



2004 Annual Report

 **Far Eastern International Bank**



遠東國際商業銀行
Far Eastern International Bank

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Financial Highlights

營運績效

單位：新台幣佰萬元
In Millions of NT\$ Except Per Share Amounts

項 目	Items	2004	2003	2002	2001	2000
資產總額	Total Assets	258,250	225,047	201,576	195,026	168,957
存款餘額	Deposits from Customers	198,768	167,522	159,141	149,205	144,847
放款、貼現及買匯-淨額	Loans, Discounts & Bills Purchased -- Net	171,911	161,057	136,602	141,651	125,843
股東權益	Shareholders' Equity	19,850	15,768	12,127	17,024	17,269
實收股本(每股面額10元)	Paid-in Capital (Par Value NT\$10)	15,867	15,248	15,248	15,248	15,248
稅前利益(損失)	Pretax Income (Loss)	3,431	3,714	(5,567)	477	510
純益(純損)	Net Income (Loss)	3,017	3,401	(4,463)	469	469
每股盈餘(損失)	Earnings (Loss) Per Share	2.03	2.39	(3.11)	0.32	0.31
每股現金股利(元)	Cash Dividends Declared Per Share	0.3922	-	0.20	0.20	-
每股股票股利(元)	Stock Dividends Declared Per Share	-	-	-	-	0.30
資本適足率(%)	Capital Adequacy Ratio (%)	10.66	10.41	11.28	12.48	12.90

Chairman's Letter

董事長嘉言

Chairman's Letter

各位女士、先生：

回顧93年，全球景氣強勁擴張，於年中達到成長高峰。後因油價高漲，加上若干國家為防範通膨而調升利率，導致景氣成長動力趨緩。依據環球透視機構(Global Insight Inc.)報告顯示，全球經濟成長率由92年2.8%提高至93年4.2%，但94年將降為3.3%。影響所及，世界貿易量成長率亦從8.9%降至8.0%。

反觀國內，受惠於去年國際景氣擴張，我國貿易表現亮麗，惟下半年隨國際大環境成長步調趨緩，海關出口增幅轉為遞減現象，加上失業狀況改善，民間消費成長亦趨穩定；民間投資成長率超過兩成。整體而言，去年在國內、外需求穩健擴張帶動下，經濟成長5.93%。

展望94年，隨著國際景氣漸趨和緩，我國外貿表現將回復至常態成長趨勢。內需中，民間投資有六輕四期與高鐵等延續性投資計劃持續推動，及多座12吋晶圓廠與TFT-LCD廠陸續裝機。另政府積極推動北高捷運等新十大建設，預計可提升基礎建設之質量，亦有助於支應內需之穩定成長，但整個亞太地區在美國經濟降溫、高油價及原物料行情高居不下與中國地區宏觀調控等因素的影響下，今年的成長步伐亦將放緩，行政院主計處預估全年經濟成長率達4.56%。

Reflecting back on 2004, global economy recovery reached its peak during mid of the year. Then as a consequence of rising oil prices coupled with higher interest rates in several different countries to prevent inflation, the upward momentum slowed down. According to reports made by Global Insight Inc., world economy growth rate for 2004 was recorded at 4.2%, up from 2.8% of 2003, but which is forecasted to drop to 3.3%. Under this impact, world trade volume growth is also expected to drop to 8.0% from 8.9%.

Domestically thanks to last year's international booming atmosphere, local trade performance was quite remarkable. However in the second half year, with dull economic and export growths added with controlled lower unemployment, private consumption regained strength leading to 20% plus growth in private investments. As a whole, Taiwan achieved an economic growth of 5.93% because of steady increase in external needs.

Looking into 2005, along with mild international recovery Taiwan's external trade performance is expected to retain normal growth. Internally, with continuous developments of the No. 6 Naphtha Cracker and Taiwan High Speed Rail Projects as well as the set up of many 12 inch DRAM fab and TFT-LCD plants and the Government's promotion of the New Ten National Construction Projects including north and south MRT systems, these infrastructures will serve to enhance steady growth of internal needs. Yet, the whole Asia Pacific region under the impact of sluggish growth in the U. S, high oil and raw material prices, coupled with China's macro economy adjustment and control, this year is expected to register a lower economic rate at 4.56%, according to forecast made by Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

未來金融自由化、多元化及國際化的腳步更向前邁進，同時面對國內金融市場整併風潮持續延燒及規模大型化之態勢，為掌握競爭優勢，本行也持續推動組織改造。本行組織由原企業金融、消費金融、財務金融、信用卡四大事業群及行政支援群之營運模式，去年增設貿易金融事業群及財富管理事業群後，拓展為六大核心事業群共同營運；為強化全行整體風險之控管，於去年度正式將審查處更名為風險管理處，建立全方位風險管理機制，以符合BASEL 之規範。

今年在六大核心事業群共同追求穩健成長、相互協調、支援下，必能達成年度預定之目標，並且除了追求內部之成長，更不忘兼顧外部成長，藉由專業分工之管理，加強整合性綜效與服務。面對未來的許多變化，各事業群仍將以維持高資產品質為基準，持續提升各事業群獲利目標，同時整合集團資源，期能發揮集團綜效。立足台灣，放眼世界，國際化與兩岸經貿的互動發展是擋不住的趨勢，本行將積極佈建完善之金融網絡，提供客戶優質的專業金融服務，協助客戶大中華區及國際化的佈局。

To cope with the liberalization, diversification, globalization and merger trend, Far Eastern International Bank (FEIB) is committed to promoting its restructuring to seize the competitive advantage. In addition to its existing Corporate Banking SBU, Consumer Banking SBU, Treasury Banking SBU, Credit Card SBU and Supporting/Administration Group, last year FEIB added two more Transactional Banking SBU and Wealth Management SBU to expand into six core business units' joint operations. Also to help adopt the new rules of BASEL II Accord, last year FEIB officially renamed its Credit Administration Dept. to Risk Management Dept. to establish a healthier risk management mechanism and focus on the control of the Bank's overall risk management. This year FEIB is confident to register steady growth and achieve its annual target with smooth interactive coordination and support of the six core business units. The Bank will not only seek for internal, but external growth as well. Through professional management division, we will enhance our integrated synergy and service standard. Facing with the many uncertain changes, each SBU will basically make efforts to maintain high asset quality, continue to improve profits, and at the same time integrate the Group's resources to achieve synergy. Based in Taiwan and with global vision, internationalization and China play are inevitable trends that the Bank will take into consideration. Therefore, FEIB will actively complete its banking network to provide customers with excellent and professional financial services and assist clients to expand their Greater China and international businesses.

未來經營方針 Future Operating Goals >>>>>>

受惠於全球經濟強勁成長，加上全體同仁齊心努力，本行於93年度創造了亮麗的獲利佳績，同時在全方位發展上也有卓越的表現。面對市場快速的變化與競爭，本行仍將積極迎接挑戰，對於94年各事業部之發展，本行擬訂重點營業計劃如下：

一、財富管理業務方面：建構以「客戶需求」為導向的經營策略，將分行轉型為財富管理的銷售平台，強化整合行銷深度與廣度，積極開發各式信託產品與整合性金融商品，提供財富管理優質服務；強化保險交叉行銷功能及專業顧問式行銷，提供客戶專業保險服務。

Thanks to strong global economic rebound and joint efforts of all our colleagues, FEIB recorded remarkable profit and outstanding performance in 2004. The Bank is confident to face with rapid changes and intense competition in the market and has formulated major operating goals as follows:

(1) Wealth Management: Establish a customer-oriented operating strategy, restructure branches into wealth management sales work stations to strengthen marketing efficiency; continue to develop various kinds of trust and portfolio financial products and provide quality wealth management services; focus on insurance cross sales and professional consulting marketing to offer clients professional insurance services.



董事長 徐旭東

Chairman Mr. Douglas Tong Hsu

二、消費金融業務方面：持續擴大消費金融市佔版圖，加重手續費收入佔營收比重，深耕既有客戶往來關係及往來商品多樣化。

三、信用卡業務方面：積極開發新聯名卡，聚焦高利差商品，提供齊全貸放商品，開發消費款分期業務，擴大分期付款業務，規劃刷卡獎勵活動，提升簽帳金額，培養循環餘額，持續投資廣告媒體，以擴大市佔率及穩定獲利來源。

四、企業金融業務方面：強化結構型融資與存款商品之研發與推廣，深耕企業資金管理服務，建立兩岸三地金融服務，爭取企業供應鏈導入線上金流，爭取目標市場客戶以本行為主力銀行，以及強化授信品質之控管。

五、貿易金融業務方面：推廣交易型融資產品，提升手續費收入比重；強化全球供應鏈融資管理；完成香港分行開行作業，俾利兩岸三地業務推展。

六、財務金融業務方面：致力深耕現有客戶，同時加強與國際知名金融同業往來，提供專業優質多元化財務金融服務，以拓展擴增客戶基礎。

七、行政支援業務方面：將力求總行功能整合、提升效率，並確保資訊投資之高效益，逐步建立全方位風險管理機制，符合BASEL 之規範。

金融業產值日增，面對金融全球化的發展及國內金融環境競爭之白熱化，本行惟有踏穩步伐，隨時掌握時代的脈動，配合高素質人才及創新的精神，啟發躍升的動能，堅持誠、勤、樸、慎的理念，方能強化本行競爭力和提升核心能力，期盼與各位股東女士、先生共同成長，開創遠銀新高峰。

董事長

徐旭東

Chairman Douglas Tong Hsu

謹啟

(2) Consumer Banking Business: Continue to expand market share of our consumer banking business, increase fees income ratio, focus on enhancing existing customer relationships and cultivate diversified merchandise mix.

(3) Credit Card Business: Develop new co-branding cards, focus on high interest gap products, offer a complete combination of loan and credit products, design spending installment business, expand payment installment business, plan consumer usage incentive programs, increase spending volume, cultivate revolving balance, continue to invest in advertisements to increase market share and steady profit source.

(4) Corporate Banking Business: Fortify research, development and promotion of structured treasury products, cultivate corporate fund management service, establish financial services for Taiwan, Hong Kong and China, introduce online banking system into our corporate supply chain, seek for target customers to choose FEIB as their lead bank, and strengthen control of credit quality.

(5) Transactional Banking Business: Promote transactional treasury products, increase commission income ratio, strengthen global supply chain financing management, and complete Hong Kong Branch opening to facilitate great China business.

(6) Treasury Banking Business: Focus on cultivating existing customers, strengthen business relationship with world renowned financial institutions, provide professional diversified quality treasury banking services to expand extensive customer base.

(7) Supporting/Administration Group: Exert to achieve integrated smooth operations in the Head Office, improve efficiency, ensure high return of information investments, and gradually establish an all-directional risk management mechanism to comply with BASEL II accord.

While facing with increasing treasury product value, globalization of the finance industry, as well as more and more intense competitions, FEIB is confident in maintaining our leading position, high-quality human resource and innovative spirit to seize trend and business opportunities to continuously move upward. Following the Group's founding motto "Sincerity, Diligence, Thrift and Prudence", the Bank is dedicated to further strengthening its competitiveness and core competence. We look forward to your continued support to again jointly achieve a sustainable growth.

Corporate Profile

銀行概況

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Corporate Profile

銀行基本資料 General Corporate Data

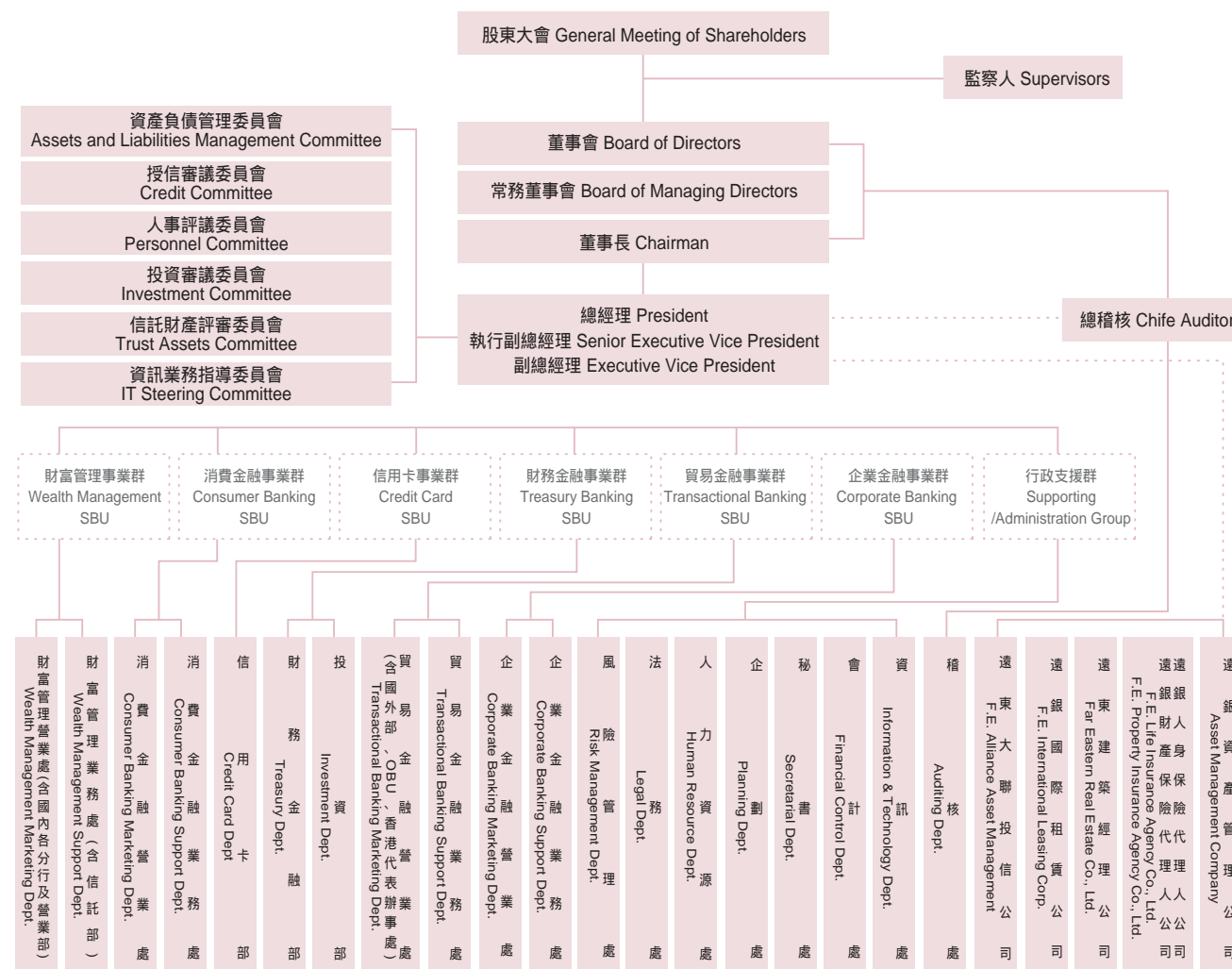


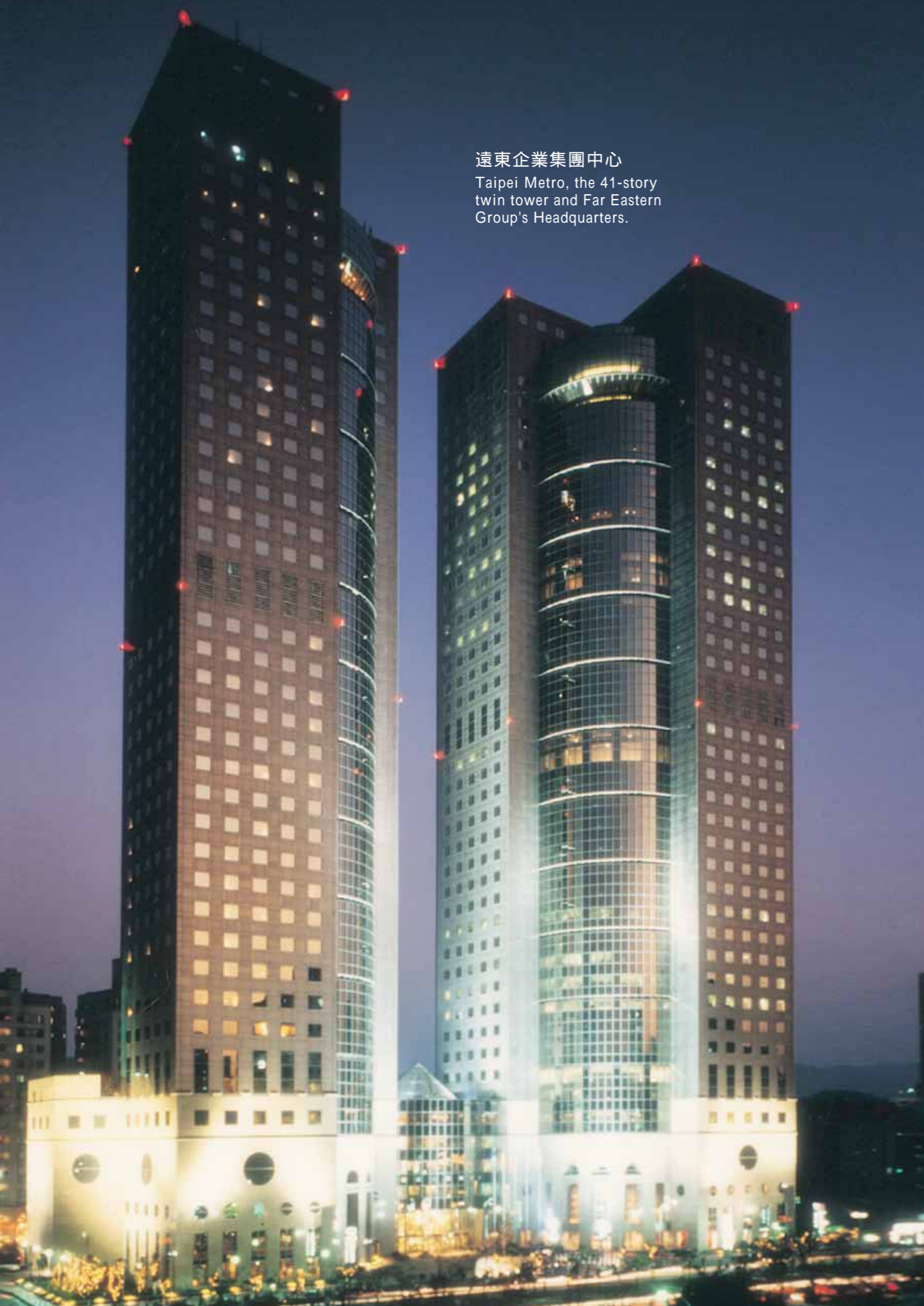
總經理 洪信德
President Mr. Eli Hong

民國93年12月31日 (December 31, 2004)

公司基本資料 General Corporate Data			
銀行設立日期	民國81年01月11日	Date of establishment	January 11, 1992
股票上市日期	民國87年11月27日	Date of Listing on Taiwan Stock Exchange	November 27, 1998
資產總額 (仟元)	NT\$258,250,238	Total Assets (NT\$ thousands)	NT\$258,250,238
股東權益總額 (仟元)	NT\$19,849,827	Total Shareholder's Equity (NT\$ thousands)	NT\$19,849,827
發行股數	1,634,615,054	Number of Shares Issued	1,634,615,054
員工人數	2,072	Number of Employees	2,072
營業據點	39	Operating Units	39
簽證會計師	勤業眾信會計師事務所	Auditor	Deloitte & Touche
惠譽國際信評公司		Fitch Ratings Limited	
國際長期評等	BBB	Foreign Currency Long-term Rating	BBB
國內長期評等	A+(twn)	National Long-term Rating	A+(twn)

銀行組織系統簡圖 FEIB Organization Chart





遠東企業集團中心
Taipei Metro, the 41-story
twin tower and Far Eastern
Group's Headquarters.

Corporate Governance

公司治理

公司治理守則 Principles for Corporate Governance

本行依據銀行業公司治理實務守則積極落實公司治理制度，透過健全之管理制度與有效之監控機制，達成本行營運目標，進而提升市場競爭力，並確保股東、員工及其他利益相關者之權益，為其創造最大價值及善盡社會責任。

茲將本行遵循之公司治理原則分述如下：

1. 遵循法令並健全內部管理
2. 保障股東權益
3. 強化董事會職能
4. 發揮監察人功能
5. 尊重利益相關者權益
6. 提升資訊透明度

Strictly abiding by principles for corporate governance, FEIB is dedicated to achieving its operating goals through sound management system and effective auditing mechanism so as to improve competitive advantage in the market and ensure shareholders, employees and other relative benefits. The ultimate aim is to create maximum value and good corporate citizenship. The Bank's corporate governance principles are summarized as follows:

1. Comply with relevant laws and regulations and enhance internal management
2. Protect shareholders' rights and interests
3. Strengthen the powers of the board of directors
4. Fulfill the functions of supervisors
5. Respect the stakeholders' rights and interests
6. Enhance information transparency

董監事成員 Board of Directors and Supervisors

93年12月31日 (December 31, 2004)

職稱 Title	姓名 Name	主要學(經)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
董事長 Chairman	徐旭東 Mr. Douglas Tong Hsu	美國聖母大學碩士 遠東紡織股份有限公司董事長 亞洲水泥股份有限公司董事長 遠東百貨股份有限公司董事長 裕民航運股份有限公司董事長 東聯化學股份有限公司董事長 遠傳電信股份有限公司董事長 Master, University of Notre Dame, U.S.A. Chairman, Far Eastern Textile Ltd. Chairman, Asia Cement Corp. Chairman, Far Eastern Department Store Co., Ltd. Chairman, U-Ming Marine Transport Corp. Chairman, Orient Union Chemical Corp. Chairman, Far EasTone Telecommunications Co., Ltd.	遠東紡織股份有限公司董事長 亞洲水泥股份有限公司董事長 遠東百貨股份有限公司董事長 裕民航運股份有限公司董事長 東聯化學股份有限公司董事長 宏遠興業股份有限公司董事長 遠傳電信股份有限公司董事長 Chairman, Far Eastern Textile Ltd. Chairman, Asia Cement Corp. Chairman, Far Eastern Department Store Co., Ltd. Chairman, U-Ming Marine Transport Corp. Chairman, Orient Union Chemical Corp. Director, Everest Textile Co., Ltd. Chairman, Far EasTone Telecommunications Co., Ltd.

