



Ever...

Caring & Loving

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Highlights

In Million, except per share data

Item	2005 Consolidated		2004 Consolidated	
	NTD	USD ²	NTD	USD ¹
For the Year				
Income before Income Tax	20,541	625	20,059	628
Net Income	16,120	491	15,386	482
At the Year End				
Total Assets	1,716,615	52,256	1,428,979	44,772
Stockholders' Equity	145,597	4,432	100,872	3,160
Per Share				
Earnings per share – before income tax	2.83	0.09	3.42	0.11
Earnings per share – after income tax	2.20	0.07	2.60	0.08
Stockholders' Equity per Share – common stock	14.81	0.45	15.62	0.49
Group Capital Adequacy Ratio	139.44%		119.72%	
Return on Equity – after income tax	15.88%		17.02%	
Return on Assets – after income tax	1.02%		1.16%	

1. U.S. Dollars amounts are converted at the prevailing exchange rate on Dec.31, 2004 of NT \$31.917=US\$1

2. U.S. Dollars amounts are converted at the prevailing exchange rate on Dec.31, 2005 of NT \$32.850=US\$1

Shareholders

In 2005, the world economy grew 4.32%¹, down from the 5.13% increase posted in 2004. This was caused by a combination of the U.S. Federal Reserve's consecutive hikes in interest rates, international crude oil prices hovering at high levels due to a continuous imbalance in demand and supply, and China continuing its initiative to slow economic expansion.

In recent years, the government has been pushing to halve the number of financial holding companies, in order to make them more competitive internationally. This has prompted financial institutions to seek greater economies of scale and build a stronger international foothold. Faced with such a competitive marketplace, Chinatrust has adopted a strategy of making banking services its core business, featuring a complete range of innovative products and services. Thanks to the concerted efforts of its management and workforce, Chinatrust has been able to continuously grow shareholder's value.

Expanding Presence in Overseas Chinese Markets

In line with international trends and its own operational needs, our subsidiary Chinatrust Commercial Bank (CTCB) has renamed its Personal Banking Division as the Retail Banking Division, which is further divided into wealth management and consumer banking operations. CTCB has also begun preparations for setting up a division catering specifically to small businesses. In addition, an international operations sector has been added to the bank's credit card division to better promote its international credit-card business.

In its pursuit of international expansion, Chinatrust is especially keen about serving ethnic-Chinese customers in Hong Kong and China as well as Taiwan. In September 2005, the bank started a branch in Kowloon, its second branch in Hong Kong. This was in line with the bank's belief that "Wherever Taiwanese businesses may go, Chinatrust will be ready to serve them there." CTCB has a more far-reaching international presence than any other Taiwanese bank. Its full-range service platform is composed of 66 overseas outlets spanning 12 countries.

Creating the No. 1 Bank in Terms of Asset Quality

Chinatrust focused on the following areas in 2005:

- Take advantage of mergers and acquisitions to expand economies of scale
- Upgrade competitiveness through domestic and overseas strategic alliances
- Execute the core strategy of making Chinatrust a unified, value-added brand
- Build a stronger foothold in China and other overseas markets

In 2005, Chinatrust Financial Holding Company (CFHC) attained market capitalization of NT\$200 billion. Consolidated assets amounted to NT\$1.72 trillion, nearly doubling from May 2002 when CFHC was established. Meanwhile, shareholders' equity rose by nearly 60% to NT\$146 billion. With a capital adequacy ratio over 139% and a double leverage ratio below 90% in 2005, Chinatrust stands on a par with the world's best-run

1. The statistics are based on a forecast by the International Monetary Fund in September 2005.

financial institutions in terms of financial health and debt-repaying capability. In addition, CTCB is firmly positioned as Taiwan's largest private bank with loans totaling NT\$920 billion and deposits of NT\$1.24 trillion. In 2005, CTCB registered a broadly defined non-performing loan ratio of 1.51% and NPL provision coverage ratio of 79.19%. Both figures attest to the bank's status as Taiwan's best bank in terms of asset quality.

Winning International Awards for Superior Performance

In 2005, CFHC saw pretax profit increase further to NT\$20.5 billion. Return on equity on a pretax basis came

in at 20.4%, significantly higher than the industry average of 15.03%. Such a superior track record did not go unnoticed. Chinatrust won recognition from respected publications including *Asiamoney*, *Euromoney*, and *FinanceAsia* as the "Best bank in Taiwan."

In corporate banking, Chinatrust was cited by *Global Finance* as "The Best Foreign Exchange Bank in Taiwan" and "Best Trade Finance Bank in Taiwan". *The Asset* and *Asiamoney* both selected Chinatrust as "Best Cash Management Bank in Taiwan." Awards for Chinatrust in retail banking include *Euromoney's* "2005 Taiwan Best Private Bank" and *The Asian Banker Journal's* "Best Retail Bank in Taiwan."



Devising Innovative Products and Services and Excelling in Risk Control

With a view to offering consumers the most convenient, secure payment instrument, Chinatrust joined hands with Visa International in introducing EMV (Europay MasterCard VISA) credit cards, making Taiwan the second market worldwide to adopt the VISA WAVE chip card. The EMV standard defines the interaction at the physical, electrical, data and application levels between IC cards and IC card processing devices for financial transactions. A big benefit for moving to EMV-based credit card payment systems is improved security, along with associated fraud reduction.

On the back of its well-devised KYC (know your customer) application-processing package, CTCB was approved by the Financial Supervisory Commission to launch wealth management services. As Taiwan's first local bank allowed to offer wealth management services, Chinatrust once again emerged as a benchmark for the island's financial services industry as it moves to the next level of professionalism.

Following the government's launch of an innovative labor pension scheme, Chinatrust took the lead in introducing an employee trust program that combines the company's repurchase plans and stock bonuses for

employees. An upgrade from the traditional employee stock ownership plan, the Chinatrust offering is not only a major incentive to employees but also an effective tool for us to retain the most valued people to help with our mutual, sustainable development over the long term.

Viewing the world as one single market, Chinatrust has established a global service network that spans 847 banks operating in more than 100 countries. A cross-border service platform – iaccount developed for Taiwanese enterprises can effectively satisfy their needs, be it for financing, investment, fund allocation, or risk-hedging, in Hong Kong, China, the United States, Indonesia, and Vietnam as well as Taiwan. In particular, the "Facility Link" cross-border financing program makes possible the universal use of lending quota and collateral after an application is approved in one location. Customers in Taiwan and Hong Kong are thus able to expand their borrowing capacity by using their assets for cross-border financing. As of the end of 2005, Chinatrust had secured a 33% market share in terms of factoring, higher than any other bank in Taiwan.

The latest rating action on Chinatrust in 2006 was undertaken by Fitch Rating in March. A summary of credit ratings is as follows:

Credit Ratings

Type	Name	Credit Rating		Outlook	Additional Notes	Effective Date
		Long Term	Short Term			
International	Moody's	-	-	Stable	Issuer Rating: Baa1	2005.10
	Standard & Poor's	BBB	A-3	Positive	-	2005.06.19
	Fitch	A-	F2	Negative	Individual: B/C Support: 5	2006.03.27
Domestic	Taiwan Ratings	twAA-	twA-1	Stable	Credit Worthiness: Very Strong	2005.07.07
	Fitch(twn)	AA(twn)	F1+(twn)	Negative	-	2006.03.27

The high regard rating companies share for Chinatrust must be attributed to its superior management who are not only good at securing market niches and generating earnings growth but also give priority to risk control. In preparation for Basel II taking effect at the end of 2006, Chinatrust took the lead in installing and completing the test of a revised internal ratings mechanism in the middle of 2005. Going forward, Chinatrust is set to pattern after benchmark banks around the world in the establishment of a first-rate risk control mechanism.

Honoring Corporate Citizenship & Social Responsibility

Over the years, Chinatrust has been active in many kinds of charitable activities, based on its corporate motto of "We are Family." Chinatrust's "Light Up a Life" fund-raising campaign, which celebrated its 21st anniversary in 2005, has extended relief to more than 60,000 disadvantaged children. Going forward, Chinatrust remains committed to this and other charitable projects, through which donations from the general public can be put together with Chinatrust's own contributions towards caring for even more children in need of such help.

In 2004, Chinatrust set up the Chinatrust Charity Foundation to take care of disabled and underprivileged children. So far, 796 employees have contributed by becoming volunteers to these activities, and the Foundation has also sponsored nearly 40 large-scale charitable events. In addition to providing schooling to needy children, the Foundation joins the Taiwan Fund

for Children and Families (CCF) in giving grants to college students. Furthermore, the Foundation sponsors occupational training designed for single mothers so that they can secure a steady source of income.

Growing Earnings, Creating Shareholder's Value & Aiming to be a Top-notch International Institution

Chinatrust is focused on the following areas in 2006:

- Optimize cross-selling synergies to further upgrade overall performance
- Strengthen corporate governance and enhance brand value
- Take advantage of mergers and acquisitions to expand economies of scale
- Push business frontiers overseas to make Chinatrust a world leader
- Take the initiative to get involved in public-welfare activities as a responsible corporate citizen

Positioned to compete internationally, Chinatrust will stay abreast of the industry in making mergers and acquisitions and devising innovative products and services. In the greater China region, Chinatrust is committed to creating a global brand that is looked upon with pride by ethnic-Chinese everywhere. More importantly, it will continue to generate attractive, sustainable value for shareholders.



Jeffrey L.S. Koo
Chairman

Profile

Chinatrust Financial Holding Company

Chinatrust Financial Holding Company (hereafter the Company or CFHC) was founded on May 17, 2002 to provide integrated services to its customers and to establish an international and multi-faceted financial entity. With Chinatrust Commercial Bank (CTCB) as the flagship organization, Chinatrust Securities Company (Chinatrust Securities) and Chinatrust Insurance Brokers Company (Chinatrust Insurance) were amalgamated into one new organization in the first phase. Thereafter, other subsidiaries of CFHC, Chinatrust Venture Capital Corp. (Chinatrust VC), Chinatrust Asset Management Company (Chinatrust Asset), Chinatrust Bills Finance Corporation, and Chinatrust Security Company were also included in the Company. The business activities of member companies are divided into two categories based on the types of clients: retail banking and corporate banking. This integrated matrix structure comprising of both divisions and subsidiaries will enable resource-sharing and cross-selling among each unit. It

will also ensure the provision of multi-faceted financial services to customers.

