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BANK OF TAIWAN 2004 ANNUAL REPORT



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Credit Rating Agencies

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2004 ANNUAL REPORT

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Joseph J. C. Lyu Chairman

Station and a

Foreword

Taiwan's economy grew by 5.71% in 2004, the highest annual growth rate since 1997, supported by robust domestic and external demand. The rate of economic growth slowed in the second half of the year to 4.26% (annual rate) from 7.30% in the first half, as export growth started to decelerate as a result of a slowdown in the global economy amid higher oil prices and rising interest rates. Nevertheless, strong private fixed investment and modest private consumption helped sustain overall economic growth, aided by the ongoing implementation of the government's public works expansion program and the public service job creation program. Robust employment growth of 2.23% in 2004, the highest annual growth rate since 1992, also helped sustain private consumption growth.

Regarding the operating environment for Taiwan's financial institutions, the average non-performing loan ratio of domestic banks, including loans under surveillance, fell to 3.80% at the end of 2004, down sharply from 6.08% recorded at the end of 2003. The decline was a combined result of improving loan asset quality and continuing bad debt write-offs. Other key banking statistics for 2004 include an average return of equity of 8.81% (6.52% in 2003), average loan growth of 6.50% (6.15% in 2003), and an average capital adequacy ratio of 10.69% (10.07% in 2003). According to these figures the banking sector has achieved the targets set for the first phase of financial reforms, and it looks ready to embark on the second phase of reforms.

As for Bank of Taiwan, we initiated a corporate re-engineering project in 2004 that resulted in several internal management improvements and new business promotions, including the digitization of the Bank's operations and the provision of e-banking services to our customers. Because of Taiwan's fast-changing financial landscape, we also placed more emphasis on improving the spirit of our teamwork and our management skills to produce a strong organizational culture and to strengthen staff morale. As a result of our business promotions, the Bank's level of loans increased by NT\$194.1 billion in 2004, which helped reverse the deterioration seen in its loan-to-deposit ratio in recent years; total outstanding loans amounted to NT\$1,243.1 billion at the end of 2004. Aside from promoting loan growth, the Bank also continued to improve its asset quality management, and as a result our non-performing loan ratio fell to just 1.34% at the end of 2004, down from 2.17% a year earlier.

Looking ahead to 2005, the rate of growth in the global economy is expected to slow to 3.1% from 4.1% in 2004, according to the latest forecast by Global Insight Inc. made in May 2005. The slowdown is expected to result in weaker export growth for Taiwan, but the domestic economy should still be able to maintain moderate growth in 2005, supported by the government's public works expansion program and several major private investments, and the continued improvement in the domestic employment situation. At the same time, the consolidation trend in Taiwan's financial services industry is set to continue with the implementation of the second phase of financial reforms, building on the improvements already seen in terms of asset quality, operating efficiency and regulatory effectiveness. The financial services industry will gradually move from intensive competition in the post-liberalization period toward increasing resource integration and market consolidation, with financial institutions growing larger in terms of size and international scope.

Against this backdrop Bank of Taiwan aims to retain its leadership in the domestic financial services industry. To achieve that goal we are committed to enhancing our operating efficiency and financial performance, demonstrating our marketing innovation, and creating value for our customers, shareholders and employees. For 2005, we will implement a new business development strategy aimed at consolidating our inherited businesses, expanding our individual, institutional and international banking businesses, and developing new innovative businesses. To support our business promotion efforts, we will also strive to enhance the quality of our organizational culture by advocating a simple organization, simple goals, simple decision-making processes, simple strategies, and simple intra-group relationships.

Bank of Taiwan's theme for 2004 was "Make it Happen - Vital, Happy, Hopeful" to signal the renewed vigor of this century-old bank. The Bank's theme for 2005 is "Make a Difference - Creativity, Integration, Action" to express our hope that all our employees will work together to help create a better Bank of Taiwan that will continue to pursue established goals and embrace the opportunities afforded by Taiwan's changing financial landscape.

Chairman

Joseph Lyu

Business Reports

After the SARS epidemic came to an end in the second quarter of 2003, the domestic and international economies entered a period of continuous improvement. From a negative growth of 0.12% in that second quarter, Taiwan's economic growth rose steadily to reach 7.88% in the second quarter of 2004. Although this growth slowed down in the last half of 2004 under the impact of international interest-rate hikes, rising oil prices, and the macroeconomic controls imposed in China, thanks to efforts by the government and private sector, the rate of economic growth for the whole year reached 5.71%; the unemployment rate fell from 4.99% in 2003 to 4.44%, and consumer prices rose by a mere 1.62%. Overall, Taiwan's economy performed admirably well in 2004. Under the influence of the domestic economic upturn and the five successive interest-rate hikes carried out by the U.S. Federal Reserve, Taiwan's Central Bank moved to stabilize the domestic financial situation and again boosted interest rates in the last half of the year. In general, however, the monetary situation in the island's banking system remained loose.

While economic and financial growth in Taiwan and overseas is expected to remain stable, the competition among banks can only become more intense. In the face of this competitive environment, over the past year the Bank of Taiwan's operating team and entire staff of employees worked in concert to overcome obstacle after obstacle, finally achieving the Bank's operating targets creating a steadily improving business performance.

I. Business Report for 2004

1. Implementation of Business Plans and Operating Strategies

- (1) The investment of non-discretionary trust funds in foreign securities via foreign-currency trust, securities trust, and other businesses were inaugurated.
- (2) The payment of taxes via the transfer of funds through ATMs and online tax filing and payment were promoted to provide taxpayers with more diversified services.
- (3) The convenience of paying traffic fines via telephone calls from home or office were offered to the depositors.
- (4) A tuition and miscellaneous school fee portal site was established, allowing students to pay academic tuition and fees at the teller, through ATMs, or over the Internet.
- (5) The policy for switching to IC cards and the Bankers' Association plan for switching to IC cards were completed.
- (6) Establishment of fund transactions via Internet banking, Daguanyuan fund information bank, and automated customer service system were completed.

2. Budget Implementation

The volume of deposits in 2004 was NT\$2,045,703 million, achieving 106.22% of the budget target. The volume of loans was NT\$1,115,441 million, for a target achievement ratio of 84.50%. Foreign exchange transactions carried out during the year reached US\$65,048 million, amounting to 160.37% of the budget target.

3. Revenues, Expenditures, and Profits

Operating revenue for the year amounted to NT\$60,298 million and operating expenses and costs totaled NT\$52,842 million, leaving an operating income of NT\$7,456 million and net non-operating income of NT\$8,104 million. Income before tax was NT\$15,560 million and income tax amounted to NT\$1,722 million, leaving a net income after tax of NT\$13,838 million.

This year's net before-tax income of NT\$15,560 million was NT\$587 million more than the 2003 net before-tax income of NT\$14,973 million.

Return on assets: The NT\$13,838 million in net after-tax income for the year was equal to 0.56% of the NT\$2,451,247 million in average total assets.

Return on shareholder equity: The NT\$13,838 million in net after-tax income for the year was equal to 8.58% of the NT\$161,283 million in average total shareholder equity.

II. Business Plans for 2005

1. Major Operating Policies

The BOT's Business Plan for 2005 was formulated in accordance with the business plan approved by the Ministry of Finance, in consideration of performance in past years and future trends of development. The main points of the plan are noted below:

- (1) Enhancement of operating efficiency, expansion of low-cost funds, and increase of revenue.
- (2) Vigorous pursuit of the loan business and upgrading of the efficiency of funds utilization.
- (3) Strengthened promotion of the foreign exchange business, adjustment of overseas business locations, and improvement of operating performance.
- (4) Development of the trust, securities and related businesses, and expansion of business and commission fee income.
- (5) Development of the electronic banking business, so as to reduce manual work.
- (6) Reinforcement of management performance, strengthening of Bank's operating structure, heightening of employee morale and loyalty, and advancement of business competitiveness.

2. Business Targets

This year's business targets were established carefully in accordance with the annual plan approved by the Ministry of Finance, with consideration given to growth conditions in past years and to various related factors as well as predicted future trends in business development:

- (1) Deposits: The target for average volume of deposits of all kinds this year is NT\$1,999,647 million.
- (2) Loans: The average amount of all loans outstanding during this year is targeted at NT\$1,220,000 million.
- (3) Guarantees: The target for guarantees extended this year is NT\$56,000 million.
- (4) Foreign exchange: The volume of foreign exchange transactions undertaken during this year is targeted at US\$46,000 million.
- (5) Stock brokerage: The target for stock brokerage transactions undertaken during this year is set at NT\$54,000 million.

III. Most Recent Credit Ratings, and Dates

- Moody's Investors Service BOT credit ratings announced in October 2004: Long-term, A1; Short-term, P-1; Outlook, negative.
- (2) Standard & Poor's

BOT credit ratings announced in March 2005: Long-term, A+; Short-term, A-1; Outlook, stable.

President

They yans



General Status of the Bank





K. C. Wang, Executive Vice President



Wu-Shiung Chou, Executive Vice President



Tzer-Cheng Lo, Executive Vice President



Fan-Chih Wu, Executive Vice President and General Auditor

I. Introduction

The Bank of Taiwan was established on May 20, 1946 as the first bank to be set up in Taiwan following the island's restoration to China at the end of World War II. It has now been in business for 58 years. The Bank first operated under the administration of the Taiwan Provincial Government; when that government was downsized on Dec. 21, 1998, however, it was taken over by the Central Government of the Republic of China and placed under the administration of the Ministry of Finance to be operated in accordance with the regulations governing government-owned financial institutions. The Bank achieved the status of a corporate person in accordance with the provisions of the Banking Law as revised in 1985, and on July 1, 2003 was registered as a corporation and reorganized into a company limited by shares in accordance with the provisions of the Banking Law. On Sept. 16, 2004 the Bank received permission from the Securities and Futures Bureau of the Financial Supervisory Commission to become a publicly listed company.

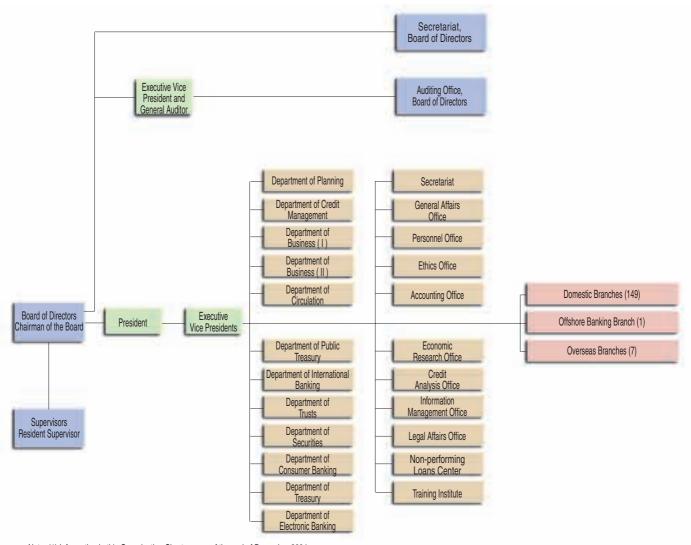
Ever since its establishment the BOT has engaged in public treasury business and has been commissioned to issue the New Taiwan Dollar currency, as well as to handle other businesses as an agency of the national bank. In the initial period after the government moved to Taiwan in 1949, the BOT acted as agent for the Central Bank of China in carrying out most of the CBC's business, thus serving a double role as general commercial bank and central bank. After the Central Bank resumed operation in Taiwan in July of 1961, the BOT turned its emphasis to the commercial banking business. After the Local Autonomy Law was enacted in July of 1994, provincial, county, and city governments were given the right themselves to choose agency banks to handle deposits and loans on their behalf. Thanks to its status as a state-run bank with a long history, excellent credit rating, and stable operation, however, the BOT continues to handle the treasury business of all governments outside of Taipei and Kaohsiung cities. It has also been entrusted with numerous policy businesses such as those auxiliary to the issuance of the New Taiwan Dollar currency and the handling of preferential-interest deposits for retired military personnel, civil servants, and teachers. These operations indicate the crucial importance of the BOT's position in Taiwan's financial system.

II. Organization

1. Organizational System

At the end of 2004 the BOT's management organization consisted of 12 departments, nine offices, one institute, and one center. Its domestic business units covered all of Taiwan, with 149 branches including 22 mini-branches; there was also an Offshore Banking Branch and seven overseas branches to serve the Bank's customers.

(1) Organization Chart



Note: (1) Information in this Organization Chart was as of the end of December 2004. (2) The Risk Management Center began operating on April 8, 2005.

(2) Duties of Major Units

Secretariat, Board of Directors

Handles important matters related to the Board of Directors, and documentary affairs. Auditing Office, Board of Directors

Takes care of planning, implementation, and examination of internal auditing matters, and participates in the formulation and revision of operating and management regulations.

Department of Planning

Responsible for systems, management regulations, operating directions, annual operating plans, and planning, evaluation, and management of branch units.

Department of Credit Management

Handles planning, review, supervision, consulting assistance services, and management for the loan business except for consumer financing.

Department of Business (I)

Takes care of general deposit, loan, remittance, and agency businesses.

Department of Business (II)

Handles preferential-rate deposits, loans, remittances, foreign exchange, and agency businesses for retirees.

Department of Circulation

Responsible for the issuance, distribution, arrangement, custodianship, and destruction of New Taiwan Dollar currency, and for the inventory and issuance-related businesses for all of the Bank's issuing units.

Department of Public Treasury

Handles agency operations for public treasuries at all levels, custodianship of securities for government agencies, and direction and supervision of the business of branch treasuries.

Department of International Banking

Takes care of foreign exchange operations, foreign banking and overseas branch businesses, correspondent banking relations, and operational planning and management for the foreign exchange business.

Department of Trusts

Controls trust businesses and auxiliary businesses.

Department of Securities

Handles securities brokerage and underwriting business management and operations.

Department of Consumer Banking

Takes care of planning, promotion, review, management, and consultation services for the general consumer banking business (general consumer loans, bank cards, and credit cards).

Department of Treasury

Handles New Taiwan Dollar and foreign currency allocation, planning, and utilization, and securities investment.

Department of Electronic Banking

Responsible for planning, study, marketing, integration, supervision, and management and examination of the electronic banking business.

Secretariat

Takes care of important affairs, documentation, chop management, meetings, editing, and public relations.

General Affairs Office

Handles general affairs, receipts and disbursements, procurement, and management of civil engineering and real estate.

Personnel Office

Carries out the planning, study, and implementation of personnel affairs.

Ethics Office

Looks after the propagation of ethics laws and regulations, and the formulation and revision of ethics regulations.

Accounting Office

Responsible for the planning and formulation of accounting systems, budgets, statistics, internal auditing, and bank-wide accounts and interest matters.

Economic Research Office

Carries out surveys and analyses of domestic and overseas economic, financial, and industrial conditions, business research and development, and the compilation of economic publications.

Credit Analysis Office

Responsible for the collection, surveying, and editing of data related to the loan business, as well as overseas credit investigation services.

Information Management Office

In charge of planning, design, and management of automation.

Legal Affairs Office

Handles legal matters as well as the collection and study of domestic and overseas laws and regulations. Non-Performing Loans Center

Takes care of planning, examination, supervision, and management related to non-performing loans, loans for collection, and the clearing up of bad loans.

Training Institute

Responsible for personnel training and advanced training, planning and implementation of monographic studies, evaluation studies, and joint operations with overseas training institutions.

2. Directors and Supervisors

Information on Directors and Supervisors (1)

Position	Name	Date of Employment	Term of Employment	Date of First Appointment	at 1	eholding Fime of Dintment		resent reholding	by Sj De C	reholding pouse and pendent hildren	in ti of	eholding ne Name Other eople	
					No.	Ratio	No.	Ratio	No.	Ratio	No.	Ratio	
Chairman (Delegate of Ministry of Finance)	Jye-Cherng Lyu	June 28, 2004	June 30, 2006	June 28, 2004									
Managing Director (Delegate of Ministry of Finance)	Sheng-Yann Lii	July 01, 2003	June 30, 2006	July 01, 2003									
Managing Director (Delegate of Ministry of Finance)	Ruey-Tsang Lee	July 01, 2003	June 30, 2006	July 01, 2003									
Managing Director (Delegate of Ministry of Finance)	Chih-Hung Chang	July 01, 2003	June 30, 2006	July 01, 2003									
Managing Director (Delegate of Ministry of Finance)	Ming-Ming Wu	Sept.17, 2004	June 30, 2006	Sept.17, 2004									
Director (Delegate of Ministry of Finance)	Chia-Cheng Lin	July 01, 2003	June 30, 2006	July 01, 2003									
Director (Delegate of Ministry of Finance)	Hsiu-Hua Rau	July 01, 2003	June 30, 2006	July 01, 2003									
Director (Delegate of Ministry of Finance)	Jin-Tung Lee	July 01, 2003	June 30, 2006	July 01, 2003	Mi	nistry of	f Financ	ce : 4,80	00.000	.000 Sh	ares (1))0%)	
Director (Delegate of Ministry of Finance)	Yuh-San Liu	July 01, 2003	June 30, 2006	July 01, 2003	Ministry of Finance : 4,800,000,000 Shares (100%)								
Director (Delegate of Ministry of Finance)	Shin-Hsin Huang	July 01, 2003	June 30, 2006	July 01, 2003									
Director (Delegate of Ministry of Finance)	Yang-Tzong Tsay	July 01, 2003	June 30, 2006	July 01, 2003									
Director (Delegate of Ministry of Finance)	Bao-Chung Hong	July 30, 2004	June 30, 2006	July 30, 2004									
Director (Delegate of Ministry of Finance)	Tzer- Cheng Lo	July 01, 2003	June 30, 2006	July 01, 2003									
Director (Delegate of Ministry of Finance)	Tung-Yuan Chen	July 01, 2003	June 30, 2006	July 01, 2003]								
Director (Delegate of Ministry of Finance)	Teng-Lung Hsieh	Feb. 02, 2004	June 30, 2006	Feb. 02, 2004									
Resident Supervisor (Delegate of Ministry of Finance)	Bing-Huang Shih	July 01, 2003	June 30, 2006	July 01, 2003									
Supervisor (Delegate of Ministry of Finance)	Chan-Jane Lin	July 01, 2003	June 30, 2006	July 01, 2003									
Supervisor (Delegate of Ministry of Finance)	Fu-Deng Hsieh	July 01, 2003	June 30, 2006	July 01, 2003									
Supervisor (Delegate of Ministry of Finance)	Tzer-Ming Chu	July 01, 2003	June 30, 2006	July 01, 2003									
Supervisor (Delegate of Ministry of Finance)	Shaw-Wu Yu	April 13, 2004	June 30, 2006	April 13, 2004									

Dec.31, 2004

Education and Career	Positions Currently Held in the BOT and other Companies	Being the Spouse or Relative within 2 Tiers of Other Managers, Directors or Supervisors PositionName Relationship
Master of Management, Kellogg Graduate School of Management, Northwestern University, U.S.A.	Chairman, Bank of Taiwan	
President, Land Bank of Taiwan; Vice Chairman, Commission of National Corporations, MOEA	Director, Financial Information Service Co., Ltd.	_
Senior Executive Vice President, Chunghwa Telecom Co., Ltd.	Director, Mega Financial Holding Company	
Ph.D. in Economics, University of Pittsburgh, U. S. A.	President, Bank of Taiwan	
Director General, Banking Dept., The Central Bank of China	Director, The Taiwan Payments Clearing System Development Foundation	_
Director General, Economic Research Dept., The Central Bank of China	Managing Director, Cathay United Bank	
Master of Land Economics, National Chengchi University		
Director General, Deputy Director General, Secretary, National Property Administration	Deputy Minister, Ministry of Finance	_
Director, Northern Taiwan Office, National Property Administration		
MBA in Statistics, National Chengchi University		
Director-General, Dept. of Budget, Accounting and Statistics, Kaohsiung City Government	Statistician-General, Dept. of Statistics, Judicial Yuan	_
Director-General, Dept. of Budget, Accounting and Statistics, Taiwan Province Government		
Ph.D. in Agricultural Economics and Rural Sociology,		
Ohio State University, U.S.A.	Professor, Department of Marketing, NCHU	_
President, Professors' Association, National Chung Hsing University (NCHU)	roloood, boparaton or manoung, rorro	
Ph.D. in Political Science, National Taiwan University		
Chairman, Research, Development and Evaluation Commission, Executive Yuan	Minister, Ministry of Examination	—
Ph.D. in Economics, Yale University, U.S.A	Associate Professor, Department of International Trade,	
Assistant Professor, Rice University, U.S.A.	National Chengchi University	—
	Professor, Dept. of Public Finance, National Chengchi University	
	Independent Supervisor, Honyi Precision Industry Co., Ltd.	
Master of Public Finance, National Chengchi University	Independent Director, Her Chee Industrial Company	
Chairman, Chung Kuo Insurance Co., Ltd.		
	Independent Director, Planet Technology Company Chairman, TNS Logistics International Corp.	
Ph.D. in Civil Engineering, National Cheng Kung University	chainnan, mo Logistics international Corp.	
Vice Chairman, Council for Economic Planning and Development, Executive Yuan	Deputy Secretary-General, Executive Yuan	—
Dr. sc. Pol. Institute of Public Finance Christian-Albrechts University, Kiel, Germany	Dean, College of Public Affairs, National Taipei University	
Member of Council of Labor Affairs, Member of Research, Development and Evaluation Commission, Executive Yuan	Dean, College of Fublic Analis, National Taiper Oniversity	—
	Professor, Dept. of Accounting, National Taiwan University; Supervisor, Taiwan Tobacco and	
Ph.D., University of Maryland, U.S.A.	Liquor Corporation; General Manager and Columnist, Accounting Research Monthly	
List Screening Committee Member, The Taiwan Stock Exchange	Board Member, Auras Technology Co., Ltd.	_
List Screening Committee Member, The OTC Stock Exchange	Board Member, Apos Corporation	
Chairman, Dept. of Accounting, National Taiwan University	Board Member, King Pak Technology Incorporation	
Doctor of Land Economics, National Chengchi University; Deputy Director General,	board memoer, rang rak roomology moorperation	
National Property Administration; Director, Northern Taiwan Office, National Property Administration	Director General, National Property Administration	—
M.A. in Economics, Chinese Culture University	Executive Vice President. Bank of Taiwan	
SVP & GM of Secretariat. Board of Directors.	Director, Taiwan Life Insurance Co., Ltd.	_
SVP & GM of Department of Consumer Banking, Bank of Taiwan	Supervisor, Taiwan Business Bank	
B.A.in Business Administration, Feng Chia College; SVP & GM of Department of Business (1),	SVP & GM of Tai Chung Branch, Bank of Taiwan	
SVP & GM of Secretariat. Bank of Taiwan	Director, International Investment Trust Co., Ltd.	—
Diploma, Dept of Banking & Insurance, National Taichung Institute of Commerce	SVP & GM of Dept. of Credit Management, Bank of Taiwan	
Supervisor, Fuhwa Financial Holding Co. Ltd	Director, Hua Nan Financial Holdings Co., Ltd.	_
SVP & GM of Secretariat, Board of Directors, Bank of Taiwan	Managing Director, Hua Nan Commercial Bank Ltd.	
M.A.in EMPA, National Taiwan University	Director-general, Second Department, DGBAS	
Chairperson, Accounting Operation Unit, DGBAS	Supervisor, Taiwan Chung Hsing Paper Corp.	—
Chief Secretary, DGBAS		
Ph.D. in Accounting, University of Maryland, U.S.A.	Professor, Department of Accounting & Director, Division of Continuing Education and	
Acting Dean, College of Management, National Taiwan University	Professional Development, National Taiwan University	_
Professor and Chairman, Department of Accounting, National Taiwan University	Supervisor, Taiwan Power Company	
M.A. in Accounting, National Chengchi University	Chief in Department of Accounting, Ministry of Finance	
Chief in Department of Accounting, Ministry of Economic Affairs	Resident Supervisor, Chung Kuo Insurance Company	—
M.D. in Law (Public Finance) National Chengchi University; Vice President & Chief Financial	Associate Professor, Department of Public Finance and Tax Administration,	
Officer, Bureau of National Health Insurance, Department of Health, Executive Yuan	National Taipei College of Business; Supervisor, Panram International Corporation	—
MA in Department of Marine, State University of New York		
Director General of the Dept. of Customs Administration, MOF	Director General of the Directorate General of Customs	_
Director, Economic Division, Taipei Economic & Cultural Office in Canada		

Major Institutional Shareholders

		Dec.31, 2004
Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder	
Ministry of Finance	Government Agencies (100% shareholding)	

Information on Directors and Supervisors (2)

Information or Qualification Name	At least five years of experience needed in the commercial, legal, financial, or banking businesses	Not employed by the Bank or serving as director, supervisor, or employee of an enterprise related to the Bank	Not a direct or indirect owner of 1% or more of the Bank's issued stock, or among the top 10 shareholders as a natural person	Not a spouse or a direct relative within 2 tiers of a person as described in the previous column	Not a director, supervisor, employee, or employee of a juridical person that directly or indirectly owns 5% or more of the Bank's issued shares, or a director, supervisor, or employee of a juridical person that is among the top five shareholders	Not a director, supervisor, manager, or owner of 5% or more of the shares of a specific company or agency that has a financial or business relationship with the Bank	Not a professional person who, or owner, partner, director, supervisor, or manager of a wholly owned or partnership company or group that, has provided financial, commercial, or legal services to the Bank or its related enterprise within the past year, or the spouse of such a person	Notes
Jye-Cherng Lyu	V	V	V	V	V	V	V	
Sheng-Yann Lii	V	V	V	V	V	V	V	
Ruey-Tsang Lee	V	V	V	V	V	V	V	
Chih-Hung Chang	V	V	V	V	V	V	V	
Ming-Ming Wu	V	V	V	V	V	V	V	
Chia-Cheng Lin		V	V	V	V	V	V	
Hsiu-Hua Rau		V	V	V	V	V	V	
Jin-Tung Lee	V	V	V	V	V	V	V	
Yuh-San Liu	V	V	V	V	V	V	V	
Shin-Hsin Huang		V	V	V	V	V	V	
Yang-Tzong Tsay	V	V	V	V	V		V	
Bao-Chung Hong	V	V	V	V	V	V	V	
Tzer-Cheng Lo	V		V	V	V	V	V	
Tung-Yuan Chen	V		V	V	V	V	V	
Teng-Lung Hsieh	V		V	V	V	V	V	
Bing-Huang Shih	V	V	V	V	V	V	V	
Chan-Jane Lin	V	V	V	V	V	V	V	
Fu-Deng Hsieh	V	V	V	V	V	V	V	
Tzer-Ming Chu	V	V	V	V	V	V	V	
Shaw-Wu Yu	V	V	V	V	V	V	V	

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Position	Name	Date of Employ- ment	Shares Held No. Ratio	Spous	Held by se and it Children Ratio	Shares Ho in Name of Other No. R	e	Career and Education	Positions Held with Other Companies	Jan.31, 2005 The Spouse or Relative within 2 Tiers in the Bank as a Manager Position Name Relationship
President	Sheng-Yann Lii	2001.09.03				<u> </u>	ι	h.D. in Economics, Iniversity of Pittsburgh, J. S. A.	Director, The Taiwan Payments Clearing System Development Foundation Managing Director, Cathay United Bank	
Executive Vice President	K. C. Wang	1997.07.16					N	Naster of Science, Iorth Dakota State Iniversity	Director, Hua Nan Financial Holdings Co., Director, Hua Nan Commercial Bank Director, Taiwan Asset Management Corp.	
Executive Vice President	Wu-Shiung Chou	1998.10.28					E	I.A. in Industrial ingineering and fanagement, Chung fua University	Director, Fuhwa Financial Holding Co., Director, Fuhwa Securities Finance Company Director, Taiwan Development & Trust Corp.	
Executive Vice President	Tzer-Cheng Lo	2003.08.22					C	I.A. in Economics, Chinese Culture Iniversity	Director, Taiwan Life Insurance Co., Ltd., Supervisor, Taiwan Business Bank	
Executive Vice President and General Auditor	Fan-Chih Wu	2004.10.26					c	Bachelor of Law Chinese Culture Incademy	Managing Director, First Commercial Bank Director, First Financial Holding Co.	
SVP and Chief Secretary	Hong-Chi Chang	2004.07.16					E	Aaster of Agricultural conomics, National Chung-Hsing University	Secretary General of Bankers Association of Taiwan Director, Chung Hsing Bills Finance Corp.	
Department of Planning SVP and General Manager	Fu-Chi Tsai	2004.01.16	100% of	Shareholdir	ng: Ministry o	of Finance	F	engchia College	Supervisor, First Financial Holding Co., Supervisor, First Commercial Bank	
Department of Credit Management SVP and General Manager	Teng-Lung Hsieh	2003.07.15					a		Managing Director, Hua Nan Commercial Bank Director, Hua Nan Financial Holdings Co.	
Department of Business (1) SVP and General Manager	Johnny Pan	2004.07.16						amkang Arts & College	Managing Director, Central Motion Picture Corp.	
Department of Circulation SVP and General Manager	Chung-Nan Fang	2003.01.16					C		Supervisor, Chung Hsing Bills Finance Corp.	
Department of Public Treasury SVP and General Manager	Po-Wen Yang	2004.07.16					E	Dept. of Agricultural Economics, National Chung-Hsing University	Resident Supervisor, Tang Eng Iron Works Co.,	
Department of Treasury SVP and General Manager	Justin J.L.Wei	2003.07.15						I.A.Dept. of Economics Soo Chow University	Liquidator of Kaohsiung Ammonium Sulfate Co. Supervisor, Hua Nan Commercial Bank Supervisor, Hua Nan Financial Holdings Co.	
Department of International Banking SVP and General Manager	Lung-Kuang Ho	2004.01.16						lational Chengchi Iniversity	Managing Director, Taiwan Business Bank	
Department of Business (II) SVP and General Manager	Bao-Tsung Hong	2004.01.15					N	Pept. of Public Finance lational Chengchi Iniversity	Director, Tang Eng Iron Works Co.	
Department of Trusts SVP and General Manager	Wu-Shiung Chou (EVP)	2004.11.01					ir	I.A in Industrial Eng- neering and Manage- nent, Chung-Hua	Director, Fuhwa Financial Holding Co., Director, Fuhwa Securities Finance Company Director, Taiwan Development & Trust Corp.	