職稱 Title	姓名 Name	主要學(經)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
常務董事 Managing Director	王孝一 Mr. Shaw Y. Wang	中興大學工商管理系畢業 財團法人私立元智大學董事 Dept. of Business Administration, National Chunghsing University Director, Yuan Ze University	遠東紡織股份有限公司首席資深副總經理 遠東紡織股份有限公司董事 亞洲水泥股份有限公司監察人 First Senior Executive Vice President, Far Eastern Textile Ltd. Director, Far Eastern Textile Ltd. Supervisor, Asia Cement Corp.
常務董事 Managing Director	李仲英 Mr. Chung-Ying Lee	台灣大學經濟系畢業 財政部次長 證交所董事長 交通銀行總經理 台北銀行總經理 Dept. of Economics, National Taiwan University Former Vice Minister, Ministry of Finance, R.O.C. Former President, Chiao Tung Bank Former President, Taipei Bank	國票金融控股股份有限公司董事 Director, Waterland Financial Holdings
董事 Director	席家宜 Mr. Johnny J. Shih	美國哥倫比亞大學電腦碩士 遠東紡織股份有限公司總經理 Master, Columbia University, U.S.A. President, Far Eastern Textile Ltd.	遠東紡織股份有限公司董事、總經理 東聯化學股份有限公司副董事長 宏遠興業股份有限公司董事長 亞洲水泥股份有限公司董事 Director, President, Far Eastern Textile Ltd. Vice Chairman, Orient Union Chemical Corp. Chairman, Everest Textile Co., Ltd. Director, Asia Cement Corp.
董事 Director	洪信德 Mr. Eli Hong	中興大學經濟系畢業 美商花旗銀行副總裁 台北區中小企銀副總經理 Dept. of Economics, National Chunghsing University Former Vice President, Citibank N.A., Taipei Branch Former Executive Vice President, International Bank of Taipei	遠東國際商業銀行總經理 遠傳電信股份有限公司監察人 遠東大聯證券投資信託股份有限公司董事 遠銀資產管理股份有限公司董事長 President, Far Eastern International Bank Supervisor, Far EasTone Telecommunications Ltd. Director, Far Eastern Alliance Asset Management Chairman, Far Eastern Asset Management Corp.
董事 Director	周添財 Mr. Thomas Chou	政治大學銀行系畢業 荷蘭銀行臺灣區副總裁兼高雄分行經理 Dept. of Banking, National Chengchi University Former Vice President, ABN AMRO Bank, Taiwan Branch	遠東國際商業銀行執行副總經理 遠東大聯證券投資信託股份有限公司監察人 遠銀財產及人身保險代理人股份有限公司董事 遠銀資產管理股份有限公司董事 遠東建築經理股份有限公司董事長 大中票券金融股份有限公司董事 Senior Executive Vice President, Far Eastern International Bank Supervisor, Far Eastern Alliance Asset Management Director, Far Eastern Life Insurance Agency Co. Director, Far Eastern Asset Management Corp. Chairman, Far Eastern Real Estate Co., Ltd. Director, Dan Chung Bills Finance Corp.



Corporate Governance

93年12月31日 (December 31, 2004)

職稱 Title	姓名 Name	主要學(經)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
董事 Director	侯金英 Ms. Ching-Ing Hou	美國范德堡大學經濟碩士 政治大學銀行學系教授 Master, Vanderbilt University, U.S.A. Professor, Dept. of Money and Banking, National Chengchi University	臺灣金融研訓院董事長 Chairman, Taiwan Academy of Banking and Finance
董事 Director	武冠雄 Mr. K. H. Wu	國防研究院 政治大學經濟系畢業 外貿協會副董事長 National Defense Institute Dept. of Economics, National Chengchi University Founder & Deputy Chairman, China External Trade Development Council	中華民國國際經濟合作協會資深顧問 Senior Advisor, Chinese International Economic Cooperation Association
常駐監察人 Resident Supervisor	鍾聰明 Mr. Tsung-Ming Chung	政治大學企管碩士 勤業眾信會計師事務所會計師 順達科技股份有限公司董事長 MBA, National Chengchi University CPA, Deloitte & Touche Taiwan Chairman, Dynapack Corp.	台灣大哥大股份有限公司監察人 致茂電子股份有限公司監察人 昆盈企業股份有限公司董事 東貝光電科技股份有限公司董事 華冠通訊股份有限公司董事 華上光電股份有限公司副董事長 Supervisor, Taiwan Mobile Co., Ltd. Supervisor, Chroma Ate Inc. Director, KYE Systems Corp. Director, Unity Opto Technology Co., Ltd. Director, Arima Communication Corp. Vice Chairman, Arima Optoelectronics Corp.
監察人 Supervisor	許士軍 Dr. Shi-Chun Hsu	美國密西根大學企管博士 台灣大學首任管理學院院長 高雄銀行董事長 Ph.D., University of Michigan Founding Dean, College of Management, National Taiwan University Former Chairman, Bank of Kaosiung	聯華電子股份有限公司董事 智原科技股份有限公司董事 元智大學遠東管理講座教授 Director, United Microelectronics Corp. Director, Faraday Technology Corp. Far Eastern Group Chair Professor of Management, Yuan Ze University
監察人 Supervisor	俞明德 Dr. Min-Teh Yu	美國俄亥俄州大學經濟博士 中央大學財務管理系系主任暨所長 亞洲開發銀行顧問 Ph.D., Ohio State University Former Dept. Chairman, Financial Management Dept., National Central University	靜宜大學校長 President, Providence University



董監事成員

Board of Directors and Supervisors

前排由左至右 (Seated From Left to Right)

後排由左至右 (Standing Form Left to Right)

常務董事 李仲英 Managing Director Mr. Chung-Ying Lee
董事長 徐旭東 Chairman Mr. Douglas Tong Hsu
董事 侯金英 Director Ms. Ching-Ing Hou
董事 武冠雄 Director Mr. K.H. Wu

董事 周添財 Director Mr. Thomas Chou
董事 洪信德 Director Mr. Eli Hong
常務董事 王孝一 Managing Director Mr. Shaw Y. Wang
監察人 俞明德 Supervisor Dr. Min-Teh Yu
監察人 許士軍 Supervisor Dr. Shi-Chun Hsu
常駐監察人 鍾聰明 Resident Supervisor Mr. Tsung-Ming Chung

國際化 / 雙文化經營團隊 Bi-Cultural Management Team

職稱 Title	姓名 Name	主要學(經)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
總經理 President	洪信德 Mr. Eli Hong	中興大學經濟系畢業 美商花旗銀行副總裁 台北區中小企銀副總經理 Dept. of Economics, National Chungsing University Former VP, Citibank N.A, Taipei Branch Former EVP, International Bank of Taipei	遠傳電信股份有限公司監察人 遠東大聯證券投資信託股份有限公司董事 遠銀資產管理股份有限公司董事長 Supervisor, Far EasTone Telecommunications Ltd. Director, F.E. Alliance Asset Management Chairman, Far Eastern Asset Management Corp
執行副總經理兼人力資源處處長 Senior Executive Vice President, Head of Human Resources Dept.	周添財 Mr. Thomas Chou	政治大學銀行系畢業 荷蘭銀行台灣區副總裁兼高雄分行經理 Dept. of Banking, National Chengchi University Former VP, ABN AMRO Bank, Taiwan Branch	遠東大聯證券投資信託股份有限公司監察人 遠銀財產及人身保險代理人股份有限公司董事 遠銀資產管理股份有限公司董事 遠東建築經理股份有限公司董事長 大中票券金融股份有限公司董事 Supervisor, F.E. Alliance Asset Management Director, F.E. Life Insurance Agency Co., Director, Far Eastern Asset Management Corp. Chairman, Far Eastern Real Estate Co., Ltd. Director, Dan Chung Bills Finance Corp.



Corporate Governance

職稱 Title	姓名 Name	主要學(經)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
副總經理兼企劃處處長、 秘書處處長及會計處處長 Executive Vice President, Head of Support & Administration Group	陳國聯 Mr. Julius Chen	美國東德州州立大學資訊科學碩士 中國農民銀行經理 Master of Computer Science, East Texas State University (USA) Former Head of IT Department, Farmers Bank of China	遠東建築經理股份有限公司董事 遠銀國際租賃股份有限公司董事 Director, Far Eastern Real Estate Co., Ltd. Director, F.E. International Leasing Corp.
副總經理兼信用卡部經理 Executive Vice President, Head of the Credit Card SBU	梁培華 Mr. Thomas Liang	美國凱斯西儲大學作業研究碩士 呈財電腦總經理 美商花旗銀行副總裁 M.S., Operations Research, Case Western Reserve University (USA) General Manager of Chen Tsai Computer Company Former VP, Citibank N.A., Taipei Branch	遠銀財產及人身保險代理人股份有限公司董事長 Chairman, F.E. Life Insurance Agency Co., Ltd.
副總經理及遠銀資產管理 (股)公司總經理 Executive Vice President, President of Far Eastern Asset Management Corp	王恒彥 Mr. John H. Wang	政治大學企業管理碩士 美商花旗銀行副理 美商西雅圖銀行副總裁 中國農民銀行顧問 台新銀行協理 大安銀行副總經理 中華商業銀行副總經理 MBA, National Chengchi University. Former Assistant Manager, Citibank, N.A., Taipei Branch. Former VP, Seafirst Bank, H.O. Former Consultant, The Farmers Bank Of China Former SVP, Taishin International Bank Former EVP, Dah-An Commercial Bank Former EVP, The Chinese Bank	遠銀資產管理股份有限公司董事 Director, Far Eastern Asset Management Corp.
代理副總經理兼企業金融 營業處處長及貿易金融營 業處處長 Executive Vice President, Head of the Corporate Banking marketing Dept. and Transactional Banking marketing Dept.	林建忠 Mr. Jiann-Jong Lin	美國路易斯安那州大學財務管理碩士 美商花旗銀行副理 美商第一聯美銀行助理副總裁 台北區中小企業銀行經理 M.S., Louisiana State University (USA). Former Assistant Manager of Citibank, N.A., Taipei Branch. Former AVP of First Interstate Bank of California, Taipei Branch Former Senior VP, International Bank of Taipei	旭瑋實業股份有限公司董事 Director, Hsu Wei Industry Co., Ltd.
代理副總經理兼財務金融 部經理及投資部經理 Executive Vice President, Head of the Treasury and Investment SBU	廖呂斌 Mr. Ben Liao-Ru	美國國際管理學院國際管理碩士 中國輸出入銀行副科長 道明銀行台北分行副總經理 比利時聯合銀行台北分行副總經理 MIM, Thunderbird, American Graduate School of International Management (USA). Former Assistant Division Chief, Export-Import Bank of the Republic of China Former VP, Toronto Dominion Bank, Taipei Branch Former Head of Treasury Department, Kredietbank N.V., Taipei Branch	-

職稱 Title	姓名 Name	主要學(經)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
代理副總經理主管消費金 融事業群 Executive Vice President, Head of the Consumer Banking SBU	劉遇春 Mr. Spring Lieu	美國南卡羅萊納州大學國際企業管理碩士 美商花旗銀行台北分行助理副總裁 台北區中小企業銀行國外部副理 Master of International Business, University of South Carolina (USA) Former AVP, Citibank N.A., Taipei Branch Former VP of International Banking Department, International Bank of Taipei	遠銀財產及人身保險代理人股份有限公司董事 Director, F.E. Life Insurance Agency Co.,
副總經理兼財富管理業務 處處長 Executive Vice President, Head of the Wealth Management SBU	喻芝蘭 Ms. Lan Yuh	美國紐約佩斯大學企業管理碩士 美商花旗銀行助理副總裁 遠傳電信副總經理 MBA, Pace University of New York (USA) Former AVP, Citibank N.A., Taipei Branch Former Executive Vice President Far EasTone Telecommunications Ltd.	-
暫代總稽核 Chief Auditor	楊大衛 Mr. David Yang	美國奧克拉荷馬州大學企業管理碩士 中國國際商業銀行副科長 美國HIGH POINT KNITTING INC.財務經理 MBA, Oklahoma State University Former Manager of Business Department, International Commercial Bank of China Former Financial Manager of High Point Knitting INC. (USA)	遠銀財產及人身保險代理人股份有限公司監察人 安豐企業股份有限公司董事 遠東建築經理股份有限公司董事 遠銀國際租賃股份有限公司監察人 Supervisor, F.E. Life Insurance Agency Co. Director, An Feng Enterprise Co., Ltd. Director, Far Eastern Real Estate Co., Ltd. Supervisor, F.E. International Leasing Corp.
協理兼風險管理處處長 Deputy Executive Vice President, Head of Risk Management Department	陸鵬程 Mr. Roy Lu	政治大學企業管理碩士 法商百利銀行副理 英商建利銀行經理 法國里昂信貸銀行副總裁 中國信託商業銀行副理 MBA, National Chengchi University. Former Assistant Manager of Marketing Department, Banque Paribas Former Manager of Marketing Department, Grindlays Bank (of ANZ Bank) Former Vice President of Credit Lyonnais, Taipei Branch Former Assistant Manager of Chinatrust Bank	大中票券金融股份有限公司監察人 Supervisor, Dan Chung Bills Finance Corp.
特別助理 Special Assistant	劉龍光 Mr. Lonnie Liu	美國紐約大學資訊管理碩士 信孚銀行專案經理 美國紐約銀行經理 KPMG顧問公司亞太區經理 南山人壽公司副總經理 Master of Information Systems, New York University.(USA) Former Project Manager, Bankers Trust Former Manager, New York Bank Former Manager, KMPG Consulting (Asia Pacific) Former EVP, Nan Shan Life Insurance Company Ltd.	-





總經理、總稽核暨八位副總經理合照

前排由左至右 (Seated From Left to Right)

副總經理	陳國聯	Executive Vice President Mr. Julius Chen
執行副總經理	周添財	Senior Executive Vice President Mr. Thomas Chou
總經理	洪信德	President Mr. Eli Hong
副總經理	喻芝蘭	Executive Vice President Ms. Lan Yuh

Bi-Cultural Management Team

前排由左至右 (Standing From Left to Right)

總稽核	楊大衛	Chief Auditor Mr. David Yang
副總經理	劉遇春	Executive Vice President Mr. Spring Lieu
副總經理	林建忠	Executive Vice President Mr. Jiann-Jong Lin
副總經理	梁培華	Executive Vice President Mr. Thomas Liang
副總經理	王恒彥	Executive Vice President Mr. John H. Wang
副總經理	廖呂斌	Executive Vice President Mr. Ben Liao-Ru

政策委員會 Policy Committees

1. 資產負債管理委員會

本行為強化資產負債管理，健全資產負債結構，特設置資產負債管理委員會，負責審議本行資產負債組合及管理政策，並研判未來利率、匯率及金融情勢之發展趨勢，以決定本行存款、放款、外匯及投資業務之經營策略。

1. Assets and Liabilities Management Committee

To strengthen our assets and liabilities management and structure, FEIB established the Assets and Liabilities Management Committee to handle the Bank's assets and liabilities portfolio and management policy, study future interest rate, exchange rate and financial situation to decide on the operating strategies of our deposits, loans, foreign exchanges and investments businesses.

2. 授信審議委員會

本行為拓展業務，提昇授信品質及增進工作效能，特設置授信審議委員會，負責審議全行超過授權經理核定範圍之授信案件。該委員會就授信案件之風險及收益等要素綜合評估並充分討論後，作成適切之結論，以提呈副總經理、總經理或常務董事會作最後之授信決策。

2. Credit Committee

To expand business, improve credit quality and working efficiency, FEIB has set up the Credit Committee to handle credit cases with amounts exceeding President's authorization. This Committee serves to evaluate and discuss in details about risk and gain of such loan cases and then make appropriate conclusions to present to Executive Vice Presidents, President or Board of Managing Directors for final approval.

3. 人事評議委員會

本行為建立職員管理之升遷獎懲制度，拔擢優秀人才，增進工作效率，特設置人事評議委員會，負責審議全行人力資源規劃、人事規章、升遷、獎懲情事，作成結論提董事會核定後辦理。

3. Personnel Committee

To set up a proper system of reward and reprimanding, select and promote outstanding talents, and enhance working efficiency, FEIB establishes the Personnel Committee to review the whole Bank's human resource planning, personnel regulations, promotion, rewarding and reprimanding, making conclusions to present to the Board of Directors for approval and handling.

4. 投資審議委員會

本行為訂定投資決策，掌握投資效益，特設置投資審議委員會，負責訂定短期有價證券之投資決策，並審理各項專案投資計劃，作成結論提董事會核定後辦理。

4. Investment Committee

In order to formulate investment policy and guarantee investment profit, FEIB has formed the Investment Committee to draw on the investment policy of short-term bills as well as review all project investment cases and then make conclusion to present to the Board of Directors for approval and execution.

5. 信託財產評審委員會

本行為拓展信託業務，特設置信託財產評審委員會，以評審信託財產為目的，評審範圍包括運用信託資金從事信託財產之交易事項、委託人信託資金所購置各信託戶之財產、其他法令或主管機關規定應評審之事項。

5. Trust Assets Committee

To expand our trust assets business, FEIB establishes the Trust Assets Committee to mainly review trust assets. The scope of review includes transactions of trust assets, consignor's trust assets and their respective purchase assets, other regulations concerned or items that are deemed necessary to be reviewed by the supervisory organization

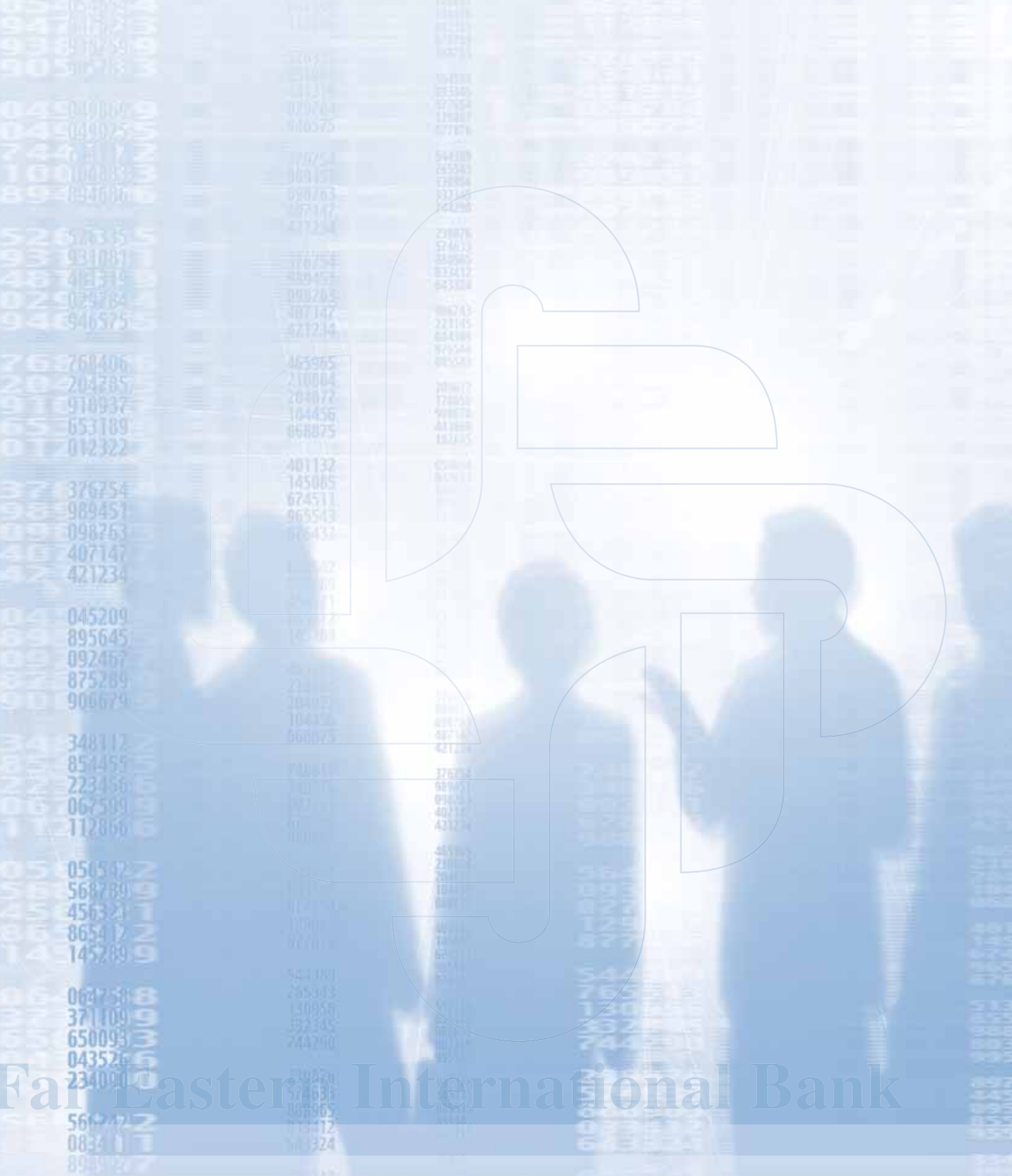
6. 資訊業務指導委員會

本行為建構全方位金融服務需求，特設置資訊業務指導委員會，負責研判資訊系統發展趨勢，審議全行資訊系統架構建置，並配合本行業務發展，提議、監督資訊業務系統開發，作成結論呈董事會核定後辦理。

6. IT Steering Committee

To meet the Bank's diversified financial service needs, FEIB has formed the IT Steering Committee to study IT system development trend, and review the whole bank's IT operating system setup. In accordance with our business developments, this Committee will make proposition, supervise IT system development, and then present conclusion for the Board of Directors' approval and handling.





Fair Eastern International Bank

關鍵績效成果

Key Performance Results

全行經營效能 Operating Efficiency

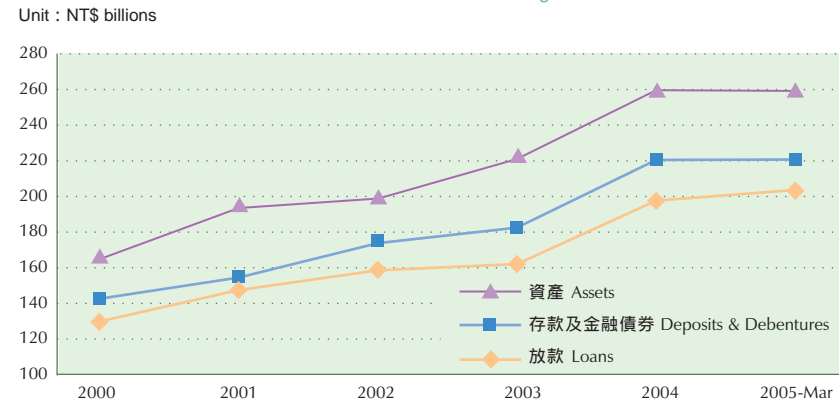
在穩定成長及穩健資產負債管理的經營理念下，本行93年底總資產新台幣（以下同）2,583億元，較92年度成長約332億元，成長率15%。存款及金融債券總額成長19.1%。

截至93年底，本行放款餘額（含信用卡之循環信用餘額及貸放產品）為新台幣199,156億元，與92年底相較，成長22.08%；授信業務包含放款、保證、承兌及信用狀，比92年底成長19.65%。

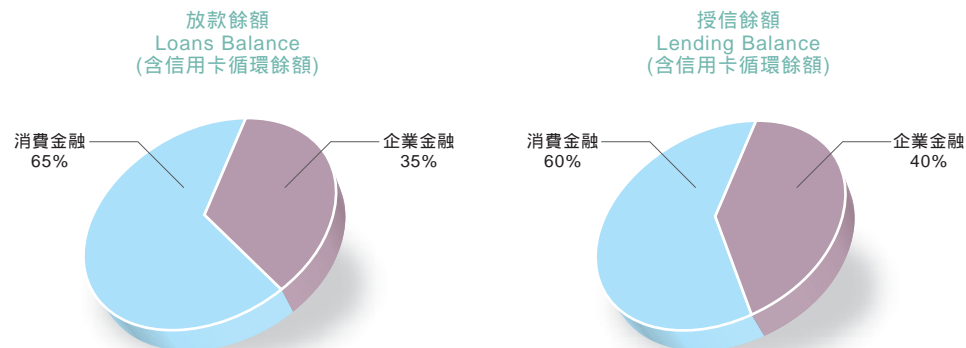
Under the operating philosophy of maintaining steady growth and sound assets and liabilities management, FEIB registered in 2004 total assets of NT\$258.3 billion, an increase of NT\$33.2 billion or 15% up from 2003. Total amount for deposits and debentures increased 19.1%.

