31, 2001	December 31, 2000	
Due to other banks	\$ 2,017,120	\$ 3,301,694	
Overdraft on banks	2,540,969	3,043,845	
Call loans from banks	70,033,857	82,797,611	
Total	\$ 74,591,946	\$ 89,143,150	

# 12. Payables

	December 31, 2001	December 31, 2000
Accounts payable	\$ 15,252,637	\$ 22,097,855
Interest payable	6,556,670	9,212,137
Acceptances	6,126,750	6,434,204
Short sale margin deposits	71,587	58,361
Forward foreign currency contract payable	8,220,364	15,266,201
Collection for customers	607,743	825,913
Accrued expenses	2,357,658	1,992,179
Dividends payable	233,719	201,635
Taxes payable	262,748	403,622
Short sale proceeds payable	77,839	48,723
Other payables	6,226,605	3,660,659
Total	\$ 45,994,320	\$ 60,201,489

# 13. Deposits and Remittances

	December 31, 2001	December 31, 2000
Checking account deposits	\$ 46,136,676	\$ 44,306,526
Demand account deposits	131,731,367	111,617,580
Time deposits	270,070,445	287,512,137
Negotiable certificates of deposit	11,925,600	15,258,300
Savings account deposits	585,407,259	520,227,283
Remittances and drafts issued	76,201	72,565
Remittances outstanding	776,079	1,043,623
Total	\$ 1,046,123,627	\$ 980,038,014

#### 14. Bank Debentures

The Board of Director's meeting on June 22, 2001 resolved the issuance of bank debenture of NT\$50 billion to strengthen the Bank's capital adequacy ratio and finance the long-term fund for operations. The issuance of the bank debenture was approved by the Ministry of Finance on July 10, 2001. The pricing for each tenor will be determined by reference to the market conditions, interest rate level and the Bank's financial status. The first issuance of sub-debt for NT\$10 billion had been completed on September 12, 2001 at an annual fixed rate of 4%.

# 15. Long-term Liabilities

	December 31, 2001		December 31, 2000	
Reserve for land value increment tax	\$	9,271,190	\$	9,296,389
Appropriation for loans fund		826,584		891,408
Accrued pension liabilities		839,193		656,261
Total	\$	10,936,967	\$	10,844,058

# 16. Other Liabilities

	December 31, 2001		December 31, 2000	
Reserve for losses on guarantees	\$	401,103	\$	416,889
Reserve for securities trading losses		200,000		114,050
Reserve for default losses		34,824		29,842
Reserve for contingencies		14,532		11,245
Guarantee deposits received		1,122,936		1,205,531
Clearing accounts and others		101,586		27,437
Other liabilities to be adjusted		171,731		<u>-</u>
Total	\$	2,046,712	\$	1,804,994

# 17. Income Tax

The Bank is subject to the ROC income tax at a maximum rate of 25%. The differences between "expected" income tax rate at statutory income tax rate and the estimated income tax rate as reported in the accompanying financial statements, are summarized as follows:

# (1) Income tax reconciliation:

	December 31, 2001	December 31, 2000
Tax calculated per taxable income	\$ -	\$ -
Decrease (increase) in deferred income		
tax assets	15,846	(945,758)
Interest income separately taxed	335,121	990,123
Taxation on offshore entities	3,722	790,789
Over-provision of income tax in prior year	(326,268)	-
Others	388,464	20,147
Income tax expenses	\$ 416,885	\$ 855,301

# (2) Deferred income tax assets (net):

As of December 31, 2001 and 2000, the income tax effects of temporary differences that gave rise to separate portions of the deferred tax assets and liabilities were as follows:

	December 31, 2001	December 31, 2000
Investment gain under equity method	\$ (10,815)	\$ (3,959)
Allowance for doubtful accounts over tax limitation	118,153	347,829
Allowance for decline of marketable value in securities	64,339	_
Unrealized loss on reserves	39,908	113,782
Employees benefit expense provided from		
the capital increase	10,263	20,525
Tax credit and loss carry forward	2,799,967	2,016,230
Offshore entities	141,594	223,268
Sub-total	3,163,409	2,717,675
Allowance for deferred income tax assets	(1,161,580)	(700,000)
Deferred income tax assets-net	\$ 2,001,829	\$ 2,017,675

(3) As of December 31, 2001, the investment tax credit available to the Bank was as follows:

	Amount		Available period (year)
Research & development	\$	85,648	2001-2006
Training cost		55,606	2001-2006
	\$	141,254	

- (4) The ROC tax authorities have examined and assessed the Bank's income tax returns through 1999, but the withheld tax on bonds' interest income was disallowed to credit for the year ended December 31, 1999 and for the period from July 1, 1998 to December 31, 1998, amounting to \$100,141 and \$19,477. The bank is in the process of appealing and no provision of tax liabilities has been made in the accompanying financial statements as the management believes that the Bank will ultimately prevail.
- (5) The Bank changed its fiscal year ended to December 31, starting in 1999. As a result of that, the earnings for the period from July 1 to December 31, 1998 were combined with the earnings for the year ended on December 31, 1999, distributed as dividends or retained for the fiscal year of 1999. As of December 31, 2001 and 2000, the balances of unappropriated retained earnings were as follows:

	December 31, 2001		December 31, 2000	
June 30, 1998 and before	\$	1,538,423	\$	1,538,423
July 1, 1998 and after		3,201,332		4,282,918
	\$	4,739,755	\$	5,821,341

# (6) Imputed credit account system and related information

	December 31, 2001	December 31, 2000
Imputed tax credits for shareholders	\$ 199,097	\$ 542,522
	December 31, 2001	December 31, 2000
Imputed tax credit rate of actual (estimated) earnings appropriation	6.22% (estimated)	19.34% (actual)

The imputed tax credit rate is calculated on the balance of shareholder's imputed tax credit account. However, if the entities distribute the retained earnings after the year 1998, the date of calculation should be on the date of dividend distribution.