3. Information on the President, Executive Vice Presidents, and Heads of Departments and Branches

Position	Name	Date of Employ- ment	Sha He		Shares Spous Dependen		Shares in Na of Ot	ame	Career and Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager
			No.	Ratio	No.	Ratio	No.	Ratio			Position Name Relationship
Department of Consumer Banking	Te-Fu Lu	2003.07.15							College of Business	Director, Taiwan Life Insurance Co.	
SVP and General Manager									Tamkang University		
Secretariat	Hsien-Ming Hung	2005.01.26							Dept. of Business	Supervisor, Central Motion Picture Corp.	
SVP and General Manager									National Open University		
General Affairs Office	Chien-Yi Liang	2005.01.10							Taiwan Provincial Tai-	Supervisor, Taiwan Fire & Marine Insurance	
SVP and General									chung Commercial	Co.	
Manager									College		
General Affairs Office II	Yan-Shan Chi	2003.08.22							Tamkang College		
SVP and General Manager											
Personnel Office	Cheng-Yi Pan	2001.08.01							Dept. of Economics Nat-	Managing Director, China Daily News,	
SVP and General Manager									ional Taiwan University	Director, Taiwan Navigation Co.	
Ethics Office	Yeh-Liang Hu	2003.05.16							Master of Laws National	Supervisor, China Daily	
SVP and General Manager									Chengchi University	News	
Accounting Office	Ting-Chu Leu	2003.01.21							Dept.of Accounting	Director, Taiyi Real Estate Management Co., Ltd.,	
SVP and General Manager									National Chengchi	Supervisor, Kaohsiung Ammonium Sulfate	
									University	Co., Ltd.	
Economic Research Office	Shing-Shiang Ou	2001.02.15							Ph.D in Economics,	Director, China Development	
SVP and General Manager									Georgia State University,	Financial Holding Corp.	
									U.S.A.		
Credit Analysis Office	Kao-chen Chuang	2002.09.09							Dept. of business	Managing Director, Small & Medium	
SVP and General Manager									Administration, National	Business Credit Guarantee Fund	
									Chengchi University		
Information Management	Edwin S.S.Song	2003.07.15							Dept. of Chemistry	Director, Bankpro E-ServiceTechnology Co.,	
Office			1	100% of	Shareholdir	ng: Ministry	of Finan	ice	National Cheng Kung	Director, Financial eSolution Co., Ltd.	
SVP and General Manager									University		
Legal Affairs Office	Su-Lan Lin	2004.01.16							Master of Laws. The	Director, Tang Eng Iron Work Co.	
SVP and General Manager									Unversity of New South		
									Wales		
Training Institute	Liang-Yu Chen	2002.07.15							Master of Laws,North	Director, United Taiwan Bank S.A.,	
SVP and General Manager										Director, Central Motion Picture Corp.	
Non-performing Loans Center	Tieh-Hai Lin	2004.07.16							Dept. of Banking and	Supervisor, Taiwan Handicraft Promotion	
SVP and General Manager									Insurance, Chinese	Center	
									Culture Unversity		
Department of Securities	Min-Chang Chen	2002.01.23							Dept. of Banking and	Supervisor, Taiwan Business Bank	
SVP and General Manager									Insurance, Feng Chia		
									College		
Offshore Banking Branch	Sherry,S.T Chen	2002.09.12							M.A. in Public Finance	Director, Tang Eng Iron Works Co.	
SVP and General Manager									National Chengchi		
									University		
Department of Electronic Banking	Chau-Hsiung Chou	2003.07.15							Dept. of Mechanical	Director, Taiwan Business Bank	
SVP and General Manager									Engineering, National		
		0000 00 0							Cheng Kung University		
New York Agency	Shiou-Jsu Yeh	2002.08.31							Dept. of Bussiness		
SVP and General Manager									Administration, National		
	Druge L M M	0000.00.10							Taiwan University		
Los Angeles Branch	Bruce L.Y. Yang	2002.09.19							Dept. of Bussiness Admin		
SVP and General Manager									istration, National Taiwan		
	T	0000 00 07							University		
Hong Kong Branch	Ton-Yuan Yeh	2002.08.05							Dept. of Accounting		
SVP and General Manager									National Cheng-Kung		
									University		

Position	Name	Date of Employ- ment	Shares Held	Spou	Held by se and nt Children	in N	s Held lame thers	Career and Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager
			No. Rati	No.	Ratio	No.	Ratio			Position Name Relationship
Tokyo Branch	Ying-Yen Shih	2002.05.10						Graduate School of Inter-		
SVP and General Manager								national Trade, National		
O'		0000 07 00						Chengchi University		
Singapore Branch	Ye-Chin Chiou	2002.07.09						Dept. of Economics, Na-		
SVP and General Manager		0000 00 40						tional Taiwan University		
South Africa Branch	Chih-Chang Kao	2002.09.16						Bachelor of Business		
SVP and General Manager								Banking and Insurance		
								Department, Tamkang University		
London Branch	Fu-San Chiang	2004.08.16						Dept. of Agricultural		
SVP and General Manager	i u-San Oniang	2004.00.10						Economics, National		
ovir and denotal manager								Taiwan University		
Tainan Branch	Tong-Fu Ho	2003.10.30						Dept. of Economics,		
SVP and General Manager	long rario	2000.10.00						National Chung Hsing		
ovir and denotal manager								University		
Taichung Branch	Tung-Yuan chen	2004.07.16						Dept. of Business Admin-		
SVP and General Manager	ang roun onon							istration Fengchia College	Director, International Investment Trust Co.	
Kaohsiung Branch	Cheng-Wen Tai	2003.07.15						Dept. of Business		
SVP and General Manager	onong won na	2000.07.10						Administration National		
orr and acronal manager								Taichung Institute of		
								Commerce		
Keelung Branch	Yi-Ching Chung	2002.07.15						National Taiwan Academy		
SVP and General Manager	······································							of Arts		
Chunghsin New Village Branch	Sen-yuan Liu	2004.04.26						National Open University		
SVP and General Manager	,									
Chiayi Branch	Chia-Nan Wang	2004.01.15						Dept. of Banking and		
VP and General Manager			100%	of Shareholdii	ng: Ministry o	of Finan	nce	Insurance, Kuochi Junior		
								College of Commerce		
Hsinchu Branch	Hong-Yan Lioa	2004.10.12						Taiwan Provincial,		
VP and General Manager								Taichung Commercial		
								College		
Changhua Branch	Ta-Kan Yu	2003.07.15						National Chengchi	Supervisor, Small Business Integrated	
VP and General Manager								University	Assistance Center	
Pingtung Branch	Yaw-Neng Len	2004.01.16						National Open University		
VP and General Manager										
Hualien Branch	Chuen-Liang Cheng	2004.07.16						Dept. of Insurance		
VP and General Manager								National Taipei Junior		
								College of Business		
								Open Business		
								Junior College		
Yenping Branch	Ching-Chuang Lu	2002.07.15						Supplementary Open		
VP and General Manager								Junior College For Public		
								Administration, National		
Chungahan Branch	Ing Ligh Lin	2004.07.40						Chungchi University		
Chungshan Branch SVP and General Manager	Ing-Lieh Lin	2004.07.16						Chinese Culture University		
Kaohsiung Export Processing	Fu-Hsjang Chon	2003.01.16						Dept. of Business		
Zone Branch	a notany onen	2000.01.10						National Open University		
SVP and General Manager								and a sport orneroity		
Ilan Branch	Ching-Long Yu	2004.07.16						Dept. of Industrial Man-		
VP and General Manager	201.9 10							agement, Chung Yuan		
								University		
Taitung Branch	Hsii-Hsiang Huang	2002.07.15						Dept. of Business		
VP and General Manager	j							National Open University		
Penghu Branch	Ming-T Tsai	2003.07.15						Dept. of Cooperative		
VP and General Manager								Economics, Tamkang		
								University		

Position	Name	Date of Employ- ment	Sha He	ares eld	Shares Spous Dependen	se and	Shares in Na of Ot	ame	Career and Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager
			No.	Ratio	No.	Ratio	No.	Ratio			Position Name Relationship
Fengshan Branch	Wen-Tao Huang	2003.07.15							Fengchia College		
VP and General Manager											
Taoyuan Branch	Yea-Jen Ho	2004.01.15							Southern Illinois		
SVP and General Manager									University, U.S.A.		
Panchiao Branch	Chun-Te Wang	2004.07.16							M.A. in Insurance		
SVP and General Manager									Fengchia University		
	Shuenn-Shyong Yang	2003.07.15							Kaohsiung Commercial		
VP and General Manager									Vocational Senior High		
	T 01 111								School		
	Tzu-Cheug Wen	2003.07.15							Dept. of Business		
VP and General Manager									Administration, National		
Farmer Durach	Terr Trees Wiese	0000 07 15							Chung Hsing University		
	Tzu-Tung Wang	2003.07.15							Dept. of Banking and Insurance, Provincial Tai-		
SVP and General Manager											
									Chung Commercial Junior College		
Douliou Branch	Ruey-Lin Ko	2003.01.16							Tatung Institute of Com-		
VP and General Manager	ndey Ein No	2000.01.10							merce and Technology		
	Chung-Yong Lin	2003.07.15							Dept. of International		
VP and General Manager	onding tong Ent	2000.07.10							Trade, Feng Chia		
									University		
Nanmen Branch	Lea Ma	2002.07.15							Dept. of Business		
SVP and General Manager									National Taiwan		
				100% of	Shareholdir	ıg: Ministry o	of Financ	се	University		
Kungkuan Branch VP and General Manager	Shin-Nan Fan	2004.10.12							Feng Chia University		
	Henry H.F.Tai	2003.01.16							Master of Economics		
VP and General Manager									Chinese Cultural College		
Peitou Branch	Guo-Huei Jeng	2004.12.23							National Taipei College		
VP and General Manager									of Business Open		
									Business Junior College		
Wufeng Branch	E.Town Wei	2002.07.15							National Chunghsing		
VP and General Manager									University		
Kinmen Branch	Chin-Chang Kuo	2002.05.09							M.B.A, Taipei University		
VP and General Manager											
Matsu Branch	Shao-I Chou	2002.05.09							National Open University		
VP and General Manager											
	Wen-Ming Huang	2002.07.15							EMBA Master of		
VP and General Manager									Management, National		
	01								Cheng Kung University		
	Chang-Fu Lin	2003.01.16							Feng Chia University		
VP and General Manager	Ohing Line Li	0000 40 40							Dank of the state		
-	Ching-Liang Liao	2002.12.16							Dept. of Accounting and		
VP and General Manager									Statistics, National		
									Taichung Institute of Technology		
Toufen Branch	Charng-Yi Chou	2003.07.15							Dept. of Agricultural		
VP and General Manager	onding in onod	2000.07.13							Economics, National		
and General Manager									Taiwan University		
	Wu-Pang Hsieh	2002.01.18							-		
Chienchen Branch	WU-Fallu risien	2002.01.10							Dept. of Economics		

		Date of	Shares		Held by se and	Shares I in Nar		Career and	Positions Held with	The Spouse or Relative within
Position	Name	Employ-	Held		t Children	of Othe		Education	Other Companies	2 Tiers in the Bank
		ment		· ·						as a Manager
			No. Ratio	No.	Ratio	No.	Ratio			Position Name Relationship
Chengchung Branch	Kee-Lung Yang	2004.01.16						Dept. of Economics		
VP and General Manager			-					Fu-Jen University		
Minchuan Branch	Ching-Jiang Juang	2004.01.16						Tam Kang University		
VP and General Manager	IL STREET, M	0005.04.44	-							
Tantzu Branch	Hsin-Hsing Yu	2005.01.14						Dept. of Business		
VP and General Manager								Management, Feng Chia		
Vungha Branch	Chung Lion Hou	2003.07.15						University Dept. of International		
Yungho Branch VP and General Manager	Chung-Lien Hsu	2003.07.15						Trade, Tamkang		
vi and General Manager								University		
Yuanlin Branch	Hsien-Cheng Lee	2005.01.14						National Changhua		
SVP and General Manager	I Islen-Oneng Lee	2003.01.14						Senior School of		
S VI and General Manager								Commerce		
Sungchiang Branch	Hsieh-Yi Kang	2004.07.16						Dept. of Business		
VP and General Manager	noion maing	2004.07.10						Administration,		
vi and deneral manager								Soo-Chow University		
Kusan Branch	Cheng-Lung Chen	2005.01.14	-					Tamkang University		
VP and General Manager	chong Long Orien	2000.01.14						annung onvolony		
Lungshan Branch	Chung-Chih Chu	2004.07.16						National Taiwan College		
VP and General Manager		2001.07.10						of Marine Science		
in and donoral managor								and Technology		
Chunghsiao Branch	Chih-Jen Chiang	2004.04.27						Supplementary Open		
VP and General Manager	on any	200 110 1127						Junior College for Public		
and donoral managor								Administration, National		
								Chengchi University		
Hsinyi Branch	Yung-Chuan Yu	2005.01.10	100% of	f Shareholdir	ng: Ministry o	of Finance	;	Dept. of Accounting		
VP and General Manager	, i i i i i i i i i i i i i i i i i i i							Tamkang University		
Fuhsing Branch	Hung-Jung Hung	2005.01.14	-					Open Junior College of		
VP and General Manager								Commerce, National		
-								Chengkung University		
Sanming Branch	Chin-Sheng Chen	2004.01.16	•					National Open University		
VP and General Manager										
Taichung Harbor Branch	Wen-Yu Chen	2004.04.26						Graduate Institute of		
VP and General Manager								Management, Tamkang		
								University		
Loutung Branch	Cheng-Hsiung Wu	2003.07.15						Dept. of Commercial		
VP and General Manager								Science, National Taiwan		
								University		
Puli Branch	Jing-Fang Shih	2001.07.16						Dept. of International		
SVP and General Manager								Trade, Fengchia College		
Kangshan Branch	Mong Wang	2002.12.16						Dept.of . Economics.		
VP and General Manager								Chunghsing University		
Hsingsing Branch	Shui-Chen Huang	2005.01.16						National Changhua Sen-		
VP and General Manager								ior School of Commerce		
Lingya Branch	Jen-Shiau Ma	2003.07.15						Master of Business		
VP and General Manager								Adminstration, North		
								Western State University		
			-					of L.A.		
Sungshan Branch	Chin-Huan Wu	2004.07.16						Chihlee Institute of		
VP and General Manager			-					Technology		
Chien-Hsing Branch	Tsuey-Hwa Hsu	2003.07.15						Dept. of International		
VP and General Manager								Trade Tamkang		
								University		
Chungho Branch	Yen-Tsang Jan	2001.07.16	-					Tamkang College		

		Date of	Sha	res		Held by	Shares		O-man and	Positions Held with	The Spouse or
Position	Name	Employ-	He			se and It Children	in Na of Ot		Career and Education	Other Companies	Relative within 2 Tiers in the Bank
		ment			Deheunei		0101	11015	Education		as a Manager
			No.	Ratio	No.	Ratio	No.	Ratio			Position Name Relationship
Taipao Branch	Ah-Jou Wu	2003.01.16							Dept. of Accounting and		
VP and General Manager									Statistics, National Open		
									College of Continuing		
									Education Affiliated To		
									National Taichung		
									Institute of Technology		
Chupei Branch	Woei-Jyi Chen	2004.07.16							Dept. of Public		
VP and General Manager									Administration,		
									National Open University		
Shihlin Branch	Jen-Kui Chen	2001.07.16							Dept. of International		
VP and General Manager									Trade, Open Business		
									College with NTCB		
Hsinchuang Branch	Jin-Jinn Chen	2005.01.10							Dept. of International		
SVP and General Manager									Trade, Kuochi Junior		
									College of Commerce		
Tachia Branch	Chia-Chin Huang	2003.07.15							Dept. of Business		
SVP and General Manager									Administration, Tamkang		
									College of Arts and		
									Sciences		
Science-Based Industrial	Gang-Feng Yea	2003.07.15							Supplementary Open		
Park Branch									Junior College for Public		
VP and General Manager									Administration, National		
									Chengchi University		
Shulin Branch	Shan-Kuo Fu	2003.07.15							Dept. of Banking and		
VP and General Manager									Insurance, Tamkang		
									University		
Hsintien Branch	Man-Li Chiang	2004.01.16	1	00% of	Shareholdir	ng: Ministry	of Finan	се	Dept. of Accounting and		
VP and General Manager									Statistics, National		
									Chengkung University		
Liming Branch	Yuan-Yuan Wang	2004.07.16							Dept. of Accounting		
VP and General Manager									Fengchia University		
Minsheng Branch	Yeong-Maw Yang	2004.07.16							Dept. of Cooperative		
VP and General Manager									Economics, Fengchia		
									University		
Yongkang Branch	Yang-Yi Ma	2003.07.15							Dept. of Business		
SVP and General Manager									Administration, National		
Canadau Day	Maren Oliver Mil	0005.01.15							Taiwan University		
Sandou Branch	Yung-Shan Wang	2005.01.17							Dept. of Business		
VP and General Manager									Management, National		
Toinei Werld Trade On the	Lib Churren Ll	0000.07.15							Chenkung University		
Taipei World Trade Center	Lih-Shyong Huang	2003.07.15							Dept. of Economics		
Branch VP and General Manager									National Chunghsing University		
Taan Branch	Ruov-Mub Huers	2004 01 10									
	Ruey-Muh Hwang	2004.01.10							Dept. of Technology Mechanical Engineering		
VP and General Manager									Mingchi University		
Huachiang Branch	Jui-Chun Chen	2002.12.16							National Open University		
VP and General Manager	our onur onen	2002.12.10							rational open university		
Chaochou Branch	Chao-Ming Lee	2002.01.16							Supplementary Open		
VP and General Manager	Loc ming Loc	2002.01.10							Junior College For Public		
and contra manager									Administration, National		
									Chengchi University		
Suao Branch	Huan-Ning Chen	2002.07.15							Dept. of Banking		
VP and General Manager		2002.07.10							Tamkang College		
Taya Branch	Yuan-Tung Lin	2003.07.15							National Open University		
VP and General Manager		2000.01.10							opon oniversity		
Nantze Branch	Yi-Wen Tsai	2003.07.15							Dept. of Business		

Position	Name	Date of Employ- ment	Shares Held	Spou	Held by se and nt Children	Shares in Nar of Oth	me	Career and Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager
			No. Ratio	No.	Ratio	No.	Ratio			Position Name Relationship
Taichung Industrial Park Branch SVP and General Manager	Chih-Chien Liu	2002.07.15				<u> </u>		Dept. of Public Finance Fengchia University		
Tunhwa Branch VP and General Manager	Chuan-Chuan Hsieh	2002.05.09						National Taiwan University		
Nankang Branch VP and General Manager	Bao-Ting Chen	2003.07.15						Dept. of International Trade, Tamkang College of Arts and Sciences,		
Hoping Branch SVP and General Manager	Jimmy J.T. Tseng	2004.01.16						Dept. of Finance and Taxation, Fengchia University		
Shuinan Branch SVP and General Manager	Chi-Ho Hung	2002.07.15						National Open College of Continuing Education		
Chunglun Branch VP and General Manager	Chung-Huei Ho	2004.07.16						Bliss College, Ohio,U.S.A		
Tucheng Branch VP and General Manager	Chen-Hung Lin	2001.08.01						Dept. of Business Admin- istration, Tamkang College of Arts and Sciences		
CKS Airport Branch VP and General Manager	Chun-His Lee	2001.02.15						Taiwan Police Academy		
Dahchang Branch VP and General Manager	Ruey-Dian Lin	2002.12.16						Dept. of Public Finance National Cheng-Chi University		
Wuchia Branch VP and General Manager	Sheng-Hsiung Liu	2002.07.15	100% oʻ	Shareholdi	ng: Ministry o	of Finance	e	Dept. of Banking and Insurance, National Chengkung University Open Junior College of Commerce		
Boai Branch VP and General Manager	Nan-Chin Hsu	2002.01.16						Supplmentary Junion College of the National Chengchi University		
Chungchuang Branch VP and General Manager	Jung-Tsung Wu	2002.12.16						Dept. of Shipping Transportation, National Taiwan Ocean University		
Pingchen Branch VP and General Manager	Chun-Yen Chen	2004.07.16						Dept. of Law, Chinese Culture University		
Jenai Branch VP and General Manager	Yeong-Chia Chen	2004.01.16						Dept. of Accounting and Statistics, Tamkang College of Arts and Sciences		
Nankan Branch VP and General Manager	Yung-Hsien Chen	2004.01.16						Supplementary Open Junior College For Public Administration, National Chengchi University		
Yuanshan Branch VP and General Manager	Hsi-Chun Chang	2003.07.15						Tamsui Institute of Business Administration		
Wuku Branch VP and General Manager	Jung-Hsien Chen	2002.12.16						Dept. of Banking National Chengchi University		
Tali Branch VP and General Manager	Te-Ming Kuo	2004.07.16						Dept. of Accounting and Statistics, Fujen Catholic University		
Annan Branch VP and General Manager	Mao-Hsiung Chou	2002.07.15						Dept. of Banking,National Chengchi University		
Hsitwun Branch SVP and General Manager	Hua-Ching Hsieh	2002.07.15						Dept. of Arts of Commerce National Open University		

Position	Name	Date of Employ- ment	Shares Held	Shares Held by Spouse and Dependent Children	Shares H in Nan of Othe	ne	Career and Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager
			No. Ratio	No. Ratio	No.	Ratio			Position Name Relationship
Tienmou Branch	Kai-Cheng Ho	2002.12.16					National Chengchi		
VP and General Manager							University		
Lukang Branch	Chin-Ching Chen	2002.07.15					Dept.of International		
SVP and General Manager							Trade, Overseas Chinese		
							Business College		
Neili Branch	Chiu-Chung Huang	2002.05.09					Dept. of International		
VP and General Manager							Trade Fengchia University		
Tainan Science-Based	Sen-Che Chang	2000.03.01					Dept. of Commercial		
Industrial Park Branch							Affairs, Taiwan Provincial		
VP and General Manager							Chiayi Senior		
							Commercial High School		
Huwei Branch	Kun-Yuan Yeh	2003.01.16					Dept. of Accounting and		
VP and General Manager							Statistics Tatung Junior		
in and donoral manager							Technological College of		
							Commerce		
Tamsui Branch	Chao-Wang Chen	2004.12.23					Supplementary Open		
VP and General Manager							Junior College For		
							Public Administration,		
							National Chengchi		
							University		
Neihu Branch	Yun-Kuang Liao	2003.04.02					National Taiwan Ocean		
VP and General Manager							University		
Chiabei Branch	Shih-Hsuan Wu	2003.01.16					Supplementary Open		
VP and General Manager			100% of	Shareholding: Ministry	of Finance)	Junior College For Public		
							Administration , National		
							Chengchi University		
Tunhkang Branch	Wen-Shu Ho	2002.12.16					Tatung Institute of Com-		
VP and General Manager							merce and Technology		
Hsichih Branch	Kuen-Der Cheng	2004.01.16					Soochow University		
VP and General Manager									
Wuchi Branch	Pi-Chih Hsu	2004.07.16					M.B.A in Finance		
VP and General Manager							National Science and		
Ŭ							Technology Yunlin		
							University		
Putz Mini Branch	Ah-Jou Wu	2003.01.16					Dept. of Accounting and		
VP and General Manager		2000.01.10					Statistics, National Open		
vi and deneral manager							College of Continuing		
							Education Affiliated to		
							National Taichung		
Uningly on Marin Days	Ohun III' of	0000 07 17					Institute of Technology		
Hsiaokang Mini Branch	Chun-Hsiung Chen	2003.07.15					M.A in Business Manage-		
VP and General Manager							ment, National Sun		
							Yat-Sen University		
Chungping Branch	Huann-Shiun Lee	2001.04.19					Dept. of Business		
VP and General Manager							National Open University		
Chunhsien Branch	Cynthia Chao	2000.03.17					Dept. of Secretarial Scie-		
VP and General Manager							nce Ming Chuan College		
Peitalu Branch	Shiou-Rumg Wu	2001.08.17					Dept. of Industrial		
VP and General Manager							Management, Tamsui		
							Oxford College		
Wenshan Mini Branch	Shin-Nan Fan	2004.10.12					Feng Chia University		
VP and General Manager									

Position	Name	Date of Employ- ment	Shares Held	Spou	Held by use and nt Children	Shares in Na of Ot	ame	Career and Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager
			No. Rat	o No.	Ratio	No.	Ratio			Position Name Relationship
Jian Mini Branch	Chuen-Liang Cheng	2004.07.16						Dept. of Insurance,		
VP and General Manager								National Taipei Junior		
								College of Business Open		
								Business Junior College		
Nankuo Mini Branch	Ta-kan Yu	2003.07.15						National Chengchi	Supervisor, Small Business Integrated	
SVP and General Manager								University	Assistance Center	
Fucheng Mini Branch	Tong-Fu Ho	2003.10.30						Dept. of Economics		
SVP and General Manager								National Chung Hsing		
								University		
Taiping Branch	Tien-Fu Hsieh	2002.07.22						Tatung Institute of Com-		
SVP and General Manager								merce and Technology		
Defang Branch	Jer-Shuan Wen	2004.01.16						Dept. of Business		
VP and General Manager								Administration, Tunghai		
								University		
Chienkuo Branch	Hui-Hsin Liu	2004.07.16						Dept. of Accounting and		
VP and General Manager								Statistics, Tamkang		
								College		
Talun Branch	Yund-Tuang Fu	2001.09.14						Dept. of Business Admin-		
VP and General Manager								istration, Taipei Commerce		
								College Open Junior		
								College of Commerce		
Hsingnung Branch	Cheng-Hsiung Tseng	2001.09.14						Dept. of Computer		
VP and General Manager			100%	of Shareholdi	ing: Ministry	of Finan	ice	Engineering, Taipei		
			100 / 0	or on a control of				Commerce College		
Jenmei Branch	Kuo-Chen Chung	2001.09.14						Dept. of Business		
VP and General Manager								Administration, National		
								Taichung Commerce		
								College Open Junior		
								College		
Yenpu Branch	Ching-Chen Hsiao	2002.03.15						Dept. of Accounting		
VP and General Manager								FengChia University		
Housheng Branch	Chin-Hui Huang	2001.09.14						Dept. of Business		
VP and General Manager								National Open University		
Hsinwei Branch	Fuh-Ming Liou	2005.01.07						Dept. of Business		
VP and General Manager								Administration, National		
								Chunghsing University		
Chenhsing Branch	Chao-Chia Yang	2005.01.07						Dept. of Accounting and		
VP and General Manager								Statistics, Kuochi Junior		
								College of Commerce		
Hsinyuan Branch	Sheng-Hsiung Lee	2003.01.09						Dept. of Statistics		
VP and General Manager								Fengchia University		
Nanshin Branch	E-Yuan Shen	2001.09.14						Dept. of Industrial and		
VP and General Manager								Business Administration		
								Tamsui Oxford College		
Yinglong Branch	Chen-Chang Lin	2001.09.14						Dept. of Banking and		
VP and General Manager								Insurance, Open Junior		
								College of Commerce		
								National Chengkung		
								University		
Shintong Branch	Jin-Her Fang	2001.09.14						Dept. of Business		
VP and General Manager								National Open University		

Position	Name	Date of Employ- ment	Sha He	ares eld	Spou	Held by se and nt Children	in N		Career and Education	Positions Held with Other Companies	The Spouse or Relative within 2 Tiers in the Bank as a Manager
			No.	Ratio	No.	Ratio	No.	Ratio			Position Name Relationship
East Taoyuan Branch	Ming-Chih Lee	2003.08.28							Dept. of Banking and		
VP and General Manager									Insurance, FengChia		
									University		
Lujhou Branch	Te-Hsien Sun	2003.05.06							Dept. of Shipping and		
VP and General Manager									Transportation Manage-		
									ment, National Taiwan		
									Ocean University		
Peifu Mini Branch	Chun-Te Wang	2004.07.16							M.A. in Insurance		
SVP and General Manager									Fangchia University		
Kaohsiung Airport Branch	Chun-Hsiung Chen	2003.12.29							M.A. in Business		
VP and General Manager									Management, National		
									Sun Yatsen University		
Keelung Port Mini Branch	Yi-Ching Chung	2002.07.15							National Taiwan Academy		
SVP and General Manager									of Arts		
Yongji Mini Branch	Ing-Lieh Lin	2004.07.16							Chinese Culture		
SVP and General Manager									University		
Tungmen Mini Branch	Yung-Chuan Yu	2005.01.10							Dept. of Accounting		
VP and General Manager									Tamkang University		
Aiguo Mini Branch	Yung-Chuan Yu	2005.01.10		100% of	f Shareholdi	ng: Ministry	of Finan	ice	Dept. of Accounting		
VP and General Manager									Tamkang University		
Kaorung Mini Branch	Henry H.F. Tai	2003.12.19							Master of Economics		
VP and General Manager									Chinese Cultural College		
Baoqing Mini Branch	Chung-Chih Chu	2004.07.16							National Taiwan College		
VP and General Manager									of Marine Science and		
									Technology		
Taidian Mini Branch	Shin-Nan Fan	2004.10.12							Feng Chia University		
VP and General Manager											
Jincheng Mini Branch	Kuo-Chin Chang	2003.12.29							M.B.A.Taipei University		
VP and General Manager											
Renher Mini Branch	Ah-Jou Wu	2003.12.19							Dept. of Accounting and		
VP and General Manager									Statistics, National Open		
									College of Continuing		
									Education Affiliated To		
									National Taichung		
									Institute of Technology		
Caotun Mini Branch	Sen-Yuan Liu	2004.07.01							National Open University		
SVP and General Manager											
TWTC Exhibition Hall Mini	Lih-Shyong Huang	2004.07.02							Dept. of Economics		
Branch									National Chunghsing		
VP and General Manager									University		

4. Compensation Paid to Directors, Supervisors, President, and Executive Vice Presidents for the Past Year

Directors' Compensation Dec. 31, 2004

Unit: NT\$1,000

		Expenses	Distributed		Profit Dis	tributed a	IS	Total of	Ratio of	Amount of	Other
		and	Profits			Bonuses		Previous	Total	Employee	Compen-
		Compen-	Paid to	Cash	S	tock Boni	uses	Three	Amount to	Stock	sation
Position	Name	sation	Directors	Bonus-		Market	Amount	Items	After-tax	Warrants	
				es	Shares	Value			Net Profit		
Chairman	Jye-Cherng Lyu	994						994	(%)		-
Chairman	bye onenig Lyu	004									
(until Apr.	Mu-Tsai Chen	1,862						1,862			_
22, 2004)	ind roar orien	1,002						1,002			
Acting											
Chairman											
(until June	Tze-Kaing Yang	208						208			-
27, 2004)											
Managing											
Director	Tze-Kaing Yang	29						29			-
Managing		0.5						05			
Director	Chih-Hung Chang	95						95			-
Managing	Ruey-Tsang Lee	52	2020		20	20		52	0.0607	2020	
Director	Ruey-Isang Lee	52	none		no	ne		52	0.0007	none	-
Managing	Ming-Ming Wu	34						34			
Director		04									
Managing	David M. Chen	73						73			-
Director											
Director	Chia-Cheng Lin	39						39			-
Director	Hsiu-Hua Rau	104						104			-
Director	Jin-Tung Lee	104						104			-
Director	Yuh-San Liu	91						91			-
Director	Shin-Hsin Huang	97						97			-
Director	Yang-Tzong Tsay	92 48						92 48			-
Director Director	Bao-Chung Hong	2,280						2,280			-
Director	Tung-Yuan Chen	2,280						2,280			-
Director	Teng-Lung Hsieh	2,194						2,194			-

Supervisors' Compensation Dec. 31, 2004

Unit: NT\$1,000

		Expenses and	Distributed	Total of	Ratio of Total	
Position	Name	Expenses and Compensation	Profits Paid to Supervisors	Previous Two Items Profit	Amount to After-tax Net	Other Compensation
Resident Supervisor	Bing-Huang Shih	98		98		-
Supervisor	Shaw-Wu Yu	72		72		-
Supervisor	Chan-Jane Lin	97	none	97	0.0036	-
Supervisor	Fu-Deng Hsieh	97		97		-
Supervisor	Tzer-Ming Chu	104		104		-
Supervisor	Huey-Jen Jong	25		25		-

	Dec. 31, 2004 Unit: NT\$1,000										IT\$1,000
			Bonus, Special Expenses	Profit Distributed as Employee Bonuses Cash Stock Bonuses			Total of Previous Three	Ratio of Total Amount to	Amount of Employee Stock	Other Compen- sation	
Position	Name	Salary		Bonuses	No. of Shares	Market Value	Amount	Items	After-tax Net profit (%)	Warrants	
President	Sheng-Yann Lii	1,896	1,147					3,043			-
Executive Vice President	K. C. Wang	1,537	1,075					2,612	•		-
Executive Vice President	Wu-Shiung Chou	1,537	1,038		none			2,575	0.0760	none	-
Executive Vice President	Tzer-Cheng Lo	1,448	840					2,288			-

Compensation Paid to President and Executive Vice Presidents

5.Transfer of equity and changes in equity used as collateral by directors, supervisors, managers, and others required to report by the provisions of Item 3, Article 25 of the Banking Law (None)

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6.Numbers of shares in the same reinvested enterprises held by the BOT and its directors, supervisors, president, executive vice presidents, the heads of departments and branches, and enterprises controlled directly or indirectly by the Bank, and ratios of consolidated shareholding

Consolidated Shareholding Ratios

		Dec. 3	1, 2004		Unit: Share, %		
Reinvested Enterprise*	Investment	by the BOT	Investment by Di Supervisors, the Executive Vice P Heads of Depart Branches, and E Directly or Indire by the BOT	President, residents, ments and nterprises	Consolidated Investment		
	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding	
Taiwan Sugar Corp.	23,137,489	0.30	34,497,273	0.44	57,634,762	0.74	
Taiwan Power Company	865,191,972	2.62	149,732,989	0.46	1,014,924,961	3.08	
Taiwan Machinery Manufacturing Corp.	10,253,459	1.60	167	0.00	10,253,626	1.60	
Taiwan Stock Exchange corp.	25,192,650	5.01	20,993,534	4.17	46,186,184	9.18	
First Financial Holding C0., Ltd.	449,640,825	8.10	992,839,821	17.89	1,442,480,646	25.99	
Hua Nan Financial Holdings C0., Ltd.	1,638,373,679	29.36	113,418,782	2.04	1,751,792,461	31.40	
laiwan Business Bank	888,002,495	24.09	299,952,695	8.14	1,187,955,190	32.23	
Cathay Financial Holding C0., Ltd.	136,822,492	1.65	11,176,180	0.13	147,998,672	1.78	
Taiwan Navigation C0., Ltd.	26,450,311	7.49	6,638,561	1.88	33,088,872	9.37	
Mega Financial Holding Company	277,170,670	2.44	1,120,440,277	9.86	1,397,610,947	12.30	
Taiwan Television Enterprise, Ltd.	40,316,161	14.37	20,353,680	7.25	60,669,841	21.62	
Taiwan Life Insurance C0.,Ltd.	109,796,053	27.77	60,231	0.01	109,856,284	27.78	
Taiwan Fire & Marine Insurance C0.,Ltd.	53,554,608	17.61	4,340	0.00	53,558,948	17.61	
Tang Eng Iron Works C0., Ltd.	308,017,022	44.00	62,149,024	8.88	370,166,046	52.88	
Taiwan Development & Trust Corp.	36,219,000	12.07	19,216,000	6.41	55,435,000	18.48	
China Development Financial Holding Corp.	215,240,346	1.82	33,107,081	0.28	248,347,427	2.10	
Kaohsiung Ammonium Sulfate C0., Ltd.	303,131,312	91.86	88	0.00	303,131,400	91.86	
Taiwan Chung Hsing Paper Corp.	25,035,822	9.54	0	0.00	25,035,822	9.54	
Taiwan Shin-Sheng Press Enterprise Company	355,005	0.23	21,735	0.01	376,740	0.24	
	1 250 110	1.91	0	0.00	1 250 110	1.91	
China Trade & Development Corp.	1,250,110		0		1,250,110	10.32	
China Daily News	3,477,600	10.32	0	0.00	3,477,600	0.24	
China Shipbuilding Corp. Central Motion Picture Corp.	2,697,208	0.24	0	0.00	2,697,208	15.22	
	8,913,458	6.69	242,840	0.00		6.70	
Fuhwa Financial Holding C0., Ltd. International Investment Trust C0., Ltd.	201,237,819	7.74	242,040	0.00	201,480,659	7.74	
· · · · · · · · · · · · · · · · · · ·	4,762,959				4,762,959		
Taiyi Real Estate Management C0., Ltd. United Taiwan Bank S.A.	2,610,000	30.00	146 250	0.00	2,610,000	30.00 20.00	
Taiwan Forex Inc.	700,000	10.00 3.53	146,250	7.07		10.60	
Taiwan Futures Exchange Corp.	2,600,000	1.30	5,934,000	2.97	2,100,000 8,534,000	4.27	
Bankpro E-ServiceTechnology C0., Ltd.	450,000	3.33	0	0.00	450,000	3.33	
Taiwan Asset Management Corp.	70,000,000	3.97	300,000,000	17.03	370,000,000	21.00	
Taiwan Financial Asset Service Corp.	5,000,000	2.94	10,000,000	5.88	15,000,000	8.82	
Financial Information Service C0., Ltd.	6,115,000	1.53	157,165,000	39.29	163,280,000	40.82	
Taiwan Cooperative Bank	2,298,896	0.09	1,525,373,230	60.06	1,527,672,126	60.15	
Financial eSolution C0., Ltd.	2,298,898	7.40	2,563,074	7.63	5,044,541	15.03	
Taiwan Integrative Shareholder	160,000	0.53	83,000	0.28	243,000	0.81	

 \ast Investment according to Article 74 of the Banking Law

III.Shares and Stock Dividends

1. Source of Equity Capital

						Unite	s: Share, NT\$
		Approved E	Equity Capital	Paid-in Equ	uity Capital	Notes	
Month and Year	Issue Price	No. of Shares	Amount	No. of Shares	Amount	Source of Equity Capital	Others
Mar. 2005		4,800,000,000	48,000,000,000	4,800,000,000	48,000,000,000	National Treasury	

	A				
Type of Stock		Unissued	Total	Notes	
	Circulation	Shares	lotai		
Common	0	0	4,800,000,000	not yet	
Stock	0	0	shares	released	

Mar. 31, 2005

2. Shareholder Structure

Foreign Other Structure Government Financial Institutions Juridical Individuals Total No. Agencies Institutions and Persons Individuals No. Shareholders 0 0 0 0 1 1 4,800,000,000 4,800,000,000 No. Shares Held 0 0 0 0 100% Ratio of Shareholding 100% 0 0 0 0

3. Dispersal of Shares

(None)

4. Major Shareholders

Shares Major Shareholder	No. of Shares Held	Ratio of Shareholding
Ministry of Finance	4,800,000,000	100%

5. Net Worth, Earnings, Dividends, and Market Value Per Share for Most Recent Two Years

ltem		year		2004	2003	As of March 31, 2005
	Highest					
Market Value	Lowest					
Per Share	Average					
Net Worth	Before App	ropriation		34.29	32.91	33.93
Per Share	After Appro	priation		—	31.49	—
Earnings	Weighted A Shares	verage Issued		4,800,000,000	4,800,000,000	4,800,000,000
Per Share	Earnings P	er Share		2.88	1.06	0.53
	Cash Divid	ends		—	1.42	—
Dividends	Stock	Earnings		—	_	_
Per Share	Dividends	Capital Reserve		—	—	—
	Cumulative	Dividends		—	_	_
	Undistribute	ed				
	P/E Ratio (Notes 1)		—	_	
	Ratio of Share Price to			—	—	_
Return Analysis	Dividends	(Notes 2)				
	Cash Divid	end Yield %				—
	(Notes 3)					

Notel:1. P/E ratio=current year average closing share price/earnings per share.

