

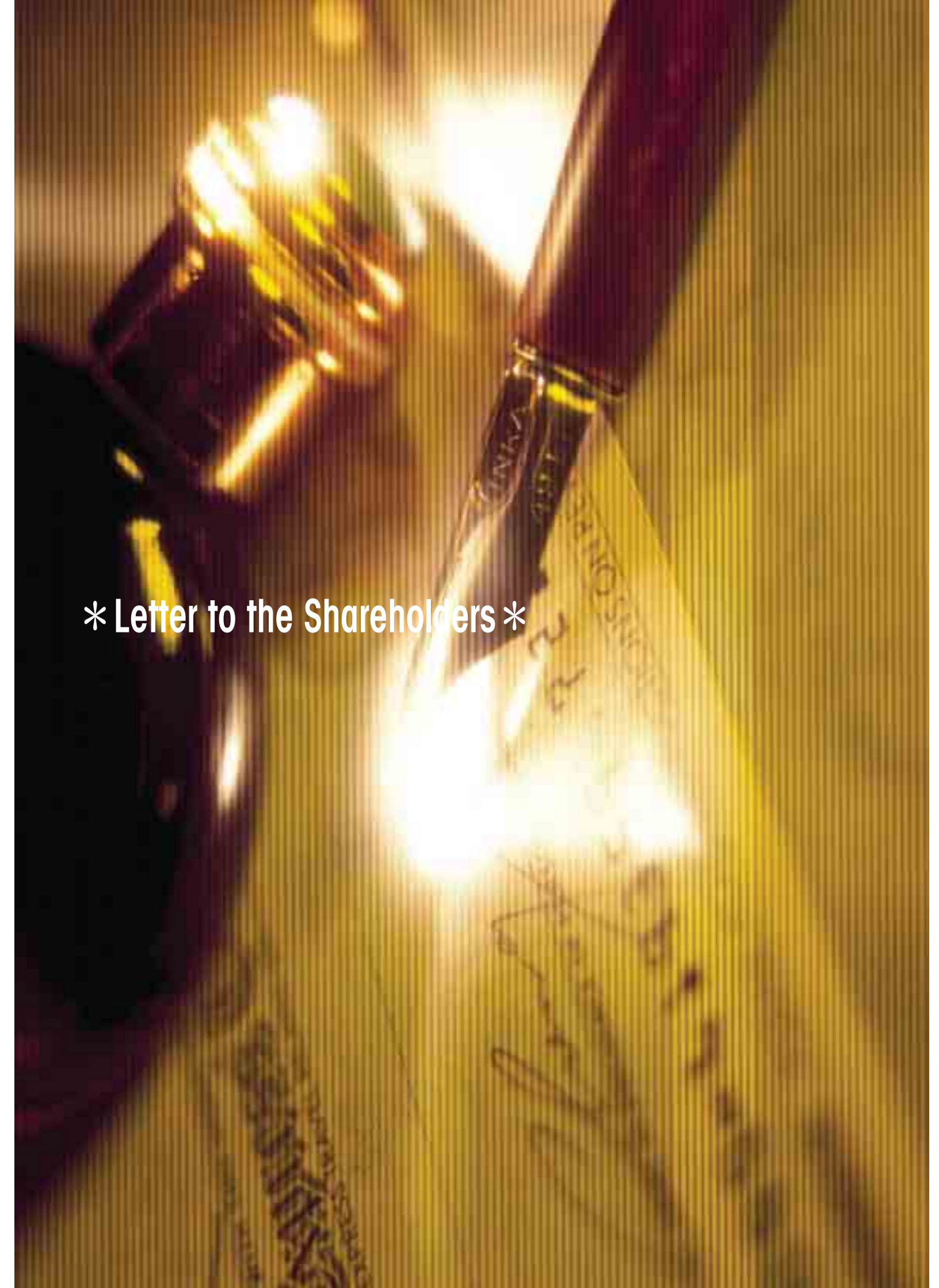


Hsinchu International Bank

**2003
Annual**

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*** Letter to the Shareholders ***





In the first half of Y2003, under the influences of uncertainties such as the US war on Iraq and possible outbreak of SARS, the pace to international economic recovery gradually slowed down. Fortunately, after the 2nd quarter of 2003, the aforesaid disadvantageous factors had quickly been kept under control. From the beginning of the 2nd half, under the encouragement of leading recovery exhibited by the US economy and every country in the world started to adopt policies to revive economic condition and to take on a relaxed currency stance, the economic condition in major economic blocs in Asia such as Japan and China rebounded vigorously. These actions, which in turn, helped most European countries gradually climbed out from the anguish economic situation. As such, the global recovery noticeably intensified.

Due to the impact caused by the SARS outbreak, Taiwan exhibited negative growth in the economy in the 2nd quarter of Y2003. Later in that year, after the outbreak had been effectively kept under control and the international economic growth had largely re-escalated, while the effectiveness of the supportive government policies began to surface, orders from international information electronic corporations surged which in turn, pushed the domestic exports to expand further. Indicators related to sectors such as manufacturing and finance kept performing better and better. Preliminary statistics suggested that the whole year economic growth is about 3.15%.

In terms of financial situation, due to the fact that domestic prices remained still, the continuation of a relaxed currency policy adopted by the Central Bank of China created an abundance of capitals in the banking system. As a result, the interest rate remained at low levels for whole year long in Y2003.

In the perspective of foreign exchanges, the exchange rate for the New Taiwanese Dollar (NTD) primarily displayed a trend of early declines and then followed by rises. The average exchange rate of NTD/USD is roughly 34.42, or a 0.48% appreciation compared to last year.

In terms of stock market, under the negative influences of US war on Iraq and the SARS outbreak in the first half of the year, the market exhibited a trend where the prices declined and the volume shrank. Since the 2nd half of the year, the intervening forces had been reduced, while supported by the positive economic policies from the government and encouraged by the rebounds in major international equity markets, the equity prices adjusted upward, closing at 5,890.69, or a rise of 32.3% compared to the end of last year.

In the end of December, the annual savings increasing rate in major financial institutions is about 5.58%. Thanks to the recovery in the economic situation, the export and import sector remained vigorous. Further aided by the resurgence in the confidence of domestic consumer spending and investment, the annual loans and investment increasing rate is about 2.67%, demonstrating that the economic condition gradually shifted to positive side.

Through the striving efforts of all our staffs in Y2003, our Bank's total deposits and total lending respectively reached NT\$282.9 billion and NT\$224 billion, or an increase of NT\$14.3 billion and NT\$13.7 billion, which respectively reached 99.89% and 93.93% of our target. We also actively incorporated wealth management services, so as to provide our clients with comprehensive and tailor-made financial services, and enhance our Bank's card issuance quantity and market share. In Y2003, the operating revenues reached NT\$13.5 billion, operating costs and expenses were NT\$11.5 billion, non-operating incomes and losses evened at NT\$0.5 billion, net income after taxes equaled NT\$2.5 billion, and earning per share arrived at NT\$2.04.

In terms of risk control, Our Bank still maintained its continuous effort to write off bad debts. In doing so, a total of NT\$2.3 billions bad debts had been written off, lowering the overdue rate to 4.39% and capital adequacy ratio (BIS ratio) to 9.54% in December 2003, thereby elevating our Bank's loan quality.


Looking at the prospects of Y2004, as indications for global recovery in economic situations become clearer, general expectation is that the global economic growth rate will also retrieve to its long-term average trend standard. Encouraged by this prospect, also coupled with government policies of "Challenge 2008: National Development Focal Plan" and "Ten New Construction", domestic economy is expected to pick up in Y2004. According to the forecast by Directorate General of Budget Accounting and Statistics Executive Yuan, the economic growth rate is expected to reach 4.10%.

Our Bank has set its target for total deposits and total lending for Y2004 to NT\$288 billion and NT\$232.6 billion respectively. In addition, we will also be actively developing comprehensive VIP financial services, implementing business operations management information system, as well as promoting new areas of services, so as to propel our Bank toward its goal of becoming a professional and international bank.

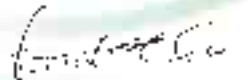
Our Bank's Business Operations Focal Points in Y2004

1. To develop comprehensive VIP financial services, in an effort to increase revenues from client transaction fees.
2. To reinforce the promotion of international finance business activities through the business operations of oversea economic & trading regional centers.
3. To devote full effort in high interest rate differential business activities including index linked margin loans and court auctioned mortgage loans.
4. To promote the electronic trading of securities, as well as to intensify the promotion of futures and options trading.
5. To construct a comprehensive fund investment channel.
6. To intensify the promotion of business activities in the area of international finance at each branch and the research & development of new types of foreign currency based financial instruments.
7. To cooperate with counterpart banks in executing market segment marketing activities, in an effort to increase the overall inter-bank margin reserves.
8. To introduce Balance Score Card in an effort to achieve balance in four dimensions comprising customers, financial services, internal operating procedures, and growth and learning, thereby attain the goal of elevating overall business earnings.

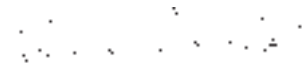
In the future, our Bank and all of the staffs will continue to devote full commitment to achieve better sales performance. And we would like to thank our shareholders and each professional and expert in this area for their continuous support and encouragement that our business will continue to strive and grow.



