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This Annual Report may be accessed on the Bank's

Web Site: (http://www.bot.com.tw).

Credit Rating Agencies

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(2) Moody's Investors Service 99 Church Street, New York N.Y. 10007 U.S.A. Tel: 212-553-0300

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Teh-Nan Hsu, Chairman

The international economy continued to grow at a rather stable pace in 2005 despite the impact of the soaring international price of oil and the ending of a loose-money policy in major countries. Powered by the booming economic performance of the big nations and the efforts of Taiwan's government and private sector, the island's import and export trade both reached historic highs, the unemployment rate declined to 4.13%, consumer prices rose 2.3%, economic growth improved quarter by quarter to reach 4.09% for the year, and foreign exchange reserves rose to US\$253.3 billion at the end of 2005.

In the financial sector, the rate-gap advantage resulting from the repeated upward adjustment of interest rates in the United States, plus the flourishing of economic fundamentals there, led to a rise in the value of the U.S. dollar against the currencies of most other countries. In Taiwan, the Central Bank responded to this situation by carrying out several small interest-rate hikes to eliminate the phenomenon of negative real interest rates, and the rediscount rate rose to 2.25% at the end of the year. The exchange rate of the New Taiwan Dollar was kept cautiously in a state of dynamic stability so as to benefit business operations, and by the end of the year it had depreciated in value against the American greenback by only a small 2.84%. In addition, under the guidance of government policy, opinions on Taiwan's second stage of financial reform turned cautiously optimistic, consolidation in the financial industry accelerated, and numerous financial businesses enjoyed booming development as new high-quality services were introduced to corporations and the general public. At the same time, the operating structure of the financial industry was repeatedly upgraded and asset quality improved continuously; among domestic banks, the non-performing-loan (NPL) ratio improved from 2.78% at the end of 2004 to 2.24% at the end of 2005.

Under the domestic economic and financial background described above, thanks to the outstanding leadership of the government and the concerted efforts of our entire staff, the Bank of Taiwan was able to continue advancing confidently and steadily in the intensely competitive financial market of 2005, turning in outstanding operating results. Even as the asset scale grew at an accelerated pace, the Bank moved cautiously to control asset quality and our NPL ratio stood at a low 1.5% at the end of the year. In addition,

our return on equity (ROE) for the year reached 8.35%, return on assets (ROA) amounted to 0.56%, and return on readjusted assets (RORA) was 1.46%. These figures show that the Bank's profitability and capital utilization efficiency have improved steadily.

According to a forecast by Global Insight Inc., in 2006 the global economy will be driven by the growth engines of Europe, the U.S., Japan, and China and, despite the possibility that international oil prices will remain at a high level and the threat of potential rises in interest rates, will grow at a stable 3.8%. Under this favorable international economic environment, Taiwan's Directorate General of Budget, Accounting and Statistics forecasts that the island's economic growth rate will reach 4.31% in 2006-an improvement over last year-and that commodity prices will remain stable while the unemployment rate will continue to decline. In addition, the continued implementation of the second stage of financial reform, the planning and establishment of a regional financial center, and the response of various sectors to the implementation of the Basel II agreement will all have a positive effect on the health of Taiwan's financial system and on the strong expression of its market function.

To better respond to the rapid changes and fierce competition that characterize the global financial market, and to further reduce costs and enhance profits, we would like to propose the following 12 major operating strategies for joint and concerted efforts by our entire staff: (1) Actively implement a merger with the Central Trust of China in accordance with the existing plan and timetable; (2) Devote full efforts to acquisition of the syndicated loan head manager business so as to make use of excess capital, diversify credit risk, and increase earnings from lead manager and management fees; (3) Firmly grasp the pulse of the market and active collection of product information so as to reinforce the Bank's ability to develop new types of financial instruments; (4) Strengthen the wealth management business so as to open up more income sources; (5) Actively cultivate and implement a whole-staff marketing culture; (6) Carry through with risk management and, with consideration to both income and risk, create a maximum level of profits; (7) Revitalize funds utilization so as to upgrade management performance; (8) Vigorously solicit demand deposits so as to improve the capital structure and reduce capital costs, and implement business and management cost reduction measures so as to lower operating costs; (9) Gain a full grasp of the funds flow of customers and strengthened promotion of e-commerce; (10) Simplify and reform working procedures so as to enhance service efficiency; (11) Strengthen the Bank's operations and reinforcement of the internal controls system and auditing function; and (12) Strengthen human resource development, since people are the BOT's most precious asset and the driving force behind the Bank's remarkable history and glorious future.

Our hope and expectation is that all of our colleagues will work together with concerted hearts and minds for the sustained operation and continued leadership of the Bank of Taiwan and that, under the guidance of the government, we will achieve an even better performance in the future.

Chairman

Jeh-Han Hu



Sheng-Yann Lii, President

In the first half of 2005 Taiwan's economy was affected by the slowdown in the pace of international economic expansion and the outward migration of the island's manufacturing capacity, and performance in both production and exports was flat. In the second half of the year the demand for consumer electronics products turned upward, and exports and manufacturing production expanded; these factors, plus an improvement in domestic unemployment and a stable increase in private consumption, pushed growth for the year to 4.09%. In response to the continued recovery of the island's economy, upward pressure on commodity prices, a low level of real interest rates, and a continuous series of interest-rate hikes by the U.S. Federal Reserve, the Central Bank adjusted interest rates upward four times during the year; but funds in the domestic banking system generally remained loose, favoring ongoing growth of the economy.

While a stable rate of growth was maintained within the context of the ongoing domestic and international economic and financial situations, competition in Taiwan's banking industry was intense. In the face of this competitive environment, over the past year the Bank of Taiwan worked hard, under the leadership of the Board of Directors and with strenuous concerted efforts by our operating team and entire work force, to overcome all obstacles and achieve our operating targets, thereby creating an outstanding and constantly improving business performance. Our business report for 2005 and business plans for 2006 are described briefly below:

I. Business Report for 2005

1. Implementation of Business Plans

- (1) The tuition and fees portal website and public treasury and cross-industry integrated service network were actively promoted in order to provide real-time account crossing and notification services so as to upgrade operating efficiency.
- (2) The European business unit consolidation plan was completed and a London Branch was established and given the responsibility for the raising and allocation of funds, thereby achieving the Bank's goal of 24-hour global funds allocation and management.
- (3) The online purchasing and conversion of bank funds was vigorously promoted, and real estate and employee share trust products were inaugurated.
- (4) The functions and implementation efficiency of financial EDI, Internet banking, mobile banking,

- telephone banking, enterprise electronic combo web, and other electronic financial products were reinforced, reducing manual operations and lowering operating costs.
- (5) Global B2B electronic credit services were provided and electronic checking business was promoted, thus effectively simplifying working procedures, lowering operating costs, and increasing business relations.
- (6) B2C e-commerce funds flow services were provided and a diversity of convenient payment services were developed to reduce manpower and increase commission fee income.
- (7) The Bank's real estate management was strengthened and suitable plots of land was selected for the construction of banking and warehousing facilities. Real estate that is idle or has a low rate of utilization is being sold in order to boost the efficiency of real estate use.

2. Budget Implementation

The volume of deposit operations during the year was NT\$2,094,190 million, giving a target achievement ratio of 104.73%. Loans amounted to NT\$1,285,317 million, for a target achievement ratio of 105.35%. Foreign exchange operations undertaken in 2005 totaled US\$81,413 million, amounting to 176.99% of the target figure, and profits reached NT\$14,270 million, achieving 125.73% of the target.

3. Revenues, Expenditures, and Profits

Operating revenue for 2005 amounted to NT\$63,746 million; operating expenses and costs totaled NT\$59,760 million, leaving an operating income of NT\$3,986 million, Net non-operating income totaled NT\$8,993 million; income before tax reached NT\$12,979 million; income tax amounted to NT\$973 million and the cumulative effect of changes in accounting policy to NT\$2,264 million, leaving a net income after tax of NT\$14,270 million.

This year's NT\$15,243 million in before-tax income (including the accumulative effect of changes in accounting principles) was NT\$473 million more than the budgeted income of NT\$14,770 million.

Return on assets (ROA) for 2005: 0.56%; Return on equity (ROE) for 2005: 8.35%.

II. Business Plan for 2006

1. Major Operating Policies

- (1) Consolidation of existing businesses
- (2) Development of the corporate banking business
- (3) Development of the personal banking business
- (4) Provision of diversified international banking businesses

There yam

- (5) Strengthening of R&D in innovative businesses
- (6) Reinforcement of business and management performance, and strengthening of the operating system

2. Business Targets

(1) Deposits: NT\$2,050,000 million

(2) Loans: NT\$1,340,000 million

(3) Guarantees: NT\$63,320 million

(4) Foreign exchange : US\$52,000 million

(5) Securities brokerage: NT\$60,000 million

III. Most Recent Credit Ratings, and Rating Dates

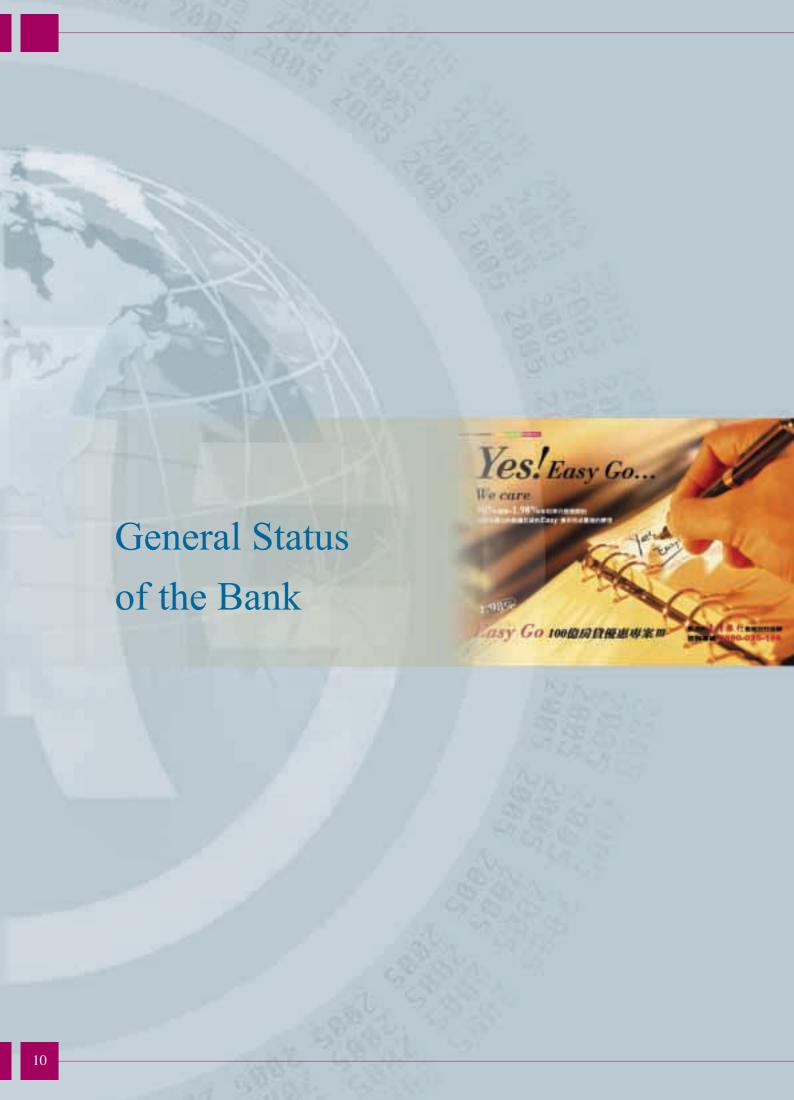
1. Standard & Poor's

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

2. Moody's Investors Service

BOT credit ratings announced in November 2005: Long-term, A1; Short-term, P-1; Outlook, stable

President





Wu-Shiung Chou, Executive Vice President



Fu-Chi Tsai, Executive Vice President



Teng-Lung Hsieh, Executive Vice President



Hong-Chi Chang, 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 59 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 and Company Law. On Sept. 16, 2004 the Bank received permission from the Securities and Futures Bureau of the Financial Supervisory Commission to become a public 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 operations such as those related 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.

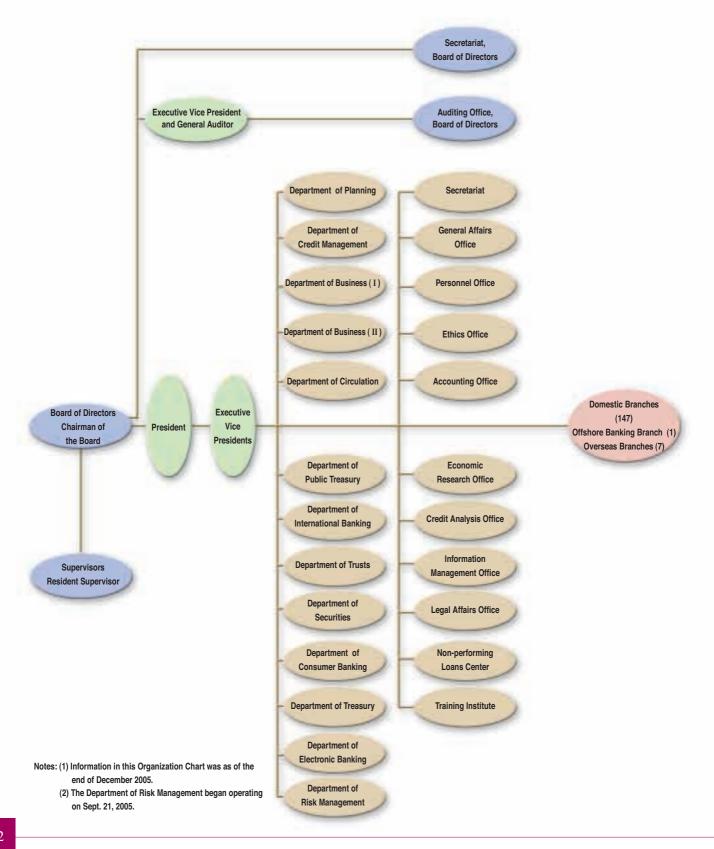
^{*} Executive Vice President Teng-Lung Hsieh and Executive Vice President and General Auditor Hong-Chi Chang assumed office on May 12, 2006.

II. Organization

1. Organizational System

At the end of 2005 the BOT's management organization consisted of 13 departments, nine offices, one institute, and one center. Its domestic business units covered all of Taiwan, with 147 branches including 22 minibranches; there was also an Offshore Banking Branch and seven overseas branches to serve the Bank's customers.

(1) Organization Chart



(2) Duties of Major Units

| (2) Duties of Major C | лиз |
|-----------------------|--|
| Major Units | Duties |
| Secretariat, | Handles important matters related to the Board of Directors, and documentary |
| Board of Directors | affairs. |
| Auditing Office, | Takes care of planning, implementation, and examination of internal auditing |
| Board of Directors | matters, and participates in the formulation and revision of operating and |
| | management regulations. |
| Department of | Responsible for systems, management regulations, operating directions, annual |
| Planning | operating plans, and planning, evaluation, and management of branch units. |
| | Handles planning, review, supervision, consulting assistance services, and |
| Management | 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 | Handles preferential-rate deposits, loans, remittances, foreign exchange, and |
| Business (II) | agency businesses for retirees. |
| Department of | Responsible for the issuance, distribution, arrangement, custodianship, and |
| Circulation | destruction of New Taiwan Dollar currency, and for the inventory and issuance- |
| Circulation | |
| Department of | related businesses for all of the Bank's issuing units. |
| Department of | Handles agency operations for public treasuries at all levels, custodianship of |
| Public Treasury | securities for government agencies, and direction and supervision of the business of |
| | branch treasuries. |
| Department of | Takes care of foreign exchange operations, foreign banking and overseas branch |
| International Banking | businesses, correspondent banking relations, and operational planning and |
| | management for the foreign exchange business. |
| | Controls trust businesses and auxiliary businesses. |
| Department of | Handles securities brokerage and underwriting business management and |
| Securities | operations. |
| Department of | Takes care of planning, promotion, review, management, and consultation |
| Consumer Banking | services for the general consumer banking business (general consumer loans, bank |
| | cards,and credit cards). |
| Department of | Handles New Taiwan Dollar and foreign currency allocation, planning, and |
| Treasury | utilization, and securities investment. |
| Department of | Responsible for planning, study, marketing, integration, supervision, and |
| Electronic Banking | management and examination of the electronic banking business. |
| Department of Risk | Responsible for the measurement, assessment, management, disclosure, and |
| Management | reporting of bank-wide risk management. |
| Secretariat | Takes care of important affairs, documentation, chop management, meetings, |
| | editing, and public relations. |
| General Affairs | Handles general affairs, receipts and disbursements, procurement, and |
| Office | 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 |
| 241100 011100 | revision of ethics regulations. |
| Accounting Office | Responsible for the planning and formulation of accounting systems, budgets, |
| 7 tooodritting Office | statistics, internal auditing, and bank-wide accounts and interest matters. |
| Economic Research | Carries out surveys and analyses of domestic and overseas economic, financial, |
| Office | and industrial conditions, business research and development, and the compilation |
| Office | of economic publications. |
| Cradit Analysis | Responsible for the collection, surveying, and editing of data related to the loan |
| Credit Analysis | |
| Office | business, as well as overseas credit investigation services. |
| Information | In charge of planning, design, and management of automation. |
| Management Office | |
| Legal Affairs Office | Handles legal matters as well as the collection and study of domestic and overseas |
| | laws and regulations. |
| Non-Performing | Takes care of planning, examination, supervision, and management related to non- |
| Loans Center | 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 | Shareholding at Time of Appointment | Present Shareholding No. Ratio | Shareholding by Spouse and Dependent Children No. Ratio | Shareholding in the Name of Other People No. Ratio |
|---------------------|-----------------|-----------------------|-----------------------|------------------------------|---|--------------------------------|---|--|
| Chairman | Jye-Cherng Lyu* | June 28, 2004 | June 30, 2006 | June 28, 2004 | | | | |
| Managing Director | Sheng-Yann Lii | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Managing Director | Ruey-Tsang Lee | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Managing Director | Chih-Hung Chang | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Managing Director | Ming-Ming Wu | Sept.17, 2004 | June 30, 2006 | Sept.17, 2004 | | | | |
| Director | Chia-Cheng Lin | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Director | Hsiu-Hua Rau | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Director | Jin-Tung Lee | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Director | Yuh-San Liu | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Director | Shin-Hsin Huang | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | of Finance shares (100%) | |
| Director | Yang-Tzong Tsay | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Director | Chin-Long Yang | Dec. 08, 2005 | June 30, 2006 | Dec. 08, 2005 | | | | |
| Director | Chang-Sheng Lin | July 05, 2005 | June 30, 2006 | July 05, 2005 | | | | |
| Director | Sheng-Tien Yang | July 05, 2005 | June 30, 2006 | July 05, 2005 | | | | |
| Director | Hsi-Chuan Chen | Aug.19, 2005 | June 30, 2006 | Aug.19, 2005 | | | | |
| Resident Supervisor | Bing-Huang Shih | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Supervisor | Chan-Jane Lin | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Supervisor | Fu-Deng Hsieh | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Supervisor | Tzer-Ming Chu | July 01, 2003 | June 30, 2006 | July 01, 2003 | | | | |
| Supervisor | Shaw-Wu Yu | April 13, 2004 | June 30, 2006 | April 13, 2004 | | | | |
| | 1 | - | - | + | | | | |

^{*}Former Chairman Jye-Cherng Lyu was named Minister of Finance on Jan. 25, 2006.

Dec. 31, 2005

| | | Dec. 31, 2005 |
|--|---|----------------------------|
| | | Being the Spouse or |
| | | Relative within 2 Tiers |
| | | |
| Education and Career | Positions Currently Held in the | of Other Managers, |
| | BOT and other Companies | Directors or Supervisors |
| | | Position Name Relationship |
| Master of Management, Kellogg Graduate School of Management, Northwestern University, U.S.A. | | |
| | Chairman, Bank of Taiwan | |
| President, Land Bank of Taiwan | Director, Financial Information Service Co., Ltd. | _ |
| Vice Chairman, Commission of National Corporations, MOEA | Director, Mega Financial Holding Company | |
| Senior Executive Vice President, Chunghwa Telecom Co., Ltd. | Director, mega i manetari rotaling 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 | | |
| | Accountant Coneral Dent of Accounting Judicial Vices | |
| Director-General, Dept. of Budget, Accounting and Statistics, Kaohsiung City Government | Accountant-General, Dept. of Accounting, Judicial Yuan | |
| Director-General, Dept. of Budget, Accounting and Statistics, Taiwan Province Government | | - |
| Ph.D. in Agricultural Economics, Ohio State University, U.S.A. | Defense Deserted (M. L.F. NOUII) | |
| President, Professors' Association, National Chung Hsing University(NCHU) | Professor, Department of Marketing, NCHU | - |
| Ph.D. in Political Science, National Taiwan University | | |
| • | Minister, Ministry of Examination | |
| Chairman, Research, Development and Evaluation Commission, Executive Yuan | | - |
| 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 | | |
| Chairman, Chung Kuo Insurance Co., Ltd. | Independent Director, Her Chee Industrial Company | - |
| , , | Independent Director, Planet Technology Company | |
| Chairman, TNS Logistics International Corp. | Director, Level Biology Co. | |
| | Director, Kinik Technology | |
| DID CONTENT OF THE PROPERTY OF | Director, Milk Technology | |
| Ph.D. in Civil Engineering National Cheng Kung University | Deputy Secretary-General , Executive Yuan | |
| Vice Chairman, Council for Economic Planning and Development, Executive Yuan | | - |
| Dr. sc. Pol. Institute of Public Finance Christian-Albrechts University, Kiel, Germany | | |
| Member of Council of Labor Affairs, Executive Yuan | Dean, College of Public Affairs, National Taipei University | |
| Member of Research, Development and Evaluation Commission, Executive Yuan | ,g | |
| Welliber of nesearch, Development and Evaluation Commission, Executive Itali | | |
| | Professor, the Dept. of Accounting, National Taiwan University | |
| Ph.D., University of Maryland, U.S.A. | Supervisor, Taiwan Tobacco and Liquor Corporation | |
| List Screening Committee Member, The Taiwan Stock Exchange | General Manager and Columnist, Accounting Research Monthly | |
| List Screening Committee Member, The OTC Stock Exchange | Board Member, Auras Technology Co., Ltd. | |
| | | - |
| Chairman, Dept. of Accounting, National Taiwan University | Board Member, Apos Corporation | |
| | Board Member, Kingpak Technology Incorporation | |
| Ph.D. in Economics, The University of Birmingham, U.K. | Director General, Dept. of Banking, The Central Bank of China | |
| Deputy Director General, Dept. of Banking, The Central Bank of China | Director, Taiwan Power Company | |
| -t, | Chairman, Employee Benefits Committee, Bank of Taiwan | |
| | | |
| Bachelor of Law, Soochow University | Director-General, Bank of Taiwan Employees Union | _ |
| | Commissioner, Conciliation Committee, Shihlin District Court, Taiwan | |
| International Toda Doub Founding U.S. 19 | Assistant Vice President and Assistant General Manager, Bank of Taiwan | |
| International Trade Dept., Fengchia University | Director, Industrial Union of Bank of Taiwan | _ |
| Banking Insurance Dept., Kaohsiung Kuochi Junior College of Commerce | Deputy Manager, Bank of Taiwan | |
| | | |
| Assistant Banking Officer, Bank of Taiwan | Standing Director, Taiwan Bank Labor Union Kaohsiung | - |
| M.A. in EMPA, National Taiwan University | Director-General, Second Department, DGBAS | |
| Chairperson, Accounting Operation Unit, DGBAS | | |
| Chief Secretary, DGBAS | Supervisor-General, Agriculture Bank of Taiwan | _ |
| Vice Comptroller in Department of Accounting, Ministry of Interior | Director, Chinese B.A.S. Coordinate and Development Society | |
| | Description of Accounting a Disputer | |
| Ph.D. in Accounting, University of Maryland, U.S.A. | Professor, Department of Accounting & Director, | |
| Acting Dean, College of Management, National Taiwan University | Division of Continuing Education and 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 | Comptroller in Department of Accounting, Ministry of Finance | |
| | | |
| Comptroller in Department of Accounting, Ministry of Economic Affairs | Resident Supervisor, Chung Kuo Insurance Company | - |
| M.D. in Law (Public Finance) National Chengchi University, | Associate Professor, Department of Public Finance and Tax, | |
| Vice President & Chief Financial Officer, Bureau of National | Jin Wen Institute of Technology | - |
| | Supervisor, Panram International Corporation | |
| Health Insurance, Department of Health, Executive Yuan | 1 | |
| | | |
| MA in Department of Marine, State University of New York, U.S.A. | Director General of the Directorate General of Customs | |
| | Director General of the Directorate General of Customs Supervisor, 228 Incident Memorial Foundation | - |

Major Institutional Shareholders

Dec.31, 2005

| Name of Institutional Shareholder | Major Shareholder of Institutional Shareholder |
|-----------------------------------|--|
| Ministry of Finance | Government Agencies (100% shareholding) |

Information on Directors and Supervisors (2)

| Qualification | 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 | Λ | V | |
| Yang-Tzong Tsay | V | V | V | V | V | V | V | |
| Chin-Long Yang | V | V | V | V | V | V | V | |
| Chang-Sheng Lin | V | | V | V | V | V | V | |
| Sheng-Tien Yang | V | | V | V | V | V | V | |
| His-Chuan Chen | 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 | |

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

Jan. 31, 2006

| Position | Name | Date of Employ- ment | Shares Held | Spou Depender | Held by se and nt Childrer | | ne ers | Education | Positions Held with Other Companies | The Spouse or Relative within 2 Tiers in the Bank as a Manage r |
|------------------------------|-------------------|----------------------------|----------------|------------------|----------------------------------|------------|-----------|--------------------------|---|--|
| B. 11. | 01 1/1 | | No. Ratio | No. | Ratio | No. Ra | tio | D. D | D: . T. T. D O | Position Name Relationship |
| President | Sheng-Yann Lii | 2001.09.03 | | | | | | Ph.D. in Economics, | Director, The Taiwan Payments Clearing | |
| | | | | | | | | University of | System Development Foundation | |
| | | | | | | | - | Pittsburgh, U. S. A. | Managing Director, Cathay United Bank | |
| Executive Vice President | Wu-Shiung Chou | 1998.10.28 | | | | | | M.A. in Industrial | Director, Fuhwa Financial Holding Co. | |
| | | | | | | | | Engineering and | Director, Fuhwa Commercial Bank | |
| | | | | | | | | Management, | Director, Taiwan Fire & | |
| | | | | | | | - | Chung Hua University | Marine Insurance Co. | |
| Executive Vice President | Fu-Chi Tsai | 2005.07.25 | | | | | | Dept. of Business | Supervisor, First Financial Holding Co. | |
| | | | | | | | | Administration, | Director, Taiwan Asset Management Corp. | |
| | | | | | | | | Fengchia College | Supervisor, First Commercial Bank | |
| Executive Vice President | Fan-Chih Wu | 2005.12.06 | | | | | | Bachelor of Law, | Managing Director, First Commercial Bank | |
| | | | | | | | | Chinese Culture | Director, First Financial Holding Co. | |
| | | | | | | | | Academy | | |
| Executive Vice President and | Teng-Lung Hsieh | 2005.12.06 | | | | | | Dept. of Banking & | Managing Director, Hua Nan | |
| General Auditor | | | | | | | | Insurance, | Commercial Bank | |
| | | | | | | | | National Taichung | Director, Hua Nan Financial Holdings Co. | |
| | | | | | | | | Institute of Commerce | | |
| SVP and Chief Secretary | Hong-Chi Chang | 2004.07.16 | | | | | | Master of Agricultural | Director, Chung Hsing Bills Finance Corp. | |
| | | | | | | | | Economics, National | | |
| | | | | | | | | Chung-Hsing University | | |
| Department of Planning | Min-Chang Chen | 2005.11.18 | | | | | Ì | Dept. of Banking and | Supervisor, Fuhwa Financial Holdings Co. | |
| SVP and General Manager | | | 100% of | Shareholdir | ng: Ministry | of Finance | | Insurance, | Supervisor, Fuhwa Commercial Bank | |
| | | | | | | | | Feng Chia College | | |
| Department of | Chuan-Chuan Hsieh | 2005.12.06 | | | | | Ī | Dept. of Bussiness | Director, Hua Nan Financial Holdings Co. | |
| Credit Management | | | | | | | | Administration, | Director, Hua Nan Commercial Bank | |
| SVP and General Manager | | | | | | | | National Taiwan | | |
| | | | | | | | | University | | |
| Department of Business (I) | Te-Fu Lu | 2005.11.18 | | | | | ı | College of Business, | Director, Taiwan Life Insurance Co. | |
| SVP and General Manager | | | | | | | | Tamkang University | | |
| Department of Circulation | Chung-Nan Fang | 2003.01.16 | | | | | Ī | Dept. of Accounting, | Supervisor, Chung Hsing Bills | |
| SVP and General Manager | | | | | | | | National Chengchi | Finance Corp. | |
| | | | | | | | | University | | |
| Department of Public | Po-Wen Yang | 2004.07.16 | | | | | İ | Dept. of Agricultural | Resident Supervisor, Tang Eng Iron | |
| Treasury | | | | | | | | Economics, National | Work Co. | |
| SVP and General Manager | | | | | | | | Chung-Hsing University | | |
| Department of Treasury | Justin J.L. Wei | 2003.07.15 | | | | | ŀ | M.A. Dept. of Economics, | Liquidator of Kaohsiung Ammonium | |
| SVP and General Manager | | | | | | | | Soo Chow University | Sulfate Co. | |
| | | | | | | | | | Supervisor, Hua Nan Commercial Bank | |
| | | | | | | | | | Supervisor, Hua Nan | |
| | | | | | | | | | Financial Holdings Co. | |
| Department of International | Li-Yen Yang | 2006.01.06 | | | | | | Dept. of Bussiness | | |
| Banking | | | | | | | | Administration, | | |
| SVP and General Manager | | | | | | | | National Taiwan | | |
| | | | | | | | | University | | |
| Department of Business (II) | Bao-Tsung Hong | 2004.01.15 | | | | | | Dept. of Public | Managing Director, Tang Eng Iron | |
| SVP and General Manager | Jg | | | | | | | Finance, National | Work Co. | |
| | | | | | | | | Chengchi University | | |
| Department of Trusts | Mu-Ying Wu | 2005.11.18 | | | | | | Dept. of Business | Director, Tang Eng Iron Work Co. | |
| SVP and General Manager | 3 | | | | | | | Administration, | Supervisor, Taiwan Handicraft | |
| Sonora managor | | | | | | | | National Chengchi | Promotion Center | |
| | | | | | | | | University | | |
| Department of Consumer | Hsing-Nan Fan | 2005.11.18 | | | | | | Dept. of Business | Director, Taiwan Life Insurance Co. | |
| Banking | I ISING-INAN FAII | 2003.11.10 | | | | | | Administration, | Director, raiwan Life insurance ou. | |
| | | | | | | | | | | |
| SVP and General Manager | | | | | | | | Fengchia College | | |