2. Ratio of share price to dividends = current year average closing share price / cash dividend per share.

3. Cash dividend yield % = cash dividend per share / current year average closing share price.

6. Stock Dividend Policy and Implementation

(1) Stock Dividend Policy

The BOT Charter stipulates that if the final annual accounts show a profit, the profit will be distributed as follows:

a.Payment of the income tax

b.Making up of losses for previous years

- c.Allocation of 30% for legal reserve
- d.Allocation of 40% for special reserve
- e.Re-appropriation of stock dividends

Any remaining profits will be distributed, together with undistributed profits from the previous year, in accordance with the relevant laws and regulations.

According to the stipulations of the Banking Law, until the legal reserve reaches the total amount of capital the maximum distribution of profits in the form of cash may not exceed 15% of the capitalization.

(2) Current Distribution of Stock Dividends

Following the payment of taxes and the allocation of legal and special reserves from the Bank's CPA-audited final accounts for fiscal year 2004, funds were left for a cash dividend of NT\$4.151 billion or NT\$0.86 per share. Since according to Article 50 of the Audit Law the final authority for approval of the BOT's final accounts is the Ministry of Audit, however, and since the Bank's final accounts for 2004 are still under examination by the Ministry, the actual amount of cash dividend to be distributed will be decided only after approval by the Ministry.

- Influence on the Bank's operating performance and earnings per share of the current uncompensated distribution of shares as proposed by the Shareholders' Meeting (None)
- 8. Employee bonus and compensation for directors and supervisors (None)
- 9. Repurchase of the Bank's shares by the BOT (None)

IV.Status of Bank Debentures, Preferred Shares, Overseas Depository Receipts, Employee Stock Warrants, Mergers and Acquisitions (including mergers, purchases, and splits)

(None)

General Operating Conditions



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I. Contents of Business

1. Major Items of Business

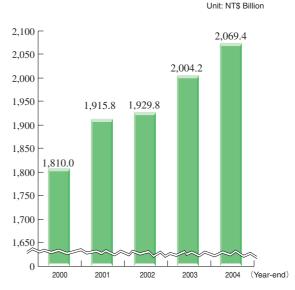
(1) Deposits

The Bank continued to promote checking deposits and demand deposits in order to lower the cost of operating capital and improve its deposit structure. The total amount of deposits in the Bank at the end of December 2004 was NT\$2,069.4 billion, representing an annual growth of 3.25% from that of a year earlier. The low rate of growth was due mainly to a slide in treasury deposits and time deposits; However, demand deposits manifested continuously growing trend, which was beneficial to the improvement of the Bank's deposit structure.

(2) Corporate Banking

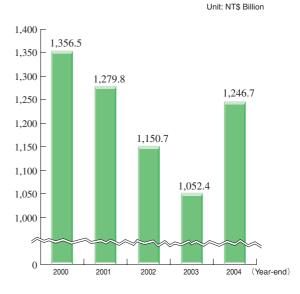
The Bank's corporate banking policy is to provide loans to private enterprises and make optimal use of the SME Credit Guarantee Fund. Besides reviewing, revising, or establishing related loan regulations whenever necessary, the Bank also carries out follow-up evaluation of loans on a monthly basis and formulates measures for improvement. Further, with consideration given to both the diversification of risk and to increasing management fee income, the Bank also engages vigorously in domestic and overseas syndicated loan markets.

At the end of December 2004 the amount of loans outstanding from the Bank (including general loans as well as import and export negotiation) totaled NT\$1,246.7 billion, equal to 49.70% of the Bank's total assets of NT\$2,508.2 billion. This represented a growth of NT\$194.3 billion or 18.46% over the NT\$1,052.4 billion in loans outstanding at the end of 2003. Corporate loans outstanding



Balance of Deposits

Balance of Loans



at the end of December 2004 totaled NT\$957.6 billion, equal to 38.18% of total assets and up NT\$155.3 billion or 19.36% over the NT\$802.3 billion in corporate loans outstanding at the end of December 2003.

(3) Consumer Banking

The BOT vigorously develops card businesses of various kinds, providing more functions and value-added services. The multipurpose Rich Combo Card was launched in June 2004 to serve in combination with second-generation domestic IC bank cards and the international Mastercard, Cirrus card, Maestro card, and stored-value Mondex multipurpose card; in coordination with the policy of the Ministry of Finance and Bankers Association to switch to IC cards, the Bank also completed a one-time switchover to second-generation IC cards at the end of December.

Home loans, home improvement loans, consumer loans, credit-card loans, family growth loans, car loans, personal revolving-fund loans, and policy loans of various kinds are all provided by the Bank. In line with government policy, the BOT also continues to promote "Assistance Home Loans for Workers," "Workers' Home-improvement Loans,"



"Young Entrepreneur Loans," and "Student Loans for Senior High Schools and Above." The amount of the Bank's consumer loans outstanding at the end of December 2004 totaled NT\$289.1 billion; representing an increase of NT\$39.0 billion over the previous year's end, for a growth of 15.60%.

(4) Foreign Exchange and International Banking

Thanks to the concerted efforts of staff in all business units in 2004, the amount of foreign-exchange transactions actually undertaken during the year reached US\$65.048

billion, representing growth of 41.19% over the year before. The amount of foreignexchange business undertaken by DBUs on behalf of the OBU during the year amounted to US\$14.046 billion. Compared with the US\$3.303 billion worth of this type of business recorded in 2003, this represented growth of 325.25%.

The London Representative Office was upgraded to the status of a full branch and opened for business on Aug. 16, 2004, while the Amsterdam Branch was withdrawn at the end of August. This completed the consolidation of the Bank's European business locations. In the future, the London Branch will be responsible for BOT business promotion throughout Europe, with the business focus on corporate financing and international banking.



(5) Electronic Banking

Internet banking, telephone banking, mobile banking, financial EDI, and other electronic banking channels are used to provide customers with convenient, secure, and efficient electronic services. In the area of corporate banking services, the Bank has continued enhancing the single-entry and one-stop-shopping e-banking network functions and providing account management, online financing, e-security deposits, e-checking, digitized domestic L/C operations, and futures settlement banking services, thereby effectively simplifying operating procedures. Personal banking services are provided through a personal financial

planning network that combines ATM services, Internet banking, financial planning information, financial planning, online purchasing of funds, placing of orders for securities, a portal site for school tuition and fees, financial market information, the latest news, and other services. At the same time, the Bank has introduced a student loan portal site and nationwide fee (and tax) payment system that provide the public with secure and convenient services.

Internet enquiry transactions in 2004 totaled 7,960,000 and funds-transfer transactions amounted to 1,324,000. Telephone enquiry transactions numbered 2,045,000 and funds transfers totaled 760,000. Mobile orders were worth a total of NT\$30.41 billion, accounting for about 38% of the Bank's overall volume. Purchases of funds using Internet banking amounted to NT\$2.09 billion during the year, accounting for 44.7% of all funds purchases. In addition, in line with the introduction of IC cards, the Bank inaugurated its "online ATM" on June 15, 2004, so as to strengthen the security of Internet use.

(6) Trust Business

The volume of non-discretionary (NT Dollar and foreign currency) trust fund investment in domestic and overseas securities, retirement trust funds, and securities trusts reached NT\$19,768 million at the end of 2004; compared with the end of the previous year, this represented an increase of NT\$3,325 million for a growth of 20.22%. Commission fee income for the year totaled NT\$50.33 million, an increase of NT\$10.86 million or 27.52% over the previous year. In the ancillary business of securities investment trust fund custo-dianship, the amount of funds under custodianship at the end of 2004 totaled NT\$32,068 million; this represented an increase of NT\$207 million over a year earlier, for a growth rate of 0.65%. The year's commission fee income from this business amounted to NT\$36.24 million, a growth of NT\$11.17 million or 44.57% over 2003.

(7) Securities

The main businesses of the Department of Securities are securities brokerage and proprietary trading in government bonds. The volume of brokerage transactions carried out in 2004 reached NT\$80,109 million; this was an increase of NT\$33,199 million over the NT\$46,910 million recorded in 2003, for a growth of 70.77%. Securities brokerage and underwriting for the year amounted to NT\$70 million, accounting for 0.12% of the Bank's total operating income. The purchase and sale of government bonds amounted to NT\$143,131 million and the volume of repurchase and resale agreements reached NT\$1,100,150 million, giving a total of NT\$1,243,282 million. Compared with the NT\$715,742 million worth of such operations conducted in 2003, this was an increase of NT\$527,540 million for a growth rate of 73.71%.

(8) Investments

a. Bills Finance

The Bank purchased a total of NT\$2,221,718 million worth of short-term bills on the secondary market in 2004; compared with the NT\$1,776,290 million in purchases carried out the previous year, this represented an increase of NT\$445,428 million and a growth rate of 25.08%. The amount of this business outstanding at the end of the year was NT\$483,759 million, including NT\$439,815 worth of negotiable certificates of deposit that accounted for 91% of the total. The profit earned on bills trading during the year amounted to NT\$6,671 million, and the average profit margin was 1.2250%.

The Bank carried out NT\$27,614 million worth of short-term bills certification and underwriting in 2004. This was a reduction of NT\$18,352 million from the previous year, due primarily to the unfamiliarity of enterprises with the new centralized bills custodianship and settlement system that was instituted as well a weakened willingness to issue bills because of increased issuing costs, and a switch to short-term bank loans instead of bills.

b. Long-term Equity Investment

At the end of 2004 the Bank had long-term equity investments in 36 companies. The book value of these investments totaled NT\$47,258 million; this was an increase of NT\$9,397 million over 2003, for a growth of 24.82%. Interest earned on long-term equity investment during this year amounted to more than NT\$10 billion; most of this

income was derived from the distribution of stock dividends by the reinvested enterprises, and from income recorded by the equity method.

c. Short-term Investments (in Stocks and Funds)

The amount of short-term stock investment outstanding at the end of 2004 was NT\$5,316 million (equivalent net worth of NT\$11.5256); compared with the NT\$4,249 million (equivalent net worth of NT\$10.6502) outstanding at the beginning of the year, this represented an increased investment of NT\$1,067 million and a growth in net worth of 8.22%. The closing index at the end of 2004 was 6,139, a rise of 4.23% over the 5,890 close at the beginning of the year. The Bank's short-term investment in stocks outperformed the index by 3.99%, due largely to the fact that the Bank's investment portfolio focused on large blue-chip shares and adjusted flexibly according to changes in the index.

The amount of investment in funds outstanding at the end of 2004 stood at NT\$1,461 million, down NT\$55 million from the NT\$1,516 million invested in funds a year earlier. For the year as a whole the Bank's funds investment underperformed the market by 4.74%; this was mainly because the funds held by the Bank were concentrated primarily in electronics shares, which fell 6.81% during the year.

(9) Businesses Pertaining to the Issuance of NT Dollars Delegated by the Central Bank of China

The BOT handles operations related to the issuance of the New Taiwan Dollar, including distribution, shipment, adjustment of supply, and sorting of banknotes for redistribution, in accordance with the Regulations Governing the Delegation by the Central Bank of China to the Bank of Taiwan of Business Pertaining to the Issuing of New Taiwan Dollars. The average amount of currency in circulation in 2004 was NT\$856,556 million, up 10.89% over the previous year. The peak amount in circulation during 2004 was NT\$1,134,165 million (on Jan. 20, the eve of the Lunar New Year), also up 9.95% from the previous year's high. The amount of currency in circulation at the end of the year was NT\$856,950 million, an increase of 9.15% over a year earlier.

2. Operating Plans for 2005

(1) Deposits

With respect to deposits, the Bank will seek to raise the level of demand deposits and improve the deposit structure; strengthening promotion of the school tuition and fees portal website, as well as public treasury and integrated cross-industry services.

(2) Corporate Banking

As for corporate banking, the Bank will strengthen client visits so as to develop new customer sources, continue implementation of the policy of offering loans with interest rates based on money-market rates to good loan customers, develop new financial products such as fixed-rate commercial notes for inclusion in the integrated marketing of corporate banking, and combine loans with factoring and derivative products.

(3) Consumer Banking

For consumer banking, the Bank will formulate a "Consumer Business – Easy Goal" strategy aimed at using integrated marketing and all-staff marketing in a concerted effort to expand the personal banking market, while continuously promoting the IC bank card and international credit card business.

(4) Foreign Exchange and International Banking

With respect to foreign exchange and international banking, there will be promotion of new types of business such as the personal foreign exchange business via Internet banking, the online corporate forex business via the Enterprise Electronic Combo Web, package products, foreign currency swaps, and exchange rate options.

(5) Electronic Banking

As regard electronic banking, the Bank will accelerate implementation of electronic banking services, with the successive completion of systems for electronic security deposits, corporate online forex transactions, dynamic codes, post-order financing, and global account integration.

(6) Trust Business

In the area of trust business, the Bank will engage in active coordination with business units in integrated marketing, and planning for the implementation of the real estate trust business and centralized management and utilization accounts.

(7) Investments

In the bills finance business, the Bank will actively market and expand the bills and government bond repurchase businesses; in long-term equity investment, it will evaluate the operations, profit contribution, and alliance relations or business complementarity with the Bank of reinvested enterprises, and will take action to increase shareholding, sell equity, maintain the present investment, or engage in the joint establishment of a financial holding company. For short-term investments (in stocks and funds), it will respond to the performance of funds by adopting a strategy of dispensing with the weak and retaining the strong, switching investments, and selling high and buying low with the aim of increasing investment income.

(8) Securities

The electronic purchase of securities and the banking information system will be simplified and integrated as a means of developing the securities brokerage business, and the Bank will participate actively in proprietary bond trading via the over-the-counter electronic bond trading system, so as to expand the scale and improve the performance of operations in the secondary market and create more operating income.

3. Market Analysis

Following the implementation of the Financial Holding Companies Law, competition in the financial market became extraordinarily heated; in the face of the trend toward enlargement of scale and diversification of operations of financial institutions, the financial market changed from its oligopolistic form of the past to full competition. While competition can enhance operating efficiency and enhance the quality of service, it can also make it more difficult for banks to expand their business and earn a profit. In addition, direct financing poses a threat to traditional deposit and loan banking as corporate bonds, bankers' acceptances, commercial paper, and other financial instruments in the primary market develop rapidly. Large enterprises are continuously adding to their bias toward the raising of funds directly in the market; according to statistics compiled by the Central Bank, the ratio of direct financing jumped from 11.01% in 1994 to 28.13% in December 2004, showing that the intermediary function of banks is being eroded steadily.

(1) Competitive Niches, and Factors Favorable and Unfavorable to the Bank's Development Vision

The BOT has long borne the burden of policy-type businesses such as policy loans and preferential-interest deposits for retired personnel. Today, with financial liberalization and internationalization, the number of banks has risen and other banks have adopted a low-price competitive strategy, causing a gradual erosion of the Bank's original business niche. Furthermore, the Bank is required to submit its budgets and final accounts to the legislative organs for review, its use of personnel is limited by legal restrictions, and its procurement must be carried out in accordance with the Government Procurement Law. Compared with the nation's private banks, therefore, the BOT often lacks flexibility in its operations. The favorable and unfavorable factors that the Bank will face in the future are listed below:

Favorable factors:

- a. A long history, outstanding reputation, a dense network of business units that covers the country, and identification with the nation's people.
- b. An outstanding performance over the years, healthy financial structure, and solid operating foundation.
- c. A good credit rating, which facilitates the lowering of the cost of raising foreign-currency funds.
- d. Close relations with government agencies, which benefits the solicitation of business.
- e. A complete training system and uniform quality of Bank personnel.

Unfavorable factors:

- a. Business innovation, marketing skills, and product packaging that are slightly inferior to those of some foreign banks and domestic private banks.
- b. A small volume of credit card issuance with relatively weak marketability.

- c. A relatively high ratio of time deposits, resulting in a high cost of funds.
- d. Legal restrictions on budgets and final accounts, the hiring of personnel, and procurement.

(2) Countermeasures

Faced with intense competition resulting from financial liberalization and internationalization, and with the threat posed by the movement toward large-scale financial holding companies in the domestic financial industry, the BOT will carry through with its new "5Vs" operating concept and will advance toward its "5Ss" management targets: Simple organization, Simple goals, Simple decision making process, Simple strategy, and Simple intra-group relationship. Furthermore, besides striving for innovation in the financial business, beginning this year the Bank will also be emphasizing integrated marketing-the integration of various types of business with mutually coordinated marketing, and the use of business units, Internet banking, ATMs, credit card invoicing, and other marketing channels to carry out a marketing strategy that encompasses points, lines, and areas, and publicizes the Bank's newly introduced key businesses so as to secure existing customers and vigorously seek new ones. Integration will be carried out across units and across areas, and different business products will be repackaged in accordance with market needs; further Internet banking and the BOT's financial planning account marketing channels will be used to integrate businesses in different fields and promote the deposit, loan, foreign exchange, trust, securities, and credit card businesses so as to satisfy customers' financial needs and build the BOT into a leading diversified bank.

4. Financial Product R&D and Business Development

- (1) Major financial products and newly added business units during the past two years, and their scale and profit-and-loss situation up to date of publication of the Annual Report:
 - a. The Easy Go home loan program was introduced, to an enthusiastic reception; by the end of December 2004, 1,310 of these loans had been extended and the total outstanding loan amount was NT\$6,150,724,000.
 - b. The Enterprise Electronic Combo Web was installed to provide medium-sized and large corporations with management and enquiry services for payment collection from dealers, payments to suppliers, and other matters.
 - c. The First Northern Region Consumer Banking Center and Kaohsiung Region Corporate Banking Center were established to strengthen the professional division of labor for lending operations, heighten loan quality, and lower operating costs.
 - d. A service center was set up to provide 24-hour online services to answer customer enquiries and resolve their questions.
- (2) R&D expenditures and results for the past two years, and future R&D projects:

R&D spending amounted to NT\$7,278,000 in 2004 and NT\$9,140,000 in 2003.

To strengthen R&D and promote new businesses, the Bank has established a New Business Development Promotion Committee which in 2004 submitted research reports on insurance fund trust, real estate trust, real estate securitization, application of a one-time password security mechanism, and post-export foreign-currency financing. It also introduced securities trust and other new types of business. Other R&D results include the following:

- a. Twelve volumes each of the Domestic Economic and Financial Conditions and International Economic and Financial Conditions.
- b. Twelve volumes of the Status of Major Businesses of Domestic Financial Institutions and Structural Changes.
- c. Two volumes of National Risk Ratings of Different Countries and Recent Changes in Major Economic and Financial Indexes.
- d. Twelve volumes of industry status reports
- e. Four issues of the Quarterly Review of the Bank of Taiwan.
- f. Twelve issues of the Taiwan Economic and Financial Monthly.
- g. Twenty financial and economic monographic research reports.
- h. Seventeen reports of research projects carried out by employees on their own volition.

i. Thirty reports of overseas training by employees

In response to changes in the financial environment and to the needs of industrial development, and to encourage development of the BOT workforce, the Bank will continue carrying out research in its own business reform and development, and in the financial business. It will also carry out employee proposals, self-initiated research, and overseas study. Sixteen self-initiated research proposals have been submitted for 2005, including "Establishment of the VIP Financial Planning Center," "A Study of Legal Risk in Derivatives- related Contract Behavior," and "A Study of EBPP and Nation-wide Fee and Tax Payment Mechanism." Of these, "A Study of Trends and Tools for Retirement Planning in the Face of Taiwan's Aging Society" and "A Study of Credit Risk Management in the Extension of Loans by Taiwan Banks" are under monitoring by the Ministry of Finance.

5. Long- and Short-term Business Development Plans

The BOT is positioned as a bank with a diversified business that serves all customer groups. In the future it will employ the "5Is" business development strategy to expand the breadth and comprehensiveness of its businesses and its products, and will take the deepening of relations with customers as its major direction. It will also consolidate its existing businesses, advance the corporate banking business, devote efforts to the personal banking business, develop the international banking business, and strengthen business development and innovation.

II. Human Resources

The BOT has always placed great emphasis on the planning and management of human resources. In addition to the strengthening of education and training, the infusion of marketing service concepts, the promotion of lifelong learning, and implementation of the employee promotion evaluation system, the Bank has established the "New Thinking - 2B" and encourages employees to charge themselves with becoming "Banker" and "Businessman" who create value for customers and the Bank. During 2004 the Bank held 187 in-house training courses of all kinds, with 8,328 participants; sent 1,120 personnel for outside training in Taiwan; and subsidized domestic advanced training for 656 persons.



Employee Statistics

	Year	2003	2004	Mar. 31, 2005
No. of S	taff	5,634	5,550	5,685
Employees G	auards	245	229	183
	anitors	964	902	879
T	otal	6,843	6,681	6,747
Average Age	•	42.92	43.29	43.02
Average Sen		16.86	17.19	16.85
Education	Ph.D.	0.03	0.03	0.03
(%)	Master's	3.19	3.58	3.67
	College and University	75.97	76.67	77.63
	Senior High	17.23	16.46	15.67
	Under Senior High	3.58	3.26	3.00
Professional	B-Grade Chinese Cook	1	1	1
Licenses	B-Grade Software Application	1	1	3
Held	B-Type Electrician	2	2	3
	Personal Insurance Agent	4	4	4
	Civil Engineer	2	2	2
	Land Registration Representative	18	18	18
	Real Estate Agent	3	3	3
Professional	C-Grade Cook	3	3	3
Licenses	C-Grade Interior Line Specialist	1	1	3
Held	C-Grade Plumber	1	1	2
	C-Grade Software Application	1	1	3
	A-Grade Electrician	1	1	2
	Water Pipe Technician	1	1	2
	Share Specialist	16	21	24
	Beginning Foreign Exchange Specialist	1,321	1,393	1,405
	Beginning Loan Specialist	1,220	1,333	1,354
	Trust Specialist	2,830	2,934	2,983
	Architect	1	1	1
	Attorney	4	4	4
	Intermediate English Certificate	22	26	26
	High-intermediate English Certificate	2	3	3
	Advanced English Certificate	0	1	1
	Gas Fuel Line Technician	1	1	1
	Property Insurance Representative	5	5	5
	Property Insurance Agent	9	9	9
	Financial Planner	1,094	1,297	1,323
	Bills Agent	37	48	55
	Futures Agent	283	326	342
	Futures Brokerage Agent	27	32	32
	Structural Engineer	1	1	1
	Margin Dealer	2	2	2
Dustantianal	Advanced Loan Agent	37	41	41
Professional	Bond Specialist	49	56	59
Licenses	Accountant	5	6	6
Held	Information Technician Electrical Technician	1	7	8 2
	Bank Internal Controls			
		2,676 3	2,956	3,015
	Securities Analyst Securities Investment Consultant	230	3 330	3 361
	Securities Investment Consultant	230	5	6
	Advanced Securities Agent	495	599	629
	Securities Agent	495 244	261	271
	Securities Agent	244	201	2/1

Note: The above numbers do not include contract salespersons, contract workers, and overseas hirees.

III. Corporate Responsibility and Ethical Behavior

The government is the BOT's sole shareholder, and all of the Bank's profits are turned over to the national treasury. In addition to making every effort to attain the budget targets set by the government, the Bank also coordinates with the government's major economic construction plans and participates vigorously in the financing of infrastructural projects as well as large private investment projects in order to promote overall national economic development. Furthermore, the Bank allocates scholarship funds every year to help low income students pursue their studies, and coordinates with government policy in offering student loans.

IV. Information Equipment

1. Installation and Maintenance of Hardware and Software for Major Information Systems

The software used by the Bank is all automated software, with 97 online (including deposit) systems divided roughly into two major categories, core banking and front end processing systems. Since the Bank has more than 20 years of installation and maintenance experience, it is able to handle most of the maintenance of core account systems itself. To provide more channels for customer service, the Bank widely uses new technology in its front end processing systems. The installation and maintenance of some systems is outsourced in order to accelerate the installation of application systems.

In the area of hardware, the different units are surveyed annually regarding their hardware needs, and hardware best suited to the Bank's purposes is chosen and procured from prominent domestic hardware suppliers in accordance with the provisions of the Government Procurement Law. Maintenance is, in principle, undertaken by the suppliers.

2. Maintenance, and Future Development or Procurement Plans

(1) Coordination with the Bank's Remote Back-up Center

- Equipment for disk controller subsystems and ultra-high-speed disk controller subsystems will be procured.
- (2) Coordination with the Operations of Bank Departments, the Addition of New Branches, and the Demands of Business Growth

New branch terminal equipment, ATMs, personal computers, notebook computers, and information processing equipment will be procured, and a branch WEB document management system, mail transmission and management system, and Internet safe deposit box system will be installed.

(3) Provision of an Information Management System for Operational Decision-making

The Basel risk management system will be acquired in order to conform to the risk management requirements of Basel II; and, in response to the need for the assets and liabilities management system to support the bank account risk management requirements of Basel II in the future, the Bank's assets and liabilities management system will be renewed.

(4) Information Center Mainframe System

A computer center mainframe system and peripheral equipment will be procured in coordination with the transfer of information equipment into the Bank's new information building.

(5) Open Systems Integration and Back-up

More than 100 open-system servers will be integrated and a server integration management system will be installed.

(6) Upgrading of the Information Security System and Reinforcement of e-Banking Transaction Security

In line with the information security control policy, an information security policy monitoring and user account number management system, open-system Hi-Link network VPN secure service system, firewall monitoring and management system, and staff IC card verification management system will be installed.

(7) Overseas Branch Integration System

Overseas branch systems will be integrated and provided with globalized specifications and functions so as to lower operating costs and heighten the standard of customer services.

(8) Other Information Systems

The e-banking system will be enhanced and a student loan portal website, wealth management system, personal money trust management system, centralized trust find management system, IC-card production management system, and bills and bonds operating and settlement management system will be procured.

3. Emergency Back-up and Security Protection Measures

To keep disasters from causing long-term downtime for the Bank's major information operations, the Bank maintains a remote back-up mechanism for its online operating systems mainframes at its Changhua Back-up Center. The following is a brief description of the back-up mechanism:

- (1) Two firewall systems (NetScreen and Nokia Checkpoint) are installed so that all important gateways, such as the Internet and major nodes, are protected.
- (2) The Broadweb NetKeeper and Cisco IDS hacker prevention systems are installed at Internet gateways to avoid breakins.
- (3)The Bank uses the multiple-to-single Radware Linkproof NAT (Network Address Translation) system to conceal true internal IP positions and achieve a certain degree of protection.
- (4) The Bank carries out system and network vulnerability scanning of mainframes using Cisco NAM (Network Analysis Module).
- (5) The Bank's Integrated Corporate Anti-virus Mechanism encompasses PC, file server, email server, and Internet gateway anti-virus functions.

V. Labor-Ownership Relations

1. Employee Welfare Measures, Retirement System and Its Implementation, Labor-Ownership Agreements, and Measures for Protecting Employee Interests

- (1) The BOT is a government enterprise in an industry that is subject to the Labor Standards Law. Working conditions, welfare measures, and the retirement system are all handled in accordance with the provisions of the Labor Standards Law and other laws and regulations governing civil servants, and clear criteria and protections are stipulated for worker and owner interests. To assure harmonious relations between labor and ownership, concrete suggestions and complaints raised by the employee union or individual employees are actively addressed during labor-ownership meetings or are answered during employee seminars or bank affairs meetings so as to relieve doubts and forge a consensus.
- (2) No cases of labor-ownership disputes causing losses to the Bank have occurred during the past year. The measures that the Bank adopts to deal with labor-ownership disputes that might occur in the future include keeping top-to-bottom channels of communication open and considering the maximum benefit of both labor and ownership in all matters. In case there are any major changes in labor conditions or if anything happens that affects employees' interests, worker representatives will be invited to participate in negotiations in order to gather a wide range of opinions, improve worker-ownership harmony, and avoid the outbreak of unnecessary labor-ownership disputes. Disputes that cannot be resolved are given over as soon as possible to the dispute mediation or judicial process so as to bring them to a timely resolution, thus reducing losses.