#### 18. Pension Plan

The Bank was privatized on January 22, 1998. In accordance with "Regulations of State-Run Enterprises Transformed into Private-Held Companies", employee service compensation cost was calculated as of January 21, 1998 based on service years, plus additional one month salary of the employees who have decided to retire. After deducting retirement fund and accrued pension cost, the employee service compensation cost is recorded as deferred employee benefit compensation. In 2001 the liabilities not yet phased in amounted to \$1,844,972. The Bank adopted the employee retirement plan in accordance with the 'Labor Standards Law' after privatization in 1998. To meet this benefit obligation, the Bank makes monthly contribution of 8% of wages and salaries to pension fund.

The Bank adopted ROC Financial Accounting Standards No.18, "Accounting of Pension Cost" effective from year 1996 to account the employee retirement benefit. The Bank has computed the actuarial of employment liability as at the balance date as the measurement date, and recorded the minimum liability accordingly.

Net periodic pension cost in year 2001 and 2000 was as follows:

Decen	December 31, 2001		nber 31, 2000
\$	571,072	\$	505,027
	94,893		60,751
	(40,971)		(32,106)
	(21,271)		(14,375)
\$	603,723	\$	519,297
	\$	\$ 571,072 94,893 (40,971) (21,271)	\$ 571,072 \$ 94,893 (40,971) (21,271)

The reconciliation of funded status of pension plan to balance sheet amounts as of December 31, 2001 and 2000 was as follows:

	2001		2000
Benefit obligations:			
Vested benefit obligation	\$	777,715	\$ 713,460
Nonvested benefit obligation		567,064	360,970
Accumulated benefit obligation		1,344,779	1,074,430
Additional benefit based on future salaries		515,462	 519,134
Projected benefit obligation		1,860,241	1,593,564
Fair value of plan assets		(1,222,062)	 (896,836)
Funded status		638,179	696,728
Unrecognized net obligations at transition		-	-
Unrecognized net (loss) gain		175,361	(65,715)
Additional liabilities			-
Accrued pension liabilities	\$	813,540	\$ 631,013

Assumptions used in accounting for the pension plan were as follows:

	2001	2000
Discount rates	5.00%	6.00%
Rates of increase in compensation levels	3.00%	4.00%
Expected long-term rate of return on pension plan assets	5.00%	6.00%

#### 19. Stockholders' Equity

# (1) Capital increase

On May 18, 2001, the stockholders' meeting resolved to increase issued capital by issuing 193,115,000 shares at par value NT\$10 through transfers of retained earnings, capital surplus and employee bonus amounting to \$907,122, \$907,121 and 116,902, respectively. As such capital increase, total issued capital amounted to \$38,216,000. This issuance of additional shares has been approved by the Securities & Futures Commission of the Ministry of Finance on June 8, 2001 and registered on August 21, 2001 with the approval of Ministry of Economic Affair.

On June 3, 2000, the stockholders' meeting resolved to increase issued capital by issuing 353,898,835 shares at par value NT\$10 through transfers of retained earnings, capital surplus and employee bonus amounting to \$2,619,669, \$654,917 and 264,402, respectively. As such capital increase, total issued capital amounted to \$36,284,855. This issuance of additional shares has been approved by the Securities & Futures Commission of the Ministry of Finance on July 12, 2000 and registered on September 11, 2000 with the approval of Ministry of Economic Affair.

# (2) Capital surplus

Revenue surplus includes gains on disposal of fixed assets, net of tax. The surplus from revaluation of fixed assets are recorded as fixed assets revaluation increment reserve.

According to the Company Law, the capital surplus should not be debited unless resolved by the shareholders meeting for the purpose of transferring to capital or offsetting the deficit resulting from the fact that the legal reserve is unable to cover the accumulated deficits.

# (3) Legal reserve

Pursuant to the Banking Law, banks should retain 30% of their net income as legal reserve until the accumulated reserve has reached the amount of its share capital before the earnings appropriation, and according to the Company Law, the said legal reserve can only be used to offset accumulated deficits. However, when the accumulated reserves have reached up to one half of share capital, a 50% or lower percentage of legal reserve can be capitalized under a resolution of shareholders' meeting.

# (4) Distribution of retained earnings and dividend policy

## (a) Distribution of retained earnings

As stipulated in the Bank's articles, the annual net income (after income tax) should be used to offset accumulated deficit first, then a provision of 30% of the annual net income should be set aside as legal reserve, the Bank can also set aside a special reserve for specific business purposes. The remaining earnings are to be distributed as follows: (1) 1% to 8% as bonus to employees (2) 1% as remuneration to directors and supervisors and (3) dividends to shareholders. Employee's bonus may be distributed by means of new-issued shares totally or partially.

#### (b) Dividend policies for the future three years

In order to increase the capital adequacy ratio and enhance the Bank's competition, the dividend policies for the Bank are as follows:

- i) If the Bank's capital adequacy ratio falls below 10%, the cash dividend should not exceed \$0.6 per share, the others will be distributed by stock dividend.
- ii) If the Bank's capital adequacy ratio exceeds 10%, distribution of dividends will be half by way of cash dividend and half by way of stock dividend.

However, if the legal reserve is less than the capital or the capital adequacy ratio is below the set ratio regulated by the Banking Law, the maximum amount of cash dividend distribution has to be subject to the stipulations set by the Banking Law and the governing authorities.

#### (5) Capital adequacy ratio

As of December 31, 2001, the capital adequacy ratio of the Bank was 9.28%.

# 20. Related Party Transactions

(1) Details of the related parties

Names of related parties	Nature of relationship
East-Asia Real Estate Management Co., Ltd	Investee of the Bank accounted for under the equity method
Central Bills Finance Corporation	Investee of the Bank accounted for under the equity method
First Commercial Bank (USA)	Investee of the Bank accounted for under the equity method
Directors, supervisors, president, executive vice presidents, general managers, relatives within second degree of kinship and the aforementioned parties.	The Bank's primary stockholders, directors, supervisors, president, executive vice presidents, general managers, relatives within second degree of kinship and the aforementioned parties, etc.
Bank of Taiwan	The Bank's Director
Hua Nan Commercial Bank, Ltd.	The Bank's Director
FCB Capital Management Co., Ltd.	Subsidiary of the Bank
FCB Leasing Co., Ltd.	Subsidiary of the Bank
Franklin Templeton First Taiwan Securities Investment Trust Enterprise-incorporation phase	Subsidiary of the Bank

# (2) Major transactions with the related parties

(a) As of December 31, 2001 and 2000, the total deposit amounts of the aforementioned parties were \$8,210,211 and \$5,990,506 respectively, which represent 0.79% and 0.61% respectively vis-a-vis the Bank's total deposits. The total amounts of used credit lines for the aforementioned parties were \$25,865,458 and \$24,940,634 respectively, which represent 3.21% and 3.09% respectively vis-a-vis the Bank total amounts in used credit lines. The above related-party transactions were not stated individually as it is not significant. The interest rates on deposit and lending to related parties are in accordance with the regulation of Central Bank of China which is the same as the other customers.

