

Special Notes

A. Information About Affiliated Companies

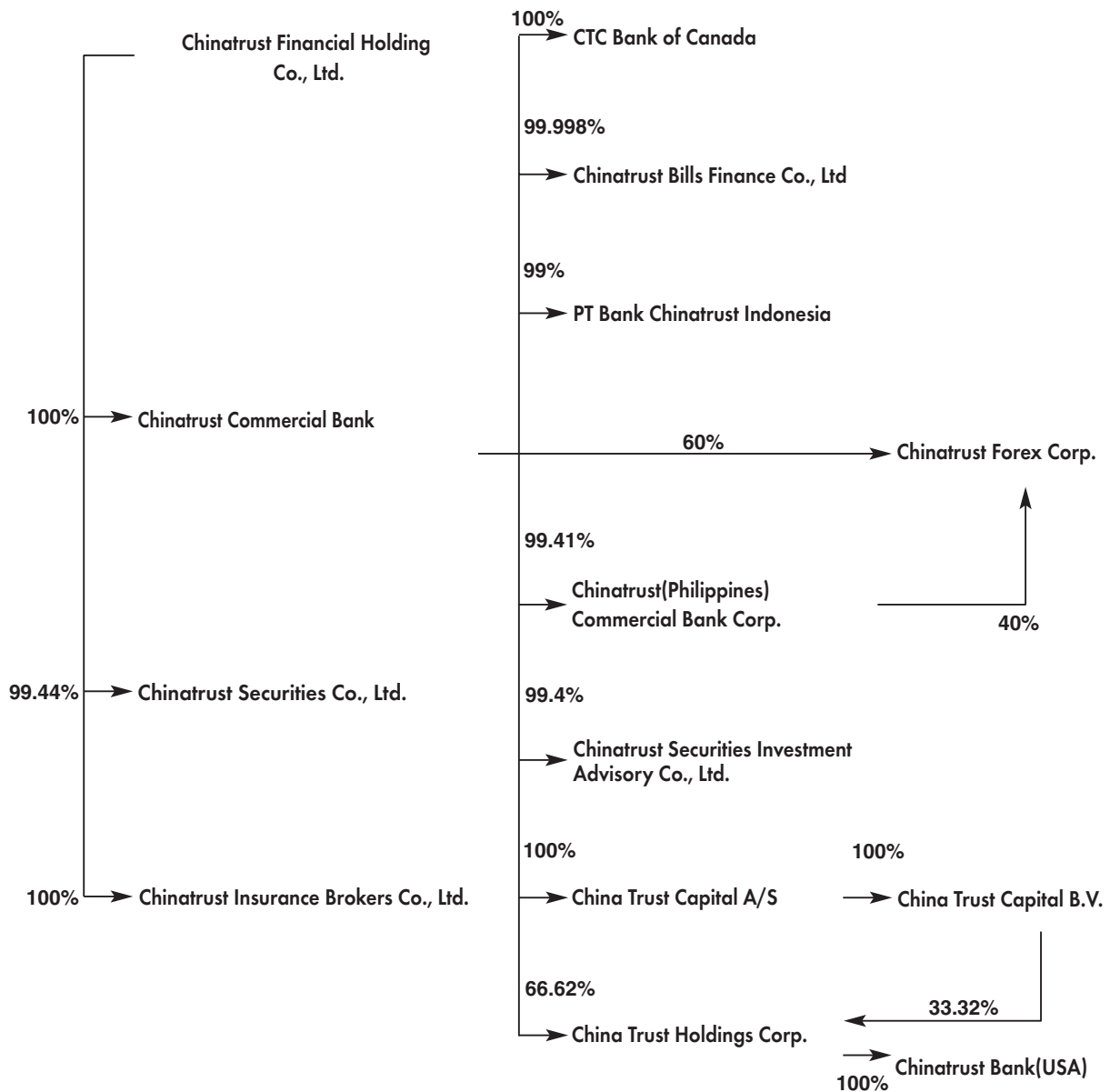
1. Consolidated Financial Statements of Affiliated Companies

According to "Principle of preparing consolidated operation reports, consolidated financial statements, and relation reports regarding affiliated companies," those affiliated companies that should be included in the consolidated financial statements are the same as those which should be included in the consolidated financial statements for parent and subsidiaries based on SFAS No.7, therefore no additional consolidated financial statements of affiliated companies is prepared.