The main objectives of CFHC are:

- To establish Chinatrust Financial Holding Company as a trustworthy financial institution.
- To provide one-stop, comprehensive, financial services to the satisfaction of its customers.
- To be a pioneer in providing new financial products and a bellwether in the financial sector.
- To be the best run Chinese financial institution in the world.

CFHC will continue to uphold its tenet “to maximize profitability for its shareholders”. The company will map out its strategic business plans, strengthen its competitiveness, and provide more convenient business facilities and diversified financial services to its customers to become a leader in the industry as well as the best run Chinese financial institution in the world.

Credit Ratings

Type	Name	Credit Rating		Outlook	Additional Notes	Effective Date
		Long Term	Short Term			
International	Moody's	-	-	Stable	Issuer Rating: Baa1	2005.10
	Standard & Poor's	BBB	A-3	Positive	-	2005.06.19
	Fitch	A-	F2	Negative	Individual: B/C Support: 5	2006.03.27
Domestic	Taiwan Rating	twAA-	twA-1	Stable	Credit Worthiness: Very Strong	2005.07.07
	Fitch(twn)	AA(twn)	F1+(twn)	Negative	-	2006.03.27

Honors Received

Asian Leading Companies 200 – CFHC is ranked as #5 in Taiwan	<i>The Asian Wall Street Journal</i>
Best Debt House in Taiwan	<i>Euromoney</i>
Best Company for Investor Relations by Banks & Other Financials in Asia / Best Company for Investor Relations in Taiwan	<i>Institutional Investor</i>
Best Debt House in Taiwan, Best Deal in Taiwan	<i>The Asset</i>

Chinatrust Commercial Bank

The predecessor of Chinatrust Commercial Bank was China Securities Investment Corporation founded in 1966. Its business scope covers deposit, loan, guarantee, foreign exchange, OBU, trust, credit card, debit card, securities, bonds, derivative products, factoring, safe deposit, electronic banking etc.

To expand its operating scale, CFHC merged with Grand Commercial Bank in December 2003 and acquired

Fengshan Credit Cooperative in July 2004. By the end of 2005, CTCB had 111 domestic outlets and 66 overseas outlets, 3,493 domestic ATMs. The number of ATMs it owns is significantly more than the nearest competitors. The deposit balance reached NTD1.24 trillion and total assets exceeded NTD1.6 trillion, topping the list of private banks in Taiwan.

Credit Ratings

Type	Name	Credit Rating		Outlook	Additional Notes	Effective Date
		Long Term	Short Term			
International	Moody's	A3	Prime-1	Positive	BFSR Rate: C-	2005.10
	Standard & Poor's	A-	A-2	Positive	BFSR Rate: C+	2005.09.28
	Fitch	A	F1	Negative	Individual: B Support: 3	2006.03.27
Domestic	Taiwan Rating	twAA	twA-1	Stable	Credit Worthiness: Very Strong	2005.07.07
	Fitch(twn)	AA+(twn)	F1+(twn)	Negative	Individual: B	2006.03.27

Honors Received

The Best Foreign Exchange Bank in Taiwan, Best Trade Finance Bank in Taiwan, Best Emerging Market Bank in Taiwan, Best Corporate / Best Consumer Internet Bank in Taiwan	<i>Global Finance</i>
2005 Taiwan Best Domestic Private Bank, The Best Financial Borrower in Asia, Best Bank in Taiwan	<i>Euromoney</i>
Best Cash Management Bank in Taiwan	<i>The Asset</i>
Asia's Best Companies 2005, Best Domestic Bank, Best Investment Bank, Best Bond House in Taiwan	<i>FinanceAsia</i>
Best Domestic Commercial Bank in Taiwan, Best Cash Management Bank in Taiwan, Best Domestic Provider of FX Services in Taiwan	<i>Asiamoney</i>
Asian Banking Award "Human Resource Management" and "Customer Service Program"	<i>Asian Bankers Association (ABA)</i>
The Best Retail Bank in Taiwan	<i>The Asian Banker Journal</i>
House of the Year, Taiwan	<i>Asia Risk</i>
Taiwan Loan House, Taiwan Domestic Bond	<i>IFR Asia</i>

Chinatrust Insurance Brokers Company

Chinatrust Insurance Brokers Company was established in February 1996 as a subsidiary of Chinatrust Commercial Bank. Its sales channels include direct mail, electronic marketing, telemarketing, OTC sales and personal sales. Insurance products cover non-life insurance and life insurance. Scope of non-life insurance includes household fire insurance, general liability insurance, construction engineering insurance, auto/motorcycle insurance, fidelity insurance and marine cargo insurance. The scope of life insurance includes group and individual accident insurance, injury insurance, health insurance, whole life insurance, endowment insurance, and annuity insurance.

In response to the trend of liberalization and globalization of financial services, Chinatrust Insurance Brokers Company actively forms alliance with other insurance companies, integrating and improving professional insurance capabilities. Using multi-faceted risk management and a platform of insurance products, the company provides a series of service products, such as banking, and securities trading, to fulfill the company's obligation in offering the best finance management services to the customers.

Chinatrust Securities Company

Chinatrust Securities Company's predecessor, Pou Chen Securities, was set up in 1989. Starting out with paid-in capital of NT\$200 million, it evolved into the largest securities house in Kaohsiung, southern Taiwan. In 2000,

Chinatrust Commercial Bank acquired the house and expanded its paid-in capital to NT\$3.5 billion. After being made a unit of Chinatrust Financial Holding Company, in 2002, it took on its current name in 2003. In addition to assisting corporate clients in fund-raising, Chinatrust Securities is an active player in the brokerage and futures businesses that provides customers with a full range of securities services.

The underwriting business of Chinatrust Securities consists mainly of two areas: one is consulting services to companies in preparation for Initial Public Offerings (IPO) on the Taiwan Stock Exchange (TSE) or Over-The-Counter (OTC) trading, and the other is corporate finance services to OTC companies seeking capital market financing. For IPO consulting services, Chinatrust Securities assists its clients in specialized areas such as public offering, audit and evaluation of internal controls, capital and governance structure planning, transfer agent planning, as well as underwriting of initial publicly offered shares. In addition, Chinatrust Securities helps its clients in switching from OTC to TSE, mergers for companies listed on the TSE and OTC, and recommendations on emerging stocks. On the corporate finance front, Chinatrust Securities provides planning and underwriting services for capital market financing,

shares releasing, and mergers through instruments including cash capital financing of common and preferred stocks, secondary public offering of shares, issuing of convertible corporate bonds or corporate bonds with warrants according to the investment plan or capital requirements of the listed companies.

On its own operational front, Chinatrust Securities is actively engaged in various trading businesses relating to warrants and derivative products in addition to operations regarding stocks, bonds and futures products. The company also expects to provide customized derivative products of well-rounded financial services.

In addition to the headquarters, the company currently has 6 branch offices providing brokerage services of the securities and futures listed on TSE, OTC, and Taiwan Futures Exchange. The 6 branch offices include Chung-Hsiao, Chi-Hsien, Ching-Nien, Yung-Kang, Wen-Hsing, and Hsinchu. In May 2003, Chinatrust Securities officially began its electronic trading services. It is the company's hope that through various channels including Internet and telephone, clients would be able to place orders in a safer and more comfortable trading environment.

Credit Ratings

Name	Type	Credit Rating		Outlook	Additional Notes	Effective Date
		Long Term	Short Term			
Fitch	International	BBB+	F2	Negative	Individual: D Support: 2	2006.04
	Domestic	AA-(tw)	F1(tw)	Negative	-	2006.04

Chinatrust Venture Capital Corporation

Founded in March, 2003, Chinatrust Venture Capital Corp. is CFHC's first venture capital investment company. Its investment mainly goes to industries such as information technology, telecommunications, biochemistry and healthcare. Special emphasis has been placed on high payback and high risk start-up enterprise investments. Leveraging on Chinatrust's vast client base and marketing professionals, Chinatrust Venture Capital Corp. aims to provide corporate customers with a total solution for company development and be their valued partner for venture capital at the same time.

Chinatrust Asset Management Company

Chinatrust Asset Management Company was established in May, 2003. The main business objective of this company is to capture potential business opportunities from restructuring of the vast amount of non-performing assets resulting from Taiwan's continuing financial reform. Its operations include acquisitions of financial debts from financial institutions as well as management and processing of financial bad debt assets for financial institutions. With its expertise in credit granting and loans collection and other related areas, Chinatrust Asset Management Company focuses on strengthening its position in the domestic NPL/non-performing assets market through strategic alliances with world-renowned business institutions.

In 2006, in addition to committing more investment in restructuring NPL related businesses in collaboration with various high-profile foreign business institutions, Chinatrust Asset Management Company will participate in handling NPLs and to proactively help the disposal of the bad assets of the group. In order to promptly react to the trend of globalization and international financing, and to further develop its international businesses, Chinatrust Asset Management Company will participate in NPL restructuring projects both domestically and offshore in 2006. Apart from conforming to domestic financial reform policies, Chinatrust Asset Management Company also expects to acquire additional expertise in managing NPL from its global counterparts in order to enhance its business acumen and professionalism.

Chinatrust Bills Finance Corporation

Chinatrust Bills Finance Corporation was founded in 1995 to cooperate with the government in energizing the market, assist enterprises, and help the public with use of short-term funding. Its main categories of business include brokerage and proprietary trading of short-term bills, underwriting, certification, guarantee and endorsement of commercial paper, and proprietary trading of government bonds. In December 2003, Chinatrust Bills Finance became a member of Chinatrust Financial Holding Company. In the future, Chinatrust Bills Finance will do its best to expand its customer base of bill trading and launch various new types of business in order to achieve the goals of operating as a whole and sustainable operation as well as becoming a professional bill trading house.

Credit Ratings

Name	Type	Credit Rating		Outlook	Effective Date
		Long Term	Short Term		
Fitch	International	A-	F2	Negative	2006.04
	Domestic	AA(twn)	F1+(twn)	Negative	2006.04

Chinatrust Security Company

Established in 1995, Chinatrust Security Company is an entity dedicated to serving clients by preserving the security of their property and personnel. The current workforce of nearly 250 people, who had to undergo stringent screening before joining Chinatrust, constitutes the highest-caliber team in the industry.

Chinatrust Security serves its clients in the planning and design of mechanisms meant for prevention of fire and other accidents. With its clientele mainly in the financial services industry, it also deals in consulting on security systems, safeguarding the delivery of cash and other precious items, and preserving the security of personnel. The Company makes it a point to ensure customer satisfaction by placing emphasis on security and giving priority to service.