# (b) Short-term financing

		December 31, 2001		December 31, 2000		
		Maximum Ending balance balance		Maximum balance	Ending balance	
Franklin Ter	npleton First Taiwan					
Securities In	vestment Trust Enterprise	5,000	5,000	4,000	4,000	
FCB Leasin	ng Co., Ltd.	399,000	399,000			

# (3) Rental income

	December 31, 2001		December 31, 200	
East-Asia Real Estate Management Co., Ltd	\$	2,614	\$	3,659
FCB Leasing Co., Ltd		4,058		3,812
FCB Capital Management Co., Ltd.				1,187
Total	\$	6,672	\$	8,658

East Asia Real Estate Management Co., Ltd and FCB Leasing Co., Ltd effected payment by checks monthly; and FCB Capital Management Co., Ltd paid cash to settle their rental obligations monthly.

# 21. Pledged Assets

The balances of assets with restrictions on use as of December 31, 2001 and 2000 were as follows:

	December 31, 2001	December 31, 2000
Restricted purpose deposit reserve with Central Bank	\$ 24,114,601	\$ 29,768,878
Marketable bills and securities	3,664,100	2,038,300
Refundable deposits	1,060,383	845,010
Total	\$ 28,839,084	\$ 32,652,188

# 22. Maturity Analysis of Assets and Liabilities

	Within one year		Over one-year		Total	
Assets						
Due from banks	\$	99,390,482	\$	630,126	\$	100,020,608
Due from Central Bank		59,555,952		-		59,555,952
Marketable bills and securities		21,425,028		64,643,210		86,068,238
Bills purchased, discounted and loans		428,142,428		384,273,238		812,415,666
Total	\$	608,513,890	\$	449,546,574	\$	1,058,060,464
Liabilities						
Due to Central Bank	\$	687,540	\$	-	\$	687,540
Due to banks		73,961,820		630,126		74,591,946
Deposits and remittances		865,001,501		169,197,126		1,034,198,627
Negotiable certificates of deposit		11,449,000		476,000		11,925,000
Bank debentures		-		10,000,000		10,000,000
Funds borrowed from banks and Central Bank		556,187		-		556,187
Total	\$	951,656,048	\$	180,303,252	\$	1,131,959,300

# 23. Interest-bearing Assets and Liabilities

The average amount and average rate of interest-bearing assets and liabilities which is calculated on a daily basis were as follows:

	December 31, 2001			
NT\$,000	Average amount	Average rate		
Assets				
Time deposits purchased	\$ 37,619,308	3.71%		
Due from banks	166,041,565	3.83%		
Due from Central Bank	45,791,387	2.49%		
Marketable bills and securities-net	131,619,573	7.77%		
Bills purchased, discounted and loans	775,345,168	6.80%		
Liabilities				
Due to Central Bank	\$ 2,631,585	3.12%		
Due to banks	191,114,459	3.82%		
Deposits and remittances	934,626,718	3.60%		
Negotiable certificates of deposit	13,696,026	4.01%		

# 24. Commitments and Contingent Liabilities

(1) As of December 31, 2001 and 2000 the details of the commitments and contingent liabilities of the Bank were as follows:

	December 31, 2001	December 31,2000
Trust liabilities and securities under custody for customers payable	\$ 539,372,626	\$ 345,013,158
Travelers' checks consignment-in	952,601	1,021,032
Collections payable for customers	149,356,954	166,425,741
Liabilities on jointing loans	10,714,505	9,279,350
Guarantees	33,258,191	36,663,666
Unused letters of credit	17,807,396	23,017,190
Commitments on guarantee notes	9,779,852	10,586,766
Management of book-entry for government bonds	53,818,800	38,155,300
RP commitments	28,683,957	26,139,061
RS commitments	740,463	14,760,161

(2) As of December 31, 2001 and 2000, the Bank has signed \$1,616,010 and \$1,201,136 premises construction contracts and paid \$1,206,341 and \$610,292, respectively, which were included in "prepayments on purchases of equipment and construction in process" account.

#### (3) Leases

The Bank has entered into long-term leases for the rental of real estate and other equipment. Significant provisions of the contracts are summarized as follows:

- a) Lease periods range from 1-10 years on annual payment terms.
- b) The Bank is not allowed to sublease the premise partly or entirely without the written consent of landlords.
- c) Domestic rental payment shall be adjusted according to the consumer price index or other index promulgated by the authorities.

As of December 31, 2001, the estimated future lease payments under the lease contracts were as follows:

2002 \$481,678 2003 \$371,281 2004 \$265,463 2005 \$168,408 2006 \$70,333

#### 25. Financial Instruments

#### (1) Derivatives

(a) The contract amount and credit risk

	Decembe	December 31, 2001		31, 2000
	Contact Credit risk amount amount		Contact amount	Credit risk amount
Trading purpose				
Forward contracts	\$ 22,949,397	\$ 145,589	\$ 11,969,141	\$ 170,007
Non-trading purpose				
FX swap contracts	20,325,767	202,889	12,722,625	368,883
Interest rate swap contracts	2,356,871	7,342	1,621,588	241
Cross currency swap contracts	3,474,187	-	576,400	-
Option contracts	3,400,153	-	-	-

Note: The above credit risk is calculated based on the outstanding contracts with positive fair value at the balance sheet date, which represents the possible losses in the event of non-performance by the counterparty to the transactions.

Before conducting any transactions with customers, the Bank will review the individual customer's credit history and credit rating, as well as approve the financial instrument arrangements with corresponding credit limits. Collateral requirements are made and guarantee deposits are demanded on case-by-case evaluation of each customer's credit performance in order to offset each customer's realized or future potential losses.