On December 31, 2004, FEIB'S outstanding loan (including credit card revolving balance and loan products) was NT\$199,156 million, up 22.08% as compared to that of 2003. Lending business including loan, guarantee, acceptance, and L/C grew 19.65% than that of end 2003.

成長及穩健資產負債管理
Assets and Liabilities Management



註：放款含信用卡循環餘額及貸放產品。
* : Loans including credit card revolving balance.



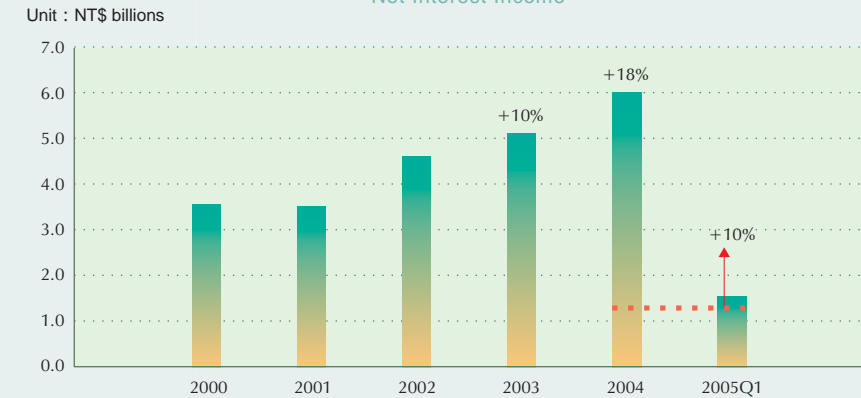
93年12月31日 (December 31, 2004)

損益狀況 Profit and Loss

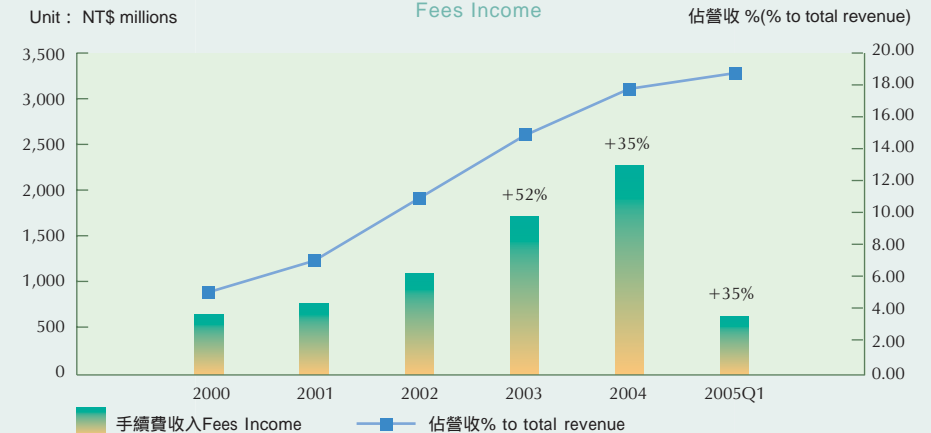
本行93年度營業收入130.44億元，其中利息收入96.84億元，手續費收入23.63億元；消費金融與企業金融業務之營業收入比例約為74：26，較92年度之65：35，整體消金業務貢獻度又有明顯提升。93年提存前利益為46.1億元，稅後純益為30.17億元，每股盈餘2.03元。

FEIB's operating revenues in 2004 were NT\$13.044 billion, among which interest income stood at NT\$9.684 billion and fees income was NT\$2.363 billion. Consumer banking and corporate banking business income occupies 74% and 26% respectively of total operating revenues, as compared to 65% and 35% respectively recorded in 2003, demonstrating higher contribution of consumer banking business. Pre-provision income for the year was NT\$4.61 billion, after-tax net income was NT\$3.017 billion and earnings per share were NT\$2.03.

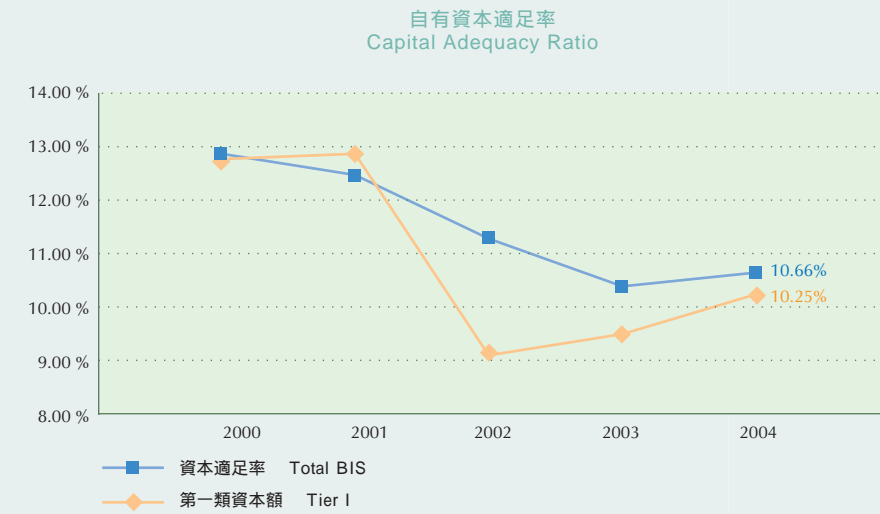
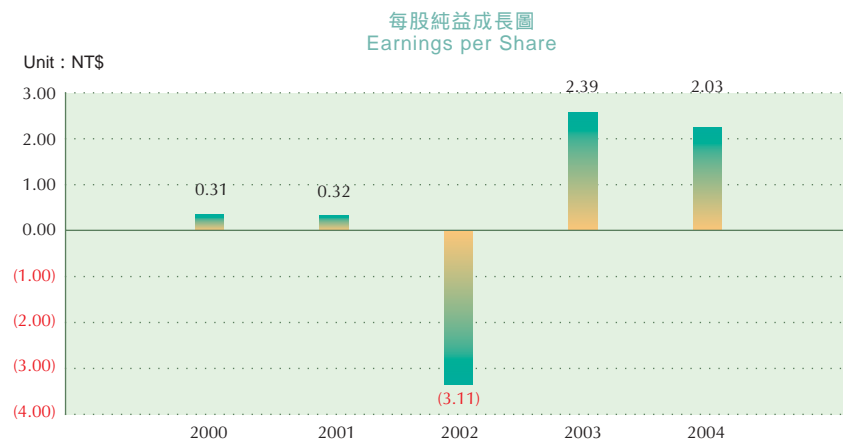
淨利息收入
Net Interest Income



手續費收入
Fees Income



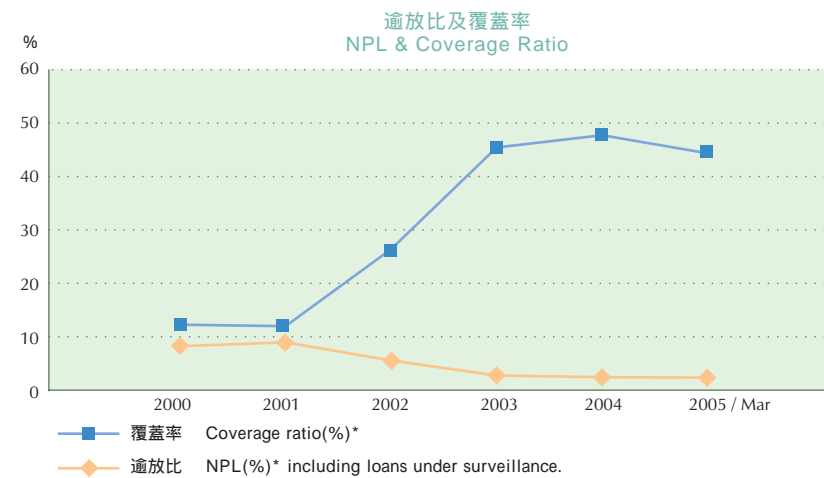
Key Performance Results



資產品質 Asset Quality

本行財務結構健全，廣義逾放比率從92年度之2.8%下降至93年底2.49%，廣義壞帳覆蓋率達48%，資產品質大幅提升。93年度之自有資本與風險性資產比率為10.66%，其中主要資本類 (TIER I) 達10.25%。

FEIB enjoys a sound financial structure; general non-performing loan ratio dropped from 2.8% in 2003 to 2.49% in 2004. Bad debt coverage ratio reached 48%, greatly improved our asset quality. The Bank's total BIS ratio in 2004 was 10.66%, among which TIER I reached 10.25%.



註：2003年放款量含信用卡循環餘額。
*：2003 Loans including credit card revolving balance.

Far Eastern International Bank

Core Businesses

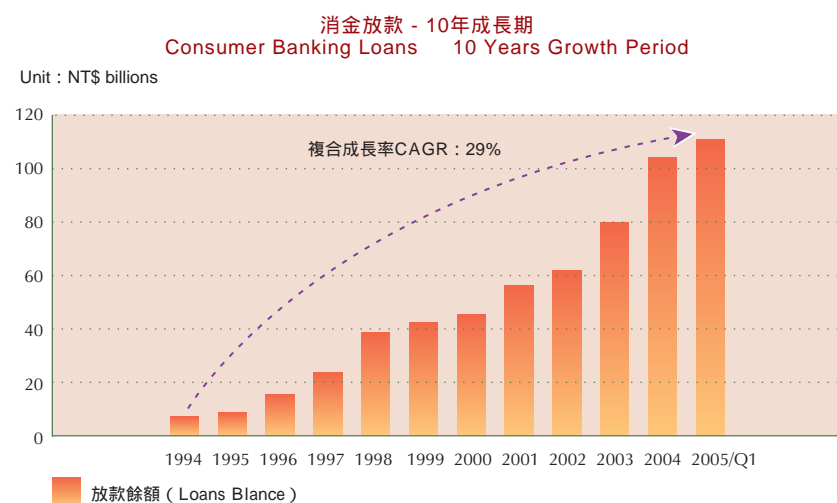
核心事業

Core Businesses

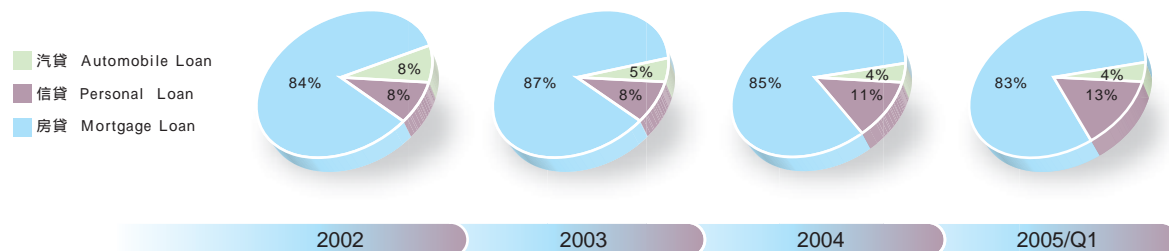
消費金融業務 Consumer Banking

93年底消費金融授信餘額已突破千億關卡，較92年度成長31.92%。其中房貸業務較去年成長約27.02%；信貸業務較去年成長約116.67%；車貸業務較去年成長約14.42%；分期業務較去年成長約244.99%。

On December 31, 2004, FEIB's outstanding consumer banking loan exceeded NT\$100 billion, up 31.92% from 2003, among which mortgage loan grew 27.02%, personal loan grew a remarkable 116.67%, automobile loan grew some 14.42%, and installation business surged a tremendous 244.99% than a year ago.



消金放款組合
Consumer Banking-Loans Portfolio



CSR誓師大會 CSR Rally

財富管理業務 Wealth Management

1. 信託業務

93年度依指定用途及連動式債券商品，總計承作金額為新台幣160億元；手續費收入較上年度成長30.15%。截至93年底本行信託業務資產總額近新台幣323億元。

1. Trust Business

In 2004, FEIB's mutual funds sales, both from non-discretionary trust and acting as agency, totaled NT\$16 billion. Fees income grew 30.15% year on year. On December 31, 2004, the Banks assets under trust totaled NT\$32.3 billion.

基金銷售金額及手續費收入
Mutual Fund Sales & Fees Income



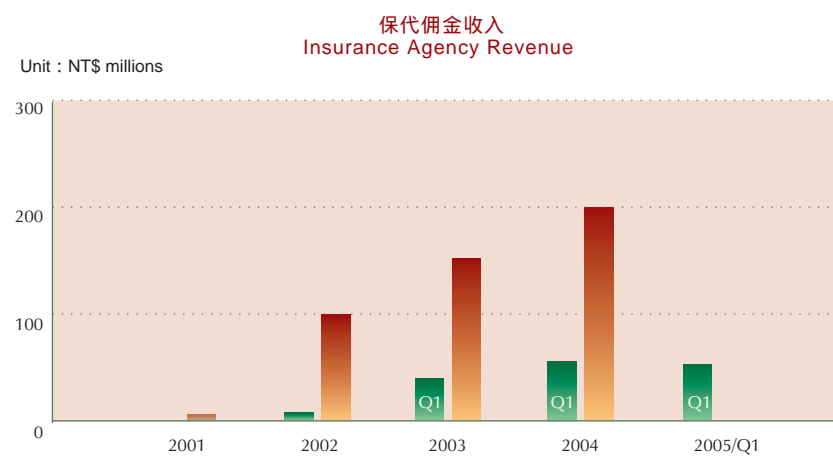
Core Businesses

2. 保代業務

截至93年底，遠銀保代代收保費收入主要為長年期商品，較92年底成長約32%；手續費收入較92年底成長幅度約28.24%。

2. Insurance Agency

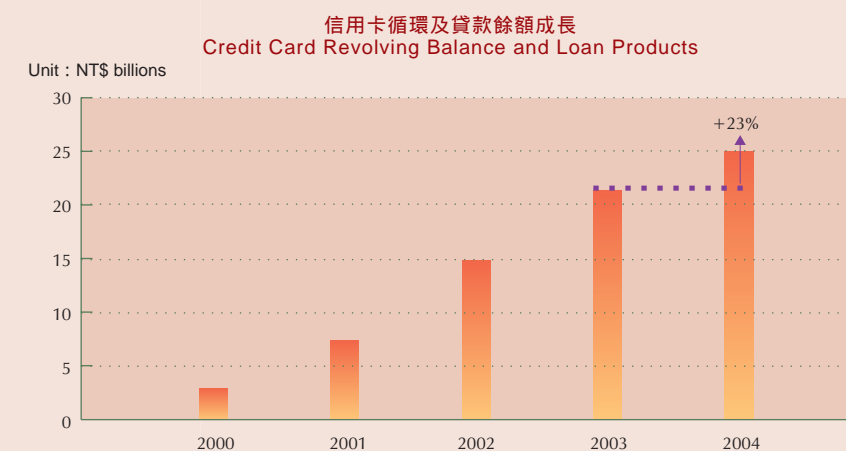
On December 31, 2004, FEIB's insurance agency revenue increased some 32% from that of 2003, mainly contributed from long-term products. Fees income grew around 28.24% year on year.



信用卡業務 Credit Card

本行信用卡93年底有效卡約達95萬1千餘卡；簽帳金額約為272.4億元，較92年成長7.20%；年底循環餘額約232.3億元，較92年底成長14.29%。

At the end of 2004, the number of cards in force issued by FEIB reached more than 951,000 cards. Spending volume for 2004 totaled NT\$27.24 billion, up 7.2% than that of 2003, and revolving balance at end 2004 was NT\$23.23 billion or up 14.29% year on year.



遠東集團籌賓活動 -
老朋友時光列車甄妮演唱會
Far Eastern Group VIP Gathering -
Old Friend Jenny Concert



遠東商銀高爾夫菁英邀請賽 FEIB Elites Golf Tournament



Core Businesses

企業金融暨貿易金融業務 Corporate Banking and Transactional Banking

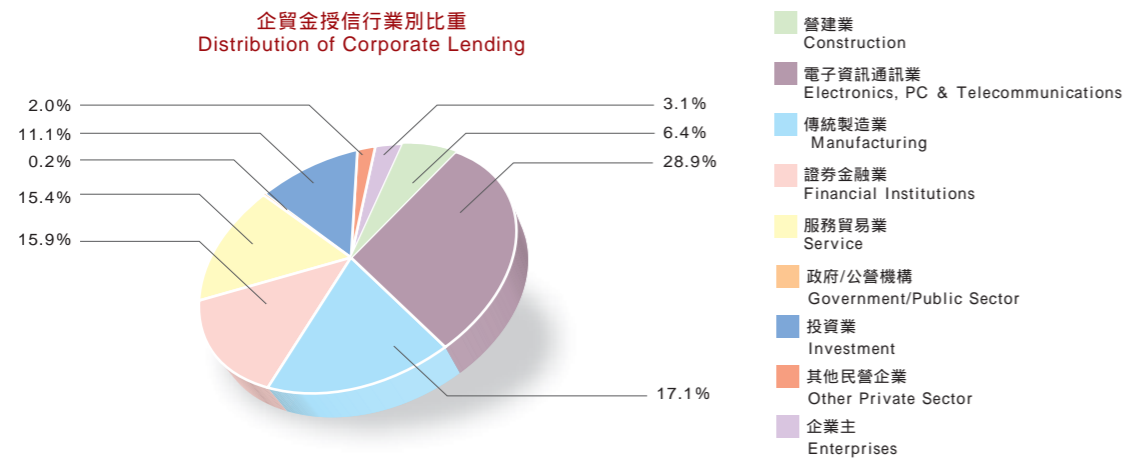
截至93年12月底本行企業金融業務放款餘額為新台幣676億元，較92年底成長10.34%。含保證、承兌等授信項目，企業金融授信餘額合計為新台幣832億元，較92年底成長7.01%。

93年度本行外匯業務量約188億美元，較92年度成長45.89%；應收帳款業務承作量約為新台幣165億元，較92年度成長84.18%。

On December 31, 2004 FEIB's outstanding corporate banking loan was NT\$67.6 billion, up 10.34% than 2003. Combined with guaranty, acceptance and other lending business, the Bank's outstanding corporate banking loan stood at NT\$83.2 billion, up 7.01% year on year.

FEIB's foreign exchange volume grew 45.89% to US\$18.8 billion in 2004. Factoring business stood at NT\$16.5 billion, surged 84.18% year on year.

企買金授信行業別比重
Distribution of Corporate Lending



CD計劃頒獎典禮暨聯合成果發表會
Award Ceremony and Result Presentation of CD Plan

財務金融業務 Treasury

TMU相關業務成長超越一倍，獲利來源已較為分散，各項業務亦較均衡發展。截至93年底買入票券餘額為新台幣142.48億元，全年買賣票券利益為新台幣1.44億元；截至93年底買入公債餘額為新台幣20.71億元，全年買賣公債利益為新台幣1.97億元。

TMU performance almost grew double in 2004, with more diversified profit earnings and a balanced development of various derivative transactions. At the end of 2004, FEIB's balance of securities purchased amounted to NT\$144 million, balance of government bonds purchased was NT\$2.071 billion with gains of NT\$197 million.

財金營運概況
Gross Profit-Treasury



財富人生博覽會 Wealth Management Life Exposition





in 200

Far Eastern International Bank

Risk Management

風險管理

風險管理組織架構及政策 Risk Management Structure and Policy

為強化風險管理制度，93年3月起將原審查處，擴大功能更名為風險管理處，目的在建立全行之風險管理部門，以加強各事業群風險管理系統之監管，同時各事業群並各有風險管理系統獨立運作。

To fortify our risk management system, in March 2004 FEIB expanded the function of its Credit Administration Dept. to be renamed as Risk Management Dept. to strengthen the supervision and independent operations of each SBU's risk management system.

各項風險管理之政策及原則 Risk Management Policy and Principles

(一) 信用風險管理

1. 企業金融業務

維持授信行業別之適當比重、維持集團企業授信之適當比重以分散風險。並依據經濟走勢、產業趨勢及經營政策調整上述各項比重。並透過事前審核、貸放後管理、逾催處理強化信用風險管理。

2. 消費金融業務

建置授信管理循環機制，有效管理消金授信資產組合風險，依各種產品收益率、風險程度、作業成本及資金長短期限等面向，設定各項產品授信品質標準，透過專業分工、集中管理、流程管理制度化，有效控制風險在合理範圍內。並透過授信前管理、授信後管理、不良資產管理及催理強化信用風險管理。

3. 信用卡業務

每半年適時更新徵審標準；藉由卡友行為分析，重新檢討持卡人風險等級、授權核准率、及早期預警等各參數。提升風險管理效能、運用資料倉儲系統、加強催收及控制淨損失率強化信用風險管理。

4. 財務金融業務

各項外匯業務均訂有相關作業規範，針對部位限額、停損限額及交易對手信用額度等訂有嚴格規定；同時透過各項作業流程之設計及分層負責之控管，以降低信用風險。

ϕ. Credit Risk Management

1. Corporate Banking

Maintain proper lending distribution by industries and among Group companies to dispense risk. Adjust the above distribution in compliance with economic performance, industry trend and operating policy. Reinforce credit risk management through auditing in advance, post-loan management, and better handling of non-performing loans.

2. Consumer Banking

Establish the credit cycle mechanism to effectively manage risk of consumer banking lending asset portfolio. Preset lending quality standard for each product based on its return on investment, risk degree, operating cost, and duration of term. Control risk within reasonable range. Strengthen credit risk management through pre-lending, post-lending, bad asset managements as well as collection of bad debts.

3. Credit Card

Renew approval standard every half year. Re-examine cardholder's risk level, authorization approval rate, early warning, and other factors by analyzing cardholder's behaviors. Elevate risk management efficiency, make good use of data warehouse system, strengthen collection and control net loss rate to fortify credit risk management.

4. Treasury

FEIB has stipulated relative regulations regarding various treasury businesses. Strict rules are set with reference to position limit, loss limit and counterparty credit limit. Design all kinds of operating processes and layers of responsibilities to control and lower credit risk.

(二) 市場及流動性風險管理

從事各項衍生性金融商品交易，多以軋平部位為原則；未軋平部位，針對不同職級及交易室訂定各項外匯及衍生性金融商品之部位及停損限額，並由作業部門定期追蹤查核，將風險控制於可容忍範圍內。同時亦明訂利率敏感性及流動性期差限額，並每週編製利率敏感性及流動性期差報表，定期評估並於資金會議檢討。透過投資組合及利率敏感性資產負債之管理，有效管理利率風險。

(三) 作業風險管理

1. 企業金融業務

由獨立帳務人員，依個案核准條件辦理撥款作業及保管債權文件，依「企金徵授信檔案存卷標準」辦理徵授信文件之卷宗管理。

2. 消費金融業務

將帳務集中化統一管理作業流程，並建置授信承作流程系統，使進件、徵信、授信、撥款作業自動化、標準化，以降低作業疏失及操守問題。

3. 信用卡業務

現有各項控管機制，每年訂定重大指標事項之檢查表，如部門作業控管檢核表及平衡記分卡，並定期複查；持續加強委外廠商管理，定期訪視及監督，務能遵循法令及控制作業風險。

4. 財務金融業務

嚴守交易及交割人員不得互相兼任之作業原則，作業部門依循各項業務規範，並透過雙簽及職掌規劃，以達監督及覆核之效。另配合電腦系統保存及控管交易記錄；建立內部控制及稽核機制；各項產品交易契約均經由專業律師審閱，從事衍生性商品交易前均需先徵提交易相關書據；並落實遵守法令主管制度，以上述措施降低作業風險。

ϕ. Market and Liquidity Risk

When dealing with all derivative financial products, the ruling principle will be to maintain balance position. For the unbalanced position, we should specifically stipulate position limit and loss limit of foreign exchanges and derivatives for different levels of personnel and trading offices. Then operating department will periodically do the tracking and checking. The sensitivity and liquidity period difference of interest rate should also be stipulated, made into charts and reviewed per week to be discussed and evaluated at the investment fund meetings so as to effectively control interest rate risk by smart portfolio and managing sensitive interest-rate assets and liabilities.