2. Losses Due to Labor-Ownership Disputes, Estimated Possible Current and Future Amounts that Might Occur, and Countermeasures (None)

VI. Major Contracts

Nature of Contract	Contracting Party	Validity Period	Major Contents	Limiting Conditions	
Deposit insurance	Central Deposit Insurance Corp.	From February 1999	Deposit insurance contract	—	
Takeover of the credit departments of the Taiwan Provincial Farmers' Association, Pingtung County Farmers' Association, and Sinyuan Township Farmers' Association	Central Deposit Insurance Corp.	From Sept. 15, 2001	 The objectives of the BOT's takeover of the three credit departments is their businesses, assets, and liabilities. The values of the three takeover targets was assessed by certified accountants commissioned by the BOT, adjusted to the book value on the base date. The BOT was compensated, by the Central Deposit Insurance Corp., for the excess of liabilities over assets on the base date of the takeover in accordance with the compensation contract. 		
Commissioning by the Small and Medium Enterprise Credit Guarantee Fund	Small and Medium Enterprise Credit Guarantee Fund	From July 1974	Provision of credit guarantees for loans to SMEs that meet the conditions for credit guarantees.	_	
Commissioning by the Agricultural Credit Guarantee Fund	Agricultural Credit Guarantee Fund	From Nov. 2002	Provision of guarantees for loans to borrowers who meet the conditions for agricultural loan guarantees.	_	
Loan guarantees for the Overseas Chinese Credit Guarantee Fund	Overseas Chinese Credit Guarantee Fund	From June 1991	Provision of credit guarantees for loans to overseas Chinese and overseas Chinese enterprises.	_	
Compensation contract	Central Deposit Insurance Corp.	From Sept. 15, 2001	The Deposit Insurance Corp. was charged by the Executive Yuan's Financial Reconstruction Fund with the payment of compensation for the excess of liabilities over assets of the credit departments of farmers' associations. To calculate the excess, the BOT and the Deposit Insurance Corp. have agreed to use the results of assessment by certified public accountants adjusted to book value on the base date.		
Engineering contract	Long Fong Construction Co., Ltd.	July 16, 2003 - Apr. 15, 2005	Construction of the new information building (civil engineering).	—	
Engineering contract	Luxe Electric Co., Ltd.; Jehng Long Engineering Co., Ltd.	Jan. 1, 2004 -Apr. 25, 2005	Construction of the new information building (water, electricity, air conditioning).	—	
Engineering contract	Jan Wha Construction Co., Itd.; Jan Wha Enterprise Co., Ltd.	Sept. 1, 2004 -Oct. 9, 2005	Construction of new Tali Branch premises (structure and electricity joint bid).	_	

VII.Type of and Related Information on Securitized Products Approved in Accordance with the Statute for Securitization of Financial Assets or Statute for Securitization of **Real Estate During the Past Year** (None)

VIII.Fund Utilization Plans

Previous capital increase and issuance of financial debenture projects, uncompleted previous capital increases or issuance or financial debentures, and unrealized results of capital utilization plans for the most recent three years (None)

Financial Status

Yes! Easy Go

Easy Go 100億房貨優惠專案

REAL # # 行各地分行法用

1 11N 8 10 0800-025-168

Brief Balance Sheets for Past Five Years Unit: NT\$1,00							
	Year		Financial Information	ation for Past Five Ye	ars (Notes 1)		
Items		FY2004	FY2003	FY2002	FY2001	FY2000	
Cash, Cash equiva	lent,Due from						
the Central Bank a	nd other banks	313,483,059	374,743,038	401,936,134	520,239,084	426,100,731	
Bills and securities	purchased	649,936,781	683,603,401	497,180,837	235,211,252	180,622,678	
Loans,discounts,ai	nd bills purchased	1,243,063,477	1,048,030,255	1,139,934,122	1,267,162,160	1,343,400,581	
Receivables		50,124,085	40,260,478	44,715,480	48,930,363	50,804,796	
Long-term investm	ents	49,219,694	39,861,338	42,544,645	86,163,846	82,189,118	
Fixed assets (note	s 2)	83,650,654	94,736,985	89,268,863	52,569,218	52,083,948	
Intangible assets		481,906	384,478	212,558	47,548	10,320	
Other assets		118,230,462	112,684,286	105,013,527	107,235,470	92,109,634	
Deposits of Centra	I Bank and other banks	152,196,184	116,254,486	133,349,145	126,637,033	129,660,088	
Deposits and remit	tances	2,070,088,165	2,004,733,672	1,931,276,252	1,916,180,389	1,810,640,010	
Borrowed from Ce	ntral Bank and other	5,739,207	10,255,132	10,035,819	9,765,523	16,926,729	
banks, and Financ	ial bond payable	0,100,201	10,200,102	10,000,010	0,700,020	10,020,720	
Other liabilities		115,567,680	105,093,702	65,042,902	71,259,274	77,438,599	
Capital stock		48,000,000	48,000,000	48,000,000	32,000,000	32,000,000	
Capital surplus		97,314,648	97,314,648	60,432,181	77,894,524	77,892,941	
Retained	Before distribution	19,508,590	12,498,065	72,245,553	83,723,949	82,586,930	
earnings	After distribution	—	5,670,521	72,101,265	77,150,374	74,871,358	
Shareholder's equity and other items		(224,356)	154,554	424,314	98,249	176,509	
Total assets		2,508,190,118	2,394,304,259	2,320,806,166	2,317,558,941	2,227,321,806	
Total liabilities	Before distribution	2,343,591,236	2,236,336,992	2,139,704,118	2,123,842,219	2,034,665,426	
Total shareholders	After distribution	—	2,236,884,932	2,139,704,118	2,124,208,904	2,034,594,572	

I. Balance Sheets and Income Statements for Past Five Years

Notes: 1. All figures for FY2000 are approved by the Ministry of Audit ; figures for FY2001, FY2002 and FY2003 are readjusted by the CPA in accor-An ingulasion in P2002 and approved by the Ministry of Adult ; figures for FY2004 are CPA approved. The CPA-Auditors of the Financial Reports: Yen-Ling Fang, David Ding; Independent Auditors' Opinion: Modified unqualified opinions.
 Re-evaluation of assets was made on June 30, 2003 resulting in an increase of \$9,718,844,000.
 The figures contained in this table were first approved by the Bureau of Audits before being published here.

157,967,267

151,139,724

181,102,048

180,957,760

193,716,722

187,143,147

164,598,882

Before distribution

After distribution

equity

	Brief	Income State	ments for Pa	st Five Years		Unit: NT\$1,000				
Year		Financial Information for Past Five Years (notes 1)								
Items	FY2004	FY2003	FY2002	FY2001	FY2000 (notes 3)	FY2005 (Jan-Mar)				
Operating revenues	60,298,576	64,719,745	89,731,261	123,322,795	192,205,117	13,862,325				
Operating disbursements	52,842,181	62,373,145	85,892,857	111,808,294	173,600,407	13,512,821				
Operating income (loss)	7,456,395	2,346,600	3,838,404	11,514,501	18,604,710	349,504				
Non-operating income(loss)	8,103,694	4,250,544	109,720	(178,458)	(1,722,897)	2,678,852				
Income(loss) before tax from continued operations	15,560,089	6,597,144	3,948,124	11,336,043	16,881,813	3,028,356				
Income(loss) from continued operations	13,838,069	5,068,111	480,958	8,852,591	14,506,961	2,548,014				
Net income	13,838,069	5,068,111	480,958	8,852,591	14,506,961	2,548,014				
Earnings per share(after tax) (NT\$)	2.88	1.06	0.13 (notes 4)	2.77	4.53	0.53				

Notes: 1. All figures for FY2000 are approved by the Ministry of Audit; figures for FY2001,FY2002 and FY2003 are readjusted by the CPA in accor-dance with figures approved by the Ministry of Audit; figures for FY2004 are CPA approved. The CPA-Auditors of the Financial Reports: Yen-Ling Fang, David Ding; Independent Auditors' Opinion: Modified unqualified opinions.

2. The financial data for the first three months of the current year have not been approved by CPA.

3. In line with regulations mandated by the revised Budget Law, requiring a change from fiscal to calendar year accounting periods, the FY2000 above has an accounting period beginning July1,1999 and ending Dec31,2000.

4. On September 12, 2002 a total of \$16.0 billion was transferred from surplus to paid-in capital. After this re-categorization, capital stood at \$48.0 billion with the weighted average of shares equal to 3,666,666,667.

192,656,380

184,955,612

II. Financial Ratios for Past Five Years

Unit: NT\$1,000; %

	Year	Five-year Financial Analysis						
Items (Note	s 1)	FY2004	FY2003	FY2002	FY2001	FY2000		
Financial	Ratio of Liabilities to Assets	93.44	93.40	92.20	91.64	91.35		
Structure	Ratio of Deposits to Net Worth	1,257.23	1,268.75	1,065.59	988.95	939.50		
Siluciule	Ratio of Fixed Assets to Net Worth	50.82	59.97	49.29	27.14	27.03		
Solvency	Liquidity Reserve Ratio	54.46	59.23	48.22	36.70	28.56		
	Ratio of Deposits to Loans	54.53	58.30	62.73	72.06	76.94		
	Non-performing Loan Ratio	1.34	2.17	2.90	3.34	2.74		
Operating	Total Assets Turnover (times)	0.02	0.03	0.04	0.05	0.06		
Ability	Average Operating Revenue per Employee	8,786	9,204	12,585	16,947	17,394		
	Average Profit per Employee	2,016	721	67	1,217	1,346		
	Return on Assets	0.56	0.21	1.79	3.07	3.54		
	Return on Shareholders' Equity	8.58	2.99	0.26	4.58	5.14		
Profitability	Net Income Ratio	22.95	7.83	0.54	7.18	7.74		
	Earnings per Share (NT\$)	2.88	1.06	0.13	2.77	3.02		
	Cash Flow Ratio	(6.37)	17.91	3.93	(0.90)	33.59		
Cash Flow	Cash Flow Adequacy Ratio	305.36	317.39	135.97	135.78	134.07		
	Cash Reinvestment Ratio	(2.18)	2.73	0.09	(0.79)	9.10		
	Capital Adequacy Ratio	13.80	14.62	15.56	16.33	16.09		
	Net Capital	140,354,189	135,476,191	134,905,276	147,140,238	143,896,086		
D -4'4	Total Risk-based Assets	1,017,068,250	926,572,103	867,145,314	901,062,631	894,552,820		
Ratio of Capital to Risk-based	Ratio of Tier 1 Capital to Risk Weighted Assets	15.78	16.34	13.97	13.36	13.13		
Assets	Ratio of Tier 1 Capital and Tier 2 Capita to Risk Weighted Assets	18.88	19.24	20.70	20.16	20.16		
	Leverage Ratio	6.55	6.42	5.14	5.30	5.52		
	COE to Total Assets Ratio	6.56	6.60	7.80	8.36	8.65		
₋oans to Par he Bank	ties with Material Relationship with	16,640,354	16,791,318	18,745,379	21,032,036	23,597,504		
	ns to Parties with Material with the Bank to Total Loans	1.26	1.49	1.54	1.56	1.65		
	Market Share of Assets	9.82	10.06	10.52	10.71	10.73		
Operating	Market Share of Net Worth	10.19	10.48	12.99	12.18	12.09		
Scale	Market Share of Deposits	10.30	10.65	10.90	10.88	10.87		
	Market Share of Loans	8.04	7.35	8.42	9.21	9.56		

Notes:1. Formulae used in calculations:

(1) Financial structure

a. Ratio of liabilities to assets = Liabilities (notes 2) /Assets

b. Ratio of deposits to net worth = Deposits/Net Worth

c. Ratio of fixed assets to net worth = Fixed Assets/Net Worth

(2) Solvency

Liquidity reserves ratio = Central Bank -stipulated liquid assets/Reserves appropriated for various types of deposits

(3) Operating ability

a. Deposit to loan ratio = Annual average loans outstanding/Annual average deposits

b. Non-performing loan ratio = (Loans for collection +Non-performing loans)/Total loans outstanding

c. Ratio of turnover of total assets = Operating Income/Average Total Assets

d. Average operating revenues per employee = Operating Revenues/Annual average total number of employees

e. Average profit per employee = Net Income/Total number of employees at year-end

(4) Profitability

- a. Return on assets = Net Income/Average Total Assets
- b. Return on shareholders' equity = Net Income/Average net shareholders' equity
- c. Net income ratio = Net Income/Total Operating Revenues
- d. Earnings per share= Income after income tax preferred stock dividend/Weighted average number of shares issued (5) Cash flow
- (5) Cash now
 - a. Cash flow ratio = Net cash flow for business activities/Liquid Liabilities
 - b. Cash flow adequacy ratio = Net cash flow for business activities during most recent fiscal year / Most recent fiscal year (Capital spending + Cash dividend)
 - c. Cash reinvestment ratio= (Net cash flow for business activities Cash dividend) / (Gross value of fixed assets + Long-term investments + Other assets + Operating capital)
- (6) Ratio of capital to risk-based assets
 - a. Ratio of capital to risk-based assets = Net capital/Total risk-based assets
 - b. Net Capital=Tier 1 Capital +Tier 2 Capital +Tier 3 Capital- Capital deducted items
 - c. Total Risk-based Assets = Credit risk weighted assets + capital charges for market risk exposures X 12.5
 - d. Ratio of Tier 1 Capital to Risk weighted assets = Tier 1 Capital/Adjusted average assets (average assets minus Tier 1 Capital "Goodwill" item)
 - e. Ratio of Tier 1 Capital and Tier 2 Capital to risk weighted assets = (Tier 1 Capital + Tier 2 Capital)/Risk weighted assets
 - f. Leverage Ratio = Tier 1 Capital/adjusted average assets (average assets minus Tier 1 Capital "Goodwill" item)
 - g. COE to total assets ratio = COE/ total assets
- (7) Operating Scale
 - a. Market Share of Assets = Total assets/Total assets of the financial institutions
 - b. Market Share of Net Worth = Net Worth/Total net worth of the financial institutions
 - c. Market Share of Deposits = Deposits/Total depostis of the financial institutions
 - d. Market Share of Loans = Loans/Total loans of the financial institutions
- 2. The total liabilities are net amount after reserve for guarantees, reserve for losses on trading bills and securities, reserve for default losses and accidental losses

III. Supervisors' Report on Financial Statements for Most Recent Years

Supervisors' Report

We hereby certify that the Bank of Taiwan's first Panel of Supervisors have examined, at their 10th meeting on Apr. 27, 2005, the Business Reports and List of Important Properties for fiscal year 2004 (Jan. 1, 2004 - Dec. 31, 2004) as submitted by the Bank's Board of Directors; and the Balance Sheets, Statements of Income, Statements of Changes in Shareholders' Equity, and Statements of Cash Flows of the Bank of Taiwan for fiscal year 2004 as submitted by the Bank's Board of Directors and audited and certified by Yen-ling Fang and David Ding, CPAs of KPMG, and have found no discrepancies.

Resident Supervisor: Shih Bing - Huang

Supervisors:

Chamfan Zi Scherwyn Haich Fra-Deng Zer-Ming Chu

April 27, 2005

IV. Financial Statements for Past Year



KPMG Certified Public Accountants

Independent Auditors' Report

The Board of Directors Bank of Taiwan, Ltd.:

We have audited the accompanying balance sheets of Bank of Taiwan, Ltd. as of December 31, 2004 and 2003, 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. As stated in note 10 to the financial statements, certain long-term investments in the financial statements of Bank of Taiwan, Ltd. amounting to NT\$19,385,836 thousand and NT\$13,755,413 thousand as of December 31, 2004 and 2003, respectively, which were 0.77% and 0.57%, respectively, of total assets, and related investment gains of NT\$6,463,562 thousand and related investment losses of NT\$4,835,425 thousand in 2004 and 2003, respectively, which were 41.54% and 73.30%, respectively, of income before income tax, were accounted for by using the equity method and based on the investees' financial statements audited by other auditors and the Ministry of Audit.

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

In our opinion, based on our audits and the reports of the other auditors and the Ministry of Audit, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Taiwan, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with government regulations and accounting principles generally accepted in the Republic of China.

As Stated in Note 3, sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases in 2003. In 2004, under the "Criteria Governing the Preparation of Financial Reports by Public Banks" effective January 1, 2004, the repurchase/resell transactions are treated as financing activity.

As stated in note 4, in accordance with Ministry of Audit letter - Tai-Sun-No. 930001674 issued on June 7, 2004, we restated the 2003 financial statements.

The legal organization of Bank of Taiwan transformed into a corporate entity starting from July 1, 2003, as approved by the Ministry of Finance on April 24, 2003.

KAWG

March 15, 2005

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



KPMG Certified Public Accountants, a CPA firm organized under the ROC CPA Law, is a member of KPMG International, a Swiss association.

Balance Sheets

December 31, 2004 and 2003

	2004	2003
Assets		
Cash (note 5)	\$ 15,728,455	16,775,527
Placement with banks (notes 5 and 25)	49,565,566	90,710,564
Placement with Central Bank (notes 5 and 6)	248,189,038	267,256,947
Investment in bills and securities, net (notes 5, 7 and 25)	649,936,781	683,603,401
Receivables, net (notes 8, 9 and 22)	50,124,085	40,260,478
Prepayments	8,627,701	8,185,335
Temporary advances	50,227,894	42,922,236
Loans, discounts and bills purchased, net (notes 9, 24 and 25)	1,243,063,477	1,048,030,255
Long-term investments (note 10)	49,219,694	39,861,338
Long-term receivables (notes 9 and 11)	34,651,257	33,225,613
Fixed assets, net (notes 12, 18, 21 and 27)		
Costs:		
Land (including revaluation increments)	73,471,642	84,557,641
Buildings	10,637,974	10,654,870
Machinery and equipment	4,010,047	3,797,293
Transportation equipment	1,026,371	1,040,243
Miscellaneous equipment	777,145	743,981
Leasehold improvements	346,060	305,804
Cost and revaluation increments	90,269,239	101,099,832
Less: Accumulated depreciation	(6,962,426)	(6,448,806)
Construction in progress and prepayment for equipment	343,841	85,959
Fixed assets, net	83,650,654	94,736,985
Intangible assets	481,906	384,478
Other assets, net (notes 9, 13, 20 and 22)	24,723,610	28,351,102
Total assets	\$ 2,508,190,118	2,394,304,259

	(expressed in thousands of New Taiwan dolla					
	2004	2003				
Liabilities and Stockholders' Equity						
Deposits of Central Bank	\$ 20,719,569	7,525,353				
Deposits of banks (notes 14 and 25)	131,476,615	108,729,133				
Bonds sold under agreements to repurchase (note 7)	9,583,952	5,860,389				
Payables (note 16)	61,554,117	51,862,127				
Advance collections	3,260,630	1,449,800				
Deposits and remittances (notes 17 and 25)	2,070,088,165	2,004,733,672				
Borrowed from Central Bank and other banks (note 15)	5,739,207	10,255,132				
Long-term liabilities (notes 12, 18 and 20)	39,932,985	43,691,182				
Other liabilities (note 19)	1,235,996	2,230,204				
Total liabilities	2,343,591,236	_2,236,336,992_				
Stockholders' equity (notes 10, 12 and 21):						
Capital stock	48,000,000	48,000,000				
Capital surplus	97,314,648	97,314,648				
Retained earnings:						
Legal reserve	1,520,433	-				
Special reserve	2,027,244	-				
Unappropriated retained earnings	15,960,913	12,498,065				
	19,508,590	12,498,065				
Cumulative translation adjustments	(224,356)	154,554				
Total stockholders' equity	164,598,882	157,967,267				
Commitments and contingent liabilities (note 27)						
Total liabilities and stockholders' equity	\$ 2,508,190,118	2,394,304,259				

Statements of Income

For the years ended December 31, 2004 and 2003

	(expressed in thousands of New Taiwan dolla				iwan dollars)
		2004	ļ.	2	003
Operating revenues:					
Interest income (note 25)	\$	40,487	',489	50,	135,321
Fee and commission income		1,996	6,724	1,	813,576
Gain on sale of trading securities, net		-			65,567
Recovery of market value on investments in bills and securities		74	,797		216,882
Brokerage and underwriting income		69	,560		50,237
Gain on sale of bills and securities, net		5,534		11,	227,229
Gain on long-term equity investments, net (notes 10 and 27)		10,416		,	-
Foreign exchange gain, net (note 24)		1,029			757,126
Others			,099		453,807
Total operating revenues		60,298	<u> </u>		719,745
Operating costs:			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		110,110
Interest expenses (note 25)		38,146	6 097	40	586,380
Service charges			3,997		351,196
Loss on sale of trading securities, net),914		-
Brokerage and underwriting expenses			2,400		7,665
Provisions for reserve			,956	5.	005,126
Cash transmission fee			3,509	-,	15,219
Loss on long-term equity investments, net (note 10)		-	,	1.	984,065
Others		424	,017		451,863
Total operating costs		39,015	<u> </u>		401,514
Gross operating profit		21,282			318,231
Operating expenses (note 25)					
Business expenses		13,069	655	13	047,466
Administrative expenses			8,787		872,866
Others			,,707 ,849		51,299
Total operating expenses		13,826	<u> </u>	12	971,631
Operating income		7,456			346,600
Non-operating income (notes 3 and 25)		8,522			443,254
Non-operating expenses			3,317		192,710
Income before income tax		15,560	<u> </u>		597,144
Income tax expense (note 22)		1,722			529,033
Net income	\$	13,838			068,111
			<u> </u>		
			After		After
	Ρ	retax	tax	Pretax	
Basic earnings per share		3.24	2.88	1.37	1.06

Statements of Cash Flows

For the years ended December 31, 2004 and 2003

	(expressed in thousands of New Taiwan dollars)			
		2004	2003	
Cash flows from operating activities:				
Net income	\$	13,838,069	5,068	,111
Adjustments to reconcile net income to net cash provided by				
operating activities: Depreciation		874,318	858	,426
Amortization		121,366		,440
Provision for allowance for doubtful accounts		25,355	4,832	,152
Reversal of allowance for decline in market value of short-term		(84,608)	(201	,216)
investments Provision for reserves		(622,084)	175	,288
Loss (gain) on disposal of fixed assets and non-operating assets		(7,467,163)		,588
Loss (gain) from long-term equity investments under the		(8,309,514)	3,469	
equity method exceeding cash dividends received		(00, 100)	(005	
Gain on disposal of long-term equity investments Other noncash losses		(86,439)		,522)
Increase in miscellaneous revenue		3,904 (3,733)	- 4	,580
Unpaid pension cost recognized		198,317	178	,963
Decrease in receivables		(21,547,658)	(3,083	,243)
Decrease in deferred tax assets, net		376,543		,855
Increase (decrease) in prepayments and temporary advances		(6,974,538) 3,723,563	16,487 2,539	
Increase in bonds sold under agreements to repurchase Increase in payables		9,691,990	2,539	
Increase (decrease) in advance collections		1,810,830		,920)
Net cash provided by (used in) operating activities		(14,431,482)	31,422	
Cash flows from investing activities:				,
Increase (decrease) in placement with Central Bank		13,974,528	(8,815	495)
Decrease (increase) in investment in bills and securities, net		(5,559,371)	26,610	
Decrease (increase) in loans, discounts and bills purchased		(194,236,606)	98,319	,266
Proceeds from sales of long-term equity investments		178,289	1,567	,653
Acquisition of long-term equity investments Proceeds from disposal of fixed assets and non-operating assets		(19,150) 12,853,180	(2,000	,000) ,874
Acquisition of fixed assets		(919,071)		,651)
Increase in intangible assets		(197,862)	(230	,732)
Decrease (increase) in other assets		6,603,041	(32,947	,026)
Net cash provided by (used in) investing activities		(167,323,022)	81,746	,399
Cash flows from financing activities:		10 104 010	(0.004	CO 4)
Increase (decrease) in deposits of Central Bank Increase (decrease) in deposits of banks		13,194,216 22,747,482	(8,224 (8,869	
Increase in deposits and remittances		65,354,493	73,457	
Decrease (increase) in borrowed from Central Bank and other		(4,515,925)		,314
banks		(0,755,700)	(000	
Decrease in long-term liabilities Increase (decrease) in other liabilities		(3,755,763) (372,125)		,514) ,914
Payment of cash dividends and bonus for government		(7,604,812)		,914 ,497)
Net cash provided by financing activities		85,047,566	56,175	
Effect of exchange rate changes		(367,057)		,003
Net increase in cash and cash equivalents Cash and cash equivalents, beginning of year		(97,073,995) 655,201,507	169,514 485,686	
Cash and cash equivalents, end of year (notes 4 and 5)	\$	558,127,512	655,201	,507
Supplemental disclosures of cash flow information:				
Interest paid	\$	38,257,168	45,211	,594
Income tax paid	\$	1,373,637	1,023	
moomo lux pulu	Ψ	1,010,001	1,020	,

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2004 and 2003

	Common stock	Capital surplus
Balance as of January 1, 2003	\$ 48,000,000	60,432,181
Appropriation of retained earnings for 2002 (note 21)		
Legal reserve	-	-
Special reserve	-	-
Cash dividends for government	-	-
Net loss for the six months ended June 30, 2003	-	-
Cumulative translation adjustments	-	-
Reserve for revaluation increments on land	-	9,718,844
Reclassification of reserve for land value increment tax		(38,014,991)
Balance as of June 30, 2003 - before transformation into corporate entity	\$ 48,000,000	32,136,034
Balance as of July 1, 2003 - capital surplus arising from retained	\$ 48,000,000	97,314,648
earnings due to transformation into corporate entity (note 21)		
Net income for the period July 1 to December 31, 2003	-	-
Cumulative translation adjustments	_	_
Balance as of December 31, 2003	48,000,000	97,314,648
Appropriation of retained earnings for 2003		
Legal reserve	-	-
Special reserve	-	-
Cash dividends for government	-	-
Net income for 2004	-	-
Cumulative translation adjustments		<u> </u>
Balance as of December 31, 2004	\$ 48,000,000	97,314,648

(expressed in thousands of New Taiwan dollars)

Retained earnings				Unrealized loss on	
Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation adjustments	market value decline of long- term equity investments	Total
39,176,307	25,158,334	7,910,912	445,841	(21,527)	181,102,048
144,287		(144,287)	-	-	-
-	192,383	(192,383)	-	-	-
-	-	(144,288)	-	-	(144,288)
-	-	(2,165,530)	-	-	(2,165,530)
-	-	-	82,989	-	82,989
-	-	-	-	-	9,718,844
-	<u> </u>				(38,014,991)
39,320,594	25,350,717	5,264,424	528,830	(21,527)	150,579,072
	-	5,264,424	-	-	150,579,072
	-	7,233,641	-	-	7,233,641
			154,554		154,554
-	-	12,498,065	154,554	-	157,967,267
1,520,433	-	(1,520,433)	-	-	-
-	2,027,244	(2,027,244)	-	-	-
-	-	(6,827,544)	-	-	(6,827,544)
-	-	13,838,069	-	-	13,838,069
<u> </u>			(378,910)	<u> </u>	(378,910)
1,520,433	2,027,244	15,960,913	(224,356)		164,598,882

Notes to Financial Statements

December 31, 2004 and 2003

(all amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Organization and Business Scope

The Bank of Taiwan (the Bank) was established on May 20, 1946, as the first government-owned bank following the island's restoration to the Republic of China in 1945. The Bank became a legal entity in 1985 in accordance with the Banking Law, and transformed into a corporate entity starting from July 1, 2003, as approved by the Ministry of Finance on April 24, 2003. It has now been operating for 58 years, much of the time under the administration of the Taiwan Provincial Government. Following the phase-out of the Taiwan Provincial Government on Dec. 21, 1998, the Bank was directed by the central government of the Republic of China and placed under the administration of the Ministry of Finance, in accordance with the regulations on governmentowned financial institutions.

The Bank is engaged in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) overseas branch operations authorized by the respective foreign governments; and (d) other operations as authorized by the central competent authority-in-charge.

The Bank has its Head Office in Taipei, and the Bank has established domestic and worldwide branch offices for expansion of various banking services. As of December 31, 2004, in addition to the Department of Business (I) and (II), Department of International Banking, Department of Trusts, and Department of Public Treasury, Treasury, Securities and Electronic Banking at the Bank's headquarters, there were 149 domestic branches, one offshore banking unit, and 7 overseas branches.

The Department of Trusts of the Bank plans manages and operates trust investments as well as foreign securities and funds.

As of December 31, 2004 and 2003, the Bank had 6,863 and 7,034 employees, respectively.

(2) Summary of Significant Accounting Policies

1) General accounting policies

The Bank is a government-owned enterprise, and its accounting practices mainly follow the Budget Law, Account Settlement Law, and Uniform Regulations on Accounting Systems for Banks Governed by the Ministry of Finance (the MOF). The annual financial statements are audited by the Ministry of Audit (the MOA) to ensure that the Bank complies with the budget approved by the Legislative Yuan. The financial statements become final only after such an audit by the MOA.

In 2004, the financial statements of 2003 had been approved by the MOA, and the beginning balances in 2004 were the same as the approved closing balances in 2003.

2) Basis of financial statements

The financial statements include accounts of the headquarters, domestic branches, overseas branches, and overseas representative offices. All inter-office account balances and transactions have been eliminated while preparing the financial statements.

3) Cash and cash equivalents

The Bank considers cash, deposit of banks, deposits with the Central Bank of China (CBC) (excluding deposit reserve - demand account), and marketable securities with a maturity of three months or less to be cash equivalents.

4) Revenue recognition

Revenue is recognized when realized or realizable; related costs and expenses are recorded when revenue is recognized.

5) Foreign currency transactions

Foreign currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transaction occurred. Gains or losses resulting from adjustments or settlements of foreign currency assets and liabilities are credited or charged to income. Foreign currency assets and liabilities at the balance sheet date are translated at year-end exchange rates announced by the Central Bank (CBC closing rates), and resulting gains or losses are credited or charged to current income.

Gains or losses resulting from restating of period-end foreign-currency long-term equity investments accounted for by the equity method and from translating accumulated earnings or losses of overseas branches into New Taiwan dollars at historical rates are recorded as "cumulative translation adjustments" under stockholders' equity.

6) Asset management business

As required by the Banking Law and the Rules Governing Trust and Investment Companies and for the purpose of internal management, the Bank maintains separate accounts and prepares separate sets of financial statements for its own funds and for the funds it administers on behalf of trustors. All the entrusted assets are booked to the memo account.

7) Investment in bills and securities

Bills and securities purchased, including short-term bills, listed stocks, government and corporate bonds, and beneficiary certificates, held for trading or non-trading purposes are stated at cost and are evaluated by the lower-of-total-cost-or-market-value method.

Cost of commercial paper sold is determined on the basis of the specific identification method. But the cost of stocks, beneficiary certificates, bonds and other securities is based on the moving-average method.

Bond transactions under resell or repurchase agreements are recorded as financing transactions. Short-term negotiable instruments under such agreements are accounted for as outright purchases and sales.

8) Loans and related allowance for doubtful accounts

Credit terms are decided by the term to maturity of loans. The loan period of short-term loans is within one year, the loan period of medium-term loans is one to seven years, and the loan period of long-term loans is more than seven years. Loans with pledged assets are recorded as secured loans.

Principal which is overdue over three months or interest which is overdue over six months is categorized as overdue accounts. When principal or interest has not been paid for over six months, the said principal and interest are transferred to nonperforming loans. When this occurs, interest will only be calculated and booked to the memo account.

All loans are recorded initially as the actual amount lent out and reported at their outstanding principal balances net of any provisions for doubtful accounts. In determining the allowance for credit losses, the Bank evaluates the collectability of its loan portfolio and credit guarantees based on the borrowers'/clients' payment history and the related loan classification as non-performing, in accordance with "Rules for Bank Assets Evaluation, Loss Reserve Provision, and Disposing of Overdue loans, Nonaccrual Loans and Bad Debts" issued by the MOF. Probable losses are recorded as a provision for credit losses. Doubtful accounts are written off when the recovery possibility is remote. Under the MOF guidelines, write-offs of specific loans and related provision are permitted with the approval of the board of directors. Before 2004, the collection of written-off nonperforming loans was recorded as other non-operating income. Since 2004, such collection has been recorded as a credit to "allowance for doubtful accounts".

In accordance with Bureau of Monetary Affairs, Ministry of Finance, Ruling Tai-Tsai-Rong No. 88733168, banks should provide 3% of operating revenue as allowance for bad debt with a view to writing off the default accounts from July 1, 1999, and for the following four years.

9) Long-term investment

Long-term equity investments are accounted for by either the equity method or the cost method depending on the Bank's influence on the investees.

Investments accounted for by the equity method are stated at cost plus (or minus) a proportionate share in the investees' net earnings (losses) or changes in net worth. Shares in net earnings (net losses) are recognized as investment income (loss), and cash dividends received are accounted for as a reduction in the carrying value of the investments.

When the equity of an investee exceeds carrying value accounted for by the equity method, the Bank recognizes the investment loss by reducing the balance of the investment to zero. But if the Bank intends to hold the stock of an investee and the investee can not make a profit in the short term, then the Bank should recognize the loss by equivalent ownership.

If the financial statements of an investee (where investment accounts for less than 50% of the investee's outstanding common stock) with the same accounting period cannot be provided in sufficient time, the investor shall record its share of the net earnings or losses of the investee in the following year based on the percentage of ownership during the investee's accounting period. The time lag between the dates of the financial statements of the investee and those of the investor shall be consistently followed and adequately disclosed in the financial statements.

Investments accounted for by the cost method are carried at cost. Cash dividends received are recognized as investment income. On the balance sheet date, if the aggregate market value of listed stocks and over-the counter stocks falls below cost, unrealized decline in market value is debited to stockholders' equity if the decline is considered temporary. If the value of an unlisted stock declines and the decline is considered irrecoverable, the carrying value of this investment is adjusted to reflect the decline, and the resulting loss is charged to current income statements.

Stock dividends result only in an increase in the number of shares held and are not recognized as investment income.

When a short-term investment is reclassified to long-term investment or vice versa, the Company compares the book value of the investment to its fair value at switching date. If the market price is lower than its book value, the Company immediately recognizes those losses due to the decline in fair value and uses the fair value as the new cost basis.

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

10) Fixed assets

Fixed assets are stated at acquisition cost, including capitalization of interest and certain expenses which were incurred in connection with the construction of a plant and the installation of machinery and equipment. Major renewals, additions and improvements are capitalized, while maintenance and repairs are expensed.

Depreciation is computed on a straight-line basis over useful lives estimated as follows: buildings, 8 to 55 years; machinery and equipment, 3 to 7 years; transportation equipment, 4 to 8 years; and other equipment, 3 to 10 years.

Leasehold improvements are amortized over the lesser of lease terms or the useful lives of such improvements. When the Bank uses fixed assets beyond their initial estimated useful lives, the depreciation for such assets is calculated by writing off the residual value of the asset using the straight-line method over the remaining estimated useful life of the asset.

Gains or losses on the disposal of fixed assets are recorded as non-operating income or loss.

The surplus arising on revaluation is credited to the revaluation reserve. Additions to revalued premises made subsequent to the revaluation are included at cost. Revaluation increments are depreciated on the same basis over the remaining useful lives at the revaluation dates.