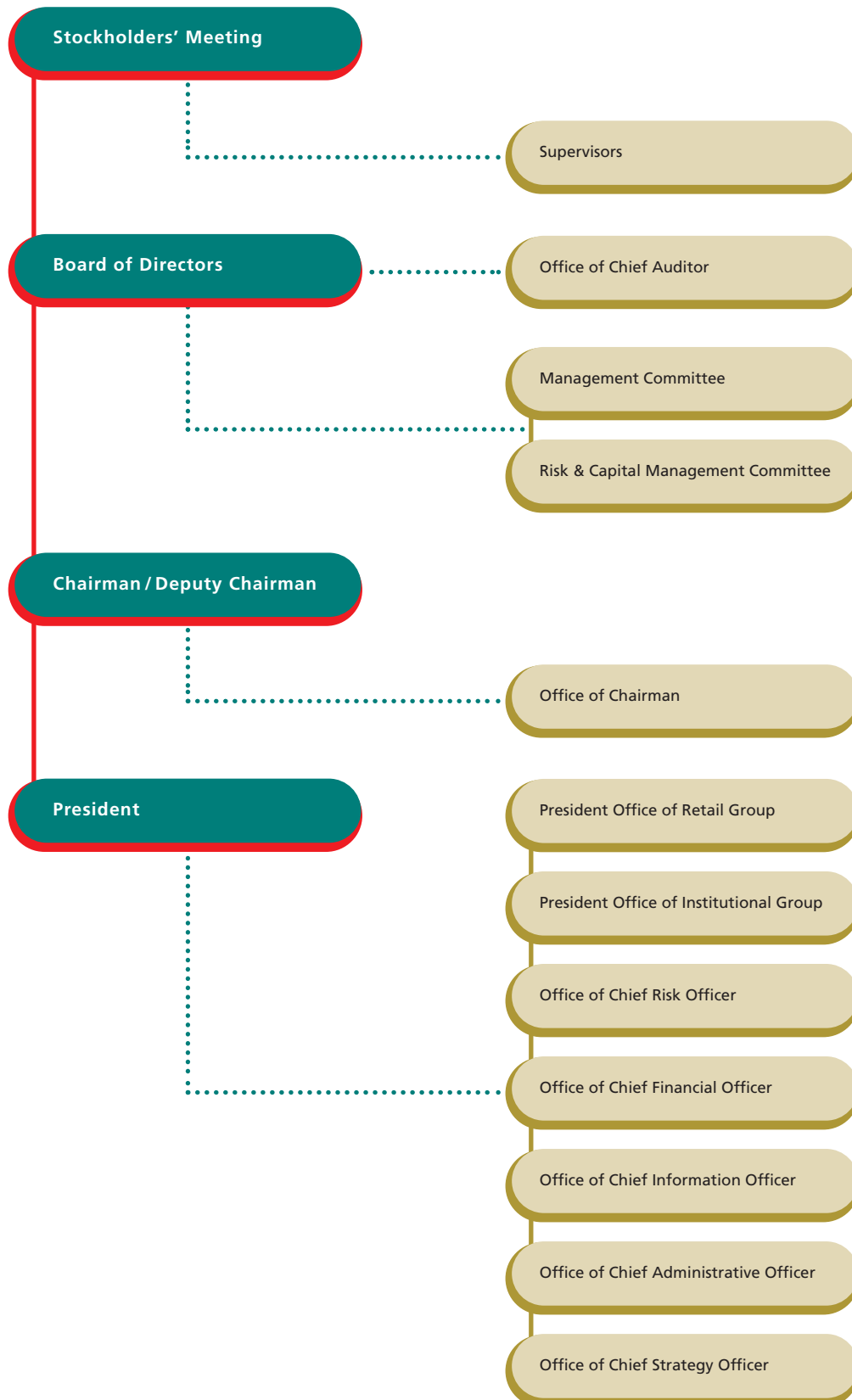
Always caring, no matter rain or shine





Regardless whether or not you are a customer of Chinatrust Commercial Bank, when it rains, you can always borrow an umbrella from any one of our branches located nationwide. This kind of service represents Chinatrust's "caring" philosophy — treating customers with care and respect.

Organization Chart



Directors and Supervisors

April 30, 2006

Title	Name	Representative	Date of Assignment	Office Term	Owned Shares Upon Assignment	
					No. of Shares	%
Chairman	Jeffrey L.S. Koo		Jun 10, 2005	3	456,054,706	7.73
Vice Chairman	Jeffrey J.L. Koo, Jr.	Representative of Kuan Ho Construction & Development Co., Ltd.	Jun 10, 2005	3	44,525,717	0.75
Director	Wen-Long Yen		Jun 10, 2005	3	63,231,537	1.07
Director	Michael L.C. Jong	Representative of Chung Cheng Investment Ltd.	Jun 10, 2005	3	5,598,676	0.09
Director	Charles L.F. Lo	Representative of Asia Livestock Co., Ltd.	Jun 10, 2005	3	823,333	0.01
Director	Steven C.Z. Cheng	Representative of Chung Cheng Investment Ltd.	Jun 10, 2005	3	5,598,676	0.09
Director	Perry Chang	Representative of Kuan Ho Construction & Development Co., Ltd.	Jun 10, 2005	3	44,525,717	0.75
Supervisor	Shih-Chuan Lin	Representative of Ho-Yeh Investment Co., Ltd.	Jun 10, 2005	3	40,000,682	0.68
Supervisor	Paul T.C. Liang	Representative of Ho-Yeh Investment Co., Ltd.	Jun 10, 2005	3	40,000,682	0.68
Supervisor	T. C. Tsai		Jun 10, 2005	3	1,003,528	0.02

Significant Shareholders of Legal Entities

April 30, 2006

Name of Legal Entity	Kuan Ho Construction & Development Co., Ltd.	Chung Cheng Investment Ltd.
Main Legal Person	Wen-Long Yen (30%)	Jeffrey L.S. Koo (44%)
	Mizue Hayashi (30%)	Chung Kwan Investment Co., Ltd. (49%)
	Wen-Shi Yen (10%)	
	Wen-Tse Yen (10%)	
	Wen-Hui Yen (10%)	

Note: A main legal person refers to any shareholder whose equity is over 10% or who is one of the top ten shareholders.

Presently Owned Shares		Shares Owned by the Shareholders, Spouse and Children Under the Legal Ages		Significant Experience	Education
No. of Shares	%	No. of Shares	%		
547,588,319	7.72	547,588,319	7.72	Chairman of Chinese International Economic Cooperation Association	Honorary Ph.D., De La Salle University, Philippines MBA, New York University, USA
53,408,652	0.75	5,748,528	0.08	President of Chinatrust Financial Holding Company	MBA, Wharton Graduate Division of the University of Pennsylvania, USA
39,861,269	0.56	39,876,958	0.56	Chairman of United Real Estate Management Corp.	Department of Economics, Soochow University, Taiwan
6,715,618	0.09	3,601,755	0.05	Vice Chairman of Chinatrust Financial Holding Company	Department of Business Administration, Tamkang University, Taiwan
987,587	0.01	1,534,230	0.02	President of Chinatrust Financial Holding Company	Department of Economics, National Chung Hsing University, Taiwan
6,715,618	0.09	1,531,776	0.02	President of Institutional Group, Chinatrust Commercial Bank	MBA, Wharton Graduate Division of the University of Pennsylvania, USA
53,408,652	0.75	1,578,500	0.02	Vice President of Chinatrust Commercial Bank	MBA, Tunghai University, Taiwan
39,980,867	0.56	379,549	0.01	Chairman of Ho-Yeh Investment Co., Ltd.	Department of Economics, National Taiwan University, Taiwan
39,980,867	0.56	1,748	0.00	President of Bank Chinatrust (Indonesia)	Bachelor of International Trade, National Chengchi University, Taiwan
1,203,732	0.02	1,203,732	0.02	Vice President of Taiwan Fuji Xerox Corp.	Department of Finance and Tax, National Chengchi University, Taiwan

Asia Livestock Co., Ltd.	Ho-Yeh Investment Co., Ltd.
Wen-Shi Yen (30%)	Chung Kwan Investment Co., Ltd. (17.3%)
Chung Kwan Investment Co., Ltd. (15%)	Sung-Hung Investment Co., Ltd (13.2%)
Tsai Ming Jih (15%)	
Wen-Long Yen (15%)	
Wen-Tse Yen (12.5%)	
Mizue Hayashi (12.5%)	

The Management Team



Jeffrey J.L. Koo, Jr.

Current Position

**Vice Chairman & President, Chinatrust Financial Holding Company
Chairman, Chinatrust Commercial Bank**

Significant Experience

President, Chinatrust Commercial Bank

Education

MBA, Wharton Graduate Division of the University of Pennsylvania, USA

Charles L.F. Lo

Current Position

**Vice Chairman, Chinatrust Commercial Bank
President of Retail Banking Group, Chinatrust Commercial Bank
Representative of R.O.C., Product Development and Marketing Committee,
VISA International Organization**

Significant Experience

President, Chinatrust Financial Holding Company

Education

B.S. in Economics, National Chung-Hsing University, Taiwan



Steven C.Z. Cheng

Current Position

**President of Institutional Group, Chinatrust Financial Holding Company
President, Institutional Banking Group, Chinatrust Commercial Bank**

Significant Experience

**Chief Financial Officer, Chinatrust Financial Holding Company
President, Chinatrust Securities Company
Vice President of Fixed Income, Currency and Commodities Division,
Goldman Sachs (Japan) Ltd.**

Education

MBA, Wharton Graduate Division of the University of Pennsylvania, USA



Michael L.C. Jong

Current Position

Chairman, Chinatrust Securities Company
Managing Director, Chinese Securities Association R.O.C.
Director, Over-The-Counter Securities Exchange R.O.C.