Chairman of the Board



Vice Chairman of the Board



President

*** General Status of the Bank ***



I. Introduction

The Bank was established in 1948 by the gentries of Taoyuan, Hsinchu, and Miaoli areas. The original name was "Hsinchu District's Mutual Loan Inc." It specialized in the mutual loan business. Its business regions included Taoyuan, Hsinchu, and Miaoli Counties. The initial capital was twenty million Old Taiwan Dollars, which was only about NT\$ 500. It employed only 38 people, while the business environment was not ideal.

In early years, the Taiwanese economy was recession ridden and inflation ran high. Developing new businesses was rather difficult. And it was hard for the pioneers to begin. Because of the efforts of all the employees, business grew gradually. Especially after 1954, our business increased rapidly and several branches were established. At the same time, the Bank bought its own building and laid the foundation for later development.

In early 1965, the president, Mr. Chan (the current Emeritus Chairman of the Board) proposed an important concept for the development of the company. "Hsin Chu Bank is one family, sharing profits and benefits together." All employees were united under this motto with great morale. Thus, steady growth under all circumstances was insured.

Since 1970, its business has increased greatly. The profit in 1969 was around NT\$6 million. By 1977, it was increased to NT\$96 million, showing a growth of 1500% in a mere eight years. This was the result of the effort of our colleagues. In 1975, mutual loan companies went under the coverage of the new banking regulation and were renamed "Medium Business Banks." In compliance with the regulations and facing the fast growing development, the company was changed formally to "The Medium Business Bank of Hsinchu District" in 1978.

Since the Bank is regional, it puts a strong emphasis on different needs of its individual clients, hoping to closely bond with the region. In 1980, it established a regional development policy. The staff visited clients one by one in order to establish a mutual relationship between the Bank and its clients. This unique policy enabled the Bank to grow under a difficult economic climate and fare well amid fierce competition with other banks. In order to expand its business, it began, ahead of other private banks, in 1983 to have its stock listed at NT\$35.3 per share in Taiwan's stock market.

In light of its increased business, the Bank started to computerize its business in 1978. It started implementing a computer system in 1984 and completed its inter-branch computer network in 1989. Following the development of various software programs, the operations have been fully computerized. Moreover, due to the increase in the number of employees, the original office space became inadequate. So the Bank invested a large amount of capital to build a new office building, located at the corner of Chungcheng Rd. and Chungyang Rd. in the heart of downtown Hsinchu. The Bank has been using it for its own headquarters since 1987.

To raise the quality of its human resources, it especially emphasized personnel training in the hope that every employee can be familiarized with the operation of the company in a short time. Because of the outstanding training program, the Bank has received the "Ching Shang" Prize (Golden Business Award) from the Ministry of Economic Affairs. It shows our efforts in personnel training is recognized by the society. In order to copy with the drastic competitions after opening up of the financial markets, our Bank made official announcement of the Corporate Identification System (CIS) in the beginning of January 1993, we also participated and won a silver medal in the first session of the Fine Logo Design Contest held by the Ministry of Economic Affairs, which greatly enhanced the corporate image of our Bank. Furthermore, to correspond to

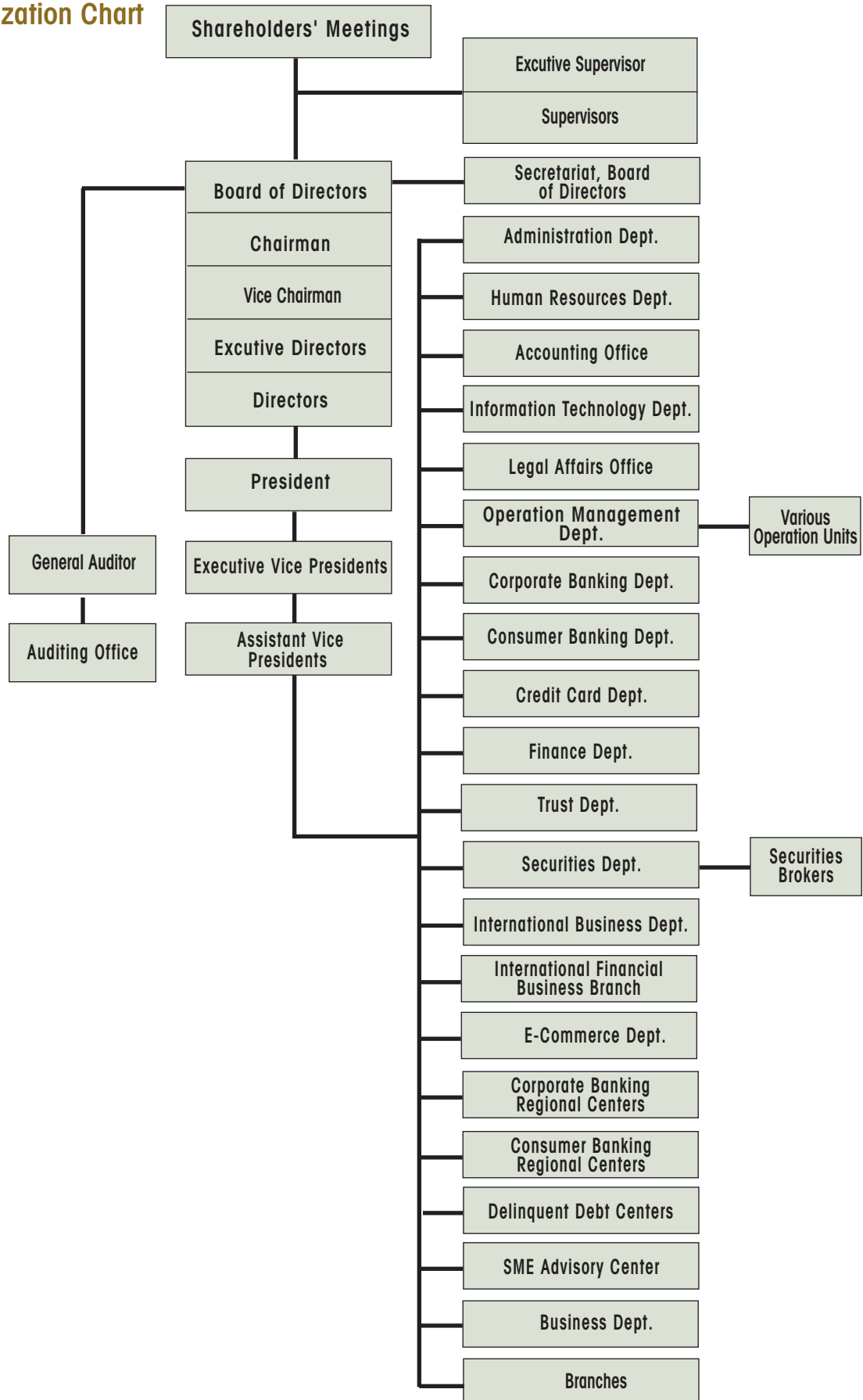


our transformation into a commercial bank in 1999, our CIS has also been redesigned, modifying the Chinese character "bamboo" from an 80 degree inclination in the original logo to stand at an upright 90 degree, creating a simple, solid, and elegant visual effect, which serves to captivate the centripetal identification of all our staff, and to strengthen the recognition of our clients.

The Bank provides services of deposits, loans collection, exchange, trust, credit cards, foreign exchange, etc. In addition, the International Business Department of the Bank was established on August 16th, 1993 and the international banking business has operated independently thereafter. The Finance Department of the Bank was established in November 1996 and financing arrangement and management efficiency has been improved tremendously since then. Since the Ministry of Finance announced on August 19th 1994 that it would ease restrictions on the scope of business for medium and small business banks signaled our first step beyond being just a regional operation. Moreover, our official transformation into "Hsinchu International Commercial Bank" on April 20th 1999, shaking off the restrictions of client segments and regionality, continue to provide comprehensive financial services to the general public. In order to cultivate our business in the Taichung and Tainan areas, total of 5 simple branches were opened successively in the Taichung and Tainan areas in Y2001. To expand our business in the Taipei, we continued to open three branches in Taipei. Our bank had 83 business locations as of the end of 2002. We are confident in maintaining stable growth and becoming a comprehensive and internationalized bank through our complete and prospective plan and strong teamwork.