For financial institution, the Bank extends the credit exposure based upon an evaluation of its worldwide ranking and reputation. Most of the counterparties deserve the investment grade credit standing, thereby the Bank believes any risk of non-performance remains minimal.

# (b) Market risk and cash flow risk

Derivative instruments held by the Bank are used primarily for the purposes of hedging against exchange rate and interest rate risks arising from the Bank's assets and liabilities. The majority of the derivative positions has been offset by the opposite trades together with a restricted stop-loss guideline. No significant gains or losses or cash flow effect would arise from fluctuations in foreign exchange rates or interest rates.

The expected future cash flows need for the settlements of the Bank's derivative contracts are as follows:

	December 31, 2001			
	Cash inflow			Cash outflow
Trading purpose	\$	22,531,497	\$	22,445,614
Non-trading purpose		20,365,137		20,290,252

The contract prices, books values and estimated fair values of the Bank's outstanding forwards contracts and FX swap contracts outstanding as of December 31, 2001 and 2000 were as follows:

	December 31, 2001		
	Contact amount	Book value	Fair value
Forward contracts	\$ 22,949,397		
Assets: Forward exchange proceeds receivable -foreign currencies		\$ 11,566,699	\$ 11,566,699
Assets: Forward exchange proceeds receivable		11,382,698	11,382,698
Liabilities: Forward exchange settlement payable -foreign currencies		13,144,339	13,144,339
Liabilities: Forward exchange settlement payable		9,721,443	9,721,443
FX swap contracts	\$ 20,325,767		
Assets: Forward exchange			
proceeds receivable -foreign currencies		6,913,679	6,913,679
Assets: Forward exchange proceeds receivable		13,412,088	13,412,088
Liabilities: Forward exchange settlement payable -foreign currencies		18,252,350	18,252,350
Liabilities: Forward exchange settlement payable		1,914,168	1,914,168

	December 31, 2000		
	Contact amount	Book value	Fair value
Forward contracts	\$ 11,969,141		
Assets: Forward exchange proceeds receivable -foreign currencies		\$ 6,433,991	\$ 6,433,991
Assets: Forward exchange proceeds receivable		5,535,150	5,535,150
Liabilities: Forward exchange settlement payable -foreign currencies		7,142,224	7,142,224
Liabilities: Forward exchange settlement payable		4,737,390	4,737,390
FX swap contracts	\$ 12,722,625		
Assets: Forward exchange proceeds receivable -foreign currencies		12,421,095	12,421,095
Assets: Forward exchange proceeds receivable		301,530	301,530
Liabilities: Forward exchange settlement payable -foreign currencies		12,522,423	12,522,423

# (2) Non-derivatives

The fair values of non-derivative financial instruments as of December 31, 2001 and 2000 were as follows:

	December	31, 2001	December 31, 2000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Book value equivalent to				
fair value	\$ 1,125,412,491	\$ 1,125,412,491	\$ 1,066,655,434	\$ 1,066,655,434
Marketable securities	85,619,705	85,619,705	94,256,332	94,256,332
Long-term investments	13,334,077	15,469,376	10,537,432	19,301,049
Financial liabilities				
Book value equivalent to				
fair value	1,170,856,192	1,170,856,192	1,119,187,139	1,119,187,139

(3) The fair values of off-balance-sheet items:

	December 31, 2001	December 31, 2000
Loan commitments	\$ 29,132,090	\$ 28,710,784
Credit card commitments	70,192,830	44,837,830
Guarantees and letters of credit	51,065,587	59,680,857

Not all the above commitments will be realized and therefore they do not represent and equally generate the actual cash flow. The bank has performed strict integrity verification and obtained reasonable guarantees or mortgage pledges before approving the facilities.

# 26. Segment Information

- (1) The bank is solely engaged in banking business, and is therefore not required to provide industry segment information.
- (2) None of the operating revenue and any individual customer constituted more than 10% of the Bank's total operating revenue in 2001 and 2000.
- (2) The financial information by areas is summarized as exhibited below.

# Exhibit Financial Information by Areas

for the years ended December 31, 2001 and 2000

NT\$,000			20	01			
		Domestic	Foreign		Adjustments and write-offs		Total
Segment revenue from unaffiliated customers	\$	63,680,133	\$ 10,266,342	\$	-	\$	73,946,475
Inter-segment revenue (Note 1)		1,826,827	640,972		(2,467,799)		<u>-</u>
Total operating revenue of segment	\$	65,506,960	\$ 10,907,314	\$	(2,467,799)	\$	73,946,475
Operating profit of segment	\$	4,198,372	\$ 212,259	\$	-	\$	4,410,631
Investment revenue							619,319
Other income							2,643,421
Other expenses (Note 2)							(4,105,876)
Income before income tax						\$	3,567,495
Identifiable assets (Note 3)	\$1	,028,456,332	\$ 148,087,253	\$	(68,383,685)	\$	1,108,159,900
Long-term investments							14,387,205
							153,596,025
Other assets						_	
Other assets Total assets						\$	1,276,143,130
		Domostia	200		Adjustments	\$	
Total assets	_	Domestic	200 Foreign	A	Adjustments and write-offs	\$	1,276,143,130  Total
Total assets	\$	Domestic 70,280,789	\$	A		\$	
Total assets  NT\$,000	\$		\$ Foreign	A a		_	Total
Total assets  NT\$,000  Segment revenue from unaffiliated customers	\$	70,280,789	\$ Foreign 11,831,049	A a	and write-offs	_	Total
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1)	_	70,280,789 573,218	Foreign 11,831,049 1,643,710	\$	- (2,216,928)	\$	Total 82,111,838
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1) Total operating revenue of segment	\$	70,280,789 573,218 70,854,007	\$ Foreign 11,831,049 1,643,710 13,474,759	\$ \$	- (2,216,928)	\$	Total  82,111,838  - 82,111,838
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1) Total operating revenue of segment Operating profit of segment	\$	70,280,789 573,218 70,854,007	\$ Foreign 11,831,049 1,643,710 13,474,759	\$ \$	- (2,216,928)	\$	Total  82,111,838  -  82,111,838  5,080,312
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1) Total operating revenue of segment Operating profit of segment Investment revenue Other income Other expenses (Note 2)	\$	70,280,789 573,218 70,854,007	\$ Foreign 11,831,049 1,643,710 13,474,759	\$ \$	- (2,216,928)	\$ \$	Total  82,111,838  - 82,111,838  5,080,312 2,000,029 1,496,855 (3,559,823)
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1) Total operating revenue of segment Operating profit of segment Investment revenue Other income Other expenses (Note 2) Income before income tax	\$	70,280,789 573,218 70,854,007 4,036,542	\$ Foreign  11,831,049 1,643,710 13,474,759 1,043,770	\$ \$ \$	- (2,216,928) (2,216,928) 	\$ \$ \$	Total  82,111,838  -  82,111,838  5,080,312  2,000,029  1,496,855  (3,559,823)  5,017,373
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1) Total operating revenue of segment Operating profit of segment Investment revenue Other income Other expenses (Note 2) Income before income tax Identifiable assets (Note 3)	\$	70,280,789 573,218 70,854,007	\$ Foreign 11,831,049 1,643,710 13,474,759	\$ \$ \$	- (2,216,928)	\$ \$ \$	Total  82,111,838  - 82,111,838  5,080,312 2,000,029 1,496,855 (3,559,823) 5,017,373 1,098,849,262
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1) Total operating revenue of segment Operating profit of segment Investment revenue Other income Other expenses (Note 2) Income before income tax Identifiable assets (Note 3) Long-term investments	\$	70,280,789 573,218 70,854,007 4,036,542	\$ Foreign  11,831,049 1,643,710 13,474,759 1,043,770	\$ \$ \$	- (2,216,928) (2,216,928) 	\$ \$ \$	Total  82,111,838
NT\$,000  Segment revenue from unaffiliated customers Inter-segment revenue (Note 1) Total operating revenue of segment Operating profit of segment Investment revenue Other income Other expenses (Note 2) Income before income tax Identifiable assets (Note 3)	\$	70,280,789 573,218 70,854,007 4,036,542	\$ Foreign  11,831,049 1,643,710 13,474,759 1,043,770	\$ \$ \$	- (2,216,928) (2,216,928) 	\$ \$ \$ \$	Total  82,111,838  - 82,111,838  5,080,312 2,000,029 1,496,855 (3,559,823) 5,017,373 1,098,849,262