11) Intangible assets

Intangible assets are computer software, which is amortized over a period of 5 years.

12) Other assets — non-operating assets

Non-operating assets are stated at the lower of net realizable value or book value.

13) Other assets — collateral assumed

Collateral and assets received are stated at the net realizable value: the amount the Bank receives when debtors cannot meet obligations and the collateral and residuals are auctioned off. Any discrepancy from the initial claim will be reflected as credit loss. Gains or losses on disposition are included in current earnings.

14) Deposits of banks, deposits and remittances

Deposits are recorded at the contracted principal amount or the expected maturity value. Negotiable certificates of deposit are issued at face value, and principal and accrued interest are paid on the maturity date.

15) Other liabilities - reserve for losses on guarantee

The reserve for losses on guarantee is determined by evaluating the potential losses of acceptances, guarantees and letters of credit.

16) Other liabilities - reserve for losses on trading securities

According to the "Rules Governing the Administration of Securities Firms", 10% of the excess of monthly gains on trading securities over monthly losses should be set aside as a reserve until the balance of the provision equals NT\$200 million. Such reserve can only be used to offset actual losses.

17) Other liabilities - reserve for default losses

According to the "Rules Governing the Administration of Securities Firms", 0.0028% of monthly brokerage income must be provided as a reserve for defaults until the balance of the provision equals NT\$200 million. Such reserve can only be used to offset default losses or for other purposes as approved by the SFC.

18) Other liabilities - reserve for accidental losses

By order of Ministry of Finance Order No. (63) Tai-Tsai-Chien 16677 issued on October 29, 1974, reserve for accidental losses is provided based on 2% of monthly brokerage revenue to cover the possible losses arising from mistakes in securities processing for financial institution which engaged in securities brokerage business. The provision for accidental loss will be adjusted based on actual incurred losses.

19) Pension

Employees' retirement, relief and severance are dealt with according to "The Regulations on Employee's Retirement, Relief and Severance for State-run Financial and Insurance Enterprises Owned by the Ministry of Finance". According to Article 41.1 of the regulations, the length of service with the Bank is calculated in accordance with the formula for benefit payments set forth in the Labor Standards Law, and contributions have been made to a fund for future pension benefits after implementation of the Labor Standards Law. The Bank contributes 3% of total monthly salaries of employees to a pension fund each month. Before implementation of the Labor Standards Law, a monthly contribution equaling 4%-8.5% of salaries had been made by the Bank as prior service cost.

All contributions made by the Bank are administered by "The Pension Fund Management and Operation Committee", which is responsible for accumulating assets of the pension fund and for making payments to the employees when retiring. For cleaning and maintenance workers, service costs equivalent to 8% of total monthly salaries for those workers are accrued over the workers' careers based on plan benefit formulas according to Article 73 of the Labor Standards Law and the "Guidelines for Contributions to and Management of Labor Pension Fund" approved by the Executive Yuan. The workers' pension fund is deposited in a trust account with the Central Trust of China for the purpose of paying pension benefits to the workers when retiring.

20) Income tax

"Expected" income tax expense is based on accounting income. Deferred income tax is determined based on differences between the financial statements and tax bases of assets and liabilities, using enacted tax rates in effect during the years in which the differences are expected to be reversed. The income tax effects due to taxable temporary differences are recognized as deferred income tax liabilities. The income tax effects due to deductible temporary differences, utilization of loss carryforwards, and income tax assets is evaluated, and a valuation allowance is recognized accordingly.

Since the Bank is a government-owned enterprise, income tax should be determined by the Ministry of Audit.

21) Financial derivatives

1. Forward contracts

Forward contracts for trading purposes with assets and liabilities denominated in foreign currency are recorded at the exchange rate specified in the contracts, and income/loss resulting from discrepancies between prevailing and contract rates is recognized at the settlement date. At year-end, for contracts yet to mature, adjustments would be made using the forward exchange rate for the remaining period, and any difference resulting thereby will be charged as current income/loss. Receivables and payables arising from forward contracts referred to above shall be offset with differences, if any, and recorded as an asset or liability.

2. Interest swaps

Provided that there is no transfer of notional principals for interest swaps, only a memo entry is made upon signing of contracts. For non-trading-purpose interest swaps, the difference in interest is recorded as the adjustment of interest revenue or expense from hedge-related items.

3. Cross currency swaps

If cross currency swaps are for hedging, principals are recorded using the forward contract exchange rate at the contracting date with discount or premium amortized through the period. Interest receivables or payables, calculated based upon the difference between contract and settlement rates in accordance with contract terms, will be classified as adjustments to the income or expense of the hedged items.

4. Asset swaps

Asset swaps involve exchanging the fixed rate interest and stock conversion rights of convertible bonds for floating rate interest. These transactions are recorded as memorandum entries on the contract date since no actual exchange of notional principals is involved. Asset swaps are used to hedge interest rate exposure of convertible bonds denominated in foreign currency. Net interest on each set-tlement date/balance sheet date is recorded as an adjustment to interest revenue or expense associated with the bonds being hedged.

5. Options

For option contracts, the premium collected from put options is recognized as advance receipts, and the premium paid for call options is recognized as prepaid expenses. The values of the option contracts are evaluated every month according to the market prices, and the differences are recognized as current period income or expenses.

6. Forward interest rate agreements (FRAS)

Only memorandum entries of notional principals are made on the contract date for forward interest rate agreements. Interest receivables or payables accrued per contract rates and the hedged positions are reported as current interest revenue or expenses.

22) Significant commitments and contingencies

If loss from commitments and contingencies is considered highly likely and the amount can be reasonably estimated, then the loss is recognized currently. Otherwise, commitments and contingencies are only disclosed in the notes to the financial statements.

(3) Reasons for and Effects of Accounting Changes

Sales and purchases of bonds and short-term bills under agreements to repurchase or to resell were treated as outright sales or purchases in 2003. In 2004, under the "Criteria Governing the Preparation of Financial Reports by Public Banks" effective January 1, 2004, the repurchase/resell transactions are treated as financing. The accounting change resulted in an increase in income before tax of \$1,794 thousand in 2004.

The Bank has modified the accrual basis for determining the interest expenses of time deposits in New Taiwan dollars due to past experience and the upgrading of the computer technical facility. The change resulted in a decrease in accrued interest expenses of \$3,428,850, an increase in non-operating income of \$3,428,850, and an increase in income after tax of \$2,571,638 for the year ended December 31, 2003.

The Bank is a government-owned enterprise, and its accounting practices are mainly subject to the Budget Law, Account Settlement Law, and Uniform Regulations on Accounting Systems for Banks Governed by the Ministry of Finance. The financial statements become final only after an audit by the MOA. Because the 2003 financial statements were assessed by the MOA, the above accounting change was reflected in 2004 current income.

(4) Government Audit Adjustments for Fiscal Year Ended December 31, 2003

The Bank's accounting records as of and for the year ended December 31, 2003, have been audited and assessed by the MOA, and the resulting adjustments are summarized as follows:

	As Previously Reported		Adjustments - Increase (Decrease)	As Audited by the MOA
Balance Sheet				
Assets				
Receivables, net	\$	40,260,048	430	40,260,478
Temporary advance		42,922,751	(515)	42,922,236
Other assets, net		28,641,459	(290,357)	28,351,102
Liabilities				
Payables		51,879,065	(16,938)	51,862,127
Other liabilities		2,128,264	101,940	2,230,204
Stockholders' equity		158,342,711	(375,444)	157,967,267
Statement of income				
Operating revenue		64,719,528	217	64,719,745
Operating costs		47,878,470	523,044	48,401,514
Operating expenses		13,988,568	(16,937)	13,971,631
Income before income tax		7,103,034	(505,890)	6,597,144
Income tax expense		1,659,479	(130,446)	1,529,033
Net income		5,443,555	(375,444)	5,068,111

(5) Cash

	December 31, 2004	December 31, 2003
Cash on hand	\$ 8,874,031	8,177,504
Foreign currency on hand	2,914,831	2,672,655
Notes and checks for clearing	3,939,593	5,925,368
	\$ 15,728,455	16,775,527

To comply with the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided NCDs aggregating \$20,000,000 and \$14,000,000 as collateral for day-term overdrafts as of December 31, 2004 and 2003, respectively. The pledged amount can be adjusted anytime.

Balances of cash and cash equivalents presented in statements of cash flows were as follows:

	De	ecember 31, 2004	December 31, 2003
Cash	\$	15,728,455	16,775,527
Placement with banks		49,565,566	90,710,564
Placement with Central Bank, including reserve - checking account and foreign-currency-denominated deposit reserves		19,045,222	24,138,603
Negotiable certificates of deposit (NCDs)		445,020,488	443,575,161
Investment in bills and securities maturing within 90 days		28,767,781	80,001,652
Total	\$	558,127,512	655,201,507

(6) Placement with Central Bank

	December 31, 2004	December 31, 2003
New-Taiwan-dollar-denominated deposit reserve - checking account and reserves for deposits - foreign - currency - denominated deposit	\$ 19,045,222	24,138,603
New-Taiwan-dollar-denominated required deposit reserve	31,441,775	29,550,978
Deposits in Central Bank	197,652,041	213,517,366
Placement with Central Bank - reserve for trust fund compensation	50,000	50,000
	\$ 248,189,038	267,256,947

The required deposit reserves are determined monthly at prescribed rates based on the average balances of customers' New-Taiwan-dollar-denominated deposits. The required deposit reserve is subject to withdrawal restrictions, but reserve - checking account and foreign-currency-denominated deposit reserves may be withdrawn anytime and are non-interest earning.

Additionally, as of December 31, 2004 and 2003, 60% of the reserve deposits collected on behalf of a government institution amounted to \$17,652,041 and \$21,138,366, respectively, and its use is restricted according to the regulations.

(7) Investment in Bills and Securities

	December 31, 2004	December 31, 2003
Bills and securities purchased - dealing	\$ 620,996,380	632,115,369
Less: allowance for decline in market value	(75,353)	(159,962)
Subtotal	620,921,027	631,955,407
Securities with resale agreement	29,015,754	51,647,994
	\$ 649,936,781	683,603,401

Details of investment in bills and securities - dealing were as follows:

	December 31, 2004	December 31, 2003
Commercial paper	\$ 28,767,781	45,758,070
Treasury bills	10,400,672	5,023,534
Government bonds	83,034,379	92,335,028
Foreign securities	34,979,010	30,645,454
Bank bonds	10,064,171	7,895,282
Company bonds	1,851,827	1,200,000
Negotiable certificates of deposit (NCDs)	445,020,488	443,575,161
Listed stocks and beneficiary certificates	6,878,052	5,682,840
	\$ 620,996,380	632,115,369

Details of securities with repurchase/resale agreement were as follows:

D	ecember 31, 2004	December 31, 2003
\$	6,048,094	34,243,582
	22,947,660	17,404,412
	20,000	-
\$	29,015,754	51,647,994
	\$9,583,952	5,860,389
	\$	\$ 6,048,094 22,947,660 20,000 \$ 29,015,754

(8) Receivables

	De	ecember 31, 2004	December 31, 2003(restated)
Accounts receivable	\$	2,264,441	1,401,928
Refundable income tax		1,011,724	1,020,321
Accrued revenue		2,070,666	4,503,987
Interest receivable		9,701,576	9,727,814
Acceptance notes receivable		1,475,705	1,389,806
Forward contract receivables - foreign currency denominated		58,521,781	51,273,427
Less: forward contract payables in foreign currency		(40,372,654)	(30,137,834)
Others		17,267,449	2,824,377
Subtotal		51,940,688	42,003,826
Less: allowance for doubtful accounts		(1,816,603)	(1,743,348)
Total	\$	50,124,085	40,260,478

(9) Loans, Discounts and Bills Purchased

	December 31, 2004	December 31, 2003
Discounted	\$ -	4,864
Overdrafts	41,109,298	45,605,399
Secured overdrafts	1,192,412	1,509,882
Bills purchased for import and export negotiation	3,592,941	3,504,323
Short-term loans	281,245,217	189,281,688
Short-term secured loans	73,631,234	70,400,841
Receivables from securities financing	552,277	301,152
Medium-term loans	360,217,216	153,276,696
Medium-term secured loans	85,996,914	81,149,879
Long-term loans	166,475,667	297,179,667
Long-term secured loans	232,727,737	210,335,850
Subtotal	1,246,740,913	1,052,550,241
Less: allowance for doubtful accounts	(3,677,436)	(4,519,986)
	\$ 1,243,063,477	1,048,030,255

Movements of allowance for doubtful accounts in years 2004 and 2003 were as follows:

		20	04	
	Risk of certain uncollectable debts	Country risk	Potential risk of total debts	Total
Beginning balance	\$ 9,728,908	1,364,733	1,843,325	12,936,966
Add: provision for doubtful accounts	90,810	(82,062)	16,607	25,355
Collected from write-off of debts	3,649,004	15,535	-	3,664,539
Less: write-off	(3,322,092)	(410,078)	-	(3,732,170)
foreign exchange translation adjustments	-	(45,934)	-	(45,934)
Ending balance	\$ 10,146,630	842,194	1,859,932	12,848,756

		2003 (re	estated)	
	Risk of certain uncollectable	Country risk	Potential risk of	Total
	debts	113K	total debts	
Beginning balance	\$ 12,651,308	1,330,098	1,404,324	15,385,730
Add: provision for doubtful accounts	4,112,899	280,252	439,001	4,832,152
Bank of Taiwan (Europe) N.V. provision	-	430	-	430
Less: write-off	(7,035,299)	(241,402)	-	(7,276,701)
foreign exchange translation adjustments	-	(4,645)	-	(4,645)
Ending balance	\$ 9,728,908	1,364,733	1,843,325	12,936,966

Details of allowance for doubtful accounts were as follows:

	De	December 31,	
		2004	2003
Receivables	\$	1,816,603	1,743,348
Long-term receivables		52,055	99,977
Loans, discounts and bills purchased		3,677,436	4,519,986
Nonperforming loans		7,302,662	6,573,655
	\$	12,848,756	12,936,966

As of December 31, 2004 and 2003, the amount of loans with non-accumulating interest revenues was \$18,622,870 and \$26,919,391, respectively, which was booked as other assets - nonperforming loans. As of December 31, 2004 and 2003, the estimation of non-accumulating interest revenues was \$4,271,655 and \$4,571,656, respectively.

For the years ended December 31, 2004 and 2003, the Bank did not write off any loan without legal proceedings having been initiated.

(10) Long-term Investments

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Unlisted companies					
Taiwan Sugar Corp.	0.30	\$	50,674	0.30	50,673
Taiwan Power Company	2.62	Ψ	6,805,780	2.62	6,805,780
Taiwan Machinery Manufacturing Corp.	1.60		-	1.60	-
Taiwan Stock Exchange Corp.	5.01		120,132	5.01	120,132
Taiwan Television Enterprise Co., Ltd.	14.37		155,150	14.37	155,150
Taiwan Chung Hsing Paper Corp.	9.54		-	9.54	-
Taiwan Shing Sheng Press Enterprise	0.23		-	0.23	-
Company					
China Trade & Development Corp.	1.91		12,501	1.91	12,501
China Daily News Corp.	10.32		10,320	10.32	10,320
Taiwan Motor Transport Corp.	-		-	0.001	-
China Shipbuilding Corp.	0.24		26,972	0.24	26,972
Central Motion Picture Corp.	15.22		30,000	15.16	30,000
International Investment Trust Co., Ltd.	7.74		20,000	7.74	20,000
United Taiwan Bank S.A.	10.00		125,921	10.00	125,921
Taipei Forex Inc.	3.53		7,000	3.53	7,000
Taiwan Futures Exchange Corp.	1.30		26,000	1.30	26,000
Taiwan Assets Management Corp.	3.97		700,000	3.97	700,000
Bankpro E-service Technology Co., Ltd.	3.33		4,500	3.33	4,500
Taiwan Financial Assets Service Corp.	2.94		50,000	2.94	50,000
Financial Information Service Co., Ltd.	1.53		65,092	1.53	65,092
Taiwan Cooperative Bank	-		-	0.09	23,417
Financial eSolution Co., Ltd.	7.40		27,550	3.64	10,000
Taiwan Integrated Shareholder	0.53		1,600	-	-
Service Company					
			8,239,192		8,243,459
Taiwan High Speed Rail Corp.	-		2,000,000	-	2,000,000
(preferred stock)			· •		
N 7		\$	49,219,694		39,861,338
		—	,2.10,004	-	00,001,000

1. The Bank increased its cumulative translation adjustments under stockholders' equity by \$11,853 and \$67,540 on December 31, 2004 and 2003, respectively.

2. In January 2003, the Bank increased its long-term investment in preferred stock of Taiwan High Speed Rail Corp. by \$2,000,000. As of December 31, 2004, the Bank had accrued construction dividends amounting to \$100,000, booked as receivables and other operating revenues.

3. The long-term equity investments which decreased capital to make up a deficit were as follows:

Name of Investee	Decrease (shares)	re	Loss cognized
China Shipbuilding Corp.			
February 28, 2003 (booked in 2002)	790,395	\$	7,904
October 8, 2003	324,240		3,242
December 16, 2003	590,263		5,903
	1,704,898	\$	17,049

4. In order to integrate the operations in Europe, it was resolved in a directors' meeting to close the Amsterdam branch and Bank of Taiwan (Europe) N.V. The closing was approved by the MOF and the Central Bank of the Netherlands in June 2003. The Bank ceased operation of Bank of Taiwan (Europe) N.V. in June 2003 and operation of the Amsterdam branch in August 2004. In addition, the Bank upgraded its London representative office to a branch.

5. The cash dividends received from investees under the equity method were as follows:

Name of Investee	 2004	2003
Taiwan Life Insurance Co., Ltd.	\$ 249,536	181,481
Taiwan Fire & Marine		
Insurance Co., Ltd.	25,214	28,056
Hua Nan Financial Holdings Co., Ltd.	 277,690	
	\$ 552,440	209,537

The cash dividends received from investees under the lower-of-cost-or-market-value method and the cost method were \$1,468,425 and \$788,843 as of December 31, 2004 and 2003, respectively.

6. Details of the long-term investments which were reclassified to short-term investments in 2003 were as follows:

	Bo	ok Value
Mega Financial Holding Company	\$	3,077
China Development Financial Holding Corp.		4,105
Cathay Financial Holding Co., Ltd.		3,741
Taiwan Fire & Marine Insurance Co., Ltd.		98,158
	\$	109,081

The market price of the above investments was higher than its book value on the date of reclassification.

7. The original cost of long-term equity investment under the equity method was as follows:

	De	cember 31,	December 31,
Name of Investee		2004	2003
Hua Nan Financial Holdings Co., Ltd.	\$	8,105,279	8,105,279
Taiwan Business Bank, Ltd.		6,323,648	6,323,648
Taiwan Life Insurance Co., Ltd.		812,325	812,325
Taiwan Fire & Marine Insurance Co., Ltd.		-	256,514
Kaohsiung Ammonium Sulfate Co., Ltd.		1,377,870	1,377,870
Tang Eng Iron Works Co., Ltd.		3,080,170	3,080,170
Tai Yi Real Estate Management Co., Ltd.		6,600	15,000
	\$	19,705,892	19,970,806

8. The gains and losses from long-term equity investment under the equity method were as follows:

Name of Investee	Period of the investees' financial statements	2004	2003
Hua Nan financial Holdings Co., Ltd.	2003	\$ 6,148,415	(4,968,032)
Taiwan Business Bank, Ltd.	2003	1,447,056	1,150,123
Taiwan Life Insurance Co., Ltd.	2003	709,660	425,205
Taiwan Fire & Marine Insurance Co., Ltd.	2003	-	152,374
Tang-Eng Iron Works Co., Ltd.	2003	241,678	-
Kaohsiung Ammonium Sulfate Co., Ltd.	2004	315,147	(21,184)
Bank of Taiwan (Europe) N.V.	2004	-	1,417
		\$ 8,861,956	(3,260,097)

The gains above included the amortization of the difference between investment cost and the investee's net equity, due to the accounting method changing from the cost method to the equity method in 2001. The amount was \$5,178,460 and \$5,255,068 in 2004 and 2003, respectively.

The gains and losses of the investees were recognized by proportionate share based on the investees' financial statements audited by other auditors except for Tang-Eng Iron Works Co., Ltd., a government-owned enterprise, whose financial statements have been assessed by the MOA.

9. The gains and losses on long-term equity investments, net, were as follows:

	2004	2003
Accrued dividends from Taiwan High Speed	<u>^</u>	01 007
Rail Corp. preferred stock	\$ -	91,667
Losses on decrease in capital	-	(9,145)
Cash dividends under the cost method	1,468,425	788,843
Gain (loss) on disposal of long-term investments	86,439	404,667
Gain (loss) from long-term investments under the equity method	8,861,956	(3,260,097)
	\$ 10,416,820	(1,984,065)
(11) Long-term Receivables		
	December 31, 2004	December 31, 2003
Long-term receivables	\$ 34,703,312	33,325,590
Less: allowance for doubtful accounts	(52,055)	(99,977)
	\$ 34,651,257	33,225,613

The period of long-term receivables is more than one year.

(12) Fixed Assets

	December 31, 2004	December 31, 2003
Cost:		
Land (including revaluation increments)	\$ 73,471,642	84,557,641
Buildings	10,637,974	10,654,870
Machinery and equipment	4,010,047	3,797,293
Transportation equipment	1,026,371	1,040,243
Miscellaneous equipment	777,145	743,981
Leasehold improvements	346,060	305,804
Construction in progress and prepayment for equipment	343,841	85,959
	90,613,080	101,185,791
Accumulated depreciation:		
Buildings	(3,117,640)	(2,915,785)
Machinery and equipment	(2,397,971)	(2,189,298)
Transportation equipment	(637,802)	(625,889)
Miscellaneous equipment	(558,597)	(510,862)
Leasehold improvements	(250,416)	(206,972)
	(6,962,426)	(6,448,806)
Net	\$ 83,650,654	94,736,985

Movement of accumulated depreciation:

	De	cember 31, 2004	December 31, 2003
Beginning balance	\$	6,448,806	5,951,027
Add: depreciation for the period		874,293	858,426
Less: decrease for the period		(356,906)	(366,808)
Foreign exchange translation adjustment		(3,767)	6,161
Ending balance	\$	6,962,426	6,448,806

There have been many times of revaluations for land and buildings, with the latest in June 2003. As of December 31, 2004 and 2003, the total increment, including land and buildings, was \$69,208,950 and \$80,183,965, respectively, and the estimated tax on the increment was \$36,818,469 and \$39,897,073, respectively, booked as long-term liabilities. The net increment is treated as capital surplus.

In 2004 and 2003, gain on disposal of property (land and buildings) was \$7,500,408 and \$32,049, respectively.

As of December 31, 2004 and 2003, property and equipment did not serve as guarantee or collateral, nor were they pledged.

As of December 31, 2004, the cost (including revaluation increments) of the rental land was \$32,276,164. Most of the rental buildings have been depreciated over the useful lives. The estimated future lease revenue was follows:

Fiscal Year	Amount
2005	\$387,949
2006	277,060
2007	172,760
2008	108,316
2009	50,000
	\$ 996,085

(13) Other Assets

	December 31, 2004	December 31, 2003(restated)
Non-operating assets, net	\$ 10,186,295	4,442,866
Collateral assumed, net	1,358,897	1,197,074
Operating and settlement deposits	272,432	252,278
Refundable deposits	92,506	209,972
Nonperforming loans (net of allowance)	11,886,521	20,345,736
Customer advance and accounts awaiting clearance	44,968	103,925
Deferred tax assets, net	201,849	578,491
Deferred pension costs	330,121	530,873
Assets waiting to be transferred	150,848	360,910
Others	199,173	328,977
	\$ 24,723,610	28,351,102

1) Non-operating assets, net

	December 31, 2004	December 31, 2003
Land	\$ 10,185,912	4,442,866
Buildings	12,164	-
Miscellaneous equipment	91	-
Accumulated depreciation - buildings	(11,872)	-
	\$ 10,186,295	4,442,866

2)	Collateral assumed, net		
		December 31, 2004	December 31, 2003
	Collateral assumed	\$1,483,246	1,201,869
	Less: allowance for decline in market value	(124,349)	(4,795)
		\$1,358,897	1,197,074

3) Nonperforming loans, net

	 2004	2003(restated)
Nonperforming loans	\$ 19,189,183	26,919,391
Less: allowance for doubtful accounts	 (7,302,662)	(6,573,655)
	\$ 11,886,521	20,345,736

December 31,

December 31,

December 31,

December 31,

(14) Deposits of Banks

	December 31, 2004	December 31, 2003
Deposits of banks	\$ 27,632,896	25,074,883
Bank overdrafts	1,555,328	1,532,990
Call loans from bank	102,288,391	82,121,260
	\$ 131,476,615	108,729,133

(15) Borrowed from Central Bank and Other Banks

	20	04	2003
Funds borrowed from banks	\$ 5,7	739,207	10,255,132

(16) Payables

	December 31, 2004	December 31, 2003(restated)
Accounts payable	\$ 4,015,128	6,116,090
Advance receipts	1,749,767	1,595,306
Accrued expense	2,151,783	2,160,582
Income tax payable	11,686	26,294
Interest payable	12,104,097	12,215,168
Banker's acceptances payable	1,511,663	1,410,028
Forward settlement payable - foreign currencies	35,785,765	48,144,658
Less: forward proceeds receivable	(17,055,801)	(27,240,963)
Other payables	21,248,240	7,432,204
Others	31,789	2,760
	\$ 61,554,117	51,862,127

(17) Deposits and Remittances

	December 31,	December 31,
	2004	2003
Checking account	\$ 22,751,267	22,650,887
Government deposits	270,866,865	299,371,618
Demand deposits	103,201,455	84,132,364
Time deposits	182,528,887	183,351,717
Postal deposits transferred	79,989,642	85,470,958
Remittances	694,650	527,562
Savings account:		
Demand deposits	274,354,660	231,924,621
Staff accounts	15,890,216	14,943,506
Installment savings	1,092,932	1,064,448
Time savings deposits	391,568,095	382,864,984
Annuity savings deposits	-	276
Interest-drawing savings	304,314,464	302,104,740
Premium interest-drawing savings	422,835,032	396,325,991
	\$2,070,088,165	2,004,733,672

As of December 31, 2004 and 2003, the above deposit accounts, except for demand deposits, would mature in one month to three years.

(18) Long-term Liabilities

(,	Dec	cember 31, 2004	December 31, 2003
Appropriated loan funds	\$	2,000,629	2,677,787
Estimated tax payable on land increment		36,818,469	39,897,073
Accrued pension liabilities		1,113,887	1,116,322
	\$	39,932,985	43,691,182
(19) Other Liabilities			
	Dec	cember 31, 2004	December 31, 2003(restated)
Reserve for guarantees	\$	143,796	774,487
Reserve for foreign exchange losses		800	1,180
Reserve for losses on trading securities		1,081	84,675
Reserve for default losses		13,925	11,682
Reserve for accidental losses		9,020	7,724
Guarantee deposits received		893,322	876,669
Temporary received and waiting to be transferred		90,353	381,691
Reserve for interest and principal repayment		29,903	29,903
Others		53,796	62,193
	\$	1,235,996	2,230,204

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(20) Pension

The reconciliation of the plan's funded status and accrued pension liabilities was as follows:

	December 31, 2004		December 31, 2003	
	Regular Regular Employees Labor		Regular Employees	Regular Labor
Benefit obligation:				
Vested benefit obligation	\$ (2,313,389)	(247,481)	(2,173,418)	(237,503)
Nonvested benefit obligation	(1,657,873)	(193,470)	(1,565,196)	(190,069)
Accumulated benefit obligation	(3,971,262)	(440,951)	(3,738,614)	(427,572)
Additional benefits based on future salaries	(1,187,600)	(105,936)	(1,118,578)	(105,058)
Projected benefit obligation (PBO)	(5,158,862)	(546,887)	(4,857,192)	(532,630)
Fair value of plan assets	2,943,928	354,398	2,724,202	325,662
Funding status	(2,214,934)	(192,489)	(2,132,990)	(206,968)
Unrecognized net transition obligation (assets)	667,873	169,712	756,923	189,679
Unrecognized prior year service cost	296,948	(38,307)	317,427	(41,955)
Unrecognized loss (gain)	546,974	(19,543)	551,260	(18,825)
Deferred pension cost	(324,195)	(5,926)	(507,032)	(23,841)
(booked as other assets)				
Accrued pension cost (booked	\$ (1,027,334)	(86,553)	(1,014,412)	(101,910)
as long-term liabilities)				
Vested benefit	\$ (3,012,315)	(299,439)	(2,800,005)	(290,110)

The components of net pension cost for the years 2004 and 2003 were as follows:

	2004		2003		
		Regular mployees	Regular Labor	Regular Employees	Regular Labor
Service cost	\$	586,567	36,669	560,455	39,107
Interest cost		141,265	15,290	144,451	16,685
Projected return on plan assets		(87,898)	(9,755)	(90,331)	(10,122)
Amortization and deferred cost		112,979	16,319	109,529	16,319
Net pension cost	\$	752,913	58,523	724,104	61,989

Actuarial assumptions:

	2004	2003
Discount rate	3.00%	3.50%
Rate of increase in future compensation	2.00%	2.25%
Rate of projected return on plan assets	3.00%	3.50%

(21) Stockholders' Equity

- 1) As of December 31, 2004 and 2003, the amount of capital was \$48,000,000.
- 2) The composition of capital surplus was as follows:

	December 31,	December 31,
	2004	2003
Additional paid-in capital $-$ from cash subscription	\$ 97,314,648	97,314,648

According to the ROC Company Law, capital surplus can only be used to offset an accumulated deficit or to increase share capital, and cannot be distributed as cash dividends.

In 2002, the bank transferred the capital surplus, which was from disposal of capital gain, to undistributed earnings in the amount of \$7,429,954 and legal reserve in the amount of \$3,184,266.

In accordance with Bureau of Monetary Affairs, Ministry of Finance, Ruling Tai-Tsai-Rong No. 0928010612, the amount of stockholders' equity, which was the amount of net assets in excess of shares issued, was transferred to capital surplus when the Bank transformed into a corporate entity on July 1, 2003.

Account name	Amount
Retained earnings (including legal reserve and special reserve)	\$ 64,371,311
Cumulative translation adjustments	528,830
Additional paid-in capital $-$ revaluation increments	31,992,677
Additional paid-in capital $-$ investees' capital surplus	143,357
Loss on market value decline of long-term equity investment	(21,527)
Additional paid-in capital from cash subscription	(97,314,648)

The net loss for the six months ended June 30, 2003, amounting to \$2,165,530, which has not been assessed by the MOA, and the capital surplus, which was transferred from disposal of capital gain to undistributed earnings in the amount of \$7,429,954 and will be distributed to the government in the future in accordance with Bureau of Monetary Affairs, Ministry of Finance, Ruling Tai-Tsai-Rong No. 0918011045, were booked in their original accounts.

3) Legal reserve and appropriation of earnings

The articles of incorporation of the Bank stipulate that net income should be distributed as follows:

- 1. to pay income tax;
- 2. to offset prior years' deficit;
- 3. to appropriate 30% as legal reserve;
- 4. to appropriate 40% as special reserve.

The remaining balance is retained or appropriated upon approval of the board of Directors.

According to the Banking Law, before the legal reserve balance reaches the total amount of capital, cash dividends distribution cannot exceed 15% of total capital.

4) Imputation credit account information

As of December 31, 2004 and 2003, the balance of the ICA (imputation credit account) was as follows:

	December 31,	December 31,	
	2004	2003 (actual)	
	(expected)		
Balance of ICA	\$ 5,901,363	7,720,384	

The imputation tax creditable ratio for both 2004 and 2003 was approximately 33.33%.

As of December 31, 2004 and 2003, unappropriated retained earnings were as follows:

	December 31, 2004	December 31, 2003
1997 and before	\$ -	-
1998 and after	15,960,913	12,498,065
	\$ 15,960,913	12,498,065

(22) Income Tax

The Bank is subject to ROC income tax at a maximum rate of 25%. The income tax expense for 2004 and 2003 is summarized below:

	 2004	2003(restated)
Current income tax	\$ 1,345,477	1,023,178
Deferred tax expense	 376,543	505,855
Income tax expense	\$ 1,722,020	1,529,033

For the years ended December 31, 2004 and 2003, the differences between the "expected" income tax at the statutory income tax rate and the income tax expense in the accompanying financial statements were as follows:

	2004	2003(restated)
Expected income tax expense	\$ 3,890,022	1,649,286
Tax effect of interest income from short-term notes separately taxed	(17,102)	(584,923)
Securities trading gain	(112,691)	(1,132,301)
Tax-free earnings from OBU	(113,885)	(99,277)
Investment loss (income) recognized under equity method	(2,215,489)	815,024
Gain on sale of land	(1,873,714)	(1,370)
Unrealized exchange loss (gain)	(67,969)	(108,266)
Dividend free of tax	(431,288)	(253,717)
Allowance for deferred tax assets	2,443,452	1,136,829
Income tax expense from overseas branches	239,383	146,263
Others	 (18,699)	(38,515)
Income tax expense	\$ 1,722,020	1,529,033

For the years ended December 31, 2004, and 2003, the major components of deferred income tax expense were as follows:

	 2004	2003(restated)
Pension costs disallowed per tax regulation	\$ (49,579)	2,428
Allowance for bad and doubtful accounts in excess of legal limitation	406,108	413,016
Reserve for losses on trading bills and securities	20,899	609
Allowance for loss on decline in market value of short-term investments	-	90,295
Others	 (885)	(493)
Deferred income tax expense	\$ 376,543	505,855

The temporary differences, loss carryforward, and tax effects relating to deferred income tax assets were as follows:

	December 31, 2004		December 31, 2	003(restated)
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets -				
noncurrent				
Pension costs disallowed per tax regulation	\$783,766	195,942	585,449	146,362
Allowance for bad and doubtful accounts in excess of legal limitation	-	-	1,624,434	406,109
Reserve for losses on trading bills and securities	1,081	270	84,675	21,169
Loss carryforward	9,773,810	2,443,453	4,547,315	1,136,829
Others	22,946	5,736	19,406	4,851
	10,581,603	2,645,401	6,861,279	1,715,320
Allowance for deferred income	(9,773,810)	(2,443,453)	(4,547,315)	(1,136,829)
tax assets - noncurrent				
Deferred income tax assets, net -	\$807,793	201,948	2,313,964	578,491
noncurrent (booked as other assets)				

For the years ended December 31, 2004 and 2003, the components of income tax payable were as follows:

	De	cember 31, 2004	December 31, 2003(restated)
Current income tax expense	\$	1,345,477	1,023,178
Income tax on separately taxed short-term bills		(1,106,094)	(876,830)
Income tax paid by overseas branches		(239,383)	(146,263)
Prior income tax adjustment		-	(85)
Prepaid and withheld tax		(428,801)	(526,082)
Income tax receivable (booked as receivables)	\$	(428,801)	(526,082)

The Bank's income tax returns through 2003 have been assessed by the tax authorities.