ϕ. Operating Risk Management

1. Corporate Banking

In accordance with "Corporate Banking Loan Filing Standard Procedures", independent bank clerks shall handle loan document filing, money appropriation process and keep creditor's right documents under custody.

2. Consumer Banking

Centralize the management operation process and establish loan handling process system so as to increase check-processing efficiency through automation and standard procedures to lower the ratio of problem loans.

3. Credit Card

In addition to the existing control mechanism, every year set up and periodically review check lists such as division operation control watch list and check balance scorecard. Continue to strengthen the control and management of outside contractors with regular visits and supervision to ensure that they are law-abiding and control operational risk.

4. Treasury

Follow strictly the operation principle that trading officer and settlement officer cannot be the same person. In accordance with various operational standards, achieve effective supervision and double checking through double signatures and responsibility scheme. Also establish internal control and auditing mechanism with the help of IT system to preserve and control trading records. Trading contracts of various financial instruments should all be reviewed by professional attorneys. Before transactions of derivatives must first request and present relevant documents and follow regulations to lower operational risk.



5. 財富管理業務

除定期檢視各類業務作業，制定或更新標準作業程序；另配合內部稽核定期辦理自行查核，且不定期辦理分行無預警緊急通報作業測試暨覆查。更新作業規範及單據時，均需遵循法令並由法務處、稽核處審核，經核定後始可實施，以降低作業上之法律風險。

6. 資訊安全

本行於93年4月開始建置資訊安全管理體系，符合國際標準規範(BS7799)，同時制定資安政策、實施程序、監督風險與稽核能力、教育訓練。並與現有資安解決方案結合，培養資訊風險管理能力，提升行內資安成熟度。系統更動均需於測試環境完成各項測試，始可經嚴謹過版程序完成過版，降低系統風險。

5. Wealth Management

Aside from periodically reviewing various operations, set up or renew standard operation process, also enforce regular self checking together with internal auditing, implement in various Branch Offices no pre-warning emergency reporting system testing and checking. When renewing operation standard and papers, should follow regulations to let Legal Dept. and Auditing Dept. review first, approve and then bring into practice so as to lower operational legal risk.

6. Information Safety

Conforming to BS7799 international standard, in April 2004 FEIB started to set up its information safety management system and at the same time to draw up information safety policy, implementation process, risk supervision and auditing ability, educational training. Combined with existing information safety solution, cultivate information risk management capability, and elevate the maturity of internal information safety. All system changes must complete the needed tests under testing environment to ensure smooth transition and lower system risk.



股份及股利 Shares and Dividends

(一) 股本來源 Source of Shares

94年3月20日 (March 20, 2005)

股份種類 Type of Shares	核定股本 Authorizes Shares			備註 Note
	流通在外股份 Outstanding Shares	未發行股份 Unlisted Shares	合計 Total	
普通股 Common Shares	1,634,615,054股 shares	365,384,946股 shares	2,000,000,000股 shares	上市銀行股票 Listed Bank Shares

(二) 股東結構 Shareholder Structure

94年3月20日 (March 20, 2005)

數量 Quantity	股東結構 Shareholder Structure	政府機構 Government Institution	金融機構 Financial Institution	其他法人 Other Legal Person	個人 Individual	外國機構及外人 Foreign Institution and Foreigner	合計 Total
人數 No.		8	19	177	79,104	84	79,392
持有股數 Number of Shares		17,978,904	132,067,244	536,887,915	825,733,777	121,947,214	1,634,615,054
持股比例 Percentage		1.10%	8.08%	32.85%	50.51%	7.46%	100%

(三) 前十大主要股東名單 Ten Major Shareholders

94年3月20日 (March 20, 2005)

主要股東名稱 Major Shareholders	股份 Shares	持有股數 Number of Shares	持股比例 Percentage
遠東紡織股份有限公司 Far Eastern Textile Ltd.		65,612,371	4.01%
鼎元國際投資股份有限公司 Ding Yuan International Investment Corp.		50,814,682	3.11%
東聯化學股份有限公司 Orient Union Chemical Corp.		43,624,446	2.67%
亞洲水泥股份有限公司 Asia Cement Corp.		43,623,360	2.67%
裕利投資股份有限公司 Yu Li Investment Corp.		43,091,501	2.64%
誠靜投資股份有限公司 Chen Gin Investment Corp.		42,137,595	2.58%
裕元投資股份有限公司 Yu Yuan Investment Corp.		37,206,295	2.28%
遠銀三等襄理以上員工持股綜合信託財產專戶 FEIB Third-rank Assistant Manager and up Employees Shareholding Special Custody Account		36,671,095	2.24%
匯豐銀行託管摩根士丹利國際有限公司專戶 HSBC Special Custody Account with Morgan Stanley International Ltd.		32,337,807	1.98%
中華郵政股份有限公司 Chunghwa Post Co., Ltd.		25,276,000	1.55%

信用評等 Credit Ratings

本行委託惠譽國際信用評等公司 (FitchRatings) 進行信用評等事宜, 惠譽公司為全球前三大信用評等機構, 其評等結果獲得全球各大主管機關之認可。本行優良經營績效及資產品質屢獲肯定, 近年來信用評等等級不斷獲得提升。94年3月3日公佈國際長期評等BBB、國際短期評等F3, 評等展望穩定(Stable); 國內長期評等A+(tw)、國內短期評等F1(tw)。歷年來本行評等結果均符合主管機關投資等級之評等規定, 係屬投資等級穩健之金融機構。

The Bank has been rated by the renowned FitchRatings, among the world's top three largest credit agencies. FEIB has been well recognized for its outstanding operating efficiency and asset quality. Our ratings have been constantly improving during the recent years. The rating record announced on March 3, 2005 reads as follows: foreign currency long-term BBB, foreign currency short-term F3, outlook is stable, national long term A+(tw), and national short-term F1 (tw). We have been considered a stable financial institution of investment grade.

評等項目(Ratings)		2001/12/13	2003/2/11	2004/1/29	2004/7/22	2005/3/3
國際評等 Foreign Currency Rating	短期Short-term	F3	F3	F3	F3	F3
	長期Long-term	BBB-	BBB-	BBB-	BBB	BBB
	展望Outlook	Negative	Stable	Positive	Stable	Stable
國內評等 National Rating	短期Short-term	-	F2(twn)	F2(twn)	F1(twn)	F1(twn)
	長期Long-term	-	A-(tw)	A-(tw)	A (tw)	A+(tw)
個別評等Individual Rating		C/D	C/D	C	C	C
支援評等Support Rating		4	4	4	4	4

財務概況 Financial Profile

(一) 簡明資產負債表 Simplified Assets and Liabilities

單位: 新台幣千元 (NT\$ thousands)

項目 Items	年度 Year	2004	2003	2002	2001	2000
現金及約當現金、存放央行及銀行同業 Cash and Due from Banks & the Central Bank of China		19,137,209	29,525,033	16,209,886	20,066,962	19,725,987
買入票券及證券 Securities Purchased		19,529,855	12,274,647	4,417,884	2,019,859	3,719,501
買匯、貼現及放款-淨額 Loan, Discounts & Bills Purchased-Net		171,910,648	161,057,311	136,601,563	141,650,774	125,842,541
應收款項 Receivables		33,193,773	6,705,109	23,555,294	13,122,499	8,574,347
長期投資-淨額 Long-term Investments - Net		5,720,013	7,104,560	13,526,960	13,342,846	7,693,136
固定資產 Properties		2,511,877	2,393,015	2,303,067	2,329,154	1,930,395
其他資產 Other Assets		6,246,863	5,987,486	4,961,383	2,494,064	1,471,526
央行及銀行同業存款 Due to Banks		7,720,944	10,644,837	8,707,281	14,131,355	1,532,509

Shareholder Information

單位：新台幣仟元 (NT\$ thousands)

項目 Items	年度 Year	2004	2003	2002	2001	2000
存款及匯款 Deposits & Remittances		198,801,291	167,534,950	159,151,544	149,252,244	144,912,679
央行及同業融資、 應付金融債券 Bank Debentures		21,000,000	17,000,000	10,000,000	5,000,000	-
其他負債 Other Liabilities		10,878,176	14,099,553	11,589,877	9,618,877	5,243,276
股本 Capital Stock		15,867,008	15,248,154	15,248,154	15,248,154	15,248,154
資本公積 Capital Surplus		685,486	19	204,217	205,886	205,886
保留盈餘 Retained Earnings	分配前 Before Distribution	3,286,883	897,399	(2,708,265)	2,065,927	1,913,805
	分配後 After Distribution	-	269,915	(2,504,067)	1,753,267	1,596,797
股東權益其他項目 Shareholder's Equity and other items		10,450	(377,751)	(616,771)	(496,285)	(98,876)
資產總額 Total Assets		258,250,238	225,047,161	201,576,037	195,026,158	168,957,433
負債總額 Total Liabilities	分配前 Before Distribution	238,400,411	209,279,340	189,448,702	178,002,476	151,688,464
	分配後 After Distribution	-	209,906,824	189,448,702	178,315,136	152,005,472
股東權益總額 Total Shareholders' equity	分配前 Before Distribution	19,849,827	15,767,821	12,127,335	17,023,682	17,268,969
	分配後 After Distribution	-	15,140,337	12,127,335	16,711,022	16,951,961

(二) 簡明損益表 Simplified Statements of Income

單位：新台幣仟元 (NT\$ thousands)

項目 Items	年度 Year	2004	2003	2002	2001	2000
營業收入 Incomes and Gains		13,044,311	12,276,460	11,147,843	12,410,438	12,726,652
營業支出 Expenses and Losses		9,640,527	8,534,316	16,701,869	11,990,817	12,244,016
營業損益 Operating Income (Loss)		3,403,784	3,742,144	(5,554,026)	419,621	482,636
營業外損益 Non-Operating Income (Loss)-Net		27,183	(28,043)	(13,170)	57,074	27,729
本期損益 Net Income (Loss)		3,016,968	3,401,466	(4,463,201)	469,130	468,969
每股盈餘 (元) Earnings per Share(NT \$)		2.03	2.39	(3.11)	0.32	0.31

(三) 最近五年度財務分析 Five-Year Financial Analysis

項目 Items	年度 Year	2004	2003	2002	2001	2000
財務結構 Financial Structure	負債占資產比率 (%) Ratio of Liabilities to Asset (%)	92.29	92.97	93.94	91.25	89.74
	存款占淨值比率 (%) Ratio of Deposits to Net Worth (%)	1,001.53	1,062.51	1,312.34	867.73	839.15
	固定資產比率占淨值比率 (%) Ratio of Fixed Assets to Net Worth (%)	12.65	15.18	18.99	13.68	11.18
償債能力 Solvency	流動準備比率 (%) Liquidity Ratio (%)	8.14	8.21	8.51	11.02	8.76
經營能力 Operating Efficiency	存放比率 (%) Ratio of Loans to Deposits (%)	87.53	97.38	87.13	95.98	87.77
	逾放比率 (%) Non-Performing Loan Ratio (%)	2.312	2.290	4.254	5.986	5.233
	總資產週轉率 (次) Total Assets Turnover (times)	0.05	0.06	0.06	0.07	0.08
	員工平均營業收入 (千元) Average Operating Revenue per Employee (NT\$ thousands)	8,072	8,472	8,326	10,033	10,981
	員工平均獲利額 (千元) Average Profit per Employee (NT\$ thousands)	1,867	2,347	(3,333)	379	405
獲利能力 Profitability	資產報酬率 (%) Return on Assets (%)	1.25	1.59	(2.25)	0.26	0.28
	股東權益報酬率 (%) Return on Shareholder's Equity (%)	16.94	24.39	(30.62)	2.74	2.74
	純益率 (%) Net Income Ratio (%)	23.13	27.71	(40.04)	3.78	3.68
	每股盈餘 (元) Earnings per Share (NT\$)	2.03	2.39	(3.11)	0.32	0.31
	資本適足率 (%) Capital Adequacy Ratio (%)	10.66	10.41	11.28	12.48	12.9
自有資本占風險性資產比率 BIS Ratio	自有資本淨額 (佰萬元) Total Capital Base After Deductions (NT\$ millions)	20,626	16,821	16,229	16,943	17,305
	風險性資產總額 (佰萬元) Total Risk Weighted Exposures (NT\$ millions)	193,570	161,629	143,842	135,752	134,095
	第一類資本占風險加權風險性資產之比率 (%) Ratio of Tier I Capital to Risk Weighted Exposures (%)	10.25	9.76	9.15	12.79	12.96
	第一類資本及第二類資本占風險加權風險性資產之比率 (%) Ratio of Tier I & Tier II Capital to Risk Weighted Exposures (%)	11.81	11.94	12.16	13.35	13.65
	槓桿比率 (%) Leverage Ratio (%)	8.21	7.39	6.64	9.54	10.30
普通股權益占總資產比率 (%) Ratio of Shareholder's Equity to Total Assets (%)	7.69	7.01	6.02	8.73	10.22	



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Far Eastern International Bank

Financial Statements

財務報表

Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Far Eastern International Bank

We have audited the accompanying balance sheets of the Far Eastern International Bank (the "Bank") as of December 31, 2003 and 2004, and the related statements of income, changes in shareholders' 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.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted 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 financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2003 and 2004, and of the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (in 2003) or the Guidelines Governing the Preparation of Financial Reports by Public Bank (since January 1, 2004) and accounting principles generally accepted in the Republic of China.

Deloitte & Touche

February 14, 2005

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Audit • Tax • Consulting • Financial Advisory

審計 • 稅務 • 企業管理諮詢 • 財務諮詢

Member of
Deloitte Touche Tohmatsu

FAR EASTERN INTERNATIONAL BANK

BALANCE SHEETS
DECEMBER 31, 2003 AND 2004
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Per Value)

ASSETS	Notes	2003		2004	
		NTS	US\$ (Note 4)	NTS	US\$ (Note 4)
CASH AND CASH EQUIVALENTS	5	\$ 4,883,187	\$ 3,653,406	\$ 7,720,944	\$ 241,907
DUE FROM BANKS AND THE CENTRAL BANK OF CHINA	6,25	24,661,846	15,483,803	759,361	23,792
SECURITIES PURCHASED, NET	2,7,25,26	12,276,617	19,579,855	4,335,537	135,838
RECEIVABLES, NET	2,8,19	6,205,102	33,193,273	198,801,291	6,228,696
LOANS, DISCOUNTS AND BILLS PURCHASED, NET	2,9,24	161,057,311	171,919,648	21,000,000	657,957
LONG-TERM INVESTMENTS, NET	2,10,24,25	2,472,441	3,337,999	3,733,580	66,950
Long-term equity investments		4,632,119	2,382,014	3,057,931	116,247
Long-term bond investments		7,104,560	5,720,013	209,279,240	7,469,387
Long-term investments, net				15,867,208	497,134
PROPERTIES	2,11				
Cost					
Land		1,147,982	1,147,982	583,936	18,295
Buildings and improvements		875,990	912,656	101,531	3,181
Computer equipment		645,550	800,484	19	1
Transportation equipment		35,286	30,807	685,486	21,477
Miscellaneous equipment		916,029	943,083	269,220	8,435
Total cost		3,620,907	3,834,012	897,399	34,547
Less: Accumulated depreciation		1,285,906	1,391,931	897,399	3,286,883
Prepayments for properties		2,335,001	2,442,081	10,722	102,982
Net properties		58,014	60,226	(388,473)	—
OTHER ASSETS	2,12,19,24,26	2,393,015	2,511,877	15,767,821	19,849,827
TOTAL		\$ 225,047,161	\$ 258,240,238	\$ 225,047,161	\$ 258,240,238
					\$ 8,091,302

The accompanying notes are an integral part of the financial statements.



Financial Statements

FAR EASTERN INTERNATIONAL BANK

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Notes	2003		2004			
		NTS	NTS	NTS	US\$ (Note 4)		
OPERATING INCOME							
Interest	2,24,29	\$ 8,686,426	\$ 9,684,458	\$	303,426		
Service fees	2	1,754,719	2,362,914		74,033		
Gains on sale of securities purchased, net	2	1,413,771	343,910		10,775		
Income from long-term equity investments, net	2,9,10	243,227	234,668		7,352		
Other	2,29	178,317	418,361		13,108		
Total operating income		12,276,460	13,044,311		408,694		
OPERATING COSTS AND EXPENSES							
Interest	29	3,482,538	3,571,618		111,903		
Service charges	24	533,706	938,224		29,396		
Provisions for possible losses	2,9	1,330,472	1,179,243		36,947		
Losses on foreign exchange transaction		-	171,389		5,370		
Operating and administrative expenses	18,21,24,26	3,187,600	3,780,053		118,434		
Total operating costs and expenses		8,534,316	9,640,527		302,050		
OPERATING INCOME		3,742,144	3,403,784		106,644		
NONOPERATING INCOME AND GAINS		51,756	96,409		3,021		
NONOPERATING EXPENSES AND LOSSES		79,799	69,226		2,169		
INCOME BEFORE INCOME TAX		3,714,101	3,430,967		107,496		
INCOME TAX EXPENSES	2,19	312,635	413,999		12,971		
NET INCOME		\$ 3,401,466	\$ 3,016,968		\$ 94,525		
EARNINGS PER SHARE							
	Notes	2003 (NTS)		2004 (NTS)		2004 (US\$)	
		Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
Primary earnings per share	17,22	\$ 2.61	\$ 2.39	\$ 2.30	\$ 2.03	\$ 0.07	\$ 0.06
Diluted earnings per share	17,22	\$ 2.46	\$ 2.25	\$ 2.07	\$ 1.82	\$ 0.06	\$ 0.06

The accompanying notes are an integral part of the financial statements.

	Capital Stock (\$10 Par Value)		Additional Paid-in Capital (Note 17)	Capital Surplus From		Retained Earnings (Note 20)	Cumulative Translation Adjustments (Note 2)	Treasury Stock (Notes 2, 20 and 23)	Total Shareholders' Equity
	Authorized Shares	Issued Shares		Treasury Stock (Notes 20 and 23)	Long-term Equity Investments (Note 2)				
BALANCE, JANUARY 1, 2003	1,524,815,400	1,524,815,400	\$ 204,198	\$ 19	\$ 19	\$ (4,429,190)	\$ 11,269	\$ (628,031)	\$ 12,127,335
Other of Bank's deficit against capital surplus, legal reserve and special reserve									
Balance after offset	1,524,815,400	1,524,815,400	(204,198)	19	19	1,925,083	11,269	(628,031)	12,127,335
Increment in authorized capital stock	475,184,660					(2,504,007)			
Transfer of treasury stocks to employees								239,558	239,558
Net income in 2003						3,401,466			3,401,466
Translation adjustments - offshore banking unit investments							(515)		(515)
BALANCE, DECEMBER 31, 2003	2,000,000,000	1,524,815,400	15,248,154	19	19	897,399	10,722	(388,473)	15,767,821
Appropriation of prior years' earnings									
Legal reserve									
Bonus to employees - cash									
Remuneration to directors and supervisors									
Cash dividends - \$0.3922 per share									
Balance after the appropriations	2,000,000,000	1,524,815,400	15,248,154	19	19	(769,220)			(37,649)
Cancellation of treasury stock		(26,579,000)				(12,550)			(12,550)
Transfer of treasury stocks to employees						(577,283)			(577,283)
Translation adjustments - offshore banking unit investments						695			695
Translation adjustments for foreign-currency long-term stock investments									
BALANCE, DECEMBER 31, 2004	2,000,000,000	1,586,709,828	15,867,008	19	19	3,016,968	10,722	(641)	15,140,337
Legal reserve									
Bonus to employees - cash									
Remuneration to directors and supervisors									
Cash dividends - \$0.3922 per share									
Balance after the appropriations	2,000,000,000	1,524,815,400	15,248,154	19	19	269,220			224,214
Cancellation of treasury stock		(26,579,000)							(26,579)
Transfer of treasury stocks to employees									
Translation adjustments - offshore banking unit investments									
Translation adjustments for foreign-currency long-term stock investments									
BALANCE, DECEMBER 31, 2004	2,000,000,000	1,586,709,828	15,867,008	19	19	3,016,968	10,722	(641)	15,140,337
Legal reserve									
Bonus to employees - cash									
Remuneration to directors and supervisors									
Cash dividends - \$0.3922 per share									
Balance after the appropriations	2,000,000,000	1,524,815,400	15,248,154	19	19	269,220			224,214
Cancellation of treasury stock		(26,579,000)							(26,579)
Transfer of treasury stocks to employees									
Translation adjustments - offshore banking unit investments									
Translation adjustments for foreign-currency long-term stock investments									
BALANCE, DECEMBER 31, 2004	2,000,000,000	1,586,709,828	15,867,008	19	19	3,016,968	10,722	(641)	15,140,337
Legal reserve									
Bonus to employees - cash									
Remuneration to directors and supervisors									
Cash dividends - \$0.3922 per share									
Balance after the appropriations	2,000,000,000	1,524,815,400	15,248,154	19	19	269,220			224,214
Cancellation of treasury stock		(26,579,000)							(26,579)
Transfer of treasury stocks to employees									
Translation adjustments - offshore banking unit investments									
Translation adjustments for foreign-currency long-term stock investments									
BALANCE, DECEMBER 31, 2004	2,000,000,000	1,586,709,828	15,867,008	19	19	3,016,968	10,722	(641)	15,140,337

The accompanying notes are an integral part of the financial statements.