 $Notes: 1. \ The \ inter-segment \ revenue \ includes \ the \ interest \ income \ from \ inter-segment \ and \ other \ internal \ income.$ 

- 2. The other expenses include administrative expenses and other general expenses.
- 3. The identifiable assets are those tangible and intangible enterprise assets that are used by the industry segment.
- 4. The inter-segment operating profit, amounting to \$2,467,799 and \$2,216,928 as of December 31, 2001 and 2000 respectively, are listed on the "adjustments and write-offs" column to reconcile the segment financial information with the relevant figures on the financial statements.

# **Independent Auditors' Report**

# To the Board of Directors and Shareholders of First Commercial Bank Co., Ltd.

We have audited the accompanying balance sheet of First Commercial Bank Co., Ltd. (the "Bank") as of December 31, 2001 and 2000 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and "Guidelines for Certified Public Accountants' Examinations and Reports on Financial Statements of Financial Industry" 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. Our 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis of our opinion.

In our opinion, the financial statements referred above present fairly, in all material respects, the financial position of First Commercial Bank Co., Ltd. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the years then ended in conformity with the Guidelines for Preparation of Financial Reports by Securities Firms and generally accepted accounting principles in the Republic of China.

Morison Morn & Concord CAS.

Morison Moon & Concord CPAs

March 1, 2002

# Foreign Correspondent Banks Abroad

Total Correspondent Banks: 1553		
Europe: 517 North America: 266		
Asia: 550	Central & South America: 49	
Middle & Near East: 74	Oceania: 64	
Africa: 33		





# **Appointed Offices Handling International Business**

# **International Department**

3Fl. & 4Fl. 30, Chung King S. Rd., Sec. 1,

Taipei 100, Taiwan P.O.Box 395, Taipei Telex: 11310 FIRSTBK Tel: (2)2348-1111

Fax: (2)2331-3205 (Remittance Division) (2)2371-7424 (Import Division)

(2)2361-0036 (Correspondent Bkg Division)

SWIFT: FCBKTWTP

# **Offshore Banking Branch**

5Fl. 30, Chung King S. Rd., Sec. 1, Taipei 100, Taiwan Telex: 24472 FIRSTBK

Tel: (2)2348-1111 Fax: (2)2331-6962

SWIFT: FCBKTWTPOBU

# **Business Department**

1&2 Fl. 30, Chung King S. Rd., Sec. 1, Taipei 100, Taiwan Tel: (2)2348-1111 Fax: (2)2375-1445

#### An-Ho Branch

184, Hsin-Yi Rd., Sec.4, Taipei 106, Taiwan Tel: (2)2325-6000 Fax: (2)2325-4012

# **Chang-Chun Branch**

169, Fu Hsin N. Rd., Taipei 105, Taiwan Tel: (2)2719-2132 Fax: (2)2719-3388

# **Chang-Hua Branch**

176, Chung Hua Rd., Chang Hua City, Chang Hua Hsien 500, Taiwan Tel: (4)723-2161 Fax: (4)722-8970

#### **Cheng-Tung Branch**

103, Nanking E. Rd., Sec. 3, Taipei 104, Taiwan Tel: (2)2506-2881 Fax: (2)2508-4925

# **Chi-Cheng Branch**

508, Chung Cheng Rd., Hsin Tien City 231, Taiwan Tel: (2)2218-4651 Fax: (2)2218-6107

#### Chia-Yi Branch

307, Chung Shan Rd., Chia Yi City 600, Taiwan Tel: (5)227-2111 Fax: (5)227-1280

#### **Chien-Cheng Branch**

40, Cheng Teh Rd., Sec. 1, Taipei 102, Taiwan Tel: (2)2555-6231 Fax: (2)2556-3022

# Chien-Kuo Branch

161, Min Sheng E. Rd., Sec. 2, Taipei 104, Taiwan Tel: (2)2506-0110 Fax: (2)2505-1131

# Chu-Ko Branch

273, Kwang Fu Rd. Sec. 1, Hsin-Chu 300, Taiwan Tel: (3)563-7111 Fax: (3)563-7001

# **Chung-Ho Branch**

152, Chung Shan Rd., Sec. 2, Chung Ho City, Taipei Hsien 235, Taiwan Tel: (2)2249-5011 Fax: (2)2248-7769