| Position | Name | Date of Employ- ment | Н | ares eld | Spot Depende | s Held by use and ent Children | Shares Held in Name of Others | Education | Positions Held with Other Companies | The Spouse or Relative within 2 Tiers in the Bank as a Manager |
|--|--------------------|----------------------------|-----|-------------|-----------------|--------------------------------------|-------------------------------------|---|--|--|
| 0 | Heine Mine House | 2005.01.26 | No. | Ratio | No. | Ratio | No. Ratio | Don't of Divisions | Consensions Control Matine Distance Cons | Position Name Relationshi |
| Secretariat SVP and General Manager | Hsien-Ming Hung | 2005.01.26 | | | | | | Dept. of Business, National Open University | Supervisor, Central Motion Picture Corp. Supervisor, Taiwan Business Bank | |
| General Affairs Office SVP and General Manager | Chien-Yi Liang | 2005.01.10 | | | | | | Taiwan Provincial Taichung Commercial College | Supervisor, Taiwan Fire & Marine Insurance Co. | |
| General Affairs Office (II) SVP and General Manager | Yan-Shan Chi | 2003.08.22 | | | | | | Dept. of Business Administration, Tamkang College of Arts and Sciences | Supervisor, Taiyi Real Estate Management Co., Ltd. Liquidator of Kaohsiung Ammonium Sulfate co. | |
| Personnel Office SVP and General Manager | Cheng-Yi Pan | 2001.08.01 | | | | | | Dept. of Economics, National Taiwan University | Managing Director, China Daily News Director, Taiwan Navigation Co. | |
| Ethics Office SVP and General Manager | Yeh-Liang Hu | 2003.05.16 | | | | | | Master of Laws, National Chengchi University | Supervisor, China Daily News | |
| Accounting Office SVP and General Manager | Ting-Chu Leu | 2003.01.21 | | | | | | Dept. of Accounting, National Chengchi University | Supervisor , Kaohsiung Ammonium Sulfate Co., Ltd. Director, Taiyi Real Estate Management Co., Ltd. | |
| Economic Research Office SVP and General Manager | Shing-Shiang Ou | 2001.02.15 | | 100% of | f Sharehold | ding: Ministry | of Finance | Ph.D in Economics, Georgia State University, U.S.A. | Director, China Development Financial Holding Corp. | |
| Credit Analysis Office SVP and General Manager | Kao-Chen Chuang | 2002.09.09 | | | | | | Dept. of Business Administration, National Chengchi University | Managing Director, Small & Medium Business Credit Guarantee Fund | |
| Information Management Office SVP and General Manager | Shiao-Shuan Song | 2003.07.15 | | | | | | Dept. of Chemistry, National Cheng Kung University | Director, Bankpro E-Service Technology Co. Director, Financial eSolution Co., Ltd. | |
| Legal Affairs Office SVP and General Manager | Su-Lan Lin | 2004.01.15 | | | | | | Master of Laws, The Unversity of New South Wales, Australia | Director, Tang Eng Iron Work Co. | |
| Training Institute SVP and General Manager | Hong-Chi Chang | 2005.03.31 | | | | | | Master of Agricultural Economics, National Chung-Hsing University | Director, Chung Hsing Bills Finance Corp. | |
| Non-performing Loans Center SVP and General Manager | r Tieh-Hai Lin | 2004.07.16 | | | | | | Dept. of Banking and Insurance, Chinese Culture Unversity | Managing Director, Central Motion Picture Corp. | |
| Department of Securities SVP and General Manager | Yi Lin | 2005.12.06 | | | | | | Dept. of Public Finance, National Chung Hsing University | Supervisor, Taiwan Business Bank | |
| Offshore Banking Branch SVP and General Manager | Sherry, S. T. Chen | 2002.09.12 | | | | | | M.A. in Public Finance, National Chengchi University | Director, United Taiwan Bank S.A. | |
| Department of Risk Management SVP and General Manager | Chao-Chu Ku | 2005.09.21 | | | | | | Dept. of Economics, Chinese Cultural College | Director, Central Motion Picture Corp. | |
| Department of Electronic Banking SVP and General Manager | Chau-Hsiung Chou | 2003.07.15 | | | | | | Dept. of Mechanical Engineering, National Cheng Kung University | Director, Taiwan Business Bank | |
| New York Agency SVP and General Manager | Shiou-Jsu Yeh | 2002.08.31 | | | | | | Dept. of Bussiness Administration, National Taiwan University | | |
| Los Angeles Branch SVP and General Manager | Ton-Yuan Yeh | 2006.01.06 | | | | | | Dept. of Accounting, National Cheng-Kung University | | |
| Hong Kong Branch SVP and General Manager | Ye-Chin Chiou | 2006.01.06 | | | | | | Dept. of Economics, National Taiwan University | | |
| Tokyo Branch SVP and General Manager | Ying-Yen Shih | 2002.05.10 | | | | | | Graduate School of International Trade, National Chengchi University | | |

| Position | Name | Date of Employ- ment | Shares Held | Spous Dependen | Held by se and at Children | in N of O | s Held ame thers | Education | Positions Held with Other Companies | The Spouse of Relative within 2 Tiers in the B as a Manager | in Bank er |
|------------------------------|--------------------|----------------------------|----------------|-------------------|----------------------------------|--------------|------------------------|---|--|---|------------------|
| D | 14 . 01 | 2000 04 00 | No. Ratio | No. | Ratio | No. | Ratio | D. 1. (1.1 | | Position Name Relation | onship |
| Singapore Branch | Kai-Cheng Ho | 2006.01.06 | | | | | | Dept. of International | | | |
| SVP and General Manager | | | | | | | | Trade, National | | | |
| Courth Africa Doorsh | Oh To West | 0005 07 10 | | | | | | Chengchi University | | | _ |
| South Africa Branch | Chun-Te Wang | 2005.07.13 | | | | | | M.A. in Insurance, | | | |
| SVP and General Manager | F 0 0 011 | 2024 22 42 | | | | | | Fengchia University | | | |
| London Branch | Fu-San Chiang | 2004.08.16 | | | | | | Dept. of Agricultural | | | |
| SVP and General Manager | | | | | | | | Economics, National | | | |
| Tainan Branch | Chia-Nan Wang | 2005.07.16 | | | | | | Taiwan University Dept. of Banking and | | | |
| SVP and General Manager | Cilia-ivali vvalig | 2003.07.10 | | | | | | Insurance, Kuochi | | | |
| 3 VF and General Manager | | | | | | | | | | | |
| | | | | | | | | Junior College of | | | |
| Taiahaan Danash | Tona Fulls | 0005 07 40 | | | | | | Commerce | | | |
| Taichung Branch | Tung-Fu Ho | 2005.07.16 | | | | | | Dept. of Economics, | | | |
| SVP and General Manager | | | | | | | | National Chung Hsing | | | |
| | O. W. T. | | | | | | | University | | | |
| Kaohsiung Branch | Cheng-Wen Tai | 2003.07.15 | | | | | | Dept. of Business | | | |
| SVP and General Manager | | | | | | | | Administration, | | | |
| | | | | | | | | National Taichung | | | |
| | | | | | | | | Institute of Commerce | | | |
| Keelung Branch | Ta-Kang Yu | 2006.01.17 | | | | | | National Chengchi | Supervisor, Small Business | | |
| SVP and General Manager | | | | | | | | University | Integrated Assistance Center | | |
| Chunghsin New Village Branch | Sen-Yuan Liu | 2004.04.26 | | | | | | National Open | | | |
| SVP and General Manager | | | | | | | | University | | | |
| Chiayi Branch | Shiaw-Ming Liaw | 2006.01.18 | | | | | | Dept. of Agricultural | | | |
| VP and General Manager | | | | | | | | Economics, National | | | |
| | | | 100% of | f Shareholdii | ng: Ministry | of Financ | ce | Taiwan University | | | |
| Hsinchu Branch | Hong-Yen Liao | 2004.10.12 | | | | | | Taiwan Provincial, | | | |
| VP and General Manager | | | | | | | | Taichung Commercial | | | |
| | | | | | | | | College | | | |
| Changhua Branch | Hsien-Cheng Li | 2006.01.16 | | | | | | National Changhua | | | |
| VP and General Manager | | | | | | | | Senior School of | | | |
| | | | | | | | | Commerce | | | |
| Pingtung Branch | Yaw-Neng Leu | 2004.01.15 | | | | | | National Open | | | |
| VP and General Manager | | | | | | | | University | | | |
| 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 | Jia-Chen Shen | 2005.07.25 | | | | | | Dept. of Economics, | | | |
| VP and General Manager | | | | | | | | National Chung Hsing | | | |
| | | | | | | | | University | | | |
| Chungshan Branch | Ing-Lieh Lin | 2004.07.16 | | | | | | Dept. of Banking and | | | |
| SVP and General Manager | | | | | | | | Insurance, Chinese | | | |
| 3. | | | | | | | | Culture Unversity | | | |
| Kaohsiung Export | Fu-Hsiang Chen | 2003.01.16 | | | | | | Dept. of Business, | | | |
| Processing Zone Branch | J | | | | | | | National Open | | | |
| SVP and General Manager | | | | | | | | University | | | |
| Ilan Branch | Ching-Lung Yu | 2004.07.16 | | | | | | Dept. of Industrial | | | |
| VP and General Manager | J ===-g .u | | | | | | | Management, Chung | | | |
| | | | | | | | | Yuan University | | | |
| Taitung Branch | Wen-Shu Ho | 2005.04.25 | | | | | | Tatung Institute of | | | |
| VP and General Manager | 3 | 1 | | | | | | Commerce and | | | |
| and admoral manager | | | | | | | | Technology | | | |
| Penghu Branch | Ming-Te Tsai | 2003.07.15 | | | | | | Dept. of Cooperative | | | |
| VP and General Manager | y 10 10ai | 2000.07.10 | | | | | | Economics, Tamkang | | | |
| T and delicial Mallayer | | | | | | | | University | | | |
| Fengshan Branch | Wen-Tao Huang | 2003.07.15 | | | | | | Dept. of International | | | |
| VP and General Manager | Tron lao nuany | 2000.07.10 | | | | | | Trade, Feng Chia | | | |
| vi anu deneral wanager | | | | | | | | - | | | |
| Tooyyon Pronch | Von Jen He | 2004.04.45 | | | | | | University | | | |
| Taoyuan Branch | Yea-Jen Ho | 2004.01.15 | | | | | | Southern Illinois | | | |
| SVP and General Manager | | | | | | | | University U.S.A. | | | |

| Position | Name | Date of Employ- ment | Shares Held | Shares Spous Dependen | se and | in N | es Held Name Others | Education | Positions Held with Other Companies | The Spouse or Relative within 2 Tiers in the Bank as a Manager |
|---|-----------------------|----------------------------|----------------|-----------------------------|--------------|----------|---------------------------|---|--|---|
| Panchiao Branch SVP and General Manager | Chung-Chih Chu | 2005.07.11 | No. Ratio | No. | Ratio | No. | Ratio | National Taiwan College of Marine Science and Technology | | Position Name Relationship |
| Hsinying Branch | Wen-Ming Huang | 2005.04.25 | | | | | | Master of National | | |
| VP and General Manager Miaoli Branch | Tzu-Cheng Wen | 2003.07.15 | | | | | | Cheng Kung University Dept. of Business | | |
| VP and General Manager | 12d Onling Worl | 2000.07.10 | | | | | | Administration, National Chung Hsing University | | |
| Fengyuan Branch | Tzu-Tung Wang | 2003.07.15 | | | | | | Dept. of Banking and | | |
| SVP and General Manager | | | | | | | | Insurance, Provincial Tai-Chung Commercial Junior College | | |
| Douliou Branch VP and General Manager | Ah-Jou Wu | 2005.07.16 | | | | | | Dept. of Accounting and Statistics, National Open College of Continuing Education Affiliated to National Taichung Institute of Technology | | |
| Nantou Branch VP and General Manager | Chung-Yung Lin | 2003.07.15 | | | | | | Dept. of International Trade, Feng Chia | | |
| Nanmen Branch SVP and General Manager | Lea Ma | 2002.07.15 | | | | | | Dept. of Business Administration, National Taiwan | | |
| Kungkuan Branch | Man-Li Chiang | 2005.11.18 | | | | | | University Dept. of Accounting | | |
| VP and General Manager | | | | | | | | and Statistics, National Chengkung University | | |
| Tzoyin Branch VP and General Manager | Heng-Fu Tai | 2003.01.16 | 100% of | f Shareholdir | ng: Ministry | of Finar | nce | Master of Economics, Chinese Cultural College | | |
| Peitou Branch VP and General Manager | Cheng-Hsiung Wu | 2005.12.06 | | | | | | Dept. of Bussiness Administration, National Taiwan University | | |
| Wufeng Branch VP and General Manager | Yu-Tang Wei | 2002.07.15 | | | | | | National Chunghsing University | | |
| Kinmen Branch VP and General Manager | Hsueh-Yang Chien | 2005.08.30 | | | | | | Taiwan Provincial Taipei Commercial School | | |
| Matsu Branch VP and General Manager | Shao-I Chou | 2002.05.09 | | | | | | National Open University | | |
| Anping Branch VP and General Manager | Shuenn-Shyong Yang | 2005.04.25 | | | | | | Kaohsiung Commercial Vocational Senior High School | | |
| Chungli Branch VP and General Manager | Chang-Fu Lin | 2003.01.16 | | | | | | Dept. of Banking and Insurance, Feng Chia College | | |
| Sanchung Branch VP and General Manager | Yen-Tsang Chan | 2006.1.27 | | | | | | Dept. of Banking and Insurance, Tamkang University | | |
| Toufen Branch VP and General Manager | Charng-Yi Chou | 2003.07.15 | | | | | | Dept. of Agricultural Economics, National Taiwan University | | |
| Chienchen Branch VP and General Manager | Huan-Hsun Lee | 2005.03.21 | | | | | | Dept. of Business, National Open University | | |
| Chengchung Branch VP and General Manager | Chi-Lung Yang | 2004.01.15 | | | | | | Dept. of Economics, Fu-Jen University | | |
| Minchuan Branch VP and General Manager | Ching-Jiang Chuang | 2004.01.15 | | | | | | Tam Kang University | | |
| Tantzu Branch VP and General Manager | Hsin-Hsing Yu | 2005.01.14 | | | | | | Dept. of Business Management, Feng Chia University | | |
| Yungho Branch VP and General Manager | Jau-Tai Tseng | 2005.08.17 | | | | | | Dept. of Finance and Taxation, Feng Chia University | | |

| Position | Name | Date of Employ- ment | Shares Held | Shares Spous Dependen | e and t Children | Shares He in Name of Others | Education | Positions Held with Other Companies | The Spouse or Relative within 2 Tiers in the Bank as a Manager |
|---|------------------------|----------------------------|----------------|-----------------------------|---------------------|-----------------------------|--|--|---|
| Yuanlin Branch | Yuan-Yuan Wang | 2006.01.16 | No. Ratio | No. | Ratio | No. Rat | Dept. of Accounting, | | Position Name Relationship |
| SVP and General Manager | Tuali-Tuali vvalig | 2000.01.10 | | | | | Fengchia University | | |
| Sungchiang Branch | Hsieh-Yi Kang | 2004.07.16 | | | | | Dept. of Business | | |
| VP and General Manager | nsien-11 Kang | 2004.07.10 | | | | | Administration, Soo- | | |
| VI and deficial Manager | | | | | | | Chow University | | |
| Kusan Branch | Cheng-Lung Chen | 2005.01.14 | | | | | Dept. of Accounting | | |
| VP and General Manager | Officing Eurig Officin | 2003.01.14 | | | | | and Statistics, | | |
| VI and deficial Manager | | | | | | | Tamkang College | | |
| Lungshan Branch | Cheng-Fu Yu | 2005.11.28 | | | | | Dept. of International | | |
| VP and General Manager | Officing 1 u Tu | 2003.11.20 | | | | | Trade, Chinese | | |
| vi and denotal manager | | | | | | | Cultural College | | |
| Chunghsiao Branch | Chih-Jen Chiang | 2004.04.27 | | | | | Supplementary Open | | |
| VP and General Manager | Offili och Officing | 2004.04.27 | | | | | Junior College for | | |
| VI and General Manager | | | | | | | Public Administration, | | |
| | | | | | | | National Chengchi | | |
| | | | | | | | University | | |
| Hsinyi Branch | Yung-Chuan Yu | 2005.01.10 | | | | | Dept. of Accounting, | | |
| VP and General Manager | Turiy-Orluan tu | 2005.01.10 | | | | | Tamkang University | | |
| Fuhsing Branch | Hung Jung Hung | 2005 01 14 | | | | | | | |
| VP and General Manager | Hung-Jung Hung | 2005.01.14 | | | | | Open Junior College of Commerce, National | | |
| VF and General Manager | | | | | | | Chengkung University | | |
| Conming Drongh | Chin Chang Chan | 2004.01.15 | | | | | | | |
| Sanming Branch | Chin-Sheng Chen | 2004.01.15 | | | | | National Open | | |
| VP and General Manager | W V. Oh | 0004.04.00 | | | | | University | | |
| Taichung Harbor Branch | Wen-Yu Chen | 2004.04.26 | | | | | Graduate Institute of | | |
| VP and General Manager | | | 1000/ | f Ob b - l -l :- | Ministra | -f F: | Management, Tamkang | | |
| Lautura Danah | Our Huri Jane | 0005 40 00 | 100% 0 | f Shareholdir | ig: iviinistry | of Finance | University | | |
| Loutung Branch | Guo-Huei Jeng | 2005.12.06 | | | | | National Taipei College | | |
| VP and General Manager | | | | | | | of Business Open | | |
| | | | | | | | Business Junior | | |
| Puli Branch | ling Fong Chih | 2001.07.16 | | | | | College | | |
| | Jing-Fang Shih | 2001.07.16 | | | | | Dept. of International | | |
| SVP and General Manager | | | | | | | Trade, Fengchia | | |
| Manual Danah | Mana Wana | 0000 10 10 | | | | | College | | |
| Kangshan Branch | Mong Wang | 2002.12.16 | | | | | Dept. of Economics, | | |
| VP and General Manager | Shui-Chen Huang | 2005 01 15 | | | | | Chunghsing University | | |
| Hsingsing Branch VP and General Manager | Shur-Chen Huang | 2005.01.15 | | | | | National Changhua Senior School of | | |
| ve and General Manager | | | | | | | Commerce | | |
| Lingya Branch | Jen-Shiau Ma | 2003.07.15 | | | | | | | |
| VP and General Manager | Jen-Smau wa | 2003.07.15 | | | | | Master of Business Administration, North | | |
| VF and General Manager | | | | | | | Western State | | |
| | | | | | | | | | |
| Cunachan Branch | Chin-Huan Wu | 2004.07.16 | | | | | University of L.A. Chihlee Institute of | | |
| Sungshan Branch VP and General Manager | Cilli-i ludii vvu | 2004.07.10 | | | | | | | |
| Chien-Hsing Branch | Chin-Tsan Tseng | 2006.01.18 | | | | | Technology Dept. of Economics, | | |
| - | Cilli-15dil 15elig | 2000.01.10 | | | | | | | |
| VP and General Manager | Ching-Liang Liao | 2006.01.27 | | | | | Tunghai University | | |
| Chungho Branch | Onling-Liang Lia0 | 2006.01.27 | | | | | Dept. of Accounting and Statistics, National | | |
| VP and General Manager | | | | | | | | | |
| | | | | | | | Taichung Institute of | | |
| Toingo Propoh | Tion En Heinh | 200E 07 10 | | | | | Technology | | |
| Taipao Branch | Tien-Fu Hsieh | 2005.07.16 | | | | | Tatung Institute of | | |
| VP and General Manager | | | | | | | Commerce and | | |
| Oh | M-: 01 : 01 | 00040713 | | | | | Technology | | |
| Chupei Branch | Wei-Chi Chen | 2004.07.16 | | | | | Dept. of Public | | |
| VP and General Manager | | | | | | | Administration, | | |
| | | | | | | | National Open | | |
| | | | | | | | University | | |

| Position | Name | Date of Employ- ment | Shares Held by Spouse and Dependent Children No. Ratio No. Ratio | | Shares Held in Name of Others | 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 |
| Shihlin Branch | Jen-Kui Chen | 2001.07.16 | | | | | Dept. of International | | |
| VP and General Manager | | | | | | | Trade, Open Business | | |
| | | | | | | | College with NTCB | | |
| Hsinchuang Branch | Jinn-Chen Jin | 2005.01.10 | | | | | Dept. of International | | |
| SVP and General Manager | | | | | | | Trade, Kuochi Junior | | |
| | | | | | | | College of Commerce | | |
| Tachia Branch | Quei-Tien Yen | 2005.11.28 | | | | | Dept. of Economics, | | |
| SVP and General Manager | | | | | | | Tunghai University | | |
| Science-Based Industrial | Gang-Feng Yeh | 2003.07.15 | | | | | Supplementary Open | | |
| Park Branch | | | | | | | Junior College for | | |
| VP and General Manager | | | | | | | Public 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 | Shiu-Jen Lin | 2005.11.28 | | | | | Dept. of Accounting, | | |
| VP and General Manager | | | | | | | National Chengchi | | |
| | | | | | | | University | | |
| Liming Branch | Tsuey-Hwa Hsu | 2006.01.16 | | | | | Dept. of International | | |
| VP and General Manager | | | | | | | Trade, Tamkang | | |
| | | | | | | | 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, | | |
| | | | 100% of | f Shareholdin | g: Ministry | of Finance | National Taiwan | | |
| | | | | | | | University | | |
| Sandou Branch | Yung-Shan Wang | 2005.01.17 | | | | | Dept. of Business | | |
| VP and General Manager | | | | | | | Management, National | | |
| | | | | | | | Chenkung University | | |
| Taipei World Trade Center | Lih-Shyong Huang | 2003.07.15 | | | | | Dept. of Economics, | | |
| Branch | | | | | | | National Chunghsing | | |
| VP and General Manager | | | | | | | University | | |
| Taan Branch | Chun-Yen Chen | 2005.12.06 | | | | | Dept. of Law, Chinese | | |
| VP and General Manager | | | | | | | Culture University | | |
| Huachiang Branch | Han-Shiun Joang | 2006.01.16 | | | | | Dept. of Banking and | | |
| VP and General Manager | | | | | | | Insurance, Chihlee | | |
| | | | | | | | Commercial School | | |
| Chaochou Branch | Chao-Ming Lee | 2002.01.16 | | | | | Supplementary Open | | |
| VP and General Manager | | | | | | | Junior College For | | |
| | | | | | | | Public Administration, | | |
| | | | | | | | National Chengchi | | |
| | | | | | | | University | | |
| Suao Branch | Huan-Ning Chen | 2002.07.15 | | | | | Dept. of Banking, | | |
| VP and General Manager | | | | | | | Tamkang College | | |
| Taya Branch | Yuan-Tung Lin | 2003.07.15 | | | | | National Open | | |
| VP and General Manager | | | | | | | University | | |
| Nantze Branch | Yi-Wen Tsai | 2003.07.15 | | | | | Dept. of Business, | | |
| VP and General Manager | | | | | | | National Open | | |
| | | | | | | | University | | |
| Taichung Industrial | Chih-Chien Liu | 2002.07.15 | | | | | Dept. of Public | | |
| Park Branch | | | | | | | Finance, Fengchia | | |
| SVP and General Manager | | | | | | | University | | |
| Tunhwa Branch | Jui-Mu Huang | 2005.12.06 | | | | | Dept. of Technology | | |
| VP and General Manager | 9 | | | | | | Mechanical | | |
| | | | | | | | Engineering, Mingchi | | |
| | | | | | | | University | | |
| Nankang Branch | Chih-Chang Kao | 2005.07.15 | | | | | Dept. of Business | | |
| VP and General Manager | 2 Grang rad | | | | | | Banking and Insurance, | | |
| a.a sonora Managor | | | | | | | Tamkang University | | |
| | | | | | | | Turniany Offiversity | | |

| Position | Name | Date of Employ- ment | Shares Held No. Ratio | Spot | s Held by use and ent Children | Shares Held in Name of Others | Education | Positions Held with Other Companies | The Spouse or Relative within 2 Tiers in the Ban as a Manager Position Name Relations |
|-------------------------|---------------------|----------------------------|-----------------------------|-------------|--------------------------------------|-------------------------------------|--------------------------|--|---|
| Tainan Science-Based | Kun-Fa Jen | 2005.07.25 | No. Hallo | 140. | natio | No. Hallo | Dept. of Economics, | | Position Name Relations |
| Industrial Park Branch | Ruii-i a Jeii | 2005.07.25 | | | | | National Taiwan | | |
| | | | | | | | | | |
| VP and General Manager | | | | | | | University | | |
| Huwei Branch | Kun-Yuan Yeh | 2003.01.16 | | | | | Dept. of Accounting | | |
| VP and General Manager | | | | | | | and Statistics, Tatung | | |
| | | | | | | | Junior 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 | Vun Kunna Lina | 2003.04.02 | | | | | National Taiwan | | |
| | Yun-Kuang Liao | 2003.04.02 | | | | | | | |
| VP and General Manager | | | | | | | Ocean University | | |
| Chiabei Branch | Jeng-Hui Wen | 2006.01.18 | | | | | Tatung Institute of | | |
| VP and General Manager | | | | | | | Commerce and | | |
| | | | | | | | Technology | | |
| Tunhkang Branch | Hsii-Hsiang Huang | 2005.04.25 | | | | | Dept. of Business, | | |
| VP and General Manager | | | | | | | National Open | | |
| | | | | | | | University | | |
| Haishih Dransh | Kuen-Der Cheng | 2004 04 45 | | | | | | | |
| Hsichih Branch | Ruen-Der Cheng | 2004.01.15 | | | | | Dept. of Economics, | | |
| VP and General Manager | | | | | | | Soochow University | | |
| Wuchi Branch | Shih-Chien Wang | 2005.11.28 | | | | | Dept. of International | | |
| VP and General Manager | | | | | | | Trade, Feng Chia | | |
| | | | 100% o | f Sharehold | ling: Ministry | of Finance | University | | |
| Putz Mini Branch | Tien-Fu Hsieh | 2005.07.16 | | | | | Tatung Institute of | | |
| VP and General Manager | | | | | | | Commerce and | | |
| | | | | | | | Technology | | |
| Hsiaokang Mini Branch | Chun-Hsiung Chen | 2003 12 20 | | | | | M.A in Business | | |
| - | Ondir Haiding Orien | 2000.12.20 | | | | | | | |
| VP and General Manager | | | | | | | Management, National | | |
| | | | | | | | Sun Yat-Sen | | |
| | | | | | | | University | | |
| Chungping Branch | Sheng-Hsiung Lee | 2005.03.21 | | | | | Dept. of Statistics, | | |
| VP and General Manager | | | | | | | Feng Chia University | | |
| Chunhsien Branch | Cynthia Chao | 2000.03.17 | | | | | Dept. of Secretarial | | |
| VP and General Manager | | | | | | | Science, Ming Chuan | | |
| · · | | | | | | | College | | |
| Peitalu Branch | Shiou-Rumg Wu | 2001.08.17 | | | | | Dept. of Industrial | | |
| | Sillou-Hullig Wu | 2001.00.17 | | | | | | | |
| VP and General Manager | | | | | | | Management, Tamsui | | |
| | | | | | | | Oxford College | | |
| Wenshan Mini Branch | Man-Li Chiang | 2005.11.18 | | | | | Dept. of Accounting | | |
| VP and General Manager | | | | | | | and Statistics, National | | |
| | | | | | | | Chengkung University | | |
| Jian Mini Branch | Chuen-Liang | 2004.07.16 | | | | | Dept. of Insurance, | | |
| VP and General Manager | Cheng | | | | | | National Taipei Junior | | |
| | | | | | | | College of Business | | |
| | | | | | | | | | |
| | | | | | | | Open Business Junior | | |
| | | | | | | | College | | |
| Nankuo Mini Branch | Hsien-Cheng Li | 2006.01.16 | | | | | National Changhua | | |
| VP and General Manager | | | | | | | Senior School of | | |
| | | | | | | | Commerce | | |
| Fucheng Mini Branch | Chia-Nan Wang | 2005.07.16 | | | | | Dept. of Banking and | | |
| SVP and General Manager | | | | | | | Insurance, Kuochi | | |
| | | | | | | | Junior College of | | |
| | | | | | | | | | |
| Talaina Day | Obine 1 : 0: | 0005.07.05 | | | | | Commerce | | |
| Taiping Branch | Ching-Jui Chen | 2005.07.25 | | | | | Dept. of Laws, Soochow | | |
| SVP and General Manager | | | | | | | University | | |

| Position | Name | Date of Employ- ment | Shares Held | | | Shares Held in Name of Others | Education | Positions Held with Other Companies | The Spouse or Relative within 2 Tiers in the Bank as a Manager |
|--------------------------------------|--------------------|----------------------------|----------------|---------------|--------------|-------------------------------------|-------------------------------------|--|---|
| Dofong Propoh | Kuo Houn Chana | 2006.01.18 | No. Ratio | No. | Ratio | No. Ratio | M.P.A. Toinoi | | Position Name Relationship |
| Defang Branch VP and General Manager | Kuo-Hsun Chang | 2006.01.16 | | | | | M.B.A., Taipei University | | |
| Chienkuo Branch | Hui-Hsin Liu | 2004.07.16 | | | | | • | | |
| | Hul-Holli Liu | 2004.07.10 | | | | | Dept. of Accounting and Statistics, | | |
| VP and General Manager | | | | | | | Tamkang College | | |
| Talun Branch | Vuna Tuan Eu | 2002.09.12 | | | | | | | |
| | Yung-Tuan Fu | 2002.09.12 | | | | | Dept. of Business | | |
| VP and General Manager | | | | | | | Administration, Taipei | | |
| | | | | | | | Commerce College | | |
| | | | | | | | Open Junior College | | |
| Vannu Dranch | China Chan Haian | 2002 02 15 | | | | | of Commerce | | |
| Yenpu Branch | Ching-Chen Hsian | 2002.03.15 | | | | | Dept. of Accounting, | | |
| VP and General Manager | 5 M. II | 0005.04.07 | | | | | Feng Chia University | | |
| Hsinwei Branch | Fu-Ming Liu | 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 | | |
| VP and General Manager | | | | | | | and Statistics, Kuochi | | |
| | | | | | | | Junior College of | | |
| | | | | | | | Commerce | | |
| Hsinyuan Branch | Ching-Chang Tsai | 2005.04.21 | | | | | Dept. of Accounting | | |
| VP and General Manager | | | | | | | and Statistics, Open | | |
| | | | | | | | Junior College of | | |
| | | | | | | | Commerce of National | | |
| | | | | | | | Cheng Kung University | | |
| Nanshin Branch | E-Yuan Shen | 2002.09.11 | | | | | Dept. of Industrial and | | |
| VP and General Manager | | | | | | | Business | | |
| | | | 100% o | f Shareholdir | ng: Ministry | of Finance | Administration, Tamsui | | |
| | | | | | | | Oxford College | | |
| Yinglong Branch | Cheng-Chang Lin | 2002.09.11 | | | | | Dept. of Banking and | | |
| VP and General Manager | | | | | | | Insurance, Open Junior | | |
| | | | | | | | College of Commerce | | |
| | | | | | | | National Chengkung | | |
| | | | | | | | University | | |
| Shintong Branch | Chin-Ho Fang | 2005.12.22 | | | | | Dept. of Business, | | |
| VP and General Manager | On Tho Fair | 2000.12.22 | | | | | National Open | | |
| VI and deneral manager | | | | | | | University | | |
| East Taoyuan Branch | Ming-Chih Lee | 2003.08.28 | | | | | Dept. of Banking and | | |
| VP and General Manager | IVIIIIg-OTIIIT Lee | 2003.00.20 | | | | | Insurance, Feng Chia | | |
| VF and General Manager | | | | | | | _ | | |
| Luihau Branah | To Hoion Cun | 2003.05.06 | | | | | University | | |
| Lujhou Branch | Te-Hsien Sun | 2003.03.00 | | | | | Dept. of Shipping and | | |
| VP and General Manager | | | | | | | Transportation | | |
| | | | | | | | Management, National | | |
| | | | | | | | Taiwan Ocean | | |
| D // A# / D | 0 | | | | | | University | | |
| Peifu Mini Branch | Chung-Chih Chu | 2005.07.11 | | | | | National Taiwan | | |
| SVP and General Manager | | | | | | | College of Marine | | |
| | | | | | | | Science and | | |
| | | | | | | | Technology | | |
| Kaohsiung Airport Branch | Chun-Hsiung Chen | 2003.12.29 | | | | | M.A. in Business | | |
| VP and General Manager | | | | | | | Management, National | | |
| | | | | | | | Sun Yat-Sen University | | |
| Keelung Port Mini Branch | Ta-Kang Yu | 2006.01.17 | | | | | National Chengchi | Supervisor, Small Business Integrated | |
| SVP and General Manager | | | | | | | University | Assistance Center | |
| Yongji Mini Branch | Ing-Lieh Lin | 2004.07.16 | | | | | Dept. of Banking and | | |
| SVP and General Manager | J ==== | | | | | | Insurance, Chinese | | |
| ovi and deneral Manager | | | | | | | | | |
| | | | | | | | Culture University | | |
| Tungmen Mini Branch | Yung-Chuan Yu | 2005.01.10 | | | | | Dept. of Accounting, | | |
| VP and General Manager | | | | | | | Tamkang University | | |