Financial Statements

FAR EASTERN INTERNATIONAL BANK

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004 (Amounts Expressed in Thousands of New Taiwan Dollars)

	2003		2004	
	NTS	NTS	NTS	US\$ (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 3,401,466	\$ 3,016,968	\$	94,525
Provision for possible losses	1,330,472	1,179,243		36,947
Recovery of written-off credits	1,722,743	2,138,220		66,993
Depreciation and amortization	194,624	214,806		6,730
Amortization of premium on bonds investment	77,938	57,444		1,800
Gain on disposal of long-term investments	-	(12,602)		(395)
Net loss on disposal of properties	454	2,758		86
Net loss on disposal of collaterals assumed	28,454	4,040		127
Provision for possible losses of foreign bond investments	76,156	20,276		635
Provision for retirement benefits	50,280	47,056		1,475
Provision for possible losses of collaterals assumed	-	49,000		1,535
Payment of pension benefits	(5,078)	-		-
Investment income recognized by the equity method	(232,356)	(212,828)		(6,668)
Cash dividends and remuneration received from investments accounted for by the equity method	60,137	127,527		3,996
Decrease in deferred income tax	283,249	385,119		12,066
Increase in securities purchased - held for trading purposes	(7,856,763)	(7,255,208)		(227,315)
Increase in other receivables	(3,721,681)	(3,990,140)		(125,016)
Increase (decrease) in payables and advances	682,283	(344,077)		(10,780)
Net cash used in operating activities	(3,907,622)	(4,572,398)		(143,259)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in due from banks and the Central Bank of China	(10,782,515)	9,158,043		286,933
Increase in loans, discounts and bills purchased	(6,413,745)	(37,287,748)		(1,168,272)
Acquisition of properties	(185,819)	(336,715)		(10,550)
Proceeds from disposal of properties	135	5,677		178
Proceeds from disposal of collaterals assumed	215,220	437,299		13,701
Proceeds from disposal of long-term equity investments	-	319,939		10,024
Increase in long-term equity investments	(819,922)	(1,000,000)		(31,331)
Decrease in long-term bond investments	7,513,900	2,141,769		67,104
Increase in other assets	(1,476,360)	(1,105,422)		(34,634)
Net cash used in investing activities	(11,949,106)	(27,667,158)		(866,847)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in due to banks	1,937,556	(2,923,893)		(91,609)
Increase in deposits and remittances	8,383,406	31,266,341		979,614
Decrease in bonds sold under repurchase agreement	(4,482,418)	(1,628,073)		(51,010)
Increase in other liabilities	1,565,187	852,279		26,703

(Continued)

	2003		2004	
	NTS	NTS	NTS	US\$ (Note 4)
Net increase in bank debentures	\$ 7,000,000	\$ 4,000,000	\$	125,325
Issuance of Euro convertible bonds	3,737,580	-		-
Cash dividends	-	(577,285)		(18,087)
Remuneration to directors, supervisors and bonus to employees	-	(50,199)		(1,573)
Proceeds from transfer of treasury stocks to employees	239,558	224,214		7,025
Net cash provided by financing activities	18,380,869	31,163,384		976,388
EFFECTS OF EXCHANGE RATE CHANGES	8,491	(153,609)		(4,813)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,532,632	(1,229,781)		(38,531)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,350,555	4,883,187		152,997
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,883,187	\$ 3,653,406	\$	114,466
SUPPLEMENTAL INFORMATION				
Interest paid	\$ 3,649,000	\$ 3,557,534	\$	111,462
Income tax paid	\$ 67,011	\$ 47,520	\$	1,489
NONCASH INVESTING AND FINANCING ACTIVITIES				
Conversion bonds into common stock	\$ -	\$ 1,468,580	\$	46,012

The accompanying notes are an integral part of the financial statements.

(Concluded)



FAR EASTERN INTERNATIONAL BANK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Far Eastern International Bank ("the Bank") obtained its license on January 11, 1992 and started business operations on April 11, 1992. The Bank engages in (a) receiving deposits and extending loans and guarantees; (b) issuing letters of credit and handling remittances; (c) acting as an agent for trading government bonds, corporate bonds and bank debentures; and (d) doing other businesses permitted by the Banking Law and related regulations.

As of December 31, 2004, the Bank operated a Business Department, International Department, Trust Department, Credit Card Department, Offshore Banking Unit, and 36 domestic branches, as well as a representative office in Hong Kong.

The operations of the Bank's Trust Department include pecuniary trust, securities trust, real estate trust and the relative operations approved by the Ministry of Finance. These operations are regulated under the Banking Law and Trust Enterprise Law.

The Bank's capital shares are listed on the Taiwan Stock Exchange.

As of December 31, 2003 and 2004, the Bank had 1,827 and 2,072 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Bank's financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (in 2003) or the Guidelines Governing the Preparation of Financial Reports by Public Bank (since January 1, 2004) and accounting principles generally accepted in the Republic of China. Under these guidelines and principles, the Bank should make certain estimates and assumptions that could affect the amounts of the allowance for possible losses, depreciation and provision for losses on guarantees. Actual results could differ from these estimates.

Since the operating cycle could not be reasonably identified in the banking industry, accounts included in the Bank's financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Please refer to Note 28 for maturity analysis of assets and liabilities.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

The Bank's significant accounting policies are summarized as follows:

Securities Purchased

Securities purchased are carried at the lower of aggregate cost or market. The cost of listed stocks and bonds sold is determined by the moving-average method and others by the specific identification method.

Repurchased and resold bond transactions are recorded as financing transactions.

In accordance with the Notes for Accounting of Short-term Bill Transactions issued by the Ministry of Finance, repurchased and resold short-term bill transactions were originally treated as outright sales or purchases. However, since January 1, 2004, by the Guidelines Governing the Preparation of Financial Reports by Public Bank, the repurchased and resold transactions have been treated as financing.

Delinquent Accounts

In accordance with "The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts" issued by the Ministry of Finance, the balance of loans and other credits extended by the Bank and the related accrued interest thereon which are overdue are classified as delinquent accounts upon approval by the Board of Directors.

Allowance for Possible Losses

In determining the allowance for credit losses and provision for losses on guarantees, the Bank evaluates the losses on particular loans and overall credit portfolio, considering the balances and general collectibility of loans, discounts and bills purchased, accounts, interest and other receivables, and delinquent accounts, as well as guarantees and acceptances as of the balance sheet dates.

The Bank evaluates losses on particular loans on the basis of its borrower's credit limit, collateral provided and estimated level of collectibility in accordance with "The Rules for Bank Asset Evaluation, Loss Reserve Provision, and Disposal of Overdue Loans and Bad Debts" (the "Rules") issued by the Ministry of Finance. The Rules require that the minimum provision for credit losses should not be less than 50% of the doubtful credits and 100% of the unrecoverable credits.

Write-offs of loans falling under the Ministry of Finance guidelines, upon approval by the Board of Directors, are offset against the recorded allowance for credit losses.

Long-term Investments

An investment is accounted for by the equity method when the Bank's equity exceeds 20% of the investee's stockholding and the Bank exercises significant influence over the financial and operating policy decisions of the investee. Under this method, the investment is stated at cost and later adjusted for the Bank's equity in the investee's net earnings (or net losses). The difference between the investment acquisition cost and the Bank's equity in an investee's net assets when the investment is acquired or when the equity method is first adopted, is amortized over five years. Cash dividends received are recognized as a reduction of investment cost.

Other long-term equity investments are accounted for at cost. Cash dividends received from after the year of investment acquisition are recorded as investment income.

For both equity-method and cost-method investments, stock dividends result only in an increase in the number of shares and are not recognized as investment income. Cost of investments sold is determined by the weighted-average method.

Bond investments are also accounted for at cost. Premiums or discounts on the bonds are amortized by the straight-line method over the remaining maturity periods. Amortizations are added to or deducted from interest income. The cost of bond investments sold is determined by the moving-average method.

An allowance for possible losses on foreign bond investments is based on the evaluation of the investment risk.



Properties

Properties are stated at cost less accumulated depreciation. Improvements and major renewals are capitalized while repairs and maintenance are expensed currently.

Depreciation is computed using the straight-line method over these estimated service lives: buildings and improvements, 5 to 55 years; computer equipment, 3 to 7 years; transportation equipment, 3 to 7 years; and miscellaneous equipment, 3 to 20 years. Properties that have reached their full residual values but are still being used are depreciated over their newly estimated service lives.

Upon sale or disposal of properties, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to nonoperating income.

Collaterals Assumed

Collaterals assumed are initially recorded at cost and revalued at the lower of cost or net realizable value on balance sheet dates.

Convertible Bonds

The bond issue costs are deferred and amortized over the issuance period.

When the bonds are converted into the Bank's stocks, the difference between the net carrying amount of the bonds in excess of the par value of the Bank's stocks and the unamortized bond issue cost are charged to additional paid-in capital.

Pension Cost

The Bank accrues pension cost based on an actuarial report. Unrecognized net transition obligation and unrecognized prior service cost are amortized over 26 and 23 years, respectively.

Treasury Stock

The reacquisition of issued stock is carried at cost and reflected as a separate deduction to the shareholders' equity. The disposal of treasury stocks is accounted for as follows: (a) disposal price higher than the acquisition cost - the excess is credited to capital surplus from treasury stock; and (b) disposal price less than the acquisition cost - initially charged to capital surplus from treasury stock, with any remaining deficiency charged to unappropriated earnings.

Income Tax

Provision for income tax represents income tax paid and payable for the current year plus the changes in the deferred income tax assets and liabilities during the year. Deferred income taxes are recognized for tax effects of temporary differences, unused tax credits and operating loss carryforwards. A valuation allowance is provided for deferred tax assets that are not certain to be realized.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax expenses.

Income taxes (10%) on unappropriated earnings are recorded as expense in the year when the shareholders resolve to retain the earnings.

Income tax credits for certain research and development expenditures, personnel training expenses are recognized in the period when acquisitions or expenses are paid.

Foreign-currency Transactions

The Bank records foreign-currency transactions in their respective currencies. Except the OBU, the gains or losses resulting from the foreign currency transaction are translated into New Taiwan dollars at exchange date spot rates. Foreign-currency assets and liabilities are translated into New Taiwan dollars at month-end spot rates. Unrealized foreign exchange gains or losses are credited or charged to current income.

Gains or losses resulting from the restatement of period-end net assets of the OBU are credited or charged to "cumulative translation adjustment" under shareholders' equity.

Derivative Financial Instruments**a. Forward exchange contracts**

Forward exchange contracts, which are used for trading purposes, are recorded at the contracted forward rate. Upon settlement, gains or losses resulting from the difference between the spot rate on the settlement date and the contracted forward rate are credited or charged to income. At year-end, gains or losses on outstanding forward contracts arising from the differences between the forward rate available for the remaining period of each contract and the contracted forward rate are credited or charged to income; also, the balances of receivable and payable accounts are netted out, and the resulting amount is classified as an asset or a liability.

b. Currency swaps contracts

Currency swaps contracts, which are used for trading purposes, are recorded at spot rates on the transaction dates, and the corresponding forward-position assets or liabilities are recorded at the contracted forward rates. The difference between the spot rate and the forward rate is amortized on the straight-line basis over the contract period and recorded as interest income or interest expense. At year-end, the balances of receivables and payables are netted out, and the resulting amount is classified as an asset or a liability.

c. Cross-currency swaps (CCS) contracts

Cross-currency swaps (CCS) contracts, which are used for nontrading purposes, are recorded at the contracted forward rates. The related discounts or premiums are amortized on the straight-line basis over the contract period. Net interests upon each contract are recorded as adjustments to revenue or expense of the items being hedged.

d. Options contracts

Premiums paid and received for options, which are used for trading purposes, are recorded as assets and liabilities, respectively. Gains or losses on the exercise of options are credited or charged to current income. Options outstanding on the balance sheet date are marked to market, and the resulting gains or losses are recognized currently.

e. Interest rate swaps contracts

The interest received or paid on each settlement or interest accrued on the balance sheet date for interest rate swaps contracts, which are used to accommodate customers' needs or to manage the Bank's currency positions, is recorded as revenue or expense. The contracts were valued by the fair value method.



f. Asset swaps contracts

Asset swaps contracts involve the exchange of interest payments on fixed-rate bonds and stock conversion rights of convertible bonds with floating-rate interest. Gains or losses arising from the differences between these rates are recorded as adjustments to interest income or expense associated with the hedged bonds.

Recognition of Interest Income and Service Fees

Interest income on loans is recorded on the accrual basis. For delinquent accounts, interest income is recognized only when collection on these obligations is made. Under the regulations of the Ministry of Finance, the interest income on credits covered by agreements that extend their maturity is recorded as deferred income and recognized upon collection.

Service fees are recorded as income upon receipt or when the related services are substantially completed.

Contingencies

A loss should be recognized if it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If loss is possible but the amount of loss cannot be reasonably estimated, a footnote disclosure of the situation that might give rise to the loss should be made.

Reclassifications

Certain 2003 accounts have been reclassified to conform to the 2004 financial statement presentation.

3. ACCOUNTING CHANGES

Under a directive issued by the Ministry of Finance, short-term bills under repurchased and resold agreements were treated as outright sales or purchases. However, under the Guidelines Governing the Preparation of Financial Reports by Public Bank, effective January 1, 2004, the repurchased and resold transactions are treated as financing. As a result of this change, income after taxes in 2004 increased \$77 thousand.

Since the repurchased and resold transactions of the Bank are daily financing activities with great volume, it is difficult to calculate the cumulative effect of change in accounting principle. Thus, the Bank cannot calculate the cumulative effect of the change in accounting principle nor disclose the related pro forma information.

4. TRANSLATION INTO U.S. DOLLARS

The financial statements are stated in New Taiwan dollars. The translations of the 2004 of the New Taiwan dollar amounts into U.S. dollar amounts are included solely for the convenience of readers, using the rate of NTS31.917 to US\$1.00, the average of the buying and selling exchange rates quoted by the Bank of Taiwan on December 31, 2004. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

5. CASH AND CASH EQUIVALENTS

	December 31		
	2003 NTS	2004 NTS	US\$ (Note 4)
Cash on hand	\$ 1,067,931	\$ 1,206,108	\$ 37,789
Checks for clearing	1,246,400	800,413	25,078
Due from banks	2,568,856	1,646,885	51,599
	<u>\$ 4,883,187</u>	<u>\$ 3,653,406</u>	<u>\$ 114,466</u>

6. DUE FROM BANKS AND THE CENTRAL BANK OF CHINA

	December 31		
	2003 NTS	2004 NTS	US\$ (Note 4)
Call loans to bank	\$ 16,656,986	\$ 7,275,040	\$ 227,936
N.T. dollar deposit reserve - Type A	3,454,794	3,748,881	117,457
N.T. dollar deposit reserve - Type B	3,314,771	4,238,508	132,798
Financial Information Service Co., Ltd. account	200,005	200,628	6,286
Foreign-currency deposit reserve	15,290	20,746	650
CBC time deposits	1,000,000	-	-
	<u>\$ 24,641,846</u>	<u>\$ 15,483,803</u>	<u>\$ 485,127</u>

The N.T. dollar deposit reserves are required by law and determined at prescribed rates for average deposit balances. The Type B reserve cannot be withdrawn and is adjusted on the monthly basis.

Foreign-currency deposit reserves are required by law and determined at prescribed rates for average deposit balances. The reserve may be withdrawn but earn no interest.

As of December 31, 2003, CBC time deposits of \$1,000,000 thousand was provided as collateral for the day-term overdraft required upon joining the Central Bank's clearing system of Real-time Gross Settlement (RTGS). The pledged amount is adjustable according to the overdraft amount.

7. SECURITIES PURCHASED

	December 31		
	2003 NTS	2004 NTS	US\$ (Note 4)
Negotiable certificates of deposits	\$ 5,900,000	\$ 13,400,000	\$ 419,839
Convertible corporate bonds	1,732,412	3,377,466	105,820
Commercial paper	2,232,784	847,608	26,557
Securities purchase under agreements to resell	-	813,371	25,484
Listed and over-the-counter stocks	936,814	607,651	19,039
Mutual funds	1,370,000	330,000	10,339
Government bonds	102,637	153,759	4,817
	<u>\$ 12,274,647</u>	<u>\$ 19,529,855</u>	<u>\$ 611,895</u>



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The market value or reference prices of the above securities purchased as of December 31, 2003 and 2004 were as follows:

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Convertible corporate bonds	\$ 1,762,021	\$ 3,395,687	\$ 106,391
Commercial paper	2,232,784	846,396	26,519
Listed and over-the counter stocks	912,006	622,875	19,515
Mutual funds	1,370,139	329,184	10,314
Government bonds	102,738	153,461	4,808

As of December 31, 2004, negotiable certificates of deposits of \$4,100,000 thousand had been provided as collateral for the day-term overdraft required upon joining the Central Bank's clearing system of real-time gross settlement (RTGS). The pledged amount is adjustable according to the overdraft amount.

8. RECEIVABLES

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Credit card (Note 9)	\$ 2,112,904	\$ 28,507,879	\$ 893,188
Factoring	1,677,860	2,700,396	84,607
Acceptances	1,230,564	994,197	31,149
Interest	1,177,941	583,874	18,294
Share in foreclosed assets auctioned off	98,352	137,990	4,323
Others	481,528	536,193	16,800
	6,779,149	33,460,529	1,048,361
Less: Allowance for possible losses	74,040	256,756	8,358
	<u>\$ 6,705,109</u>	<u>\$ 33,193,773</u>	<u>\$ 1,040,003</u>

9. LOANS, DISCOUNTS AND BILLS PURCHASED

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Bills purchased and discounts	\$ 577,399	\$ 678,065	\$ 21,244
Short-term loans	22,399,171	34,262,256	1,073,480
Medium-term loans	65,040,088	47,352,311	1,483,608
Long-term loans	71,374,071	88,749,995	2,780,650
Delinquent accounts	3,740,894	2,932,605	91,882
	163,131,623	173,975,232	5,450,864
Less: Allowance for possible losses	2,074,312	2,064,584	64,686
	<u>\$ 161,057,311</u>	<u>\$ 171,910,648</u>	<u>\$ 5,386,178</u>

As of December 31, 2003 and 2004, the balances of loans without accruing interest were \$3,740,894 thousand and \$2,932,605 thousand, respectively. For loans that became delinquent accounts, the deferred interest incomes were \$180,111 thousand and \$184,175 thousand for the years ended December 31, 2003 and 2004, respectively.

In 2003 and 2004, the Bank wrote off credits only after completing the required legal procedures.

The credit card revolving balances were treated as loans before October 2004. Under the "Model of the Credit Card Accounting Procedure" issued by the Bankers Association of the Republic of China, effective October 2004, the credit card revolving balances were required to be treated as receivables.

The changes in the allowance for possible losses on loans, discounts and bills purchased are summarized below:

	NTS		
	Specific Risk	General Risk	Total
Balance, beginning of year	\$ 1,953,448	\$ 101,924	\$ 2,055,372
Provision	1,028,988	281,751	1,310,739
Write-off	(3,105,045)	-	(3,105,045)
Recovery	1,722,743	-	1,722,743
Reclassification	94,660	-	94,660
Effects of exchange translation	-	(4,157)	(4,157)
Balance, December 31, 2003	<u>\$ 1,694,794</u>	<u>\$ 379,518</u>	<u>\$ 2,074,312</u>
Balance, beginning of year	\$ 1,694,794	\$ 379,518	\$ 2,074,312
Provision	827,879	352,381	1,180,260
Write-off	(3,128,346)	-	(3,128,346)
Recovery	2,138,220	-	2,138,220
Reclassification	(195,833)	-	(195,833)
Effects of currency translation	-	(4,029)	(4,029)
Balance, December 31, 2004	<u>\$ 1,336,714</u>	<u>\$ 727,870</u>	<u>\$ 2,064,584</u>

10. LONG-TERM INVESTMENTS

	December 31				
	2003		2004		
	NTS	% of Ownership	NTS	US\$ (Note 4)	% of Ownership
<i>Equity investments</i>					
<i>Equity method</i>					
Dah Chung Bills Finance Corp.	\$ 1,137,946	22.56	\$ 1,198,227	\$ 37,542	22.56
Far Eastern Asset Management Co., Ltd.	-	-	1,018,763	31,919	100.00
Far Eastern International Leasing Corp.	518,437	39.90	531,400	16,649	39.90
Far Eastern Alliance Asset Management Co., Ltd.	188,580	59.99	161,516	5,061	59.99
Far Eastern Life Insurance Agency Co., Ltd.	70,258	100.00	89,585	2,807	100.00
Far Eastern Technical Consultants Co., Ltd.	9,224	30.00	9,814	307	30.00
Far Eastern International Finance Corp.	3,950	100.00	4,106	129	100.00
Far Eastern Property Insurance Agency Co., Ltd.	3,106	100.00	3,759	118	100.00
	<u>1,931,501</u>		<u>3,017,170</u>	<u>94,532</u>	
<i>Cost method</i>					
ERA Communications Co., Ltd.	200,000	3.70	200,000	6,267	3.70
Cheng I Food Co., Ltd.	-	-	46,529	1,458	8.15
Financial Information Service Co., Ltd.	45,500	1.14	45,500	1,425	1.14
Mondex Taiwan Co., Ltd.	25,000	6.47	25,000	783	6.47
An Feng Enterprise Co., Ltd.	3,000	10.00	3,000	94	10.00

(Continued)



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11. PROPERTIES

Accumulated depreciation consisted of:

	December 31		
	2003 NTS	2004 NTS USS (Note 4)	
Buildings and improvements	\$ 216,307	\$ 250,608	\$ 7,852
Computer equipment	368,841	412,653	12,929
Transportation equipment	29,962	27,170	851
Miscellaneous equipment	670,796	701,500	21,979
	<u>\$ 1,285,906</u>	<u>\$ 1,391,931</u>	<u>\$ 43,611</u>

As of December 31, 2003 and 2004, the insurance coverage of properties were about \$1,638,740 thousand and \$1,530,193 thousand, respectively.

12. OTHER ASSETS

	December 31		
	2003 NTS	2004 NTS USS (Note 4)	
Value of options purchased	\$ 2,065,237	\$ 2,828,670	\$ 88,626
Collaterals assumed - less allowance for possible losses of \$220,031 thousand and \$232,626 thousand as of December 31, 2003 and 2004	1,972,273	1,513,799	47,429
Refundable deposits	781,694	1,007,120	31,554
Deferred income tax (Note 19)	1,009,396	624,277	19,560
Deferred charges	158,886	272,997	8,553
	<u>\$ 5,987,486</u>	<u>\$ 6,246,863</u>	<u>\$ 195,722</u>

As of December 31, 2003 and 2004, portions of refundable deposit \$578,308 thousand and \$755,795 thousand, respectively, have been paid to enhance the credit limit with the Bank's counter-parties.

13. DUE TO BANKS

	December 31		
	2003 NTS	2004 NTS USS (Note 4)	
Call loans from banks	\$ 10,297,706	\$ 7,336,602	\$ 229,865
Due to banks	300,010	349,510	10,951
Overdraft	28,584	6,641	208
Due to the Central Bank of China	18,537	28,191	883
	<u>\$ 10,644,837</u>	<u>\$ 7,720,944</u>	<u>\$ 241,907</u>

	December 31					
	2003		2004			
	NTS	% of Owner- ship	NTS	USS (Note 4)	% of Owner- ship	
Taipei Forex Inc.	\$ 800	0.40	\$ 800	\$ 25	0.40	
Dragon Steel Co., Ltd. (formerly named Kuei Yi Industrial Co., Ltd.) - preferred stock	266,640	-	-	-	-	
	<u>540,940</u>		<u>320,829</u>	<u>10,052</u>		
	<u>2,472,441</u>		<u>3,337,999</u>	<u>104,584</u>		
Bond investments						
Government bonds	3,973,246		1,917,637	60,082		
Floating-interest-rate notes	521,160		450,407	14,112		
Foreign corporate bonds	271,824		159,585	5,000		
	<u>4,766,230</u>		<u>2,527,629</u>	<u>79,194</u>		
Less: Allowance for possible loss on foreign bond investments	134,111		145,615	4,563		
	<u>4,632,119</u>		<u>2,382,014</u>	<u>74,631</u>		
	<u>\$ 7,104,560</u>		<u>\$ 5,720,013</u>	<u>\$ 179,215</u>		

In January 2004, the Bank established a wholly owned subsidiary, Far Eastern Asset Management Co., Ltd. by \$1,000,000.

In December 2004, the Bank offset the credit of Cheng I Food Co., Ltd. ("Cheng I") by acquiring Cheng I's 4,653 thousand common shares at par value of \$46,529 thousand.