2. Consolidated Operation Reports of Affiliated Companies

(1) Organization Chart of Affiliated Companies

December 31, 2002



(2) Operating Condition of Subsidiaries

December 31, 2002; NT\$ in thousands

Name of subsidiary	Registered Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Profit and Loss for This Term (after tax)	EPS (after tax)
Chinatrust								
Commercial Bank	48,554,268	849,255,307	769,361,307	79,894,000	58,968,921	14,951,526	12,031,880	2.59
Chinatrust Insurance								
Brokers Co., Ltd.	2,000	598,700	165,715	432,985	622,483	573,560	427,762	2,138.81
Chinatrust Securities								
Co., Ltd.	3,500,000	7,790,024	4,287,775	3,428,126	1,080,776	(269,565)	(326,187)	(0.93)
Chinatrust (Phils.)								
Commercial Bank Corp.	1,230,000	11,104,280	8,947,707	2,156,573	765,803 (Note 1)	287,899 (Note 1)	269,546	1.44
Chinatrust Bills Finance Corp.	3,725,000	15,515,841	10,155,205	5,360,636	2,482,798 (Note 2)	1,199,903 (Note 2)	1,058,278	3.28
PT Bank Chinatrust Indonesia	585,000	6,815,730	4,966,685	1,849,045	747,685 (Note 1)	395,451 (Note 1)	261,060	174,040.06
Chinatrust Forex Corp.	32,800	38,203	242	37,961	3,154 (Note 2)	2,114 (Note 2)	1,671	0.07
Chinatrust Securities								
Investment Advisory Corp.	10,000	14,601	3,644	10,957	14,435 (Note 2)	518 (Note 2)	368	0.37
CTC Bank of Canada	331,050	1,930,462	1,667,366	263,096	88,412 (Note 1)	5,451 (Note 1)	5,451	3.53
China Trust Capital A/S.	2,745	2,131,610	313	2,131,297	1,703 (Note 3)	1,703 (Note 3)	226,902	378,193.61
China Trust Holdings Corp.	35	61,083,262	54,692,290	6,390,972	3,229,423 (Note 1)	1,034,110 (Note 1)	686,546	513,869.33
China Trust Capital B.V.	695	2,127,961	139	2,127,822	225,234 (Note 3)	223,462 (Note 3)	223,462	557,264.36
Chinatrust Bank (U.S.A.)	20,852	61,056,747	54,659,067	6,397,680	3,229,423 (Note 1)	1,086,066 (Note 1)	717,163	7,171.63

Note 1: The revenue of foreign banks is listed at the interest income; the operating profit is stated at net profit (or loss) before tax.

Note 2: The revenue of bills companies and foreign exchange companies is stated at income; the operating profit is stated at net profit (or loss) before tax.

Note 3: The revenue of holding companies is listed at profit/loss of investment; the operating profit is stated at net profit (or loss) before tax.