| Position | Name | Date of Employ- ment | Shares Held | Spo | es Held by use and ent Children | Shares Held in Name of Others | Education | Positions Held with Other Companies | The Spouse or Relative within 2 Tiers in the Ba as a Manager |
|------------------------------|------------------|----------------------------|----------------|-------------|---------------------------------------|-------------------------------------|--------------------------|---|---|
| | | | No. Ratio | No. | Ratio | No. Ratio | | | Position Name Relation |
| Aiguo Mini Branch | Yung-Chuan Yu | 2005.01.10 | | | | | Dept. of Accounting, | | |
| VP and General Manager | | | | | | | Tamkang University | | |
| Kaorung Mini Branch | Heng-Fu Tai | 2003.12.19 | | | | | Master of Economics, | | |
| VP and General Manager | | | | | | | Chinese Cultural College | | |
| Dooging Mini Dranch | Te-Fu Lu | 2005.11.18 | | | | | | Director of Taiwan | |
| Baoqing Mini Branch | le-ru Lu | 2005.11.10 | | | | | College of Business, | | |
| VP and General Manager | | | - | | | | Tamkang University | Life Insurance Co. | |
| Taidian Mini Branch | Man-Li Chiang | 2005.11.18 | | | | | Dept. of Accounting | | |
| VP and General Manager | | | | | | | and Statistics, | | |
| | | | | | | | National Chengkung | | |
| | | | | | | | University | | |
| Jincheng Mini Branch | Hsueh-Yang Chien | 2005.08.30 | | | | | Taiwan Provincial | | |
| VP and General Manager | | | | | | | Taipei Commercial | | |
| | | | | | | | School | | |
| Renher Mini Branch | Tien-Fu Hsieh | 2005.07.16 | | | | | Tatung Institute of | | |
| VP and General Manager | | | | | | | Commerce and | | |
| | | | | | | | Technology | | |
| Caotun Mini Branch | Sen-Yuan Liu | 2004.07.01 | | | | | National Open | | |
| SVP and General Manager | | | 100% | of Sharehol | ding: Ministry | of Finance | University | | |
| TWTC Exhibition | Lih-Shyong Huang | 2004.07.02 | | | , | | Dept. of Economics, | | |
| Hall Mini Branch | | 2001107102 | | | | | National Chunghsing | | |
| VP and General Manager | | | | | | | University | | |
| | Ohi Ha Hama | 0005.00.00 | | | | | , | | |
| Taichung Airport Mini Branch | Cni-Ho Hung | 2005.06.06 | | | | | National Open College | | |
| VP and General Manager | | | | | | | of Continuing | | |
| | | | | | | | Education | | |
| Kaohsiung Region Corporate | Ying-Nan Hsu | 2003.07.15 | | | | | Kaohsiung | | |
| Banking Center | | | | | | | Commercial Vocational | | |
| SVP and General Manager | | | | | | | Senior High School | | |
| First Northern Region | Heng-Te Teng | 2003.04.01 | | | | | Dept. of Insurance, | | |
| Consumer Banking Center | | | | | | | National Taipei Junior | | |
| VP and General Manager | | | | | | | College of Business | | |
| | | | | | | | Open Business Junior | | |
| | | | | | | | College | | |
| Chongcing South | Pao-Chung Hong | 2005.06.10 | • | | | | Dept. of Public | Managing Director, Tang Eng Iron Work Co. | |
| Road Mini Branch | | | | | | | Finance, National | | |
| SVP and General Manager | | | | | | | Chengchi University | | |
| Chunan Science-Based | Charng-Yi Chou | 2005.06.10 | | | | | Dept. of Agricultural | | |
| IIndustria Park Branch | J | | | | | | Economics, National | | |
| VP and General Manager | | | | | | | Taiwan University | | |
| | Pi-Chih Hsu | 200E 11 00 | | | | | | | |
| Taichung Science | FF-CHIN MSU | 2005.11.30 | | | | | M.B.A. in Finance, | | |
| Park Branch | | | | | | | National Yunlin | | |
| VP and General Manager | | | | | | | University of Science | | |
| | | | | | | | and Technology | | |

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

Directors' Compensation Dec. 31, 2005

Unit: NT\$1,000

| | | E | xpenses | Co | mpensation | | Distributed Profits Paid to Directors | Paid to Employee Bonuses ctors | | | | | | | Total of Previous Four Items | | Ratio of Total Amount to Aftertax Net Profit (%) | | | | Other Compensation | | |
|----------------------|-----------------|-----|--------------|-------|--------------|-----|---|--------------------------------|------------------|-------|---------|---|--------|--------|------------------------------|-------|---|--------|--------------|-----|-----------------------|-----|--------------|
| | | | All | | All | | All | The Bank | | | | All companies included in the consolidated report | | | All | | All | | All | | All companies | | |
| Position | Name | | included | | included | | included | | Sto | ock B | Bonuses | lile c | _ | | nuses | | included in | | included in | | included in | | included in |
| | | вот | in the | вот | in the | BOT | in the | Cash | | | | Cash | | Ţ., | | вот | the | вот | the | вот | the | вот | the |
| | | | consolidated | | consolidated | | consolidated | Bonuses | No. of Share: | 1 | Amour | Bonuses | No. o | of Mar | Amount | | consolidated | | consolidated | | consolidated | | consolidated |
| | | | report | | report | | report | | Silate | S Val | iue | | Silate | 25 Val | ue | | report | | report | | report | | report |
| Chairman | Jye-Cherng Lyu | 0 | | 2,779 | | | | | | | | | | | | 2,779 | | | | | | | |
| Managing Director | Sheng-Yann Lii | 0 | | | | | | | | | | | | | | 0 | | | | | | | |
| Managing Director | Ruey-Tsang Lee | 321 | | | | | | | | | | | | | | 321 | | | | | | | |
| Managing Director | Chih-Hung Chang | 321 | | | | | | | | | | | | | | 321 | | | | | | | |
| Managing Director | Ming-Ming Wu | 321 | | | | | | | | | | | | | | 321 | | | | | | | |
| Director | Chia-Cheng Lin | 219 | | | | | none | | | | | | | | | 219 | | 0.0370 | | | | | |
| Director | Hsiu-Hua Rau | 219 | | | | | none | | | | | none | | | | 219 | | 0.03/0 | | | none | | none |
| Director | Jin-Tung Lee | 219 | | | | | | | | | | | | | | 219 | | | | | | | |
| Director | Yuh-San Liu | 219 | | | | | | | | | | | | | | 219 | | | | | | | |
| Director | Shin-Hsin Huang | 219 | | | | | | | | | | | | | | 219 | | | | | | | |
| Director | Bao-Chung Hong | 219 | | | | | | | | | | | | | | 219 | | | | | | | |
| Director | Yang-Tzong Tsay | 219 | | | | | | | | | | | | | | 219 | | | | | | | |
| Director | Tzer-Cheng Lo | 0 | | | | | | | | | | | | | | 0 | | | | | | | |
| Director | Tung-Yuan Chen | 0 | | | | | | | | | | | | | | 0 | | | | | | | |
| Director | Teng-Lung Hsieh | 0 | | | | | | | | | | | | | | 0 | | | | | | | |
| Director | Chang-Sheng Lin | 0 | | | | | | | | | | | | | | 0 | | | | | | | |
| Director | Sheng-Tien Yang | 0 | | | | | | | | | | | | | | 0 | | | | | | | |
| Director | Hsi-Chuan Chen | 0 | | | | | | | | | | | | | | 0 | | | | | | | |

| | No. of Directors | | | | | | | | |
|-------------------------------------|------------------|---------------------------|--|--|--|--|--|--|--|
| Componentian Boild to BOT Directors | Fiscal Ye | ar 2005 | | | | | | | |
| Compensation Paid to BOT Directors | вот | All companies included in | | | | | | | |
| | 501 | consolidated report | | | | | | | |
| Under NT\$2,000,000 | 10 | | | | | | | | |
| NT\$2,000,000 - NT\$5,000,000 | 1 | | | | | | | | |
| NT\$5,000,000 - NT\$10,000,000 | | | | | | | | | |
| NT\$10,000,000 - NT\$50,000,000 | | | | | | | | | |
| Over NT\$50,000,000 | | | | | | | | | |
| Total | 11 | | | | | | | | |

Supervisors' Compensation

Dec. 31, 2005

Unit: NT\$1,000

| | Expenses | | xpenses | Cor | mpensation | | buted Profits o Supervisors | | of Previous ree Items | Amo | io of Total unt to After- let Profit(%) | Other Compensation | | |
|--|---|--------------------------|---|-----|---|-----|---|--------------------------|---|--------|---|-----------------------|---|--|
| Position | Name | вот | All companies included in consolidated report | вот | All companies included in consolidated report | вот | All companies included in consolidated report | вот | All companies included in consolidated report | вот | All companies included in consolidated report | вот | All companies included in consolidated report | |
| Resident Supervisor | Bing-Huang Shih | 321 | | | | | | 321 | | | | | | |
| Supervisor Supervisor Supervisor | Shaw-Wu Yu Chan-Jane Lin Fu-Deng Hsieh Tzer-Ming Chu | 219 219 219 219 | none | | no | ne | | 219 219 219 219 | none | 0.0084 | | | none | |

| | | of Supervisors |
|--------------------------------------|-----|---|
| Compensation Paid to BOT Supervisors | вот | All companies included in consolidated report |
| Under NT\$2,000,000 | 5 | |
| NT\$2,000,000 - NT\$5,000,000 | | |
| NT\$5,000,000 - NT\$10,000,000 | | |
| NT\$10,000,000 - NT\$50,000,000 | | |
| Over NT\$50,000,000 | | |
| Total | 5 | |

Compensation Paid to President and Executive Vice Presidents

Dec. 31, 2005

Unit: NT\$1,000

| Salary | | | alary | | s, Special penses | | Profit Distributed as Employee Bonuses | | | | | | | | of Previous ee Items | Ratio of Total Amount to After- tax Net Profit(%) | | Amount of Employee Stock Warrants | | | Other pensation |
|-----------------|----------------|-------|--------------|-------|----------------------|---------|--|---------|--------|---------|--------|----------|--------|-------|-------------------------|---|--------------|---|--------------|-----|-----------------|
| Position | Name | | All | | All | | В |)T | | | | s includ | | | All | | All | | All | | All |
| | | | companies | | companies | | | | | | | ted repo | | | companies | | companies | | companies | | companies |
| | | BOT | included in | BOT | included in | Cash | Sto | ck Bonu | ses | Cash | Sto | ck Bonu | ses | BOT | included in | BOT | included in | BOT | included in | BOT | included in |
| | | | consolidated | | consolidated | Bonuses | No. of | Market | Amount | Bonuses | No. of | Market | Amount | | consolidated | | consolidated | | consolidated | | consolidated |
| | | | report | | report | | Shares | Value | | | Shares | Value | | | report | | report | | report | | report |
| President | Sheng-Yann Lii | 1,953 | | 1,147 | | | | | | | | | | 3,100 | | | | | | | |
| Executive Vice | Wu-Shiung | 4 500 | | 050 | | | | | | | | | | 0.500 | | | | | | | |
| President | Chou | 1,583 | | 950 | | | | | | | | | | 2,533 | | | | | | | |
| Executive Vice | Fu-Chi Tsai | 4 400 | | 0.40 | | | | | | | | | | 0.040 | | 1 | | | | | |
| Presiden | | 1,466 | | 846 | | | | | | | | | | 2,312 | | | | | | | |
| Executive Vice | Fan-Chih Wu | 4 404 | | 004 | | | | | | | | | | 0.000 | | | | | | | |
| Presiden | | 1,491 | | 801 | | | | | | none | | | | 2,292 | | 0.1170 | | | | | |
| Executive Vice | K. C. Wang | 040 | | 4.400 | | | | | | | | | | 4 000 | | 1 | | | | | |
| Presiden | | 813 | | 1,120 | | | | | | | | | | 1,933 | | | | | | | |
| Executive Vice | Tzer-Cheng Lo | | | 700 | | | | | | | | | | 0.470 | | 1 | | | | | |
| Presiden | | 1,411 | | 768 | | | | | | | | | | 2,179 | | | | | | | |
| Executive Vice | Teng-Lung | | | | | | | | | | | | | | | | | | | | |
| President and | Hsieh | 1,447 | | 898 | | | | | | | | | | 2,345 | | | | | | | |
| General Auditor | | | | | | | | | | | | | | | | | | | | | |

| | No. of President and Executive Vice Presidents | | | | | | | | | |
|--|--|---------------------------|--|--|--|--|--|--|--|--|
| Compensation Paid to BOT President and | Fiscal Year 2005 | | | | | | | | | |
| Executive Vice Presidents | вот | All companies included in | | | | | | | | |
| | 50. | consolidated report | | | | | | | | |
| Under NT\$2,000,000 | 1 | | | | | | | | | |
| NT\$2,000,000 - NT\$5,000,000 | 6 | | | | | | | | | |
| NT\$5,000,000 - NT\$10,000,000 | | | | | | | | | | |
| NT\$10,000,000 - NT\$50,000,000 | | | | | | | | | | |
| Over NT\$50,000,000 | | | | | | | | | | |
| Total | 7 | | | | | | | | | |

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)

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. 31, 2005

Unit: Share, %

| | | DCC. 01, 2 | | | | Offit. Offate, 76 | | | |
|--|--------------------------|--------------|---------------|----------------|--------------------------|-------------------|--|--|--|
| | | | Supervisors, | the President, | | | | | |
| | | | Executive Vic | • | | | | | |
| Reinvested Enterprise* | Investment | by the BOT | Heads of Dep | | Consolidated Investment | | | | |
| | | | Branches, and | d Enterprises | | | | | |
| | | | Directly or | Indirectly | | | | | |
| | | | Controlled | by the BOT | | | | | |
| | No. of Shares | Ratio of | No. of Shares | Ratio of | No. of Shares | Ratio of | | | |
| | No. or Shares | Shareholding | No. of Shares | Shareholding | No. of Shares | 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 | 149,732,991 | 0.45 | 1,014,924,963 | 3.07 | | | |
| Taiwan Machinery Manufacturing Corp. | 10,253,459 | 1.60 | 167 | 0.00 | 10,253,626 | 1.60 | | | |
| Taiwan Stock Exchange Corp. | 25,822,466 | 5.01 | 20,374,488 | 3.95 | 46,196,954 | 8.96 | | | |
| First Financial Holding Co., Ltd. | 462,122,866 | 7.93 | 1,051,648,238 | 18.05 | 1,513,771,104 | 25.98 | | | |
| Hua Nan Financial Holdings Co., Ltd. | 1,753,059,836 | 29.36 | 118,937,630 | 1.99 | 1,871,997,466 | 31.35 | | | |
| Taiwan Business Bank | 888,002,495 | 20.72 | 237,092,449 | 5.53 | 1,125,094,944 | 26.25 | | | |
| Cathay Financial Holding Co., Ltd. | 130,822,492 | 1.53 | 9,512,016 | 0.11 | 140,334,508 | 1.64 | | | |
| Taiwan Navigation Co., Ltd. | 24,755,838 | 6.43 | 109,115,569 | 28.34 | 133,871,407 | 34.77 | | | |
| Mega Financial Holding Company | 277,170,670 | 2.44 | 1,109,033,649 | 9.76 | 1,386,204,319 | 12.20 | | | |
| Taiwan Television Enterprise, Ltd. | 40,316,161 | 14.37 | 20,353,680 | 7.25 | 60,669,841 | 21.62 | | | |
| Taiwan Life Insurance Co., Ltd. | 120,775,658 | 28.46 | 0 | 0.00 | 120,775,658 | 28.46 | | | |
| Taiwan Fire & Marine Insurance Co., Ltd. | 55,696,792 | 17.58 | 0 | 0.00 | 55,696,792 | 17.58 | | | |
| Tang Eng Iron Work Co., Ltd. | 154,008,511 | 44.00 | 31,074,512 | 8.88 | 185,083,023 | 52.88 | | | |
| Taiwan Development & Trust Corp. | 36,219,000 | 12.07 | 24,919,000 | 8.31 | 61,138,000 | 20.38 | | | |
| China Development Financial Holding | | | ,,,,,,,, | | , , , , , , , , , , | | | | |
| Corp. | 215,240,346 | 1.83 | 30,135,348 | 0.26 | 245,375,694 | 2.09 | | | |
| Kaohsiung Ammonium Sulfate Co., 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 | 20,000,022 | 0.01 | | 0.00 | 20,000,022 | 0.01 | | | |
| Company | 355,005 | 0.23 | 21,735 | 0.01 | 376,740 | 0.24 | | | |
| China Trade & Development Corp. | 1,250,110 | 1.91 | 0 | 0.00 | 1,250,110 | 1.91 | | | |
| China Daily News | 3,477,600 | 10.32 | 0 | 0.00 | 3,477,600 | 10.32 | | | |
| China Shipbuilding Corp. | 2,697,208 | 0.24 | 0 | 0.00 | 2,697,208 | 0.24 | | | |
| Central Motion Picture Corp. | | 15.22 | 0 | | | 15.22 | | | |
| Fuhwa Financial Holding Co., Ltd. | 8,913,458 211,441,123 | 6.69 | 245,410 | 0.00 | 8,913,458 211,686,533 | 6.70 | | | |
| International Investment Trust Co., Ltd. | | 7.74 | 245,410 | | | 7.74 | | | |
| | 4,762,959 | | | 0.00 | 4,762,959 | | | | |
| Taiyi Real Estate Management Co., Ltd. | 1,500,000 | 30.00 | 146 250 | 0.00 | 1,500,000 | 30.00 | | | |
| United Taiwan Bank S.A. | 146,250 | 10.00 | 146,250 | 10.00 | 292,500 | 20.00 | | | |
| Taiwan Forex Inc. | 700,000 | 3.53 | 1,400,000 | 7.06 | 2,100,000 | 10.59 | | | |
| Taiwan Futures Exchange Corp. | 2,600,000 | 1.30 | 5,234,000 | 2.62 | 7,834,000 | 3.92 | | | |
| Bankpro E-ServiceTechnology Co., 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 Co., Ltd. | 6,115,000 | 1.53 | 157,165,000 | 39.29 | 163,280,000 | 40.82 | | | |
| Taiwan Cooperative Bank | 1,930,271 | 0.08 | 1,217,845,774 | 47.95 | 1,219,776,045 | 48.03 | | | |
| Financial eSolution Co., Ltd. | 2,481,467 | 7.19 | 2,563,074 | 7.43 | 5,044,541 | 14.62 | | | |
| Taiwan Integrative Shareholder Service | 160,000 | 0.53 | 1,160,000 | 3.87 | 1,320,000 | 4.40 | | | |
| Company | . 30,000 | 3.00 | .,100,000 | 0.07 | .,525,550 | | | | |

^{*}Investment according to Article 74 of the Banking Law

III. Shares and Stock Dividends

1. Source of Equity Capital

| | | Approved E | quity Capital | Paid-in Eq | uity Capital | Notes | | |
|-------------------|----------------|---------------|----------------|---------------|----------------|--------------------------------|--------|--|
| Month and Year | Issue Price | No. of Shares | Amount | No. of Shares | Amount | Source of Equity Capital | Others | |
| July 2003 | | 4,800,000,000 | 48,000,000,000 | 4,800,000,000 | 48,000,000,000 | National Treasury | | |

| Tune of Charle | Ap | Matas | | |
|----------------|-----------------------|-----------------|----------------------|------------------|
| Type of Stock | Shares in Circulation | Unissued Shares | Total | Notes |
| Common Stock | 0 | 0 | 4,800,000,000 shares | Not yet released |

2. Shareholder Structure

Mar. 31, 2006

Unit: Share, NT\$

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

3. Dispersal of Shares

(None)

4. Major Shareholders

| Major Shareholder Shares | 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

| | | Year | 2005 | 2004 | As of March 31, |
|---------------------|---------------------------------|----------|---------------|---------------|-----------------|
| Item | | | | | 2006 |
| Market Value Per | Highest | | - | - | - |
| Share | Lowest | | - | - | - |
| | Average | | - | - | - |
| Net Worth Per Share | Before Appropriation | | 36.85 | 34.32 | 42.44 |
| | After Appropriation | | - | 33.45 | - |
| Earnings Per Share | Weighted Average Issued | | 4,800,000,000 | 4,800,000,000 | 4,800,000,000 |
| | Shares | | | | |
| | Earnings Per Share | | 2.97 | 2.92 | 0.66 |
| Dividents Per Share | Cash Dividends | | - | - | - |
| | Stock Dividends | Earnings | - | - | - |
| | | Capital | - | - | - |
| | | Reserve | | | |
| | Cumulative Dividends | | - | - | - |
| | Undistributed | | | | |
| Return Analysis | P/E Ratio (Notes 1) | | - | - | - |
| | Ratio of Share Price to | | - | - | - |
| | Dividends (Notes 2) | | | | |
| | Cash Dividend Yield % (Notes 3) | | - | - | - |

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

 $^{2. \ {\}sf Ratio\ of\ share\ price/\ cash\ dividends=current\ year\ average\ closing\ share\ price/\ cash\ dividend\ per\ share.}$

^{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 2005, funds remained for a cash dividend of NT\$4.281 billion or NT\$0.89 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 2005 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.

- 7. 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)
- 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)





I. Contents of Business

1. Major Items of Business

(1) Deposits

The total amount of deposits in the Bank at the end of December 2005 was NT\$2,131,182 million, up by a slight 2.99% over a year earlier. The low rate of growth was due mainly to a switch by government enterprises from treasury deposits to general deposits, causing a slide in treasury deposits; demand deposits continued on a growth trend, however, thus helping to improve 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. In addition to reviewing, revising, and establishing related loan regulations whenever necessary, the Bank carries out follow-up evaluations on a monthly basis and formulates measures for improvement. Further, the Bank strives to diversify credit risk while increasing management fee income through vigorous involvement in the domestic and overseas syndicated loan market.

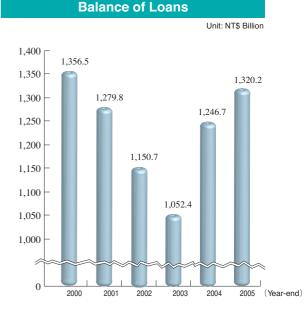
At the end of 2005 the amount of loans outstanding from the Bank (including general loans as well as import and export negotiations) totaled NT\$1,320.2 billion, equal to 51.12% of the Bank's total assets of NT\$2,582.4 billion. This was an increase of NT\$73.5 billion over the NT\$1,246.7 billion in loans outstanding at the end of 2004, for a growth of 5.89%. Corporate loans outstanding at the end of 2005 amounted to NT\$961.3 billion, equal to 37.23% of total assets; compared with the outstanding loans of NT\$957.6 billion at the end of 2004, this was an increase of NT\$3.7 billion for a growth of 0.39%.

(3) Consumer Banking

The BOT vigorously promotes card businesses of various kinds, providing multifunction and value-added services. In 2005 the Bank coordinated with the Council for Hakka Affairs in organizing a credit-card marketing activity along with the "2005 Hakka Food Carnival," introducing incentive programs of various kinds and increasing the amount of travel insurance compensation in order to boost the willingness to use credit cards. In August of 2005 the Bank introduced the value-added Tellurion card and Sundial credit card, and followed in November with a guide-dog affinity card.

It also coordinates with government policy by handling "Assistance Home Loans for Workers," "Workers' Home-improvement Loans," "Young Entrepreneur Loans," and "Student Loans for Senior High School and Above." The amount of the Bank's consumer loans outstanding at the end of December 2005 totaled NT\$339.0 billion; this was NT\$49.9 billion more than a year earlier, for a growth of 17.26%.

Balance of Deposits Unit: NT\$ Billion 2.131.2 2,150 ┌ 2,100 2.069.4 2,050 2.004.2 2,000 1,950 1,929.8 1,915.8 1 900 1,850 1 810 0 1.800 1,750 1,700 2002 2003 2005 (Year-end)



(4) Foreign Exchange and International Banking

A total of 105 BOT branches were designated by the Central Bank to handle foreign exchange operations by the end of December 2005, and another 27 received permission to deal in simple foreign-currency cash and travelers' check transactions. In addition, the Department of Exchange of the Central Bank approved 188 money changer locations.

By the end of December 2005 the Bank's foreign exchange transactions volume reached US\$81.413 billion, for a growth of 25.16% over the US\$65.048 billion recorded the year before. The amount of forex operations undertaken by the Bank's DBUs on behalf of its OBU during the year totaled US\$19.275 billion, for an improvement of 37.23% over the US\$14.046 billion achieved in 2004.



(5) Electronic Banking

In 2005 the number of Internet enquiry-type transactions carried out totaled 14,318,000 and Internet funds transfer transactions amounted to 2,169,000; telephone enquiry transactions numbered 1,983,000 and funds transfer transactions reached 751,000; the accumulated value of mobile orders reached NT\$25.94 billion, accounting for about 37.6% of total transactions; and the accumulated value of Internet fund purchases was NT\$3.468 billion, accounting for 53.58% of the Bank's total fund purchases.

(6) Trust Business

The volume of non-discretionary trust fund investment (both NT dollar and foreign currency) in domestic and overseas securities, retirement trust funds, and securities trusts reached NT\$22,820 million at the end of 2005, for an increase of NT\$3,052 million or 15.44% over a year earlier. Commission fee income for the year totaled NT\$61.39 million, an improvement of NT\$11.21 million over 2004 for a growth of 22.33%. In the ancillary business of securities trust fund custodianship, the amount of funds under custodianship at the end of 2005 amounted to NT\$26,561 million; this was a reduction of NT\$5,507 million compared with a year earlier, for a decline of 17.17%. Fee income from this business during the year was NT\$30.21 million, a reduction of NT\$6.03 million from 2004 for a shrinkage of 16.64%.

(7) Securities

The main items of business for the Department of Securities are securities brokerage and proprietary trading in government bonds. Brokerage transactions carried out in 2005 amounted to a total of NT\$69,024 million; this was NT\$11,085 million less than the NT\$80,109 million in such transactions in 2004, for a reduction of 13.84%. Income from securities brokerage and underwriting for the year came to NT\$57 million, accounting for 0.09% of the Bank's total income. The purchase and sale of government bonds during the year amounted to NT\$215,235 million and the volume of repurchase and resale agreements was NT\$1,237,442 million. Together, these transactions totaled NT\$1,452,677 million; compared with the volume of NT\$1,243,282 million recorded in 2004, this was an increase of NT\$209,395 million for a growth of 16.84%.

(8) Investments

a. Bills Finance

The Bank purchased a total of NT\$1,157,476 million worth of short-term bills on the secondary market in 2005; this was NT\$1,064,242 million less than the NT\$2,221,718 worth of such purchases carried out in 2004, for a negative growth of 47.9%. The amount of this business outstanding at the end of 2005 was NT\$61,026 million, of which NT\$40,500 million, or 66%, was made up of negotiable Central Bank certificates of deposit. Earnings from bills trading during the year totaled NT\$5,156 million, for an average profit margin of 1.31%.

b. Long-term Equity Investment

At the end of 2005 the Bank had long-term equity investment in 36 companies. The book value of the investments totaled NT\$55,263 million; this was up NT\$8,043 million over a year earlier for a growth of 17.0%, mainly because profit from reinvested companies during the year, as calculated by the equity method, was listed as long-term equity investment. Profit on long-term equity investment during the year amounted to more than NT\$10 billion, derived primarily from stock dividends and income recorded by the equity method.

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

The amount of the Bank's short-term investment in stocks stood at NT\$4,847 million at the end of 2005, representing a reduction of NT\$469 million from the NT\$5,316 million in such investment at the end of 2004. Income from short-term stock investment in 2005 amounted to NT\$15 million; compared with the NT\$811 earned in 2004, this was a decline of NT\$796 million.

Fund investment outstanding at the end of the year stood at NT\$1,165 million, down NT\$397 million from the total of NT\$1,562 million at the end of 2004. Income from this investment in 2005 amounted to NT\$444 million, an increase of NT\$394 million over the previous year's earnings of NT\$50 million mainly because of the strong performance turned in by Taiwan securities funds and because of the Bank's cautious investment operations based on fund performance and market conditions.

2. Operating Plans for 2006

(1) Deposits

The ratio of demand deposits will be increased to improve deposit structure; peripheral services for public treasury depositors will be strengthened; and the cross-industry integrated service network will continue to be promoted.

(2) Corporate Banking

Client visits will be strengthened to increase sources of new customers; the policy of setting interest rates based the monetary market will be continued for outstanding clients; new types of products such as fixed-rate commercial paper will be developed and included in the integrated marketing of corporate banking; and loans will be combined with factoring and derivative products.

(3) Consumer Banking

The Bank will formulate a "Consumer Banking - Easy Goal" strategy for the use of integrated marketing and all-staff marketing in a strenuous effort to develop the personal banking market, while continuing to promote the IC bank card and international credit card businesses.

(4) Foreign Exchange and International Banking

The Bank will redouble efforts to strengthen its 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

The Bank will accelerate the implementation of e-banking services with the successive completion of systems for electronic security deposits, online purchase of foreign-currency cash and travelers' checks, dynamic codes, and the collection of roadside parking fees for other counties and cities via the Internet.

(6) Trust Business

The Bank will engage actively in integrated marketing with its different business units, and will plan and implement the real estate trust business as well as collective management and utilization accounts.

(7) Investments

In the bills finance business, the Bank will participate actively in new types of short-term bills investment, strengthen the government bond repurchase business, and expand investment in foreign-currency securities. In the field of long-term equity investment, it will evaluate the operations, profit contribution, and strategic alliance relations or business compelementarity with the BOT of reinvested enterprises, and will take action to increase shareholding, sell equity, maintain present investment, or engage in the joint establishment of a holding company accordingly.

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 27.85% in December 2005, 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. In the development of the wealth management business, the Bank's product line is somewhat inadequate.
- e. Legal restrictions on budgets and final accounts, the hiring of personnel, and procurement.