Significant Experience

Vice Chairman, Chinatrust Financial Holding Company

Education

Institute of Business Administration, National Taiwan University



Steve R.S. Chou

Current Position

President, CTB USA
Chairman, CTC Bank of Canada

Significant Experience

President of Retail Group, Chinatrust Financial Holding Company
President, Retail Banking Group, Chinatrust Commercial Bank
President of Institutional Group & Deputy Spokesman,
Chinatrust Financial Holding Company

Education

Bachelor of Business Administration, Tamkang University, Taiwan

James J. Sheu

Current Position

Chief Risk Officer, Chinatrust Financial Holding Company
Deputy President, Chinatrust Commercial Bank

Significant Experience

Deputy President & Managing Director of Corporate Banking Group,
Chinatrust Commercial Bank

Education

MBA, Wharton Graduate Division of the University of Pennsylvania, USA



The Management Team



Oliver Shang

Current Position

President of Retail Group, Chinatrust Financial Holding Company

Significant Experience

Chief Administrative Officer, Chinatrust Financial Holding Company

Executive Vice President & Managing Director of Human Resources Group,

Chinatrust Commercial Bank

Chairman of Taiwan Relo Club, Ltd

Education

MBA, University of Delaware, USA

Ruu-Tian Chang

Current Position

Chief Information Officer, Chinatrust Financial Holding Company

Senior Executive Vice President & Managing Director of

Information Services Group, Chinatrust Commercial Bank

Significant Experience

Executive Vice President & Managing Director of

Information Services Group, Chinatrust Commercial Bank

Information Center & Resource Manager,

First Bank Systems in Minnesota, USA

Education

MBA, University of Minnesota, USA



Thomas K.S. Chen

Current Position

General Auditor, Chinatrust Financial Holding Company

Significant Experience

Vice Chairman, Chinatrust (Philippines) Commercial Bank

Senior Executive Vice President & Secretary Department Manager of

Office of Chairman, Chinatrust Commercial Bank

President, Chinatrust Commercial Bank New York Branch

Education

National Chengchi University, Taiwan

Shiawpin Lin

Current Position

Chief Strategy Officer /Spokesman, Chinatrust Financial Holding Company

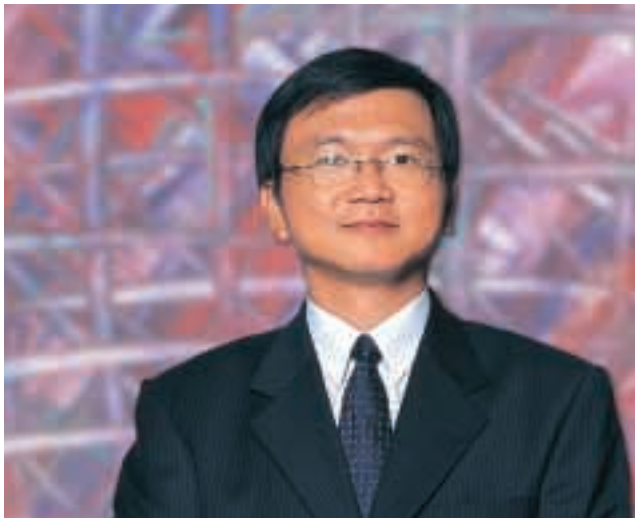
Significant Experience

Principal of Monitor Asia Pacific, Monitor Company

Director of Financial Consulting Center, Grand Pacific Securities Investment Trust Company

Education

MBA, University of Columbia, USA



Perry Chang

Current Position

**Chief Financial Officer & Chief Administrative Officer,
Chinatrust Financial Holding Company**

**Executive Vice President & Managing Director of Finance Group,
Chinatrust Commercial Bank**

**Executive Vice President & Managing Director of Human Resources Group,
Chinatrust Commercial Bank**

Significant Experience

Financial Controller, Chinatrust Financial Holding Company

Deputy Managing Director of Finance Group, Chinatrust Commercial Bank

Education

MBA, Tunghai University, Taiwan

Thomas F.S. Chen

Current Position

Secretary General, Chinatrust Financial Holding Company

Executive Vice President & Secretary General, Chinatrust Commercial Bank

Significant Experience

General Auditor, Chinatrust Financial Holding Company

Education

MBA, University of South Australia





Helping others also helps enrich oneself



Beginning 2007, Chinatrust will be running the government-sponsored lottery, income from which will be used to help the handicapped and other disadvantaged groups. Chinatrust contributes to society not only by sponsoring projects that will generate income to help the needy, but also furthers the cause by utilizing its expertise in financial management and with high operating efficiency to maximize returns.

Overview

Chinatrust Financial Holding Company

Scope of Business:

As a financial holding company, Chinatrust is entitled to deal in banking, securities, bills finance, insurance brokerage, venture capital, asset management, and other businesses sanctioned by the regulatory authority.

Major Subsidiaries:

Chinatrust Commercial Bank, Chinatrust Securities Company, Chinatrust Bills Finance Corporation, Chinatrust Insurance Brokers Company, Chinatrust Venture Capital Corporation, Chinatrust Asset Management Company, and Chinatrust Security Company.

Chinatrust Commercial Bank

Scope of Business:

A. The Consumer Banking Group is responsible for the following three main businesses:

- Retail banking services: Aiming to serve customers' loan and deposit needs, including residential mortgage, auto loan, consumer finance, etc. The Bank's goal is to further consolidate its customer base and increase product-holding ratio in order to increase profitability.
- Credit card services: Aiming to satisfy payment requirements of customers. The Bank has long been the leader in the credit card business. Going forward, the Bank's goal is to vigorously strengthen the functionality of existing products and develop more diversified payment options.

- Wealth management business: Aiming to satisfy personal investment needs, the Bank's goal is to provide best-of-breed products and services by employing an "open-platform" strategy. Through strategic alliances with global financial institutions, the Bank will increase product diversification and strengthen the development of personal trust services and overseas offerings.

B. The Corporate Banking Group is responsible for the following three main businesses:

- Investment Banking: The Bank serves corporate clients in both fund-raising and general consulting with regard to financial matters. Tailor-made financial products will be introduced to further cement its partnership with corporate clients, in turn securing Chinatrust's status as their favored bank to work with.
- Capital Market: Topping the list are services pertaining to foreign-exchange markets and derivatives that cover interest rates, exchange rates, stock prices, indices, and other commodities. The Bank's offerings range from futures, options, and swaps to forward contracts as well as a mixture of them. Innovative products and services will be developed in accordance with market changes and customer requirements.
- Traditional Commercial Banking: The objective is to offer corporate clients a wider range of financial services, including deposits, loans, remittances, factoring, as well as a bigger variety of channels to raise funds.

Revenue Breakdown (Chinatrust Commercial Bank)

Expressed in Million of New Taiwan Dollars "NT\$"

Item	Amount	Ratio %
Corporate Banking	31,804	39%
Retail Banking	24,622	30%
Consumer Banking	11,612	14%
Wealth Management	13,010	16%
Credit Card Business	25,592	31%
Total	82,018	100%

Innovative Services Being Planned:

Chinatrust Commercial Bank is committed to constantly improving its products and services, including establishment of an optimized customer service platform, design of innovative products and services, streamlining of internal operational processes, renovation of IT systems, upgrading of risk management, and systematization of lending control. This relentless pursuit of customer-centered innovation justifies the Bank's excellence on all fronts – be it corporate banking, personal banking, wealth management, Internet banking, or human resources – that in turn creates a trustworthy brand and image.

Chinatrust Commercial Bank was Taiwan's first bank to be awarded by the Financial Supervisory Commission (FSC) a license for provision of wealth management services. Furthermore, it was cited by the prestigious magazine *Euromoney* as "The Best Bank in Taiwan." for two consecutive years - 2005 and 2006. Based on its vision for "the most preferred and trustworthy wealth management," the Bank seeks to provide

clients with a complete range of services by drawing on the "best people, best product, best solution." For each and every customer, Chinatrust Commercial Bank readies a tailor-made wealth-management package that not only manages his or her assets but also satisfies any other financial needs he or she may have.

With a view to offering consumers the most convenient, secure payment instrument, Chinatrust Commercial Bank joins hands with Visa International in introducing EMV (Europay MasterCard VISA) credit cards, making Taiwan the second market worldwide to adopt the VISA WAVE chip card. The EMV standard defines interactions at the physical, electrical, data and application levels between IC cards and IC card processing devices for financial transactions. A big benefit for moving to EMV-based credit card payment systems is improved security with associated fraud reduction. Regardless of the transaction value, consumers can expect speedy completion of transactions without having to worry about security.

Chinatrust Commercial Bank is keen to develop a vast array of products to make life easier for consumers. One prime example is "debt-management mortgage," allowing customers to secure a greater quota of loan at a reasonable interest level in accordance with the value of his or her property being collateralized. Meanwhile, customers are accorded the benefit of consolidating all housing loans, credit loans, credit and cash card debts, and automobile loans, thus sparing them the trouble of having to take care of all these money matters separately. As such, the renowned magazine *Asian Banker Journal* cited Chinatrust Commercial Bank as "The Best Retail Bank in Taiwan." It was recognized as not only the most trustworthy and respected consumer bank in Taiwan but also one of the most competitive banks throughout Asia.

Backed by its 66 overseas outlets, Chinatrust Commercial Bank is able to provide corporate banking services across a network of 847 foreign banks in more than 100 countries. In particular, a service is made available to Taiwanese enterprises through iaccount that can fully meet their needs in financing, investment, fund allocation, and risk-hedging. Corporate clients are given a cross-border platform that spans Taiwan, Hong Kong and China as well as Southeast Asia. They have the option of making a transaction on the Internet, by fax, or over the phone. The benefit is self-evident, that is, central control over global operations, diversification of risks, and access to cross-border resources at the same time. At present, Chinatrust Commercial Bank offers such one-stop services for financing, fund allocation,

wealth management, and risk-hedging for markets spanning Taiwan, Hong Kong, Indonesia, Vietnam, the United States, and China.

The Bank's excellence in corporate banking was best illustrated by *International Finance Review's* awarding its securitization of 2005-1, NT\$ 18 billion CBO bonds as the "Taiwan Bond of the Year." The same exercise also won the citation as the "Best Deal in Taiwan" by the prestigious magazine *The Asset*.

Chinatrust Commercial Bank does not take its corporate citizenship lightly. One public-good activity universally undertaken by its branches all over the island is provision of umbrellas as a token of the Bank's caring for customers in the event of their being caught in an unexpected rain. Seemingly minor gestures like this can prove conducive to fostering customer loyalty and leaving the general public a positive impression.

Chinatrust Securities Company

Scope of Business:

- A. Brokerage of securities listed on the Taiwan Stock Exchange (TSE).
- B. Brokerage of over-the-counter (OTC) securities.
- C. Proprietary trading of listed securities in TSE.
- D. Proprietary trading of OTC securities.
- E. Underwriting services.
- F. Acting as agents for public and listed companies.
- G. Securities-related futures operations.
- H. Other securities and futures services permitted by the regulatory authority.