(23) Earnings per Share

	December 31, 2004		December 31, 2	2003(restated)	
	Р	retax	After tax	Pretax	After tax
Net income	\$15,	560,089	13,838,069	6,597,144	5,068,111
Denominator (shares in thousands)	4,	800,000	4,800,000	4,800,000	4,800,000
Basic earnings per share	\$	3.24	2.88	1.37	1.06

(24) Disclosure of Financial Instruments

1) Financial derivatives

The Bank has entered into interest and cross-currency swap contracts for nontrading purposes to hedge interest and exchange rate risk of foreign currency liabilities and assets. The hedging strategies are intended to avoid most market price fluctuation risk. In addition to mainly borrowing US dollars at floating interest rates from overseas banks to make loans of US dollars at fixed interest rates or purchasing US dollar or other currency securities at fixed interest rates in the international financial market, the Bank has entered into interest or cross-currency swap contracts with overseas financial institutions to avoid the risk of unsteady interest and exchange rates and to fix interest revenue on loans and gains on securities purchased.

The financial derivatives of the Bank on December 31, 2004 and 2003, and their contract amount, credit risk, and fair market value were as follows:

	Dece	December 31, 2004			mber 31, 2	003
Financial instrument	Contract amount	Credit risk	Fair value	Contract amount	Credit risk	Fair value
Non-trading purpose						
Interest-rate swap	\$ 11,177,259	211,982	627,605	9,750,736	294,825	107,494
Cross-currency swap	4,264,452	279,021	246,348	5,188,668	28,807	(206,048)
Option	2,263,152	12,726	26,481	1,647,985	215	(90)
Asset swap	6,001,065	97,305	1,610,608	1,597,906	-	102,763

Credit risk indicates the Bank's possible loss in the event of contract default by the counter-party. However, before the Bank enters into forward contracts with clients, the counter-party must go through the credit authorization process of the Bank and provide enough pledged properties. Subsequent to the granting of a line of credit, transactions would be limited thereto. The other parties to forward contracts and transactions with clients are credit-authorized import and export clients, and the Bank would collect a proper guarantee deposit depending on their credit authorization. If the counter-party is another bank, it is evaluated based upon worldwide ranking and credit valuation. After a line of credit is granted, transactions are limited thereto. Consequently, credit risk is limited. In addition, the forward contracts are designed to have a balanced position, and the risk of interest and exchange rate fluctuation is not supposed to exist. In addition, there is no significant demand on cash, and forward contracts are mainly in international currencies for which liquidity risk is very low.

The fair value of each forward exchange contract and currency swap contract is determined based on the forward exchange rate for the remaining term quoted by the Central Bank. The Bank estimates the fair value of individual IRS, CCS or AS contracts based on the quotations of Bloomberg Information System.

All counter-parties to the IRS, CCS or AS agreements are banks with long-term credit rating of at least "d" by an international credit rating organization. Therefore, the associated credit risk is deemed very limited. Because the Bank enters into IRS, CCS and AS agreements for hedging purposes, no significant gains or losses would result from fluctuations in interest rates and foreign exchange rates, and there is no significant demand for cash.

The forward positions have been offset by the opposite spot or forward positions, so no significant gains or losses would result from exposure to interest rates and foreign exchange rates, and there is no significant demand for cash.

The gains and losses from the Bank's derivative transactions recorded in the income statements as of December 31, 2004 and 2003, were gains of \$32,269 and gains of \$11,310, respectively.

2) Fair market value of nonderivative financial instruments

	Decembe	er 31, 2004	Decembe	er 31, 2003
	Book value	Fair market value	Book value	Fair market value
Financial asset				
Book value equivalent to	\$ 1,607,035,559	1,607,035,559	1,463,496,021	1,463,496,021
fair market value				
Short-term investments - net	649,936,781	649,936,781	683,603,401	683,603,401
Long-term equity investments	49,219,694	114,034,674	39,861,338	61,819,452
	\$ 2,306,192,034	2,371,007,014	2,186,960,760	2,208,918,874
Financial liability				
Book value equivalent to	\$ 2,302,055,576	2,302,055,576	2,192,520,262	2,192,520,262
fato an autor to call or				

fair market value

Methods and assumptions used by the Bank in estimating the fair value of financial instruments were as follows:

- 1. The face value of short-term financial instruments is used to estimate the fair value as stated on the balance sheets. Since these instruments will become due shortly, the face value serves as a reasonable basis to estimate fair value. It is applicable to cash, due from and placement to other banks, due from Central Bank, interest receivable, accounts receivable and others, other assets, deposits by banks, securities sold under repurchase agreements, interest payable, and accounts payable.
- 2. If market prices of marketable securities are available, then market prices are used as fair value. If there is no market price available for reference, then fair value is estimated from financial or other information. Short-term investments and long-term equity investments on December 31, 2004 and 2003, have been revalued to their fair market value.
- 3. Loans and advances are valued by using the floating rate, and book value serves as fair value.
- 4. Deposits and remittances mainly mature within one year. The book value is used as fair value plus interest when the maturity period is over a year.
- 5. Other assets collateral and residuals taken over have been revalued at the balance sheet date to their net realizable value, and the book value was used as fair value.
- 3) Financial instruments with off-balance-sheet credit risk

As of December 31, 2004 and 2003, the contract amounts of financial instruments with off-balancesheet credit risk held by the Bank were as follows:

	December 31,	December 31,
	2004	2003
Commitments for guarantees and letters of credit	\$ 86,694,064	76,853,174
Commitments for credit cards	28,088,812	16,982,830
Irrevocable loan commitments	188,847,344	215,977,191
Total	\$ 303,630,220	309,813,195

The above is applicable to cash and cash equivalents since these financial instruments will not be settled prior to their due dates. The contract amount is not representative of future cash outflows, indicating that future cash demand is less than the contract amount.

The contract amount is equivalent to the fair value for the above guarantees and letters of credit.

4) Concentration of credit risk – loans

Concentration of credit risk arises if there is only one counter-party in financial instrument transactions, or if there are a number of counter-parties yet all are engaged in similar businesses or share similar features resulting in their ability to meet contractual obligations to be collectively affected by changes in economic or other conditions. Financial instrument transactions of the Bank do not appear to concentrate on one client, one counter - party, or a single industry, yet they do seem to concentrate within a confined geographic region with counter-parties exhibiting similar industry patterns.

	December 31, 2004	December 31, 2003
Domestic	\$1,202,643,077	1,020,469,457
Overseas	59,694,078	55,495,852
Total	\$1,262,337,155	1,075,965,309
2. Loans classified by industry		
	December 31, 2004	December 31, 2003
Government	\$ 460,121,403	436,336,368
Individuals	314,725,627	276,808,005
Manufacturing	177,126,723	173,538,840
Overseas	59,694,078	55,495,852
Telecommunication and transportation	56,293,877	44,461,793
Retailing	27,663,958	24,636,545
Utilities	57,993,784	19,179,962
Construction	18,484,293	16,046,147
Services	11,217,287	7,882,137
Real estate and rental	10,966,363	7,625,219
Food and restaurants	2,815,334	2,313,262
Nonprofit	690,987	2,076,398
Farming, forestry and fishing	1,071,674	759,488
Social insurance and pension fund	54,000,000	4,650,000
Bills finance	918,000	909,973
Insurance	875,000	2,545,000
Others	7,678,767	700,320
Total	\$1,262,337,155	1,075,965,309

(25) Related-party Transactions

1) Names and relationship of related parties

Name

Hua Nan Financial Holdings Co., Ltd. Taiwan Business Bank, Ltd. Taiwan Life Insurance Co., Ltd. Taiwan Fire & Marine Insurance Co., Ltd. Tang-Eng Iron Works Co., Ltd. Kaohsiung Ammonium Sulfate Co., Ltd. Tai, Yi Real-Estate Management Co., Ltd. Taiwan Assets Management Corp. Taiwan Navigation Co., Ltd. International Investment Trust Co., Ltd. Others

Relationship

Investee company of the Bank under the equity method Investee company of the Bank under the equity method Investee company of the Bank under the equity method Investee company of the Bank under the equity method Investee company of the Bank under the equity method Investee company of the Bank under the equity method Investee company of the Bank under the equity method Investee company of the Bank under the equity method Major stockholder of the Bank Major stockholder of the Bank Major stockholder of the Bank Major stockholders, supervisors, directors, managers and their relatives

Significant related-party transactions
 Deposits of banks

	 December 31, 2004		Decembe	er 31, 2003
Name	 Amount	Percentage due to banks	Amount	Percentage due to banks
Hua Nan Financial Holdings Co., Ltd.	\$ 331,246	0.25	198,946	0.18
Taiwan Business Bank	 116,530	0.09	120,751	0.11
	\$ 447,776	0.34	319,697	0.29

Interest rates of related-party transactions are the same as those with other banks.

2. Call loans to banks (included in due from banks):

	January 1 to December 31, 2004					
Name	Highest balance	Ending balance	Interest income	Annual interest rate (%)		
Hua Nan Financial	\$12,488,960	1,906,080	42,528	0.94~2.55		
Holdings Co., Ltd.						
Taiwan Business Bank	1,512,284	1,226,372	16,619	1.17~2.45		
	\$14,001,244	3,132,452	59,147			

	January 1 to December 31, 2003					
Name	Highest balance	Ending balance	Interest income	Annual interest rate (%)		
Hua Nan Financial	\$14,495,342	4,453,738	36,865	0.045~2.80		
Holdings Co., Ltd.						
Taiwan Business Bank	1,359,920	1,359,920	2,957	1.100~1.57		
	\$15,855,262	5,813,658	39,822			

Interest rates of related-party transactions are the same as those with other banks.

3. Call loans from banks (included in due to banks):

		January 1 to Dec	ember 31, 2004	
Name	Highest balance	Ending balance	Interest income	Annual interest rate (%)
Hua Nan financial	\$15,649,730	2,367,820	38,258	0~2.44
Holdings Co., Ltd.				
Taiwan Business Bank	6,477,904	476,520	6,569	0.99~2.44
	\$22,127,634	2,844,340	44,827	
		January 1 to Dec	ember 31, 2003	
Name	Highest balance	Ending balance	Interest income	Annual interest rate (%)
Hua Nan Financial	\$13,819,009	1,176,331	46,906	0~1.45
Holdings Co., Ltd.				
Taiwan Business Bank	3,232,810	1,461,914	24,067	0.85~1.36
	\$17,051,819	2,638,245	70,973	

Interest rates of related-party transactions are the same as those with other banks.

	December 31, 2004		December 31, 2003		
Name		Amount	Percentage of loans (%)	Amount	Percentage of loans (%)
Tang-Eng Iron Works Co., Ltd.	\$	796,502	0.06	1,600,971	0.15
Others		-	-	1,255,552	0.12
	\$	796,502	0.06	2,856,523	0.27

4. Loans

5. Deposits

	Decembe	r 31, 2004	December	r 31, 2003
Name	Amount	Percentage of deposits (%)	Amount	Percentage of deposits (%)
Taiwan Life Insurance Co., Ltd.	\$ 932	-	6,162	-
Kaohsiung Ammonium Sulfate Co., Ltd.	30,987	-	79,991	0.01
Taiwan Fire & Marine Insurance Co., Ltd.	508,393	0.03	617,440	0.06
Tang-Eng Iron Works Co., Ltd.	11,747	-	-	-
Tai Yi Real-Estate Management Co., Ltd.	84,698	-	-	-
Others	668,592	0.03	-	-
_	\$1,305,349	0.06	703,593	0.07

Apart from an interest rate limit on staff saving deposits, interest rates of related-party transactions are the same as those with other banks.

6. Insurance expense (booked as operating expense)

	December 31, 2004		Decembe	r 31, 2003
Name	Amount	Percentage of insurance expense	Amount	Percentage of insurance expense
	Anount	experiee	Amount	expense
Taiwan Fire & Marine	\$ 6,195	0.04	47,139	0.34
Incurance Co. 1td				

Insurance Co., Ltd.

7. Compensation income (booked as non-operating income)

	December 31, 2004		Decembe	er 31, 2003
		Percentage of compensation		Percentage of compensation
Name	Amount	income	Amount	income
Taiwan Fire & Marine Insurance	\$ -	-	16,682	0.83

Co., Ltd.

8. Information regarding affiliates acting as borrowers, guarantors, and collateral providers of the Bank (which are related parties according to Articles 32 and 33 of the Banking Law) were as follows:

	December 31, 2004					
Туре	Number of accounts		Amount	Possibility		
Consumer loans	2,449	\$	1,199,253	9,502		
Mortgage loans for employees	3,313		7,917,976	20,309		
Other loans to interested parties	1,307		6,141,031	138		
Loans to others with interested parties acting as guarantors	2,943		3,354,729	5,987		
Secured loans with collateral from interested parties	3,263		11,884,485	13,251		

(26) Pledged Assets

Pledged for		cember 31, 2004	December 31, 2003	
Guarantee deposit for provisional seizure against defaulted loans and others	\$	1,660,100	1,748,400	
Guarantee deposit for securities trading		243,130	229,679	
Guarantee deposit for trust business compensation reserve		50,000	50,000	
Subtotal (accounted for as marketable securities $-$ bonds)		1,953,230	2,028,079	
NCDs (accounted for as cash)		20,000,000	14,000,000	
	\$	21,953,230	16,028,079	

(27) Commitments

1) Construction in progress and significant purchase agreements

The details of construction in progress and significant purchase agreements are as follows:

	-	Decembe	er 31, 2004
	С	contract price	Unpaid portion of contract price
Construction contract:			
Construction of Information Building	\$	606,780	497,758
Construction of Tai-Li Branch		104,610	101,264
Total	\$	711,390	599,022
		Decembe	er 31, 2003
	С	contract price	Unpaid portion of contract price
Construction contract:			
Construction of Information Building	\$	428,000	392,810
Construction of Chia-Bei Branch		76,390	-
Construction of Yuanshan Branch		195,820	-
Warehouse construction in northern area		119,500	-
Total	\$	819,710	392,810

2) Operating leases

The Bank has entered into certain operating leases for its branches. As of December 31, 2004, esti-

mated future lease contract commitments for rent were as follows:

Amount		
\$	186,405	
	119,504	
	62,787	
	23,558	
	7,063	
\$	399,317	
	\$	

3) Others

-,		De	cember 31, 2004	December 31, 2003
	Collections for customers	\$	113,482,199	115,965,278
	Contract guarantee on behalf of counter-parties		222,849	222,773
	Traveler's checks held on consignment		1,084,546	1,225,328
	Marketable securities held as custodian		849,412,116	1,114,518,998
		\$ 9	964,201,710	1,231,932,377
	Short-term bills and government bonds under repurchase	\$	266,221	410,348
	agreement			
	Short-term bills under resale agreement	\$	51,301	34,551,439
4)	Balance sheet and details of asset management			
	Trust assets		Amount	
	Short-term investment			
	Investment in funds	\$	9,531,660	
	Investment in bonds		140,003	
	Common stock investment — marketable securities		173,344	
	Deposits Deposits in the Bank		9,863,607	
	Receivables		0,000,007	
	Interest receivable		49,791	
	Other assets		9,890	
	Total	\$	19,768,295	
	Trust liabilities			
	Trust capital	\$	19,768,295	

Details of trust	Amount
Short-term investment	
Investment in funds	\$9,531,660
Investment in bonds	140,003
Common stock investment — marketable securities	173,344
Deposits	
Deposits in the Bank	9,863,607
Receivables	
Interest receivable	49,791
Other assets	9,890
Trust capital	\$19,768,295

(28) Others

1) Personnel, depreciation, depletion, and amortization expenses

A summary of personnel, depreciation, depletion, and amortization expenses categorized by cost of goods sold and operating expenses is as follows:

		2004			2003	
Function Accounts	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Personnel costs:						
Salaries	-	8,202,840	8,202,840	-	8,362,440	8,362,440
Labor and health insurance	-	387,076	387,076	-	382,928	382,928
Pension	-	831,015	831,015	-	816,381	816,381
Other employmen	t -	129,847	129,847	-	141,425	141,425
Depreciation	-	874,318	874,318	-	858,426	858,426
Depletion	-	-	-	-	-	-
Amortization	-	121,366	121,366	-	64,440	64,440

²⁾ Disclosure of risk management policy, systems procedures, and practice for managing various kinds of risks, and the analysis of exposure to main business risks

1. Asset quality, concentration of credit risk, and policies on allowance for bad debts from loans and advances to customers

(a)Asset quality

		(Units: thousands of Nev	w Taiwan dollars;%)
	Date	December 31,	December 31,
Item		2004	2003
Overdue loans		\$16,959,336	23,414,438
Nonperforming loans		19,189,183	26,919,391
Overdue loan ratio		1.34	2.17
Loans under surveillance		8,351,431	10,589,714
Ratio of loans under surveillance to total loans		0.66	0.98
Reserve for loans and nonperforming loans		10,980,098	11,093,641
Bad debt write-off		3,732,170	7,276,701

Note 1: The overdue loans (including non-performing loans) are those reported in accordance with MOF letters Tai-Tsai-Ron No. 832292834 of February 16, 1994, and Tai-Tsai-Ron No. 86656564 of December 1, 1997.

Note 2: Nonperforming loans exclude the nonreportable amount.

Note 3: Overdue loan ratio = overdue loans (including nonperforming loans) / (loan balance + nonperforming loans)

Note 4: Loans under surveillance include medium-term and long-term installment loans which are unpaid over three months but less than six months, and other loans of which the principal is unpaid less than three months with the interest unpaid over three months but less than six months. In addition, loans-to-be-observed include those which approach the standard for overdue loans with compensation from Credit Insurance Funds, time deposits, and sufficient deposits for repayment; agreements for extension of repayment term of loans of borrowers who suffered damage in the 921 earthquake, the collateral for which has been sold under auction but not distributed; and other items permitted to be excluded.

(b) Information on concentration of credit risk

	December 31, 2004		December 31, 2003		
Lines of credit to related parties	16,640,3	354	16,791,3	818	
Ratio of lines of credit to related	1.26		1.40		
parties to total credit lines			1.49		
Ratio of lines of credit secured	0.07		0.04	0.04	
by stock			0.04		
Concentration of credit risk by	Industry	Ratio	Industry	Ratio	
industry (top 3)	Government	34.73	Government	42.51	
	Private	23.75	Private	27.19	
	Manufacturing	13.51	Manufacturing	16.18	

Note 1: Total credit lines include remittance bills, negotiation drafts under letter of credit, loans, discounts, acceptance receivables and guarantee receivables.

Note 2: Ratio of lines of credit to related parties to total credit line = Lines of credit (defined by Banking Law) / Total credit lines.

Note 3: Ratio of lines of credit mortgaged by stock = Lines of credit secured by stock / Total credit lines.

- (c) Loans, nonperforming loans, and policy on reserve for investment loss
 - a) For Capital Management, the Bank considered both loans and investment to be risky items. When risks occurred, it was necessary to use the revenue and income from investment to offset potential loss. Under this consideration, an allowance for bad debt and reserve for investment loss based on factors such as profit growth, budget achievement, etc., should be provided. If the allowance was insufficient, it should be listed as a loss for the current financial year.
 - b) For the Evaluation of Loan Assets, the Bank stated that, except for the normal loans categorized in the first category, the rest of nonperforming loans should be evaluated and categorized according to the credit record of loan clients, security for loan, and recovery forecast. The categories are the second category — shall pay attention, the third category — full recovery, the fourth category — recovery with difficulties, and the fifth category — irrecoverable. For the second and third categories, the relevant documentation and information still need to be provided. Meanwhile, the full allowance for bad debt for possible loss from the abovementioned evaluation should be provided.
 - c) For the Evaluation of Non-Loan Assets, the Bank should evaluate the possible loss using the conservative principle and provide a full reserve for investment loss according to character of assets, accounting standards, and other relevant regulations.
 - d) For the Evaluation of Loan and Non-Loan Assets, the Bank should evaluate based on the regulations and provide an allowance for bad debt and reserve for investment loss, with the consideration of the following terms as the fundamental standard.
 - a. The First Category 0.15% of the loan assets.
 - b. The Second Category -2% of the loan assets.
 - c. The Third Category 10% of the loan assets.
 - d. The Fourth Category 50% of the loan assets.
 - e. The Fifth Category 100% of the loan assets.
 - f. Losses on Non-Loan Assets are evaluated based on generally accepted accounting principles.
 - e) Also, according to Bureau of Monetary Affairs, Ministry of Finance, Ruling Tai-Tsai-Rong no. 88747134 and amended Article 11 of Business Tax Law, banks should provide 3% of operating revenue as allowance for bad debt with a view to writing off the default accounts from July 1, 1999, and for the following four years. If clients have Business Tax obligations under the terms of the loans contract, banks should provide 3% of operating revenue as allowance for bad debt with a view to writing off the default accounts in order to comply with the Business Tax Law.

2. Information on concentration for credit risk of assets, liabilities, and off-balance-sheet items

The credit extensions made by the Bank were generally based on the credit risk diversification principle. There is no significant concentration of credit risk in terms of a single client or party to a transaction. The Bank's credit composition is extensively diversified and spread over all types of industries, products, regions, etc. The bank's contracted amounts with credit risk significantly concentrated were as follows:

- (a) Refer to information on concentration of credit risk for contract amounts of balance sheet accounts with credit risk significantly concentrated.
- (b) Financial instruments with off-balance-sheet credit risk.
- 3) The average amount of assets and liabilities, as well as the current rate, is disclosed as follows:

	December 3	1, 2004	December 3	1, 2003
Assets	Average value	Average rate (%)	Average value	Average rate (%)
Call loans to banks	\$80,015,851	1.13	103,130,658	1.47
Deposits of Central Bank	258,132,870	1.79	244,185,778	1.08
Bills and securities purchased	687,305,140	1.66	574,510,437	2.29
Loans, discounts and bills purchased Liabilities	1,119,109,627	2.58	1,146,417,950	3.47
Placement with Central Bank	12,420,119	-	11,493,818	-
Placement with banks	161,429,592	1.03	138,013,026	1.04
Borrowed from Central Bank and other banks	7,326,421	1.29	10,068,264	1.35
Savings deposits	110,273,911	0.26	92,739,581	0.28
Demand savings deposits	278,091,121	1.47	240,771,374	1.60
Time savings deposits	1,100,522,785	2.31	1,068,045,848	2.36
Time deposits	264,226,741	1.37	275,836,094	1.16
Government deposits	292,587,986	0.80	282,853,112	0.88

4) Ratios of interest-rate-sensitive assets to liabilities and interest-rate-sensitive spreads to net equity

,	December 31, 2004	December 31, 2003
Ratio of interest-rate-sensitive assets to liabilities (%)	97.28%	105.02%
Ratio of interest-rate-sensitive spreads to net equity (%)	(18.51)%	35.02%

5) Major foreign currency position, net

(Units: thousands of stated currencies)

		December	31, 2004		December	31, 2003
	fu	mount in Inctional urrency	Amount in New Taiwan dollars	fu	mount in Inctional urrency	Amount in New Taiwan dollars
Major foreign	USD	85,963	2,730,873	USD	64,640	2,197,631
currency	JPY	3,560,027	1,100,404	EUR	27,484	1,174,449
position, net	EUR	11,473	495,831	JPY	3,009,997	956,557
(market risk)	HKD	77,250	315,535	HKD	83,744	366,723
	SGD	14,489	281,572	SGD	15,900	317,645

6) Profitability

1. For the years ended December 31, 2004 and 2003, information on return on assets, return on net equity, and net income to operating revenue was as follows:

	December 31,	December 31,
	2004	2003
Return on assets (note 1)	0.63%	0.30%
Return on net equity (note 2)	9.65%	4.19%
Net income to operating revenue (note 3)	25.81%	10.98%

Note 1: Return on assets = Profits before income taxes / Average assets Note 2: Return on net equity = Profits before income taxes / average net equity

Note 3: Net income to operating revenue = Net income before income taxes / Operating revenue

2. Duration analysis of assets and liabilities

Aging for remaining period until expiration December 31, 2004 Total Day 0 to Day 31 Day 91 to Day 181 day 30 to day 90 day 180 to 1 year Over 1 year Assets \$2,288,782,000 502,872,000 250,475,000 315,138,000 1,006,588,000 213,709,000 187,039,000 Liabilities 2,508,778,000 234,925,000 246,594,000 513,511,000 1,326,709,000 Spreads (219, 996, 000)315,833,000 15,550,000 68,544,000 (299,802,000) (320,121,000) Accumulated 315,833,000 331,383,000 399,927,000 100,125,000 (219,996,000)spreads

7) Extraordinary events

December 31, 2004

Event and amount

President or employees were prosecuted in court in the latest year for violation of laws or regulations in business. Mr. Liao, an employee of the Nan Kan Branch of Bank of Taiwan, embezzled fifty-four thousand New Taiwan dollars from the cashier's cash drawer. In April 2004, Mr. Liao was prosecuted by the Prosecutor's Office of Taiwan's Tao-yuan District Court on a charge of embezzlement of cash funds in his possession for which he was supposed to perform his official duty as a cashier. The charge was upheld, and Mr. Liao was sentenced to a prison term of one year and eight months, and deprivation of his civil rights for three years The sentence was suspended for three years. Mr. Liao was dismissed by the Bank.

In June 2004, the Prosecutor's Office of Taiwan's Tao-yuan District Court prosecuted Mr. Wu, a senior assistant vice-president of the Non-performing Loan Department, on a charge of acts violating the Anti-corruption Act and other regulations.

In November 2004, the Prosecutor's Office of Taiwan's Pan-chiao District Court prosecuted Mr. Lee, a contracted employee of the San-chung Branch, on a charge of embezzlement of one million New Taiwan dollars of public funds. The charge was upheld, and Mr. Lee was sentenced to a prison term of two years, and deprivation of his civil rights for one year. The sentence was suspended for four years. Mr. Liao was dismissed by the Bank.

In December 2004, the Prosecutor's Office of Taiwan's Tainan District Court prosecuted Mr. Liou, a clerk at the Young-kang Branch, who embezzled transfer payable tax in the amount of one hundred and thirty-four thousand New Taiwan dollars, on a charge of being a civil servant who should perform his duty in accord with the law but who knowingly violated the law for his own illegal profit. The charge was upheld, and Mr. Liou was sentenced to a prison term of eight months, and deprivation of his civil rights for two years. The sentence was suspended for three years. Mr. Liao was dismissed by the Bank.

December 31, 2004 Event and amount

Any deficiency was incurred and warned of by the MOF.

The Auditing Office of the Board of Directors had noted in the 2002 Annual Auditing Report an incident involving foreign funds operation of the Tokyo Branch of Bank of Taiwan that violated Japan Foreign Exchange laws and regulations that was uncovered by Bank of Japan. The incident was noted as a significant instance of misconduct in the Annual Auditing Report. On November 14, 2002, the Auditing Office had also asked the Tokyo Branch to improve its foreign exchange operations. However, the International Bureau of the Ministry of Finance of Japan revisited the Tokyo Branch of Bank of Taiwan to inspect the results of improvement. On the visit, the Tokyo Branch was found to have similar misconduct that violated the same regulations in the months of September 1998, and January-March and May to June 1999. The 2001 Annual Auditing Report had not mentioned any misconduct in its inspection of the Tokyo Branch. It is obvious that the Auditing Office is unfamiliar with financial regulatory bodies' regulations and rules in each country where the Bank had set up branch offices.

Any safety incidents happened in the latest year due to employee fraud, any significant unusual events occurred, or the company did not follow the Points for Safety of Financial Institutions.The actual loss was greater than \$50,000,000 individually or in total in the latest year. In May and August of 2003, the MOF of Japan twice examined the Tokyo Branch for due diligence and found violations of transaction account rules by the OBU. In addition to issuing "Administrative Directives" to the Branch, the MOF of Japan also ordered the Branch to pay the OBU transaction tax with a delay payment and fines in the total amount of \pm 355,142,697.

On June 15, 2004, Mr. Hsieh, a trainee at the Sung-Chiang Branch, embezzled deposit accounts of \$320 million through the EDI system The initial estimate of the loss was 20 million and 60 thousand New Taiwan dollars. Mr. Hsieh has been dismissed.

In December 2004, Mr. Tsai, a clerk at the Tai-tung Branch, was suspected of embezzling deposit accounts of 8,588 thousand New Taiwan dollars. Mr. Tsai has been dismissed. None

Others

8) Capital adequacy ratio

According to the Banking Law and related regulations, to establish a sound financial basis, the capital adequacy ratio must be no less than 8%. If the actual ratio were below the required standards, the related authority would restrict the use of accumulated earnings. As of December 31, 2004 and 2003, the capital adequacy ratio of the Bank was 13.80% and 14.62%, respectively.

(29) Other Disclosure Items

- 1) Related information on material transaction items:
 - 1. Information regarding stock of longterm equity investment for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paidin capital: none.
 - 2. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paidin capital: none.
 - 3. Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paidin capital:

Name of company which disposed of property	Transaction date or occurrence date	Amount
Auction the land in No. 498, Sub-sec. 2, Tianshan Sec., Taipei City.	93.05	456,300
Auction the land in No. 400, Sub-sec. 4, Dehuei Sec., Taipei City, four other pieces of land, etc.	93.05	569,900
Auction the land in No. 664, Sub-sec. 1, Jhongshan Sec., Taipei City, three other pieces of land, etc.	93.05	1,031,000
Auction the land in No. 395, Sub-sec. 2, Tianshan Sec., Taipei City, two other pieces of land, etc.	93.07	320,990
Auction the land in No. 196, Sub-sec. 4, Tianmu Sec., Taipei City, four other pieces of land, etc.	93.07	391,060
Auction the land in No. 230-32, Shueiyuan Sec., Taichung City, four other pieces of land, etc.	93.07	347,490
Auction the land and buildings in No. 24, Dongming Sec., Hsinchu City, four other pieces of land and buildings, etc.	93.07	1,301,320
Auction the land in No. 338, Sub-sec. 4, Tianmu Sec., Taipei City.	93.09	315,351
Auction the land and building in No. 447, Sub-sec. 4, Tianmu Sec., Taipei City.	93.08	810,000
Auction the land in No. 55-10, Tuku Sec., Taichung City, seven other pieces of land, etc.	93.08	560,880
Auction the land and buildings in No. 57-4, Sub-sec. 2, Huasing Sec., Taipei City, thirteen other pieces of land and buildings, etc.	93.09	388,880
Auction the land and buildings in No. 387, Sub-sec. 4, Tianmu Sec., Taipei City, three other pieces of land and buildings, etc.	93.09	346,370
Auction the land in No. 457, Sub-sec. 4, Tianmu Sec., Taipei City.	93.09	833,989
Auction the land and buildings in No. 293, Sub-sec. 4, Tianmu Sec., Taipei City, eight other pieces of land and buildings, etc.	93.09	368,890
Auction the land in No. 369, Sub-sec. 4, Tianmu Sec., Taipei City, two other pieces of land and, etc.	93.11	330,000
Auction the land and buildings in No. 1767, Sub-sec. 2, Sinsing Sec., Kaohsiung City, two other pieces of land and buildings, etc.	93.11	418,926
Auction the land and buildings in No. 54, Sub-sec. 2, Huasing Sec., Taipei City, two other pieces of land and buildings, etc.	93.12	1,150,010

Name of company which disposed of property	Transaction date or occurrence date	Amount
Auction the land and buildings in No. 953-2, Jyunwang Sec., Tainan City, nine other pieces of land and buildings, etc.	93.12	467,130
Auction the land and buildings in No. 12, Sub-sec. 2, Tianmu Sec., Taipei City.	93.12	1,360,000
Auction the land and buildings in No. 400, Sub-sec. 4, Tianmu Sec., Taipei City, ten other pieces of land and buildings, etc.	93.12	1,360,000
Auction the land and buildings in No. 22, Sub-sec. 6, Yongchang Sec., Taipei City, five other pieces of land and buildings, etc.	93.12	808,890

- 4. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.
- 5. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- 6. Information of the disposal of real estate for which the purchase amount exceeded NT\$100 million or 20% of the Bark's paid-in capital: none.
- 7. Information regarding selling nonperforming loans for which the amount exceeded NT\$5 billion: none.
- 8. Other material transaction items which were significant to people who use the information in the financial statements: none.
- 2) Information on long-term equity investments:
 - 1. Information on investees' names, locations, etc.