(2) Countermeasures

Faced with the fierce competition that has come with financial liberalization and internationalization, and the threat posed by the development of consolidation into large financial holding groups, the BOT will carry through with its new "5Vs" operating concept and will pursue its "5Ss" management targets: Simple organization, Simple goals, Simple decision-making

process, Simple strategy, and Simple intra-group relationships. Besides consolidating its existing businesses, the Bank will advance in the directions of corporate banking, exert efforts toward personal banking, expand international banking, and develop innovative businesses. In addition, it will emphasize the "5Is of integrated business marketing": integration of different areas of business, mutually coordinated marketing, and utilization of business units, Internet banking, ATMs, and credit-card invoicing as marketing channels so as to make full use of point, line, and area marketing strategies in publicizing information on the Bank's new key businesses. This will allow the Bank to retain old customers while aggressively cultivating new customers. At the same time, integration will be carried out across units and across areas, and different products will be packaged to meet 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 the financial needs of customers and build the BOT into a leading diversified bank.

4. Financial Product R&D and Business Development

- (1) Major Financial Products and New Business Units Added in the Past Two Years, and Scale and Profit and Loss Situation as of Publication of the Annual Report
 - a.The "Easy Home Loan Program" was introduced to an enthusiastic response. A total of 8,212 loans with a total amount of NT\$38.3 billion had been extended under this program by Dec. 31, 2005.
 - b. "Internet ATM" was introduced to provide customers to carry out deposit, withdrawal, and other financial transactions via the Bank's ATM website using IC card reading machines.
 - c.The "Easy Go Student Loan Integrated Services Network" was installed to provide online enquiry, application, and prearranged cross-guarantee services with greater efficiency and speed.
 - d. "BOT I-Smart Consolidated Financial Planning Account" services were introduced to provide full-service financial planning accounts with savings, investment, and credit functions, thus offering greater efficiency in investment and financial planning.
- (2) R&D Expenditures and Results for the Past Two Years, and Future R&D Plans R&D spending amounted to NT\$8,596,000 in 2005 and NT\$7,278,000 in 2004.

Eight business innovation research projects were accepted by the New Business Development Promotion Committee in 2005. Of these, the "Fixed-rate Commercial Notes" and "Virtual Channel Insurance Business" projects have already been submitted, and the others, including "Traveler's Check and Cash Network - Airport Delivery Service, " "Multi-function Financial Telephone Service," and "TWD Structure Products (FX Option Link)" will be submitted one by one.

To cope with changes in the financial environment and to meet the needs of business development, and to encourage BOT employees to promote self-growth, the Bank will continue carrying out research related to its own business reform and development, and to the financial industry. It will also carry out the employee proposal program, self-initiated research, and overseas study. Eight employee-initiated research projects will be submitted in 2006, including "The Confidentiality Obligations of Banks," "Integration and Efficiency Assessment of Electronic Banking Processes," "Internet Application of IC Cards, Potential Threats, and Security," and "Status of Electronic Banking, and Performance of BOT ATM Services." One of the eight, "Feasibility of Taiwan Banks Engaging in Reverse Mortgage Operations," has been listed for monitoring by the Ministry of Finance.

5. Long- and Short-term Business Development Plans

The BOT is positioned as a bank with a diversified product line 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 heavy emphasis on the planning and management of human resources. In addition to the strengthening of education and training, the infusion of marketing and service concepts, the promotion of lifelong learning, and the implementation of an employee promotion and evaluation system, the Bank also encourages its employees to develop themselves into "bankers" and "business people," and to create value for the Bank and its customers. In 2005 the Bank held 171 in-house training courses with a total of 7,624 trainees participating; sent 1,169 employees for outside training in Taiwan; and subsidized domestic advanced training for 606 persons.

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 actively in the financing of infrastructure projects as well as large private investment projects in order to promote overall national economic development. Furthermore, to repay society's goodwill the Bank carries through with the principle of "caring" under the "Rules Governing BOT Subsidies and Grants to Private Groups and Individuals," allocates scholarship funds each year to help low-income students pursue their studies, and coordinates with government policy by offering student loans. These activities make significant contributions to the public welfare.

IV. Information Equipment

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

All of the Bank's software is automated software which is divided into two categories: core banking and front-end processing. Since the bank has more than 20 years of experience in installation and maintenance, it is able to carry out most maintenance itself. To provide more channels for customer service, the Bank makes widespread use of new technology in its front-end processing systems; and, to accelerate the installation of application systems, the Bank outsources the installation and maintenance of some of the systems.

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

2. Maintenance and Future Development and Procurement Plans

- (1) Coordination with the Bank's Remote Back-up Center
 - The equipment and capabilities of the remote back-up center will be reinforced and back-up exercises will be held on a regular basis.
- (2) Coordination with the Automation of Bank Departments, Newly Added Branches, and the Needs of Business Growth
 - New branch terminal equipment, ATMs, personal computers, notebook computers, and communications processing equipment will be procured.
- (3) Reinforcement of Bank-wide Information Network Security
 - In line with the expansion of the third-generation bank-wide information network, the local area networks of business units will be integrated and firewall functions will be established in order to achieve resource sharing with network security.
- (4) Procurement of an Information Center Mainframe System
 - To accommodate the growing volume of information operations, and to coordinate with equipment transfer and replacement when the Information Building is completed, a Computer Center mainframe system and peripheral equipment will be procured to expand the capacity of the Bank's core accounts center.

Employee Statistics

Mar. 31, 2006

| | Employee otation | | | Wai. 51, 2000 |
|-------------------|---|-------|--------|---------------|
| | Items | 2004 | 2005 | Mar. 31, 2006 |
| | Staff | 5,550 | 5,632 | 5,607 |
| No. of Employees | Guards | 229 | 178 | 171 |
| vo. or Employees | Janitors | 902 | 850 | 834 |
| | Total | 6,681 | 6,660 | 6,612 |
| Average Age | | 43.29 | 43.17 | 43.30 |
| Average Seniority | | 17.19 | 17.03 | 17.17 |
| | Ph.D. | 0.03 | 0.03 | 0.03 |
| | Master's | 3.58 | 3.89 | 3.89 |
| Education (%) | College and University | 76.67 | 78.21 | 78.52 |
| | Senior High | 16.46 | 15.02 | 14.85 |
| | Under Senior High | 3.26 | 2.85 | 2.71 |
| | Personal Insurance Agent | 0 | 42 | 169 |
| | Personal Accident Insurance Agent | 4 | 4 | 4 |
| | Civil Engineer | 2 | 3 | 3 |
| | Land Registration Representative | 18 | 18 | 18 |
| | Real Estate Agent | 3 | 4 | 4 |
| | Second-Grade Japanese Language Certificate | 0 | 3 | 4 |
| | Third-Grade Japanese Language Certificate | 0 | 3 | 5 |
| | Corporate Internal Control | 0 | 1 | 1 |
| | Test of English for International Communication | 0 | 4 | 7 |
| | Investment-Type Insurance Product Agent | 0 | 4 | 5 |
| | Share Specialist | 21 | 35 | 41 |
| | Beginning Foreign Exchange Specialist | 1,393 | 1,508 | 1,509 |
| | Beginning Loan Specialist | 1,333 | 1,433 | 1,440 |
| | Financial Risk Management Specialist | 0 | 2 | 2 |
| | Trust Specialist | 2,934 | 3,132 | 3,196 |
| | Architect | 1 | 1 | 1 |
| | Attorney | 4 | 3 | 3 |
| | First-Aid Training Completion | 0 | 12 | 14 |
| | Intermediate English Certificate | 26 | 37 | 37 |
| | High-intermediate English Certificate | 3 | 6 | 9 |
| | Elementary English Certificate | 0 | 15 | 15 |
| | Advanced English Certificate | 1 | 1 | 1 |
| | - | | | |
| Professional | Financial Risk Manager | 0 | 1 | 1 |
| icenses Held | Property Insurance Representative | 5 | 6 9 | 6 |
| | Property Insurance Agent | 9 | | 9 |
| | Financial Planner | 1,297 | 1,449 | 1,468 |
| | Property Insurance Agent | 0 | 9 | 14 |
| | Bills Agent | 48 | 62 | 66 |
| | Occupational Safety and Health Manager Training | 0 | 1 | 2 |
| | Futures Agent | 326 | 386 | 399 |
| | Futures Brokerage Agent | 32 | 32 | 33 |
| | Structural Engineer | 1 | 1 | 2 |
| | Margin Dealer | 2 | 3 | 3 |
| | Advanced Loan Agent | 41 | 42 | 43 |
| | Bond Specialist | 56 | 80 | 85 |
| | Accountant | 6 | 6 | 6 |
| | Information Technician | 7 | 6 | 6 |
| | Basic Asset Securitization Proficiency Test | 0 | 41 | 44 |
| | Electronic Engineer | 0 | 1 | 1 |
| | Electrical Engineering Technician | 2 | 1 | 1 |
| | Electrical Technician | 0 | 4 | 4 |
| | Bank Internal Controls | 2,956 | 3,187 | 3,201 |
| | Securities Analyst | 3 | 3 | 3 |
| | Securities Investment Consultant | 330 | 439 | 451 |
| | Securities Investment Analyst | 5 | 6 | 6 |
| | Advanced Securities Agent | 599 | 698 | 710 |
| | Securities Agent | 261 | 309 | 317 |

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

- (5) Expansion of the Document Management System
 - A hardware and software back-up mechanism for document systems, and a branch Web document management system, will be installed.
- (6) Installation of Internet VPN Online Service Equipment
 - This will provide information services to overseas branches and to mobile employees, and offer a more complete monitoring solution for verification and authorization in regard to Internet resources.
- (7) Installation of a Remote Back-up System for the SWIFT Alliance Server
 - This will prevent an inability to operate in the regular environment or to receive and transmit electronic documents as a result of disaster from having an impact on bank-wide operations.

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 high 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, e-mail 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 involving 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 dispute mediation or a 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 and 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 Sep. 15, 2001 | 1.The objectives of the BOT's takeover of the three credit departments is their businesses, assets, and liabilities. 2.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. |
| "Preferential Loan Plan for Distribution Services - Manager Bank" commissioning contract | Ministry of Economic Affairs | Nov. 22, 2005 - Dec. 31, 2007 | Provision of a loan application channel to help distribution service companies obtain financing |
| 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 - Sept. 24, 2005 | Construction of the new information building (civil engineering). |
| Engineering contract | Luxe Electric Co., Ltd.; Jehng Long Engineering Co., Ltd. | Jan. 1, 2004 - Jan. 25, 2006 | Construction of the new information building (water, electricity, air conditioning). |
| Engineering contract | Jan Wha Construction Co., Ltd.; Jan Wha Enterprise Co., Ltd. | Sept. 1, 2004 - Dec.15, 2005 | Construction of new Tali Branch premises (structure and electricity joint bid). |
| "Cash Shipment" procurement project | Lee Bao Security Co., Ltd. | Jan. 1, 2005 - Dec. 31, 2005 | Cash shipping expenses, including fixed duties and irregular duties (18 trips per year) |
| Outsourced procurement of operating cash (including foreign currencies) shipping | Taiwan Security Co., Ltd. | Jan. 1, 2006 - Dec. 31, 2006 | Service method: Fixed and irregular duties Operating method: As specified in the "Outsourced Cash Shipment Service Criteria" |
| Commissioning of an express delivery company to ship notes (1)Lukang Branch (2)Taichung Harbour Branch | Chung Hwa Express Co., Ltd. | Apr. 7, 2005 - Apr. 6, 2006 July 1, 2005 - June 30, 2006 | Commissioning of professional parcel delivery services to handle the exchange of notes |
| Lawyer appointment | Cheng Yan Gyi | signed on May 12, 2005 | |
| Credit-card service operations "Outsourced Shipment of Cash for ATMs" procurement | Financial Information Service Co., Ltd. An Feng Enterprise Co., Ltd. | June 3, 2005 - June 2, 2008 Jan. 1, 2006- Dec. 31, 2007 | Credit-card authorization operations, reporting operations for lost cards, clearing of accounts, and handling of emergency services Shipment of cash to refill off-premises ATMs, changing of cash boxes and other associated items, and handling of malfunctions |
| Outsourced Nonregular Shipment of Cash for ATMs" procurement | An Feng Enterprise Co., Ltd. | Jan. 15,2006- Dec. 31, 2007 | Shipment of cash to refill off-premises ATMs, changing of cash boxes and other associated items, and handling of malfunctions |
| Commissioned sale of debt by tender | Taiwan Financial Asset Service Corporation | Dec. 12 ,2005- Jan. 19, 2006 | Provision of services for the public sale of debt by tender, marketing services, and assistance in the settlement of accounts for debt sales |

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)



I. Balance Sheets and Income Statements for Past Five Years

Brief Balance Sheets for Past Five Years

Unit: NT\$1,000

| | Year | Financial Information for Past Five Years (Notes 1) | | | | |
|---------------------------|--------------------------------------|---|---------------|---------------|---------------|---------------|
| Items | | FY2005 | FY2004 | FY2003 | FY2002 | FY2001 |
| Cash, Cash e | quivalent, Due | | | | | |
| from the Cent | ral Bank and | 745,127,082 | 313,483,059 | 374,743,038 | 401,936,134 | 520,239,084 |
| other banks | | | | | | |
| | rities purchased | 212,955,491 | 649,936,781 | 683,603,401 | 497,180,837 | 235,211,252 |
| Loans, discou | nts, and bills | 1,316,739,442 | 1,243,063,477 | 1,048,030,255 | 1,139,934,122 | 1,267,162,160 |
| purchased | | | ' ' ' | ' ' ' | | |
| Receivables | | 51,254,550 | 50,123,953 | 40,260,478 | 44,715,480 | 48,930,363 |
| Long-term inv | | 57,582,807 | 49,219,694 | 39,861,338 | 42,544,645 | 86,163,846 |
| Fixed assets (| Notes 2) | 78,346,964 | 83,439,786 | 94,736,985 | 89,268,863 | 52,569,218 |
| Other assets | | 120,348,196 | 118,549,811 | 113,068,764 | 105,226,085 | 107,283,018 |
| Deposits of Co | entral Bank and | 149,390,878 | 152,196,184 | 116,254,486 | 133,349,145 | 126,637,033 |
| Deposits and | remittances | 2,131,900,057 | 2,070,088,165 | 2,004,733,672 | 1,931,276,252 | 1,916,180,389 |
| Borrowed fron | n Central Bank | | | | | |
| and other ban | and other banks, and Financial | | 5,739,207 | 10,255,132 | 10,035,819 | 9,765,523 |
| bond payable | | | | | | |
| Other liabilities | S | 123,362,776 | 115,038,490 | 105,093,702 | 65,042,902 | 71,259,274 |
| Capital stock | | 48,000,000 | 48,000,000 | 48,000,000 | 48,000,000 | 32,000,000 |
| Capital surplu | s | 99,354,224 | 97,314,648 | 97,314,648 | 60,432,181 | 77,894,524 |
| Retained | Before distribution | 29,735,933 | 19,664,223 | 12,498,065 | 72,245,553 | 83,723,949 |
| earnings | After distribution | - | 15,466,113 | 5,670,521 | 72,101,265 | 77,150,374 |
| Shareholder's other items | Shareholder's equity and other items | | (224,356) | 154,554 | 424,314 | 98,249 |
| Total assets | Total assets | | 2,507,816,561 | 2,394,304,259 | 2,320,806,166 | 2,317,558,941 |
| Total liabilities | Before distribution | 2,405,489,669 | 2,343,062,046 | 2,236,336,992 | 2,139,704,118 | 2,123,842,219 |
| liabilities | After distribution | - | 2,343,062,046 | 2,236,884,932 | 2,139,704,118 | 2,124,208,904 |
| Total shareholders' | Before distribution | 176,864,863 | 164,754,515 | 157,967,267 | 181,102,048 | 193,716,722 |
| equity | After distribution | - | 160,556,404 | 151,139,724 | 180,957,760 | 187,143,147 |

Notes: 1. Figures for FY2001, FY2002, FY2003 and FY2004 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit; figures for FY2005 are CPA approved. The CPA-Auditors of the Financial Reports: Yen-Ling Fang, David Ding; Independent Auditors' Opinion: Modified unqualified opinions.

Brief Income Statements for Past Five Years

Unit: NT\$1,000

| Year | Finan | as of Mar 31, 2006 (Notes 2) | | | | |
|---|------------|------------------------------------|------------|------------|-------------|---------------------|
| Items | FY2005 | FY2004 | FY2003 | FY2002 | FY2001 | FY2006 (Jan-Mar) |
| Operating revenues | 63,746,176 | 60,298,601 | 64,719,745 | 89,731,261 | 123,322,795 | 16,348,935 |
| Operating Disbursements | 59,759,910 | 52,150,954 | 62,373,145 | 85,892,857 | 111,808,294 | 16,375,774 |
| Operating income (loss) | 3,986,266 | 8,147,647 | 2,346,600 | 3,838,404 | 11,514,501 | (26,839) |
| Non-operating income(loss) | 8,992,312 | 7,568,390 | 4,250,544 | 109,720 | (178,458) | 3,267,469 |
| Income(loss) before tax from continued operations | 12,978,578 | 15,716,037 | 6,597,144 | 3,948,124 | 11,336,043 | 3,240,630 |
| Income(loss) from continued operations | 12,005,650 | 13,993,702 | 5,068,111 | 480,958 | 8,852,591 | 3,026,728 |
| Cumulative effect of changes in accounting principles | 2,264,170 | | | | | 123,581 |
| Net income | 14,269,820 | 13,993,702 | 5,068,111 | 480,958 | 8,852,591 | 3,150,309 |
| Earnings per share(after tax) (NT\$) | 2.97 | 2.92 | 1.06 | 0.13 | 2.77 | 0.66 |

Notes: 1. Figures for FY2001, FY2002, FY2003 and FY2004 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit; figures for FY2005 are CPA approved.

^{2.} Re-evaluation of assets was made on June 30, 2003 resulting in an increase of \$9,718,844,000

^{3.} The figures contained in this table were first approved by the Bureau of Audits before being published here.

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

^{3.} 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 3,666,666,666.

II. Financial Ratios for Past Five Years

Unit: NT\$1,000;%

| | Year (Notes 1) | Five-year Financial Analysis | | | | | as of Mar 31, 2006 (Notes 2) |
|-----------------------------------|--|------------------------------|---------------|---------------|---------------|---------------|------------------------------------|
| Items (No | tes 3) | FY2005 | FY2004 | FY2003 | FY2002 | FY2001 | FY2006 (Jan-Mar) |
| | Ratio of Deposits to Loans | 61.38 | 54.53 | 58.30 | 62.73 | 72.06 | 65.04 |
| | Non-performing Loan Ratio | 1.50 | 1.36 | 2.17 | 2.90 | 3.34 | 1.40 |
| | Ratio of interest cost to annual average deposits | 1.90 | 1.67 | 1.96 | 2.72 | 4.14 | 2.12 |
| Operating Ability | Ratio of interest income to annual average loans outstanding | 2.49 | 2.58 | 3.48 | 5.16 | 6.57 | 2.66 |
| | Total Assets Turnover(times) | 0.02 | 0.02 | 0.03 | 0.04 | 0.05 | 0.03 |
| | Average Operating Revenue per Employee | 9,381 | 8,786 | 9,204 | 12,585 | 16,947 | 2,425 |
| | Average Profit per Employee | 2,100 | 2,039 | 721 | 67 | 1,217 | 467 |
| | Return on Tier 1 Capital(%) | 7.79 | 10.08 | 4.84 | 3.27 | 9.53 | 7.80 |
| | Return on Assets(%) | 0.56 | 0.57 | 0.21 | 1.79 | 3.07 | 0.49 |
| Profitability | Return on Shareholders' Equity(%) | 8.35 | 8.67 | 2.99 | 0.26 | 4.58 | 6.44 |
| | Net Income Ratio(%) | 22.39 | 23.21 | 7.83 | 0.54 | 7.18 | 19.27 |
| | Earnings per Share (NT\$) | 2.97 | 2.92 | 1.06 | 0.13 | 2.77 | 0.66 |
| Growth | Rate of asset growth | 2.97 | 4.74 | 3.17 | 0.14 | 4.05 | 0.91 |
| rates | Rate of earnings growth | (3.01) | 138.22 | 67.10 | (65.17) | 0.72 | (11.72) |
| Liquidity reserv | ve ratio | 50.53 | 54.46 | 59.23 | 48.22 | 36.70 | 44.71 |
| | Total Tier 1 Capital | 172,583,917 | 160,447,461 | 151,402,534 | 121,105,808 | 120,351,902 | 172,583,917 |
| | Net Capital | 134,250,174 | 140,354,189 | 135,476,191 | 134,905,276 | 147,140,238 | 134,250,174 |
| | Total Risk-based Assets | 1,072,085,010 | 1,017,068,250 | 926,572,103 | 867,145,314 | 901,062,631 | 1,072,085,010 |
| | Capital Adequacy Ratio | 12.52 | 13.80 | 14.62 | 15.56 | 16.33 | 12.52 |
| Adequacy of | Ratio of Tier 1 Capital to Risk- based Assets | 16.10 | 15.78 | 16.34 | 13.98 | 13.36 | 16.10 |
| capital | Ratio of Tier 2 Capital to Risk- based Assets | 1.99 | 3.10 | 2.90 | 6.71 | 6.80 | 1.99 |
| | Ratio of Tier 3 Capital to Risk- based Assets | - | - | - | - | - | - |
| | COE to Total Assets Ratio | 6.85 | 6.57 | 6.60 | 7.80 | 8.36 | 7.82 |
| Loans to Partie Relationship w | es with Material rith the Bank | 11,145,353 | 15,549,085 | 16,791,318 | 18,745,379 | 21,032,036 | 10,239,058 |
| | s to Parties with Material rith the Bank to Total Loans | 0.80 | 1.18 | 1.49 | 1.54 | 1.56 | 0.69 |
| | Market Share of Assets | 9.59 | 9.82 | 10.09 | 10.52 | 10.71 | 9.46(Feb.) |
| Operating | Market Share of Net Worth | 11.05 | 10.19 | 11.00 | 12.99 | 12.18 | 11.74(Feb.) |
| Scale | Market Share of Deposits Market Share of Loans | 10.53 8.12 | 10.83 8.27 | 11.19 7.59 | 11.42 8.72 | 11.38 9.56 | 10.47(Feb.) 8.56(Feb.) |

Notes: 1. Figures for FY2001, FY2002, FY2003 and FY2004 are readjusted by the CPA in accordance with figures approved by the Ministry of Audit: figures for FY2005 are CPA approved.

- 2. The financial data for the first three months of the current year have not been approved by CPA, and are expressed at an annualized rate after being converted into annual base figures.
- 3. Formulae used in calculations:
- (1) Operating ability
 - a. Deposit to loan ratio = Annual average loans outstanding / Annual average deposits
 - b. Non-performing loan ratio = Non-performing loans / Total loans outstanding
 - c. Ratio of interest cost to annual average deposits=Total interest cost / Annual average deposits
 - $d.\ Ratio\ of\ interest\ income\ to\ annual\ average\ loans\ outstanding = Total\ interest\ income\ /\ Annual\ average\ amount\ of\ loans\ outstanding$
 - e. Ratio of turnover of total assets = Operating Income / Average Total Assets
 - $f. \ \ Average \ operating \ revenues \ per \ employee = Operating \ Revenues \ / \ Annual \ average \ total \ number \ of \ employees$
 - g. Average profit per employee = Net Income / Total number of employees at year-end

(2) Profitability

- a. Rate of return on Tier 1 capital = Before-tax profit or loss/Total amount of Tier 1 capital
- b. Return on assets = Net Income / Average Total Assets
- c. Return on shareholders' equity = Net Income / Average net shareholders' equity
- d. Net income ratio = Net Income / Total Operating Revenues
- e. Earnings per share = Income after income tax-preferred stock dividend / Weighted average number of shares issued

(3) Growth rate

- a. Rate of asset growth = (Total assets for current year -Total assets for previous year) $\sqrt{\text{Total}}$ assets for previous year
- b. Rate of earnings growth = (Before-tax profit or loss for current year -Before-tax profit or loss for previous year) / Before-tax profit for previous year
- (4) Liquidity reserve ratio=Liquid assets specified by the Central Bank_Debt items for which liquidity reserves should be allocated

(5) Adequacy of capital

- a. Net Capital = Tier 1 Capital +Tier 2 Capital +Tier 3 Capital Capital deducted items
- b. Total Risk-based Assets = Credit risk weighted assets + (capital charges for market risk exposures) *12.5
- c. Ratio of capital to risk-based assets = Net capital / Total risk-based assets
- d. Ratio of Tier 1 Capital to risk-based assets = Tier 1 Capital / Total risk-based assets
- e. Ratio of Tier 2 Capital to risk-based assets = Tier 2 Capital / Total risk-based assets
- f. Ratio of Tier 3 Capital to risk-based assets = Tier 3 Capital / Total risk-based assets
- g. COE to total assets ratio = COE / Total assets

(6) Operating Scale

- a. Market Share of Assets = Total assets / Total assets of the major financial institutions
- b. Market Share of Net Worth = Net Worth / Total net worth of the major financial institutions
- c. Market Share of Deposits = Deposits / Total deposits of the major financial institutions
- d. Market Share of Loans = Loans/Total loans of the major financial institutions



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 15th meeting on Apr. 25, 2006, the Business Reports and List of Important Properties for fiscal year 2005 (Jan. 1, 2005 - Dec. 31, 2005) as submitted by the Bank's Board of Directors; and the Balance Sheet, Statement of Income, Statement of Changes in Shareholders' Equity, and Statement of Cash Flows of the Bank of Taiwan for fiscal year 2005 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-Iduang

Heich Fu-Deng Shaucyr

Chu Sper-Ming

Supervisors:

April 25, 2006



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, 2005 and 2004, 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\$28,858,949 thousand and NT\$19,385,836 thousand as of December 31, 2005 and 2004, respectively, which were 1.12% and 0.77%, respectively, of total assets, and related investment gains of NT\$6,490,438 thousand and NT\$6,463,562 thousand in 2005 and 2004, respectively, which were 50.01% and 41.13%, 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, 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, 2005 and 2004, 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 the note 3, in accordance with SFAS No. 35 "Accounting for Asset Impairment", the Bank recognized impairment loss of \$801,475 thousand in 2005. According to the amendment of SFAS No. 5 "Accounting for Long-term Equity Investment", the Bank can no longer defer recognition of current period gain by an investee company; the cumulative effect of changes in accounting principles was \$2,264,170 thousand.

As stated in the note 4, in accordance with Ministry of Audit letters Tai-Sun-Bu No. 0940002296 and No. 0930001674 issued on July 27, 2005, and June 7, 2004, respectively, the Bank's 2004 and 2003 annual operating results were amended according to the audit result of the Ministry of Audit. Therefore, the beginning balances of the financial statements for 2004 and 2003 were restated accordingly.

March 20, 2006

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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, 2005 and 2004

| | 2005 | 2004 (restated) |
|--|-----------------|----------------------|
| Assets | | |
| Cash (notes 5 and 26) | \$21,113,888 | 15,728,455 |
| Placement with banks (notes 5 and 25) | 117,205,467 | 49,565,566 |
| Placement with Central Bank (notes 5 and 6) | 606,807,727 | 248,189,038 |
| Investment in bills and securities, net (notes 7, 25 and 26) | 212,955,491 | 649,936,781 |
| Receivables, net (notes 8 and 22) | 51,254,550 | 50,123,953 |
| Prepayments | 6,468,721 | 8,572,170 |
| Temporary advances | 47,621,166 | 50,227,894 |
| Loans, discounts and bills purchased, net (notes 9, 24 and 25) | 1,316,739,442 | 1,243,063,477 |
| Long-term investments (note 10) | 57,582,807 | 49,219,694 |
| Long-term receivables (note 11) | 41,652,652 | 34,651,257 |
| Fixed assets, net (notes 12, 18, 21 and 27) | | |
| Costs: | | |
| Land (including revaluation increments) | 68,589,206 | 73,260,780 |
| Buildings | 10,643,520 | 10,637,670 |
| Machinery and equipment | 4,069,731 | 4,010,047 |
| Transportation equipment | 1,013,088 | 1,026,371 |
| Miscellaneous equipment | 799,997 | 777,145 |
| Leasehold improvements | 354,634 | 346,060 |
| Cost and revaluation increments | 85,470,176 | 90,058,073 |
| Less: Accumulated depreciation | (7,423,979) | (6,962,128) |
| Less: Accumulated impairment | (620,492) | - |
| Construction in progress and prepayment for equipment | 921,259 | 343,841 |
| Fixed assets, net | 78,346,964 | 83,439,786 |
| Intangible assets | 496,140 | 481,906 |
| Other assets, net (notes 13, 20 and 22) | 24,109,517 | 24,616,584 |
| Total assets | \$2,582,354,532 | 2,507,816,561 |

See accompanying notes to financial statements.

(expressed in thousands of New Taiwan dollars)

| | 2005 | 2004 (restated) |
|--|-----------------|--------------------|
| Liabilities and Stockholders' Equity | | |
| Deposits of Central Bank | \$15,008,661 | 20,719,569 |
| Deposits of banks (notes 14 and 25) | 134,382,217 | 131,476,615 |
| Bonds sold under agreements to repurchase (note 7) | 15,360,066 | 9,583,952 |
| Payables (note 16) | 68,344,085 | 61,553,300 |
| Advance collections | 1,202,028 | 2,852,950 |
| Deposits and remittances (notes 17 and 25) | 2,131,900,057 | 2,070,088,165 |
| Borrowed from Central Bank and other banks (note 15) | 835,958 | 5,739,207 |
| Long-term liabilities (notes 12, 18 and 20) | 37,004,533 | 39,812,292 |
| Other liabilities (notes 19 and 30) | 1,452,064 | 1,235,996 |
| Total liabilities | 2,405,489,669 | 2,343,062,046 |
| Stockholders' equity (notes 10, 12 and 21): | | |
| Capital stock | 48,000,000 | 48,000,000 |
| Capital surplus | 99,354,224 | 97,314,648 |
| Retained earnings: | | |
| Legal reserve | 5,718,544 | 1,520,433 |
| Special reserve | 9,747,569 | 2,027,245 |
| Unappropriated retained earnings | 14,269,820 | 16,116,545 |
| | 29,735,933 | 19,664,223 |
| Cumulative translation adjustments | (225,294) | (224,356) |
| Total stockholders' equity | 176,864,863 | 164,754,515 |
| Commitments and contingent liabilities (note 27) | | |
| Total liabilities and stockholders' equity | \$2,582,354,532 | 2,507,816,561 |

Statements of Income

For the years ended December 31, 2005 and 2004

(expressed in thousands of New Taiwan dollars)

| | (expressed in thousan | us of New Talwarr dollars |
|--|-----------------------|---------------------------|
| | 2005 | 2004 (restated) |
| Operating revenues: | | |
| Interest income (note 25) | \$ 47,863,844 | 40,487,489 |
| Fee and commission income | 2,083,532 | 1,996,724 |
| Gain on sale of trading securities, net | 98,056 | - |
| Recovery of market value on investments in bills and securities | - | 74,797 |
| Brokerage and underwriting income | 56,604 | 69,560 |
| Gain on sale of bills and securities, net | 3,429,599 | 5,534,406 |
| Gain on long-term equity investments, net (notes 10 and 27) | 8,036,913 | 10,416,820 |
| Foreign exchange gain, net (note 24) | 1,633,349 | 1,029,681 |
| Others (note 10) | 544,279 | 689,124 |
| Total operating revenues | 63,746,176 | 60,298,601 |
| Operating costs: | | |
| Interest expenses | 44,406,110 | 36,562,466 |
| Service charges | 387,853 | 373,997 |
| Loss on sale of trading securities, net | - | 10,914 |
| Loss of devalation on investments in bills and securities | 77,108 | - |
| Brokerage and underwriting expenses | 10,674 | 12,400 |
| Provisions for reserve | 103,126 | 129,632 |
| Cash transmission fee | 22,578 | 18,509 |
| Others | 444,245 | 424,017 |
| Total operating costs | 45,451,694 | 37,531,935 |
| Gross operating profit | 18,294,482 | 22,766,666 |
| Operating expenses (note 25) | | |
| Business expenses | 13,491,922 | 13,816,123 |
| Administrative expenses | 771,659 | 755,047 |
| Others | 44,635 | 47,849 |
| Total operating expenses | 14,308,216 | 14,619,019 |
| Operating income | 3,986,266 | 8,147,647 |
| Non-operating income (notes 9 and 12) | 10,719,269 | 8,776,634 |
| Non-operating expenses | 1,726,957 | 1,208,244 |
| | | |
| Income before income tax | 12,978,578 | 15,716,037 |
| Income tax expense (note 22) | (972,928) | (1,722,335) |
| Cumulative effect of changes in accounting principles (notes 3 and 10) | 2,264,170 | |
| Net income | \$ 14,269,820 | 13,993,702 |
| | Pretax After | Pretax After |
| | tax | tax |
| Income from continuing operations | \$2.70 2.50 | 3.27 2.92 |
| Cumulative effect of changes in accounting principles | 0.47 0.47 | |
| Basic earnings per share (note 23) | \$3.17 2.97 | 3.27 2.92 |
| | VOIT LIST | J.2.7 2.102 |

See accompanying notes to financial statements.