Operating Revenue Breakdown (Chinatrust Securities Company)

Expressed in Million of New Taiwan Dollars "NT\$"

Item	Amount	Ratio %
Commissions from brokerage	228	17%
Commissions from underwriting	17	1%
Gain from securities sales – Proprietary Trading	48	4%
Gain from securities sales – Underwriting	55	4%
Interest revenues	118	9%
Gain on stock warrants issued	417	31%
Gain on futures trading	150	11%
Gain on options trading	191	14%
Gain on reversal of market decline of securities	30	2%
Other operating revenues	89	7%
Total operating revenue	1,343	100%

Innovative Services Being Planned:

The Company is set to pursue revenue and earnings in areas outside of securities trading and launch into the investment banking business. Since 2005, Taiwan has seen a proliferation of mergers and acquisitions amid ever-growing competition, resulting in a significant increase in demand for consulting services. Many local houses have taken advantage of this opportunity to make inroads into the investment banking business in the footsteps of their foreign counterparts. Provision of mergers and acquisition consulting and financial advisory services is certainly an additional boost to revenue and earnings for securities houses. Furthermore, Taiwan's fast-changing economy is also making it an inevitability for securities houses to expand their economies of scale and evolve into investment banks. Such an approach is needed for companies to diversify risks and enhance competitiveness.

For the island's securities industry, wealth management is poised to garner the spotlight in 2006. The FSC first allowed the securities industry to provide wealth management services in July 2005. In today's marketplace, where information is readily available and makes a real-time impact, people have a need for making investments and hedging risks globally. In Taiwan, the stock market has seen a gradual decline in daily turnover in recent years. While reflecting a lack of confidence among investors, the phenomenon testifies to people's increasingly looking to other modes and options of investment. This certainly bodes well for the island's wealth management industry. As securities houses seek to diversify their business, both wealth management and financial advisory services are bound to attract a lot of attention in 2006 and should constitute a significant new source of earnings.



Good financial planning helps build a family

Working with the Taiwan Fund for Children and Families, Chinatrust Charity Foundation donated NT\$10 million to launch the "Caring for the Families with High Credit Card Debts Program", providing assistance to families that need help. This program provides financial assistance to children from low-income families with high credit card debt so that these children can continue receiving regular education without being forced to quit school to support their families. The Foundation will also hold seminars on financial management to help the low-income families establish the fundamental concepts of financial and debt management.



Securities companies are poised to seek cooperation with other financial institutions, including mergers and acquisitions, to secure more resources and retail outlets. Pitted against established international investment institutions, Taiwan's investment banks still have a long way to go before becoming competitive players. Within the home market, however, securities houses under the wings of financial holding companies are certainly better positioned than non-affiliated counterparts to engage in financial advisory services and build a presence in the investment banking market. The less-equipped smaller houses stand to feel the pinch as medium to large-sized companies strive to become even bigger. Mergers and acquisitions as well as strategic alliances will be commonplace for companies to build and consolidate their market standing down the road.

Chinatrust Bills Finance Corporation

Scope of Business:

- A. Brokerage and proprietary trading of short-term bills.
- B. Certification of bills.
- C. Underwriting of bills.
- D. Serving as guarantor for notes/debts.
- E. Brokerage of interbank loans.
- F. Certification, underwriting, brokerage, and proprietary trading of financial bonds.
- G. Brokerage and proprietary trading of government bonds.
- H. Proprietary trading of corporate bonds.
- I. Financial advisory services to enterprises.
- J. Financial derivatives as sanctioned by the Ministry of Finance.

Revenue Breakdown (Chinatrust Bills Finance Corporation)

Expressed in Million of New Taiwan Dollars "NT\$"

Item	Amount	Ratio %
Net Income from bill / bond trading	516	28%
Fee Income	101	6%
Interest Income	1,078	59%
Other Income	135	7%
Total	1,830	100%

Innovative Services Being Planned:

Chinatrust Bills Finance Corporation is involved mainly in bill and bond trading, futures on bonds and short-term interest rates, bond options, and interest-rate swaps. In addition to further consolidating these existing operations, the Company is committed to developing innovative products capable of fostering earnings growth. A summary of such endeavors is as follows:

- **Bills:** In 2005, Chinatrust Bills Finance Corporation issued bills totaling NT\$126 billion and registered transactions of NT\$1.2183 trillion in the secondary market. In turn, the Company earned a profit of NT\$395,460 million from bill operations. Amid an extended liquidity glut on the market, Chinatrust Bills Finance Corporation is set to remain an active participant while seeking to keep risks to a minimum.
- **Outright bond purchase/sales:** In 2005, Chinatrust Bills Finance Corporation undertook trading of NT\$274.1858 trillion, accounting for a 4.02% market share. There was a profit of NT\$519.378 million for the year. As Taiwan has had a robust market for outright purchases and sales of bonds, the Company has been able to grow its earnings continuously. It is set to remain an active participant going forward.
- **Futures on bonds & interest rates:** There has been a growing risk of liquidity stagnation due to significant reduction of market activities. In turn, the Company has adopted for a wait-and-see stance currently.
- **Bond options:** Chinatrust Bills Finance Corporation stepped into the business in March 2005, making it a priority for the year. As of the end of December 2005, there had been an average monthly turnover of NT\$10.5 billion. There was a cumulative loss of NT\$306 thousand for the 10-month period. As the business expands and matures, it is expected to turn profitable in 2006. Based on statistics released by the GreTai

Securities Market, Chinatrust Bills Finance Corporation ranked among the island's top five houses in terms of bond-option turnover in 2005.

- **Interest-rate swaps:** Turnover in 2005 was NT\$6.1 billion, incurring a loss of NT\$53.538 million. As total market turnover was hard to determine, the Company could not readily determine its own share in the industry. In interest-rate swaps, Chinatrust Bills Finance Corporation adopts a strategy of pursuing price differences due to the limited volatility that characterizes the market.

Now that bills finance companies have been permitted to deal in securitized products, Chinatrust Bills Finance Corporation is ready to make them a new source of revenue.

Chinatrust Insurance Brokers Company

Scope of Business:

A. Non-Life Insurance:

- **Corporate:** Property Insurance, Business Interruption Insurance, Electric Data Processing Equipment Insurance, Fidelity Insurance, Marine Cargo Insurance, General Liability Insurance, Directors & Officers Liability Insurance, Bankers Blanket Bond Insurance, Construction/Erection Engineering Insurance.
- **Personal:** Household Fire insurance, Personal Accident Insurance, Auto/motorcycle insurance, Unemployment Insurance.

B. Life Insurance:

- **Corporate:** Group fixed life insurance, group health insurance, and group accident insurance.
- **Personal:** Accident insurance, health insurance, whole-life insurance, endowment insurance, investment-linked insurance, and annuity insurance.

Revenue Breakdown (Chinatrust Insurance Brokers Company)

Expressed in Million of New Taiwan Dollars "NT\$"

Item	Amount	Ratio %
Non-Life Insurance	64	3%
Life Insurance	2,278	97%
Total	2,342	100%

Innovative Services Being Planned:

To satisfy the needs of all spectrums of clients, Chinatrust Insurance Brokers Company will develop insurance products as part of a well-rounded wealth management package. Special emphasis will be placed on making further inroads into the property insurance market. While the existing sales channels have yet to fully achieve their potential, the Company will strive to optimize the Chinatrust group's synergy in cross-selling. Chinatrust Insurance Brokers Company makes it a point to strive for improvements in the following fields: sales channels, operational processes, and information systems and database. Equally important, it will seek out more partners in the insurance industry, maintain loyalty among both corporate and individual customers, and streamline its internal working process.

Chinatrust Venture Capital Corporation

Business:

Venture Capital Investments

Segmentation by Business:

Chinatrust Venture Capital Corporation's major business involves direct investments in non-listed companies. In 2005, the company invested in a total of three new projects and made capital injections for its two existing projects – three of which were domestic investments and two of which were overseas. As of December 31, 2005, in the company's investment portfolio domestic investments amounted to NT\$260 million, or 35%, and overseas investments NT\$480 million, or 65%. A breakdown by industry is as follows:

Revenue Breakdown (Chinatrust Venture Capital Corporation)

Expressed in Million of New Taiwan Dollars "NT\$"

Item	Amount	Ratio %
Telecommunications, Technology, Computing Hardware and Software Industries	261	35%
Biotechnology Industry	171	23%
Semiconductor and Fiber-Optics Industries	63	9%
Other Industries	245	33%
Total	740	100%

Innovative Financial Services Being Planned:

With Chinatrust's vast client base, Chinatrust Venture Capital Corporation aims to provide clients with total solutions together with other subsidiaries of the Group. The future planning of Chinatrust Venture Capital Corporation is as follows:

- Introducing cross-border cooperation opportunities: Due to Chinatrust's long-established connections with the international investment community, Chinatrust Venture Capital is in a good position to introduce strategic partners and assist in the transfer of advanced technology, which will bring about competitive advantages to industries in Taiwan.
- Leveraging Chinatrust's resources to service high potential clients: Chinatrust Venture Capital focuses on emerging industries and companies with high-growth

Segmentation by Business

Expressed in Million of New Taiwan Dollars "NT\$"

Item	Amount	Ratio %
Purchase of Non-Performing Loans	13,175	100%

Innovative Financial Services Being Planned:

- Enhancing the recovery value of NPLs: Chinatrust Asset Management continuously reviews the NPL portfolio. By categorizing the individual significant NPL or the collateral, the company seeks to sell itself in the market – by means of asset portfolios – in order to enhance the recovery value. In addition, Chinatrust Asset Management Company will actively acquire NPLs in domestic and overseas markets – either directly or through alliance with strategic partners – to improve the profitability of the company.

potentials. By leveraging Chinatrust's resources for comprehensive financial services, Chinatrust Venture Capital is able to provide clients with capital requirements or financial services in its various stages of business operation.

Chinatrust Asset Management Company

Business:

- A. Purchase of Non-Performing Loans (NPLs) from financial institutions
- B. Managing the NPLs auction process for financial institutions
- C. NPLs management services for financial institutions
- D. Appraisal of NPLs for other financial institutions
- E. Related business to investments in NPLs

- Exploring investment opportunities in Asia: Under the requirements of the Ministry of Finance (MOF) to lower the NPL ratio, the overall NPL ratio as defined by MOF of all banks has been brought down to 2.3% at the end of 2005. With the improvement of financial institutions' asset quality and the recovery of the real estate market, the development of the NPL market in Taiwan has unavoidably slowed down. Chinatrust Asset Management Company will continuously look for more investment opportunities in the Asia market, where the NPL ratios remain high.



Care and protection nurture a happy childhood



Since September 2005, we have Missing Children information on every monthly bill we send out. Through this program, we have already helped two lost children find their way home. We will continue this excellent effort to be a good corporate citizen.

