BANK OF KAOHSIUNG

Business and Fund application Projects

1. Business Plans for the Fiscal Year 2002

Item	Unit	Operational Budget of this year (2002)	Operational Budget of last year(2001)	Growth Rate%
Deposits	NTD million	151,474	154,760	-2.13
General Deposits	NTD million	143,474	146,023	-1.75
Treasury Deposits	NTD million	8,000	8,737	-8.44
Loans	NTD million	151,247	155,796	-2.92
Forex Service	USD thousand	2,275,000	2,532,844	-10.18

Note: All operational amount listed in above table show daily average balance except for forex service.

2. Plans of Disposal or Acquisition of Real Estate or Long Term Investment for the Fiscal Year 2002

Bank of Kaohsiung will dispose or acquire real estate or carry out long term investment necessarily under legal permmison after carefully evaluating profits upon market situation.

3. Research and Development

(1) Future Research and Development Plan:

Major research and development plans for future include new financial business development, establishing completed network system service, trust business research and so on

1. Keeping pace with financial market growth, positively develop new business.
   In compliance with financial liberty and internationalization, we offer customers diversified, all-facet financial services and continue to develop new business and financial products to increase our competition and profitability.
2. Enhance Internet Banking Functions
   For enhancing internet banking functions, we fully update home page of bank, Increase internet commerce products and set up NON-SET, SSL internet banking security system to provide customers a safe internet consuming environment.
3. Develope Potential Trust Business
   We plan to promote money trust (e.g. Non-Discretionary trust investing in domestic, Foreign funds and real estate), real estate trust, annuity trust, and assets management (e.g. Funds, appointed investment) business to set a foundation of trust business development.

(2) R&D Expenditures in Recent Three Years.

Unit : NTD Million

Fiscal Year	88	89	90
Amount	4.77	7.09	7.93

(3) R&D Results:

"Operation & Management of bank under financial liberty" "strategy of coping with financial crisis for Taiwan financial circles" and "current situation and risk management of Mainland China's Financial Institutions" so on.

4. Fund Application Projects:

(1) Expanding plan for business spots in Fiscal year 2002.

Our bank was authorized to upgrade as a nationwide bank in May 2001 and set up the first branch at Taipei County – Chung Ho Branch, the second branch at Taipei City – Hsin Yih Branch, and the third Hsin Chu Branch. Continuing to establish Tainan, Taichung Branches, lay out internet banking network at west Taiwan and complete nation-wide business territories gradually.

(2) Plans of previous cash capitals increment and issuance of Financial Bonds, Analysis of previous uncompleted cash capitals increment and issuance of Financial Bonds plans as well as inefficient funds application projects in recent two years.

In order to raise long and medium term funds and lift capitals adequacy ratio, our bank planned to issue financial bonds ten billion NTD authorized by MOF in September, 2001. We first issued general financial bonds one billion and fifty million NTD on Nov. 26th, 2001 which applied to Long-Medium term credit loans. In anticipation of a soaring interest rate financial environment, we are expecting to fix fund cost.

We'll reissue uncompleted issuance of eight billion and nine hundred fifty million NTD depending on our band fund status and market interest rate trends. If we can issue secondary priority financial bonds successfully, except for necessary funds of long-medium term loans payment, we can also raise capitals adequacy ratio. However, this applicable amount should be issued within one year after effective approved date (Sept, 27, 2001). If it's not completed at that time, approved amount will be revoked automatically and reapplication is necessary.