#### Chung-Hsiao-Road Branch

94, Chung Hsiao E. Rd., Sec. 2, Taipei 100, Taiwan Tel: (2)2341-6111 Fax: (2)2394-2523

# **Chung-Kang Branch**

60-7, Taichung Kang Rd., Sec. 2. Taichung 407, Taiwan

Tel: (4)2313-6111 Fax: (4)2313-1034

# **Chung-Li Branch**

146, Chung Cheng Rd., Chung Li City, Tao Yuan Hsien 320, Taiwan Tel: (3)422-5111 Fax: (3)425-8001

# **Chung-Lun Branch**

188, Nanking E. Rd., Sec. 5, Taipei 105, Taiwan Tel: (2)2760-6969 Fax: (2)2766-5466

# **Chung-Shan Branch**

61, Chung Shan N. Rd., Sec. 2, Taipei 104, Taiwan Tel: (2)2521-1111 Fax: (2)2537-4941

# Feng-Yuan Branch

423, Chung Shan Rd., Feng Yuan City Taichung Hsien 420, Taiwan Tel: (4)2522-5111 Fax: (4)2523-3014

#### **Fu-Shing Branch**

303, Chung Hsiao E. Rd., Sec. 3, Taipei 106, Taiwan Tel: (2)2772-2345 Fax: (2)2741-7401

# **Hsi-Chih Branch**

280, Ta Tung Rd., Sec. 1, Hsi Chih, Taipei Hsien 221, Taiwan Tel: (2)2647-1688 Fax: (2)2647-1116

# Hsi-Nei-Hu Branch

388, Nei Hu Rd. Sec.1, Taipei 114, Taiwan Tel: (2)8797-8711 Fax: (2)8797-7969

#### **Hsi-Tainan Branch**

161, Chung Cheng Rd., Tainan 700, Taiwan Tel: (6)223-1141 Fax: (6)226-0283

#### **Hsin-Chu Branch**

3, Ing-Ming St., Hsin Chu 300 P.O.Box 30, Hsin Chu, Taiwan

Telex: 33583 FCB HC

Tel: (3)522-6111 Fax: (3)524-4822

SWIFT: FCBKTWTP301

#### **Hsin-Chuang Branch**

316, Chung Cheng Rd., Hsin Chuang City, Taipei Hsien 242, Taiwan

Tel: (2)2992-9001 Fax: (2)2996-9658

# **Hsin-Hsing Branch**

17, Chung Cheng Fourth Rd., Kaohsiung 800 Taiwan

Tel: (7)271-9111 Fax: (7)251-1873

#### **Hsin-Tien Branch**

134, Chung Hsing Rd., Sec. 3, Hsin-Tien, Taipei Hsien 231, Taiwan

Tel: (2)2918-1835 Fax: (2)2918-6295

#### Hsin-Yi Branch

168-170, Hsin Yi Rd. Sec. 2, Taipei 106, Taiwan Tel: (2)2321-6811 Fax: (2)2392-9415

#### Jen-Ho Branch

376, Jen Ai Rd., Sec. 4, Taipei 106, Taiwan Tel: (2)2755-6556 Fax: (2)2707-3755

#### **Kaohsiung Branch**

28, Min Chyuan 1st Rd., Kaohsiung 802 P.O.Box 16, Kaohsiung, Taiwan

Telex: 81936, 72470 FBTKAO Tel: (7)335-0811 Fax: (7)336-7473

SWIFT: FCBKTWTP701

# **Keelung Branch**

103, Hsiao 3rd Rd., Keelung 200, Taiwan Tel: (2)2427-9121 Fax: (2)2427-9132

#### **Ku-Ting Branch**

50, Roosevelt Rd., Sec. 3, Taipei 100, Taiwan Tel: (2)2369-5222 Fax: (2)2368-1472

#### **Kwang-Fu Branch**

16, Kwang Fu N. Rd., Taipei 105, Taiwan Tel: (2)2577-3323 Fax: (2)2577-4641

# Ling-Ya Branch

61, Wu Fu San Rd., Kaohsiung 801, Taiwan Tel: (7)282-2111 Fax: (7)201-8854

# **Lu-Kang Branch**

301, Chung Shan Rd., Lu-Kang Chang Hua Hsien 505, Taiwan Tel: (4)777-2111 Fax: (4)777-8285

#### **Min-Chuan Branch**

365, Fu Hsin N. Rd., Taipei 105, Taiwan Tel: (2)2719-2009 Fax: (2)2719-8346

#### **Min-Sheng Branch**

134, Min Sheng E. Rd., Sec. 3, Taipei 105, Taiwan

Tel: (2)2713-8512 Fax: (2)2718-4505

# Nan-San-Chung Branch

99, Chung Hsin Rd., Sec, 2, San Chung, Taipei Hsien 241, Taiwan

Tel: (2)2988-4433 Fax: (2)2989-9129

# Nan-Song-Shan Branch

400, Chung Hsiao E. Rd., Sec. 5, Taipei 110, Taiwan Tel: (2)2720-8696 Fax: (2)2345-8237

# **Nan-Taichung Branch**

35, Fu Hsin Rd., Sec. 4 Taichung 401, Taiwan Tel: (4)2223-1111 Fax: (4)2224-4613

#### Nan-Taipei Branch

368, Fu Hsin S. Rd., Sec. 1, Taipei 106, Taiwan Tel: (2)2755-7241 Fax: (2)2755-7402

#### Nanking-East-Road Branch

125, Nanking E. Rd., Sec. 2, Taipei 104, Taiwan Tel: (2)2506-2111 Fax: (2)2502-3554

#### Nei-Hu Branch

183, Cheng Kung Rd., Sec. 3, Taipei 114, Taiwan Tel: (2)2793-2311 Fax: (2)2795-6793

#### Pa-Teh Branch

3, Tun Hwa S. Rd., Sec. 1, Taipei 105, Taiwan Tel: (2)2579-3616 Fax: (2)2570-0448

#### Pan-Chiao Branch

107, Szu Chuan Rd., Sec. 1, Pan Chiao,Taipei Hsien 220, TaiwanTel: (2)2961-5171 Fax: (2)2958-1433