Chinatrust Security Company

Chinatrust Security Company was created as an entity dedicated to provision of security services, particularly to the financial services industry. The primary business for now is deployment of security guards at banks and undertaking of other security-related tasks. The ultimate goal is to preserve client property without fail by means of 24-hour monitoring and unscheduled patrolling and inspection plus linking online alarm systems to local police.

Scope of Business:

Chinatrust Security Company is responsible for security operations, personnel and vehicles included, at all the outlets of Chinatrust Financial Holding Company and its other units, as well as during their shareholder meetings and other major gatherings. The Company also deals in provision of exclusively appointed bodyguards and other services approved by the regulatory authority. In addition to protecting clients, it is committed to helping government agencies in their combat against financial frauds.

Revenue Breakdown (Chinatrust Security Company)

Expressed in Million of New Taiwan Dollars "NT\$"

Item	Amount	Ratio %
Financial Institution Security	84	55%
Security at designated posts	64	42%
Consulting on bank security	6	4%
Total	154	100%

Innovative Services Being Planned:

Chinatrust Security Company is set to diversify its operations and equip itself with cutting-edge technology so as to best serve its clients. The ultimate objective is to offer efficient services while keeping manpower to a minimum. By drawing on the most advanced technology and equipment, it will make sure that clients can enjoy convenience without worrying about their safety. In the meantime, the Company will not neglect a human touch in its endeavors to ensure that clients lead a secure and comfortable life.

In the Internet era when everything is being digitized, Chinatrust Security Company will keep pace with the fast-growing security technology made avail-

able to the industry. In particular, the combination of up-to-date communications and video-preserving technologies will enable the Company to further upgrade its service capability. Computer-aided automatic alarm systems installed at designated posts, for instance, will alert the control center of any irregularity the instant it occurs. Security personnel will be dispatched to the spot quickly. The Company is not counting on equipment suppliers alone for innovation and improvement. In order to stay competitive, Chinatrust Security Company regards in-house research and development as a daily endeavor for upgrading operational procedures, designing new products, and simulating management of critical situations.

Family of Chinatrust Financial Holding Company

Year		2005		2004	
Number of employees		7,897		7,301	
Average age		32.49 years old		32.59 years old	
Average number of years of employment		6.18 years		6.09 years	
		Employee count	Percentage	Employee count	Percentage
Education	Graduate school or higher	1109	14.04%	969	13.27%
	University and college	6325	80.1%	5,789	79.30%
	Senior high school	447	5.66%	526	7.20%
	Below senior high school	16	0.2%	17	0.23%

Responsibility

Chinatrust has been dedicated to innovation and professionalism in the financial industry. Other than pursuit of positive financial numbers and optimal shareholder value, Chinatrust also prizes the tenet laid down by Michael Porter, the world's authority on competitive strategy, that corporate behavior meant for public good should be an integral part of a business's competitiveness. At Chinatrust, corporate social responsibility (CSR) is held as one of its core values. The Company has been involved in any number of public-good activities over the years:



Establishing the Chinatrust Charity Foundation

Initiated on November 2, 2004, it is devoted to caring for the economically disadvantaged and children who are either physically or mentally disabled. Volunteer workers are called in from within the Chinatrust group all year round to help make the vision "Love for kids" a reality.

Relief for Economically Disadvantaged Children

A. Holding the "Light up a Life" fundraising campaign

This event has been held since 1985, and was the first fundraiser to aid underprivileged children organized by a local enterprise. In the last 21 years, it has accumulated a total fund of around NT\$380 million, helping more than 60,000 children, through a total of 28 charitable organizations.

B. Financial aid for victims of debt-ridden cardholders

Chinatrust has long cared for the less fortunate, especially children for whom education is even more important. At the beginning of 2006, the Chinatrust Charity Foundation donated NT\$10 million to the "Caring for debt-ridden cardholders" program it jointly started with the Taiwan Fund for Children and Families (CCF). Grants will be awarded to children whose families are unable to repay their credit or cash card debts so that they can continue their schooling they deserve. The Chinatrust Charity Foundation is also ready to assign volunteer workers to CCF outposts all over the island to help the needy families build a better understanding of asset and debt management.

Relief to Disabled Children

The Chinatrust Charity Foundation joined hands with the Taipei county government in assisting the Down-Syndrome Foundation in the establishment of a learning center in Tamsui. It also donated an early treatment ambulance to help children in need of such care in remote areas.

Volunteer Programs

As of February 2006, the Chinatrust Charity Foundation had initiated a cumulative 87 volunteer programs that brought workers to hospitals, nurseries, CCF outposts, and remote corners across the island. Volunteer workers told stories, made home repairs, read to sick children, and helped students in their studies. In total, they contributed 12,919 hours to 3,530 children.

Assisting in the Search for Missing Children

Against the growing number of missing children in Taiwan, Chinatrust joins forces with the Child Welfare League Foundation in putting out information regarding one missing child on the back of credit-card bills mailed to cardholders each month to help locate him or her. Six photos of missing children were distributed between Nov. 2005 and April 2006, leading to the location of two of them. Chinatrust is set to continue this endeavor so that more missing children can find their way home.

Sponsoring Artistic Events

Between January 2001 and December 2005, Chinatrust was a sponsor of more than 20 artistic events, including the Chinese musical "Snow Wolf Lake," Michael Bolton's live concert, and the Ilan International Children's Folklore & Folkgame Festival. Chinatrust takes pride in helping imbue people with a higher awareness and readiness to appreciate the arts, thus making possible more quality leisure time.

Subsidizing the Care for Gardens at CKS Memorial Hall

Chinatrust's subsidies for maintenance of the gardens dated back to October 1, 2001 and would remain in effect until September 30, 2006. By helping preserve such a boon to the urban landscape, Chinatrust is happy to provide residents with a beautiful place to escape from the hassle of the city.

Building the "Novel Hall"

With a view to helping people's appreciation of the arts and enhancing their quality of life, Chinatrust took the lead in building on its own a venue for performing arts. As of the end of 2005, Novel Hall had played host to 1,760 performances by domestic and foreign artists that drew an audience of more than 1 million people. That in itself was a worthy contribution to Taiwan's appreciation of the arts.



People who work at Chinatrust grow with the company, while customers of Chinatrust see the potential that the bank will help them grow their wealth so that they can enjoy better lives. At Chinatrust, we are committed to "enable your future". We believe "Together we make things happen" because "We are family"!

A caring and loving family





Ever Cosy & Living

中國銀行



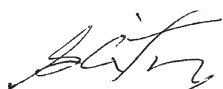
FINANCIAL 
Review

Independent Supervisors' Report

To:

Chinatrust Financial Holding Company, Ltd.

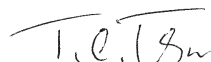
In accordance with Article 219 of the Company Law, the undersigned, have duly examined and accepted as correct the financial reports (unconsolidated and consolidated) for the year 2005 submitted by the Board of Directors of Chinatrust Financial Holding Co., Ltd., which included the operating report, distribution of earnings.



Shih-Chuan Lin
Supervisor



Paul Liang
Supervisor



T.C. Tsai
Supervisor

Taipei, Taiwan, R.O.C.
April 28, 2006

Independent Auditors' Report

The Board of Directors

Chinatrust Financial Holding Company, Ltd.:

We have audited the accompanying consolidated balance sheets of Chinatrust Financial Holding Company, Ltd. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chinatrust Financial Holding Company, Ltd. and subsidiaries as of December 31, 2005 and 2004, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles in the Republic of China.

As described in Note 3, effective January 1, 2004, the Company's subsidiaries, Chinatrust Commercial Bank, Ltd. and Chinatrust Bills Finance Corp. adopted SFAS No. 33 "Accounting for Transfers of Financial Assets and Extinguishments of Liabilities" to account for bills and bonds sold under repurchase agreements in which control is not surrendered as financing transactions instead of as sale transactions.

Taipei, Taiwan, ROC

April 25, 2006



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.

Consolidated Balance Sheets

CHINATRUST FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Expressed in Thousands of New Taiwan Dollars

December 31

	2005		2004	
	Amount	%	Amount	%
ASSETS				
Cash and cash equivalents	\$ 55,869,408	3	\$ 27,778,875	2
Due from Central Bank and call loans to banks	132,201,636	8	89,816,427	6
Bills and securities purchased	284,387,406	16	218,738,403	15
Less: Allowance for market value decline	(1,100,330)	-	(591,695)	-
	283,287,076	16	218,146,708	15
Receivables	176,322,845	10	146,556,544	10
Less: Allowance for credit losses	(2,603,471)	-	(2,747,777)	-
	173,719,374	10	143,808,767	10
Loans	920,859,159	54	812,198,784	57
Less: Allowance for loan losses	(11,012,303)	(1)	(12,511,972)	(1)
	909,846,856	53	799,686,812	56
Long-term investments				
Accounted for under the equity method	2,149,746	-	2,115,417	-
Accounted for under the cost method	16,902,126	1	14,116,718	1
Less: Allowance for market value decline	(1,103,121)	-	(943,028)	-
Long-term bond investments	67,860,453	4	61,416,067	4
Real estate investments	1,400	-	1,400	-
	85,810,604	5	76,706,574	5
Other financial assets	27,347,676	2	22,555,305	2
Premises and equipment				
Land and buildings, net	29,350,278	2	29,541,567	3
Equipment and other properties, net	5,187,610	-	5,461,156	-
	34,537,888	2	35,002,723	3
Intangible assets	4,529,608	-	5,858,671	-
Other assets	9,464,900	1	9,618,495	1
TOTAL ASSETS	\$ 1,716,615,026	100	\$ 1,428,979,357	100

	2005		2004	
	Amount	%	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities				
Bills and bonds sold under repurchase agreements	\$ 105,339,275	6	\$ 112,366,519	8
Due to Central Bank and other banks	66,103,159	4	74,728,017	5
Payables	48,984,797	3	32,978,429	3
Deposits and remittances	1,206,212,566	70	1,016,124,555	71
Financing from Central Bank and others	17,046,426	1	12,969,611	1
Corporate bonds and financial debentures	108,702,501	6	61,682,437	4
Other liabilities	18,571,203	1	17,204,370	1
Total liabilities	1,570,959,927	91	1,328,053,938	93
Stockholders' equity				
Capital stock				
Common stock	70,907,489	4	57,798,995	4
Preferred stock	10,000,000	1	2,500,000	-
Capital surplus	46,921,027	3	28,774,389	2
Retained earnings				
Legal reserve	2,899,400	-	1,429,334	-
Special reserve	1,508,658	-	141,362	-
Undistributed retained earnings	16,134,840	1	14,874,762	1
Other adjustments to stockholders' equity:				
Unrealized losses on long-term equity investments	(1,103,120)	-	(943,028)	-
Cumulative translation adjustments	(1,397,698)	-	(2,040,140)	-
Treasury stock – common stock	(273,326)	-	(1,663,306)	-
Subtotal Stockholders' Equity for Parent Company	145,597,270	9	100,872,368	7
Minority interest	57,829	-	53,051	-
Total Stockholders' Equity	145,655,099	9	100,925,419	7
Commitments and contingencies				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,716,615,026	100	\$ 1,428,979,357	100