II. Organization

1. Organization Chart



2. Names, Doration& Shareholding of the Directors, Supervisors& Management

Title (Note 1)	Name	Dates Elected	Time Due	Initial Dates Elected (Note 2)	Shareholding when elected		Current Shareholding		Spouse, Dependents & representative Shareholding		Shareholding by others nominally		Education & selected past positions(Note 3)	Current positions in the company & other company	Management, director & supervisory by spouse or relation			Current rewards (Note 4) Unit:NT\$1,000							
					shares	%	shares	%	shares	%	shares	%			Title	Name	relation	travel allowance	rewards	Salary	Car rental	Driver's rental	Employee dividends	Warrants	
Chairman	Representative of Xuan-De Investments Co., Ltd: Shuan-Yung Chan	June 6, 2002	3 years	January 28, 1978	62,568,742	4.94%	63,698,116	4.94%	2,825,663	0.22%	—	—	President of the Medium Business Bank of Hsinchu District Tam Kang University, Business	Director of Chung-Shing Assets Management Co., Ltd. Managing Director of Hsinchu Futures Co., Ltd. Chairman of Hsinchu Insurance Agent Co., Ltd. Chairman of Chu-Chiann insurance Agent Co., Ltd. Chairman of Chu Sheng Technology Co. Chairman of Hsinchu Real Estate Co., Ltd. Chairman of Hsinchu Gen-Gin Security Co., Ltd. Chairman of Hsinchu Gen-Gin Apartment Building Management & Maintenance Co., Ltd. Chairman of Chu Ying International Co., Ltd.	Director	Thang-De Jen	Brother								
Vice Chairman	Representative of Hwa Hung Investments Co. Ltd: Kenneth Chen	June 6, 2002	3 years	June 7, 1999	9,353,934	0.74%	10,046,012	0.78%	3,934,990	0.31%	—	—	Chairman of Tai Shang Shr Ya Co., Ltd. Tam Kang University, Business	Managing Director of Hsinchu Futures Co., Ltd. Director of Hsinchu Insurance Agent Co., Ltd. Director of Chu-Chiann insurance Agent Co., Ltd. Director of Chu Sheng Technology Co. Managing Director of Hsinchu Real Estate Co., Ltd. Director of Hsinchu Gen-Gin Security Co., Ltd. Director of Hsinchu Gen-Gin Apartment Building Management & Maintenance Co., Ltd. Director of Chu Ying International Co., Ltd.	Managing Director	Ching-Tang Chen	Brother								
Excutive Director	Meei-Yu Tai	June 6, 2002	3 Years	February 28, 1978	5,121,367	0.40%	5,223,794	0.40%	891,104	0.07%	—	—	Managing Director of the Medium Business Bank of Hsinchu District Shih Chien Univeristy, Economics	Director of Hsinchu Futures Co., Ltd. Director of Chu Sheng Technology Co. Managing Director of Hsinchu Real Estate Co., Ltd. Director of Hsinchu Gen-Gin Security Co., Ltd. Director of Hsinchu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.	Director	Chih-Yang Wu	Son	695	—	—	—	—	—	—	
Excutive Director	Po-Hsiung Cheng	June 6, 2002	3 Years	February 9, 1964 (February 6, 1967-February 28, 1981 suspended)	8,118,332	0.64%	8,145,698	0.63%	990,507	0.08%	—	—	Managing Director of the Medium Business Bank of Hsinchu District	Director of Hsinchu Futures Co., Ltd. Director of Hsinchu Real Estate Co., Ltd.	—	—	—	704	—	—	—	—	—		
Excutive Director	Representative of Xuan-De Investments Co., Ltd: Sung-Der Jen	June 6, 2002	3 Years	March 1, 1981	62,568,742	4.94%	63,698,116	4.94%	—	—	—	—	Chairman of Technology Partners Venture Capital Co., Ltd. San Francisco State University, M.B. A	Director of Hsinchu Futures Co., Ltd. Director of Hsinchu Real Estate Co., Ltd.	Director	Shuan-Yang Chan	Brother	635	—	—	—	—	—	—	
ExcutiveDire ctor	Chih-Wei Wu	June 6, 2002	3 Years	May 5, 1990	2,032,571	0.16%	2,101,048	0.16%	619,924	0.05%	—	—	President of the Medium Business Bank of Hsinchu District California University, M.B..A	Presidnet of Hsinchu International Bank Director of Hsinchu Futures Co., Ltd. Director of Hsinchu Insurance Agent Co., Ltd. Director of Chu-Chiann insurance Agent Co., Ltd. Director of Taipei Forex Co., Ltd. Director of Modex Taiwan Co., Ltd. Director of Hsinchu Real Estate Co., Ltd. Director of Chu Ying International Co., Ltd. Director of Universal Vneture Fund Co., Ltd. Executive Supersivor of Taiwan Small and Medium Enterprises Development Co., Ltd.	Director	Yunn-Shyong Wu	Father	682	—	—	—	—	—	—	



Title (Note 1)	Name	Dates Elected	Time Due	Initial Dates Elected (Note 2)	Shareholding when elected		Current Shareholding		Spouse, Dependents & representative Shareholding		Shareholding by others nominally		Education & selected past positions(Note 3)	Current positions in the company & other company	Management, director & supervisory by spouse or relation			Current rewards (Note 4) Unit:NT\$1,000							
					shares	%	shares	%	shares	%	shares	%			Title	Name	relation	travel allowance	rewards	Salary	Car rental	Driver's rental	Employee dividends	Warrants	
Executive Director	Ching-Tang Chen	June 6, 2002	3 Years	May 4, 1984	3,417,334	0.27%	3,294,880	0.26%	899,152	0.07%	—	—	Chairman of Hsinchu Futures Co., Ltd.	Director of Hsinchu Futures Co., Ltd. Director of Hsinchu Real Estate Co., Ltd.	Vice Chairman Director	Kenneth Chen Guo-Ying Chen	Brother Brother	704	—	—	—	—	—	—	
Director	Yunn-Shyong Wu	June 6, 2002	3 Years	March 1, 1981	2,991,443	0.24%	3,051,271	0.24%	—	—	—	—	Lecturer of Chung Yuan Christian University, National Taiwan University, Agricultural Engineering	—	President and Managing Director	Chih-Wei Wu	Son	429	—	—	—	—	—	—	
Director	Chih-Yang Wu	June 6, 2002	3 Years	June 5, 1996	892,290	0.07%	910,135	0.07%	63,127	—	—	—	Lawyer National Taiwan University, Master of Law Harvard University, L.L.M	—	Managing Director	Meei-Yu Tai	Mother	442	—	—	—	—	—	—	
Director	Representative of Xuan- Den Investments Co., Ltd. : Ching-Jeng Hsu	June 6, 2002	3 Years	June 7, 1999 (representative was reelected on April 21, 2003)	62,568,742	4.94%	63,698,116	4.94%	678,019	0.05%	—	—	Washington University, PHD in Computer Science Washington University, director and professor of computer office	—	—	—	—	284	—	—	—	—	—	—	
Director	Chien-Chung Chen	June 6, 2002	3 Years	88.06.07	2,704,854	0.21%	2,758,951	0.21%	—	—	—	—	Division Head of the International Department of Hsinchu International Bank Dallas University, M.B.A	—	Vice Chairman	Kenneth Chen	Father	446	—	—	—	—	—	—	
Director	Representative of Xuan- Den Investments Co., Ltd. : Yi-Pei Chan	June 6, 2002	3 Years	76.05.05 (representa tive was reelected on June 7, 1999)	62,568,742	4.94%	63,698,116	4.94%	1,019,001	0.08%	—	—	Management of Global Strategic Investment Fund Asia University, Japan Business of Administration	Chief Secretary of Hsinchu International Bank Chairman and Managing Director of Hsinchu Futures Co., Ltd.	Director	Shuan-Yung Chan	Father	446	—	1,029 (Chief Secretary)	—	—	—	—	—
Director	Representative of Yi Chou Investments Co., Ltd.: Shi-Yu Wang	June 6, 2002	3 Years	June 5, 1996	1,048,256	0.08%	1,069,221	0.08%	2,613,457	0.20%	—	—	Director of the Medium Business Bank of Hsinchu District	—	—	—	—	437	—	—	—	—	—	—	
Director	Chao-Shiun Chu	June 6, 2002	3 Years	May 5, 1990	3,015,822	0.24%	3,076,138	0.24%	—	—	—	—	Lawyer National Taiwan University, Master Degree in Law	Director of Hsinchu Real Estate Co., Ltd.	—	—	—	437	—	—	—	—	—	—	
Director	Yi-Tze Chou	June 6, 2002	3 Years	June 3, 1993	7,623,604	0.60%	7,587,076	0.59%	72,600	0.01%	—	—	Director of Hsinchu Bus National Taiwan University	—	—	—	—	446	—	—	—	—	—	—	