(3) Directors, Auditors and General Manager of Each Subsidiary

December 31, 2002

Name of Subsidiary	Title	Name or Representative	Shares Holding (in thousands)	Equity Holding (%)
Chinatrust Commercial Bank	Director/Chairman	Chinatrust Financial Holding Co., Ltd. Representative: Jeffrey L. S. Koo (Note 1)	4,855,427	100.00
	Director	Representative: Cheng Kang Wang		
	Director	Representative: Jeffrey J. L. Koo, Jr. (Note 1)		
	Director	Representative: Wen-Long Yen		
	Director	Representative: Michael L.C. Jong		
	Director	Representative: Ming-Shan Shaw		
	Director	Representative: Kuo-Tsai Lin		
	Director	Representative: James J. Sheu		
	Director	Representative: Charles L. F. Lo		
	Resident Supervisor	Representative: Tsai-Hua Lin (Note 2)		
	Supervisor	Representative: T. C. Tsai		
President	Jeffrey J. L. Koo, Jr. (Note 3)			
Chinatrust Securities Co., Ltd.	Chairman	Chinatrust Financial Holding Co., Ltd. Representative: Michael L.C. Jong	348,049	99.44
	Director / President	Representative: Steven Cheng		
	Director	Representative: Shiaw- Pin Lin		
	Director	Representative: Steve R. S. Chou		
	Director	Representative: Oliver Shang		
	Supervisor	Representative: Ying-Tsai Hsu		
	Supervisor	Representative: Daniel C.K. Chen		
Chinatrust Insurance Brokers Co., Ltd.	Chairman	Chinatrust Financial Holding Co., Ltd. Representative: Frank P. Y. Lin	200	100
	Director	Representative: Ted Lin (Note 4)		
	Director	Representative: Hai Lain Shue (Note 4)		
	Director	Representative: James C. H. Lee		
	Supervisor	Representative: Yong Jin Chen (Note 5)		
Chinatrust (Phils.) Commercial Bank Corp.	Director/Chairman	Chinatrust Commercial Bank Jeffrey L. S. Koo	186,386	99.41
	Director/Vice-Chairman	Thomas K. S. Chen		
	Director/Vice-Chairman	William B. Go		
	Director/President	Joey A. Bermudez		
	Director	Steve R. S. Chou		
	Director	Morris M. S. Li		
	Director	Yung Fang Yang		
	Director	Edwin B. Villanueva		
Chinatrust Bills Finance Corp.	Chairman	Chinatrust Commercial Bank Representative: Steven Cheng	372,494	99.998
	Director	Representative: Jeffrey J. L. Koo, Jr.		
	Director	Representative: Frank P. Y. Lin		
	Director	Representative: Charles L. F. Lo		
	Director	Representative: Morris M. S. Li		
	Supervisor	Representative: James J. Sheu		
	Supervisor	Representative: Steve R. S. Chou		

PT Bank Chinatrust Indonesia	President Commissioner VP Commissioner Commissioner Commissioner Commissioner President Director VP Director Director Director Compliance Director	Chinatrust Commercial Bank Jeffery L. S. Koo Zairyanto Poedjiaty Thomas Chen Steve R. S. Chou Inghie Kwik Ray Kuo Chao Ru Wen (Mark Chao) Chin Ai Shan Tantina Repi Ngoedianto	99.00	1
Chinatrust Forex Corp.	Director/Chairman Director/President Director Director Director	Chinatrust Commercial Bank William B. Go Thomas K.S. Chen Joey A. Bermudez Angel C. Lopez, Jr. Eulogio V. Catabran III	30,000	60.00
CTC Bank of Canada	Director/Chairman Director/President & CEO Director Director Director Director	Chinatrust Commercial Bank Jeffrey L. S. Koo Frank Lin John Teng John Clayden Stanley Kwok William Neilson	1,500	100.00
Chinatrust Securities Investment Advisory Corp.	Director/Chairman/ President Director Director Supervisor	Chinatrust Commercial Bank Representative: Chen Rong Bin Representative: Lin Chi Song Representative: Lee Yuh An Representative: Lin Ming Tien	994	99.40
China Trust Capital A/S	Liquidator (Note 6)	Chinatrust Commercial Bank Claus Bennetsen (Landwel Law Firm)	0.6	100.00
China Trust Holdings Corp.	Chairman and Director President and Director Director	Chinatrust Commercial Bank Jeffrey L.S. Koo Steven Cheng Ethan Meister	0.89	66.62
China Trust Capital B.V.	Liquidator (Note 7)	China Trust Capital A/S Jeffrey L. S. Koo	0.401	100.00
Chinatrust Bank (U.S.A.)	Director/Chairman Director/President Director Director Director Director Director Director Director Director	China Trust Holdings Corp Jeffrey L. S. Koo William Hon Henry Peng Morgan Brassler Hugh Carey J. Hallam Dawson Henry Krist William Waldron III Steve R. S. Chou John Teng	1	100.00

Note 1: On March 12, 2003, the Chairman of Chinatrust Commercial Bank is changed to Jeffrey J. L. Koo, Jr.