Consolidated Statements of Income

CHINATRUST FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Expressed in Thousands of New Taiwan Dollars, Except for EPS

For the Years Ended December 31

	2005		2004	
	Amount	%	Amount	%
Operating Revenues:				
Interest income	\$ 60,301,687	68	\$ 48,882,381	64
Commissions and fees income	20,139,503	23	18,904,853	25
Net gains on bills and securities purchased	1,525,655	2	1,214,113	2
Investment income accounted for under the equity method, net	-	-	253,118	-
Net gains on derivative instruments	4,190,084	5	4,006,299	5
Net gains on foreign exchange	785,831	1	1,358,281	2
Other operating revenues	835,874	1	1,667,082	2
Total Operating Revenues	87,778,634	100	76,286,127	100
Operating Costs:				
Interest expense	(19,854,618)	(23)	(13,912,393)	(18)
Fees paid	(526,302)	(1)	(415,043)	(1)
Investment loss accounted for under the equity method, net	(1,085)	-	-	-
Provisions for allowances and reserves	(14,653,406)	(16)	(11,530,641)	(15)
Other operating costs	(740,426)	(1)	(724,960)	(1)
Total Operating Costs	(35,775,837)	(41)	(26,583,037)	(35)
Gross Margin	52,002,797	59	49,703,090	65
Operating Expenses	(30,445,501)	(35)	(28,979,819)	(38)
Operating Taxes	(1,358,533)	(1)	(1,201,222)	(2)
Operating Income	20,198,763	23	19,522,049	25
Non-Operating Revenues	884,176	1	837,068	1
Non-Operating Expenses	(541,499)	(1)	(300,053)	-
Income Before Income Tax	20,541,440	23	20,059,064	26
Income Tax Expense	(4,416,996)	(5)	(4,669,844)	(6)
Consolidated Gross Income	16,124,444	18	15,389,220	20
Classified as:				
Stockholders of Parent Company (Consolidated Net Income)	16,120,275	18	15,385,736	20
Minority interest income	4,169	-	3,484	-
	\$ 16,124,444	18	\$ 15,389,220	20

Expressed in Thousands of New Taiwan Dollars, Except for EPS

For the Years Ended December 31

	2005		2004	
	Before income tax	After income tax	Before income tax	After income tax
Earnings per share (EPS)				
Basic EPS	\$ 2.83	\$ 2.20	\$ 3.42	\$ 2.60
Basic EPS – retroactively adjusted			\$ 2.85	\$ 2.17
Diluted EPS	\$ 2.73	\$ 2.12	\$ 3.26	\$ 2.47
Diluted EPS – retroactively adjusted			\$ 2.72	\$ 2.06

**Pro forma data assuming Company shares held by subsidiaries
not considered as treasury stock:**

Consolidated Net Income	\$ 16,120,275	\$ 15,385,736
--------------------------------	----------------------	----------------------

	Before income tax	After income tax	Before income tax	After income tax
Basic EPS	\$ 2.82	\$ 2.20	\$ 3.35	\$ 2.54
Diluted EPS	\$ 2.72	\$ 2.12	\$ 3.19	\$ 2.42

Consolidated Statements of Changes in Stockholders' Equity

CHINATRUST FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Expressed in Thousands of New Taiwan Dollars

	Capital stock			Retained earnings
	Common stock	Preferred stock	Capital surplus	Legal reserve
Beginning Balance – January 1, 2004	\$ 54,962,000	\$ 12,655,429	\$ 32,089,783	\$ 657,724
Appropriation and distribution of 2003 earnings				
Legal reserve	-	-	-	771,610
Special reserve	-	-	-	-
Employee bonuses	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-
Cash dividends – common stock	-	-	-	-
Dividends – preferred stock	-	-	-	-
Capitalization of capital surplus	3,213,715	-	(3,213,715)	-
Convertible Bonds transfer into common stocks	18,960	-	43,257	-
Recognition of capital surplus of subsidiaries	-	-	561	-
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-
Recognition of unrealized losses on long-term equity investments of subsidiaries	-	-	-	-
Recognition of undistributed retained earnings of subsidiaries	-	-	-	-
Recognition of treasury stock of subsidiaries	-	-	-	-
Disposal of treasury stock	-	-	-	-
Redemption of treasury stock	-	-	-	-
Retired of treasury stock – preferred stock	-	(10,155,429)	-	-
Retired of treasury stock – common stock	(395,680)	-	(145,497)	-
Effect of hedging against fluctuations in exchange rates of foreign investments	-	-	-	-
Change in minority interest	-	-	-	-
Net income for the year ended December 31, 2004	-	-	-	-
Ending Balance – December 31, 2004	\$ 57,798,995	\$ 2,500,000	\$ 28,774,389	\$ 1,429,334
Appropriation and distribution of 2004 earnings				
Legal reserve	-	-	-	1,470,066
Special reserve	-	-	-	-
Employee bonuses	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-
Cash dividends – common stock	-	-	-	-
Stock dividends – common stock	4,710,443	-	-	-
Dividends – preferred stock	-	-	-	-
Capitalization of capital surplus	7,065,665	-	(7,065,665)	-
Convertible Bonds transfer into common stocks	1,332,386	-	2,735,379	-
Issuance of preferred stock – Class B	-	7,500,000	22,500,000	-
Recognition of capital surplus of subsidiaries	-	-	(23,076)	-
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-
Recognition of unrealized losses on long-term equity investments	-	-	-	-
Recognition of undistributed retained earnings of subsidiaries	-	-	-	-
Recognition of treasury stock of subsidiaries	-	-	-	-
Disposal of treasury stock	-	-	-	-
Effect of hedging against fluctuations in exchange rates of foreign investments	-	-	-	-
Change in minority interest	-	-	-	-
Net income for the year ended December 31, 2005	-	-	-	-
Ending Balance – December 31, 2005	\$ 70,907,489	\$ 10,000,000	\$ 46,921,027	\$ 2,899,400

Retained earnings		Other adjustments for stockholders' equity							
Special reserve	Undistributed retained earnings	Unrealized losses on long-term equity investments	Cumulative translation adjustments	Treasury stock—common stock	Treasury stock—preferred stock	Minority Interest	Total		
\$ 110,852	\$ 7,746,609	\$ (970,608)	\$ (819,365)	\$ (4,445,558)	\$ (8,037,316)	\$ 54,214	\$ 94,003,764		
-	(771,610)	-	-	-	-	-	-		
30,510	(30,510)	-	-	-	-	-	-		
-	(3,161)	-	-	-	-	-	(3,161)		
-	(252,878)	-	-	-	-	-	(252,878)		
-	(5,891,810)	-	-	-	-	-	(5,891,810)		
-	(622,540)	-	-	-	-	-	(622,540)		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	62,217		
-	-	-	-	-	-	-	561		
-	-	-	(1,465,079)	-	-	-	(1,465,079)		
-	-	27,580	-	-	-	-	27,580		
-	(475,903)	-	-	-	-	-	(475,903)		
-	-	-	-	1,876,309	-	-	1,876,309		
-	(58,895)	-	-	214,490	-	-	155,595		
-	-	-	-	-	(2,118,113)	-	(2,118,113)		
-	-	-	-	-	10,155,429	-	-		
-	(150,276)	-	-	691,453	-	-	-		
-	-	-	244,304	-	-	-	244,304		
-	-	-	-	-	-	(1,163)	(1,163)		
-	15,385,736	-	-	-	-	-	15,385,736		
\$ 141,362	\$ 14,874,762	\$ (943,028)	\$ (2,040,140)	\$ (1,663,306)	\$ -	\$ 53,051	\$ 100,925,419		
-	(1,470,066)	-	-	-	-	-	-		
1,367,296	(1,367,296)	-	-	-	-	-	-		
-	(5,713)	-	-	-	-	-	(5,713)		
-	(457,016)	-	-	-	-	-	(457,016)		
-	(5,888,054)	-	-	-	-	-	(5,888,054)		
-	(4,710,443)	-	-	-	-	-	-		
-	(612,000)	-	-	-	-	-	(612,000)		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	4,067,765		
-	-	-	-	-	-	-	30,000,000		
-	-	-	-	-	-	-	(23,076)		
-	-	-	760,044	-	-	-	760,044		
-	-	(160,092)	-	-	-	-	(160,092)		
-	(319,839)	-	-	-	-	-	(319,839)		
-	-	-	-	1,320,724	-	-	1,320,724		
-	(29,770)	-	-	69,256	-	-	39,486		
-	-	-	(117,602)	-	-	-	(117,602)		
-	-	-	-	-	-	4,778	4,778		
-	16,120,275	-	-	-	-	-	16,120,275		
\$ 1,508,658	\$ 16,134,840	\$ (1,103,120)	\$ (1,397,698)	\$ (273,326)	\$ -	\$ 57,829	\$ 145,655,099		

Consolidated Statements of Cash Flows

CHINATRUST FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Expressed in Thousands of New Taiwan Dollars