Title (Note 1)	Name	Dates Elected	Time Due	Initial Dates Elected (Note 2)	Shareholding when elected		Current Shareholding		Spouse, Dependents & representative Shareholding		Shareholding by others nominally		Education & selected past positions(Note 3)	Current positions in the company & other company	Management, director & supervisory by spouse or relation			Current rewards (Note 4) Unit:NT\$1,000							
					shares	%	shares	%	shares	%	shares	%			Title	Name	relation	travel allowance	rewards	Salary	Car rental	Driver's rental	Employee dividends	Warrants	
					Director	Willis Electric Co., Ltd. Wen-Tung Chen	June 6, 2002	3 Years	June 6, 2002	1,000,000	0.08%	1,020,000			0.08%	11,730,000	0.91%	—	—	Chairman of Weber Electric Co., Ltd.	—	—	—	—	442
Director	Representative of Xuan-De Investments Co., Ltd.: Kung-Yung Tien	June 6, 2002	3 Years	June 5, 1996	62,568,742	4.94%	63,698,116	4.94%	141,204	0.01%	—	—	Chairman of Te-hui Industry Co., Ltd. Chung Yuan Christian University	—	—	—	—	446	—	—	—	—	—	—	
Director	Representative of Hsin Den Investments Co., Ltd.: Guo-Ying Chen	June 6, 2002	3 Years	June 7, 1999	1,988,243	0.16%	2,028,007	0.16%	5,759,023	0.45%	—	—	Director of the Medium Business Bank of Hsinchu District Chinese Culture University	—	Vice Chairman	Kenneth Chen	Brother	446	—	—	—	—	—	—	—
Director	Representative of Hsinchu Bank Employees' Welfare Foundation : Chang-Luan Liu	June 6, 2002	3 Years	June 7, 1999 (representative was reelected on February 12, 2003)	13,176,142	1.04%	11,983,473	0.93%	—	—	—	—	Director of the First Bank Chinese Culture University, Economics	—	—	—	—	411	—	—	—	—	—	—	
Director	Representative of Hsin chu Bank Employees' Welfare Foundation: Wen-Kuang Wu	June 6, 2002	3 Years	June 7, 1999	13,176,142	1.04%	11,983,473	0.93%	202,325	0.02%	—	—	Vice President of Hsinchu International Bank Chung Hsing University	Vice President of Hsinchu International Bank Director of Hsinchu Futures Co., Ltd. President of Hsinchu Insurance Agent Co., Ltd. President of Chu-Chiann insurance Agent Co., Ltd.	—	—	—	446	—	—	—	—	—	—	—
Excutive Supervisor	Representative of Trans-Asia Investments Co. Ltd.: Chuan-Feng Chen	June 6, 2002	3 Years	May 5, 1987	23,426,942	1.85%	23,548,900	1.83%	959,275	0.07%	—	—	Doctor National Taiwan University, Medicine	Executive Supervisor of Hsinchu Futures Co., Ltd. Supervisor of Hsinchu Real Estate Co., Ltd. Supervisor of Hsinchu Insurance Agent Co., Ltd Sursivor of Hsinchu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.	—	—	—	866	—	—	—	—	—	—	—
Supervisor	Chen-Chuan Huang	June 6, 2002	3 Years	June 5, 1996	4,013,589	0.32%	4,093,860	0.32%	141,450	0.01%	—	—	Chinese Culture University, PHD Lecturer of Chung Yuan Christian Univeristy	Supervisor of Hsinchu Futures Co., Ltd. Supervisor of Hsinchu Real Estate Co., Ltd.	—	—	—	450	—	—	—	—	—	—	—
Supervisor	Representative of Kuen Tai Investments Co., Ltd.: Yu-Ling Chen	June 6, 2002	3 Years	June 3, 1993 (representative was reelected on June 6, 2002)	740,321	0.06%	755,127	0.06%	2,683,597	0.21%	—	—	Vice CEO of Kuen Tai Cultural and Educational Foundation Wisconsin University, Master degree	—	—	—	—	450	—	—	—	—	—	—	—
President	Chih-Wei Wu	June 5, 1996		—	2,032,571	0.16%	2,101,048	0.16%	619,924	0.05%	—	—	President of the Medium Business Bank of Hsinchu District Calofomia University , M..B..A	Presidnet of Hsinchu International Bank Director of Hsinchu Futures Co., Ltd. Director of Hsinchu Insurance Agent Co., Ltd. Director of Chu-Chiann insurance Agent Co., Ltd. Director of Taipei Forex Co., Ltd. Director of Modex Taiwan Co., Ltd. Director of Hsinchu Real Estate Co., Ltd. Director of Chu Ying International Co., Ltd.	Director	Yunn-Shyong Wu	Father	—	—	3,360	1,158	794	—	—	—



3. 10% or more Shareholdings of Institutional Shareholder Representatives, Directors, Supervisors & Top 10 Shareholder

Name of the Director and Supervisor	Name of the Shareholder		
Willis Electric Co., Ltd.	Wen-Tung Chen	Sui-Chen Lin	Chen
	Chung-Wei Chen	Ya-Yu	Chen
Xuan-De Investments Co., Ltd.	Shao-Hwa Chan	Yen-Wan Hu	Chan
	Sung-Der Jen	Ming-Fan Chan	Chan
	Hwa Yen Investments Co., Ltd.	TEC Investments Co., Ltd.	
	Conquest Group Holdings LTD.	ANB Developments Co., Ltd.	
Kuen Tai Investments Co., Ltd.	Kuen-Tu Chu	Lu-Feng Chu	Chu
	Wen-Huang Chu	Arthur H. Chu	Chu
	Shey-Mei Chang	Yi-Lin Li	Chen
Trans-Asia Investments Co., Ltd.	Chuan-Feng Chen	Chi-Yuan Chen	Chou
	Yen-Chun Chen	Mei-Chen Lin	Lin
	Chi-Chin Lin		
Hwa Hung Investments Co., Ltd.	Kenneth Chen	Yin-Hsueh Tseng	Chen
	Ping-Hung Chen	Shiow-Mei Chen	Chen
	Wen-Yuan Tsai		
Hsin Den Investments Co., Ltd.	Kuo-Ying Chen	Ting-Wei Cheng	Cheng
	Tze-Yun Chen	Ling-Yu Chen	
Yi Chou Investments Co., Ltd.	Shi-Yu Wang	Fang-Yun Chen	Wang
	Ta-Sung Wang	Ta-Wei Wang	Wang
	Guo-Ying Chen		

III 、 Capital and Shares(including Preferred Shares), Financial Debentures (including Overseas Financial Debentures), and Overseas Depository Receipts :

1. Capital and Shares

Type of Shares	Authorized Capital (in 1,000)		
	Shares Issued	Shares Unissued	Total
Common Shares	1,290,111	-	1,290,111
Total	1,290,111	-	1,290,111

2. Issuance of Financial Debentures

Type of Shares	Subordinated Bank Debenture, first issue in the year 2002
Date of Issuance	July 19, 2002
Amount of Issuance	NT\$8,000,000,000
Interest	Please refer to page 45
Period of Issuance	July 19, 2002~ July 19, 2007

3. Listing of Overseas Deposits Receipts : None

Money talks...

*** Operation Profile ***





I. General Banking Operation

(1) Business Scope

1. Acceptance of Checking deposits
2. Acceptance of other deposits
3. Corporate and consumer loans
4. Bill and notes discounting
5. Processing of domestic remittance
6. Handling of domestic guarantee
7. Collecting and paying agency
8. Issuance of financial debentures
9. Securities investments
10. Acceptance of commercial Draft
11. Issuing letters of credit
12. Conducting warehousing and custodial businesses relating to the above items 1 through 11
13. Securities brokerage and dealing
14. Securities underwriting, register and dividends distribution agency
15. Consulting services regarding securities issuance
16. Securities certification
17. Custodial
18. Margin loan and stock short sale services
19. Bills brokerage and dealing
20. Credit card businesses
21. Over-the-counter (OTC) stock brokerage
22. Buying and selling of gold and silver bullion
23. Export trade finance
24. Import trade finance
25. Inward and outward remittance
26. Foreign currency deposits
27. Foreign currency loans
28. Foreign currency payment guarantee
29. International Financial business
30. Syndication loan
31. Domestic futures brokerage
32. Factoring
33. Other services authorized by the government

(2) Operation ratio : please refer to page 16 ~ 17

(3) Innovation of financial products in the future :
please refer to page 23 ~ 26

II. Market and Business Conditions:

(1) Market Overview

Looking at Y2004 prospects, along with the intensification of the recovery in global economic condition and the increase in the growth rate of world's commerce and trading volume, as well as that the division of labor in the manufacturing industry becomes more deeply entrenched between the two sides of the Strait, custom exports is expected to maintain its vigorous state. In terms of domestic demands, thanks to many large-scale investment plans initiated simultaneously by major technology sectors like semiconductor and optoelectronics and low comparison basis, private sector investments are expected to steer itself away from recession, or an expected magnitude of rises about 10%. If the encouraging results from public construction expansions and public services continually affected the employment expansion plan to the next year, job creations and private sector spending stimulation will also continue to benefit. Overall speaking, the outlook of domestic economic development in Y2004 is expected to outperform that of Y2003. The forecast results are stated respectively as follows:

- 1) Private sector spending: Although concerns over unemployment still linger, as domestic and oversea economic condition begins to pick up, consumer confidence will nevertheless continue to boost. In addition, as the wealth shrinkage effect is seen to be relieved, the growth rate in private sector spending next year is forecasted to increase to 2.7% from 0.8% in this year.
- 2) Private sector investments: Along with the fact that a recovery in industrial situation becomes more concrete and that the government is dedicated to contracting out public constructions and offering numerous economic incentives, corporate investments noticeably speed up their pace. Especially, major producers of optoelectronics, semiconductor, and DVD-R are seen to be actively engaged in new factory construction and operating procedure improvements. In addition, Taiwan High Speed Rail is expected to enter the peak period of construction and aircraft carriers to renew their aircraft models, it is estimated that private sector regular investment projects will increase by 10.4%, or a real growth of 9.2%.
- 3) Foreign Trades: As recovery in international economic situation intensifies, growth rate for world's commerce and trading volume increases. The trading activities across the Strait become more frequent, and foreign trades will be able to maintain its vigorous state. It is expected that custom exports and imports will increase to 7.3% and 8.9% respectively for the next year, and foreign trading surplus will slightly increase to US\$22.4 billion from US\$22.2 billion of Y2003.
- 4) Price fluctuation: Although the oil prices should slow down slightly, upbeat global economy will make it difficult to drop the prices of several industrial material and finished product.. It is expected WPI will increase by 0.5% for the next year. Due to the fact that increasing magnitude for the price of goods has been under control, the price of services expected to maintain at a level, and the comparison basis is relatively low, the Consumer Price Index (CPI) is estimated to increase slightly by 0.4%.
- 5) Gross Domestic Production (GDP) & Economic Growth: it is forecasted that GDP will reach NT\$10,244.6 billion in Y2004, or a 3.9% increase compared to that of Y2003. After disregarding the price fluctuation factor, real growth (or economic growth rate) is 4.1% and average Gross National Production (GNP) per person is NT\$468,457, or a 3.4% increase from Y2003. The ratio of domestic demand to GDP slightly increases to 92.6% from 92.3% of Y2003. Foreign net demand to GDP ratio, on the other hand, or trading surplus or deficit, slightly decreases to 7.4% from 7.7%.