In July 2004, the Bank sold all its equity in Dragon Steel Co., Ltd. to Far Eastern Asset Management Co., Ltd. for \$320,901 thousand. The unrealized gain from this transaction, \$40,697 thousand was recorded as deferred income.

In June 2003, the Bank increased its holding in Dah Chung Bills Finance Corp., by acquiring 15.5% more shareholding from related parties which cost \$774,683 thousand. The Bank acquired 22.6% shareholding finally (Note 24).

The carrying value of equity investments as of December 31, 2003 and 2004 was based on audited financial statements of investees for the same period as that of the Bank, except for the 2003 financial figures of Far Eastern Property Insurance Agency Co., Ltd. and Far Eastern International Finance Corp. and 2004 financial figures of Far Eastern International Finance Corp., which were based on unaudited financial statements. However, the carrying value of equity investments and related investment income of Far Eastern Property Insurance Agency Co., Ltd. and Far Eastern International Finance Corp. had no significant influence on the Bank's financial statements.

Due to the total assets and operating income of five investees - Far Eastern Asset Management Co., Ltd., Far Eastern Property Insurance Agency Co., Ltd., Far Eastern Alliance Asset Management Co., Ltd., Far Eastern Life Insurance Agency Co., Ltd., and Far Eastern International Finance Corp. - were individually less than 10% and collectively less than 30% of those of the Bank. Thus, the Bank did not prepare consolidated financial statements.



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14. PAYABLE AND ADVANCES

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Acceptance	\$ 1,230,564	\$ 994,197	\$ 31,150
Checks for clearing	1,246,400	800,413	25,078
Accrued interest	778,216	791,578	24,801
Factoring	746,633	624,043	19,552
Accrued bonus	33,007	380,752	11,929
Accrued expenses	103,045	118,077	3,700
Others	778,743	626,477	19,628
	<u>\$ 4,916,608</u>	<u>\$ 4,335,537</u>	<u>\$ 135,838</u>

15. DEPOSITS AND REMITTANCES

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Checking	\$ 1,672,798	\$ 2,120,896	\$ 66,451
Demand	9,745,595	16,899,261	529,475
Time	59,927,791	76,869,385	2,408,415
Negotiable certificates of deposit	33,780,000	14,530,000	455,243
Demand savings	24,022,774	28,318,367	887,250
Time savings	38,372,784	60,030,180	1,880,822
Remittances	13,208	33,202	1,040
	<u>\$ 167,534,950</u>	<u>\$ 198,801,291</u>	<u>\$ 6,228,696</u>

16. BANK DEBENTURES

Item	The Issuing Period	Note	December 31		
			2003	2004	
			NTS	NTS	US\$ (Note 4)
Senior bank debentures - three-year maturity; first issue in 2001	2001.08.06-2004.08.06	Interest payable on August 6 each year; 4.03% interest	\$ 5,000,000	\$ -	\$ -
Subordinated bank debentures - five-year maturity; 1 st of first issue in 2002	2002.06.28-2007.06.28	Interest payable on June 28 each year; floating interest rate	2,000,000	2,000,000	62,663
Subordinated bank debentures - five-year maturity; 2 nd of first issue in 2002	2002.07.31-2007.07.31	Interest payable on January 31 and July 31 each year; floating interest rate	3,000,000	3,000,000	93,994
Senior bank debentures - five-year maturity; first issue in 2003	2003.02.11-2008.02.11	Interest payable on February 11 and August 11 each year; floating interest rate at 4.6% less 6 months' LIBOR	2,000,000	2,000,000	62,663
Senior bank debentures - five-year maturity; second issue in 2003	2003.07.18-2008.07.18	Interest payable on July 18 each year; 1.42% interest	1,500,000	1,500,000	46,997

(Continued)

Item	The Issuing Period	Note	December 31		
			2003	2004	
			NTS	NTS	US\$ (Note 4)
Senior bank debentures - five-year maturity; third issue in 2003	2003.09.05-2008.09.05	Interest payable on March 5 and September 5 each year; floating interest rate	\$ 700,000	\$ 700,000	\$ 21,931
Senior bank debentures - five-year maturity; fourth issue in 2003	2003.10.17-2008.10.17	A.B.D.E.F. coupons: Interest payable quarterly; C.G.H.I. coupon: Interest payable on October 17 each year; 2.20%-2.25% interest	2,100,000	2,100,000	65,796
Senior bank debentures - five and a half-year's maturity; fourth issue in 2003	2003.10.17-2009.04.17	Interest payable on April 17 and October 17 each year; floating interest rate	700,000	700,000	21,931
Senior bank debentures - five year maturity; first issue in 2004	2004.03.25-2009.03.25	A.B.C.D.E.F. coupons: Interest payable quarterly; G coupon: Interest payable half year; floating interest rate	-	1,800,000	56,396
Senior bank debentures - five year maturity; second issue in 2004	2004.05.14-2009.05.14	Interest payable on May 14 and November 14 each year; floating interest rate	-	1,200,000	37,598
Senior bank debentures - five year maturity; third issue in 2004	2004.07.07-2009.07.07	A.B.C.D. coupons: Interest payable quarterly; floating interest rate; E.F.G.H.I.J.K. coupons: Interest payable quarterly; 2.50%-2.52% interest	-	3,000,000	93,994
Senior bank debentures - five year maturity; fourth issue in 2004	2004.12.22-2009.12.22	Interest payable on December 22 each year; 2.25% interest	-	3,000,000	93,994
			<u>\$ 17,000,000</u>	<u>\$ 21,000,000</u>	<u>\$ 657,957</u>

17. CONVERTIBLE BONDS PAYABLE

The Bank issued US\$110,000,000 in Euro convertible bonds on July 31, 2003. As of December 31, 2003 and 2004, the convertible bonds payable were \$3,737,580 thousand (US\$110,000 thousand) and \$2,073,009 thousand (US\$64,950 thousand), respectively.

Issue terms of the Bonds are as follows:

- Aggregate issue size: US\$110,000 thousand (including an additional issue amounting to US\$10,000 thousand)
- Issue denomination: US\$1,000
- Issue price: 100% of par (the par value is also the bond issue price)
- Issue period: Five years.
- Coupon rate: 0% per annum.



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- f. Conversion period: Except in the event that Bonds are previously redeemed, purchased, converted or cancelled and during the Closed Period (as defined in the trust deed), holders of the Bond have the right to require the Bank to redeem all or any portion of the Bonds at January 27, 2004 to July 16, 2008.
- g. Conversion securities: The Bonds will be convertible into newly issued common stocks of the Bank.
- h. Conversion price: At a conversion price per share of NTS17.52. The number of common stocks to be delivered upon conversion of the Bonds will be determined by dividing the principal amount of the Bonds by the conversion price at the fixed exchange rate of NTS34.404=US\$1.00 in effect on the conversion date.
- i. Redemption at the options of the Bond's holders: Holders of the Bonds have the right to require the Bank to redeem all or any portion of the Bonds.
- 1) On July 25, 2005.
 - 2) If the common stocks of the Bank officially cease to be listed on the Taiwan Stock Exchange (TSE) for a period of at least five consecutive trading days.
 - 3) There is a Change of Control (as defined in the trust deed, such as the changes in the majority directors of the Bank) of the Bank.
- j. Redemption at the options of the Bank: The Bank has the right to require the holders of the Bonds to redeem all or any portion of the Bonds.
- 1) The Bank may redeem the Bonds at early redemption value in whole or in part, beginning August 15, 2005 to July 30, 2008 after the issue date, provided that the closing price of the common stocks on the TSE translated into U.S. dollars at the prevailing rate for a period of 30 consecutive trading days is at least 130% of the conversion price then in effect translated into U.S. dollars at a pre-determined exchange rate set on the pricing date.
 - 2) The Bank may redeem the Bonds at any time in whole but not in part at an early redemption value if at least 90% in principal amount of the Bonds have already been redeemed, converted, or purchased and cancelled.
 - 3) If as a result of changes relating to tax laws in the Republic of China, the Bank becomes obligated to pay any additional amounts
- k. Redemption method: Unless previously redeemed, purchased and cancelled or converted, the Bonds will be redeemed on the maturity date at 100% of par value.
- l. The Bonds were listed on the Luxembourg Stock Exchange.

From January 27, 2004 to December 31, 2004, the Bonds amounting to US\$45,050 thousand were converted into 88,464 thousand common stocks.

18. PENSION PLAN

The Bank has a pension plan for all regular employees. Benefits under the plan are based on length of service and average salary at a specified period before retirement.

Before 1996, the Bank accrued retirement benefits based on 4% of salaries. Since 1996, the Bank accrued pension costs based on actuarial reports.

Since July 1998, the Bank has contributed amounts equal to 2% of monthly salaries to a pension fund. This fund is administered by a retirement fund monitoring committee and deposited in the committee's name in the Central Trust of China.

Pension information is summarized as follows:

a. Net periodic pension cost

	2003		2004	
	NTS	NTS	NTS	US\$ (Note 4)
Service cost	\$ 56,591	\$ 59,683	\$	1,870
Interest cost	14,268	14,233		446
Amortization of unrecognized benefit obligations at transition and prior service cost	1,174	1,174		37
Projected return on plan assets	(3,181)	(3,482)		(109)
Pension cost	\$ 68,852	\$ 71,608	\$	2,244

b. Reconciliation of pension fund contributions and accrued pension liabilities

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Benefit obligation			
Vested benefit obligation	\$ -	\$ -	\$ -
Non-vested benefit obligation	(272,640)	(349,160)	(10,940)
Accumulated benefit obligation	(272,640)	(349,160)	(10,940)
Effects on employees' future salary level	(135,591)	(171,746)	(5,381)
Projected benefits obligation	(408,231)	(520,906)	(16,321)
Fair value of plan assets	90,046	111,006	3,478
Pension fund contribution	(318,185)	(409,900)	(12,843)
Unrecognized net transition obligation	12,233	11,554	362
Unrecognized prior service cost	9,274	8,779	275
Unrecognized net loss	1,549	45,777	1,435
Accrued pension liabilities	\$ (295,129)	\$ (343,790)	\$ (10,771)
Vested benefit	\$ -	\$ -	\$ -

c. Actuarial assumptions for pension obligation

	2003	2004
Discount rate	3.5%	3.5%
Incremental rate for employees' future salary level	2.5%	2.5%
Expected rate of return on plan asset	3.5%	3.5%



d. Summary of changes in the pension fund

	2003	2004	
	NTS	NTS	US\$ (Note 4)
Balance, beginning of year	\$ 70,526	\$ 90,046	\$ 2,821
Contributions	19,842	22,947	719
Interest income	1,122	1,196	38
Payments	(1,444)	(3,183)	(100)
Balance, end of year	\$ 90,046	\$ 111,006	\$ 3,478

19. INCOME TAX EXPENSE

a. Reconciliation of income tax based on pretax accounting income at statutory income tax rate and income tax expense is as follows:

	2003	2004	
	NTS	NTS	US\$ (Note 4)
Tax on pretax income at statutory income tax rate (25%)	\$ 928,525	\$ 857,742	\$ 26,874
Tax effects of offshore business unit	(22,730)	(35,898)	(1,125)
Add (deduct) tax effects of:			
Permanent differences	(439,072)	(105,672)	(3,311)
Temporary differences	(4,539)	77,901	2,441
Current year's income tax	462,184	794,073	24,879
Loss carryforwards	(436,861)	(759,838)	(23,807)
Investment tax credit	(5,437)	(5,345)	(167)
Separate tax on interest of short-term negotiable instruments	(19,886)	(28,890)	(905)
Income tax currently payable	-	-	-
Withholding tax	47,125	18,630	584
Refundable income tax	\$ 47,125	\$ 18,630	\$ 584

b. Income tax consisted of:

	2003	2004	
	NTS	NTS	US\$ (Note 4)
Current year's income tax	\$ 462,184	\$ 794,073	\$ 24,879
Change in deferred income tax	(159,050)	(375,063)	(11,751)
Investment tax credit	-	(5,000)	(157)
Prior year's adjustments	9,501	(11)	-
Income tax expenses	\$ 312,635	\$ 413,999	\$ 12,971

c. Deferred income tax assets (calculated at 25% rate) consisted of:

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Unused loss carryforwards	\$ 1,150,226	\$ 414,130	\$ 12,976
Unrealized loss on exchange	-	62,786	1,967
Unrealized loss on decline in value of collaterals assumed	55,008	58,156	1,822
Provision for pension cost over limit	41,167	52,459	1,644
Unused investment tax credits	36,288	36,543	1,145
Others	-	203	6
	1,282,689	624,277	19,560
Less: Allowance	273,293	-	-
	\$ 1,009,396	\$ 624,277	\$ 19,560

d. Information on the Integrated Income Tax System is as follows:

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Period-end balance of imputed tax credit	\$ 43,263	\$ 57,142	\$ 1,790

The actual creditable tax ratio for the distribution of the 2003 earnings was 8.15%. The estimated creditable tax ratio for the distribution of 2004 earnings is 1.89%.

The tax credits allocated to shareholders are based on the balance of the imputation credit account (ICA) on the dividend distribution date. The ratio of the ICA balance to unappropriated earnings on the actual date of the distribution of the dividend in 2004 may differ from the estimated ratio since additional taxes paid by the Bank after December 31, 2004 will increase the ICA balance.

e. There is no unappropriated earnings belong to the years before 1997.

f. As of December 31, 2004, the expiry year of the Bank's unused loss carryforwards was 2007.

g. As of December 31, 2004, the Bank's unused investment tax credits were as follows:

Regulatory Basis of Tax Credits	Items	Total Credits		Unused Credits		Expiry Year
		NTS	US\$ (Note 4)	NTS	US\$ (Note 4)	
Statute for Upgrading Industries	Research and development expenditures, personnel training expenses	\$ 10,638	\$ 333	\$ 10,638	\$ 333	2005
		(assessed amount)				
		15,305	480	15,305	480	2006
		(declared amount)				
		5,600	175	5,600	175	2007
		(declared amount)				
		5,000	157	5,000	157	2008
		(estimated amount)				



- h. Income tax returns through 2001 had been examined by the tax authorities. On the Bank's 1998 to 2001 income tax returns, the tax authorities denied the creditability of \$28,267 thousand, the 10% taxes withheld from interest income on bonds held by other investors in prior periods. The Bank had settled this matter with the Taipei National Tax Administration (TNTA) in January 2004. The TNTA agreed that 65% of withholding tax can be refunded, and 35% was accounted as income tax expense of 2003.

20. SHAREHOLDERS' EQUITY

The Bank's Articles of Incorporation provide that the annual net income (less accumulated losses, if any) must be appropriated as follows:

- a. 30% as legal reserve;
- b. Special reserve at a percentage based on the relevant law or regulations; and
- c. Portion to be retained on the basis of operational needs.
- d. Any remainder:
- | | % |
|------------------------------------|------------|
| Bonus to shareholders | 92 |
| Bonus to directors and supervisors | 2 |
| Bonus to employees | 6 |
| | <u>100</u> |

The dividend policy of the Bank is to distribute at least 10% of the appropriated earnings as cash dividends. This policy will be evaluated and adjusted in the future after taking into account factors such as the level of its future operations and investment requirement. The Banking Law provides that cash dividends and bonuses may not exceed 15% of paid-in capital if the legal reserve has not equaled the paid-in capital.

Because treasury stocks amounting to \$265,790 thousand had not been transacted within the required deadline, the board of directors approved the cancellation of these shares on August 3, 2004, and capital surplus from this cancellation was \$101,531 thousand.

On April 16, 2004, the shareholders' meeting, approved the appropriation of 2003 earnings as follows:

	NTS	US\$ (Note 4)
Offset of deficit against net income in 2003	\$ 2,504,067	\$ 78,456
Legal reserve	269,220	8,435
Cash dividends	577,285	18,087
Remuneration to directors and supervisors	12,550	393
Bonus to employees	37,649	1,180

Up to the day of issuing the audit report, the appropriation of the 2004 earnings had not been resolved by the board of directors. The resolution on this appropriation will be announced through the Market Observation Post System on the Web site of the Taiwan Stock Exchange.

Under the Company Law, the appropriation for legal reserve must be made until the reserve equals paid-in capital. The reserve may be used only to reduce or offset deficit. When the amount of the legal reserve shall have aggregated up to 50% of the paid-in capital, and one half of the amount of such legal reserve may be capitalized.

Under the Integrated Income Tax System, which took effect on January 1, 1998, R.O.C. - resident shareholders will be allocated a tax credit for the income tax paid by the Bank on earnings generated since 1998, which is maintained in the imputation credit account (ICA) and calculated ratio of creditable tax to unappropriated earnings on the dividend distribution date.

The Bank's foreign shareholders are not entitled to the tax credit described above, except those related to 10% income taxes on unappropriated earnings actually paid by the Bank. The foreign shareholders' share in such tax will be used to reduce the final withholding tax on their cash dividends.

21. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	2003	2004	
	NTS	NTS	US\$ (Note 4)
Personnel expenses			
Salary and bonus	\$ 1,084,447	\$ 1,485,528	\$ 46,544
Insurance	85,593	95,471	2,991
Pension expense	70,392	70,304	2,203
Others	<u>97,816</u>	<u>89,271</u>	<u>2,797</u>
Subtotal	1,338,248	1,740,574	54,535
Depreciation	194,601	213,439	6,687
Amortization	<u>23</u>	<u>1,367</u>	<u>43</u>
	<u>\$ 1,532,872</u>	<u>\$ 1,955,380</u>	<u>\$ 61,265</u>

22. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	NTS (Numerator)		Thousands Shares (Denominator)	EPS (NT Dollars)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>2003</u>					
Primary earnings per share	\$ 3,714,101	\$ 3,401,466	1,424,111	\$ 2.61	\$ 2.39
Diluted earnings per share	<u>\$ 3,718,519</u>	<u>\$ 3,404,780</u>	<u>1,514,114</u>	<u>\$ 2.46</u>	<u>\$ 2.25</u>
<u>2004</u>					
Primary earnings per share	\$ 3,430,967	\$ 3,016,968	1,489,448	\$ 2.30	\$ 2.03
Diluted earnings per share	<u>\$ 3,440,694</u>	<u>\$ 3,024,264</u>	<u>1,665,884</u>	<u>\$ 2.07</u>	<u>\$ 1.82</u>

23. TREASURY STOCK OF COMMON STOCK

Reason for repurchase	Changes in Treasury Stock (Thousand Shares)			
	Beginning Balance	Acquisition	Disposal	Ending Balance
Transfer to employees				
For the year ended December 31, 2003	103,334	-	40,000	63,334
For the year ended December 31, 2004	<u>63,334</u>	<u>-</u>	<u>63,334</u>	<u>-</u>



Financial Statements

The Securities and Exchange Law states that the treasury stock purchased should not exceed 10% of total shares issued and the purchase cost should not exceed the sum of total retained earnings, capital surplus in excess of par value and realized capital surplus at time of purchase. In addition, treasury stock should not be pledged and the Bank should not exercise shareholders' rights on the stock before it is sold.

In 2004, 26,579 thousand treasury stocks were canceled due to not being transacted within a certain period (Note 20), and 36,755 thousand treasury stocks were transferred to the Bank's employees at the original acquisition cost.

24. RELATED-PARTY TRANSACTIONS

The Bank has business transactions with the following related parties:

Related Party	Relationship with the Bank
Far Eastern Asset Management Co., Ltd.	Subsidiary
Far Eastern Textile Ltd.	Common chairman
Asia Cement Corporation	Common chairman
Far Eastern Department Store Corp.	Common chairman
U-Ming Marine Transport Corp.	Common chairman
Yuan-Je University	Common chairman
Yuan Ding Co., Ltd.	Common chairman
By Ding Investment Co., Ltd.	Common chairman
By-Yang Investment Co., Ltd.	Common chairman
Feds Asia Pacific Development Ltd.	Common chairman
Far Eastone Telecommunications Co., Ltd. (formerly named Yuan-Ho Telecommunication Co., Ltd.)	Common chairman
U-Ming Hong Kong Corp.	Common chairman
Oriental Union Chemical Corporation	Common chairman
Everest Textile Co., Ltd.	Chairman is Bank's director
Yuan Ding Investment Co.	Far Eastern Textile Co., Ltd.'s investee accounted for by the equity method
Oriental Securities Corporation	Far Eastern Textile Co., Ltd.'s investee accounted for by the equity method
Der-Chin Enterprise Corporation	Asia Cement Corporation's investee accounted for by the equity method
Other	Bank's supervisors and managers and relatives of the Bank's chairman

Significant transactions and account balances with the above parties are summarized as follows:

a. Loans

For the year

	2003			
	Year Ended Balance NTS	Credit Line NTS	Interest Rate	Interest NTS
Far Eastern Textile Ltd.	\$ 957,574	\$ 1,200,000	1.200%-1.823%	\$ 2,331
U-Ming Hong Kong Corp.	509,670	509,670	1.7650%-1.80313%	5,396
Yuan Ding Investment Co.	208,000	500,000	1.25%	193

(Continued)

	2003			
	Year Ended Balance NTS	Credit Line NTS	Interest Rate	Interest NTS
Yuan-Je University	\$ 139,079	\$ 335,000	1.923%-2.800%	\$ 7,623
By Ding Investment Corp.	111,000	300,000	1.25%-1.35%	286
By-Yang Investment Co., Ltd.	110,000	200,000	1.25%-1.40%	233
Other	19,328	26,480	2.55%-4.01%	563
	<u>\$ 2,054,651</u>			

	2004						
	Year-end Balance		Credit Line		Interest Rate	Interest	
	NTS	US\$ (Note 4)	NTS	US\$ (Note 4)		NTS	US\$ (Note 4)
Far Eastern Textile Ltd.	\$ 870,296	\$ 27,268	\$ 1,500,000	\$ 46,997	1.35%	\$ 5,332	\$ 167
U-Ming Hong Kong Corp.	478,755	15,000	478,755	15,000	1.80313%-3.1750%	10,078	316
Far Eastern Department Store Corp.	350,000	10,966	500,000	15,666	1.35%	761	24
By-Ding Investment Co., Ltd.	300,000	9,399	300,000	9,399	1.35%-1.40%	1,118	35
Feds Asia Pacific Development Ltd.	121,220	3,798	181,830	5,697	2.5846%	2,086	65
Yuan Ding Investment Co.	109,000	3,415	1,000,000	31,331	1.35%	918	29
Asia Cement Corporation	100,000	3,133	500,000	15,666	1.35%	4	-
U-Ming Marine Transport Corp.	65,000	2,037	98,000	3,070	1.35%	13	-
Yuan-Je University	53,647	1,681	335,000	10,496	2.80%	1,627	51
Far Eastone Telecommunication Co., Ltd.	34,000	1,065	217,200	6,805	2.5423%	1,204	38
Other	39,990	1,253	46,530	1,458	2.37%-4.05%	1,023	32
	<u>\$ 2,521,908</u>	<u>\$ 79,015</u>					

Under the Banking Law, except for consumer loans, credits extended to any related party should be fully secured, and the terms of credits should not be superior than those extended to third parties.