Statements of Cash Flows

For the years ended December 31, 2005 and 2004

(expressed in thousands of New Taiwan dollars)

| | 2005 | 2004(restated) |
|--|---|--|
| Cash flows from operating activities: | Ф. 44.000.000 | 10,000,700 |
| Net income Adjustments to reconcile net income to net cash provided by operating activities: | \$ 14,269,820 | 13,993,702 |
| Depreciation (including other non-operating assets) Impairment | 825,671 801,475 | 874,318 - |
| Amortization Provision for (reversal of) allowance for doubtful accounts Loss on (reversal of allowance for) decline in market value of investments in bills and securities | 157,442 (3,215,371) 59,998 | 121,366 125,031 (84,608) |
| Provision for reserves Loss (gain) on disposal of fixed assets and non-operating assets Loss (gain) on long-term equity investments under the equity method exceeding cash dividends received | 106,165 (7,162,433) (6,480,034) | (622,084) (7,721,786) (8,309,514) |
| Gain on disposal of long-term equity investments Loss on write-off of printed matter Increase in miscellaneous revenue Unpaid pension cost recognized Increase in receivables Decrease (increase) in deferred tax assets, net Increase (decrease) in prepayments and temporary advances Increase in bonds sold under agreements to repurchase Increase in payables Increase (decrease) in advance collections | (551,018) 2,988 (1,833) 152,664 (6,692,567) (40,928) 2,632,681 5,776,114 6,628,114 (1,650,923) | (86,439) 3,904 (3,733) 198,317 (21,547,526) 376,543 (6,919,007) 3,723,563 9,662,588 1,403,150 |
| Net cash provided by (used in) operating activities | 5,618,025 | (14,812,215) |
| Cash flows from investing activities: Increase (decrease) in placement with Central Bank Decrease (increase) in investment in bills and securities, net Increase in loans, discounts and bills purchased Proceeds from sales of long-term equity investments Acquisition of long-term equity investments Proceeds from disposal of fixed assets and non-operating assets Acquisition of fixed assets Increase in intangible assets Decrease (increase) in other assets | (365,857,714) 30,504,511 (73,537,450) 680,910 - 12,574,589 (927,519) (126,804) (4,896,227) | 13,974,528 (5,559,371) (194,236,606) 178,289 (19,150) 13,326,021 (890,486) (197,862) 6,603,041 |
| Net cash provided by (used in) investing activities | (401,585,704) | (166,821,596) |
| Cash flows from financing activities: Increase (decrease) in deposits of Central Bank Increase (decrease) in deposits of banks Increase in deposits and remittances Decrease in borrowing from Central Bank and other banks Decrease in long-term liabilities Increase (decrease) in other liabilities Payment of cash dividends and bonus for government | (5,710,908) 2,905,603 61,811,892 (4,903,248) (3,273,615) 194,217 (2,121,576) | 13,194,216 22,747,482 65,354,493 (4,515,925) (3,876,456) (372,125) (7,604,812) |
| Net cash provided by financing activities | 48,902,365 | 84,926,873 |
| Effect of exchange rate changes | 25,668 | (367,057) |
| Net decrease in cash and cash equivalents Cash and cash equivalents, beginning of year | (347,039,646) 558,127,512 | (97,073,995) 655,201,507 |
| Cash and cash equivalents, end of year (notes 5 and 6) | \$ 211,087,866 | 558,127,512 |
| Supplemental disclosures of cash flow information: Interest paid | \$ 42,976,096 | 36,673,537 |
| Income tax paid | \$ 867,556 | 1,373,953 |
| Short-term investments transferred to long-term investments | \$ - | 1,133,397 |

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2005 and 2004

| | Common stock | Capital surplus |
|---|------------------|-----------------|
| Balance as of January 1, 2004 (restated) | \$ 48,000,000 | 97,314,648 |
| Appropriation of retained earnings for 2003 (note 21) | | |
| Legal reserve | - | - |
| Special reserve | - | - |
| Cash dividends for government | - | - |
| Net gain for 2004 | - | - |
| Cumulative translation adjustments | - | - |
| Balance as of December 31, 2004 (restated) | 48,000,000 | 97,314,648 |
| Appropriation of retained earnings for 2004 (note 21) | | |
| Legal reserve | - | - |
| Special reserve | - | - |
| Cash dividends for government | - | - |
| Net income for 2005 | - | - |
| Additional paid-in capital from long-term equity investment under | - | 2,039,576 |
| equity method (note 21) | | |
| Cumulative translation adjustments | - | - |
| Balance as of December 31, 2005 | \$ 48,000,000 | 99,354,224 |

(expressed in thousands of New Taiwan dollars)

| Legal reserve | Special reserve | Unappropriated retained earnings | Cumulative translation adjustments | Total |
|---------------|-----------------|----------------------------------|------------------------------------|-------------|
| - | - | 12,498,065 | 154,554 | 157,967,267 |
| 1,520,433 | - | (1,520,433) | | - |
| - | 2,027,245 | (2,027,245) | - | - |
| - | - | (6,827,544) | - | (6,827,544) |
| - | - | 13,993,702 | - | 13,993,702 |
| - | - | - | (378,910) | (378,910 |
| 1,520,433 | 2,027,245 | 16,116,545 | (224,356) | 164,754,51 |
| 4,198,111 | - | (4,198,111) | - | - |
| - | 7,720,324 | (7,720,324) | - | - |
| - | - | (4,198,110) | - | (4,198,110 |
| - | - | 14,269,820 | - | 14,269,820 |
| - | - | - | - | 2,039,576 |
| - | - | - | (938) | (938 |
| 5,718,544 | 9,747,569 | 14,269,820 | (225,294) | 176,864,86 |

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2005 and 2004

(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, 2004, as approved by the Ministry of Finance on April 24, 2004. It has now been operating for 59 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 government-owned 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, 2005, 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 147 domestic branches, one offshore banking unit, and 7 overseas branches.

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

As of December 31, 2005 and 2004, the Bank had 6,795 and 6,863 employees, respectively.

(2) Summary of Significant Accounting Policies

The financial statements of the Bank have been prepared in the local currency and in Chinese. These financial statements have been translated into English. The translated information is consistent with the Chinese language financial statements from which it is derived.

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 2005, the financial statements of 2004 were approved by the MOA, and the beginning balances in 2005 were the same as the approved closing balances in 2004.

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, placement with Banks, placement with 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.

According to Ruling (92) Ji-Mi No. 273, disposal of securities which are reclassified as long-term investments and investment in bills and securities should be regarded as selling investment in bills and securities.

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

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 principal and related interest is 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, Non-accrual 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. In addition, in accordance with Presidential Palace, Ruling Hua-Zong-(1) Yi No. 09200114870, banks still apply above ruling until overdue loan ratio less than 1%.

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.

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 reclassfied to long-term investment or vice versa, the Bank 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 Bank 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) Asset impairment

Effective January 1, 2005, the Bank adopted Statement of Financial Accounting Standards No. 35 (SFAS 35) "Accounting for Asset Impairment". In accordance with SFAS 35, the Bank assesses at each balance sheet date whether there is any indication that an asset (individual asset or cash-generating unit) other than goodwill may have been impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. The Bank recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

The Bank reverses an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

The Bank assesses the cash-generating unit to which goodwill is allocated on an annual basis and recognizes an impairment loss on the excess of carrying value over the recoverable amount.

12) Intangible assets

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

13) Other assets - non-operating assets

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

14) 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.

15) 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.

16) 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.

17) 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.

18) 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.

19) Other liabilities - reserve for accidental losses

According to 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 reserve for accidental loss will be used for making up the losses arising from mistake in securities processing.

20) 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.

The Labor Pension Act of the R.O.C. ("the Act"), effective from July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Bank (who were hired before July 1, 2005) may elect to be subject to either the Act and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Bank after July 1, 2005, are required to be covered by the pension plan as defined by the Act. For employees subject to this Act, the Bank is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages and to deposit the contribution in a personal retirement benefit account.

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.

Starting on July 1, 2005, the Bank, in accordance with new labor pension system, has contributed 6% of salaries to individual pension accounts managed by the Bureau of Labor Insurance.

21) 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. In addition, in accordance with Ministry of Finance Ruling Tai-Tsai-Shui No. 910456521, since the Bank is a 100% government-owned enterprise, no 10% surtax will be imposed on unappropriated retained earnings.

22) 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

Because 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 settlement 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.

23) 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

Effective January 1, 2005 the Bank adopted SFAS No. 35 "Accounting for Asset Impairment". As of December 31, 2005, after performing an impairment test on those assets which had an indication of impairment, the Bank recognized impairment of fixed assets of \$620,492 and of non-operating assets of \$180,983, and a decrease in net income after tax of \$801,475 for the year ended December 31, 2005.

After the amendment of Statement of Financial Accounting Standards No. 5 (SFAS 5) "Accounting for Long-term Equity Investment", the gain or loss on long-term investments under the equity method is recognized in the current year and can no longer be deferred. The cumulative effect of changes in accounting principles resulting from the amendment amounted to \$2,264,170 in 2005.

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.

Because of the large volume of data on repo transactions and the change of information system, the calculation of the the cumulative effect of changes in accounting principles is not practicable and not represented in the financial statements.

(4) Government Audit Adjustments for Fiscal Year Ended December 31, 2004

The Bank's accounting records as of and for the year ended December 31, 2004, have been audited and assessed by the MOA, and the resulting adjustments are summarized as follows:

| • | As Previously Reported | Adjustments - | As Audited by the MOA |
|--------------------------|------------------------|---------------------|-----------------------|
| | December 31, 2004 | Increase (Decrease) | December 31, 2004 |
| Balance Sheet | , | ` , | • |
| Assets | | | |
| Receivables, net | \$50,124,085 | (132) | 50,123,953 |
| Prepayment | 8,627,701 | (55,531) | 8,572,170 |
| Land | 73,471,642 | (210,862) | 73,260,780 |
| Building, net | 7,520,334 | (6) | 7,520,328 |
| Other assets, net | 24,723,610 | (107,026) | 24,616,584 |
| Liabilities | | | |
| Payables | 61,554,117 | (817) | 61,553,300 |
| Advance collections | 3,260,630 | (407,680) | 2,852,950 |
| Long-term liabilities | 39,932,985 | (120,693) | 39,812,292 |
| Stockholders' equity | 164,598,882 | 155,633 | 164,754,515 |
| Statement of Income | | | |
| Operating revenue | 60,298,576 | 25 | 60,298,601 |
| Operating costs | 39,015,890 | (1,483,955) | 37,531,935 |
| Operating expenses | 13,826,291 | 792,728 | 14,619,019 |
| Other income | 8,522,011 | 254,623 | 8,776,634 |
| Other expense | 418,317 | 789,927 | 1,208,244 |
| Income before income tax | 15,560,089 | 155,948 | 15,716,037 |
| Income tax expense | 1,722,020 | 315 | 1,722,335 |
| Net income | 13,838,069 | 155,633 | 13,993,702 |

(5) Cash

| | December 31, 2005 | December 31, 2004 |
|-------------------------------|----------------------|----------------------|
| Cash on hand | \$8,559,343 | 8,874,031 |
| Foreign currency on hand | 3,493,580 | 2,914,831 |
| Notes and checks for clearing | 9,060,965 | 3,939,593 |
| | \$21,113,888 | 15,728,455 |

The balances of cash and cash equivalents presented in the statements of cash flows were as follows:

| | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| Cash | \$21,113,888 | 15,728,455 |
| Placement with banks | 117,205,467 | 49,565,566 |
| Placement with Central Bank, including reserve - checking | | |
| account and foreign-currency-denominated deposit reserves | 11,806,197 | 19,045,222 |
| Negotiable certificates of deposit (NCDs) | 40,928,531 | 445,020,488 |
| Investment in bills and securities maturing within 90 days | 20,033,783 | 28,767,781 |
| Total | \$211,087,866 | 558,127,512 |

(6) Placement with Central Bank

| | 2005 | 2004 |
|---|---------------|-------------|
| New-Taiwan-dollar-denominated deposit reserve - checking account and reserves for deposits - foreign- currency- | | |
| denominated deposit and so on | \$11,806,197 | 19,045,222 |
| New-Taiwan-dollar-denominated required deposit reserve | 33,332,164 | 31,441,775 |
| Deposits in Central Bank | 561,619,366 | 197,652,041 |
| Placement with Central Bank - reserve for trust fund | | |
| compensation | 50,000 | 50,000 |
| Total | \$606,807,727 | 248,189,038 |

December 31,

December 31,

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, 2005 and 2004, 60% of the reserve deposits collected on behalf of a government institution amounted to \$14,596,862 and \$17,652,041, respectively, and its use is restricted according to the regulations.

(7) Investment in Bills and Securities

| | 2005 | 2004 |
|---|---------------|-------------|
| Bills and securities purchased - dealing | \$177,665,913 | 620,996,380 |
| Less: allowance for decline in market value | (135,351) | (75,353) |
| Subtotal | 177,530,562 | 620,921,027 |
| Securities with resale agreement | 35,424,929 | 29,015,754 |
| Total | \$212,955,491 | 649,936,781 |

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

| | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| Commercial paper | \$19,990,773 | 28,767,781 |
| Acceptances | 43,010 | - |
| Treasury bills | 492,321 | 10,400,672 |
| Government bonds | 59,631,366 | 83,034,379 |
| Foreign securities | 36,409,985 | 34,979,010 |
| Bank bonds | 9,642,591 | 10,064,171 |
| Company bonds | 2,970,559 | 1,851,827 |
| Preferred stock | 1,200,000 | - |
| Negotiable certificates of deposit (NCDs) | 40,928,531 | 445,020,488 |
| Listed stocks and beneficiary certificates | 6,356,777 | 6,878,052 |
| Total | \$177,665,913 | 620,996,380 |

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

| | December 31, 2005 | 2004 |
|---|----------------------|------------|
| Resale agreement: | | |
| Commercial paper | \$9,478,569 | 6,048,094 |
| Government bonds | 25,806,360 | 22,947,660 |
| Negotiable certificates of deposit (NCDs) | 140,000 | 20,000 |
| Total | \$35,424,929 | 29,015,754 |
| Repurchase agreement: | | |
| Government bonds | \$15,360,066 | 9,583,952 |

The Bank, in accordance with the Central Bank's System for Accounting and Allocation of Bank Funds, adopted the RTGS (Real-Time Gross Settlement) clearing system. The purchased CDs (Certificates of Deposit) serve as the security for day-term overdrafts. As of December 31, 2005 and 2004, \$20,000,000 in CDs and \$20,000,000 in Negotiable Time Certificates, respectively, were provided as the security for overdrafts. The secured credit limit can be modified at any time; those credits not use at the closing day may still serve as liquid reserves.

After evaluating the purpose for holding, the Bank transferred the following purchased bills to long-term equities on June 30, 2004. At the time of transfer, an individual evaluation pointed out that the market price of China Development Financial Holding Corporation was lower than cost. Thus, the Bank reduced the cost to market price as the new cost, and recognized a loss of \$43,844. A detailed description of the transfer is as follows:

| Investee company | Reported carrying amount | Market price | Transferred cost |
|-------------------------------------|--------------------------|--------------|------------------|
| Mega Financial Holding Company | \$627,812 | 928,152 | 627,812 |
| China Development Financial Holding | 549,429 | 505,585 | 505,585 |
| | \$1,177,241 | 1,433,737 | 1,133,397 |

(8) Receivables

| | December 31, 2005 | December 31, 2004 (restated) |
|---|----------------------|------------------------------|
| Accounts receivable | \$2,172,465 | 2,264,441 |
| Refundable income tax | 1,101,270 | 1,011,435 |
| Accrued revenue | 239,665 | 2,070,666 |
| Interest receivable | 11,801,473 | 9,701,576 |
| Acceptance notes receivable | 1,766,884 | 1,475,705 |
| Forward contract receivables - foreign currency denominated | 67,644,090 | 58,521,781 |
| Less: forward contract payables in foreign currency | (48,892,947) | (40,372,654) |
| Others | 16,391,049 | 17,267,606 |
| Subtotal | 52,223,949 | 51,940,556 |
| Less: allowance for doubtful accounts | (969,399) | (1,816,603) |
| Total | \$51,254,550 | 50,123,953 |

(9) Loans, Discounts and Bills Purchased

| | 2005 | 2004 |
|---|-----------------|---------------|
| Discounted | \$ 5,093 | - |
| Overdrafts | 53,234,653 | 41,109,298 |
| Secured overdrafts | 1,980,940 | 1,192,412 |
| Bills purchased for import and export negotiation | 3,781,785 | 3,592,941 |
| Short-term loans | 229,417,361 | 281,245,217 |
| Short-term secured loans | 75,097,128 | 73,631,234 |
| Receivables from securities financing | 597,119 | 552,277 |
| Medium-term loans | 418,718,186 | 360,217,216 |
| Medium-term secured loans | 95,444,465 | 85,996,914 |
| Long-term loans | 166,463,321 | 166,475,667 |
| Long-term secured loans | 275,538,601 | 232,727,737 |
| Subtotal | 1,320,278,652 | 1,246,740,913 |
| Less: allowance for doubtful accounts | (3,539,210) | (3,677,436) |
| Total | \$1,316,739,442 | 1,243,063,477 |

December 31,

December 31,

Movements of allowance for doubtful accounts in years 2005 and 2004 were as follows:

| | 2005 | | | |
|--|--------------------------------------|--------------|-------------------------------------|-------------|
| | Risk of specific uncollectable debts | Country risk | Potential risk of total debts | Total |
| Beginning balance | \$10,528,378 | 842,194 | 1,859,932 | 13,230,504 |
| Add: reversal for doubtful accounts | (2,069,737) | (310,369) | (835,265) | (3,215,371) |
| collected from write-off of debts | 3,520,978 | 157,271 | - | 3,678,249 |
| Less: write-off of debts | (2,463,570) | (29,226) | - | (2,492,796) |
| Foreign exchange translation adjustments | - | 289 | - | 289 |
| Ending balance | \$9,516,049 | 660,159 | 1,024,667 | 11,200,875 |

| | 2004(restated) | | | |
|--|--------------------------------------|--------------|-------------------------------------|-------------|
| | Risk of specific 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 | 190,486 | (82,062) | 16,607 | 125,031 |
| collected from write-off of debts | 3,649,004 | 15,535 | - | 3,664,539 |
| Less: write-off of debts | (3,040,020) | (410,078) | - | (3,450,098) |
| Foreign exchange translation adjustments | - | (45,934) | - | (45,934) |
| Ending balance | \$10,528,378 | 842,194 | 1,859,932 | 13,230,504 |

Details of allowance for doubtful accounts were as follows:

| | December 51, | December 51, |
|--------------------------------------|--------------|----------------|
| | 2005 | 2004(restated) |
| Receivables | \$969,399 | 1,816,603 |
| Long-term receivables | 62,573 | 52,055 |
| Loans, discounts and bills purchased | 3,539,210 | 3,677,436 |
| Nonperforming loans | 6,629,693 | 7,684,410 |
| Total | \$11,200,875 | 13,230,504 |

December 31

December 31

As of December 31, 2005 and 2004, the amount of loans with non-accumulating interest revenues was \$17,395,568 and \$19,471,255, respectively, which was booked as other assets - nonperforming loans. As of December 31, 2005 and 2004, the estimation of non-accumulating interest revenues was \$3,850,481 and \$4,271,655, respectively.

For the years ended December 31, 2005 and 2004, the Bank did not write off any loan without legal proceedings having been initiated.

(10) Long-term Investments

| | Decen | nber 31, | Decem | nber 31, |
|---|--|--|--|--|
| | 2005 | | 2004 | |
| Name of Investee | Percentage of Ownership | Amount | Percentage of Ownership | Amount |
| | (%) | | (%) | |
| Equity method: Hua Nan Financial Holdings Co., Ltd. Taiwan Business Bank, Ltd. Taiwan Life Insurance Co., Ltd. Tang Eng Iron Works Co., Ltd. Kaohsiung Ammonium Sulfate Co., Ltd. Tai Yi Real-Estate Management Co., Ltd. | 29.36 20.72 28.46 44.00 91.86 30.00 | \$26,296,689 5,956,463 2,845,715 2,239,563 2,548,502 13,758 | 29.36 24.09 27.77 44.00 91.86 30.00 | 17,186,266 9,838,436 1,952,837 241,678 2,199,570 |
| | | 39,900,690 | | 31,418,787 |
| Cost method: Listed companies First Financial Holding Co., Ltd. Fair value as of Dec. 31, 2005 and 2004, was \$10,961,554 and \$12,063,863, respectively. | 7.93 | 3,241,544 | 8.10 | 3,311,688 |
| Cathay Financial Holding Co., Ltd. Fair value as of Dec. 31, 2005 and 2004, was \$7,880,747 and \$8,619,817, respectively. | 1.53 | \$360,137 | 1.65 | 376,654 |
| Taiwan Navigation Co., Ltd. Fair value as of Dec. 31, 2005 and 2004, was \$423,572 and \$731,351, respectively. | 6.43 | 146,764 | 7.49 | 170,922 |
| Mega Financial Holding Company Fair value as of Dec. 31, 2005 and 2004, was \$6,009,060 and \$5,898,192, respectively. | 2.44 | 1,099,079 | 2.44 | 1,099,079 |
| Taiwan Development & Trust Corp. Fair value as of Dec. 31, 2005 and 2004, was \$219,849 and \$104,311, respectively. | 12.07 | 362,190 | 12.07 | 362,190 |
| China Development Financial Holding Corp. Fair value as of Dec. 31, 2005 and 2004, was \$2,595,799 and \$3,273,806, respectively. | 1.83 | 886,742 | 1.82 | 886,742 |
| Fuh-Hwa Financial Holding Co., Ltd. Fair value as of Dec. 31, 2005 and 2004, was \$2,763,535 and \$3,368,721, respectively. | 6.69 | 820,342 | 6.69 | 820,342 |
| Taiwan Fire & Marine Insurance Co., Ltd. Fair value as of Dec. 31, 2005 and 2004, was \$822,085 and \$968,803. | 17.58 | 510,681 | 17.61 | 510,681 |
| Taiwan Cooperative Bank Fair value as of Dec. 31, 2005 and 2004, was \$38,046 and \$68,645. | 0.08 | 15,446 | 0.09 | 23,417 |
| | | 7,442,925 | | 7,561,715 |
| | | | | |

| Unlisted companies | | | | |
|--|-------|--------------|-------|--------------|
| Taiwan Sugar Corp. | 0.30 | 50,674 | 0.30 | 50,674 |
| Taiwan Power Company | 2.62 | 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 |
| China Shipbuilding Corp. | 0.24 | 26,972 | 0.24 | 26,972 |
| Central Motion Picture Corp. | 15.22 | 30,000 | 15.22 | 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 |
| Financial eSolution Co., Ltd. | 7.19 | 27,550 | 7.40 | 27,550 |
| Taiwan Integrated Shareholder Service | 0.53 | 1,600 | 0.53 | 1,600 |
| Company | | | | |
| | | 8,239,192 | | 8,239,192 |
| Taiwan High Speed Rail Corp. | - | 2,000,000 | - | 2,000,000 |
| (preferred stock) | | | | |
| | | \$57,582,807 | | \$49,219,694 |

- 1. The Bank decreased its cumulative translation adjustments under stockholders' equity by \$26,606 and \$11,853 on December 31, 2005 and 2004, 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. For each of the years 2005 and 2004, the Bank 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:

| | Decrease in | Decrease in | Loss |
|---|-------------------|-------------|------------|
| Name of Investee | Capital Date | Shares | Recognized |
| Tang Eng Iron Works Co., Ltd. | June 29, 2005 | 154,008,511 | \$ - |
| Tai Yi Real-Estate Management Co., Ltd. | November 15, 2005 | 1,110,000 | \$ - |

- 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. At the meantime 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 | 2005 | 2004 |
|--|--------------|---------|
| Hua Nan Financial Holdings Co., Ltd. | \$1,146,862 | 277,690 |
| Taiwan Life Insurance Co., Ltd. | 219,592 | 249,536 |
| Taiwan Fire & Marine Insurance Co., Ltd. | - | 25,214 |
| | \$1,366,454 | 552,440 |

The cash dividends received from investees under the lower-of-cost-or-market-value method and the cost method were \$1,903,578 and \$1,468,425 as of December 31, 2005 and 2004, respectively.

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

| Name of Investee | December 31, 2005 | December 31, 2004 |
|---|----------------------|----------------------|
| 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 |
| 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. | 3,793 | 6,600 |
| | \$19,703,085 | 19,705,892 |

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

| Period of the |
|---------------|
| investees' |
| financial |

| Name of Investee | statements | 2005 | 2004 |
|---|------------|-------------|-----------|
| Hua Nan financial Holdings Co., Ltd. | 2005 | \$6,142,621 | 6,148,415 |
| Taiwan Business Bank, Ltd. | 2005 | (1,913,240) | 1,447,056 |
| Taiwan Life Insurance Co., Ltd. | 2005 | 540,059 | 709,660 |
| Tang-Eng Iron Works Co., Ltd. | 2005 | 465,060 | 241,678 |
| Kaohsiung Ammonium Sulfate Co., Ltd. | 2005 | 348,932 | 315,147 |
| Tai Yi Real-Estate Management Co., Ltd. | 2005 | (1,115) | - |
| | | \$5,582,317 | 8,861,956 |

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 in both 2005 and 2004.

The gains and losses of the investees were recognized by proportionate share based on the investees' financial statements audited by other auditors except for Kaohsiung Ammonium Sulfate Co., Ltd. and Tai Yi Real-Estate Management Co., Ltd., a company undergoing liquidation whose financial statements have not been audited.

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

| | 2005 | 2004 |
|---|-------------|------------|
| Cash dividends under the cost method | \$1,903,578 | 1,468,425 |
| Gain on disposal of long-term investments | 551,018 | 86,439 |
| Gain from long-term investments under the equity method | 5,582,317 | 8,861,956 |
| | \$8,036,913 | 10,416,820 |

December 31,

December 31,

(11) Long-term Receivables

| | 2005 | 2004 |
|---------------------------------------|--------------|------------|
| Long-term receivables | \$41,715,225 | 34,703,312 |
| Less: allowance for doubtful accounts | (62,573) | (52,055) |
| | \$41,652,652 | 34,651,257 |

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

(12) Fixed Assets

| | December 31, 2005 | December 31, 2004 (restated) |
|---|----------------------|---------------------------------|
| Cost: | | |
| Land (including revaluation increments) | \$68,589,206 | 73,260,780 |
| Buildings | 10,643,520 | 10,637,670 |
| Machinery and equipment | 4,069,731 | 4,010,047 |
| Transportation equipment | 1,013,088 | 1,026,371 |
| Miscellaneous equipment | 799,997 | 777,145 |
| Leasehold improvements | 354,634 | 346,060 |
| Construction in progress and prepayment for equipment | 921,259 | 343,841 |
| | 86,391,435 | 90,401,914 |

| Accumulated depreciation: | | |
|---------------------------|--------------|--------------|
| Buildings | (3,332,553) | (3,117,342) |
| Machinery and equipment | (2,571,300) | (2,397,971) |
| Transportation equipment | (667,308) | (637,802) |
| Miscellaneous equipment | (567,959) | (558,597) |
| Leasehold improvements | (284,859) | (250,416) |
| | (7,423,979) | (6,962,128) |
| Accumulated impairment | | |
| Land | (502,095) | - |
| Buildings | (118,397) | - |
| | (620,492) | |
| | \$78,346,964 | 83,439,786 |

Movement of accumulated depreciation:

| | 2005 | (restated) |
|---|-------------|------------|
| Beginning balance | \$6,962,128 | 6,448,806 |
| Add: depreciation for the period | 825,502 | 874,293 |
| Less: decrease for the period | (360,054) | (357,204) |
| Foreign exchange translation adjustment | (3,597) | (3,767) |
| Ending balance | \$7,423,979 | 6,962,128 |

December 31,

December 31, 2004

There have been many revaluations of land and buildings, with the latest in June 2003. As of December 31, 2005 and 2004, the total increment, including land and buildings, was \$64,371,018 and \$69,004,008, respectively, and the estimated tax on the increment was \$33,582,632 and \$36,697,776, respectively, booked as long-term liabilities.

In 2005 and 2004, gain on disposal of property (land and buildings) was \$7,185,940 and \$7,755,031, respectively, booked as non-operating income.

Non-operating income was as follows:

| | 2005 | 2004 |
|------------------------------------|--------------|-----------|
| Gain on disposal of property | \$7,185,940 | 7,755,031 |
| Collected from write-off of debts | 3,215,371 | - |
| Reversal of reserve for guarantees | - | 630,313 |
| Other miscellaneous revenues | 317,958 | 391,290 |
| | \$10,719,269 | 8,776,634 |

As of December 31, 2005 and 2004, property and equipment did not serve as guarantee or collateral, nor were they pledged.