(2) Business Overview

Business Overview for last 2 years:

[Deposits Business]

Affected by the US war on Iraq and SARS outbreak in the first half of Y2003, the consumer confidence had declined and corporate investments shifted to a more conservative attitude. In order to be prepared for



deflation risk, the Central Bank in June 2003 slashed the rediscount rate, guaranteed loan accommodating rates, and short-term accommodating rate by 0.25 percent respectively, in an effort corresponding to its stance of relaxed monetary policy and expansion fiscal policy. As the economic outlook began to pick up its pace in the 2nd half, economic growth regained strength, and banks' margin expands, the annual increasing rate is maintained within the target range of monetary growth for this year.

Our Bank had been actively introducing VIP financial service business since Y2003, where a total of 5 VIP financial service centers and 26 VIP financial service branches had been established, reaching a total sales amount of NT\$0.3 billion through a cooperative effort. In addition, in order to cope with the comprehensive consumer spending habit, the quality of service was reinforced in major shopping centers. Furthermore, the North Hsinchu branch located at the Windance Shopping Center had been established for 24-hour services in order to expand our client bases.

In Y2003, Our Bank had been improved for the safety of ATM transactions. Other than the overall termination of door security system in the automated service areas and the new implementation of "Warning signs and reminders screen", the installation of chip financial card system had also been completed, which made our Bank become one of the 13 banks to complete the security for financial card transaction.

In Y2003, our Bank's total deposits accepted reached NT\$282.9 billion, or an increase of NT\$14.3 billion from Y2002, which is also equivalent to a growth rate of 5.32%. Amongst, savings deposits equaled NT\$102.7 billion, term deposits equaled NT\$168.8 billion, and foreign currency deposits equaled NT\$11.4 billion.

[Loan Business]

In corporate finance, the average loans granted amounted to NT\$100.6 billion for December, Y2003, where NTD denominated deposits made up 83%, foreign currency denominated deposits made up 10%, and collateral deposits made up 7%. Our Bank had been actively engaged in the promotion of the computerization of corporate funding flow information for corporate financing business. Through the integration of funding flow, logistics, and information flow, we can help companies enhance their corporate management competitiveness. In March Y2003, B2B corporate Internet bank was launched and continuous effort was put into the process of developing it as a comprehensive and functioning internet site, in order to provide cash transaction services through internet for our corporate clients. Currently, it is growing at the speed of 100 user registration per month and total transactions exceeded NT\$9 billion. The benefits were beginning to surface. Since May Y2002, our Bank started the account receivable factoring business and in Y2003 the undertaken amount already exceeded NT\$26 billion, making our Bank become one of the leaders in this business area.

In consumer finance, the average loans granted amounted to NT\$129.5 billion by the end of December of Y2003. Our Bank also adopted the "Focus" strategy with full emphasis on key business activities. These included court auction for real estates, index linked margin loans, index linked mortgage loans, and credit card business. It is worth mentioning that our Bank has the biggest market share in the business of court auction for real estates. With the product's characteristic of low overdue interest rate, our Bank was able to generate considerable amounts of interest revenues and transaction fee revenue through this business activity.

[Trust & Securities Brokerage]

1. Securities Business

At the present stage, our Bank comprises 8 securities brokerages, which primarily conducts business in stock brokerage, over-the-counter brokerage (OTC), and margin stocks and short sale business. For stock brokerage business, the total transaction volume reached NT\$152.3 billion in Y2003 generating an amount of NT\$0.17 billion in commission revenues.

2. Trust Business

Other than conventional trust-related business activities, our Bank also began to engage in the trust business activities of foreign currency in March Y2003 and introduced financial product such as linked notes. At the end of December Y2003, our primary trust-related business activities are as follows:

- A) Domestic and overseas mutual funds: Accumulated sales balance of mutual funds was equaled to NT\$22.2 billion.
- B) Linked notes: Accumulated sales balance of linked notes was equaled to US\$56 million.
- C) Custodial activities: Total guaranteed deposits received for custodial activities for futures brokerage was equaled to NT\$80 million and total guaranteed deposits received for futures aided trading reached NT\$15 million.

[Credit Card Business]

The direction of our credit card business development in Y2003 is aimed at, other than cooperating with strategic alliances to issue associate card such as WINDANCE Affinity Card, Acer Happiness Card, TaChong Telecommunication PHS Card in an effort to raise the quantity of issuance and to secure market share, encouraging the use of credit card through promotions like consumption activities and pre cash borrowing, as well as extending the functionalities of credit card. Ultimately, we seek to maintain a close and pleasant relationship with our customers and to fortify credit card users' loyalty.

By the end of Y2003, our Bank issued a total of 614,358 cards (including associate card and co-issued card), or a 60.98% of increase compared to that of Y2002. Total credit card consumption reached an amount of NT\$8.6 billion, or a growth of 47.45% compared to Y2002.

International Banking

Presently, our Bank had opened 9 branches that are designated to conduct exchange business, an offshore banking unit (OBU), and 74 branches that are partially licensed to operate foreign currency notes and traveler's checks businesses. With over 1,000 correspondent banks located worldwide, our fund remittance network extended all over the globe.

In Y2003, our Bank handled US\$5,540 million in the import and export trading and currency exchange business, an increase of US\$2,406 million or a growth of 76.7% from Y2002.

In total, our Bank handled US\$2,810 million. dollars in foreign currency denominated deposits by the end of Y2003, an increase of US\$50 million or a growth rate of 21.6% from Y2002. In particular, foreign currency denominated savings deposits increased by US\$36 million and term deposits increased by US\$14 million. At the end of Y2003, our Bank issued a total lending amount of US\$293 millions dollars, an increase of US\$109 million or a growth rate of 59.5%.



III. Human Resources :

Number, Average Seniority, Average Age, and Education of Employees for Past 2 Years

Year	No. of Employees	Average Age	Average Seniority	Education							
				Master		University		High school		Others	
				No.	(%)	No.	(%)	No.	(%)	No.	(%)
91	2,043	32.6	8.5	61	2.99	1,572	76.95	404	19.77	6	0.29
92	2,214	32.3	7.8	96	4.34	1,703	76.92	410	18.52	5	0.22

IV. Labor-Management Relations

Loss amount caused by dispute with our labors in the last 2 years : We paid NT\$3,966 thousands to the dismissed employee according to the court's judgement °

V. Fixed Assets and Other Real Estate

(1) Real estate acquired at the cost over NT\$ 50 million or 1% of actual paid-in capital are as follows:

Unit : NT\$1,000

Description of property	Dates of Acquisition	Contractual amount	Status of use	Counterparty of transaction	Relationship
24F, No. 378, Sec. 1, Wenshin Rd., Nantuen District, Taichung	01/23/2002	\$64,280	Office building for Taichung corporate & consumer banking regional centers	Zhong-Zi Construction Co., Ltd	None
Sec. 2, Huanlan Rd., Ping Zheng City	05/17/2002	\$75,415	Sold	Jian-Huang Mei Lan, Qiu Huo Yan	None
No.38, Alley 576, GuangFu Rd., Sec. 1, Hsinchu City	08/29/2002	\$197,536	Sold	Ching-Bi Construction Co., Ltd.	None
Sec. 2, Huanlan Rd., PingZheng City	12/05/2002	\$400,674	Sold	Wan-Jiang Ltd. Dong-Chen Construction Co., Ltd.	None
No.69, DongHu Rd., Taipei City,	12/23/2002	\$366,000	Office building for Neihu Branch	Dong-Xu Construction Co., Ltd.	None
No. 679, sec. 1, Meichun Rd., Taichung City	06/19/2003	\$197,220	Sold	Heng-Chuan Construction Co., Ltd.	None

(2) Disposal of real estates amounting to over NTD\$ 50 million or 1% of actual paid-in capital are as follows:

Description of property	Transaction Date or Date of Occurrence	Date of Acquisition	Book value	Transaction Amount	Gain/loss from the property disposal	Counterparty	Relationship
No. 38, Alley 576, Sec. 1, GuangFu Rd., Hsinchu City.	06/25/2002	05/17/2002	\$75,415	\$75,415	—	Huang Zheng-Yuan	None
No. 38, Alley 576, Sec. 1, GuangFu Rd., Hsinchu City	10/04/2002	08/29/2002	\$201,140	\$206,010	\$4,870	Yi-Ruei International Co., Ltd.	None
Sec. 2, Huan Nan Rd., Ping-Zheng City	06/23/2003	12/05/2002	\$413,552	\$500,000	\$76,448	New Yung-He Hospital	None
No. 679, Sec. 1, Meichun Rd., Taichung City	07/04/2003	06/19/2003	\$200,389	\$210,130	\$9,741	Yi-Ruei International Co., Ltd.	None
No. 38-18, Sec. RuiGuang, Hsinchu City	11/11/2003	08/25/1977	\$7,579 (\$37,191 after appraisal)	\$63,310	\$55,731	Wu Pei Huang	None

Note: All related expenses are already deducted from gains from the disposal of real estates listed above.