# Pei-Taipei Branch

53, Min Chuan W. Rd., Taipei 104, Taiwan Tel: (2)2597-9234 Fax: (2)2596-4112

#### **Pei-Tun Branch**

696, Wen Hsin Rd., Sec. 4, Taichung 406, Taiwan Tel: (4)2236-6111 Fax: (4)2237-0231

# **Ping-Tung Branch**

308, Ming Sheng Rd., Ping Tung City, Ping Tung Hsien 900, Taiwan Tel: (8)732-5111 Fax: (8)733-9385

#### Sha-Lu Branch

355, Chung Shan Rd., Sha Lu Taichung Hsien 433, Taiwan Tel: (4)2662-1331 Fax: (4)2662-1340

#### Shih-Lin Branch

309, Chung Cheng Rd., Taipei 111 Tel: (2)2882-1211 Fax: (2)2882-1210

#### Shih-Mao Branch

65, Tun Hwa S. Rd., Sec. 2, Taipei 106 Tel: (2)2784-9811 Fax: (2)2702-2038

#### **Song-Shan Branch**

760, Pa Teh Road, Sec. 4, Taipei 105, Taiwan Tel: (2)2767-4111 Fax: (2)2768-4886

# **Sung-Kiang Branch**

309, Sung Kiang Rd., Taipei 104, Taiwan Tel: (2)2501-7171 Fax: (2)2507-7263

#### Ta-An Branch

390, Shin Yi Rd., Sec. 4, Taipei 106, Taiwan Tel: (2)2703-6111 Fax: (2)2708-5296

#### **Ta-Chia Branch**

363, Shun Tien Rd., Ta Chia, Taichung Hsien 437, Taiwan Tel: (4)2688-2981 Fax: (4)2688-2999

# **Ta-Tao-Cheng Branch**

63, Ti Hua St., Sec. 1, Taipei 103, Taiwan Tel: (2)2555-3711 Fax: (2)2559-4852

#### **Ta-Tung Branch**

56, Chung King N. Rd., Sec. 3, Taipei 103, Taiwan Tel: (2)2591-3251 Fax: (2)2592-4679

#### **Taichung Branch**

144, Tzu Yu Rd., Sec. 1, Taichung 403 P.O.Box 7, Taichung, Taiwan Telex: 51172 FIRST Tel: (4)2223-3611 Fax: (4)2222-6104

SWIFT: FCBKTWTP401

#### Tainan Branch

82, Chung Yi Rd., Sec. 2, Tainan 700 P.O.Box 10, Tainan, Taiwan Telex: 71362 FIRSTBK Tel: (6)222-4131 Fax: (6)222-3504 SWIFT: FCBKTWTP601

#### Tao-Yuan Branch

55, Min Tzwu Rd., Tao Yuan City, Tao Yuan Hsien 330, Taiwan Tel: (3)332-6111 Fax: (3)332-3818

# **Tong-Taipei Branch**

289, Chung Hsiao E. Rd., Sec. 4 Taipei 106, Taiwan Tel: (2)2731-5741 Fax: (2)2752-4817

#### Tun-Hwa Branch

267, Tun Hwa S. Rd., Sec. 2, Taipei 106, Taiwan Tel: (2)2736-2711 Fax: (2)2735-9404

#### Yuan-Lin Branch

26, Yu Ying Rd., Yuan Lin, Chang Hua Hsien 510, Taiwan Tel: (4)832-8811 Fax: (4)832-8818

# **Overseas Business Network**



#### **Overseas Branches**

#### ■El Salvador Branch

63 Av. Sur Y Alameda Roosevelt Lobby 2-3 CTRO Financiero Gigante San Salvador, El Salvador, C.A. Tel: 503-211-2121

Fax: 503-211-2130

#### Guam Branch

1st Fl., 330, Hernan Cortes Ave. Agana, Guam 96910 USA P.O.Box 2461 Agana 96932, Guam Tel: 1-671-472-6864/5

Fax: 1-671-477-8921

#### ■Hong Kong Branch

7/F., The Hong Kong Club Building 3A Chater Road, Central, Hong Kong SWIFT: FCBKHKHH

Tel: 852-2868-9008 Fax: 852-2526-2900

#### ■London Branch

Bowman House, 29 Wilson Street London EC2M 2SJ, U.K. SWIFT: FCBKGB2L Tel: 44-20-7417-0000 Fax: 44-20-7417-0011

#### Los Angeles Branch

515, South Flower St., Suite 1050 Los Angeles, CA 90071, USA SWIFT: FCBKUS66 Tel: 1-213-362-0200 Fax: 1-213-362-0244

#### ■New York Agency

34 Fl., 750, Third Avenue New York, N.Y. 10017, USA SWIFT: FCBKUS33 Tel: 1-212-599-6868

Fax: 1-212-599-6133

#### ■Palau Branch

P.O.Box 1605, P.D.C. Building, MADALAII Koror, Palau 96940 Tel: 680-488-6297 Fax: 680-488-6295

#### Phnom Penh Branch

263 Ang Duong Street, Phnom Penh, Cambodia Tel: 855-23-210-026 Fax: 855-23-210-029

#### Singapore Branch

76, Shenton Way, #01-02 ONG Building Singapore 079119 SWIFT: FCBKSGSG Tel: 65-6221-5755 Fax: 65-225-1905

#### ■Tokyo Branch

13 Fl., AIG Building, 1-3 Marunouchi 1-Chome, Chiyoda-Ku Tokyo 100-0005, Japan (日本東京都千代田區丸之內1-1-3 AIG 廈13F) SWIF: FCBKJPJT Tel: 81-3-3213-2588 Fax: 81-3-3213-5377

# **Overseas Representative Offices**

# ■Bangkok Representative Office

9 Fl., Sathorn City Tower 175 South Sathorn Road Tungmahamek, Sathorn Bangkok 10120, Thailand Tel: 66-2-679-5291 Fax: 66-2-679-5295