Name of	Name of		Investee's	•	nvestment	Held by	investor at	tyearend	Net income	Gain (loss)	
the	the	Investee	main		ount			-	(loss) of	recognized	
investor	investee	location	operations	December	December	Shares	Ratio	Book value	investee	during the	Remarks
				31, 2004	31, 2003	(thousand)				period	
The Bank	Hua Nan Financial Holdings Co., Ltd.	No. 38, Sec.1, Chongching S. Rd. Taipei City, Taiwan	Financial Holdings	8,105,279	8,105,279	1,638,373,679	29.36	17,186,266	10,101,554	6,148,415	Investee company of the Bank under the equity method
н	Taiwan Business Bank, Ltd.	No. 30, Tacheng St., Taipei City, Taiwan	Financial Service	6,323,648	6,323,648	888,002,495	24.09	9,838,436	109,690	1,447,056	u
u	Taiwan Life I nsurance Co., Ltd.	No.17, Syuchang St., Taipei City, Taiwan	Life Insurance	812,325	812,325	109,796,053	27.77	1,952,837	2,271,779	709,660	u
	Tang-Eng Iron Works Co., Ltd.	5F., No.53, Tonghua 4th Rd., Kaohsiung, Taiwan	Iron Industry	3,080,170	3,080,170	308,017,022	44.00	241,678	1,517,426	241,678	u
	Kaohsiung Ammonium Sulfate Co., Ltd.	No.18, Jhang- binsiangong 2nd Rd., Siansi Township, Changhua County, Taiwan	Liquidation	1,377,870	1,377,870	303,131,312	91.86	2,199,570	28,025	315,147	u
II	Tai, Yi Real- Estate Manage- ment Co., Ltd.	3F., No.56, Dunhua N. Rd., Taipei City, Taiwan	Real Estate Service	6,600	15,000	2,610,000	30.00	-	-	-	II

- 2. Lending to other parties: none.
- 3. Guarantees and endorsements for other parties: none.

4. Information regarding securities h	eld as of December 31 2004:
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Name of company	Category and	Relationship	Account name			rend		
which holds securities	name of security	between issuer of security and the Bank		Number of shares	Book value	Percentage of shares	Market value (note)	Remarks
Hua Nan Financial Holdings Co., Ltd.	Stock: Hua Nan Commercial Bank	Subsidiary	Long-term equity investment	3,709,100,000	65,040,291	100.00	65,040,291	
н	Hua Nan Securities Co., Ltd.	н	11	811,174,346	10,155,022	100.00	10,155,022	
	Hua Nan Bills Finance Corp.		н	230,000,000	2,306,733	57.49	2,306,733	
	South China Insurance Co., Ltd.		н	200,138,625	2,312,044	100.00	2,312,044	
	Hua Nan Investment Trust Corp.	8	13	30,000,000	514,264	100.00	514,264	
	Hua Nan Venture Capital. Co., Ltd	8	11	100,000,000	986,588	100.00	986,588	
н	Hua Nan Management & Consulting Co., Ltd.	11	п	600,000	8,349	60.00	8,349	
п	Debt Instruments Depository and Clearing Co., Taiwan	п	п	6,000,000	60,000	2.99	60,013	
н	Taipei Financial Center Corp. Stock:	н	н	49,000,000	294,000	2.00	354,216	
Chung-Hua Real Estate Management Co.	Feng Hua Development Corp.	Equity-method investee	Long-term equity investment	8,910,000	137,506	45.00	137,506	
	Everterminal Co., Ltd.	н	п	1,030,336	10,000	0.84	10,000	
	Twinhead International Corp.	The president is the same as the Corporation's	Short-term investments	1,217,542	41,755	-	8,888	
н	Pan-International Industrial Corp.	-	и	70,875	5,788	-	1,709	
	Fubon Financial Holding Co., Ltd.	-	и	61,681	2,632	-	2,000	
	Chung Hsun Electric & Machinery Mfg. Corp. Ltd.	-	и	55,649	1,306	-	779	
	Yulon Motor Co., Ltd.	-	п	47,836	1,917	-	1,723	
н	Yuanta Core Pacific Securities Co., Ltd.	-	11	44,791	1,713	-	1,072	
	Taiwan Rubber Co., Ltd.	-		48,903	1,367	-	653	
н	Cathay Financial Holdings Co., Ltd.	-	и	25,879	1,490	-	1,630	
	BES Engineering Corp.	-		35,468	551	-	216	
и	China Development Financial Holding Corporation	-	н	14,279	280	-	217	
п	E.Sun Financial Holdings Co., Ltd. Bond:	-	п	1,486	25	-	37	

Name of company	Category and	Relationship	Account name		Yea			_
which holds securities	name of security	between issuer of security and the Bank		Number of shares	Book value	Percentage of shares	Market value (note)	Remarks
HNCB Insurance Agency Co., Ltd.	Government Bond - 89-7 Beneficiary certificate:	-	Guarantee deposits	7,500	8,604	-	10,616	
Hua Nan Investment Trust Corp.	Entrust Phoenix Bond Fund	Managed by the affiliate	Short-term investments	1,361,749	20,000	-	20,000	
Hua Nan Investment Trust Corp.	Entrust Kirin Bond Fund	Managed by the affiliate	Short-term investments	1,855,787	20,000	-	20,000	
	Hua Nan Yung Chong Fund			1,825,558	9,000	-	10,137	
	Hua Nan Flamingo Balance Fund			1,991,814	20,000	-	19,140	
Hua Nan Investment Trust Corp.	Taiwan Futures Exchange	Cost-method investee	Long-term equity investment	700,000	7,000	0.35	10,703	
Hua Nan Management & Consulting Co., Ltd.	Capital Cash Reserves Fund	-	Short-term investments	562,367	8,113	-	8,113	
Hua Nan Management & Consulting Co., Ltd.	Capital Safe Income Fund	-	u	178,031	2,030	-	2,030	
Hua Nan Venture Capital Co. Ltd.	Entrust Phoenix Bond Fund	Affiliated company		15,238,506	223,790	-	223,808	
	Capital Cash Reserves Fund	-		18,499,395	210,932	-	210,950	
	Capical Safe Income Fund	-	н	492,566	7,106	-	7,106	
	TIIM High Yield Fund	-	n	8,327,466	100,096	-	100,096	
н	NITC Taiwan Bond Fund	-	п	7,277,706	99,806	-	99,814	
н	Fubon Wish II Beneficiary	-		7,031,799	99,750	-	99,757	
n	Taiwan High-Tech Corp.	The president is the same as the Corporation's	Long-term equity investment	3,000,000	30,000	11.59	33,082	
	Agon-Tech Corp.	-	n	649,000	14,337	4.76	5,858	
п	Nano Amp Solutions, Inc.	-	п	200,000	25,328	0.66	9,868	
н	Genesis Photonics Inc.	-	п	700,000	9,100	1.67	5,889	
	Applied Wireless Identification Group	-	n	1,200,000	37,992	4.80	4,784	
	Groundhog Technologies Inc.	-		1,666,666	31,660	6.00	10,048	

Note: If market value of marketable securities and long-term equity investments is available, then it will be considered as the fair value. If market value is not available, fair value is estimated by using book value.

Company	Marketable	Financial	Counter-	Nature of	Beginnin	g Balance	Acqu	isition		Dis	osal		Ending	Balance
Name	Securities Type and Name	Statement Account		Relation- ship	Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Hua Nan Financial Holdings Co., Ltd.	Hua Nan Ventuare Capital Co., Ltd.	Long-term Equity Investment	-	-	-	-	100,000,000	1,000,000	-	-	-	-	100,000,000	986,588
	Hua Nan Securities Co., Ltd.		-	-	711,174,346	8,855,256	100,000,000	1,000,000	-	-	-	-	811,174,346	10,155,022
	Taipei Financial Center Corp. Fund:		-	-		-	49,000,000	294,000	-	-	-	-	49,000,000	294,000
	Entrust Phoenix Bond Fund	Short-term Investment		Affiliated Company	-	-	30,477,013	444,790	15,238,507	223,790	221,000	2,790	15,238,506	223,790
	Trustewll Hua-win Bond Fund		-	none	-	-	19,650,612	200,000	19,650,612	200,739	200,000	739	-	-
	Capital cash Reserve Fund		-	none	-	-	36,998,789	418,932	18,499,394	210,932	208,000	2,932	18,499,395	210,932
	The IIT High- Yield Fund	•	-	none	-	-	10,791,134	150,000	10,791,134	151,193	150,000	1,193	-	-
	The IIT Wan Pao Fund		-	none	-	-	10,269,049	150,000	10,269,049	151,149	150,000	1,149	-	-
	TIIM High Yield Fund	•	-	none	-	-	16,654,931	199,096	8,327,465	100,096	99,000	1,096	8,327,466	100,096
	NTIC Taiwan Bond Fund	•	-	none	-	-	14,555,412	198,806	7,277,706	99,806	99,000	806	7,277,706	99,806
	Fubon Wish II Beneficiary	•	-	none	-	-	14,063,599	198,750	7,031,800	99,750	99,000	750	7,031,799	99,750

5. Information regarding securities for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital:

6. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.

7. Information on the disposal of the real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital:

Name of company which disposed of property	Name of property	Transaction date or occurrence date	Initial acquired date	Book value	Transaction amount	The process of accounts receivable	Losses or gains on the disposal	Counter- party	Relation- ship	Disposal objective	Reference for deciding price	Other required items
Hua Nan Commercial Bank	Land	92.12.19	48.06.20	151,371	336,000	N/A	227,591	Huae-jhong Constru- ction Corp.	none	Disposal of non- operating property	Real estate company	none

8. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.

Name of Company	Related party	Account	Amount	Other required items
Hua Nan Securities Co., Ltd.	Hua Nan Commercial Bank	Discounted Processing Fee	16,001	-

9. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.

Name of company which accounted for receivables from related party	Name of counter-party	Relationship with the Bank	Ending balance of receivables from related parties	Turnover rate	Amount	Method of manage- ment	Colle- ction after Decem- ber 31, 2004	Allo- wance for bad debt
Hua Nan Financial Holdings Co., Ltd.	Hua Nan Commercial Bank	Subsidiary	101,929	-	-	-	-	-
n	Hua Nan Securities Co., Ltd.	II	362,764	-	-	-	-	-
Hua Nan Commercial Bank	Hua Nan Financial Holdings Co., Ltd.	Parent company	374,655	-	-	-	-	-

- 10. Information regarding trading in derivative financial instruments: not applicable.
- 11. Information regarding selling non-performing loans for which the amount exceeded NT\$5 billion: none.
- 12. Other material transaction items which were significant to people who use the information in the financial statements: none.
- 3) Information regarding investments in Mainland China: none.

(30) Segment Information: not applicable.

V. CPA-Audited Consolidated Financial Statements for 2004 (None)

Review and Analysis of Financial Results, and Risk Management



Easy Safe Efficient

具有容智的课题 化苯才有碳多力 ----

I. Financial Status

~	Offit: NT\$1,000										
Date	Dec.31, 2004	Dec. 31, 2003	Fluctuation								
Items	Dec.31, 2004	Dec. 31, 2003	Amount	%							
Total Assets	2,508,190,118	2,394,304,259	113,885,859	5							
Total Liabilities	2,343,591,236	2,236,336,992	107,254,244	5							
Total Shareholders' Equities	164,598,882	157,967,267	6,631,615	4							

II. Operating Results

				Unit: NT\$1,000
Year Items	2004	2003	Increase (Decrease)	% Change
Operating revenues	60,298,576	64,719,745	(4,421,169)	(7)
Operating disbursements	39,015,890	48,401,514	(9,385,624)	(19)
Operating gross income	21,282,686	16,318,231	4,964,455	30
Operating expenses	13,826,291	13,971,631	(145,340)	(1)
Operating profit and loss	7,456,395	2,346,600	5,109,795	218
Non-operating income	8,522,011	5,443,254	3,078,757	57
Non-operating expenses	418,317	1,192,710	(774,393)	(65)
Net income-before tax	15,560,089	6,597,144	8,962,945	136
Income tax expense	1,722,020	1,529,033	192,987	13
Net income-after tax	13,838,069	5,068,111	8,769,958	173

Non-operating income increased by about NT\$3,079 million, due primarily to an increase of approximately NT\$7,468 million in profit from property transactions resulting from the sale of land and structures compared with the previous year, together with a switch in accounting for the recovery of bad debts from miscellaneous income to a write-off of reserves against bad debt so that the recovery of bad debt declined about NT\$1,651 million from the previous year.

III. Cash Flow

1. Liquidity Analysis for the Past Year

(1) Cash Flow Analysis

				Unit: NT\$1,000
	2004	2003	Increase (Decrease)	% Change
Net cash inflow (outflow)	\$ (97,073,995)	169,514,970	(266,588,965)	(157)

Net cash inflow in 2004 was NT\$266 billion less than in the previous year. The main reasons were as follows:

	 Amount
Decrease in net cash outflow from operating activities	\$ (45,854,071)
Decrease in placement with Central Bank	22,790,023
Increase in investment in bills and securities, net	(32,169,881)
Increase in loans, discount and bills purchased	(292,555,872)
Decrease in other assets	39,550,067
Increase in deposits of Central Bank	21,418,910
Increase in deposits of banks	31,617,446
Decrease in deposits and remittances	(8,102,927)
Payment of cash dividends and bonus for government	(7,387,315)
Others	 4,104,655
	\$ (266,588,965)

(2) Remedy for Estimated Shortage of Liquidity : Not applicable.

Unit: NT\$1,000

2. Cash Flow Analysis for the Coming Year

Balance of Cash at	Annual Net Cash Flow from	Annual Cash Outflow	Remaining of Cash	ning of Remedy for Estima	
Beginning (a)	Business Activites (b)	(Inflow) (c)	(Shortage) (a)+(b)-(c)	Investment Plan	Financial Management Plan
558,127,512	41,535,662	(3,388,682)	603,051,856	-	-

(1) Cash Flow Analysis

- a. Business activities: Primarily a net cash inflow of NT\$41,535,662,000 produced by business activities.
- b. Investment activities: Mainly a net cash inflow of NT\$13,547,190,000 resulting from the sale of land and buildings.
- c. Financing activities: Primarily a net cash outflow of NT\$10,158,508,000 produced by a decrease in remittance deposits, interbank deposits, and Central Bank deposits.

(2) Remedial action to make up for cash inadequacy, and liquidity analysis: Not applicable.

IV. Influence of Major Cash Expenditures on Financial Operations During the Past Years1. Utilization of Major Capital Expenditures, and Sources of Funds

										Ur	nit: NT\$1,000
A Plan Items	ctual or Projected Sources of		Needed Cenitel		A etc.	al av Dvai	ented Fur				Sources
Plan items	Funds	Projected Date of Com-pletion	Needed Capital	2001	2002	2003	2004	ds Utilizat 2005	2006	2007	of Funds
Construction	Fixed assets -	completion		2001	2002	2003	2004	2005	2000	2007	
of Information											
Building	capital	Dec. 2005	751,490	16,024	45,844	-	551,698	137,924	-	_	Operating
Danang	expenditures -	200.2000	,		,		001,000	,021			capital
	Buildings and										oupria
	structures										
Construction	Fixed assets -										
of Nantze	Non-plan										
Branch	capital	Oct. 2006	187,706	-	-	1,101	81,820	104,785	-	-	Operating
Premises	expenditures -										capital
	Buildings and										
	structures										
Construction	Fixed assets -										
of Tali Branch	Non-plan										
Premises	capital	Dec. 2005	118,404	-	-	736	57,980	59,688	-	-	Operating
	expenditures -										capital
	Buildings and										
	structures										
Construction	Fixed assets -										
of An nan	Non-plan										
Branch	capital	Oct. 2006	120,219	-	-	718	77,557	41,944	-	-	Operating
Premises	expenditures -										capital
	Buildings and										
	structures										
Total			1,177,819	16,024	45,844	2,555	769,055	344,341	-	-	-

2. Projected Potential Benefit

Potential benefits are expected through enhancement of the Bank's corporate image and service quality, stabilization of the Bank's business locations, and expansion of the service network; in addition to saving rental costs, via increased rental income through the leasing of excess office space.

V. Reinvestment Policy for the Past Year

The Bank actively plans for the disposal of reinvested enterprises that are performing poorly, for which the original purpose of investment has been achieved, or which are unrelated to the Bank's business in order to heighten the overall performance of reinvestment. The Bank's profit on long-term equity investment in 2004 amounted to more than NT\$10 billion.

To assure the quality of investment and to heighten return on investment' the Bank actively implements share-release plans to release the weak and keep the strong, and participates in meetings of the boards of directors and supervisors of invested enterprises so as to maintain a grasp of their business conditions and protect the Bank's investment interests. In addition to increasing the contribution of invested enterprises to the Bank's business, future investment projects will be designed to bring about and promote strategic alliances with some of the invested enterprises and to use newly added investments to enhance the comprehensiveness of the Bank's business scope.

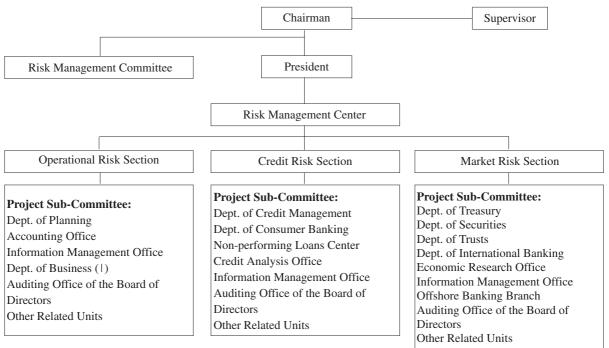
VI. Risk Management

1. The BOT's Risk Management Organizational Framework and Policy

(1) Risk Management Organizational Framework

To strengthen the Bank's risk management mechanism, and in response to the new Basel agreement, the BOT has set up a Risk Management Committee and Risk Management Center charged with promoting risk management operations. The first level of the organizational framework is the Risk Management Committee, the second level is the Risk Management Center, and the third level is comprised of interdepartmental project sub-committees. The Risk Management Center Center organizes the risk management personnel of headquarters units into the fourth level, which is made up of those personnel.

The framework is detailed below:



(2) Risk Management Policy

The Bank has established related policies and operating criteria in order to secure the ability to distinguish, measure, monitor, and report the various types of risk, including loan quotas, limits of risk exposure, control procedures, and reports, and demands that all of its units bank-wide observe and enforce strict internal-control checks. The BOT has been establishing an independent unit that is charged specifically with risk management concentrates on the management spirit and quantitative methods of the new Basel capital agreement.

2. Methods of Risk Measurement and Control, and Quantitative Information

(1) General Qualitative Exposure

a. Credit Risk Management

To reinforce the effective management of credit risk, the Bank has established loan policies, loan criteria, graded loan authorization methods, and sovereign risk quota management criteria, and has set up a loan review committee and screening unit loan review group for the management of accumulated loan amounts via graded authorization.

Loans to single persons, single groups of related enterprises, and single conglomerates, and to persons having material interests, are controlled in accordance with stipulated quotas. "Rules for Credit Risk Management of Loans to Enterprise Groups" and "Rules for Industry Risk Exposure Ratio Management, Credit Rating and Loan Examination and Review, and Bad-Debt Reserve Allocation by Loan Asset Category" have been established. To continue controlling credit risk effectively, efforts have been undertaken to establish credit investigation, loan systems, and bill and bond management systems, so as to provide for more effective and integrated management of risk assessment and reporting, and of loan operations.

b. Market Risk Management

In the management of New Taiwan Dollar funds, interest-rate risk is controlled via advance judgment of long-term interest-rate trends, by setting short dealing and central interest rates prior to the beginning of business each day, and by establishing add-or-subtract authorization for personnel at different levels. In the management of foreign currency funds, trading position quotas are set for different currencies and for bank-wide foreign-exchange positions, and stop-loss limits are set for positions held for trading purposes and for non-hedging unleveled net positions for derivative products.

c. Operating Risk Management

To lower operating risk, the Bank has established rules and operating manuals for its different businesses to serve as a basis for undertaking business operations. Rules have also been established for online operations, information and Internet security management, and internal auditing and investigation. Follow-up evaluation is carried out on a regular basis to facilitate regulatory conformity and to control operating risk.

Trading standards have been established to cope with the increasing internationalization and complexity of trading in financial derivatives in recent years, and the different units are charged with assuring protection against operating risk by signing ISDA contracts with transaction partners in accordance with international practice.

d. Interest Rate Risk Management in the Banking Book

Interest-rate-sensitive assets and liabilities are listed by type of asset or liability, and are entered in the maturity chart in accordance with the repricing date so as to provide a basis for the management of interest-rate risk and the setting of prices. Interest-rate risk and liquidity risk management policies are established by the Assets and Liabilities Management Committee, risk-exposure limits are set for the Bank, and data supplied by information units and management departments are analyzed and reviewed with the aim of pursuing profit within the risks that the Bank is able to assume.

e. Liquidity Risk Management

Maturity gap and structural changes at maturity of assets and liabilities are analyzed on a regular basis, and appropriate allocation and utilization of funds are carried out in accordance with the status of funds in order to reduce liquidity risk.

In the management of NT Dollar funds, in addition to maintaining an appropriate level of cash on hand and of securities that can be converted quickly into cash, the Bank has formulated notes for the reporting of NT Dollar funds to provide for the timely reporting of receipts or disbursements of large amounts of funds. The Bank also carries out gap analysis of the maturity amount of purchased bills, bonds, and call loans so as to lower liquidity risk. In the management of foreign currencies, the Bank uses the maturity method to carry out funds gap analysis of the actual funds to be received or paid out within the next year. In addition, the Bank establishes ratios of one-month liquidity gap to total assets and sets limits on ratios of cumulative liquidity of one-yearand-under funds gap to total assets.

(2) Credit Risk

a. On-Balance Sheet Items - Credit Risk and Risk-Weighted Assets

Dec. 31, 2004		Unit: NT\$1,000
Items	Risk Weight	Risk-Weighted Assets
Loans to or guaranteed by the central government or central bank,		
loans to or guaranteed by the central governments or central banks of		
OECD countries, and local-currency-valued loans to or guaranteed by the	0%	0
central governments or central banks of non-OECD countries		
Loans to or guaranteed by government agencies (excepting central		
government agencies) of Taiwan, and loans secured by bonds of government	10%	20,182,583
agencies of Taiwan (excluding those of central government agencies)		
Loans not valued in local currencies to the central governments and central		
banks of non-OECD countries, loans to international cooperation institutions,		
loans to or guaranteed by non-central government agencies of OECD		
countries, loans to or guaranteed by domestic banks, loans to or guaranteed	20%	23,312,480
by banks of OECD countries, loans with maturity within one year to or		
guaranteed by banks of non-OECD countries, loans guaranteed by the credit		
guarantee fund		
Loans secured by residential real estate	50%	88,151,263
Loans with maturity of one year or more to or guaranteed by banks of non-		
OECD countries, loans not valued in local currencies to central governments		
and central banks of non-OECD countries, holdings of non-equity capital	100%	676,337,982
instruments of other banks, loans and other assets not listed above		
Total		807,984,308

b. Off-Balance Sheet Items-Credit Risk and Risk-Weighted Assets

Dec. 31, 2004

Unit: NT\$1 000

Dec. 31, 2004	Unit: N I \$1,000
Items	Risk-Weighted Assets
General off-balance sheet transaction	110,372,977
Derivatives	1,113,757
Bonds sold under agreements to repurchase	69,366
Bonds investment under agreements to resale	690,683
Total	112,246,783

c. Classes of Securities Issued, Total Amount Issued, Amount in Circulation, and Repurchase of Assets Entrusted or Transferred by the Originators up to Quarter Prior to Publication of the Annual Report (None)

(3) Market Risk Capital Accrual and Amount of Risk Assets by Using Standard Method

Dec. 31, 2004		Unit: NT\$1,000
Risk Category	Accrued Capital	Risk-Weighted Assets(Accrued Capital X 12.5)
Interest rate risk	6,048,614	75,607,675
Equity security risk	1,075,410	13,442,625
Foreign exchange risk	619,612	7,745,150
Commodity risk	-	-
Adoption of simplified method for options	867	10,837
Total	7,744,503	96,806,287

(4) Market Risk Capital Accrual by Using Internal Models (None)

(5) Liquidity Risk

Advance preparation for the supply of funds is made in accordance with the amounts and terms of the capital needs of business units. The short-term utilization of liquid funds is mostly for the purchase of short-term bills, Central Bank convertible certificates of deposit, and convertible certificates of deposit issued by other banks, as well as loans to other banks. In consideration of income, the Bank also buys or bids on such high-income instruments as financial debentures, beneficiary certificates, corporate bonds, and government bonds that meet the Bank's credit-rating requirements. In the event of a short-term shortage of funds, the shortfall is made up by borrowing from other banks, selling liquid assets held by the Bank, or issuing convertible certificates of deposit.

Dec. 31, 2004						Unit:NT\$ million
			Amounts by 1	Time Remaining b	efore Maturity	
	Total	0-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Assets	2,288,782	502,872	250,475	315,138	213,709	1,006,588
Liabilities	2,508,778	187,039	234,925	246,594	513,511	1,326,709
Gap	(219,996)	315,833	15,550	68,544	(299,802)	(320,121)
Accumulated Gap		315,833	331,383	399,927	100,125	(219,996)

Assets and Liabilities Maturity Analysis - New Taiwan Dollars

Note: The chart includes only New Taiwan Dollar Amounts held in head office and the domestic branches, excluding foreign currencies.

Assets and Liabilities Maturity Analysis—Foreign Currencies

Dec. 31, 2004						Unit:US\$1,000
			Amounts by 1	Time Remaining b	efore Maturity	
	Total	0-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Assets	9,624,230	1,804,927	1,598,760	1,204,641	1,295,214	3,720,686
Liabilities	9,615,637	3,262,505	2,195,032	951,535	1,189,962	2,016,601
Gap	8,593	(1,457,578)	(596,272)	253,106	105,252	1,704,085
Accumulated Gap	8,593	(1,457,578)	(2,053,850)	(1,800,744)	(1,695,492)	8,593

Note: The chart includes only foreign currencies: US dollar, HK dollar, Japanese Yen, Euro (equivalent to US dollar) held in head office and the domestic branches.

3. Impact of Changes in Major Domestic and Overseas Policies and Laws on the Bank's Financial Operations, and Countermeasures

The Bank will pay close attention to the influence of major government financial and economic policies, and will provide appropriate responses in a timely fashion so as to lower the impact on its financial operations.

4. Impact of Technological and Industrial Changes on the Bank's Financial Operations, and Countermeasures

(1) Impact of Technological Changes, and Countermeasures

The rapid advancement and widespread adoption of information technology globally have gradually accustomed customers with using different trading channels to carry out flow of funds services. The BOT's Enterprise Electronic Combo Web - electronic account management system, mobile stock ordering facility, school tuition and fees portal site, student loan portal, development of the nation's first electronic L/C, and completion of the BOT Government Treasury and Cross-Industry Integrated Service Network all use the Internet to provide a more diversified range of services.

The Bank has also established and integrated management and decision-making resource information systems so as to provide management with effective and timely decision-making data and achieve the goals of controlling risk, upgrading operating performance, allocating capital reasonably, and generating profits.

(2) Impact of Industrial Changes, and Countermeasures

In 2004 Taiwan's domestic economic performance turned substantially better under the influence of an international economic recovery, and through continuous increases in private investment and consumption. To take advantage of improved conditions in the construction industry, the Bank revised its building loan regulations and set up a task force to enhance the review and evaluation of building loans. In addition, "Easy Go" home loans were introduced and the SME loan business was vigorously promoted on the principle of simplified operation and speedy approval.

The Bank holds scheduled industry status and prospects seminars annually, and has purchased numerous industrial, economic, and professional databanks that afford a timely grasp of industry changes. In addition, a databank for intra-industry comparison and analysis of the financial conditions of companies listed on the stock and over-the-counter markets was set up. Bank employees

can now use the BOT's internal global information network to obtain information on the most recent changes in industry.

5. Impact on the Bank of Changes in the Bank's Image, and Countermeasures

To facilitate business marketing, the Bank not only strives to enhance service quality, simplify operating procedures, and expand authorization but, in 2004, emphasized "Make it Happen - Vital, Happy, Hopeful" in order to mold an image of youthful vigor for the Bank. After eight months of effort the Bank climbed, in share of the loan market, from third to second place at the end of the previous year and then, in January 2005, reclaimed the top position. In 2005 the Bank instituted the "Make a Difference -Creativity, Integration, Action" slogan to heighten quality with all staff members, working hand in hand and heart to heart, so that people from all sectors sense a different kind of BOT that emphasizes a youthful heart, a leaping passion, and a vital energy.

6. Expected Benefits and Potential Risks of Mergers and Acquisitions

(None)

7. Expected Benefits and Potential Risks of Business Location Expansion

The BOT enjoys outstanding credit, a broad and stable market base, a correspondent banking system that covers Taiwan and the world, and a fine management system. The expansion of business locations will not only increase the volume of the deposit, loan, and foreign exchange businesses, but will also offer customers more convenient services and establish a solid operating niche.

8. Risks Rising from the Concentration of Business

The Bank's main income is derived from interest, and for this reason changes in interest rates have a relatively large influence on the Bank's income.

9. Influence and Risks Posed by Changes in Operating Rights

The BOT is currently a government-owned bank and the government is its only shareholder, so there have been no changes in operating rights.

10. Court Cases Pending

(None)

11. Other Important Risks

(None)

VII. Crisis Management Mechanism

In regard to latent or present crises, the Bank adopts a series of pre-event, mid-event, and postevent countermeasures. The crisis management mechanism that has been established by the Bank includes the following:

- 1. A "BOT Emergency Response Manual."
- 2. The "BOT Crisis Reporting Rules."
- 3. Coordinating with the competent authority in the joint prevention of fraud.
- Coordinating with the competent authority in the joint prevention of crimes using nominee accounts.
- 5. Coordinating with the competent authority in the establishment of a warning mechanism.
- 6. Establishing a list of individual terrorists and terrorist groups on the Bank's internal global information web.
- 7. Printing of a list of BOT personnel in charge of coordinating supervision of anti-money laudering.
- 8. Publicizing and implementing the Act for the Anti-Money Laundering.
- 9. Establishing an emergency reporting system for headquarters and branches.

VIII. Other Important Matters

(None)

Corporate Governance



The Bank of Taiwan publishes information regarding corporate governance on its website, in accordance with the regulations. Please enter the home page of the Bank's website "http://www.bot.com.tw" and click on "Financial Reports."

I. Status of Corporate Governance

1. The Bank has not appointed independent directors or supervisors:

Since the BOT is 100% owned by the government, its directors and supervisors are appointed by the government and have an "independent" function. To coordinate actively with the promotion of the government's policy on corporate governance, however, once the term of the current directors has expired the Bank will, with the permission of the Executive Yuan, implement this matter in accordance with relevant laws and regulations as well as with the Bank's charter.

2. The Bank has not established an auditing committee:

While the Bank has not set up an auditing committee, it has established an Auditing Office and exclusive business units to handle internal auditing. Externally, the implementation of the Bank's auditing is overseen by central-government auditing and accounting agencies; its auditing operations, therefore, are strictly supervised.

II. Other Important Information on the Bank's Corporate Governance Operations

1. Advanced Learning of Directors and Supervisors

Jye-Cherng Lyu, Chairman: New Century, New Thinking, New Taiwan – Taiwan's Industrial Development Vision Seminar

Sheng-Yann Lii, Managing Director and President: Summit on Corporate Governance in the Financial Industry, Leadership Camp, Corporate Governance Promotion and Implementation Courses

Ruey-Tsang Lee, Managing Director:

Advanced Seminar on Director and Supervisor (Including Independent Director and Supervisor) Practices (Bulletin 34, Impact on Enterprises)

Jin-Tung Lee, Director: Summit on Corporate Governance in the Financial Industry

Tzer-Cheng Lo, Director:

Advanced Course on Investment Financing, Seminars on Derivative Financial Products, Seminar on Economic and Financial Prospects, Seminar for Ranking Officials on the Trust Business, Advanced Seminar on Director and Supervisor (Including Independent Director and Supervisor) Practices (Bulletin 34, Impact on Enterprises)

Teng-Lung Hsieh, Director: Industrial Summit Forum

Chan-Jane Lin, Supervisor: Summit Conference on Corporate Governance in the Financial Industry

Tzer-Ming Chu, Supervisor:

Advanced Seminar on Director and Supervisor (Including Independent Director and Supervisor) Practices (Frequent Questions about Financial Reports, and Legal Responsibility)

2. Attendance of Directors and Supervisors at Board of Directors' Meetings

The Bank's directors and supervisors attend meetings of the Board of Directors (Board of Managing Directors) in accordance with the "BOT Board of Directors Organizational Charter." The "Performance Evaluation Guidelines for Directors and Supervisors Appointed by the Ministry of Finance to Government and Private Enterprises and Foundations," promulgated by the Ministry of Finance, are used as the standard for evaluating the job performance of government-appointed directors and supervisors. A scheduled evaluation is carried out annually, and the attendance of directors and supervisors at Board of Directors (Board of Managing Directors) meetings is reported to the Ministry of Finance every year.