VI. Long-term Investments:

UNIT:NT\$1,000

Name	Business Scope	Investment Cost	Cash Dividends	Shares of Hsin chu Bank held by the Invested Enterprise	Shares of Hsin chu Bank Acquired and Disposed by Subsidiaries of the Invested Enterprise
Financial Information Service Co., Ltd.	Financial Information Services	45,500	—	—	—
Taipei Forex Co., Ltd.	Inter-Bank Foreign Exchange Brokerage	6,000	1,373	—	—
Hsin-Chu Real Estate Co., Ltd.	Bond and stock underwriter, guarantee, and endorsement	30,000	—	—	—
Hsin-Chu Futures Co., Ltd.	Futures underwriter	320,674	—	—	—
Taiwan Futures Exchange Co., Ltd.	Futures and Commodity Exchange, Futures and Commodity Clearing Institutions	10,250	—	—	—
Taiwan Small and Medium Enterprises Development Co., Ltd.	Investment and Consulting Services	29,000	513	—	—
Fubon Securities Finance Co., Ltd.	Margin Purchases and Stock Loans in Securities Trading	59,945	1,863	—	—
Trad-Van Information Services Co., Ltd.	Electronic Data Exchange, Network Service, Network Evaluation Services	20,000	2,743	—	—
Universal Venture Fund Co., Ltd.	Venture Capital Investments	80,000	—	—	—
Masterlink Securities Co., Ltd.	Securities Business	44,994	2,097	—	—
Windance Co., Ltd.	Shopping Center (Service Industry)	188,500	—	—	—
Hsin-Chu Insurance Agent Co., Ltd.	Life insurance agent	2,000	—	—	—
Chu-Chiann Insurance Agent Co., Ltd.	Property insurance agent	2,000	—	—	—
Taiwan Financial Asset Service Co.Ltd	Fair and Independent Party Auction Business	50,000	—	—	—
Chung-Shing Assets Management Co., Ltd.	Securities investment trus	60,000	—	—	—
Mondex Taiwan Co., Ltd.	Banking	25,000	—	—	—
Preferred Bank U.S.A.	Banking	39,960	1,627	—	—
Debt instruments and Clearing Co. Taiwan	Bill custodian and clearing	40,000			

Note : For long-term investments "Book Value", "Percentage of share holding", "Net Value", "Accounting Policy", " Investment Income(Loss) for Current Year", Please refer to page 43 and 57 of the annual report.

VII. Risk Management :

1. For information on concentrations of credit risk, please refer to Page
2. Amount of non-performing loans for Y2003 amounted to NT\$10,308,233 thousand.
3. Information on interest rate sensitivity was as follow:

(Unit: %)

Item	December 31st, 2003
Ratio of Interest Rate-Sensitive Assets to Liabilities	89.87
Ratio of Interest Rate-Sensitive Gap to Net Value	(176.95)

4. Situation on Concentration of Foreign Exchange Risks was as follows:

Unit: thousand

Item	December 31, 2003				December 31, 2002			
	Foreign Currency		Exchange to NTD		Foreign Currency		Exchange to NTD	
Major Foreign Currency Amount (Market Risks)	1	USD	777	26,389	1	USD	739	25,669
	2	THB	11,616	13,539	2	HKD	3,618	16,123
	3	HKD	1,859	8,136	3	EUR	297	10,810
	4	SGD	389	7,772	4	CHF	386	9,654
	5	JPY	17,102	5,433	5	JPY	29,085	8,522

Unit: NTD 1,000

Country	Amount of Foreign Currency Loans	Amount of Foreign Currency Deposits
Taiwan	7,013,981	7,744,621
South East Asia	539,477	579,262
Americas	2,065,940	1,109,452
Europe	117,202	2,220
Africa	206,597	15,450
Others	18,310	109,917
Subtotal	9,961,507	9,560,922

5. For maturity analysis of assets and liabilities, please refer to Page 56.

6. For information on transactions in derivative financial instruments, please refer to Page 52~ 55.

VIII. Material Contracts :

On May 31, 2002, the Bank entered an agreement with InfoBank Technology Co., Ltd. to develop the "2nd Generation NTD Operation System". With expected completion date on December 31, 2004 total amount of the project was NT\$110 million.

IX. Litigation Proceedings : None



*** Operation and Fund Utilization ***

I. Operation Plans for 2004:

(1) Deposits

1. Develop new types of deposits account (money market savings account), in an effort to create new sources for savings deposits.
2. Introduce chop system and automated image comparison system for checks, in order to simplify the operational process.
3. Develop comprehensive VIP financial services in order to increase service fee income.
4. Expand our Bank's market share; conduct business assessment on current local offices within our supervisory area and relocate these offices to strategic business areas with potentials in profiting opportunities.
5. In accordance with our Bank's policy toward IC chip card, execute the replacement of current financial card for IC chip card for customers and expand chip combo card business scope.

(2) Loans

1. Products: Put emphasis on the abilities to transact, self-repay, and firm's financial management related to business of corporate finance; cooperate with IT implementation and industry's strategic alliance to provide clients with overall professional financial services, namely Total-Solution. In addition, our Bank is set to fully engage in the business of develop index linked periodic loans (high interest rate differential margin loans), index linked mortgage loans, index linked margin loans (high quality customers), and court auctioned loans
2. Sales: Through business operations of offshore economic trading regional centers, to reinforce the promotions of business activities related to international banking. Moreover, along with a recovery in the economic condition, our Bank will establish a dedicated sales task force to actively promote business activities for medium & small capital companies.
3. Loans extension: Both standardized reviewing and appraisal loan distribution process, establish an efficient risk scoring system with emphasis both on operational efficiency and risk control.
4. Management: To implement a data warehouse system, providing real-time and accurate MIS information, as well as to develop a bonus incentive mechanism and to attract and nurture experts, and ultimately, to guide our Bank's employees to becoming more professional in the area of financial business.

(3) Securities & Trusts Business

[1] Securities Business

1. Set up branch offices for securities brokerage.
2. Recruit sales representatives
3. Promote securities e-trading business.
4. Intensify the marketing effort for futures and options business.

[2] Trust Business

1. Hold large financial seminars and training camps, in an effort to improve our Bank's professional image as well as our employees' professional knowledge.
2. Construct comprehensive mutual funds investment channels (Internet, telephone, and etc.), in an effort to increase service fees income.



(4) Foreign Currency

1. Relying on the principle that puts equal emphasis on quality and quantity, our Bank is set to elevate the promotion effort for foreign currency business.
2. Reinforce the promotional activities carried out at each branch office designated for international banking.
3. Improve the education and training process of foreign currency sales representative and to elevate their professionalism.
4. Expedite the R&D process of new foreign currency denominated financial products.

(5) Credit Card

1. Continue to issue and promote associated credit card and IC chip combo card; by means of transforming ordinary financial card into IC chip card, our Bank intends to raise the volume of credit card issuance.
2. Cooperate with firms from other industries to engage in market segmentation marketing activities to make customers accustomed to credit card consumptions and pre-approved cash borrowing, and ultimately, to increase overall circulated margin balances.
3. Reinforce risk control mechanism and lower credit card payment overdue rate.

(6) Management

Introducing balanced scoring card will achieve balances in 4 dimensions of comprising customers, financial activities, internal operating procedure, and learning and growth, and ultimately, achieve the overall profits of the Bank.

II. Operational Targets for 2004

(1) Deposits

Target for deposits by the end of Y2004 is NT\$288 billions, which is a NT\$16.5 billions from the end of Y2003 and target growth rate is 6.1%.

(2) Loans

Target for loans by the end of Y2004 is NT\$203 billion, which is a NT\$23 billion from the end of Y2003 and target growth rate is 10.97%.

(3) Foreign Currency Exchange

Our Bank is estimated to handle an amount of US\$1.8 billion in import/export negotiation business and an amount of US\$4.8 billions in international currency exchange business.

(4) Securities Trusts

1. In Y2004, expected transaction volume for securities brokerage NT\$217 billion, with an expected market share of 0.485% by the year end. The annual service fee from securities brokerage services is targeted at NT\$226 million.
2. In Y2004, target revenue from mutual fund sales charges is NT\$300 million.

(5) Credit Card

For Y2004, target for new card issuance equals 1 million, with credit card in circulation totaled to 0.6 million while keeping credit card payment overdue rate under 4%.