As of December 31, 2005, the cost (including revaluation increments) of the rental land was \$30,009,865. Most of the rental buildings have been depreciated over the useful lives. The estimated future lease revenue was as follows:

| Fiscal Year | Amount |
|-------------|-----------|
| 2006 | \$100,275 |
| 2007 | 67,297 |
| 2008 | 35,983 |
| 2009 | 5,910 |
| 2010 | 2,266 |
| | \$211,731 |

(13) Other Assets

| | 2005 | (restated) |
|--|----------------------|---------------------------------|
| Non-operating assets, net | \$9,317,099 | 10,178,945 |
| Collateral assumed, net | 1,181,092 | 1,358,897 |
| Operating and settlement deposits | 313,883 | 272,432 |
| Refundable deposits | 86,642 | 92,506 |
| Nonperforming loans (net of allowance) | 10,765,875 | 11,786,845 |
| Customer advance and accounts awaiting clearance | 1,361,148 | 44,968 |
| Deferred tax assets, net | 242,876 | 201,948 |
| Deferred pension costs | 643,313 | 330,121 |
| Assets waiting to be transferred | 5,937 | 150,848 |
| Others | 191,652 | 199,074 |
| Total | \$24,109,517 | 24,616,584 |
| 1) Non-operating assets, net | | |
| | December 31, 2005 | December 31,2004 (restated) |
| Land (non-operating) | \$9,496,836 | 10,178,562 |
| Buildings | 4,533 | 12,164 |
| Miscellaneous equipment | 92 | 91 |
| Accumulated depreciation - buildings | (3,379) | (11,872) |
| Accumulated impairment | (180,983) | <u> </u> |
| | \$9,317,099 | 10,178,945 |
| 2) Collateral assumed, net | December 31, 2005 | December 31, 2004 |
| Collateral assumed | \$1,366,083 | 1,483,246 |
| Less: allowance for decline in market value | (184,991) | (124,349) |
| | \$1,181,092 | 1,358,897 |
| 3) Nonperforming loans, net | December 31, 2005 | December 31, 2004 (restated) |
| Nonperforming loans | \$17,395,568 | 19,471,255 |
| Less: allowance for doubtful accounts | (6,629,693) | (7,684,410) |
| | \$10,765,875 | 11,786,845 |
| (14) Deposits of Banks | | |
| | December 31, 2005 | December 31, 2004 |
| Deposits of banks | \$28,518,142 | 27,632,896 |
| Bank overdrafts | 734,480 | 1,555,328 |
| Call loans from bank | 105,129,595 | 102,288,391 |
| Total | \$134,382,217 | 131,476,615 |
| (15) Borrowed from Central Bank and Other Banks | December 31, | December 31, |
| Funds borrowed from banks | 2005 \$835,958 | 2004 5,739,207 |
| i unus ponoweu nom panks | φου,σο | 3,733,207 |

December 31,

December 31,2004

(16) Payables

| | December 31, 2005 | December 31, 2004 (restated) |
|---|----------------------|---------------------------------|
| Accounts payable | \$9,144,289 | 4,015,128 |
| Advance receipts | 2,340,813 | 1,749,767 |
| Accrued expense | 3,128,432 | 2,150,966 |
| Income tax payable | 174,601 | 11,686 |
| Interest payable | 13,534,111 | 12,104,097 |
| Banker's acceptances payable | 1,783,401 | 1,511,663 |
| Forward settlement payable - foreign currencies | 83,702,159 | 35,785,765 |
| Less: forward proceeds receivable | (64,919,808) | (17,055,801) |
| Other payables | 19,262,452 | 21,248,240 |
| Others | 193,635 | 31,789 |
| Total | \$68,344,085 | 61,553,300 |

December 31,

December 31,

December 31,

December 31, 2004

(17) Deposits and Remittances

| | 2005 | 2004 |
|----------------------------------|-----------------|---------------|
| Checking account | \$27,901,111 | 22,751,267 |
| Government deposits | 248,461,756 | 270,866,865 |
| Demand deposits | 108,801,199 | 103,201,455 |
| Time deposits | 232,103,948 | 182,528,887 |
| Postal deposits transferred | 70,902,809 | 79,989,642 |
| Remittances | 718,047 | 694,650 |
| Savings account: | | |
| Demand deposits | 290,752,027 | 274,354,660 |
| Staff accounts | 17,269,692 | 15,890,216 |
| Installment savings | 1,215,991 | 1,092,932 |
| Time savings deposits | 404,312,100 | 391,568,095 |
| Interest-drawing savings | 288,343,814 | 304,314,464 |
| Premium interest-drawing savings | 441,117,563 | 422,835,032 |
| Total | \$2,131,900,057 | 2,070,088,165 |

As of December 31, 2005 and 2004, the above deposit accounts, except for demand deposits, would mature in one month to three years.

(18) Long-term Liabilities

| | 2005 | (restated) |
|---|--------------|------------|
| Appropriated loan funds | \$1,842,158 | 2,000,629 |
| Estimated tax payable on land increment | 33,582,632 | 36,697,776 |
| Accrued pension liabilities | 1,579,743 | 1,113,887 |
| Total | \$37,004,533 | 39,812,292 |

(19) Other Liabilities

| | 2005 | 2004 |
|--|-------------|--------------|
| Reserve for guarantees | \$151,802 | 143,796 |
| Reserve for foreign exchange losses | 609 | 800 |
| Reserve for losses on trading securities | 9,287 | 1,081 |
| Reserve for default losses | 15,858 | 13,925 |
| Reserve for accidental losses | 9,931 | 9,020 |
| Guarantee deposits received | 926,709 | 893,322 |
| Temporary received and waiting to be transferred | 275,246 | 90,353 |
| Reserve for interest and principal repayment | 29,903 | 29,903 |
| Others liability to be organized | 8,239 | 53,796 |
| Others | 24,480 | - |
| Total | \$1,452,064 | 1,235,996 |

(20) Pension

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

| | December 31, 2005 | | December | 31, 2004 |
|---|--------------------------|------------------|----------------------|------------------|
| | Regular Employees | Regular Labor | Regular Employees | Regular Labor |
| Benefit obligation: | | | | |
| Vested benefit obligation | \$(2,579,696) | (253,656) | (2,313,389) | (247,481) |
| Nonvested benefit obligation | (2,064,508) | (212,298) | (1,657,873) | (193,470) |
| Accumulated benefit obligation | (4,644,204) | (465,954) | (3,971,262) | (440,951) |
| Additional benefits based on future salaries | (1,435,338) | (111,121) | (1,187,600) | (105,936) |
| Projected benefit obligation (PBO) | (6,079,542) | (577,075) | (5,158,862) | (546,887) |
| Fair value of plan assets | 3,156,422 | 373,993 | 2,943,928 | 354,398 |
| Funding status | (2,923,120) | (203,082) | (2,214,934) | (192,489) |
| Unrecognized net transition obligation (assets) | 578,823 | 149,745 | 667,873 | 169,712 |
| Unrecognized prior year service cost | 276,469 | (34,659) | 296,948 | (38,307) |
| Unrecognized loss (gain) | 1,200,590 | 18,804 | 546,974 | (19,543) |
| Deferred pension cost (booked as other assets) | (620,544) | (22,769) | (324,195) | (5,926) |
| Accrued pension cost (booked as long- | \$(1,487,782) | (91,961) | (1,027,334) | (86,553) |
| term liabilities) | | | | |
| Vested benefit | \$(3,265,167) | (295,001) | (3,012,315) | (299,439) |

The components of net pension cost for the years 2005 and 2004 were as follows:

| | 200 | 2005 | |)4 |
|---------------------------------|----------------------|------------------|----------------------|------------------|
| | Regular Employees | Regular Labor | Regular Employees | Regular Labor |
| Service cost | \$572,905 | 35,454 | 586,567 | 36,669 |
| Interest cost | 146,728 | 15,537 | 141,265 | 15,290 |
| Projected return on plan assets | (88,560) | (10,812) | (87,898) | (9,755) |
| Amortization and deferred cost | 111,165 | 16,319 | 112,979 | 16,319 |
| Net pension cost | \$742,238 | 56,498 | 752,913 | 58,523 |

Actuarial assumptions:

| 200 | 2004 |
|---|-----------|
| Discount rate 2 | 50% 3.00% |
| Rate of increase in future compensation 2 | 00% 2.00% |
| Rate of projected return on plan assets | 50% 3.00% |

(21) Stockholders' Equity

- 1) As of December 31, 2005 and 2004, the amount of capital was \$48,000,000.
- 2) The composition of capital surplus was as follows:

| | 2005 | 2004 |
|---|--------------|------------|
| Additional paid-in capital - from cash subscription | \$97,314,648 | 97,314,648 |
| Additional paid-in capital - from long-term equity investment | 2,039,576 | - |
| under equity method | | |
| Total | \$99,354,224 | 97,314,648 |

December 31,

December 31,

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.

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, 2005 and 2004, the balance of the ICA (imputation credit account) was as follows:

| | December 31, 2005 | December 31, 2004 |
|----------------|----------------------|----------------------|
| | (expected) | (actual) |
| Balance of ICA | \$1,691,509 | 5,915,305 |

The imputation tax creditable ratio for both 2005 and 2004 was approximately 33.33%. As of December 31, 2005 and 2004, unappropriated retained earnings were as follows:

| | December 31, 2005 | (restated) |
|-----------------|----------------------|------------|
| 1997 and before | \$ - | - |
| 1998 and after | 14,269,820 | 16,116,545 |
| | \$14,269,820 | 16,116,545 |

(22) Income Tax

The Bank is subject to ROC income tax at a maximum rate of 25%. The income tax expense for 2005 and 2004 is summarized below:

| | 2005 | 2004 (restated) |
|--------------------------------|-------------|--------------------|
| Current income tax | \$1,013,856 | 1,345,792 |
| Deferred tax expense (benefit) | (40,928) | 376,543 |
| Income tax expense | \$972,928 | 1,722,335 |

For the years ended December 31, 2005 and 2004, 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:

| | 2005 | 2004 (restated) |
|---|-------------|--------------------|
| Expected income tax expense | \$3,810,687 | 3,929,009 |
| Tax effect of interest income from short-term notes | 270,143 | (64,150) |
| separately taxed | | |
| Securities trading gain | (436,147) | (112,691) |
| Tax-free earnings from OBU | (138,015) | (113,885) |
| Investment income recognized under equity method | (1,961,622) | (2,215,489) |
| Gain on sale of land | (1,794,514) | (1,937,369) |
| Unrealized exchange loss | 30,975 | 40,297 |
| Dividend free of tax | (568,457) | (431,288) |
| Allowance for deferred tax assets | 1,275,362 | 2,404,384 |
| Income tax expense of overseas branches | 228,412 | 239,383 |
| Welfare expense in excess of tax limitation | - | 2,519 |
| Withholding tax on bond interest (35% unrefunded) | 20,130 | 314 |
| Loss on asset impairment - land | 170,770 | - |
| Adjustments of outright purchase and sale of bills | 45,926 | - |
| Others | 19,278 | (18,699) |
| Income tax expense | \$972,928 | 1,722,335 |

For the years ended December 31, 2005 and 2004, the major components of deferred income tax expense (benefit) were as follows:

2004

| | 2005 | (restated) |
|---|------------|------------|
| Pension costs disallowed per tax regulation | \$(38,165) | (49,579) |
| Allowance for bad and doubtful accounts in excess of legal limitation | - | 406,108 |
| Reserve for losses on trading bills and securities | (2,052) | 20,899 |
| Others | (711) | (885) |
| Deferred income tax expense (income) | \$(40,928) | 376,543 |

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

| ows. | December 31, 2005 | | ber 31, 2005 December (restate | |
|--|-------------------|-------------------|--------------------------------|-------------------|
| | Amount | Income tax effect | Amount | Income tax effect |
| Deferred income tax assets - noncurrent | | | | |
| Pension costs disallowed per tax regulation | \$936,429 | 234,107 | 783,766 | 195,942 |
| Loss on asset impairment | 118,397 | 29,599 | - | - |
| Allowance for decline in market value - collateral assumed | 184,991 | 46,248 | 124,349 | 31,087 |
| Reserve for losses on trading bills and securities | 9,287 | 2,322 | 1,081 | 270 |
| Loss carryforward | 14,539,945 | 3,634,986 | 9,617,535 | 2,404,384 |
| Others | 25,789 | 6,447 | 22,946 | 5,736 |
| | 15,814,838 | 3,953,709 | 10,549,677 | 2,637,419 |
| Allowance for deferred income tax assets - noncurrent | (14,843,333) | (3,710,833) | (9,741,884) | (2,435,471) |
| Deferred income tax assets, net - | \$ 971,505 | 242,876 | 807,793 | 201,948 |
| noncurrent (booked as other assets) | | | | |

For the years ended December 31, 2005 and 2004, the components of income tax payable were as follows:

| | December 31, 2005 | December 31, 2004 (restated) |
|---|----------------------|---------------------------------|
| Current income tax expense | \$1,013,856 | 1,345,792 |
| Income tax on separately taxed short-term bills | (765,314) | (1,106,095) |
| Income tax paid by overseas branches | (228,412) | (239,383) |
| Prior income tax adjustment | (20,130) | (314) |
| Prepaid and withheld tax | (672,758) | (428,512) |
| Income tax receivable (booked as receivables) | \$(672,758) | (428,512) |

The Bank's income tax returns through 2004 have been assessed by the tax authorities.

(23) Earnings per Share

| | December 31, 2005 | | | er 31, 2004 ated) |
|--|-------------------|------------|------------|----------------------|
| | Pretax | After tax | Pretax | After tax |
| Income from continuing operations | \$12,978,578 | 12,005,650 | 15,716,037 | 13,993,702 |
| Cumulative effect of changes in accounting | 2,264,170 | 2,264,170 | - | - |
| principles | | | | |
| Net income | \$15,242,748 | 14,269,820 | 15,716,037 | 13,993,702 |
| Denominator (shares in thousands) | \$ 4,800,000 | 4,800,000 | 4,800,000 | 4,800,000 |
| Basic earnings per share | | | | |
| Income from continuing operations | \$2.70 | 2.50 | 3.27 | 2.92 |
| Cumulative effect of changes in | 0.47 | 0.47 | - | - |
| accounting principles | | | | |
| Net income | \$ 3.17 | 2.97 | 3.27 | 2.92 |

(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, 2005 and 2004, and their contract amount, credit risk, and fair market value were as follows:

| | De | December 31, 2005 | | Dec | cember 31, 200 |)4 |
|----------------------|-----------------|-------------------|---------------|-----------------|----------------|---------------|
| Financial instrument | Contract amount | Credit risk | Fair value | Contract amount | Credit risk | Fair value |
| Non-trading purpose | | | | | | |
| Interest-rate swap | \$17,275,864 | 246,434 | 4,410,994 | 11,177,259 | 211,982 | 627,605 |
| Cross-currency swap | 328,600 | - | 22,731 | 4,264,452 | 279,021 | 246,348 |
| Option | 1,962,420 | 3,022 | 11,264 | 2,263,152 | 12,726 | 26,481 |
| Asset swap | 4,999,806 | 213,570 | 392,558 | 6,001,065 | 97,305 | 1,610,608 |

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 from the Bank's derivative transactions recorded in the income statements as of December 31, 2005 and 2004, were \$603,975 and \$32,269, respectively, booked as foreign exchange gain, net.

2) Fair market value of nonderivative financial instruments

| | Decembe | December 31, 2005 | | 2004 (restated) |
|--|-----------------|-------------------|---------------|-------------------|
| | Book value | Fair market value | Book value | Fair market value |
| Financial asset | | | | |
| Book value equivalent to fair market value | \$2,113,521,599 | 2,113,521,599 | 1,607,035,427 | 1,607,035,427 |
| Short-term investments - net | 212,955,491 | 212,955,491 | 649,936,781 | 649,936,781 |
| Long-term equity investments | 57,582,807 | 101,477,695 | 49,219,694 | 114,034,674 |
| | \$2,384,059,897 | 2,427,954,785 | 2,306,191,902 | 2,371,006,882 |
| Financial liability | | | | |
| Book value equivalent to fair | \$2,368,635,911 | 2,368,635,911 | 2,302,054,759 | 2,302,054,759 |
| 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, 2005 and 2004, 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, 2005 and 2004, the contract amounts of financial instruments with off-balance-sheet credit risk held by the Bank were as follows:

| · | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| Commitments for guarantees and letters of credit | \$78,913,264 | 86,694,064 |
| Commitments for credit cards | 35,692,223 | 28,088,812 |
| Irrevocable loan commitments | 230,334,645 | 188,847,344 |
| Total | \$344,940,132 | 303,630,220 |

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,

December 31, 2004

1.Loans classified by geographical region

| | 2005 | (restated) |
|--------------------------------------|----------------------|------------------------------|
| Domestic | \$1,269,824,647 | 1,202,925,149 |
| Overseas | 64,067,788 | 59,694,078 |
| Total | \$1,333,892,435 | 1,262,619,227 |
| 2.Loans classified by industry | | |
| , , | December 31, 2005 | December 31, 2004 (restated) |
| Government | \$465,054,859 | 460,121,403 |
| Individuals | 368,987,761 | 314,725,627 |
| Manufacturing | 205,878,258 | 177,126,723 |
| Overseas | 64,067,788 | 59,694,078 |
| Telecommunication and transportation | 78,701,125 | 56,293,877 |
| Retailing | 33,810,267 | 27,663,958 |
| Utilities | 28,676,770 | 57,993,784 |
| Construction | 19,937,133 | 18,484,293 |
| Services | 11,555,740 | 11,217,287 |
| Real estate and rental | 16,312,900 | 10,966,363 |
| Food and restaurants | 3,748,843 | 2,815,334 |
| Nonprofit | 738,879 | 690,987 |
| Farming, forestry and fishing | 895,711 | 1,071,674 |
| Social insurance and pension fund | 24,500,000 | 54,000,000 |
| Bills finance | 1,696,700 | 918,000 |
| Insurance | 8,154,700 | 875,000 |
| Others | 1,175,001 | 7,960,839 |
| Total | \$1,333,892,435 | 1,262,619,227 |

(25) Related-party Transactions

1) Names and relationship of related parties

| Name | Relationship |
|--|--|
| Hua Nan Financial Holdings Co., Ltd. | Investee company of the Bank under the equity method |
| Taiwan Business Bank, Ltd. | Investee company of the Bank under the equity method |
| Taiwan Life Insurance Co., Ltd. | Investee company of the Bank under the equity method |
| Tang-Eng Iron Works Co., Ltd. | Investee company of the Bank under the equity method |
| Kaohsiung Ammonium Sulfate Co., Ltd. | Investee company of the Bank under the equity method |
| Tai, Yi Real-Estate Management Co., Ltd. | Investee company of the Bank under the equity method |
| Taiwan Assets Management Corp. | The Bank is a director of the company |
| Taiwan Navigation Co., Ltd. | The Bank is a director of the company |
| International Investment Trust Co., Ltd. | The Bank is a director of the company |
| Others | Major stockholders, supervisors, directors, |

2) Significant related-party transactions

1. Deposits of banks

| | December 31, 2005 | | December 31, 2004 | |
|--------------------------------------|-------------------|-------------------------|-------------------|-------------------------|
| Name | Amount | Percentage due to banks | Amount | Percentage due to banks |
| Hua Nan Financial Holdings Co., Ltd. | \$166,135 | 0.12 | 331,246 | 0.25 |
| Taiwan Business Bank | 130,247 | 0.10 | 116,530 | 0.09 |
| | \$296,382 | 0.22 | 447,776 | 0.34 |

managers and their relatives

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, 2005 | | | | |
|--------------------------------------|--------------------------------|-------------------|--------------------|-------------------------|--|
| Name | Highest balance | Ending balance | Interest income | Annual interest rate(%) | |
| Hua Nan Financial Holdings Co., Ltd. | \$8,600,400 | 1,971,600 | 51,785 | 1.19~4.37 | |
| Taiwan Business Bank | 7,873,654 | 627,744 | 14,819 | 1.19~4.46 | |
| | \$16,474,054 | 2,599,344 | 66,604 | | |
| | January 1 to December 31, 2004 | | | | |
| Name | Highest balance | Ending balance | Interest income | Annual interest rate(%) | |
| Hua Nan Financial Holdings Co., Ltd. | \$12,488,960 | 1,906,080 | 42,528 | 0.94~2.55 | |
| Taiwan Business Bank | 1,512,284 | 1,226,372 | 16,619 | 1.17~2.45 | |
| | \$14,001,244 | 3,132,452 | 59,147 | | |

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 December 31, 2005 | | | |
|--------------------------------------|--------------------------------|----------------|-----------------|-------------------------|
| Name | Highest balance | Ending balance | Interest income | Annual interest rate(%) |
| Hua Nan financial Holdings Co., Ltd. | \$13,080,036 | 3,258,002 | 64,091 | 1.20~4.63 |
| Taiwan Business Bank | 3,485,500 | 2,000,000 | 15,001 | 1.275~3.27 |
| | \$16,565,536 | 5,258,002 | 79,092 | |

| Name | Highest balance | Ending balance | Interest | Annual interest rate(%) |
|--------------------------------------|-----------------|----------------|----------|-------------------------|
| Hua Nan Financial Holdings Co., Ltd. | \$15,649,730 | 2,367,820 | 38,258 | 0~2.44 |
| Taiwan Business Bank | 6,477,904 | 476,520 | 6,569 | 0.99~2.44 |
| | \$22,127,634 | 2,844,340 | 44,827 | |

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

4. Loans

| | December 31, 2005 | | December 31, 2004 | |
|-------------------------------|--------------------------|------------------------|-------------------|------------------------|
| Name | Amount | Percentage of loans(%) | Amount | Percentage of loans(%) |
| Tang-Eng Iron Works Co., Ltd. | \$ 1,342,708 | 0.10 | 796,502 | 0.06 |

5. Deposits

| | December 31, 2005 | | December 31, 2004 | |
|---|-------------------|------------------------|-------------------|------------------------|
| Name | Amount | Percentage of loans(%) | Amount | Percentage of loans(%) |
| Taiwan Life Insurance Co., Ltd. | \$4,140 | - | 932 | - |
| Kaohsiung Ammonium Sulfate Co., Ltd. | 20,771 | - | 30,987 | - |
| Tang-Eng Iron Works Co., Ltd. | 10,162 | - | 11,747 | - |
| Tai Yi Real-Estate Management Co., Ltd. | 44,763 | - | 84,698 | - |
| Others | 317,001 | 0.01 | 668,592 | 0.03 |
| | \$ 396,837 | 0.01 | 796,956 | 0.03 |

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

| ` ' | December 31, 2005 | | | |
|--|--------------------|-----------|-------------|--|
| Туре | Number of accounts | Amount | Possibility | |
| Consumer loans | \$2,080 | 1,003,787 | 38 | |
| Mortgage loans for employees | 2,203 | 5,294,613 | 5,779 | |
| Other loans to interested parties | 1,017 | 5,517,694 | 3,172 | |
| Loans to others with interested parties acting as guarantors | 2,261 | 2,241,273 | 5,062 | |
| Secured loans with collateral from interested parties | 2,726 | 9,623,558 | 7,987 | |

| Decem | hor | 21 | 2004 |
|---------|-----|---------|------|
| Decelli | DCI | . O I . | 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 | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| Guarantee deposit for provisional seizure against defaulted loans and others | \$1,635,900 | 1,660,100 |
| Guarantee deposit for securities trading | 280,352 | 243,130 |
| Guarantee deposit for trust business compensation reserve | 50,000 | 50,000 |
| Subtotal (accounted for as marketable securities - bonds) | 1,966,252 | 1,953,230 |
| NCDs (accounted for as cash) | 20,000,000 | 20,000,000 |
| Total | \$21,966,252 | 21,953,230 |

(27) Commitments

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

| December 31, 2005 | |
|--------------------------|----------------------------------|
| Contract price | Unpaid portion of contract price |
| \$606,780 | 108,697 |
| 104,610 | 22,484 |
| \$711 390 | 131 181 |

\$606,780

\$711,390

104,610

497,758

101,264

599,022

| | | of contract price |
|--------------------------------------|----------------|----------------------------------|
| Construction contract: | | |
| Construction of Information Building | \$606,780 | 108,697 |
| Construction of Tai-Li Branch | 104,610 | 22,484 |
| Total | \$711,390 | 131,181 |
| | Decembe | er 31, 2004 |
| | Contract price | Unpaid portion of contract price |
| Construction contract: | | |

2) Operating leases

Total

The Bank has entered into certain operating leases for its branches. As of December 31, 2005, estimated future lease contract commitments were as follows:

| Fiscal Year | Amount |
|-------------|-----------|
| 2006 | \$223,965 |
| 2007 | 165,848 |
| 2008 | 82,000 |
| 2009 | 36,075 |
| 2010 | 10,513 |
| | \$518,401 |

3) Others

| | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| Collections for customers | \$100,026,567 | 113,482,199 |
| Contract guarantee on behalf of counter-parties | 177,646 | 222,849 |
| Traveler's checks held on consignment | 1,062,068 | 1,084,546 |
| Marketable securities held as custodian | 847,414,283 | 849,412,116 |
| | \$948,680,564 | 964,201,710 |
| Short-term bills and government bonds under repurchase agreement | \$448,946 | 266,221 |
| Short-term bills under resale agreement | \$449,493 | 51,301 |

In 2005, a credit line of \$60,000,000 of short-term loans was participated in with Hua Nan Commercial Bank and Taipei Fubon Bank. For the purpose of increasing the yield and having more flexibility of assets, the Bank signed contracts to share the risk with the two banks mentioned above on March 28 and 30, 2005, respectively. The Bank treated the original loan and the risk-sharing contracts as off-balance-sheet accounts.

4) Balance sheet and details of asset management

Construction of Information Building

Construction of Tai-Li Branch

| | December 31, | December 31, |
|---|--------------|--------------|
| Trust assets | 2005 | 2004 |
| Short-term investment | | |
| Investment in funds | \$10,127,820 | 9,531,660 |
| Investment in bonds | 141,225 | 140,003 |
| Common stock investment - marketable securities | 2,306,629 | 173,344 |
| Deposits | | |
| Deposits in the Bank | 10,155,249 | 9,863,607 |
| Receivables | | |
| Interest receivable | 84,805 | 49,791 |
| Other assets | 4,304 | 9,890 |
| Total | \$22,820,032 | 19,768,295 |
| Trust liabilities | | |
| Trust capital | \$22,820,032 | 19,768,295 |

| Details of trust | December 31, 2005 | December 31, 2004 |
|---|----------------------|----------------------|
| Short-term investment | | |
| Investment in funds | \$10,127,820 | 9,531,660 |
| Investment in bonds | 141,225 | 140,003 |
| Common stock investment - marketable securities | 2,306,629 | 173,344 |
| Deposits | | |
| Deposits in the Bank | 10,155,249 | 9,863,607 |
| Receivables | | |
| Interest receivable | 84,805 | 49,791 |
| Other assets | 4,304 | 9,890 |
| Trust capital | \$22,820,032 | 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:

| Function | | 2005 | | 2004 (restated) | | | | |
|------------------|------------|-----------------|-----------|-----------------|-----------|-----------|--|--|
| FullClion | Cost of | Operating Total | | Cost of | Operating | Total | | |
| Accounts | goods sold | expenses | Iotai | goods sold | expenses | IOtal | | |
| Personnel costs: | | | | | | | | |
| Salaries | - | 8,259,943 | 8,259,943 | - | 8,202,682 | 8,202,682 | | |
| Labor and health | - | 395,200 | 395,200 | - | 387,076 | 387,076 | | |
| insurance | | | | | | | | |
| Pension | - | 816,735 | 816,735 | - | 831,015 | 831,015 | | |
| Other employment | - | 965,633 | 965,633 | - | 1,713,479 | 1,713,479 | | |
| Depreciation | - | 825,671 | 825,671 | - | 874,318 | 874,318 | | |
| Depletion | - | - | - | - | - | - | | |
| Amortization | - | 157,442 | 157,442 | - | 121,366 | 121,366 | | |

- 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
 - Asset quality, concentration of credit risk, and policies on allowance for bad debts from loans and advances to customers
 - (a)Asset quality

| Date | December 31, | December 31, |
|--|--------------|--------------|
| Item | 2005 | 2004 |
| Overdue loans | \$20,022,657 | 17,241,408 |
| Nonperforming loans | 17,395,568 | 19,471,255 |
| Overdue loan ratio | 1.50 | 1.36 |
| Loans under surveillance | - | 8,351,431 |
| Ratio of loans under surveillance to total loans | - | 0.66 |
| Reserve for loans and nonperforming loans | 10,159,062 | 11,361,755 |
| Bad debt write-off | 2,492,796 | 3,450,098 |

- Note 1: Before June 30, 2005, the overdue loans (including non-performing loans) were 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.

 From July 1, 2005, the overdue loans (including nonperforming loans) are those reported in accordance with MOF letter Tai-Tsai-Rong (1) No. 0928011826 of January 6, 2004.
- Note 2: Overdue loan ratio = overdue loans (including nonperforming loans) / (loan balance + nonperforming loans).
- Note 3: Loans under surveillance (until June 30, 2005) included medium-term and long-term installment loans which were unpaid over three months but less than six months, and other loans of which the principal was unpaid less than three months with the interest unpaid over three months but less than six months. In addition, loans-to-be-observed included those which approached 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 had been sold under auction but not distributed; and other items permitted to be excluded.

(b)Information on concentration of credit risk

| | December 3 | 1, 2005 | December 31, 2004 | | |
|---|---------------|---------|-------------------|-------|--|
| Lines of credit to related parties | 12,122,8 | 305 | 16,640, | 354 | |
| Ratio of lines of credit to related parties to total credit lines | 0.87 | | 1.26 | | |
| Ratio of lines of credit secured by stock | 0.10 | | 0.07 | | |
| Concentration of credit risk by | Industry | Ratio | Industry | Ratio | |
| industry (top 3) | Government | 33.36 | Government | 34.73 | |
| | Private | 26.16 | Private | 23.75 | |
| | Manufacturing | 14.91 | Manufacturing | 13.51 | |

- 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 x Lines of credit (defined by Banking Law) / Total credit lines.
- Note 3: Ratio of lines of credit mortgaged by stock x 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.
- 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, 2005 | December 31, 2004 | | |
|--|---------------|------------------|-------------------|------------------|--|
| Assets | Average value | Average rate (%) | Average value | Average rate (%) | |
| Call loans to banks | \$71,651,792 | 2.22 | 80,015,851 | 1.13 | |
| Deposits of Central Bank | 546,207,446 | 1.44 | 258,132,870 | 1.79 | |
| Bills and securities purchased | 299,444,365 | 2.34 | 687,305,140 | 1.66 | |
| Loans, discounts and bills purchased | 1,289,291,857 | 2.49 | 1,119,109,627 | 2.58 | |
| Liabilities | | | | | |
| Placement with Central Bank | 12,393,706 | - | 12,420,119 | - | |
| Placement with banks | 155,470,261 | 2.20 | 161,429,592 | 1.03 | |
| Borrowed from Central Bank and other banks | 3,746,246 | 2.53 | 7,326,421 | 1.29 | |
| Savings deposits | 127,881,292 | 0.43 | 110,273,911 | 0.26 | |
| Demand savings deposits | 300,304,506 | 1.49 | 278,091,121 | 1.47 | |
| Time savings deposits | 1,132,287,056 | 2.51 | 1,100,522,785 | 2.31 | |
| Time deposits | 281,093,275 | 1.88 | 264,226,741 | 1.37 | |
| Government deposits | 252,623,830 | 0.74 | 292,587,986 | 0.80 | |
| | | | | | |

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

| | December 31, | December 31, |
|--|--------------|--------------|
| | 2005 | 2004 |
| Ratio of interest-rate-sensitive assets to liabilities (%) | 95.43% | 97.28% |
| Ratio of interest-rate-sensitive spreads to net equity (%) | (29.40)% | (18.51)% |

5) Major foreign currency position, net

(Units: thousands of stated currencies)

| | | December : | 31, 2005 | December 31, 2004 | | | |
|---------------|-----|---------------------------------|------------------------------------|-------------------|---------------------------------|------------------------------------|--|
| | fui | nount in nctional ırrency | Amount in New Taiwan dollars | fur | nount in nctional irrency | Amount in New Taiwan dollars | |
| Major foreign | USD | 101,258 | 3,327,338 | USD | 85,963 | 2,730,873 | |
| currency | JPY | 3,041,988 | 847,498 | JPY | 3,560,027 | 1,100,404 | |
| position, net | HKD | 76,519 | 324,303 | EUR | 11,473 | 495,831 | |
| (market risk) | SGD | 14,990 | 295,822 | HKD | 77,250 | 315,535 | |
| | ZAR | 50,736 | 262,361 | SGD | 14,489 | 281,572 | |

- 6) Profitability
 - 1. For the years ended December 31, 2005 and 2004, information on return on assets, return on net equity, and net income to operating revenue was as follows:

| | December 31, | December 31, |
|--|--------------|--------------|
| | 2005 | 2004 |
| Return on assets (note 1) | 0.60% | 0.63% |
| Return on net equity (note 2) | 8.92% | 9.65% |
| Net income to operating revenue (note 3) | 23.91% | 25.81% |

- 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 tax operating revenue = Net income before income taxes / Operating revenue
- Note 4: In 2005, net income before income taxes includes cumulative effect of changes in accounting principles amounting to \$2,264 million.
- 2. Duration analysis of assets and liabilities

Aging for remaining period until expiration December 31, 2005

| | Total | Day 0 to day 30 | Day 31 to day 90 | Day 91 to day 180 | Day 181 to 1 year | Over 1 year |
|-------------|-----------------|--------------------|---------------------|----------------------|----------------------|---------------|
| Assets | \$2,341,932,000 | 575,434,000 | 259,594,000 | 251,993,000 | 176,957,000 | 1,077,954,000 |
| Liabilities | 2,605,984,000 | 263,077,000 | 287,571,000 | 242,517,000 | 509,223,000 | 1,303,596,000 |
| Spreads | (264,052,000) | 312,357,000 | (27,977,000) | 9,476,000 | (332,266,000) | (225,642,000) |
| Accumulated | | 312,357,000 | 284,380,000 | 293,856,000 | (38,410,000) | (264,052,000) |
| spreads | | | | | | |

7) Extraordinary events

President or employees were prosecuted in court in the latest year for violation of laws or regulations in business.