3. Risk Management

(See Review and Analysis of Financial Results, and Risk Management, VI. Risk Management)

4. Consumer Protection

- a. To protect consumer interests, the contracts signed with customers for the extension of consumer loans are drawn up according to the "Items to be Included and Not Included in Personal Auto and Home Loan Model Contracts" as formulated by the Bureau of Monetary Affairs of the Ministry of Finance in accordance with the Consumer Protection Law and other relevant laws and regulations.
- b. The loan contracts signed by the borrowers of consumer loans contain a complaint hot line that consumers can use to lodge complaints after taking out loans. In addition, to expand services and carry through with the Bank's service-oriented operating principle, a Customer Service Center was set up on Sept. 1, 2004 to provide round-the-clock financial services, answer customer enquiries, and resolve customer complaints and questions.
- c. The Bank has established "Standards for Exemption from Risk from the Loss or Theft of International Credit Cards" and "Regulations for Writing Off Losses from the Fraudulent Use of International Credit Cards" so as to protect the users of international credit cards.
- d. A 24-hour credit card hotline has been set up to take complaints from credit card customers.
- e. The BOT's credit card contracts detail (a) procedures for the disposition of questions about accounts and (b) methods of calculating credit card charges.

5. Withdrawal of Directors from Cases in Which They Have a Material Interest

The Bank's directors complete the "Materially Interested Parties" form as required by Article 33-1 of the Banking Law, and the form is computer filed and monitored by the Department of Credit Management. In addition, Article 30 of the BOT Charter and Article 9 of the Organizational Charter of the Board of Directors stipulate that directors should withdraw from the discussion of proposals in which they have a material interest.



Special Notes

I. Information on Affiliated Enterprises (None)

II. Implementation of Internal Control System

1. Statements of Internal Controls

(1) Statement of Internal Controls of the Bank of Taiwan

Bank of Taiwan

Statement of Internal Controls

Apr. 20, 2005

The results of a self-investigation of internal controls for the Bank of Taiwan covering the period of Jan. 1, 2004 to Dec. 31, 2004 are as follows:

- a. The Bank fully realizes that the establishment, implementation, and maintenance of a system of internal controls is the responsibility of its Board of Directors and management staff, and such a system has in fact been established. The objective of this system is to provide reasonable assurance of the achievement of targets in the areas of operating results and efficiency (including profits, performance, and protection of asset security), the reliability of financial reports, and compliance with relevant laws.
- b. An internal control system has inherent limitations; and however comprehensive its planning may be, an effective internal control system can provide only reasonable assurance that the three targets listed above will be achieved. In addition, the effectiveness of an internal control system may change along with changes in the environment or other conditions. The Bank's internal control system has a self-supervisory mechanism, however, and as soon as deficiencies are recognized the Bank takes action to rectify them.
- c. The Bank judges the effectiveness of the design and implementation of its internal control system in accordance with the stipulations of the internal control judgment items contained in the "Implementation Guidelines for Internal Control Systems Established by Publicly Listed Companies" (hereinafter referred to as the "Implementation Guidelines"). The internal control judgment items contained in the Implementation Guidelines divide internal control into five constituent elements according to the management control process: (a) control environment, (b) evaluation of risk, (c) control operations, (d) information and communication, and (e) supervision. Each of these constituent items itself contains a number of items. For details regarding the items listed above, please refer to the stipulations of the Implementation Guidelines.
- d. The Bank uses the internal control judgment items listed above to evaluate the effectiveness of the design and implementation of its internal control system.
- e. Based on the results of the evaluation described in the previous paragraph, the Bank believes that during the period given above its internal control system (including the supervision of subsidiary companies), including knowledge of operating results, the extent of achievement of efficiency targets, the reliability of financial reports, and compliance with relevant laws, was effective and able to reasonably assure the attainment of the targets given above.
- f. This Statement will become a major content of the Bank's Annual Report and will be open to the public. If the public content as noted above should contain any falsehood, omission, or other illegality, it will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- g. This Statement was passed by the Board of Directors of the Bank of Taiwan on Apr. 14, 2005, with the 14 directors present approving its contents unanimously.

Bank of Taiwa Joseph 440-Chairman President

(2) Statement of Implementation of Internal Controls System

Bank of Taiwan Statement of Implementation of Internal Controls System

The Bureau of Monetary Affairs, Financial Supervisory Commission, R.O.C.

On behalf of the Bank of Taiwan we declare that during the period of Jan. 1, 2004 through Dec. 31, 2004 the Bank of Taiwan did conform to the provisions of the "Enforcement Regulations for Bank Internal Audit Control System" by establishing an internal controls system and carrying out risk management, and by having auditing carried out by an impartial and independent auditing unit, with reports submitted on a regular basis to the Boards of Directors and Supervisors. Careful assessment shows that with the exception of items listed in the attached chart, the internal control systems of and compliance with laws and regulations by the different units were all implemented effectively.

Attestor

Headquarters Legal Compliance Official

Executive Vice President and General Auditor

Chou Wa-Shing

F.C. W

President

April 8, 2005

2. Independent Auditors' Report

Independent Auditors' Report

The Board of Directors Bank of Taiwan

Article 26, Item 1 of the Implementation Rules for Banks' Internal Control and Auditing Systems requires that when a bank is having its annual financial statements examined and certified by certified public accountants, it should commission the CPAs to carry out an examination of its system of internal controls and to express an opinion about the accuracy of the data included in the statements reported to the competent authority, the implementation of the bank's internal control system and its regulatory conformance, and the appropriateness of the bank's policy on appropriations for bad debts.

We have been engaged by the Bank of Taiwan to carry out the examination described above and, in accordance with the stipulations of Article 29 of the Implementation Rules, hereby affix the scope, content, and results of our examination in the attachment.

This examination report is provided solely to the Bank of Taiwan for reference. With the exception of being submitted to the Ministry of Finance for supervisory reference, it may not be used for other purposes or distributed to other parties.

KPMG Certified Public Accountants

March 18, 2005

III. Directors' or Supervisors' Dissenting Opinions About Resolutions Passed by the Board of Directors

(None)

IV. Private Placement of Securities

(None)

V. Holdings or Disposition of BOT Shares by Subsidiaries

(None)

VI. Major Resolutions of the Board of Directors

- (1) The Board of Managing Directors resolved on June 28, 2004 to elect Managing Director Jye-Cherng Lyu as Chairman of the BOT.
- (2) The Board of Directors resolved on Sept. 17, 2004 to elect Director Ming-Ming Wu as Managing Director.
- (3) The Board of Directors resolved on Oct. 15, 2004 to promote Fan-Chih Wu, SVP and Chief Secretary of the Secretariat to fill the position of EVP and General Auditor.

VII. Legal Violations Leading to Punishment, Major Deficiencies, and Improvements Made During the Past Two Years

- 1. Indictments of Officials and Employees for Crimes Committed in the Performance of Duty During the Past Two Years
 - (1) In the case of the misuse of teller cash by an employee of the Nankan Branch, in April of 2004 the Prosecutor's Office of the Taoyuan District Court imposed a sentence of one year and eight months' imprisonment and deprivation of civil rights for three years, suspended for three years, for the embezzlement of public property. The employee has been dismissed.
 - (2) In the case of the misuse of tax collections by an employee of the Yungkang Branch, the employee has been dismissed. In December of 2004 the Prosecutor's Office of the Tainan District Court imposed a sentence of eight months' imprisonment and deprivation of civil rights for two years, suspended for three years, for the knowing pursuit of illegal benefit.
- 2. Violations of the Law Resulting in the Imposition of Fines by the Financial Supervisory Commission

(None)

3. Deficiencies Resulting in Severe Disciplinary Action by the Financial Supervisory Commission

The Auditing Office of the Board of Directors listed as a major deficiency the violation of Japanese foreign exchange regulations committed by the Tokyo Branch in its operation of foreign exchange positions, which was discovered by the Bank of Japan and detailed in the Tokyo Branch examination report for 2002, and on Nov. 14, 2002 asked that the Tokyo Branch carry out improvements. As a result of a reinvestigation of the branch by the Japanese authorities on Aug. 26, 2003, however, it was found that similar violations had occurred in Sept. of 1998 and January, February, March, May, and June of 1999; since the Auditing Office had not discovered those violations in its 2001 examination report of the Tokyo Branch, it is evident that the BOT's auditing units have an insufficient understanding of the laws and regulations of financial supervisory agencies in places where overseas branches are located.

- 4. Punishments Imposed by the Financial Supervisory Commission in Accordance with Article 61-1 of the Banking Law (None)
- 5. Major Security Incidents Occurring During the Past Two Years as a Result of Staff Malpractice or Major Unexpected Incidents (such as fraud, theft, embezzlement of assets, fake transactions, forging of documents and securities, accepting of bribes, losses caused by natural disasters, losses resulting from external force, hacker attacks and data theft, or leaking of business secrets and customer data), or of Failure to Observe the Guidelines for the Maintenance of Security in Financial Institutions, the Losses from Which Exceeded NT\$50 Million During One or Both of the Years
 - (1) Needlepoint cameras were installed at the automated service unit of the Tainan Branch (the 24-hour automatic service area) during the months of August and September, 2003, and a depositor discovered, when withdrawing funds from the automated service unit on Oct. 10, 2003, that funds had been stolen in the amount of NT\$19,888,723. The guilty employees have been punished in accordance with the regulations. Improvements made: The Bank has abolished entry controls at its automated service units, and has strengthened its management of ATMs.
 - (2) The Tokyo Branch was inspected twice in 2003 by the Japanese financial authorities, in May and August, in regard to its business and its regulatory conformity. The inspections found that the branch had violated OBU transaction rules numerous times over the previous several years. An administrative order was issued requiring the branch to pay a total of 346,902,070 yen in taxes that should originally have been paid by offshore borrowing counterparts, late-payment fees, and fines, and the delinquent employees were punished in accordance with regulations. The Bank has instructed the Tokyo Branch to review its positions daily so as to prevent the occurrence of a surplus; the branch has also applied to join the Japanese national bankers' association, has instituted the collection of information on laws and regulations, and has carried out regulatory conformance measures.
- 6. Other Matters Requiring Disclosure as Directed by the Financial Supervisory Commission (None)

VIII. Other Matters for Supplementary Explanation (None)

IX. Incidents Occurring During the Previous Year and to Date of Annual Report Publication Which, as Stipulated in Article 36, Section 2, Subsection 2 of the Securities Transaction Law, Had a Major Impact on Shareholder Interests or Share Prices (None)



Directory of Head Office and Branches

I. Domestic Business Units

120, Sec. 1, Chongcing South Road, Jhongjheng District, Taipei City 100, Taiwan (R.O.C.) P.O. Box 5 or 305 SWIFT: BKTWTWTP http://www.bot.com.tw TELEX : 11201 TAIWANBK

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0037	Department of	120 Sec 1, Chongcing South Road, Jhongjheng	02-23493399	02-23759708
	Business (I)	District, Taipei City		
0059	Department of	120 Sec 1, Gueiyang Street, Jhongjheng District,	02-23615420	02-23751125
	Public Treasury	Taipei City		
0071	Department of	49 Guancian Road, Jhongjheng District, Taipei	02-23812949	02-23753800
	Business (II)	City		
0082	Department of Trusts	58 Sec 1, Chongcing South Road, Jhongjheng	02-23618030	02-23821846
		District, Taipei City		
1850	Department of	4F, 120 Sec 1, Gueiyang Street, Jhongjheng	02-23494567	02-23893999
	Electronic Banking	District, Taipei City		
1698	Department of Securities	2F, 58 Sec 1, Chongcing South Road, Jhongjheng	02-23882188	02-23716159
		District, Taipei City		
0093	Tainan Branch	155 Sec 1, Fucian Road, Central District, Tainan City	06-2226181	06-2160188
0107	Taichung Branch	140 Sec 1, Zihyou Road, West District, Taichung City	04-22224001	04-22224274
0118	Kaohsiung Branch	264 Jhongjheng 4th Road, Cianjin District,	07-2515131	07-2211257
		Kaohsiung City		
0129	Keelung Branch	16, YiYi Road, Jhongjheng District, Keelung City	02-24247113	02-24220436
0130	Chunghsin New Village	11 Guanghua Road, Jhongsing Village,	049-332101	049-2350457
	Branch	Nantou City, Nantou County		
0141	Chiayi Branch	306 Jhongshan Road, Chiayi City	05-2224471	05-2258400
0152	Hsinchu Branch	29 Linsen Road, Hsinchu City	03-5266161	03-5266446
0163	Changhua Branch	130 Chenggong Road, Changhua City,	04-7225191	04-7257871
		Changhua County		
0174	Pingtung Branch	43 Jhongshan Road, Pingtung City,	08-7328141	08-7322309
		Pingtung County		
0185	Hualien Branch	3 Gongyuan Road, Hualien City, Hualien County	03-8322151	03-8322404
0196	Yenping Branch	406 Nanjing West Road, Datong District, Taipei City	02-25522859	02-25524317
0200	Chungshan Branch	150 Sec 1, Jhongshan North Road, Jhongshan	02-25423434	02-25710210
		District, Taipei City		
0211	Kaohsiung Expot	1 Jhongyi Road, Export Processing,	07-8215141	07-8115648
	Processing Zone Branch	Cianjhen District, Kaohsiung City		
0222	Ilan Branch	1 Jhongshan Road, Yilan City, Yilan County	03-9355121	03-9355822
0233	Taitung Branch	313 Jhongshan Road, Taitung City, taitung County	089-324201	089-311608
0244	Penghu Branch	24 Ren-ai Road, Magong City, Penghu County	06-9279935	06-9272347
0255	Fengshan Branch	20 Caogong Road, Fongshan City, Kaohsiung County	07-7416131	07-7433478
0266	Taoyuan Branch	46 Jhongjheng Road, Taoyuan City, Taoyuan County	03-3352801	03-3322007
0277	Panchiao Branch	21 Fujhong Road, Banciao City, Taipei County	02-29680172	02-29676416
0288	Hsinying Branch	10 Jhongjheng Road, Sinying City, Tainan County	06-6351111	06-6321843
0299	Miaoli Branch	510 Jhongjheng Road, Miaoli City, Miaoli County	037-326791	037-327111
0303	Fengyuan Branch	302 Jhongjheng Road, Fongyuan City, Taichung	04-5278686	04-25256981
		County		
0314	Touliu Branch	27 Wunhua Road, Douliou City, Yunlin County	05-5324155	05-5338309
0325	Nantou Branch	101 Fusing Road, Nantou City, Nantou County	049-232121	049-2229845
0336	Nanmen Branch	120 Sec 1, Nanchang Road, Jhongjheng	02-23512121	02-23964281
		District, Taipei City		

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0347	Kungkuan Branch	120 Sec 4, Roosevelt Road, Jhongjheng	02-23672581	02-23698237
		District, Taipei City		
0358	Tzoyin Branch	19 Zuoying Avenue, Zuoying District, Kaohsiung City	07-5819141	07-5850051
0369	Peitou Branch	152 Sec 1, Jhongyang South Road, Beitou District,	02-28951200	02-28973345
		Taipei City		
0370	Wufeng Branch	838 JhongJheng Road, Wufong Township,	04-3302216	04-23327104
		Taichung County		
0381	Kinmen Branch	4 Fusing Road, Jinhu Township, Kinmen	0823-33711	082-333719
		County, Fuchien Province		
0392	Matsu Branch	257 Wunhua Road, jieshou Village, Nangan		
		Township, F69Lienchiang County, Fuchien	0836-25490	0836-25801
		Province		
0406	Anping Branch	240 Jhongjheng Road, Central District, Tainan City	06-2292181	06-2241520
0417	Chungli Branch	580 Yanping Road, Jhongli City, Taoyuan County	03-4252160	03-4258751
0428	Sanchung Branch	39 Sec 4, Chongsin Road, Sanchong City, Taipei	02-29719621	02-29719736
		County		
0439	Toufen Branch	65 Jhongjheng Road, Toufen Township, Miaoli County	037-663451	037-672213
0440	Chienchen Branch	1-3 Kuojian Road, Cianjhen District, Kaohsiung City	07-8115171	07-8413413
0451	Chengchung Branch	47 Cingdao East Road, Jhongjheng District, Taipei City	02-23218934	02-23918761
0462	Minchuan Branch	239 Sec 2, Chengde Road, Datong District, Taipei City	02-25530121	02-25529463
0473	Tantzu Branch	1 Jianguo Road, Tanzih Township, Taichung County	04-25323133	04-25339071
0484	Yungho Branch	97 Sec 1, Yonghe Road, Yonghe City, Taipei County	02-29216611	02-29233793
0495	Yuanlin Branch	63 Minsheng Road, Yuanlin Township, Changhua	04-8323191	04-8330663
		County		
0509	Sungchiang Branch	115 Songjiang Road, Jhongshan District, Taipei City	02-25069421	02-25078786
0510	Kusan Branch	23 Linhai 1st Road, Gushan District, Kaohsiung City	07-5218291	07-5315544
0521	Lungshan Branch	380 Kangding Road, Wanhua District, Taipei City	02-23088111	02-23366952
0532	Chunghsiao Branch	202 Sec 1, Dunhua South Road, Da-an District,	02-27516091	02-27411704
		Taipei City		
0543	Hsinyi Branch	88 Sec 2, Sinyi Road, Da-an District, Taipei City	02-23515486	02-23973887
0554	Fuhsing Branch	102 Sec 4, Fusing Road, East District, Taichung City	04-22244181	04-22205856
0565	Sanming Branch	567 Jiouru 2nd Road, Sanmin District, Kaohsiung City	07-3127143	07-3215350
0576	Taichung Harbor Branch	2 Sihwei Road, Wuci Township, Taichung County	04-26562311	04-26571772
0587	Lotung Branch	93 Gongjheng Road, Luodong Township, Yilan County	03-9576866	03-9560622
0598	Puli Branch	112 Dongrong Road, Puli Township, Nantou County	049-983991	049-2995949
0602	Kangshan Branch	16 Shoutian Road, Gangshan Township, Kaohsiung	07-6216141	07-6214853
		County		
0613	Hsingsing Branch	133 Minzu 2nd Road, Sinsing District, Kaohsiung City	07-2265821	07-2387374
0624	Lingya Branch	261 Cingnian 1st Road, Lingya District, Kaohsiung City	07-3358700	07-3327904
0646	Sungshan Branch	560 Sec 4, Jhongsiao East Road, Sinyi District, Taipei	02-27293111	02-27230014
	Ũ	City		
0657	Chienhsing Branch	144 Jhongjheng Road, Central District, Taichung City	04-22242141	04-22273142
0668	Chungho Branch	253 Sec 2, Jhongshan Road, Jhonghe City, Taipei	02-22488980	02-22461474
		County		
0679	Taipao Branch	2 East Section, Sianghe 1st Road, Sianghe Village,	05-3620016	05-3620021
		Taibao City, Chiayi County		
0680	Chupei Branch	16 Guangming 6th Road, Jhubei City, Hsinchu County	03-5513111	03-5517322
0705	Shihlin Branch	197 Sec 6, Jhongshan North Road, Shihlin District,	02-28367080	02-28362523
		Taipei City		
		85 Sintai Road, Sinjhuang City, Taipei County	02-22056699	02-22031524

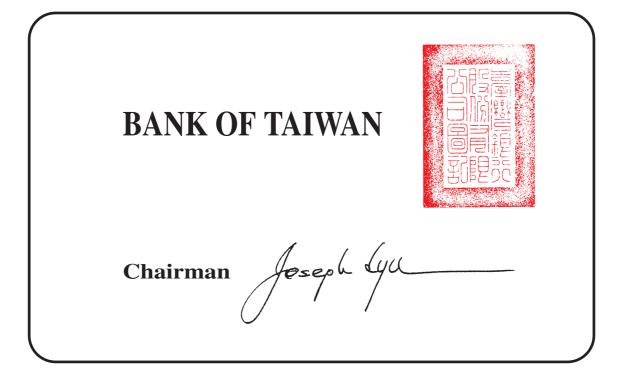
CODE	OFFICE	ADDRESS	TELEPHONE	FAX
0727	Tachia Branch	61 Minsheng Road, Dajia Township, Taichung County	04-26868111	04-26865224
0738	Science-Based	2F, 5 Industrial East 6th Rd, Science-Based Industrial	03-5770050	03-5777936
	Industrial Park Branch	Park, Hsinchu City		
0749	Shulin Branch	29 Wunhua Street, Shulin City, Taipei County	02-26866511	02-26861307
0750	Hsintien Branch	45 Baojhong Road, Sindian City, Taipei County	02-29180795	02-29105461
0794	Liming Branch	6-1 No 37 Liming Road, Nantun District, Taichung City	04-22551178	04-22524822
0808	Minsheng Branch	167 Fusing North Road, Songshan District, Taipei City	02-27192081	02-27188897
0819	Yungkang Branch	513 Siaodong Road, Yongkang City, Tainan County	06-2385411	06-3138709
0820	Sandou Branch	142 Singuang Road, Lingya District, Kaohsiung City	07-3349341	07-3336835
0853	Taipei World Trade Center Branch	3F, 333 Sec 1, Jilong Road, Sinyi District, Taipei City	02-27200315	02-27576156
0864	Taan Branch	165 Sec 4, Sinyi Road, Da-an District, Taipei	02-27553121	02-27093243
0875	Huachiang Branch	293-2 Sec 1, Jhongshan Road, Banciao City, Taipei County	02-29610101	02-29638280
0886	Chaochou Branch	13-2 Sinsheng Road, Chaojhou Township, Pingtung	08-7883384	08-7883614
0007	Suca Branch	County	02.0000500	02.0002270
0897	Suao Branch	97 Jhongshan Road, Su-ao Township, Yilan County	03-9962566	03-9963370
0901	Taya Branch	210 Sec 1, Minsheng Road, Daya Township, Taichung County	04-25683330	04-25680164
0912	Nantze Branch	166 Jiannan Road, Nanzih District, Kaohsiung City	07-3532115	07-3531484
0923	Taichung Industrial Park	196 Industrial Park 1st Road, Situn	04-23597850	04-23599868
	Branch	District, Taichung City		
1067	Tunhwa Branch	1F, 205 Dunhua North Road, Songshan District, Taipei City	02-25455111	02-25450913
1078	Nankang Branch	1F, 95 Sec 2, Nangang Road, Nangang District,	02-26516706	02-27839049
1089	Hoping Branch	Taipei City 180 Sec 1, Heping East Road, Da-an District,	02-23687027	02-23626987
		Taipei City		
1090	Shuinan Branch	416 Sec 2, Chongde Road, Beitun District,	04-22468130	04-22466855
		Taichung City		
1104	Chunglun Branch	108 Sec 5, Nanjing East Road, Songshan District,	02-27698618	02-27603224
	-	Taipei City		
1115	Tucheng Branch	344 Sec 2, Jhongyang Road, Tucheng City, Taipei	02-22703791	02-22603314
	-	County		
1159	CKS Airport Branch	1, Neighbourhood 1, Jhuwei Village, Dayuan	03-3982166	03-3834834
		Township, Taoyuan County		
1160	Tachang Branch	540 Jiouru 1st Road, Sanmin District, Kaohsiung City	07-3891036	07-3806046
1182	Wuchia Branch	168 Wujia 2nd Road, Fongshan City, Kaohsiung County	07-7170730	07-7233469
1193	Poai Branch	394 Yucheng Road, Zuoying District, Kaohsiung City	07-3457690	07-5562613
1207	Chungchuang Branch	339 Fongping 1st Road, Daliao Township, Kaohsiung	07-7038838	07-7038964
		County		
1218	Pingchen Branch	11 Sec 2, Huannan Road, Pingjhen City, Taoyuan	03-4945688	03-4945699
		County		
1229	Jenai Branch	99 Sec 2, Ren-ai Road, Jhongjheng District, Taipei City	02-23975936	02-23975927
1230	Nankan Branch	81 Sec 1, Nankan Road, Lujhu Township, Taoyuan	03-3529191	03-3520916
		County		
1241	Yuanshan Branch	577 Linsen North Road, Jhongshan District, Taipei	02-25976699	02-25932760
1955	Wuku Bronch	City	00.00000000	02 22010001
1355	Wuku Branch	42 Sec 4, Jhongsing Road, Wugu Township, Taipei	02-22936699	02-22918201
		County		

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
1366	Tali Branch	520 Sec 2, Guoguang Road, Dali City, Taichung	04-24812211	04-24818448
		County		
1377	Annan Branch	316 Sec 4, Anhe Road, Annan District, Tainan City	06-2555111	06-3565881
1414	Hsitwun Branch	41 Sec 2, Cinghai Road, Situn District, Taichung City	04-23128528	04-23117106
1425	Tienmou Branch	18 Sec 7, Jhongshan North Road, Shihlin District,	02-28755222	02-28755219
		Taipei City		
1436	Lukang Branch	2 Lugong Road, Lugang Township, Changhua County	04-27810168	04-7810268
1447	Neili Branch	125 Singnong Road, Jhongli City, Taoyuan County	03-4618519	03-4519650
1469	Tainan Science-Based	2F, 15 Nanke 3rd Road, Sinshih Township, Tainan	06-5051701	06-5051709
	Industrial Park Branch	County		
1470	Huwei Branch	369 Sec 2, Linsen Road, Huwei Township, Yunlin	05-6337367	05-6321611
		County		
1481	Tamsui Branch	93 Jhongshan Road, Danshuei Township, Taipei County	02-26281111	02-26281122
1539	Neihu Branch	396 Sec 1, Neihu Road, Neihu District, Taipei City	02-87977933	02-87977957
1540	Chiabei Branch	211-3 Minguo Road, Chiayi City	05-2718911	05-2718922
1551	Tunhkang Branch	114 Jhongjheng Road, Donggang Township, Pingtung	08-8324231	08-8352545
		County		
1562	Hsichih Branch	175 Sec 2, Datong Road, Sijhih City, Taipei County	02-86926822	02-86926828
1573	Wuchi Branch	2 Jian 5th Road, Export Processing Zone, Wuci	04-26565111	04-26570157
		Township, Taichung County		
1584	Putz Mini Branch	35-1 Shantong Road, Pozih city, Chiayi County	05-3701100	05-3708877
1595	Hsiaokang Mini Branch	410 Hongping Road, Siaogang District, Kaohsiung City	07-8010399	07-8066029
1609	Chungping Branch	9 Jhonghua Road, Pingtung City, Pingtung County	08-8334988	08-7320199
1621	Chunhsien Branch	1 Jhongshan South Road, Jhongjheng District, Taipei	02-23955411	02-23578831
		City		
1643	Peitalu Branch	68 Beida Road, Hsinchu City	03-5354381	03-5354380
1654	Wenshan Mini Branch	218 Sec 6, Roosevelt Road, Wunshan District, Taipei	02-86635656	02-86635656
		City		
1665	Jian Mini Branch	139 Sec 1, Jianguo Road, Beichang Village, Ji-an	03-8576000	03-8565495
		Township, Hualien County		
1676	Nankuo Mini Branch	326 Sec 2, Jhongshan Road, Changhua City,	04-7272123	04-7272190
		Changhua County		
1687	Fucheng Mini Branch	254 Sec 2, Mincyuan Road, Central District, Tainan	06-2252168	06-2250936
		City		
1702	Taiping Branch	146 Jhongsing East Road, Taiping City, Taichung	04-22736666	04-22736120
1710	Defense Decemb	County	04.04050000	04.04000004
1713	Defang Branch	63 Sec 1, Defang Road, Dali City, Taichung County	04-24853280	04-24826661
1724	Chienkuo Branch	35 Jianguo Road, Jhongli City, Taoyuan County	03-4225166	03-4255271
1735	Talun Branch	312 Sec 3, Jhongjheng Road, Jhongli City, Taoyuan	03-4983620	03-4984417
1740	Lloingnung Branch	County	00.4550005	00 4550005
1746	Hsingnung Branch Jenmei Branch	56 Singnong Road, Jhongli City, Taoyuan County	03-4550885	03-4550885
1/5/		33 Sec 4, Jhongshan East Road, Jhongli City, Taoyuan County	03-4003/08	03-4663767
1770	Houshang Branch	4-10 Minsheng Road, Rueiguang Village, Pingtung City	08-7010169	08-7010170
1779 1768	Housheng Branch Yenpu Branch	37 Shengli Road, Yanjhong Village, Yanpu Township,	08-7210168 08-7932111	08-7210173 08-7932091
1700		Pingtung County	00-1302111	00-7902091
1700	Hsinwei Branch		08-7022027	08-7025076
1780	Hsinwei Branch	55 Pengcuo Road, Siner Village, Yanpu Township, Pingtung County	08-7932037	08-7935976
1701	Chenhsing Branch		08-7020141	08-7021421
1131			00-1020141	50-7 0Z 14Z 1
1791	Chenhsing Branch	60-4 Bo-ai Rd. Jhensing Village, Yanpu Township, Pingtung County	08-7020141	08-70

CODE	OFFICE	ADDRESS	TELEPHONE	FAX
1805	Hsinyuan Branch	65 Sianji Road, Sianji Village, Sinyuan Township,	08-8687705	08-8687505
		Pingtung County		
1816	Nanshin Branch	301 Nansing Road, Singnong Village, Sinyuan	08-8352600	08-8352605
		Township, Pingtung County		
1827	Yinglong Branch	187 Yanlong Road, Yanlong Village, Sinyuan	08-8335869	08-8335867
		Township, Pingtung County		
1838	Shintong Branch	230 Pinghe Road, Sindong Village, Sinyuan Township,	08-8686307	08-8686309
		Pingtung County		
1861	East Taoyuan Branch	300 Jingguo Road, Taoyuan City, Taoyuan County	03-3263888	03-3265666
1872	Lujhou Branch	50 Sanmin Road, Lujhou City, Taipei County	02-82868686	02-82868989
1919	Kaohsiung Airport Branch	2 Jhongshan 4th Road Siaogang District Kaohsiung City	07-8017564	07-8022004
1920	Keelung Port Mini Branch	2F 6 Gangsi Street Ren-ai District Keelung City	02-24289763	02-24283186
1931	Yongji Mini Branch	3F 3 Songren Road Sinyi District Taipei City	02-27209856	02-27209970
1942	Tungmen Mini Branch	42 Sec 1 Renai Road Jhongjheng District Taipei City	02-23943186	02-23916855
1953	Aiguo Mini Branch	31 Aiguo East Road Da-an District Taipei City	02-23960017	02-23578646
1964	Kaorung Mini Branch	386 Dajhong 1st Road Zuoying District Kaohsiung City	07-3460972	07-3460973
1975	Baoqing Mini Branch	35 Baocing Road Taipei City	02-23311141	02-23319444
1986	Taidian Mini Branch	242 Sec 3 Roosevelt Road Jhongjheng District Taipei	02-23667506	02-23672354
		City		
1997	Jincheng Mini Branch	156 Mincyuan Road Jincheng Township Kinmen	082-325154	082-321497
		County		
2053	Peifu Mini Branch	B1, No 161 Sec 1, Jhongshan Road, Banciao City,	02-89535968	02-89535268
		Taipei County		
2097	Renher Mini Branch	6 W Sec Jiapu Road Puzih City Chiayi County	05-3623800	05-3623900
2123	Caotun Mini Branch	292 Sec 2 Taiping Road Caotun Township Nantou	049-2380837	049-2380443
		County		
2134	TWTC Exhibition Hall Mini	1F 5 Sec 5, Sinyi Road, Sinyi District, Taipei	02-27252419	
	Branch			

II. Overseas Units

Branch	Address	Telephone	SWIFT	FAX
New York	100 Wall Street,11th Floor	1-212-968-8128	BKTWUS33	1-212-968-8370
Agency	New York, NY 10005 U.S.A.			
Los Angeles	Sanwa Bank Plaza, Figueroa at Wilshire	1-213-629-6600	BKTWUS6L	1-213-629-6610
Branch	601 S. Figueroa Street, Suite 4525			
	Los Angeles, CA 90017 U.S.A.			
Hong Kong	4 th Fl., 9 Queen's Road	852-2521-0567	BKTWHKHH	852-2869-4957
Branch	Central, Hong Kong			
Singapore	80 Raffles Place #28-20	65-6536-5536	BKTWSGSG	65-6536-8203
Branch	UOB Plaza 2, Singapore 048624			
Tokyo Branch	7F Fukoku Seimei Bldg.,	813-3504-8881	BKTWJPJT	813-3504-8880
	2-2 Uchisaiwaicho 2-Chome			
	Chiyoda-Ku, Tokyo 100,Japan			
South Africa	No.11, Cradock Ave. Rosebank 2196,	27-11-880-8008	BKTWZAJJ	27-11-447-1868
Branch	Johannesburg, South Africa			
London	Level 5, City Tower	44-20-7382-4530	BKTWGB2L	44-20-7374-8899
Branch	40 Basinghall Street			
	London, EC2V 5DE U.K.			







No. 120, Sec. I, Chongcing South Road, Taipei City 100,Taiwan (R.O.C.) Tel:02-2349-3456 www.bot.com.tw SWIFT:BKTWTWTP