b. Export bills negotiation

	2003		2004			
	Year-end Balance	Credit Line	Year-end Balance	Credit Line	Year-end Balance	Credit Line
Far Eastern Textile Ltd.	\$ 19,002	\$ 1,200,000	\$ 105,372	\$ 1,500,000	\$ 3,302	\$ 46,997
Everest Textile Co., Ltd.	40,153	300,000	30,904	300,000	968	9,399
Asia Cement Corporation	25,930	500,000	-	-	-	-
	<u>\$ 85,085</u>		<u>\$ 136,276</u>		<u>\$ 4,270</u>	

c. Guarantees

Everest Textile Co., Ltd.	\$ 100,000	\$ 300,000	\$ 100,000	\$ 200,000	\$ 3,133	\$ 6,266
Far Eastone Telecommunication Co., Ltd.	-	-	32,243	97,200	3,910	3,045
By Ding Investment Corp.	189,000	300,000	-	-	-	-
	<u>\$ 289,000</u>		<u>\$ 132,243</u>		<u>\$ 4,143</u>	

(Continued)



d. Letters of credit issued

	2003		2004			
	NTS		NTS		US\$ (Note 4)	
	Year-end Balance	Credit Line	Year-end Balance	Credit Line	Year-end Balance	Credit Line
Everest Textile Co., Ltd.	\$ 127,062	\$ 300,000	\$ 118,147	\$ 300,000	\$ 3,702	\$ 9,399
Far Eastern Textile Ltd.	25,309	1,200,000	-	-	-	-
	<u>\$ 152,371</u>		<u>\$ 118,147</u>		<u>\$ 3,702</u>	

e. Deposits

	December 31				
	2003		2004		Interest Rate
	NTS	Interest Rate	NTS	US\$ (Note 4)	
Far Eastone					
Telecommunication	\$ 11,698,462	0.10%-0.85%	\$ 71,832	\$ 2,251	0.10%-1.45%
Other	7,894,237	0%-7.25%	12,644,952	396,182	0%-7.25%
	<u>\$ 19,592,699</u>		<u>\$ 12,716,784</u>	<u>\$ 398,433</u>	

Other deposits did not exceed 5% of total deposits.

f. Operating and administrative expenses

	The Years Ended December 31					
	2003		2004		US\$ (Note 4)	
	NTS	%	NTS	US\$ (Note 4)	%	
Yuan Ding Co., Ltd. - rental	\$ 81,689	3	\$ 79,226	\$ 2,482	2	
Other	7,178	-	69,688	2,184	2	
	<u>\$ 88,867</u>	<u>3</u>	<u>\$ 148,914</u>	<u>\$ 4,666</u>	<u>4</u>	

g. Acquisition of long-term equity investments

The Bank acquired 64,557 thousand shares of Dah Chung Bills Finance Corp., with NT\$12 per share in June 2003 from the following related parties (Note 10):

	Thousand Shares
Oriental Securities Corporation	29,344
Der-Chin Enterprise Corporation	9,782
By Ding Investment Co., Ltd.	9,782
Oriental Union Chemical Corporation	9,782
Yuan Ding Investment Co., Ltd.	5,857
Others (ten companies)	10
	<u>64,557</u>

h. Asset management contract

In 2004, the Bank signed a contract with Far Eastern Asset Management Co., Ltd. to manage part of the bank's delinquent credit and collaterals. The Bank shall pay management and service fees according to the content. The management fee, calculated at a percentage of the balance of credit rights, was paid on the contract date and amortized to expense over the average credit recovery years. The service fee is calculated at a percentage of the recovering balance of the credit and payable monthly. As of December 31, 2004, the transaction balances were as follows:

	NTS	US\$ (Note 4)
Service charges	\$ 31,160	\$ 976
Operating and administrative expenses	6,355	199
Other assets - deferred changes	26,326	825
Accrued expenses	7,449	233

25. PLEDGED ASSETS

	December 31		
	2003 NTS	2004 NTS	2004 US\$ (Note 4)
Negotiable certificates of deposits - securities purchased	\$ -	\$ 4,100,000	\$ 128,458
Time deposits - due from the Central Bank of China	1,000,000	-	-
Bonds - long-term investment	410,000	313,400	9,819
	<u>\$ 1,410,000</u>	<u>\$ 4,413,400</u>	<u>\$ 138,277</u>

Negotiable certificates of deposits and time deposits have been provided as collateral for the day-term overdraft upon joining the Central Bank's clearing system of real-time gross settlement (RTGS, Notes 6 and 7). Performance bonds will be used for the provisional seizure of debtors' assets and for credit card transaction reserves, if needed.

26. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to Note 29, the Bank's regular contingency liabilities and commitments as of December 31, 2004 are summarized as follows:

- As of December 31, 2004, bonds with a total value of \$759,361 thousand was sold under agreements to repurchase for \$759,561 thousand by January 12, 2005.
- As of December 31, 2004, short-term bills with a total face value of \$813,371 thousand had been purchased under agreements to resell them for \$813,512 thousand by January 5, 2005.
- The Bank leases part of its office premises under agreements (the relative refundable deposits was \$62,451 thousand) that will expire between 2005 and 2010.



Minimum rentals for the next five years are summarized as follows, excluding imputed interest:

Year	NTS	US\$
2005	\$ 210,199	\$ 6,586
2006	103,820	3,253
2007	46,441	1,455
2008	38,043	1,192
2009	29,247	916

d. Balance sheet of trust accounts and trust property accounts

Assets	NTS	US\$	Liabilities	NTS	US\$
Short-term investments			Trust capital		
Fund investments	\$ 18,982,239	\$ 594,737	Money trust	\$ 18,982,239	\$ 594,737
Depository assets	340,701	10,675	Marketable securities trust	340,701	10,675
Total	\$ 19,322,940	\$ 605,412	Total	\$ 19,322,940	\$ 605,412

Trust Account Properties
December 31, 2004

Investment Portfolio	NTS	US\$
Short-term investments		
Fund investments	\$ 18,982,239	\$ 594,737
Depository assets	340,701	10,675
	\$ 19,322,940	\$ 605,412

27. AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

	2003		2004		
	Average Balance	Average Rate %	Average Balance	Average Balance	Average Rate %
	NTS		NTS	US\$ (Note 4)	
Interest-earning assets					
Cash - due from banks	\$ 939,964	1.00	\$ 1,544,979	\$ 48,406	1.27
Due from banks and the Central Bank of China	9,359,529	1.60	11,266,049	352,980	1.39
Securities purchased	1,046,625	1.57	3,581,036	112,198	0.44
Loans, discounts and bills purchased	142,941,866	5.66	149,968,916	4,698,716	3.66
Credit card revolving balances (Note)	-	-	21,886,807	685,741	15.91
Long-term investments - bonds	7,394,730	2.74	4,566,800	143,084	2.46

(Continued)

	2003		2004		
	Average Balance	Average Rate %	Average Balance	Average Balance	Average Rate %
	NTS		NTS	US\$ (Note 4)	
Interest-bearing liabilities					
Due to banks	\$ 8,906,007	1.31	\$ 8,596,856	\$ 269,350	1.63
Bonds sold under repurchase agreement	3,661,022	0.91	1,625,295	50,923	0.79
Demand deposits	29,231,471	0.71	38,555,403	1,207,990	0.51
Time deposits	105,419,932	1.76	117,582,214	3,684,000	1.41
Negotiable certificates of deposit	14,804,598	1.30	16,581,947	519,533	1.11
Bank debentures	13,260,387	4.01	18,646,416	584,216	3.46
Convertible bonds payable	1,567,372	-	3,240,261	101,521	-

Average balance is calculated by daily average balances of interest-earning assets and interest-bearing liabilities.

Note: The credit card revolving balances were treated as loans before October 2004. Under the "Model of the Credit Card Accounting Procedure" issued by the Bankers' Association of the Republic of China, effective October 2004, the credit card revolving balances were required be treated as receivables.

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

	December 31, 2003			
	Due in One Year	Due Between after One Year and Seven Years	Due After Seven Years	Total
	NTS	NTS	NTS	NTS
Assets				
Cash and cash equivalents	\$ 4,883,187	\$ -	\$ -	\$ 4,883,187
Due from banks and the Central Bank of China	24,641,846	-	-	24,641,846
Securities purchased	12,274,647	-	-	12,274,647
Receivables	6,779,149	-	-	6,779,149
Loans, discounts and bills purchased	37,518,717	58,844,117	66,768,789	163,131,623
Long-term investments - bonds	494,267	2,741,244	1,530,719	4,766,230
	\$ 86,591,813	\$ 61,585,361	\$ 68,299,508	\$ 216,476,682
Liabilities				
Due to banks	\$ 10,644,837	\$ -	\$ -	\$ 10,644,837
Bonds sold under repurchase agreement	2,387,434	-	-	2,387,434
Payables and advances	4,916,608	-	-	4,916,608
Deposits and remittances	160,650,357	6,884,593	-	167,534,950
Bank debentures	5,000,000	12,000,000	-	17,000,000
Convertible bonds payable	-	3,737,580	-	3,737,580
	\$ 183,599,236	\$ 22,622,173	\$ -	\$ 206,221,409



December 31, 2004

	December 31, 2004				
	Due in One Year NTS	Due Between After One Year and Seven Years NTS	Due After Seven Years NTS	Total	
				NTS	US\$ (Note 4)
Assets					
Cash and cash equivalents	\$ 3,653,406	\$ -	\$ -	\$ 3,653,406	\$ 114,466
Due from banks and the Central Bank of China	15,483,803	-	-	15,483,803	485,127
Securities purchased	16,420,570	2,955,526	153,759	19,529,855	611,895
Receivables	33,460,529	-	-	33,460,529	1,048,361
Loans, discounts and bills purchased	51,811,235	37,935,088	84,228,909	173,975,232	5,450,864
Long-term investments - bonds	117,469	1,352,592	1,057,568	2,527,629	79,194
	<u>\$ 120,947,012</u>	<u>\$ 42,243,206</u>	<u>\$ 85,440,236</u>	<u>\$ 248,630,454</u>	<u>\$ 7,789,907</u>
Liabilities					
Due to banks	\$ 7,720,944	\$ -	\$ -	\$ 7,720,944	\$ 241,907
Bonds sold under repurchase agreement	759,361	-	-	759,361	23,792
Payables and advances	4,335,537	-	-	4,335,537	135,838
Deposits and remittances	181,796,490	17,004,801	-	198,801,291	6,228,696
Bank debentures	-	21,000,000	-	21,000,000	657,957
Convertible bonds payable	-	2,073,009	-	2,073,009	64,950
	<u>\$ 194,612,332</u>	<u>\$ 40,077,810</u>	<u>\$ -</u>	<u>\$ 234,690,142</u>	<u>\$ 7,353,140</u>

The maturity of assets and liabilities of the Bank is based on the remaining maturity period from balance sheet dates to maturity dates specified under agreements or, if there are no specified maturity dates, to expected dates of collection.

29. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

- 1) The Bank engages in derivative transactions mainly to accommodate customers' needs and to manage its own exposure positions. It also enters into cross-currency swaps, interest rate swaps, foreign-currency swaps, credit default swaps and futures contracts to hedge the effects of foreign exchange or interest rate fluctuations on its foreign-currency net assets, net liabilities or commitments. The Bank's strategy is to hedge most of the market risk through hedging instruments with market value fluctuations that have a highly negative correlation with those of the hedged items. The Bank also evaluates the hedging effectiveness of the instruments periodically.

- 2) As of December 31, 2003 and 2004, the contract (notional) amounts, credit risk and fair values of outstanding contracts were as follows:

Financial Instruments	NTS					
	2003			2004		
	Contract (Notional) Amount	Credit Risk	Fair Value	Contract (Notional) Amount	Credit Risk	Fair Value
For hedging purposes:						
Cross-currency swaps contracts	\$ 702,000	\$ 20,907	\$ 20,907	\$ 4,515,568	\$ 195,279	\$ 163,817
Interest rate swaps contracts	8,700,000	145,931	84,217	18,500,000	222,138	142,650
Foreign-currency swaps contracts	3,082,838	1,852	(14,894)	1,536,212	10,654	10,478
Asset swaps contracts	834,000	18,911	15,422	1,021,594	4,532	(28,739)
For trading purposes:						
Foreign-currency forward contracts	10,795,712	173,655	116,206	9,689,460	94,827	(105,140)
Foreign-currency swaps contracts	5,436,354	38,706	(53,017)	5,976,722	549	(100,761)
Foreign-currency forward options contracts	90,423,557	2,094,875	1,809	126,033,787	2,920,861	(17,954)
Interest rate swaps options contracts	-	-	-	159,585	488	-
Convertible bonds options contracts	562,200	-	(5,779)	3,492,436	40,228	(178,501)
Interest rate swaps contracts	339,780	-	(3,934)	5,610,870	27,654	(10,917)

The Bank is exposed to credit risk from counter-parties' default on contracts. The Bank enters into contracts with customers that have satisfied its credit approval process and have provided necessary collaterals. Transactions are made within each customer's credit limit, and guarantee deposits may be required, depending on the customer's credit standing. Transactions with other banks are made within the trading limit set for each bank based on its credit rating and worldwide ranking. The Bank does not expect any significant risk to occur.

The fair value of each contract is determined on the quotation from Reuters or the Associated Press.

The Bank uses certain derivative contracts in which the notional amounts are used solely as a basis for calculating the amounts receivable and payable under the contracts. Thus, the notional amount does not represent actual cash inflows or outflows for the Bank. The possibility that derivative financial instruments held or issued by the Bank cannot be sold at a reasonable price is considered minimal; no significant additional cash demand is expected.

- 3) Gains and losses on derivative transactions were as follows:

	2003		2004	
	NTS	NTS	NTS	US\$ (Note 4)
Cross-currency swaps contracts				
Interest income	\$ 16,983	\$ 55,392	\$	1,736
Interest expense	16,050	68,684		2,152
Interest rate swaps contracts				
Interest income	115,936	221,909		6,953
Interest expense	453	2,761		87
Net gain	5,418	6,979		219
Foreign-currency swaps contracts				
Interest income	9,056	41,738		1,308
Interest expense	16,826	70,933		2,222
Foreign-currency forward options contracts				
Net gain	136,440	411,646		12,897
Convertible bonds options contracts				
Net loss	(2,537)	(62,438)		(1,956)

(Continued)



	2003		2004	
	NTS	NTS	NTS	US\$ (Note 4)
Asset swaps contracts				
Interest income	\$ 11,239	\$ 18,034	\$	565
Interest expense	-	5,366		168

b. Fair value of nonderivative financial instruments

	December 31					
	2003		2004			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	NTS	NTS	NTS	US\$	NTS	US\$ (Note 4)
Assets						
Financial assets - with fair values approximating carrying amounts	\$ 198,069,147	\$ 198,069,147	\$ 225,248,750	\$ 7,057,328	\$ 225,248,750	\$ 7,057,328
Securities purchased, net	12,274,647	12,279,688	19,529,855	611,895	19,560,974	612,870
Long-term investments, net	7,104,560	7,120,171	5,720,013	179,215	5,896,597	184,748
	<u>\$ 217,448,354</u>	<u>\$ 217,469,006</u>	<u>\$ 250,498,618</u>	<u>\$ 7,848,438</u>	<u>\$ 250,706,321</u>	<u>\$ 7,854,946</u>
Liabilities						
Financial liabilities - with fair values approximating carrying amounts	\$ 206,221,409	\$ 206,221,409	\$ 234,690,142	\$ 7,353,140	\$ 234,690,142	\$ 7,353,140

Methods and assumptions applied in estimating the fair values of financial instruments are as follows:

- 1) The carrying amounts of cash and cash equivalents, due from banks and the Central Bank of China, receivables, refundable deposits, due to banks, and payables and advances approximate their fair values because of the short maturities of these instruments.
- 2) The fair values of securities purchased and long-term investments are based on their market prices. Otherwise, fair values are estimated at their carrying amounts.
- 3) Loans, discounts and bills purchased, deposits and remittances, bonds sold under repurchase agreement and bank debentures are interest-bearing financial assets and liabilities of a short term nature or the majority bearing interest at adjustable rates. Thus, the carrying amount represents their fair value.

Certain financial instruments and all nonfinancial instruments are excluded from disclosing their fair value. The aggregate fair value disclosed above does not represent the Bank's underlying value.

c. Financial instruments with off-balance-sheet credit risks

The Bank's significant credit commitments refer mainly to customer financing activities. Loan interest rates ranged from 2.91% to 5.18% in 2003 and from 2.72% to 4.72% in 2004. The highest interest rate for credit cards was 19.71% in both 2003 and 2004. The Bank also issues financial guarantees and standby letters of credit to secure the performance of customer obligations to third parties. The expiration dates are not concentrated in any particular period.

The contract amounts of financial instruments with off-balance-sheet credit risks were as follows:

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Irrevocable loan commitments	\$ 650,000	\$ 995,000	\$ 31,175
Financial guarantees and standby letters of credit	15,205,468	14,697,649	460,496
Unused portion of credit card limit	88,909,848	95,558,414	2,993,966

Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements and credit losses.

The Bank makes credit commitments and issues financial guarantees and standby letters of credit only after careful evaluation of customers' creditworthiness. On the basis of the credit evaluation, the Bank may require collaterals before the credit facilities are drawn upon. As of December 31, 2003 and 2004, collateralized loans were 50.17% and 58.72%, respectively, of total loans. Collaterals may include real estate property, negotiable certificates of deposit, inventories, marketable securities, and other property. If customers default, the Bank will, as the case may require, foreclose the collaterals or execute other rights on the credit given.

The Bank may not require collaterals to grant credit cards but may adjust credit cardholders' lines of credit on the basis of the result of periodic credit evaluation.

d. Concentration of credit risk

There is concentration of credit risks when the counter-parties to the financial instruments are only a few customers or when customers engaging in commercial activities based on similar economic characteristics that affect their ability of fulfilling obligations by the same economic or other events. The Bank has controls in place to ensure that there is no significant concentration of credit risks on individual counter-parties. Industries that account for 10% or more of the outstanding loans as of December 31, 2003 and 2004 are listed below:

	December 31					
	2003		2004			
	NTS	%	NTS	US\$ (Note 4)	%	
Domestic						
Manufacturing	\$ 22,686,873	14	\$ 28,355,131	\$ 888,402	17	
Individuals	102,655,401	64	107,020,739	3,353,095	63	

e. The net positions on major foreign currencies were as follows:

Currency	December 31	
	2003	2004
YEN (thousands)	\$ (209,679)	\$ 1,482,878
USD (thousands)	54,160	56,909
EUR (thousands)	(10,369)	(13,045)



30. MAJOR RISK EXPOSURE SITUATIONS, MANAGEMENT POLICY AND PRACTICE OF CREDIT RISK, MARKET RISK, LIQUIDITY RISK, OPERATING RISK AND LEGAL RISK

a. Credit risks

1) Asset quality

	December 31		
	2003	2004	
	NTS	NTS	US\$ (Note 4)
Nonperforming loans	\$ 3,736,306	\$ 4,023,097	\$ 126,049
Delinquent accounts	3,740,894	2,932,605	91,882
NPL ratio	2.290%	2.312%	2.312%
Loans under surveillance	832,491	307,576	9,637
Ratio of loans under surveillance to total loans	0.510%	0.177%	0.177%
Allowance for possible losses	2,074,312	2,064,584	64,686
Write-off	3,105,045	3,128,346	98,015

Note 1: The disclosures of nonperforming loans are in compliance with Ministry of Finance directive No. 832292834 and No. 86656564.

Note 2: NPL ratio: Nonperforming loans/Gross loans outstanding

Note 3: Loans under surveillance were defined as follows:

- Medium and long-term installment loans for which repayments have been delinquent for more than three months but less than six months;
- Overdue loans, which are loans with principal repayment overdue by less than three months and interest thereon is overdue by more than three months but less than six months;
- Loans exempted from such reporting, including loans for which an agreement has been reached to extend the repayment period for installment payments; loans for which a credit insurance fund will cover such repayment (as evidenced by a sufficient certificate of deposit or reserve), loans for which the period for a one-time or lump sum loan repayment has been extended; and loans extended under other approved exempt loan programs.

2) Concentration of credit extensions:

Items	December 31, 2003		December 31, 2004	
	NTS		NTS	US\$ (Note 4)
Credit extensions to interest parties	\$3,400,537		\$4,462,930	\$139,829
Ratios of credit extensions to interest parties	1.918%		2.391%	
Ratios of credit extensions secured by pledged stocks	3.30%		4.11%	
Industry concentration (the three industries with the highest industry credit ratios)	Industry	Percentage	Industry	Percentage
	Manufacturing	12.21%	Manufacturing	13.61%
	Finance and insurance	5.20%	Finance and insurance	5.34%
	Wholesale and retail	2.82%	Wholesale and retail	3.67%

Note: a) Total credits include bills, discounts and loans (including those for import and export negotiations), acceptances and guarantees.

b) Ratio of credit extensions to interest parties: Credit extensions to interest parties + Total credits.

Interest parties are defined by the Banking Law.

c) Ratio of credit extensions secured by pledged stocks: Credit extensions secured by pledged stocks/Total credits

3) Policy on the provision for credit losses: Note 2.

4) Concentrations of risk: Notes 26 and 29.

b. Market risk:

1) Average amount and average interest rate of interest-earning assets and interest-bearing liabilities: Note 27.

2) Market risk sensitivity

	December 31	
	2003	2004
Ratio of interest rate-sensitive assets to liabilities	94.92%	101.82%
Ratio of interest rate-sensitive gap to net worth	(49.54%)	15.76%

Note: a) Interest-rate-sensitive assets and liabilities are the cost or revenue of interest earning assets and interest-bearing liabilities that would be affected by interest rate fluctuations.

b) Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (Foreign-currency assets and liabilities are excluded, with maturities of less than one year).

c) Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

3) The net positions of the main foreign-currency transactions: Note 29.

c. Liquidity risk:

1) Profitability

	2003	2004
Return on total assets	1.75%	1.42%
Return on net worth	26.63%	19.27%
Profit margin	30.25%	26.30%

Note: a) Return on total assets = Income before income tax/Average total assets

b) Return on net worth = Income before income tax/Average net worth

c) Profit margin = Income before income tax/Total operating revenues



c) Profit margin = Income before income tax/Total operating revenues

2) Maturity analysis of assets and liabilities

December 31, 2004

	Total	Amount for the Remaining Period Before the Maturity Date				
		Day 0-30	Day 31-90	Day 91-180	Day 181 - One Year	Over One Year
Assets	\$ 230,512,724	\$ 41,822,415	\$ 11,924,291	\$ 7,611,608	\$ 10,706,213	\$ 158,448,197
Liabilities	204,154,659	63,513,300	28,910,394	27,124,677	45,576,112	39,030,176
Gap	26,358,065	(21,690,885)	(16,986,103)	(19,513,069)	(34,869,899)	119,418,021
Accumulated gap	26,358,065	(21,690,885)	(38,676,988)	(58,190,057)	(93,059,956)	26,358,065

Note: The above amounts excluded foreign-currency assets and liabilities.

d. Operating risk and law risk matters

Matters Requiring Special Notation
December 31, 2004

	Summary and Amount
Within the past one year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor.	1. In October 2004, an employee of Tainan branch had a breach of trust. The Court imposed a two-year prison term on the employee. 2. In November 2004, an employee of Xi Zhi branch violated the Banking Law. The Court imposed a 10-month prison term on the employee.
Within the past one year, a fine was levied on the Bank for violations of the Banking Law.	1. The Bank violated the Banking Law when non-Bank employees were able to obtain one customer's confidential information. The Financial Supervisory Commission fined the Bank \$500 thousand. 2. The Bank violated the Banking Law by trading stock with an interest party. The Financial Supervisory Commission fined the Bank \$1,000 thousand.
Within the past one year, misconduct occurred that resulted in the Ministry of Finance's imposing strict corrective measures.	None
Within the past one year, the loss from one incident or the total losses from employee corruption, workplace accidents, or failure to abide by the "Guidelines for the Maintenance of Soundness of Financial Institutions" exceeded \$50,000 thousand.	None
Others	None

31. CAPITAL ADEQUACY RATIO

	December 31	
	2003	2004
Capital adequacy ratio	10.41%	10.66%
Ratio of debt to net worth	1,327.26%	1,201.02%

Note: Capital adequacy ratio = Eligible capital/Risk-based assets. Under the Banking Law and related regulations no. 0090345106 issued by the Ministry of Finance, the capital adequacy ratio should be computed on June 30 and December 31.