December 31, 2005

Event and amount

In January 2005, the Taiwan High Court sentenced former HsinChuang Branch manager Sir Wang (currently suspended) and supervisor Mr. Yang (resigned) for illegal loan transactions. They were sentenced to three years and eight months and deprived of their civil rights for three years and four months.

In December 2005, the Taiwan Ping-Dong District Court tried former Ping-Dong Branch officer Mr. Cheng (resigned) for forgery. He was sentenced to ten months' prison and three years'

Any deficiency was incurred and warned of by the Financial Supervisory Commission, Executive Yuan, in the last year.

None

probation.

Any deficiency was incurred and warned of by the MOF

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 million individually or in total in the latest year.

None

None

Others
8) Capital adequacy ratio

None

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, 2005 and 2004, the capital adequacy ratio of the Bank was 12.52% and 13.80%, respectively.

(29) Other Disclosure Items

- 1) Related information on material transaction items:
 - 1. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in 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 paid-in 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 paid-in capital:

| Disposing | Dunanta Titla | Transaction | Original Date | Book | Transaction | Conditions of | Disposal | Dannainan | Relation- | Purpose of | Deference for Drive | |
|-----------|-----------------------|-------------|---------------|---------|-------------|------------------------|-----------|-----------|-----------|-------------|-------------------------------|-------|
| Company | Property Title | Date | Acquired | Value | Amount | Payment | Gain/Loss | Bargainer | ship | Disposal | Reference for Price | Other |
| The | No. 57-4, Huaxing | 2005/04/07 | 1952/11/10 | 221,968 | 320,899 | Bidder prepays 10% | 98,931 | Xiang-Lin | None | To reach | Referring to appraiser's | None |
| Bank | Sector 2nd Sec., | | | | | of the floor price as | | Construc- | | budget goal | appraisal and examined by | |
| | Taipei City, total of | | | | | deposit at the time of | | tion Ltd. | | | the Bank's real estate | |
| | 13 parcels of land | | | | | bidding; after bid- | | | | | committee; after notifying | |
| | and buildings | | | | | opening, the bidder | | | | | the board of audit, the floor | |
| | | | | | | makes the payment | | | | | price is verified by the | |
| | | | | | | at once within 40 | | | | | general manager and | |
| | | | | | | days after receiving | | | | | published for bidding. | |
| | | | | | | the Notice of | | | | | (The floor price for bidding | |
| | | | | | | Payment. | | | | | is 263,000 thousand dollars.) | |

| Disposing | | Transaction | Original Date | Book | Transaction | Conditions of | Disposal | | Relation- | Purpose of | | |
|-----------|----------------------------|-------------|---------------|---------|-------------|------------------------|-----------|---------------|-----------|-------------|-------------------------------|--------|
| Company | Property Title | Date | Acquired | Value | Amount | Payment | Gain/Loss | Bargainer | ship | Disposal | Reference for Price | Other |
| The Bank | No. 361, Tianmu Sector, | 2005/06/14 | 1955 | 525,706 | 1,243,980 | Bidder prepays 10% | 718,274 | Li-gi | None | To reach | Referring to appraiser's | None |
| THE Dalk | 4th Sec., Taipei City, | 2005/00/14 | 1900 | 323,700 | 1,243,300 | of the floor price as | 110,214 | Construc-tion | NOTIC | budget goal | appraisal and examined by | INOTIC |
| | total of 6 parcels of land | | | | | deposit at the time of | | Ltd. | | buuget goal | the Bank's real estate | |
| | | | | | | · . | | LIU. | | | | |
| | and builidings | | | | | bidding; after bid- | | | | | committee; after notifying | |
| | | | | | | opening, the bidder | | | | | the board of audit, the floor | |
| | | | | | | makes the payment at | | | | | price is verified by the | |
| | | | | | | once within 40 days | | | | | general manager and | |
| | | | | | | after receiving the | | | | | published for bidding. (The | |
| | | | | | | Notice of Payment. | | | | | floor price for bidding is | |
| | | 000=110101 | | | | B | | | | | 971,000 thousand dollars.) | |
| The Bank | No. 637, Nanhai Sector, | 2005/10/04 | 1947/05/01 | 105,488 | 301,040 | Bidder prepays 10%. | 195,552 | Mr. Lee | None | To reach | Referring to appraiser's | None |
| | 3rd Sec., Taipei City, | | | | | of the floor price as | | Cheng Tai | | budget goal | appraisal and examined by | |
| | total of 5 parcels of land | | | | | deposit at the time of | | | | | the Bank's real estate | |
| | and builidings | | | | | bidding; after bid- | | | | | committee; after notifying | |
| | | | | | | opening, the bidder | | | | | the board of audit, the floor | |
| | | | | | | makes the payment at | | | | | price is verified by the | |
| | | | | | | once within 40 days | | | | | general manager and | |
| | | | | | | after receiving the | | | | | published for bidding. (The | |
| | | | | | | Notice of Payment | | | | | floor price for bidding is | |
| | | | | | | | | | | | 228,000 thousand dollars.) | |
| The Bank | No. 140-1, Xinxing | 2005/10/04 | 1957/01/14 | 171,705 | 407,080 | Bidder prepays 10% | 235,375 | Kingtown | None | To reach | Referring to appraiser's | None |
| | Sector, 1st Sec., Kao | | | | | of the floor price as | | Construc- | | budget goal | appraisal and examined by | |
| | Hsiung City, 2 parcels of | | | | | deposit at the time of | | tions Ltd. | | | the Bank's real estate | |
| | land | | | | | bidding; after bid- | | | | | committee; after notifying | |
| | | | | | | opening, the bidder | | | | | the board of audit, the floor | |
| | | | | | | makes the payment at | | | | | price is verified by the | |
| | | | | | | once within 40 days | | | | | general manager and | |
| | | | | | | after receiving the | | | | | published for bidding. (The | |
| | | | | | | Notice of Payment. | | | | | floor price for bidding is | |
| | | | | | | | | | | | 321,000 thousand dollars.) | |
| The Bank | No. 48, WuQuan Sector, | 2005/10/04 | 1974/07/09 | 304,466 | 852,000 | Bidder prepays 10% | 547,534 | Mr. Lee Rui | None | To reach | Referring to appraiser's | None |
| | KaoHsiung City, total of | | | | | of the floor price as | | Yong | | budget goal | appraisal and examined by | |
| | 13 parcels of land and | | | | | deposit at the time of | | | | | the Bank's real estate | |
| | buildings | | | | | bidding; after bid- | | | | | committee; after notifying | |
| | | | | | | opening, the bidder | | | | | the board of audit, the floor | |
| | | | | | | makes the payment at | | | | | price is verified by the | |
| | | | | | | once within 40 days | | | | | general manager and | |
| | | | | | | after receiving the | | | | | published for bidding. | |
| | | | | | | Notice of Payment. | | | | | (The floor price for bidding | |
| | | | | | | | | | | | is 734,000 thousand dollars.) | |
| The Bank | No. 513, Nanhai Sector, | 2005/11/29 | 1947/05/01 | 483,100 | 985,880 | Bidder prepays 10% | 502,780 | Lealea Ltd. | None | To reach | Referring to appraiser's | None |
| | 2nd Sec., Taipei City, | | | | | of the floor price as | | and Li-Gi | | budget goal | appraisal and examined by | |
| | total of 5 parcels of land | | | | | deposit at the time of | | Construction | | | the Bank's real estate | |
| | and builidings | | | | | bidding; after bid- | | Ltd. | | | committee; after notifying | |
| | | | | | | opening, the bidder | | | | | the board of audit, the floor | |
| | | | | | | makes the payment at | | | | | price is verified by the | |
| | | | | | | once within 40 days | | | | | general manager and | |
| | | | | | | after receiving the | | | | | published for bidding. (The | |
| | | | | | | Notice of Payment. | | | | | floor price for bidding is | |
| | | | | | | | | | | | 738,000 thousand dollars.) | |
| | | | | | | l | | | Í | | | I |

| Disposing | Property Title | Transaction | Original Date | Book | Transaction | Conditions of | Disposal | Bargainer | Relation- | Purpose of | Reference for Price | Other |
|-----------|----------------------------|-------------|---------------|-----------|-------------|------------------------|-----------|--------------|-----------|-------------|-------------------------------|-------|
| Company | | Date | Acquired | Value | Amount | Payment | Gain/Loss | g | ship | Disposal | 1.0.0.0.00 | Other |
| The Bank | No. 1302 Guangfu | 2005/12/28 | 1958/12/17 | 2,003,590 | 2,880,000 | Bidder prepays 10% | 876,410 | Chen Shu Li, | None | To reach | Referring to appraiser's | None |
| | Sector, Xinzhu City, total | | 1982/10/28 | | | of the floor price as | | Ye Xue Xia, | | budget goal | appraisal and examined by | |
| | of 8 parcels of land and | | 1983/03/03 | | | deposit at the time of | | Yang Yu | | | the Bank's real estate | |
| | buildings | | | | | bidding; after bid- | | Quan, and | | | committee; after notifying | |
| | | | | | | opening, the bidder | | Yang Yu Hui. | | | the board of audit, the floor | |
| | | | | | | makes the payment | | | | | price is verified by the | |
| | | | | | | at once within 40 | | | | | general manager and | |
| | | | | | | days after receiving | | | | | published for bidding. (The | |
| | | | | | | the Notice of Payment. | | | | | floor price for bidding is | |
| | | | | | | | | | | | 1,715,000 thousand dollars.) | |

- 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 non-performing 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 the | | Investee's main | | nvestment | Held by in | vestor at y | ear-end | Net income | Gain (loss) recognized | |
|-----------------|-------------------|---------------------------|-----------------|----------------------|----------------------|----------------------|-------------|---------------|--------------------|---------------------------|----------------|
| the investor | investee | Investee location | operations | December 31, 2005 | December 31, 2004 | Shares (thousand) | Ratio | Book value | (loss) of investee | during the period | Remarks |
| The Bank | Hua Nan | No. 38, Sec.1, | Financial | 8,105,279 | 8,105,279 | 1,753,059,836 | 29.36 | 26,296,689 | 9,526,859 | 6,142,621 | Investee |
| | Financial | Chongching S. Rd. | Holdings | | | | | | | | company of |
| | Holdings Co., | Taipei City, Taiwan | | | | | | | | | the Bank under |
| | Ltd. | | | | | | | | | | the |
| | | | | | | | | | | | equity method |
| ıı ı | Taiwan Business | No. 30, Tacheng St., | Financial | 6,323,648 | 6,323,648 | 888,002,495 | 20.72 | 5,956,463 | (15,045,826) | (1,913,240) | II |
| | Bank, Ltd. | Taipei City, Taiwan | Service | | | | | | | | |
| ıı ı | Taiwan Life | No.17, Syuchang St., | Life Insurance | 812,325 | 812,325 | 120,775,658 | 28.46 | 2,845,715 | 1,742,469 | 540,059 | II |
| | Insurance | Taipei City, Taiwan | | | | | | | | | |
| | Co., Ltd. | | | | | | | | | | |
| The Bank | Tang-Eng Iron | 5F., No.53, Tonghua 4th | Iron Industry | 3,080,170 | 3,080,170 | 154,008,511 | 44.00 | 2,239,563 | 1,056,955 | 465,060 | Investee |
| | Works Co., Ltd. | Rd., Kaohsiung, Taiwan | | | | | | | | | company of the |
| | | | | | | | | | | | Bank under the |
| | | | | | | | | | | | equity method |
| ıı ıı | Kaohsiung | No.18, Jhangbinsiangong | Liquidation | 1,377,870 | 1,377,870 | 303,131,312 | 91.86 | 2,548,502 | 60,736 | 348,932 | II . |
| | Ammonium | 2nd Rd., Siansi Township, | | | | | | | | | |
| | Sulfate Co., Ltd. | Changhua County, Taiwan | | | | | | | | | |
| ıı | Tai Yi Real- | 3F., No.56, Dunhua N. | Real Estate | 3,793 | 6,600 | 1,500,000 | 30.00 | 13,758 | (3,715) | (1,115) | 11 |
| | Estate | Rd., Taipei City, Taiwan | Service | | | | | | | | |
| | Management | | | | | | | | | | |
| | Co., Ltd. | | | | | | | | | | |

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

4. Information regarding securities held as of December 31 2005:

| Nome of | | Relationship | | | Year | -end | | |
|--|--|--|-----------------------------|------------------|---------------|----------------------|-----------------|---------|
| Name of company which holds securities | Category and name of security | between issuer of security and the Bank | Account name | Number of shares | Book value | Percentage of shares | Market value | Remarks |
| | Stock: | | | | | | | |
| Hua Nan Financial Holdings Co., Ltd. | Hua Nan Commercial Bank | Subsidiary | Long-term equity investment | 3,709,100,000 | 71,735,171 | 100.00 | 71,735,171 | Note 1 |
| 11 | Hua Nan Securities Co., Ltd. | п | 11 | 811,174,346 | 9,899,117 | 100.00 | 9,899,117 | II |
| 11 | Hua Nan Bills Finance Corp. | п | ıı | 230,000,000 | 2,309,297 | 57.49 | 2,309,297 | II |
| п | South China Insurance Co., Ltd. | п | п | 200,138,625 | 2,313,390 | 100.00 | 2,313,390 | 11 |
| п | Hua Nan Investment Trust Corp. | 11 | " | 30,000,000 | 383,761 | 100.00 | 383,761 | 11 |
| 11 | Hua Nan Venture Capital Co., Ltd. | п | п | 100,000,000 | 984,113 | 100.00 | 984,113 | 11 |
| 11 | Hua Nan Management & Consulting Co., Ltd. | 11 | ıı | 600,000 | 8,100 | 60.00 | 8,100 | II |
| 11 | Hua Nan Asset Management Co., Ltd. | п | п | 100,000,000 | 995,092 | 100.00 | 995,092 | 11 |
| 11 | Debt Instruments Depository and Clearing Co., Taiwan | Cost-method investee | п | 6,000,000 | 60,000 | 2.99 | 61,860 | Note 2 |
| п | Taipei Financial Center Corp. | п | п | 49,000,000 | 294,000 | 2.00 | 304,290 | 11 |
| | Stock: | | | | | | | |
| Chung-Hua Real Estate Management Co. | Feng Hua Development Corp. | Equity-method investee | Long-term equity investment | 8,910,000 | 150,926 | 45.00 | 150,926 | Note 1 |
| 11 | Everterminal Co., Ltd. | ıı ı | ıı ı | 1,030,336 | 10,000 | 0.84 | 10,000 | Note 2 |
| п | Twinhead International Corp. | The president is the same as the Corporation's | Short-term investments | 1,217,542 | 5,442 | - | 5,442 | 11 |
| 11 | Pan-International Industrial Corp. | - | Short-term investments | 77,962 | 3,652 | - | 3,652 | II |
| 11 | Fubon Financial Holding Co., Ltd. | - | II | 61,682 | 1,712 | - | 1,712 | II |
| п | Chung Hsun Electric & Machinery Mfg. Corp. Ltd. | - | п | 55,649 | 1,188 | - | 1,188 | 11 |
| 11 | Yulon Motor Co., Ltd. | - | ıı ı | 48,553 | 1,741 | _ | 1,741 | п |
| П | Yuanta Core Pacific Securities Co., Ltd. | - | п | 45,668 | 1,012 | - | 1,012 | 11 |
| 11 | Taiwan Rubber Co., Ltd. | - | ıı | 48,903 | 865 | - | 865 | ıı |

| N . | | Relationship | | | Year | | | |
|---|---|--|-----------------------------|------------------|---------------|----------------------|-----------------|---------|
| Name of company which holds securities | Category and name of security | between issuer of security and the Bank | Account name | Number of shares | Book value | Percentage of shares | Market value | Remarks |
| Chung-Hua Real Estate Management Co. | Cathay Financial Holdings Co., Ltd. | - | Short-term investments | 25,879 | 1,559 | - | 1,559 | Note 2 |
| 11 | BES Engineering Corp. | - | ıı ı | 35,468 | 156 | - | 156 | ıı |
| 11 | China Development Financial Holding Corporation | - | 11 | 14,279 | 172 | - | 172 | П |
| 11 | E.Sun Financial Holdings Co., Ltd. | - | 11 | 1,530 | 32 | - | 32 | " |
| | Beneficiary certificate: | | | | | | | |
| Chung-Hua Real Estate Management Co. | HSBC Small & Medium Capital fund | - | Short-term investments | 528,701 | 3,511 | - | 3,511 | п |
| | Bond: | | | | | | | |
| HNCB Insurance Agency Co., Ltd. | Government Bond - 89-7 | - | Guarantee deposits | 7,500 | 8,531 | - | 11,238 | п |
| | Beneficiary certificate: | | | | | | | |
| Hua Nan Investment Trust Corp. | Entrust Phoenix Bond Fund | Managed by the affiliate | Short-term investments | 1,361,749 | 20,256 | - | 20,256 | П |
| п | Entrust Kirin Bond Fund | Managed by the affiliate | Short-term investments | 1,855,787 | 20,266 | - | 20,266 | П |
| 11 | Hua Nan Yung Chong Fund | 11 | 11 | 1,825,558 | 13,893 | - | 13,893 | П |
| 11 | Hua Nan Flamingo Balance Fund | II | П | 1,991,814 | 20,642 | - | 20,642 | п |
| II . | Hua Nan Vision Tech Fund | II . | п | 469,314 | 5,463 | - | 5,463 | ш |
| 11 | Hua Nan Global Balance Fund | 11 | 11 | 987,840 | 10,121 | - | 10,121 | II |
| 11 | Hua Nan Long-Win Balance Fund | 11 | 11 | 1,184,125 | 11,211 | - | 11,211 | п |
| | Bond: | | | | | | | |
| II . | Entie Commercial Bank Financial Bond | - | II | - | 1,068,584 | - | 1,068,584 | II |
| 11 | E. Sun Commercial Bank Financial Bond | - | П | - | 2,072,076 | - | 2,072,076 | п |
| Hua Nan Investment Trust Corp. | Taiwan Futures Exchange | Cost-method investee | Long-term equity investment | 700,000 | 7,000 | 0.35 | 18,963 | п |
| " | Taiwan High-Tech Corp. | The president is the same as the Corporation's | Long-term equity investment | 3,132,000 | 30,000 | 9.37 | 38,962 | 11 |
| п | Agon-Tech Corp. | - | п | 649,000 | 14,337 | 4.76 | 5,666 | 11 |
| II . | Nano Amp Solutions, Inc. | - | п | 200,000 | 26,280 | 0.57 | 6,994 | ıı |

| Name of | | Relationship | | | Year | r-end | | |
|--------------------------------------|--|--|---|------------------|---------------|----------------------|-----------------|---------|
| company which holds securities | Category and name of security | between issuer of security and the Bank | Account name | Number of shares | Book value | Percentage of shares | Market value | Remarks |
| Hua Nan Investment Trust Corp. | Genesis Photonics Inc. | - | Long-term equity investment | 1,965,700 | 25,214 | 3.93 | 17,318 | Note 2 |
| п | Applied Wireless Identification Group | - | п | 1,200,000 | 39,420 | 4.49 | 15,588 | II |
| 11 | Groundhog Technologies Inc. | - | п | 1,666,667 | 32,202 | 6.00 | 12,383 | п |
| п | Therion Biologics Corporation | - | п | 227,272 | 15,858 | 0.25 | (18) | п |
| п | Nanopolymer Composites Corporation | - | " | 3,300,000 | 33,000 | 9.20 | 29,997 | п |
| п | Altea Therapeutics Corporation | - | " | 344,827 | 31,994 | 1.67 | 7,617 | п |
| п | Essence Technology Solution, Inc. | - | " | 660,000 | 11,880 | 2.35 | 6,171 | п |
| н | Microcosm Technology Co., Ltd. | - | ıı ı | 400,000 | 27,200 | 0.65 | 29,400 | П |
| п | Applied Potonics Inc. | - | п | 400,000 | 14,454 | 5.50 | 4,568 | 11 |
| n | Pacific Tech Miroeleconics | - | Long-term investment - Prepaid Investment Advance | 1,066,666 | 26,280 | 6.96 | - | п |

Note 1: The net value calculation was based on the investee's audited financial statements.

Note 2: The market values of the listed and over-the-counter investees accounted for by the cost method were determined at the average daily closing prices for the last month of the accounting period. The market values of the beneficiary certificates were determined at their net asset value as of December 31, 2005. The market values of bonds were based on the reference prices of the over-the counter securities exchange as of December 31, 2005. The net value calculations of the non-listed companies, except Taiwan Futures Exchange Corporation, were based on the latest unaudited financial statements.

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:

| | Marketable | Financial | Counter- | Nature of | Beginning | Balance | Acquis | sition | | Disposal | Shares | | Ending E | Balance |
|---|--|-----------------------------------|--------------------------------|-----------------------|------------|---------|-------------|-----------|------------|----------|---------|----------------------------|-------------|---------|
| Company Name | Securities Type and Name | Statement Account | party | Relationship | Shares | Amount | Shares | Amount | Shares | Amount | | Gain (Loss) on Disposal | Shares | Amount |
| Hua Nan Financial Holdings Co., Ltd. | Hua Nan Asset Management Co., Ltd. | Long-term Equity Investment | - | - | - | - | 100,000,000 | 1,000,000 | - | - | - | - | 100,000,000 | 995,092 |
| | Fund: | | | | | | | | | | | | | |
| Hua Nan Venture Capital Co., Ltd. | Entrust Phoenix Bond Fund | Short-term Investment | Hua Nan Investment Trust | Affiliated Company | 15,238,507 | 223,790 | - | - | 15,238,507 | 224,893 | 223,790 | 1,103 | - | - |
| | CITS An-Shin Bond Fund | | | | 18,499,394 | 210,932 | - | - | 18,499,394 | 213,703 | 210,932 | 2,771 | - | - |
| | TIIM High Yield Fund | | | | 8,327,465 | 100,096 | 331,862 | 4,000 | 8,659,327 | 105,083 | 104,096 | 987 | - | - |
| | NITC Taiwan Bond Fund | | | | 7,277,706 | 99,806 | - | - | 7,277,706 | 100,180 | 99,806 | 374 | | - |

- 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: none.
- 8. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.
- 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 management | Collection after December 31, 2005 | Allowance for bad debt |
|---|------------------------------|----------------------------|---|---------------|--------|----------------------|---|------------------------|
| Hua Nan Financial Holdings Co., Ltd. | Hua Nan Securities Co., Ltd. | Subsidiary | 229,047 | - | - | - | - | - |

- 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 2005 (None)



I. Financial Status

Unit: NT\$1,000

| Date | Dog 21, 2005 | Dec. 31, 2004 | Fluctuation | | | |
|------------------------------|---------------|---------------|-------------|---|--|--|
| Items | Dec.31, 2005 | (restated) | Amount | % | | |
| Total Assets | 2,582,354,532 | 2,507,816,561 | 74,537,971 | 3 | | |
| Total Liabilities | 2,405,489,669 | 2,343,062,046 | 62,427,623 | 3 | | |
| Total Shareholders' Equities | 176,864,863 | 164,754,515 | 12,110,348 | 7 | | |

II. Operating Results

Unit: NT\$1,000

| Year | 0005 | 2004 | Increase | % |
|-----------------------------------|------------|------------|-------------|--------|
| Items | 2005 | (restated) | (Decrease) | Change |
| Operating revenues | 63,746,176 | 60,298,601 | 3,447,575 | 6 |
| Operating costs | 45,451,694 | 37,531,935 | 7,919,759 | 21 |
| Operating gross profit | 18,294,482 | 22,766,666 | (4,472,184) | (20) |
| Operating expenses | 14,308,216 | 14,619,019 | (310,803) | (2) |
| Operating income | 3,986,266 | 8,147,647 | (4,161,381) | (51) |
| Non-operating revenues and income | 10,719,269 | 8,776,634 | 1,942,635 | 22 |
| Non-operating expenses and losses | 1,726,957 | 1,208,244 | 518,713 | 43 |
| Net income-before tax | 12,978,578 | 15,716,037 | (2,737,459) | (17) |
| Income tax expense | 972,928 | 1,722,335 | (749,407) | (44) |
| Cumulative effect of changes in | 0.064.170 | | 0.064.170 | |
| accounting principles | 2,264,170 | - | 2,264,170 | - |
| Net income-after tax | 14,269,820 | 13,993,702 | 276,118 | 2 |

Reasons for increases or reductions in ratios:

III. Cash Flow

1. Liquidity Analysis for the Past Year

(1) Cash Flow Analysis

Unit: NT\$1,000

2005

2004

Increase or Decrease

% Change

Net cash inflow (outflow) \$ (347,039,646) (97,073,995) (249,965,651) (258)

Net cash outflow in 2005 was NT\$249.96 billion more than in the previous year. The main reasons were as follows:

Amount \$ 20,430,240 Increase in net cash inflow from operating activities Decrease in placement with Central Bank (379,832,242)Decrease in investment in bills and securities, net 36,063,882 Increase in loans, discounts and bills purchased 120,699,156 Decrease in other assets (11,499,268)Decrease in deposits of Central Bank (18,905,124)Decrease in deposits of banks (19,841,879)Decrease in deposits and remittances (3,542,601)Increase in payment of cash dividends and bonus for government, net 5,483,236 Others 978,949 \$(249,965,651)

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

^{1.} Operating revenues: The reason for the increase in the Bank's operating revenues during this year was mainly an increase in the volume of loans and a steady recovery of interest rate levels, which led to an increase of NT\$7,376 million in interest revenues. Also, earnings from bills dealing and long-term investment declined by NT\$2,105 million and NT\$2,380 million, respectively.

Operating expenses: Deposits exhibited a growth trend during the year; because of the steady upturn in interest rates, there were relatively large increases in time deposits and preferential-interest deposits, leading to an increase of NT\$7,844 million in interest expenses.

Non-operating revenues and income: The main reason for this year's increase in non-operating revenue compared with the previous year was a reduction of about NT\$569 million in profit
from the sale of land and fixed assets while miscellaneous revenues increased by NT\$2,512 million due to the recovery of allocations of reserves against bad debt.

^{4.} Non-operating expenses and losses: This was caused mainly by the application of statement of Financial Accounting Standards (SFAS) 35 beginning this year, resulting in the recognition of an impairment loss for assets of NT\$801 million, along with a reduction of NT\$270 million in miscellaneous costs.

^{5.} Cumulative effect of changes in accounting principles: Under the revised SFAS 5, starting this year the listing of profit and loss by invested companies can no longer be deferred for a year. This change added NT\$2,264 million to the effect of accumulated changes on accounting principles.

2. Cash Flow Analysis for the Coming Year

Unit: NT\$1,000

| Balance of Cash | Annual Net Cash Flow from | Annual Cash Outflow | Remaining of | Remedy for Estimated Cash Shortage | | | |
|-----------------|------------------------------|---------------------|-----------------|---------------------------------------|-------------------------|--|--|
| at Beginning | Business Activities | (inflow) | Cash (Shortage) | Investment Plan | Financial Management | | |
| (a) | (b) | (c) | (a)+(b)-(c) | Fiaii | Plan | | |
| 211,087,866 | (13,460,319) | (174,198,435) | 371,825,982 | - | - | | |

(1) Cash Flow Analysis

- a. Business activities: Due primarily to a net cash outflow of NT\$13,460,319,000 produced by business activities.
- b. Investment activities: Mainly due to a net cash inflow of NT\$163,873,236,000 from investment activities produced by the sale of land and buildings.
- c. Financing activities: Primarily a net cash inflow of NT\$10,325,199,000 produced by financing activities as a result of increases in deposits and remittances, interbank deposits, and Central Bank deposits.
- (2) Remedial action to make up for cash inadequacy, and liquidity analysis: Not applicable.

IV. Influence of Major Capital Expenditures on Financial Operations During the Past Years

1. Utilization of Major Capital Expenditures, and Sources of Funds

Unit: NT\$1,000

| | Actual or | Actual or | | | | | | | | |
|-----------------|---------------------|------------|-----------|--------|-------|-----------------|--------------|-------------|------|------|
| Plan Items | Projected | Projected | Needed | | Act | tual or Project | cted Funds I | Jtilization | | |
| i idii itciii3 | Sources of | Date of | Capital | | | | | | | |
| | Funds | Completion | | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| | Fixed assets - Non- | | | | | | | | | |
| Construction of | plan capital | | | | | | | | | |
| Information | expenditures - | Dec. 2005 | 751,490 | 45,844 | - | 551,698 | 137,924 | - | - | - |
| Building | Buildings and | | | | | | | | | |
| | structures | | | | | | | | | |
| | Fixed assets - Non- | | | | | | | | | |
| Construction of | plan capital | | | | | | | | | |
| Nantze Branch | expenditures - | Oct. 2007 | 187,706 | - | 1,101 | 81,820 | 104,785 | - | - | - |
| Premises | Buildings and | | | | | | | | | |
| | structures | | | | | | | | | |
| | Fixed assets - Non- | | | | | | | | | |
| Construction of | plan capital | | | | | | | | | |
| Tali Branch | expenditures - | May 2006 | 118,404 | - | 736 | 57,980 | 59,688 | - | - | - |
| Premises | Buildings and | | | | | | | | | |
| | structures | | | | | | | | | |
| | Fixed assets - Non- | | | | | | | | | |
| Construction of | plan capital | | | | | | | | | |
| Aanan Branch | expenditures - | Dec. 2007 | 120,219 | - | 718 | 77,557 | 41,944 | - | - | - |
| Premises | Buildings and | | | | | | | | | |
| | structures | | | | | | | | | |
| Total | | | 1,177,819 | 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, or 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 2005 amounted to more than NT\$10 billion.

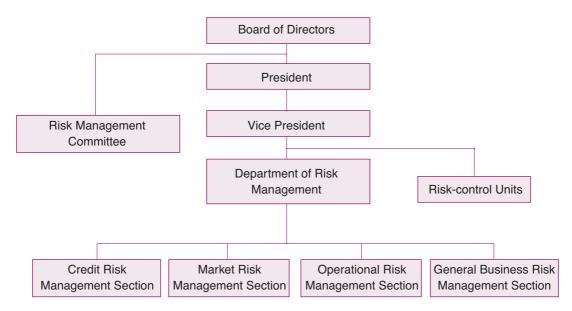
To assure the quality of investment and to heighten return on investment, the Bank actively implements share-release plans to release the weak and keep the strong, and participates in meetings of the boards of directors and supervisors of invested enterprises so as to maintain a grasp of their business conditions and protect the Bank's investment interests. The BOT is currently engaged in a merger project with the Central Trust of China, and the merger of some of its reinvested enterprises with the BOT is expected to be completed in the first half of 2007.