Note 2: On January 1, 2003, the Resident Supervisor of Chinatrust Commercial Bank is changed to Shih-Chuan Lin.

Note 3: On April 7, 2003, the President of Chinatrust Commercial Bank is changed to Eric Chen.

Note 4: On April 17, 2003, the Directors of Chinatrust Insurance Brokers Co., Ltd. are changed from Ted Lin and Hai Lain Shue to Steven Cheng, Su Kuo Huang, and Shiao-Pin Lin.

Note 5: On April 17, 2003, the Supervisor of Chinatrust Insurance Brokers Co., Ltd. is changed to Clinton Chang.

Note 6: China Trust Capital A/S completed liquidation on March 16, 2003.

Note 7: China Trust Capital B. V. completed liquidation on March 14, 2003.

(4) Basic Information of Each Subsidiary

Name of subsidiary	Date Founded	Address	Contributed Capital	Targeted Service
Chinatrust Commercial Bank	1966.03.14	3, Sung Shou Rd. Taipei, Taiwan, R.O.C.	48,554,268 Thousand	Banking
Chinatrust Securities Co., Ltd.	2000.06.01	10F, 3, Sung Shou Rd. Taipei, Taiwan, R.O.C.	3,500,000 Thousand	Securities and future business
Chinatrust Insurance Brokers Co., Ltd.	1996.02.16	13F, 3, Sung Shou Rd. Taipei, Taiwan, R.O.C.	2,000 Thousand	Brokerage of property and life insurance business
Chinatrust (Philippines) Commercial Bank Corp.	1995.09.07	3rdF, Tower One, Ayala Triangle Ayala Avenue cor Paseo de Roxas Makati City Philippines	PHP 1,875,000 Thousand (1: 0.656)	Banking
Chinatrust Bills Finance Corp.	1996.03.18	4F, 98, Sec. 2, Nanking East Rd. Taipei, Taiwan, R.O.C.	3,725,000 Thousand	Brokerage, underwriting, proprietary and dealership business of securities
PT Bank Chinatrust Indonesia	1996.10.15	Wisma Tamara, 16th F1, Jl Jenderal Sudirman Kev. 24 Jakarta 12920, Indonesia	IDR 150,000Million (1: 0.0039)	Banking
Chinatrust Forex Corp.	1997.04.07	3F, Tower One, Ayala Triangle Ayala Avenue cor Paseo de Roxas Makati City Philippines	PHP 50,000 Thousand (1: 0.656)	Foreign exchange brokerage
CTC Bank of Canada	1998.11.12	1518west Broadway, Vancouver BC V6J IW8	CAD 15,000 Thousand (1: 22.07)	Banking
Chinetrust Securities Investment Advisory Corp.	2000.04.28	7F, 3, Sung Shou Rd. Taipei, Taiwan, R.O.C.	10,000 Thousand	Investment consultancy
China Trust Capital A/S	1999.12.29	Holbergsgade 14, 2. Sal tv, Copenhagen, Demark	USD 79 Thousand (1: 34.753)	Securities investment
China Trust Holdings Corp	1989.02.27	229 South State Street, Dover, Delaware 19901	USD 1 Thousand (1: 34.753)	Securities investment
China Trust Capital B.V.	1989.02.28	Telestone 8 - Teleport, Naritaweg 165, 1043 BW Amsterdam, The Netherlands	USD 20 Thousand (1: 34.753)	Securities investment
Chinatrust Bank (U.S.A)	1995.02.27	22939 Hawthorne Boulevard, Torrance, CA 90505, U.S.A	USD 600 Thousand (1: 34.753)	Banking

B. Dividend Policy and Earnings Distribution

1. In the Article of CFHC's Articles of Incorporation, the contents regarding dividend policy are as following:

The Company adopted the residual dividend policy for its ongoing expansion, profit growth, and the maintenance of capital sufficiency ratio.

After-tax earnings, if any, shall pay for taxes, offset cumulative losses, and the remainder will be set aside as legal reserve and special surplus. Then, preferred stock dividends will be distributed, prior to other distribution. The remaining balance should be distributed in accordance with the resolution from the Stockholders' Meeting. The total amount of dividends distributed cannot be less than 50% of the remaining balance. The total amount of employee bonus distributed should be between 0.01% and 0.05%, and any adjustments are made in accordance with the resolution from the Stockholders' Meeting.