32. BORROWERS, GUARANTERS OR COLLATERAL PROVIDERS AS INTEREST PARTIES

Category	Account Volume	December 31, 2004		Possibility of Loss (Note c)
		NTS	US\$ (Note 4)	
Consumer loans (Note a)	406	\$ 164,274	\$ 5,147	-
Employees' residential mortgage loans	214	514,166	16,109	-
Other loans to interest parties (Note b)	154	3,784,491	118,573	-
Loans with guarantors being interest parties	258	724,979	22,715	-
Loans with collateral providers being interest parties	333	4,125,918	129,270	-

Note: a. The consumer loans are defined by Article 32 of the Banking Law.
b. Consumer loans and employees' residential mortgage loans are not included.
c. Disclosing the evaluation loss, if the possibility of loss is significant.
d. All of the interest parties mentioned above are subject to Article 33-1 of the Banking Law.

33. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau as of December 31, 2004 of the Bank and subsidiaries:
- 1) Financing provided: Table 1 (attached)
 - 2) Endorsement/guarantee provided: Table 2 (attached)
 - 3) Marketable securities held: Table 3 (attached)
 - 4) Marketable securities acquired and disposed of, at cost or price of over NTS300 million or 10% of the issued capital: Table 4 (attached)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital: None.
 - 6) Disposal of individual real estate at price of at least NT\$300 million or 10% of the paid-in capital: None.
 - 7) Service fee discounts of at least NT\$5 million to related parties: None.



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- 8) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: None.
- 9) On sale of nonperforming loans to at least NT\$5,000 million: None.
- 10) Names, locations, and other information of investees on which the Bank exercises significant influence: Table 5 (attached)
- 11) Derivative financial transactions: The derivative financial instruments of the Bank are disclosed in Note 29 and the derivative transactions of Far Eastern International Leasing Corporation were as follows:

As of December 31, 2004, the contract amount and market value of interest rate swaps contracts were \$120,000 thousand and \$242 thousand, respectively. The related interest expense in 2004 was 266 thousand.

- b. Information on investment in Mainland China: None.

TABLE I

FAR EASTERN INTERNATIONAL BANK AND INVESTEEES

FINANCING PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Name of Provider	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Reasons for Financing	Transaction Amount	Reasons for Short-term Financing	Allowance for Possible Loss	Collateral		Financing Limit for Each Company (Note 4)	Financing Company's Overall Limits (Note 5)
											Item	Value		
1	Far Eastern International Leasing Corporation	Far Eastern International Leasing (BVI) Corp.	Receivable from related party	1. \$ 444 (US\$ 14 thousand) (Notes 1 and 3) 2. 1,505 (US\$ 47 thousand) (Notes 2 and 3)	1. \$ 444 2. 1,505	1. 1.56%-1.72% 2. -	1. Necessity of funding 2. Necessity of funding	-	1. For operation 2. Acquisition of equipment for lease	1. \$ - 2. -	1. \$ - 2. -	-	\$ 66,592	
		Far Eastern Car Leasing Co., Ltd.	Receivable from related party	12,500	12,500	1.67%	Necessity of funding	-	3. For operation	-	-	-	66,592	\$ 199,775
				<u>\$ 13,442</u>	<u>\$ 13,442</u>									

Note 1: The balance of US\$14 thousand was the entire loan amount.

Note 2: The balance of US\$47 thousand was a foreign exchange difference of transaction in 2000.

Note 3: The exchange rate on December 31, 2004 was NT\$31.71 in US\$1.00.

Note 4: The maximum amount that can be provided to individual counter-parties is 5% of the provider's net assets.

Note 5: The total maximum amount that can be provided is 15% of the provider's net assets.



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TABLE 2

FAR EASTERN INTERNATIONAL BANK AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Guarantee Amounts (Note 1)	Maximum Balance for the Period (Note 3)	Ending Balance (Note 3)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable (Note 2)
		Name	Nature of Relationship						
1	Far Eastern International Leasing Corporation	Far Eastern International Leasing (BVI) Corp.	Subsidiary	\$ 266,366	\$ (US\$ 3,890 thousand) (Note 3) 29,000	\$ (US\$ 3,890 thousand) (Note 3) 29,000	\$ -	9.26%	\$ 665,915
		Far Eastern Car Leasing Co., Ltd.	Subsidiary	266,366				2.18%	665,915

Note 1: The maximum amount that can be guaranteed to individual counter-parties is 20% of the guarantor's net assets.

Note 2: The total maximum amount that can be guaranteed is 50% of the guarantor's net assets.

Note 3: The exchange rate on December 31, 2004 was NT\$31.71 to US\$1.00.

TABLE 3

FAR EASTERN INTERNATIONAL BANK AND INVESTEEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship	Account of Financial Statement	December 31, 2004			Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	
Far Eastern International Bank	Equity			49,708	\$ 531,400	39.90	\$ 531,400
	Far Eastern International Leasing Corp.	Equity-method investee	Long-term investments	1,500	9,814	30.00	9,814
	Far Eastern Technical Consultants Co., Ltd.	Equity-method investee	Long-term investments	97,657	1,988,227	22.56	1,289,290
	Dah Chung Bills Finance Corp.	Equity-method investee	Long-term investments	100,000	1,018,763	100.00	1,018,763
	Far Eastern Asset Management Co., Ltd.	Subsidiary	Long-term investments	77,000	4,106	100.00	4,106
	Far Eastern International Finance Corp.	Subsidiary	Long-term investments	18,544	161,516	59.99	161,516
	Far Eastern Alliance Asset Management Co., Ltd.	Subsidiary	Long-term investments	1,415	89,585	100.00	89,585
	Far Eastern Life Insurance Agency Co., Ltd.	Subsidiary	Long-term investments	200	3,759	100.00	3,759
	Far Eastern Property Insurance Agency Co., Ltd.	Subsidiary	Long-term investments	5,796	200,000	3.70	39,366
	ERA Communications Co., Ltd.	-	Long-term investments	4,550	45,500	1.14	64,142
	Financial Information Service Co., Ltd.	-	Long-term investments	2,000	25,000	6.47	6,333
	Mondex Taiwan Co., Ltd.	-	Long-term investments	300	3,000	10.00	4,069
	An Feng Enterprise Co., Ltd.	-	Long-term investments	80	800	0.40	1,301
	Taipei Forex Inc.	-	Long-term investments	4,653	46,529	8.15	36,765
Cheng I Food Co., Ltd.	-	Long-term investments	-	-	-	-	
Far Eastern International Leasing Corporation	Equity			-	(7,538)	100.00	(7,538)
	Far Eastern International Leasing (BVI) Corp.	Subsidiary	Long-term investments	-	52,616	100.00	52,616
	Far Eastern Car Leasing Co., Ltd.	Subsidiary	Long-term investments	100	960	100.00	960
	Yuan Bo Asset Management Co., Ltd.	Subsidiary	Long-term investments	100	1,000	100.00	1,000
	Far Eastern Mobile Co.	Subsidiary	Long-term investments	46,480	431,799	0.98	399,039
New Century Info-Comm Tech Co., Ltd.	-	Long-term investments	32,986	439,576	0.88	1,246,498	
Far Eastern Telecommunications Co., Ltd.	-	Long-term investments	-	-	-	-	
Far Eastern Asset Management Co., Ltd.	Equity			31,330	308,299	-	-
	Dragon Steel Co., Ltd.	-	Long-term investments	-	-	-	-

Note 1: The carrying value of equity investments was based on audited financial statements for the same period.

Note 2: The carrying value of equity investments was based on unaudited financial statements for the same period.

Note 3: The market value was based on the average closing price in December 2004.

Note 4: At establishing stage and prepayment.

Note 5: On December 31, 2004, the holding of 31,330 thousand shares consisted of 26,664 thousand preferred shares and 4,666 thousand common shares.



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TABLE 4

FAR EASTERN INTERNATIONAL BANK AND INVESTEEES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COST OR PRICE OF OVER NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Account of Financial Statement	Country-party	Beginning Balance		Acquisition		Disposal		Ending Balance	
				Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount
Far Eastern International Bank	Far Eastern Asset Management Co., Ltd.	Long-term investments	The Bank as a founder	-	\$ -	100,000	\$ 1,018,363 (Note 1 and 2)	-	\$ -	100,000	\$ 1,018,363 (Note 1 and 2)
Far Eastern International Bank	Dragon Seed Co., Ltd. (formerly named Kuan Yi Industrial Co., Ltd.)	Long-term investments	Far Eastern Asset Management Co., Ltd.	26,664	266,640	-	-	326,091	54,251 (Note 3)	-	-
Far Eastern Asset Management Co., Ltd.	Dragon Seed Co., Ltd. (formerly named Kuan Yi Industrial Co., Ltd.)	Long-term investments	Far Eastern International Bank	-	-	26,664	226,901	-	12,602 (Note 4)	26,664	204,299

Note 1: The amount included the acquisition cost of \$1,000,000 (nominal) and acquisition income recognized by the equity method of \$18,363 (nominal).

Note 2: The amount included recognition of investment gain or loss based on the investor's method financial interests.

Note 3: After selling with \$500 (nominal) i.e. the balance of \$33,209 (nominal) consisted of \$40,077 (nominal) of deferred income and \$12,602 (nominal) of gain on disposal of long-term investments.

Note 4: This amount represents cash dividend received which was treated as debentures of the acquisition cost.

TABLE 5

FAR EASTERN INTERNATIONAL BANK AND INVESTEEES
NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2004		Net Income (Losses) of the Investee	Gains (Losses) Recognized by Investor	Note
				Dec. 31, 2004	Dec. 31, 2003	Shares (Thousands)	Percentage of Ownership (%)			
Far Eastern International Bank	Far Eastern International Leasing Corp.	2F, No. 171 Nantung East Road, Sec. 5, Taipei, Taiwan	Leasing	\$ 399,000	\$ 399,000	49,708	39.9	\$ 37,928	13,836	Note 1
	Far Eastern Technical Consultants Co., Ltd.	32F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Real estate management	15,000	15,000	1,500	30.0	1,968	590	Note 1
	Far Eastern Alliance Asset Management Co., Ltd.	7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Securities investment trust funds	283,153	283,153	18,544	69.0	(45,115)	(27,064)	Note 1
	Far Eastern Life Insurance Agency Co., Ltd.	2F, No. 38 Roosevelt Road, Sec. 1, Taipei, Taiwan	Life insurance agent	2,027	2,027	1,415	100.0	68,501	65,551	Note 1
	Far Eastern Property Insurance Agency Co., Ltd.	2F, No. 38 Roosevelt Road, Sec. 1, Taipei, Taiwan	Property insurance agent	2,000	2,000	200	100.0	1,648	1,587	Note 1
	Dah Chang Bills Finance Corp.	12F, No. 116 Nanking East Road, Sec. 2, Taipei, Taiwan	Underwriting, dealing and brokering of short-term bills	1,036,537	1,026,537	97,657	22.6	\$18,877	139,565	Note 1
	Far Eastern Asset Management Co., Ltd.	4B-1, No. 267 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	Purchase, evaluation, auction and management of creditor's rights of financial institutions' investments	1,000,000	-	100,000	100.0	18,763	18,763	Note 1
	Far Eastern International Finance Corp.	11F, Lippo Leighton Tower, Room A, 102-109, Leighton Road, Chuanway Day, IDC	Asset management and investments	3,950	3,950	77,000	100.0	-	-	Note 2
Far Eastern International Leasing Corporation	Far Eastern International Leasing (BVI) Corp.	Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands	Leasing	3	3	-	100.0	(251)	(251)	Note 1
	Far Eastern Car Leasing Co., Ltd.	2F, No. 171 Nantung East Road, Sec. 5, Taipei, Taiwan	Leasing	50,000	5,000	-	100.0	864	864	Note 1
	Yuan Bo Asset Management Co., Ltd.	2F, No. 171 Nantung East Road, Sec. 5, Taipei, Taiwan	Leasing	960	-	100	100.0	(40)	(40)	Note 2
	Far Eastern Mobile Co.	5F, No. 108 Nantung East Road, Sec. 5, Taipei, Taiwan	Leasing	1,000	-	100	100.0	-	-	Note 3

Note 1: The investor's income was determined on the basis of investees' audited financial statements for the same period.

Note 2: The investor's income was determined on the basis of investees' unaudited financial statements for the same period.

Note 3: At the establishment stage.



in 2004

Far Eastern International Bank

Other Information

其他資訊

Significant Events of FEIB in 2004

January 3	FEIB sponsors " Old Friend ~ Jenny Concert " at Taipei International Convention Center to invite our Wealth Management VIP accounts.
January 7	Transactional Banking SBU granted as " foreign exchange appointed bank to invest in foreign securities and bills " .
January 10	Delightful yearend party held at West Lake Resort of Mio Li with the participation of some 2,000 staffs plus families.
February 9	John H. Wang appointed as Executive Vice President to handle the establishment of Far Eastern Asset Management Corp.
March 3	To cope with market trend, elevate operating efficiency, strengthen product and service innovation, aside from the existing Consumer Banking, Credit Card, Treasury and Corporate Banking SBU, FEIB added Transactional Banking and Wealth Management SBU.
March 3~8	Managers Change: 1. EVP Thomas Chou promoted as SEVP. 2. Head of Treasury SBU and Investment SBU Ben Liao-Ru promoted as EVP and Head of Treasury Dept. and Investment Dept. 3. Head of Consumer Banking SBU Spring Lieu promoted as EVP and Head of Wealth Management Support Dept. 4. Head of Corporate Banking SBU Jiann-Jong Liu promoted as EVP and Head of Corporate Banking Marketing Dept. and Transactional Banking Marketing Dept. 5. Head of Credit Administration Dept. Roy Lu appointed as Head of Risk Management Dept.
March 18	Chief Auditor Pei-Chen Sun of Audit Dept. retires at age, position filled by Head of Financial Control Dept. and Head of Secretarial Dept. David Yang, whose position is taken up by EVP and Head of Planning and Marketing Dept. Julius Chen.
March 23	Lonnie Liu appointed as Special Assistant to the President to promote designated important projects such as upgrade and renewal of IT system, elevation of branch productivity, and etc.
April 1	To commemorate FEIB's 12 th founding anniversary and the inauguration of Wealth Management SBU, FEIB holds " Wealth Management Symphony, Beautiful Life Vision " celebration activities including " Five Benefit Five Interest " Insurance Project, " Happy Birthday Song " Fund Sales, " Colorful Carnival " Fund Sales Campaign, and sponsors on April 10 at Shih Lin Presidential Office the outdoor concert for families to focus on the Bank's social citizenship.
April 5	Successful " Investors' Conference " of FEIB held at the Far Eastern Plaza Hotel.
April 6	Holds press conference to launch exclusive sales of " Madam Chiang Memorial Silver Coins " at the Bank's operating units.
April 7	Participates in " Plan C " of the Economic Ministry, the Bank's execution results are rated as " excellent " .
April 16	FEIB 2004 Shareholders' Meeting held at the Auditorium of Air Force Officers Recreational Center.
May 11	Consumer Banking SBU sets up " Labors' Mortgage Loan Interest Subsidy Management System " , completes and submits within time basic materials and past payment details to the Labor Commission of Executive Yuan and receives thank you note and recognition letter from the Commission.
May 17	On-line operation of FEIB I-mode mobile banking services.
May 20	Official on-line operation of DPMS.
June 11	FEIB serves as trust bank for Far EastTone Telecommunications' GDR issuance.
June 12	As a good corporate citizen, Wealth Management SBU sponsors 8 sessions of " Renaissance Revitalization Art and Cultural Activities " starting from June 12 in north, central and south of Taiwan.
June 28~July 7	Human Resource Dept. holds "New Recruits Training Program" at 36th Floor Auditorium of Taipei Metro with 56 new staffs attending.
July 30~31	Consumer Banking Marketing Dept. staffs send charity to Nan Tou disastrous area to help poor students pay for their lunches at schools. Donations are made to Tung Lin and Lung Hwa Elementary Schools of Hsin Yi Hsiang, and Der Hwa Elementary of Yu Chih Hsiang.

September 13	Managers Change: 1. Lan Yuh appointed as EVP and Head of Wealth Management Support Dept. 2. EVP Spring Lieu is relieved of being Head of Wealth Management Support Dept.
October 11	Shijir Branch moved to Sindian and renamed as Sindian Branch.
October 13	FEIB awarded to handle mortgage loan services for 2005 after taking part in the " 2004 Labor Mortgage Loan " open selection held by Labor Commission of Executive Yuan.
October 31	Outstanding consumer banking loan of FEIB reached NT%100 billions.
November 2	SEVP Thomas Chou appointed as Head of Human Resources Dept.
December 15	FEIB's 2005 calendars published to illustrate the beautiful " September 21 Campus Reconstruction Award " winning campus buildings.
December 15~ January 31, 2005	To launch co-branding platinum cards together with Mandarin Airlines and initiate the Airlines ' membership cross sales, a press conference banquet was held on December 17 to attract press coverage.



遠東國際商業銀行12週年行慶活動
A series of celebration activities to commemorate the Bank's 12th founding anniversary.



校園徵才活動 Campus HR Recruit Activities.



Operating Locations

Operating Unit	Address	Telephone Number
Head Office	26 & 27F, No. 207, Tun Hwa S. Rd., Sec. 2, Taipei 106, Taiwan	(02) 2378-6868
Business Department	1F, No. 207, Tun Hwa S. Rd., Sec. 2, Taipei 106, Taiwan	(02) 2378-6868
International Banking Department	2F, No. 30, Chungching N. Rd., Sec. 1, Taipei 103, Taiwan	(02) 2550-8811
Trust Banking Department	5F, No. 1, Shiangyang Rd., Taipei 100, Taiwan	(02) 2312-3636
Credit Card Department	No. 33, Alley 3, Lane 182, Wenhua Rd., Sec. 2, Banchiau City, Taipei County 220, Taiwan	(02) 8073-1166
Taipei Shiangyang Branch	1F, No. 1, Shiangyang Rd., Taipei 100, Taiwan	(02) 2381-4567
Taipei Yishen Branch	No. 200-3, Keelung Rd., Sec. 1, Taipei 110, Taiwan	(02) 2722-9558
Taipei Sunjiang Branch	No. 165, Sungjiang Rd., Taipei 104, Taiwan	(02) 2505-5533
Taipei Minchiuan Branch	No. 104-1, Minchiuan W. Rd., Taipei 103, Taiwan	(02) 2553-9966
Taipei Sungshan Branch	No. 171, Nanjing E. Rd., Sec. 5, Taipei 105, Taiwan	(02) 8787-6668
Taipei Nanmen Branch	No. 40, Roosevelt Road, Sec. 1, Taipei 100, Taiwan	(02) 2392-6955
Taipei Chungching Branch	No. 30, Chungching N. Rd., Sec. 1, Taipei 103, Taiwan	(02) 2550-6600
Taipei Jungshiau Branch	No. 112, Jungshiau E. Rd., Sec. 1, Taipei 100, Taiwan	(02) 2327-8898
Taipei Yungli Branch	No. 7, Jungpo N. Rd., Taipei 110, Taiwan	(02) 8785-5788
Banchiau Nanya Branch	No. 172, Nanya S. Rd., Sec. 2, Banchiau City, Taipei County 220, Taiwan	(02) 2963-3339
Banchiau Wenhua Branch	No. 1, Wenhua Rd., Sec. 2, Banchiau City, Taipei County 220, Taiwan	(02) 2255-6499
Sanchung Branch	No. 46, Fude N. Rd., Sanchung City, Taipei County 241, Taiwan	(02) 8973-1133
Yunghe Branch	No. 222, Fuhe Rd., Yunghe City, Taipei County 234, Taiwan	(02) 2232-6500
Taipei Shinjuang Branch	No. 209, Fushing Rd., Shinjuang City, Taipei County 242, Taiwan	(02) 8991-3366
Shinjuang Fu-guo Branch	No. 66, Fuguo Rd., Shinjuang City, Taipei County 242, Taiwan	(02) 2901-6868
Taipei Sindian Branch	No.98, Pei-Hsin Rd., Sec.3,Sindian City,Taipei Hsien,Taiwan	(02) 2910-6060
Taoyuan Branch	No. 78, Nanhua St., Taoyuan City 330, Taiwan	(03) 339-6339
Taoyuan Dashing Branch	No. 6, Dashing W. Rd., Sec. 2, Taoyuan City 330, Taiwan	(03) 301-8966
Linkuo Branch	No. 227, Fushing 1 st Rd., Gueishan Shiang, Taoyuan County 333, Taiwan	(03) 397-3888
Jungli Branch	No. 372, Yanping Rd., Jungli City, Taoyuan County 320, Taiwan	(03) 427-9696
Hsinchu Linsen Branch	No. 216, Linsen Rd., Hsinchu City 300, Taiwan	(03) 524-6668
Hsinchu Science Based Industrial Park Branch	3F, No. 11, Yuanchiu 2 nd Rd., Hsinchu City 300, Taiwan	(03) 579-8833
Jubei Branch	No. 41, Guangming 6 th Rd., Jubei City, Hsinchu County 302, Taiwan	(03) 553-6699
Taichung Gungyi Branch	No. 367, Gungyi Rd., Taichung 403, Taiwan	(04) 2328-8666
Taichung Wenshin Branch	No. 698, Wenshin Rd., Sec. 4, Taichung 404, Taiwan	(04) 2230-6689
Taichung Tzyou Branch	No. 131, Tzyou Rd., Sec. 2, Taichung 400, Taiwan	(04) 2225-2008
Tainan Branch	No. 2, Dungmen Rd., Sec. 2, Tainan 701, Taiwan	(06) 208-9898
Yungkang Branch	No. 37, Jungjeng N. Rd., Yungkang City, Tanan County 710, Taiwan	(06) 253-0400
Kaohsiung Wufu Branch	No. 83, Wufu 4 th Rd., Kaohsiung 803, Taiwan	(07) 533-3820
Kaohsiung Jungjeng Branch	No. 49, Jungjeng 4 th Rd., Kaohsiung 801, Taiwan	(07) 251-8199
Kaohsiung Asia World Branch	8F., No. 21, Sanduo 4 th Rd., Kaohsiung 802, Taiwan	(07) 338-2833
Taipei Nung-an Branch	1F, No. 12-1, Nung-an St., Taipei 104, Taiwan	(02) 2592-2255
Taipei Jinhu Branch	1F, No. 495, Minchiuan E. Rd., Sec. 6, Taipei 114, Taiwan	(02) 2630-5788
Banchiao Sichuan Branch	1F, No. 389, Sichuan Rd., Sec. 1, Banchiau City, Taipei County 220, Taiwan	(02) 7738-6868
Taoyuan Wuling Branch	1F, No. 939, Jungshan Rd., Taoyuan City, Taoyuan City 330, Taiwan	(03) 392-1218
Hong Kong Representative Office	11/Floor, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	852-2882-1979