VI. Risk Management

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

(1) Risk Management Organizational Framework

A Risk Management Committee was set up on Jan. 7, 2005 to reinforce the Bank's risk control capabilities and meet the provisions of the Basel 2 agreement. A Risk Management Center was established on Apr. 8 that year, and a formal Department of Risk Management was included in the Bank's organizational chart on Sep. 21. Four management sections—credit, market, operational, and general business risk—have been set up within the department to take charge of the establishment of the Bank's risk control policies and systems, and to carry out identification, assessment, monitoring, and management of risk. The framework of this mechanism is shown below:



(2) Risk Management Policy

- a. Self-owned capital has been augmented in accordance with business growth so as to maintain a suitable ratio of capital adequacy and to strengthen the Bank's financial structure.
- b. An independent and effective risk management mechanism has been set up, and risk management for different areas of business is being strengthened through appropriate risk management policies, procedures, and system tools.
- c. All types of risks that are involved in businesses both on the balance sheet and off-book are subject to control under the BOT's risk management, including credit risk, market risk, operating risk, interest rate risk, liquidity risk, national risk, and legal risk.
- d. Risk factors for all areas of business have been placed under risk management in accordance with the nature of the business and the principle of risk diversification; while risk indicators and an early-warning mechanism have been established using systematic risk assessment and measurement.

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

(1) General Qualitative Disclosure

a. Credit Risk Management

A system of graded delegation of authority is used in loan cases and the disposition of bad loans, and the review of loan cases is carried out strictly in accordance with the limits of authorization so as to assure the quality of loan assets.

Loans to the BOTs responsible person, BOT employees, persons having material interests with the Bank, single persons, single persons with material interest, and single conglomerates are controlled in accordance with stipulated quotas. The Bank has established rules for credit risk management of loans to enterprise groups and ratios for loan risk exposure to different industries, and it controls credit quotas for trading partners, issuers, and guarantors in accordance with their external credit ratings.

After loans are extended, they are reviewed during the loan period in accordance with their review ratings. For important loans, follow-up evaluation is carried out and reserves against bad loans are allocated for loan assets at the end of every month in order to reinforce the Bank 's operating system.

b. Market Risk Management

To control risk, each trading unit carries out a daily assessment of forex trading for trading objectives in accordance with market prices. Authorization quotas, types of dealing, investment objectives, investment and loss quotas are set for the management of different kinds of securities, forex positions and derivatives in order to control market risk effectively.

In the management of New Taiwan Dollar funds, advance assessment is made of long-term interest-rate trends; and, before the start of business each day, central interest rates as well as trading amounts of short-term notes of different maturities are set for that day. In addition, add-or-subtract authorization limits are set for personnel at different levels.

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 those businesses. Rules have also been established for online operations, information and Internet security management, internal auditing and investigation, the outsourcing of data processing, and the commissioning of operations. Follow-up monitoring is also carried out in order to facilitate legal conformance and control operating risk.

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

d. Banking Book Interest-rate and Liquidity Risk Management

The Bank has set up an Assets and Liabilities Management Committee to maintain stable operations, reinforce assets and liabilities management, and strengthen the structure of assets and liabilities. Under the leadership of the president, this committee is responsible for the management and analysis of bankwide liquidity positions, the analysis of interest-rate risk, and the review of the deposit and loan structure. In addition, an Assets and Liabilities Management Information System has been established in order to list interest-rate-sensitive assets and liabilities in accordance with their natures, and, on a regular basis, to analyze assets and liabilities maturity gaps and changes in maturity structure. This analysis provides a basis for the management of interest-rate risk and the setting of prices. Moreover, the appropriate allocation and utilization of funds, and the adjustment of the capital structure, are carried out in accordance with the capital situation with the aim of reducing liquidity risk and enhancing earnings.

(2) Credit Risk

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

Dec. 31, 2005

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 central governments or central banks of non-OECD countries | 0% | 0 |
| Loans to or guaranteed by government agencies (excepting central government agencies) of Taiwan, and loans secured by bonds of government agencies of Taiwan (excluding those of central government agencies) | 10% | 23,491,190 |
| 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 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 | 20% | 37,500,085 |
| Loans secured by residential real estate | 50% | 102,737,944 |
| 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 instruments of other banks, loans and other assets not listed above | 100% | 713,354,406 |
| Total | | 877,083,625 |

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

Dec. 31, 2005

Unit:NT\$1,000

| Items | Risk-Weighted Assets |
|---|----------------------|
| General off-balance sheet transaction | 125,055,821 |
| Derivatives | 1,558,463 |
| Bonds sold under agreements to repurchase | 623,112 |
| Bonds investment under agreements to resale | 1,371,720 |
| Total | 128,609,116 |

- 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, 2005

Unit:NT\$1,000

| Risk Category | Accrued Capital | Risk-Weighted Assets (Accrued Capital * 12.5) |
|---|-----------------|---|
| Interest rate risk | 4,021,242 | 50,265,525 |
| Equity security risk | 793,032 | 9,912,900 |
| Foreign exchange risk | 462,878 | 5,785,969 |
| Commodity risk | 0 | 0 |
| Adoption of simplified method for options | 34,230 | 427,875 |
| Total | 5,311,382 | 66,392,269 |

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

The Bank uses two methods to manage liquidity risk: total amount management, and flow management. Total amount management is carried out according to the Central Bank's "Liquidity Reserve Checking Guidelines for Financial Institutions," and liquidity reserves are allocated in reference to fluctuations in the Bank's flow of funds. The implementation of flow management depends on the time and place of in- and outflow of funds and is divided into real-time management and medium- and long-term management. When the flow of funds reaches a set limit, business units are required to submit a report immediately so as to maintain a grasp of the status of capital and provide for the adoption of advance countermeasures. Medium- and long-term management calls for the compilation of a New Taiwan Dollar Cash Flow Gap Analysis Table, in which 1-10 day and 11-30 day gaps are calculated, each week. In addition, a monthly analytic report on the Bank's New Taiwan Dollar funds liquidity risk and interest-rate risk is compiled and submitted to the Assets and Liabilities Management Committee and to the Board of managing Directors.

a.New Taiwan Dollars Maturity Date Structure

Dec. 31, 2005

Unit:NT\$ million

| | | Amounts by Time Remaining before Maturity | | | | |
|---------------------------------|-----------|---|------------|-------------|----------------------|---------------|
| | Total | 1-30 days | 31-90 days | 91-180 days | 181days- one year | Over one year |
| Major inflows of matured funds | 2,341,932 | 575,434 | 259,594 | 251,993 | 176,957 | 1,077,954 |
| Major outflows of matured funds | 2,605,984 | 263,077 | 287,571 | 242,517 | 509,223 | 1,303,596 |
| Period gap | (264,052) | 312,357 | (27,977) | 9,476 | (332,266) | (225,642) |

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

b. Foreign Currencies Maturity Date Structure

Dec. 31, 2005

Unit:US\$1,000

| | | Amounts by Time Remaining before Maturity | | | | |
|-----------------|------------|---|-------------|-------------|-------------|---------------|
| | Total | 1-30 days | 31-90 days | 91-180 days | 181days- | Over one year |
| | | | | | one year | |
| Assets | 12,330,828 | 4,860,677 | 1,295,289 | 1,367,278 | 1,221,218 | 3,586,366 |
| Liabilities | 12,319,924 | 6,332,838 | 1,632,258 | 1,447,787 | 1,030,584 | 1,876,457 |
| Gap | 10,904 | (1,472,161) | (336,969) | (80,509) | 190,634 | 1,709,909 |
| Accumulated Gap | 10,904 | (1,472,161) | (1,809,130) | (1,889,639) | (1,699,005) | 10,904 |

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

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

The Bank will remain attentive 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 throughout the world have gradually accustomed customers to use different trading channels to carry out funds-flow services. The Bank continuously uses the Internet, ATMs, and other electronic channels to provide a diversified, convenient, and safe service system that can attract new customers and keep old ones.

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

The Bank holds key industry status and prospects seminars annually, purchases industrial, economic, and specialized databanks, and has established a databank for inter-industry comparison and analysis of the financial conditions of companies listed on the stock and over-the-counter markets. In addition to these resources, employees can use the Bank's global information network to maintain grasp of the latest industrial changes, enhance the quality of credit investigation and loans, and lower the Bank's business risks. At the same time, the Bank is strengthening its management of loan risk by setting risk assumption limits by industry and by conglomerate group so as to diversify risks caused by technological and industrial changes.

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

To facilitate business marketing, the Bank strives to enhance service quality, simplify operating procedures, and expand authorization; in addition, in 2005 it emphasized "Make It Happen with Vitality, Joy, and Hope" with the aim of molding an image of vigor and vitality. In 2005 the Bank also introduced the "Make a Difference with Creativity, Integration, and Action" program calling for quality upgrading and hand-in-hand concerted effort to give outsiders the impression of a bank with a difference that emphasizes a youthful heart, soaring passion, vital energy.

6. Expected Benefits and Potential Risks of Mergers and Acquisitions, and Countermeasures

On Nov. 18, 2005 the government announced that the BOT would absorb the Central Trust of China through a merger and would remain as the surviving bank, and that after the merger the scope of businesses operated by the BOT would encompass banking, insurance, securities, trust, procurement, government employees' insurance, military servicemen's insurance, alternative national service insurance, trading, and gold, bringing greater diversification and an extension of product line for marketing through product integration and packaging. This will have the following effects:

- (1) Expansion of the scale of assets;
- (2) Extension of service network throughout Taiwan, and increase business channels;
- (3) Expression of business synergies, and enhance competitiveness; and
- (4) Heightening of market share.

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 Arising from the Concentration of Business, and Countermeasures

The Bank's main source of income is interest, and for this reason changes in interest rates have a relatively large influence on the Bank's income. To reduce the risk caused by interest-rate fluctuations, the Bank will observe changes in interest rates both continuously and closely, and will adjust its interest rates when necessary to improve the structure of its assets and liabilities.

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 post-event 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.
- 4. 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 Laundering.
- 8. Publicizing and implementing the Act for the Anti-Money Laundering.
- 9. Establishing an emergency reporting system for headquarters and branches.
- 10. Strengthening education and training, and enhancing the crisis management capabilities of BOT staff.

VIII. Other Important Matters

(None)



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. 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:

Impact on the Enterprises of SFAS 34

Jin-Tung Lee, Director:

Summit on Corporate Governance in the Financial Industry

Chang-Sheng Lin, Director:

Professional Know-how Enhancement Plan for Labor Directors - Labor Directors Knowledge Growth Camp

Sheng-Tien Yang, Director:

Professional Know-how Enhancement Plan for Labor Directors - Labor Directors Knowledge Growth Camp

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)

Fu-Deng Hsieh, Supervisor:

Trust Business Seminar for High-level Personnel

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 competent authority 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.





I. CPA Payments

- Ratio of non-auditing costs to auditing costs reaching 25% or above, or reaching NT\$500,000 or more (None)
- 2. Disclosure required by regulations of auditing and non-auditing fees paid to previous accountant in cases where the auditing period does not include the entire fiscal year (Not applicable)
- 3. Reduction in auditing fees to less than those paid during the previous year when changing accountants (Not applicable)
- 4. Reduction in auditing fees by 15% or more from the previous year (None)

II. Other Matters for Disclosure

- 1. Change of CPA during the most recent two years and following period (None)
- Bank chairman, president, or managers in charge of financial or accounting matters who were employed by a CPA office or its related enterprise during the most recent fiscal year (None)





I. Information on Affiliated Enterprises (None)

II. Implementation of Internal Control System

1. Statements of Internal Controls

Bank of Taiwan Statement of Internal Controls

On behalf of the Bank of Taiwan we declare that during the period of Jan. 1, 2005 through Dec. 31, 2005 the Bank of Taiwan did conform to the provisions of the "Implementation Rules for Banks' Internal Control and Auditing Systems" 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. In the operation of the securities business, the Bank assessed the effectiveness of the design and implementation of its internal controls system in accordance with the items for judgment of the effectiveness of internal controls systems as contained in the "Guidelines for the Establishment of Internal Controls Systems by Securities and Futures Enterprises" as promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. Careful assessment shows that with the exception of the items listed in the accompanying chart, the Bank's units did effectively carry out internal controls and legal compliance during the period. This Statement will become an important part of the Bank's annual report and its public announcements, and will be made public. Any fraudulence, undisclosed items, or illegality in the public content described above will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities Transaction Law.

Submitted to the Financial Supervisory Commission, Executive Yuan

Attestor

Chairman

President

Executive Vice President and General Auditor

Headquarters Legal Compliance Official

April 3, 2006

Joh-Han Hu

Skill T.L. Chou Wu-Shing

2. Independent Auditors' Report

Independent Auditors' Report

The Board of Directors Bank of Taiwan

Article 25, 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 28 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 competent authority for supervisory reference, it may not be used for other purposes or distributed to other parties.

KPMG Certified Public Accountants

March 15, 2006

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. Resolution passed by the 93rd meeting of the first Board of Managing Directors on Sep. 16, 2005: Establishment of a Department of Risk Management on Sep. 21, 2005.
- Resolution passed by the 24th meeting of the first Board of Directors on July 25, 2005: The vacancy left by
 the retirement of Executive Vice President K.C. Wang to be filled by Fu-Chi Tsai, Senior Vice President and
 General Manager of the Department of Business (I).
- 3. Resolution passed by the 1st Extraordinary Meeting of the 1st Board of Directors on Nov. 18, 2005: The BOT to absorb the Central Trust of China through merger, with the BOT the surviving institution; the chairman of the BOT authorized to represent the BOT in negotiating or disclosing matters regarding the merger project.
- 4. Resolution passed by the 2nd Extraordinary Meeting of the 1st Board of Directors on Dec. 2, 2005: The vacancy left by Executive Vice President Tzer-Cheng Lo, who applied for retirement on Dec. 5, 2005, to be filled by Fan-Chih Wu, Executive Vice President and General Auditor; and the vacancy left by Fan-Chih Wu to be filled by Teng-Lung Hsieh, Senior Vice President and General Manager of the Department of Credit Management.

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 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 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 (None)

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

Cases of employee fraud, and major incidents causing actual losses of not more than NT\$50 million, either individually or collectively, in 2004 and 2005.

- 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

On Nov. 18, 2005 the government announced that the Bank of Taiwan would, as the surviving institution, absorb the Central Trust of China via merger.





I. Domestic Business Units

120 Sec 1, Chongcing South Road, Jhongjheng District, Taipei City 10007, 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 District, | 02-23493399 | 02-23759708 |
| | Business (I) | Taipei City | | |
| 0059 | Department of | 120 Sec 1, Gueiyang Street, Jhongjheng District, | 02-23615421 | 02-23751125 |
| | Public Treasury | Taipei City | | |
| 0071 | Department of | 49 Guancian Road, Jhongjheng District, Taipei City | 02-23812949 | 02-23753800 |
| | Business (II) | | | |
| 0082 | Department of | 58 Sec 1, Chongcing South Road, Jhongjheng District, | 02-23618030 | 02-23821846 |
| | Trusts | Taipei City | | |
| 0691 | Offshore Banking | 1F, 3 Baocing Road, Jhongjheng District, Taipei City | 02-23493456 | 02-23894500 |
| | Branch | | | |
| 1850 | Department of | 4F, 120 Sec 1, Gueiyang Street, Jhongjheng District, | 02-23494567 | 02-23893999 |
| | Electronic Banking | Taipei City | | |
| 1698 | Department of | 2F, 58 Sec 1, Chongcing South Road, Jhongjheng | 02-23882188 | 02-23716159 |
| | Securities | District, Taipei City | | |
| 0093 | Tainan Branch | 155 Sec 1, Fucian Road, Central District, Tainan City | 06-2160168 | 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 | 11 Guanghua Road, Jhongsing Village, Nantou City, | 049-2332101 | 049-2350457 |
| | Village Branch | 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, Changhua | 04-7225191 | 04-7257871 |
| | | County | | |
| | Pingtung Branch | 43 Jhongshan Road, Pingtung City, Pingtung County | 08-7328141 | 08-7322309 |
| | 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 District, Taipei City | 02-25423434 | 02-25710210 |
| 0211 | Kaohsiung Expot | Jhongyi Road, Export Processing, Cianjhen District, | 07-8215141 | 07-8115648 |
| 0211 | Processing Zone | Kaohsiung City | 07-0213141 | 07-01130-0 |
| | Branch | Traditioning dity | | |
| 0222 | Ilan Branch | 1 Sec 3, Jhongshan Road, Yilan City, Yilan County | 03-9355121 | 03-9355822 |
| 0233 | Taitung Branch | 313 Jhongshan Road, Taitung City, Taitung County | 089-324201 | 089-311608 |
| | Penghu Branch | 24 Ren-ai Road, Magong City, Penghu County | 06-9279935 | 06-9272347 |
| 0255 | Fengshan Branch | 20 Caogong Road, Fongshan City, Kaohsiung | 07-7416131 | 07-7433478 |
| | | County | | |
| 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 Jhongiheng Road, Sinying City, Tainan County | 06-6351111 | 06-6321843 |
| | Miaoli Branch | 510 Jhongjheng Road, Miaoli City, Miaoli County | 037-326791 | 037-327111 |
| | Fengyuan Branch | 302 Jhongjheng Road, Fongyuan City, Taichung County | 04-25278686 | 04-25256981 |
| 0314 | Touliu Branch | 27 Wunhua Road, Douliou City, Yunlin County | 05-5324155 | 05-5338309 |
| 0325 | Nantou Branch | 101 Fusing Road, Nantou City, Nantou County | 049-2232121 | 049-2229845 |
| | Nanmen Branch | 120 Sec 1, Nanchang Road, Jhongjheng District, | 02-23512121 | 02-23964281 |
| | | Taipei City | | |
| 0325 | Nantou Branch | 101 Fusing Road, Nantou City, Nantou County 120 Sec 1, Nanchang Road, Jhongjheng District, | 049-2232121 | 0 |

| CODE | OFFICE | ADDRESS | TELEPHONE | FAX |
|--------|--------------------------------|--|---------------------------|-------------|
| 0347 | Kungkuan Branch | 120 Sec 4, Roosevelt Road, Jhongjheng District, | 02-23672581 | 02-23698237 |
| | | 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, Taichung | 04-23302216 | 04-23327104 |
| | | County | | |
| 0381 | Kinmen Branch | 4 Fusing Road, Jinhu Township, Kinmen County, | 082-333711 | 082-333719 |
| | | Fuchien Province | | |
| 0392 | Matsu Branch | 257 Wunhua Road, jieshou Village, Nangan | 0836-26046 | 0836-25801 |
| | | Township, Lienchiang County, Fuchien Province | | |
| 0406 | Anping Branch | 240 Jhongjheng Road, Central District, Tainan City | 06-2292181 | 06-2241520 |
| | Chungli Branch | 580 Yanping Road, Jhongli City, Taoyuan County | 03-4252160 | 03-4258751 |
| 0428 | Sanchung Branch | 39 Sec 4, Chongsin Road, Sanchong City, | 02-29719621 | 02-29719736 |
| | | Taipei County | | |
| 0439 | Toufen Branch | 65 Jhongjheng Road, Toufen Township, Miaoli County | 037-663451 | 037-672213 |
| | Chienchen Branch | 1-3 Kuojian Road, Cianjhen District, Kaohsiung City | 07-8115171 | 07-8413413 |
| | Chengchung | 47 Cingdao East Road, Jhongjheng District, Taipei City | 02-23218934 | 02-23918761 |
| | Branch | | | |
| | 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 | | |
| | Sungchiang Branch | 115 Songjiang Road, Jhongshan District, Taipei City | 02-25069421 | 02-25078786 |
| | Kusan Branch | 23 Linhai 1st Road, Gushan District, Kaohsiung City | 07-5218291 | 07-5315544 |
| | 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 |
| 0.5.40 | | Taipei City | 22 225 45 422 | |
| | Hsinyi Branch | 88 Sec 2, Sinyi Road, Da-an District, Taipei City | 02-23515486 | 02-23973887 |
| | Fuhsing Branch | 102 Sec 4, Fusing Road, East District, Taichung City | 04-22244181 | 04-22205856 |
| | Sanming Branch | 567 Jiouru 2nd Road, Sanmin District, Kaohsiung City | 07-3127143 | 07-3215350 |
| | Taichung Harbor | 2 Sihwei Road, Wuci Township, Taichung County | 04-26562311 | 04-26571772 |
| | Branch | 00 Openikana Band Lundana Trumakia Vilas Openik | 00.0570000 | 00.050000 |
| | Lotung Branch | 93 Gongjheng Road, Luodong Township, Yilan County | 03-9576866 | 03-9560622 |
| | Puli Branch | 112 Dongrong Road, Puli Township, Nantou County | 049-2983991 | 049-2995949 |
| 0602 | Kangshan Branch | 16 Shoutian Road, Gangshan Township, Kaohsiung | 07-6216141 | 07-6214853 |
| 0610 | Haingaing Dranch | County 133 Minzu 2nd Road, Sinsing District, Kaohsiung City | 07 0004611 | 07 0007074 |
| 0613 | Hsingsing Branch Lingya Branch | 261 Cingnian 1st Road, Lingya District, Kaohsiung City | 07-2384611 | 07-2387374 |
| | Sungshan Branch | 560 Sec 4, Jhongsiao East Road, Sinyi District, | 07-3358700 02-27293111 | 07-3327904 |
| 0040 | Suriginali Dialicii | | 02-27293111 | 02-27230014 |
| 0657 | Chienhsing Branch | Taipei City 144 Jhongiheng Road, Central District, Taichung City | 04-22242141 | 04-22273142 |
| | Chungho Branch | 253 Sec 2, Jhongshan Road, Jhonghe City, Taipei | 02-22488980 | 02-22461474 |
| 0000 | Chungho Branch | | 02-22400900 | 02-22401474 |
| 0679 | Taipao Branch | County 2 East Section, Sianghe 1st Road, Sianghe Village, | 05-3620016 | 05-3620021 |
| 0079 | таграо Бтапст | | 05-3020010 | 03-3020021 |
| 0680 | Chupei Branch | Taibao City, Chiayi County 16 Guangming 6th Road, Jhubei City, Hsinchu County | 03-5513111 | 03-5517322 |
| | Shihlin Branch | 197 Sec 6, Jhongshan North Road, Shihlin District, | 02-28367080 | 02-28362523 |
| 0705 | Similin Dianch | | 02-2030/000 | 02-20302323 |
| 0716 | Hsinchuang Branch | Taipei City 85 Sintai Road, Sinjhuang City, Taipei County | 02-22056699 | 02-22031524 |
| | | | | |
| 0727 | Tachia Branch | 61 Minsheng Road, Dajia Township, Taichung County | 04-26868111 | 04-26865224 |

| CODE | OFFICE | ADDRESS | TELEPHONE | FAX |
|------|-------------------------------------|--|----------------|-------------|
| 0738 | Science-Based | 2F, 5 Industrial East 6th Rd., Science-Based Industrial | 03-5770050 | 03-5777936 |
| | Industrial Park | Park, Hsinchu City | | |
| | Branch | | | |
| 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 | 607 Daye Rd., Nantun District, Taichung City | 04-22551178 | 04-22524822 |
| 8080 | Minsheng Branch | 167 Fusing North Road, Songshan District, Taipei City | 02-27192081 | 02-27188897 |
| 0819 | Yungkang Branch | 513 Siaodong Road, Yongkang City, Tainan County | 06-3125411 | 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, Keelung Road, Sinyi District, Taipei City | 02-27200315 | 02-27576156 |
| 0864 | Taan Branch | 165 Sec 4, Sinyi Road, Da-an District, Taipei City | 02-27553121 | 02-27093243 |
| | Huachiang Branch | 293-2 Sec 1, Jhongshan Road, Banciao City, Taipei | 02-29610101 | 02-29638280 |
| | - | County | | |
| 0886 | Chaochou Branch | 13-2 Sinsheng Road, Chaojhou Township, Pingtung County | 08-7883384 | 08-7883614 |
| 0897 | Suao Branch | 97 Sec 1, Jhongshan Road, Su-ao Township, Yilan County | 03-9962566 | 03-9963370 |
| 0901 | Taya Branch | 106 Jhongcing South Road, Daya Township, Taichung County | 04-25683330 | 04-25680164 |
| 0912 | Nantze Branch | 166 Jiannan Road, Nanzih District, Kaohsiung City | 07-3526680 | 07-3531484 |
| 0923 | Taichung Industrial | 196 Industrial Park 1st Road, Situn District, Taichung | 04-23597850 | 04-23599868 |
| | Park Branch | City | 0 : 2000 : 000 | 0.2000000 |
| 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, Taipei City | 02-26516706 | 02-27839049 |
| 1089 | Hoping Branch | 180 Sec 1, Heping East Road, Da-an District, Taipei City | 02-23687027 | 02-23626987 |
| 1090 | Shuinan Branch | 416 Sec 2, Chongde Road, Beitun District, Taichung City | 04-22468130 | 04-22466855 |
| 1104 | Chunglun Branch | 108 Sec 5, Nanjing East Road, Songshan District, Taipei City | 02-27698618 | 02-27603224 |
| 1115 | Tucheng Branch | 344 Sec 2, Jhongyang Road, Tucheng City, Taipei County | 02-22703791 | 02-22603314 |
| 1159 | CKS Airport Branch | 15 Hangjhan South Road, Pusin Village, Dayuan Township, Taoyuan County | 03-3982166 | 03-3834834 |
| 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 | 07-5567690 | 07-5562613 |
| 1207 | Chungchuang Branch | 339 Fongping 1st Road, Daliao Township, Kaohsiung County | 07-7038838 | 07-7038964 |
| 1218 | Pingchen Branch | 11 Sec 2, Huannan Road, Pingjhen City, Taoyuan County | 03-4945688 | 03-4945699 |
| 1229 | Jenai Branch | 99 Sec 2, Ren-ai Road, Jhongjheng District, Taipei City | 02-23975936 | 02-23975927 |
| | 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 City | 02-25976699 | 02-25932760 |
| 1355 | Wuku Branch | 42 Sec 4, Jhongsing Road, Wugu Township, Taipei County | 02-22936699 | 02-22918201 |
| 1366 | Tali Branch | 520 Sec 2, Guoguang Road, Dali City, Taichung County | 04-24812211 | 04-24818448 |
| 1377 | Annan Branch | 316 Sec 4, Anhe Road, Annan District, Tainan City | 06-3555111 | 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 | | |

| CODE | OFFICE | ADDRESS | TELEPHONE | FAX |
|------|---------------------|---|-------------|-------------|
| 1436 | Lukang Branch | 2 Lugong Road, Lugang Township, Changhua County | 04-7810168 | 04-7810268 |
| 1447 | Neili Branch | 125 Singnong Road, Jhongli City, Taoyuan County | 03-4618519 | 03-4519650 |
| 1469 | Tainan Science- | 1F, 15 Nanke 3rd Road, Sinshih Township, Tainan | 06-5051701 | 06-5051709 |
| | Based Industrial | County | | |
| | Park Branch | | | |
| 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 | 602 Jhongsiao Road, Chiayi City | 05-2718911 | 05-2718922 |
| 1551 | Tunhkang Branch | 114 Jhongjheng Road, Donggang Township, Pingtung | 08-8323131 | 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 | 410 Hongping Road, Siaogang District, Kaohsiung City | 07-8010399 | 07-8066029 |
| | Branch | | | |
| 1609 | Chungping Branch | 9 Jhonghua Road, Pingtung City, Pingtung County | 08-7677001 | 08-7320199 |
| 1621 | Chunhsien Branch | 1 Jhongshan South Road, Jhongjheng District, Taipei | 02-23411001 | 02-23578831 |
| | | City | | |
| 1643 | Peitalu Branch | 68 Beida Road, Hsinchu City | 03-5354381 | 03-5354380 |
| 1654 | Wenshan Mini | 218 Sec 6, Roosevelt Road, Wunshan District, Taipei | 02-86635656 | 02-86635656 |
| | Branch | 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, Changhua | 04-7272123 | 04-7272190 |
| | | County | | |
| 1687 | Fucheng Mini Branch | 254 Sec 2, Mincyuan Road, Central District, Tainan City | 06-2252168 | 06-2250936 |
| 1702 | Taiping Branch | 146 Jhongsing East Road, Taiping City, Taichung County | 04-22736666 | 04-22736120 |
| 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 |
| | | County | | |
| 1768 | Yenpu Branch | 37 Shengli Road, Yanjhong Village, Yanpu Township, | 08-7932111 | 08-7932091 |
| | | Pingtung County | | |
| 1780 | Hsinwei Branch | 55 Pengcuo Road, Siner Village, Yanpu Township, | 08-7932037 | 08-7935976 |
| | | Pingtung County | | |
| 1791 | Chenhsing Branch | 60-4 Bo-ai Rd. Jhensing Village, Yanpu Township, | 08-7020141 | 08-7021421 |
| | | Pingtung County | | |
| 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 | 08-8352606 |
| | | Township, Pingtung County | | |
| 1827 | Yinglong Branch | 187 Yanlong Road, Yanlong Village, Sinyuan Township, | 08-8335869 | 08-8335867 |
| | | 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 |
| | Lujhou Branch | 50 Sanmin Road, Lujhou City, Taipei County | 02-82868686 | 02-82868989 |
| 1919 | Kaohsiung Airport | 2 Jhongshan 4th Road, Siaogang District, Kaohsiung | 07-8017564 | 07-8022004 |
| | Branch | City | | |

| CODE | OFFICE | ADDRESS | TELEPHONE | FAX |
|------|-----------------------|--|-------------|-------------|
| 1920 | Keelung Port Mini | 2F, 6 Gangsi Street, Ren-ai District, Keelung City | 02-24289763 | 02-24283186 |
| | Branch | | | |
| 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 | 02-23943168 | 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 County | 082-325145 | 082-321497 |
| 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 | 1F, 5 Sec 5, Sinyi Road, Sinyi District, Taipei City | 02-27252419 | |
| | Mini Branch | | | |
| 2145 | Taichung Airport Mini | 42 Jhongcing Road, Shalu Township, Taichung, County | 04-26155111 | 04-26155168 |
| | Branch | | | |
| 2178 | Chongcing South | 1F, 58 Sec 1, Chongcing S. Rd., Jhongjheng District, | 02-23886020 | 02-23886160 |
| | Road Mini Branch | Taipei City | | |
| 2189 | Taipei Port Mini | 2F, 123 Shanggang Rd., Bali Township, Taipei County | 02-26196269 | 02-26196272 |
| | Branch | | | |
| 2190 | Jhunan Science Park | 1F, 6 Kedong 3rd Rd., Jhunan Township, Miaoli County | 037-585366 | |
| | Mini Branch | | | |
| 2204 | Taichung Science | 2F, 48 Keya Rd., Daya Township, Taichung County | 04-25658111 | 04-25658220 |
| | Park Branch | | | |
| 2215 | Kaohsiung Science | 1F, 82 Luke 5th Rd., Lujhu Township, Kaohsiung County | 07-6955268 | 07-6955278 |
| | Park Branch | | | |
| | | | | |



II. Overseas Units



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

BANK OF TAIWAN



Chairman Jeh-Han Hu



No. 120, Sec. I, Chongcing South Road, Taipei City 10007,Taiwan (R.O.C.) Tel:02-2349-3456 www.bot.com.tw SWIFT:BKTWTWTP



GPN:2004200003