In consideration of the Company's operations planning, essential earnings are retained for funding needs, and the remainder is distributed as cash dividends. The cash dividends shall not be less than 10% of total dividends. If the amount of cash dividend is less than \$0.1, then it is not distributed and the Board of Directors will adjust earnings distribution with resolution from the Stockholders' Meeting.

The proposal for the appropriation of employee bonus and compensation to directors and supervisors for 2002 has yet to be presented in the shareholders' meeting. Information regarding employee bonus and compensation to directors and supervisors distributed shall be posted on the market observation post system after the related meetings are held.

The Company was established on May 17, 2002 through a 100% stock conversion with Chinatrust Commercial Bank, Ltd. No actual employee bonus or compensation to directors and supervisors has been appropriated.

2. Impact of stock dividends and estimated stock dividends upon its operating performance, earnings per share and rate of return to shareholders' investment

(Expressed in NT\$/shares, unless otherwise stated)

Year	Year 2003		
Items	(Distribution of Earnings of Year 2002)		
Paid-in capital, beginning of the year (NT\$ in thousands)		48,554,268	
Stock and Cash dividends paid	Cash dividend per share	1	
	Stock dividend per share from capitalization of retained earnings	0.01	
	Stock dividend per share from additional capital surplus	0.1	
Change of operational performance	Operating income (NT\$ in thousands)	14,842,727	
	Percentage growth in operating income	-%	
	Net income (NT\$ in thousands)	15,030,000	
	Percentage growth in net income	-%	
	Earnings per share	3.31	
	Percentage growth in earnings per share	-%	
	Average annual return on investment (the reciprocal of average annual P/E ratio)	11.51%	
Pro forma EPS and P/E ratio	If stock dividends from capitalization of retained earnings were all replaced by cash dividends.	Pro forma EPS (NT\$)	3.01
		Pro forma average annual return	10.47%
	Had there been no capitalization of capital surplus	Pro forma EPS (NT\$)	3.28
		Pro forma average annual return	11.41%
	Had there been no capitalization of capital surplus and stock dividends from capitalization of retained earnings been replaced by cash dividends.	Pro forma EPS (NT\$)	3.31
		Pro forma average annual return	11.51%

Note:

- Interest rates in the above pro forma data are assumed to be 1.25% in 2003. The effective tax rate is assumed to be 25% throughout the years.
- Daily average closing prices on April 30, 2003 are used to calculate the annual average return on investments.
- Except for the distribution of earnings, assumptions used in 2003 financial forecasts have been reviewed by Independent CPA and a review report has been issued. The distribution of earnings was according to the proposal approved by the Boarding Meeting on April 17, 2003.

Chairman:  Manager:  Staff: 

C. Internal Control Representations

Chinatrust Financial Holding Co., Ltd. Internal Control System Representations

Date: Feb.17, 2003

According to our self inspection of the internal control system execution for the year ended Dec.31, 2002, Chinatrust Financial Holding Co., Ltd. represents the following:

1. Chinatrust Financial Holding Co., Ltd. acknowledges that the Board of Directors and Managers are responsible for the establishment, execution, and maintenance of the internal control system. Chinatrust Financial Holding Co., Ltd. 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 the business operation (including profit, performance, safeguarding 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 Chinatrust Financial Holding Co., Ltd. is subject to self inspection. Once a deficiency is identified, Chinatrust Financial Holding Co., Ltd. will correct it as soon as possible.
3. Pursuant to the "Criteria for Establishment of Internal Control System by Public Companies " (hereinafter referred to as "Criteria") announced by Securities and Futures Commission, Ministry of Finance, Chinatrust Financial Holding Co., Ltd. exercises its own judgement on efficiency of the internal control system in order to see whether or not the design and execution of internal control system is effective. According to the "Criteria", the internal control system consists of the following subjects: (1). Control Environment. (2). Risk assessment. (3). Control Activities. (4). Information and Communication. (5). Monitoring. Each subject includes many items as specified in the "Criteria ."
4. In order to inspect the efficiency of the design and execution of the internal control system, Chinatrust Financial Holding Co., Ltd. has adopted the above mentioned criteria of internal control system.
5. According to the above inspection result, Chinatrust Financial Holding Co., Ltd. considers that the design and execution of the internal control system (including the supervision to the subsidiaries), including effectiveness and efficiency of the 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 "Representations" will be a major part of Chinatrust Financial Holding Co., Ltd. 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 Articles 20, 32, 171, and 174 under the Securities and Exchange Law.
7. The Board of Directors of Chinatrust Financial Holding Co., Ltd. unanimously passed these "Representations" on Feb .17, 2003.