For the Years Ended December 31

	2005	2004
Cash flows from operating activities:		
Consolidated net income	\$ 16,120,275	\$ 15,385,736
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Minority interest income	4,169	3,484
Depreciation and amortization	3,984,506	3,657,122
Investment income accounted for under the equity method	-	(253,118)
Investment loss accounted for under the equity method	1,085	-
Cash dividends received from subsidiaries accounted for under the equity method	148,719	171,598
Redemption premium on convertible bonds and exchange gain or loss	501,677	21,737
Amortization of long-term investment bonds premium and discount	301,800	490,790
Losses on dispositions of long-term investments (including permanent impairment loss)	133,999	108,556
Gain on financial assets securitization	(43,935)	(50,288)
(Gains) losses on dispositions of premises, equipment and foreclosed properties	(42,502)	580,333
Losses on scrapping of premises and equipment	92,612	88,715
Provision for loan losses	17,327,797	13,881,242
Provision for (reversal of) unrealized losses on bills and securities purchased	508,635	(440,225)
Provision for loss on asset-based securities	2,424	-
Reversal of miscellaneous reserves	(98,256)	(74,687)
Provision for (reversal of) unrealized losses on foreclosed properties	91,753	(247,416)
Gain on issuance and repurchase of stock warrants – net	(419,204)	(531,102)
Others	(1,547)	(56,203)
Net changes in:		
Receivables	(3,857,291)	8,087,750
Bills and securities purchased	(44,200,479)	(68,777,133)
Payables	4,244,277	271,960
Trading derivative instruments, net	(1,563,723)	1,742,845
Net cash used in operating activities	(6,763,209)	(25,938,304)
Cash flows from investing activities:		
Increase in due from Central Bank and call loans to banks (excluding cash equivalents)	(32,153,331)	(7,747,578)
Increase in receivables	(33,290,049)	(28,370,446)
Increase in loans	(120,940,037)	(131,920,594)
Purchase of long-term investments	(37,130,022)	(15,700,426)
Capital return on long term bond investments	9,174,332	6,421,702
Proceeds from disposition of long-term investments	18,578,247	11,828,858
Proceeds from financial assets securitization	17,596,003	4,855,000
Proceeds from disposition of premises, equipment and foreclosed properties	2,863,623	1,880,377
Purchase of premises and equipment	(3,366,608)	(2,205,270)
Increase in other financial assets	(3,237,292)	(3,148,898)
(Increase) decrease in other assets	(404,417)	149,268
Non-trading derivative instruments, net	(371,449)	(3,447)
Cash received from acquisition of Feng-Shan Credit Cooperative, net	-	2,946,370
Net cash used in investing activities	(182,681,000)	(161,015,084)

	2005	2004
Cash flows from financing activities:		
(Decrease) increase in bills and bonds sold under repurchase agreements	\$ (7,027,244)	\$ 108,167,976
Issuance of corporate bonds and financial debentures	50,413,459	5,500,000
Decrease in due to Central Bank and other banks	(8,624,858)	(1,900,746)
Increase in payables	11,803,022	4,024,967
Increase in deposits and remittances	190,088,011	80,126,814
Increase (decrease) in financing from Central Bank and others	4,076,815	(516,070)
Increase in other liabilities	2,178,126	3,864,762
Issuance of preferred stocks – Class B	30,000,000	-
Remuneration to directors and supervisors	(457,016)	(252,878)
Employee bonuses	(11,599)	(30,454)
Cash dividends – preferred stock	(612,000)	(622,540)
Cash dividends – common stock	(5,888,139)	(5,892,152)
Disposal of treasury stock	1,040,371	1,549,981
Redemption of treasury stock	-	(2,118,113)
Decrease in minority interest	-	(31)
Net cash provided by financing activities	266,978,948	191,901,516
Effect of exchange rate changes	270,111	(421,827)
Net increase in cash and cash equivalents	77,804,850	4,526,301
Cash and cash equivalents, at beginning of the year	81,559,159	77,032,858
Cash and cash equivalents, at end of the year	\$ 159,364,009	\$ 81,559,159
Cash and cash equivalents		
Cash	\$ 55,869,408	\$ 27,778,875
Call loans to banks	27,618,079	18,609,281
Due from Central Bank	15,549,604	14,326,524
Bills and securities purchased (cash equivalents)	60,326,918	20,844,479
	\$ 159,364,009	\$ 81,559,159
Supplemental disclosures of cash flows information:		
Cash paid during the period for:		
Interest	\$ 18,281,129	\$ 13,070,775
Income taxes	\$ 4,224,886	\$ 1,763,390
Investing and financing activities not affecting cash flows:		
Long-term investments reclassified under short-term investments	\$ 91,720	\$ -
Short-term investments reclassified under long-term investments	\$ 571,252	\$ -
Employee bonuses	\$ 2	\$ -
Stock dividends – Common stock	\$ 4,710,443	\$ -
Capitalization of capital surplus	\$ 7,065,665	\$ -
Convertible Bonds convert into common stocks	\$ 4,067,766	\$ 62,521

Financial Supervisory Commission

Internal Control Representation

Dear Sirs:

On behalf of Chinatrust Financial Holding Co., Ltd, we hereby certify that the company’s internal control system and risk management mechanism for the fiscal year of 2005 have been implemented and audited by the independent internal auditors as to comply with “Financial Holding Companies’ Internal Control and Internal Audit Rules”, and the internal audit reports are periodically presented to the company’s board of directors and supervisors.

We hereby certify that the company complies with all related laws and regulations, and the internal controls are effectively in place. This representation is part of the annual report and publicly disclosed.

We understand that we are legally bound to SEC ordinance #20, 32, 171 & 174.

Sincerely yours,



Jeffrey L.S. Koo
Chairman



Jeffrey J.L. Koo, Jr.
President



Thomas K.S. Chen
General Auditor



Y.D. Deng
Compliance Officer

Dividend Policy and Earnings Distribution

1. Dividend policy and status of execution

(1) Dividend policy:

In order to sustain growth and increase profitability, the company shall keep a policy of retaining a portion of the earnings in conformity with relevant laws and regulations. After deduction of the retained earnings, the balance of the surplus is, in principle, distributed in the form of stock dividends and cash dividends, but the cash dividends shall not be less than 10% of the distributed earnings. Nevertheless, if the company has urgent needs for funds to meet requirements for business operations, investments, mergers, or necessary adaptation to new laws and regulations, the board of directors may request the shareholders' meeting to make adequate adjustment in the ratio of cash dividends; but in any case, the ratio shall not be less than 1% of the distributed earnings. If the cash dividend should be less than NT\$0.1, then it shall not be distributed.

Terms, timing, and amounts for distribution of earnings: In case there is a surplus, the company shall first pay taxes, and after adjustment in accordance with accounting principles, make up losses and set aside retained earnings, legal surplus, and dividends for preferred shares specified in Article 6-1 and Class-B preferred shares in accordance with the law. For the balance, 3% shall be for the bonuses of the employees, and 4% shall be for the remuneration of directors and supervisors. Distribution of the remainder funds, together with the undistributed surplus in the previous year, shall be proposed by the board of directors at the shareholders' meeting for approval or adjustment.

(2) The Board has approved the earnings appropriation proposal for 2005. The original assumptive resolution of dividend distribution approved by the Board is as follows:

- Preferred stock dividends: NT\$620,630 thousand
- Common stock dividends: It is proposed that NT\$12,038,438 thousand from retained earnings of Year 2005 will be distributed according to the record shown in the shareholder book on the distribution record date (Record Date). The dividends are NT\$0.5 per share in cash and NT\$1.2 per share in stock, total Common Stock dividends are NT\$1.7 per share.

2. The influence of dividend allocation this time to the operation performance, earnings per share and investment return rate for the stockholders:

There was no announced financial forecast for the company in 2006, therefore no disclosure of such information is needed.

3. Information relating to employee bonuses and remuneration to directors and supervisors of the Board :

- (1) The allocation percentage or range of employee bonuses and remuneration to directors and supervisors of the Board mentioned in the Articles of Incorporation : The employee bonuses is 3%, and the remuneration to directors and supervisors of the Board is 4%.
- (2) The original assumptive resolution of dividend distribution for 2005 approved by the Board is as follows:
- Distribution of employee cash bonus NT\$119,442 thousand, stock bonus NT\$287,747, remuneration to directors and supervisors NT\$542,919 thousand.
 - Employee bonus distributed in the form of stock are 28,775 thousand shares and the percentage of employee stock bonus over stock dividend distributed from earnings is 3.27526%.
 - The assumptive earnings per share after allocation of employee bonuses and remuneration to directors and supervisors of the Board will be NT\$2.07.
- (3) The appropriation of employee bonus and remuneration to directors and supervisors for year 2004

Units: NT Dollars

	Year 2004			
	Distributed with the resolution from the Annual General Meeting	Distribution proposal approved by the Board of Directors	Difference	Explanation
1. Distribution status:				
A. Employee bonus distributed in the form of cash	NT\$5,712,700	NT\$5,712,700	-	-
B. Employee bonus distributed in the form of stock				
(1) shares	-	-	-	-
(2) amount	-	-	-	-
(3) % of outstanding shares of the Year	-	-	-	-
C. Remuneration to Directors and Supervisors	NT\$457,016,023	NT\$457,016,023	-	-
2. EPS:*				
A. Original EPS	NT\$2.60	NT\$2.60	-	-
B. Pro forma EPS	NT\$2.52	NT\$2.52	-	-

* Note: The original and pro forma data stated above were not retroactively adjusted.

This annual report is a simplified version of its full content.
Please refer to the annual report in Chinese or visit our company website at <http://www.chinatrustgroup.com.tw> for complete disclosure required by the regulation.

Chinatrust Financial Holding Company

18F, No. 3, Sung Shou Road, Taipei, Taiwan, R.O.C.

+886-2-2722-2002

<http://www.chinatrustgroup.com.tw>

Chinatrust Commercial Bank

No. 3, Sung Shou Road, Taipei, Taiwan, R.O.C.

+886-2-2722-2002

<http://www.chinatrust.com.tw>

Chinatrust Securities Company

10F, No. 3, Sung Shou Road, Taipei, Taiwan, R.O.C.

+886-2-8780-8867

<http://www.win168.com.tw>

Chinatrust Insurance Brokers Company

10F, No. 18, Young-Ji Road, Taipei, Taiwan, R.O.C.

+886-2-2768-0505

<http://www.ctbrokerage.com.tw>

Chinatrust Venture Capital Corp.

3F, No. 3, Sung Shou Road, Taipei, Taiwan, R.O.C.

+886-2-2345-5777

<http://www.chinatrustgroup.com.tw>

Chinatrust Asset Management Company

17F, No. 3, Sung Shou Road, Taipei, Taiwan, R.O.C.

+886-2-2722-2002

<http://www.chinatrustgroup.com.tw>

Chinatrust Bills Finance Corporation

11-1F, No. 98, Sec 2, Nanking E. Road, Taipei, Taiwan, R.O.C.

+886-2-2522-2222

<http://www.ctbf.com.tw>

Chinatrust Security Company

15F, No. 3, Sung Shou Road, Taipei, Taiwan, R.O.C.

+886-2-2722-2002

<http://www.koos.com.tw/ctsc>



Chinatrust Financial Holding Co., Ltd.