# **■Ho Chi Minh City**

#### Representative Office

9 Fl., OSIC Building, Suite A 8, Nguyen Hue Street, District 1 Ho Chi Minh City, Vietnam Tel: 84-8-822-1748

Fax: 84-8-822-1747

# Subsidiary

#### First Commercial Bank (USA)

#### ■Main Office

200 E. Main Street Alhambra, CA 91801, USA SWIFT: FCBCUS6L Tel: 1-626-300-6000 Fax: 1-626-300-5972

# **■City of Industry Branch**

18725 E. Gale Ave. #150 City of Industry, CA 91748 USA Tel: 1-626-964-1888

Fax: 1-626-964-0066

# Silicon Valley Branch

1141 S. De Anza Blvd. San Jose, CA 95129 USA Tel: 1-408-253-4666 Fax: 1-408-253-4672

#### **■Irvine Branch**

4250 Barranca Parkway, Suite E Irvine, CA 92604 USA Tel: 1-949-654-2888 Fax: 1-949-654-2899

# The Distribution of Domestic Branches



# **Branches List**

Name of Branch	Location
* Offshore Banking	Taipei
* Business Department	
* An-Ho	Taipei
Chang-An	Taipei
* Chang-Chun	Taipei
* Cheng-Tung	
* Chien-Cheng	
* Chien-Kuo	Taipei
Chi-Lin	Taipei
Ching-Mei	Taipei
* Chung-Hsiao-Road	Taipei
* Chung-Lun	Taipei
* Chung-Shan	Taipei
* Fu-Shing	Taipei
* Hsi-Men	Taipei
Hsi-Nei-Hu	Taipei
Hsin-Ya	Taipei
Hsin-Yi	Taipei
Jen-Ai	Taipei
* Jen-Ho	Taipei
* Ku-Ting	Taipei
* Kwang-Fu	Taipei
* Min-Chuan	Taipei
* Min-Sheng	Taipei
Mu-Cha	•
Nan-Kang	
* Nanking-East Road	
Nan-Men	•
* Nan-Song-Shan	
* Nan-Taipei	
* Nei-Hu	-
* Pa-Teh	
* Pei-Taipei	
Pei-Tou	
* Shih-Lin	_
* Shih-Mao	
Shuang-Yuan	
* Song-Shan	
* Sung-Kiang	
Sung-Mao	
* Ta-An	
Ta-Chih* * Ta-Tao-Cheng	
* Ta-Tung	
Tien-Mu	
TION WILL	raipoi

Name of Branch	Location
* Tong-Taipei	Taipei
Tong-Hu	.Taipei
* Tun-Hwa	. Taipei
Wan-Hua	Taipei
Wan-Lung	Taipei
* Chung-Ho	
* Hsi-Chih	_
~	Hsinchuang, Taipei
* Hsin-Chuang	
Pei-Hsin-Chuang	
* Chi-Cheng	*
* Hsin-Tien	•
Lu-Chou	-
Hua-Chiang	•
* Pan-Chiao	•
Pu-Chain	•
Hsi-San-Chung	
* Nan-San-Chung San-Chung-Pu	
Shu-Lin	
Tai-San	•
Tu-Cheng	
Wu-Ku	
Ying-Ko	-
Shuang-Ho	
Yung-Ho	
-	•
* Keelung	
Sao-Chuan-Tou	Keelung
Tsao-Tien-Wei	Keelung
I-Lan	II.an
Lo-Tung	
Su-Ao	-
* Chung-Li	
Hsi-Li	
Nei-Li	
Ping-Cheng	Chungli, Taoyuan
Nan-Kan	•
Lung-Tan	. Lungtan, Taoyuan
Pei-Tao-Yuan	Taoyuan
* Tao-Yuan	•
Ta-Nan	. Pateh, Taoyuan
Ta-Hsi	
Ta-Yuan	Tayuan, Taoyuan

<sup>\*</sup> Offices appointed to conduct foreign exchange business

# **Branches List**

Name of Branch	Location
Chu-Ko	Hsinchu
Chu-Pei	Hsinchu
Chu-Tung	Hsinchu
* Hsin-Chu	Hsinchu
Kuan-Hsi	Hsinchu
Tung-Men	Hsinchu
Chu-Nan	Miaoli
Miao-Li	
Tou-Fen	
China Chui	Taiahaana
Ching-Shui	
* Chung-Kang	
* Feng-Yuan	
* Nan-Taichung	
Pei-Taichung	
* Pei-Tun	
* Sha-Lu	C
* Ta-Chia	
* Taichung	
Tai-Ping	
Ta-Li	
Ta-Ya	
Tung-Shih	1 alchung
Nan-Tou	Nantou
Pu-Li	Nantou
Tsao-Tun	Nantou
* Chang-Hua	
Ho-Mei	
Hsi-Hu	_
* Lu-Kang	
* Yuan-Lin	
d. C1 ' - X7'	CI : :
* Chia-Yi	-
Hsin-Hsi	-
Hsing-Chia	
Pu-Tzu	Chiayi
Hsi-Lo	Yunlin
Hu-Wei	Yunlin
Pei-Kang	Yunlin
Tou-Liu	
Chi-Ku	Tainan
Chia-Li	
Fu-Chiang	
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Name of Branch	Location
* Hsi-Tainan	······ Tainan
Hsin-Hua	·····Tainan
Hsin-Ying	
Kuei-Jen	······Tainan
Ma-Tou	······Tainan
Nan-Hsi	
Nan-Science Park	
Nan-Tainan	
Pei-Tainan	
Shan-Hua	
Shyue-Chia	
* Tainan	
Ta-Wan	
Tung-Tainan	
Yen-Shui	·····Tainan
Bor-Ai	Vooheiung
Chi-Hsien	Woohsiung
Chi-Shan	
Ching-Lien	
Feng-Shan	
Hsiao-Kang	
* Hsin-Hsing	
Kang-Shan	
* Kaohsiung	
* Ling-Ya	
Lu-Chu	
Nan-Kaohsiung	Kaolisiung
Nan-Tzu	
Pei-Kaohsiung	
San-Min	
Tso-Ying	
Tung-Kaohsiung	
Tz-Beng	
Wan-Nei	
Wu-Chia	
Yen-Cheng	
Chao-Chou	
Charng-Chih	
Heng-Chun	0 0
* Ping-Tung	9
Wan-Luan	
Tung-Kang	
Hua-Lien	
Tai-Tung	······Taitung
Peng-Hu	Penghu