Jeffrey L.S. Koo
Chairman



Jeffrey J. L. Koo, Jr.
President



D. Penalized Actions, Main Defections and Improvements Concerned for the Past Two Years

1. Chinatrust Financial Holding Co., Ltd.: None

2. Chinatrust Commercial Bank

	Cause and amount concerned (please briefly state what happened, if any name or company is involved, please specify it)	
	2003	2002
Any prosecution brought against the Chairman and/or staff for criminal offense during the past two years	None	None
Any penalty for Banking Law violations during the past two years	None	<p>One case: Office document: No. 90730757 ,Tai Tsai Jung (4), March 13, 2001, Ministry of Finance</p> <p>Cause: A staff disclosed customer's information to the 3rd Party which caused NT\$500 thousand dollars in fines for breaking information confidentiality regulation prescribed in Article 2 of Clause 48 of Banking Law.</p> <p>Remark: Adequate rectification procedures had been performed.</p>
Any significant weakness identified by MOF during the past two years	None	None
Losses caused by any fraud, significant events or accidents over NT\$ 50 million dollars during the past two years	<p>Three cases:</p> <ol style="list-style-type: none"> 1. Robbery loss of NT\$75 thousand dollars at the Chunghsiao Branch after indemnity from the insurance company. 2. Loss of NT\$ 300 thousand dollars caused by culprits' withdrawals with fake ATM cards. 3. Loss of US\$4.7million dollars caused by one customer's counterfeit bill of lading. <p>Remark: Adequate rectification procedures had been performed.</p>	None
Others	None	None

3.Chinatrust Securities Co., Ltd.: None

4.Chinatrust Insurance Brokers Co., Ltd.: None

E. Other Supplementary Details:

In March 2003, Chinatrust Venture Capital Corp.(CVCC) was established, and the related information is as follows:

1. CVCC's business: venture capital investment.
2. Investment weighting: 35% in early stage investment, 65% in expansion and late-stage investments.
3. Planned offerings of financial products and services: CVCC will work with other units of the CFHC to provide customers with total solution of their financial service need, such as equity loan and financial consulting.
4. Risk management policy: In achieving a high quality investment portfolio, CVCC aims to gain reasonable profit under the premise of effective risk management. CVCC's working guideline is that each investment project must pass a rigorous and disciplined evaluation process. CVCC's investment allocation strategy will be dynamic, and will adjust to the changing environment of the industries. CVCC seeks to realize the principle of diversification through appropriate allocation of funds in companies in different development stages and in different industries in order to achieve the goals of risk management.
5. Operation plan:
 - (1) CVCC will aggressively implement investment projects to establish a high quality investment portfolio. CVCC's plan is to complete investing NT\$2 billion within the next 2 to 4 years. The industries targeted by CVCC's investment include electronics, biotechnology and other growth industries. In terms geographic allocation of investment, Taiwan will account for about 70%, and overseas areas for about 30%, of CVCC's investment. Therate of return on each CVCC's investment project is projected to be higher than 20%.
 - (2) CVCC plans to establish a framework of cooperation with Corporate Finance business units of Chinatrust Financial Holding Co., with the aim of achieving effective cross selling as well as providing a total solution of financial services that fit each customer's specific needs.
 - (3) CVCC works continuously toward enhancing its level of professionalism and differentiation, adding value for customers, and providing "smart money". CVCC's goal is to achieve differentiation while not overpaying for quality investment projects.