III. Disposal or Acquisition of Real Estates and Long-term Investment Plans for 2004 : None

IV. Research and Development

(1) R&D results for last 2 years

1. Employed score card and Apces system as the appraisal and review model for small margin loans
2. The Bank introduced "Court auctioned real estate loans" at the end of Y2002, which made the bank become the highest market share in 2003.
3. Established a corporate finance credit rating mechanism in an effort to reduce loans admittance risk.
4. "Factoring Accounts Management System" was officially put online and our Bank's corporate finance network, namely B2Bank, was actively promoted.
5. Launched new kinds of business activity, namely "Easy-check", and "margin business for core factories and suppliers."
6. In light of market trend and customers' demand, processed the planning for 2nd generation Assets Liabilities Management Account (ALMA).
7. Established the VIP financial services centers, in order to provide customers with a professional and wider variety of financial services.
8. Established an operating efficiency decision analysis module.
9. Commenced businesses in foreign currency mixed financial product, currency swap, foreign currency exchange rate option, and NTD exchange rate option.

(2) R&D Expenditures For Last 2 Years

Unit: NT\$1,000

Year	Y2003	Y2002
Amounts	-	38

(3) Future Research and Development Plans

1. Launch new kinds of financial products (money market savings account), in order to create new sources of funding.
2. Launch IC chip card, which integrates credit card and debit card, as well as integrated intangible accounts, namely 3rd generation of ALMA.
3. Commence PLUS card issuance and order acceptance businesses, in an effort to increase our Bank's existing product lines.
4. Initiate telephone-based banks to extend our Bank's service network.
5. Establish a comprehensive Internet-based electronic platform for enterprises, in order to provide a simple transaction environment and overall professional financial services.
6. Reinforce direct financing related services, and establish a cooperative relationship with other banks.
7. Implement data warehouse system and management information system (MIS), in an effort to facilitate risk control and decision making management.
8. Devise business plans for custodial banking, full discretionary account management, and retirement fund trusts business.
9. Devise and develop business plans for Renminbi NDF and NDO, as well as increase revenues from derivative financial products business.



V. Fund Utilization Plans

(1) Expansion Plan For Y2004:

1. Office Renovation Plan For Y2004: Renovation plan for HeFeng Building is expected to be carried out in Y2004, as well as the new establishment of 3 offices located in Hsinchu performed using rental method and the renovating construction for 5 old offices carried out at the current sites. Required capitals is expected to be NT\$95 million and all of the constructions is expected to be completed in Y2004.

The capitals for the renovating constructions originate from our Bank's paid-in capitals. In particular, future benefits generated will not be used only in operating scope expansions but also in elevating our Bank's professional image, so as to achieve the goal of customer distribution and overall operating efficiency improvement.

2. In light of a gradual recovery in future domestic economy and slowly increasing interest rates, our Bank will gradually reduce the duration period of underlying instruments. In other words, we will gradually reduce the purchase of bonds while increase investments in short-term bills and notes.

(2) Previous cash capitalization, bonds issuance plan, analysis on previous incomplete cash capitalization and bonds issuance plan and expected benefits for capitals utilization plan for last 2 years not yet realized: None.

A golden abacus is the central focus, positioned diagonally across the frame. It has a rectangular frame with several vertical rods, each holding five golden beads. The abacus is set against a background of scattered US dollar bills, including a prominent one-dollar bill on the left and a five-dollar bill at the bottom. The lighting is warm, highlighting the metallic sheen of the abacus and the texture of the paper money.

*** Financial Status ***



I. Balance Sheets and Income Statements for the Last 5 years

1. Balance Sheets for the last 5 years

UNIT: NTS 1,000

Item		Financial Information For The Last 5 Years				
		2003	2002	2001	2000	1999
Current Assets		Note 1	Note 1	Note 1	Note 1	Note 1
Loans, Bills Discounted and Purchased, net		223,559,729	209,825,894	202,410,539	181,108,056	182,442,139
Long-term Investments		1,424,164	1,166,963	1,226,217	1,106,239	1,213,222
Fixed assets, net		6,650,268	6,315,340	6,029,157	7,296,896	7,015,818
Other Assets		Note 1	Note 1	Note 1	Note 1	Note 1
Current Liabilities	Before Distribution	Note 1	Note 1	Note 1	Note 1	Note 1
	After Distribution	Note 1	Note 1	Note 1	Note 1	Note 1
Customer deposits and Remittances payable		296,542,718	280,881,881	270,829,063	246,440,892	245,398,056
Financing / Borrowing from Central Bank of china and Banks		681,030	347,530	—	527,872	2,063,685
Other Liabilities		Note 1	Note 1	Note 1	Note 1	Note 1
Common Stock		12,901,110	12,901,110	12,665,348	12,665,348	12,665,348
Capital Surplus	Before Distribution	206,798	229,394	225,813	223,105	222,902
	After Distribution	Note 2	206,574	225,813	223,105	222,902
Reserves	Before Distribution	3,193,137	650,434	4,403,628	4,035,437	4,033,227
	After Distribution	Note 2	673,254	4,167,866	4,035,437	4,033,227
Total Assets		333,298,597	311,806,967	294,035,250	270,581,015	271,065,374
Total Liabilities	Before Distribution	317,226,427	298,450,812	277,159,322	253,803,403	254,143,897
	After Distribution	Note 2	298,450,812	277,159,322	253,803,403	254,143,897
Total Shareholders' Equity	Before Distribution	16,072,170	13,356,155	16,875,928	16,777,612	16,921,477
	After Distribution	Note 2	13,356,155	16,875,928	16,777,612	16,921,477

Note 1 : According to Statement of Financial Accounting Standards NO.28, it could not be distinguish to current and non-current.

Note 2 : Shareholders' meeting is not hold .

2. Income Statements for the last 5 years

UNIT : NT\$ 1,000

Item	2003	2002	2001	2000	1999
Operating Revenues	13,475,020	15,172,918	17,295,997	18,145,774	19,078,735
Operating Costs & Expenses	11,489,348	18,974,435	17,080,345	18,265,842	18,942,981
Operating Profit (Loss)	1,985,673	(3,801,517)	215,652	(120,068)	135,754
Non-operating Income (expenses), Net	545,865	139,169	207,524	134,192	(49,860)
Income (Loss) Before Income Taxes	2,531,538	(3,662,348)	423,176	14,124	85,894
Net Income (Loss)	2,519,883	(3,517,432)	368,191	2,413	1,496
Retroactive Earnings (Loss) Per Share (UNIT:NTD)	2.04	(2.91)	0.30	0.002	0.001

3. CPA's Name and Auditing opinions for the last 5 years

Year	CPA's Name	Auditing opinions
1999	Benio Juanlu, Charles Huang	Unqualified Opinion
2000	Charles Huang, Roger Ho	Unqualified Opinion
2001~2002	Charles Huang, Roger Ho	Modified Unqualified Opinion
2003	Roger Ho, Irene Juanlu	Modified Unqualified Opinion



II. Financial Ratios for the Last 5 years

UNIT: NTS 1,000

Item		2003	2002	2001	2000	1999
Financial Structure (%)	Liabilities to Assets Ratio	95.18	95.72	94.26	93.80	93.76
	Savings to Net Worth Ratio	1,845.07	2,103.01	1,604.82	1,468.87	1,450.22
	Fixed Assets to Net Worth Ratio	41.38	47.28	35.73	43.49	41.46
Solvency (%)	Current Ratio	Note 1	Note 1	Note 1	Note 1	Note 1
	Liquidity Reserve Ratio	16.06	15.83	12.97	10.01	11.47
Operating Ability	Loans to Deposits Ratio (%)	75.59	74.91	74.85	73.60	74.46
	Overdue Ratio (%)	4.39	4.46	7.92	8.41	11.44
	Interest Expense to Annual Average Savings Balance (%)	1.49	2.36	4.14	4.48	5.04
	Interest Revenue to Annual Average Loans Balance (%)	4.66	6.60	8.27	8.86	9.04
	Total Assets Turnover (Times)	0.04	0.05	0.06	0.07	0.07
	Average Operating Income Per Employee	6,311.48	7,731.15	8,478.43	8,723.93	9,311.24
	Average Profit Per Employee	1,180.27	(1,794.61)	180.49	1.16	0.73
Profitability	Return on Total Assets (%)	0.78	(1.16)	0.13	—	0.001
	Return on Shareholders' Equity (%)	17.13	(23.27)	2.19	0.01	0.01
	Ratio to Issued Capital Stock (%)	15.39	(29.47)	1.70	(0.95)	1.07
	Ratio to Issued Capital Stock (%)	19.62	(28.39)	3.34	0.11	0.68
	Profit Margin (%)	18.70	(23.21)	2.13	0.01	0.01
	Retroactive Earnings Per Share(NTD)	2.04	(2.91)	0.30	0.002	0.001
Cash Flows (%)	Cash Flow Ratio	Note 1	Note 1	Note 1	Note 1	Note 1
	Cash Flow Adequacy Ratio	330.38	224.31	176.64	159.33	122.08
	Cash Re-investments Ratio	Note 1	Note 1	Note 1	Note 1	Note 1
Leverage Index	Operating Leverage Index	4.37	Note 2	28.14	Note 2	43.80
	Financial Leverage Index	Note 1	Note 1	Note 1	Note 1	Note 1
Capital Adequacy Ratio (%)		9.54	9.86	8.74	9.285	9.75
Relationship Loan Ratio (%)		0.16	0.13	0.43	1.15	1.21

Note 1 : According to Statement of Financial Accounting Standards NO.28, it could not be distinguish to current and non-current.

Note 2 : It was not disclosed cause of operating loss.

III. Net Worth, Earnings, Dividends, and Market Value Per Share for the Last 2 years

Item	Year	UNIT : NTD	
		2003	2002
Market Value Per Share	Highest	18.80	13.60
	Lowest	11.50	5.05
	Average	14.58	9.24
Net Worth Per Share	Before Distribution	13.00	11.07
	After Distribution	(Note 1)	11.07
Earnings (Loss) Per Share	Weighted Average Issued Shares	1,236,445,159(Shares)	1,206,735,752(Shares)
	Earnings Per Share	2.04	(2.91)
Dividends Per Share	Cash Dividends	Note 1	
	Stock Dividends	Note 1	

Note 1: The shareholders' meeting is not hold



IV. Supervisors' Report on Financial Statements for Recent Year

SUPERVISORS' REPORT

To the 2004 Annual Shareholdings' Meeting

The board of directors have complied and submitted the Bank's 2003 balance sheets, statements of income, statements of changes in shareholders' equity, statements of cash flows, audited by Diwan, Ernst & Young ; and business report and statements of distribution of retain earnings. We are satisfied that they have been correctly complied from the books and accounts of the Bank at the date thereof according to Company law in ROC article 219.

Managing Supervisor: Trans-Asia Investments Crop.

Supervisor: Chen-Chuan Huang

Kuen Tai Investments Corp.

March 19, 2004

V. Financial Statements for Recent Year

INDEPENDENT AUDITORS' REPORT

Hsinchu International Bank Co., Ltd.:

We have audited the accompanying balance sheets of Hsinchu International Bank Co., Ltd. (the "Bank") as of December 31, 2003 and 2002, 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 did not audit the financial statements of the equity-method investees, Hsin-Chu Insurance Agent Co., Ltd. and Chu-Chiann Insurance Agent Co., Ltd. for the fiscal years of 2003 and 2002 and we either did not audit the financial statements of the other equity-method investee, Chung-Shin Assets Management Co., Ltd. for fiscal year of 2002. The Bank recognized the above equity investment incomes of NT\$188,834 thousand and NT\$1,174 thousand, respectively, representing 7.46% and (0.03)% of the income (loss) before income taxes for the years ended December 31, 2003 and 2002, respectively; total investments amounted to NT\$195,009 thousand and NT\$67,308 thousand representing 0.06% and 0.02% of total assets as of December 31, 2003 and 2002, respectively. We either did not audit the financial statements of Ju-Ying International Co., Ltd. for fiscal years of, 2003 and 2002, as described in Note 19(2). Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount and other information included in the financial statements for the company, is based solely on the reports of the other auditors.

We conducted our audits in accordance with "Guidelines for Certified Public Accountants' Examinations of and Reports on Financial Statements of Financial Institutions" and generally accepted auditing standards in the Republic of China. Those standards and guidelines require that we plan and perform the audit procedures to obtain reasonable assurance about whether the financial statements are free from 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 and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial positions of the Bank as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with the "Standards for the Preparation of Financial Statements of Public Companies" and generally accepted accounting principles in the Republic of China.

Diwan, Ernst & Young
February 18, 2004

The above auditors' report and the following financial statements are English translations of the Chinese auditors' report and financial statements prepared for and used in the Republic of China. The accompanying financial statements were prepared using accounting principles, procedures and reporting practices generally accepted in the Republic of China and are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in the Republic of China. The standards, procedures and practices utilized to audit such financial statements are those generally accepted and applied in the Republic of China.

HSINCHU INTERNATIONAL BANK CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2003 AND 2002

(Expressed in Thousands of New Taiwan Dollars)

	Dec. 31, 2003	Dec. 31, 2002		Dec. 31, 2003	Dec. 31, 2002
ASSETS			LIABILITIES AND SHAREHOLDERS' EQUITY		
Cash (Note 3)	NT\$ 34,819,282	NT\$ 19,567,251	Liabilities:		
Due from banks (Note 3)	3,886,983	8,910,186	Due to banks	NT\$ 3,360,596	NT\$ 79,005
Due from Central Bank of China (Note 3)	15,698,782	15,776,808	Payables (Note 18)	6,862,583	7,989,881
Marketable securities, net (Notes 4 and 16)	20,387,152	20,793,565	Receipts in advance and others	589,633	319,830
Receivables, net (Notes 14 and 18)	10,733,027	8,716,886	Customer deposits and remittances payable (Notes 9 and 16)	296,542,718	280,881,881
Prepayments and others	139,459	46,266	Subordinated debentures (Note 10)	8,000,000	8,000,000
Loans, bills discounted and purchased, net (Notes 5, 16 and 18)	223,559,729	209,825,894	Financing/ Borrowings from Central Bank of China and banks	681,030	347,530
Long-term investments (Note 6)			Other liabilities (Notes 7 and 11)	1,189,867	832,685
Equity investment			Total liabilities	317,226,427	298,450,812
Equity investment under equity method	704,342	510,699	Shareholders' equity (Note 12):		
Equity investment under cost method	651,696	619,046	Common stock	12,901,110	12,901,110
Allowance for decline in market value	-	(47,183)	Capital surplus:		
	1,356,038	1,081,932	Gains on disposal of fixed assets	-	22,820
Debt investment	68,126	85,031	Revaluation increment on property and equipment	200,285	200,285
	1,424,164	1,166,963	Gains on disposal of treasury stocks	6,513	6,289
				206,798	229,394
Fixed assets, net (Notes 7 and 16)			Reserves:		
Land	2,769,608	2,568,149	Statutory reserve	672,934	4,138,788
Buildings	2,852,012	2,815,578	Special reserve	320	320
Computer and other office equipment	2,703,169	2,330,519	Retained earnings (Accumulated losses)	2,519,883	(3,488,674)
Revaluation increment	538,081	538,081	Other adjustment:	3,193,137	650,434
	8,862,870	8,252,327	Unrealized loss on valuation of long-term investments (Note 6)	-	(47,813)
Less: accumulated depreciation	(2,336,942)	(2,097,621)	Treasury stock	(228,875)	(376,970)
Construction in progress and prepayments for premises and equipment	124,340	160,634		(228,875)	(424,783)
	6,650,268	6,315,340	Total shareholders' equity	16,072,170	13,356,155
Non-accrual loans, net (Note 18)	7,566,211	10,409,886	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	NT\$ 333,298,597	NT\$ 311,806,967
Other assets, net (Notes 7, 8 and 14)	8,433,540	10,277,922			
TOTAL ASSETS	NT\$ 333,298,597	NT\$ 311,806,967			

See accompanying notes to the financial statements.

HSINCHU INTERNATIONAL BANK CO., LTD.

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002 (Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2003	2002
Operating revenues:		
Interest income (Notes 16 and 18)	NT\$ 10,117,364	NT\$ 13,639,055
Fee and commission income (Note 18)	1,045,812	673,104
Securities brokerage income	170,056	199,188
Gain on trading marketable securities, net (Note 16)	1,825,762	566,661
Investment income recognized by equity method (Note 6)	193,643	-
Exchange gain, net (Note 18)	87,866	75,040
Other operating revenue	34,517	19,870
Total operating revenues	<u>13,475,020</u>	<u>15,172,918</u>
Operating costs:		
Interest expenses (Notes 16 and 18)	4,303,142	6,505,829
Fee and commission expense	148,794	131,095
Charges on securities brokerage	9,901	10,818
Investment loss recognized by equity method (Note 6)	-	32,469
Provision for loan and other losses	3,152,523	8,945,381
Total operating costs	<u>7,614,360</u>	<u>15,625,592</u>
Operating gross profit (loss)	<u>5,860,660</u>	<u>(452,674)</u>
Operating expenses (Notes 11, 13 and 16)	3,874,987	3,348,843
Operating profit (loss)	<u>1,985,673</u>	<u>(3,801,517)</u>
Non-operating income (expenses):		
Rental income	99,636	101,820
Gain on disposal of fixed assets (Note 7)	301	40,465
Loss on disposal of fixed assets	(2,144)	(20,243)
Other income, net (Note 18)	448,072	17,127
	<u>545,865</u>	<u>139,169</u>
Income (loss) before income taxes	<u>2,531,538</u>	<u>(3,662,348)</u>
Provision (benefit) for income taxes (Note 14)	11,655	(144,916)
Net income (loss)	<u>NT\$ 2,519,883</u>	<u>NT\$ (3,517,432)</u>
Earnings (loss) per common share as reported (Note 15)		
Before taxation	<u>NT\$ 2.05</u>	<u>NT\$ (3.03)</u>
After taxation	<u>NT\$ 2.04</u>	<u>NT\$ (2.91)</u>
Pro forma data assuming Company hold its subsidiary companies are not considered as treasury stock but investments :		
Net income (loss)	<u>NT\$ 2,519,883</u>	<u>NT\$ (3,514,886)</u>
Earnings (loss) per common share as reported		
Before taxes	<u>NT\$ 2.05</u>	<u>NT\$ (3.03)</u>
After taxes	<u>NT\$ 2.04</u>	<u>NT\$ (2.91)</u>

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

(Expressed in Thousands of New Taiwan Dollars)

	Capital Surplus			Reserve			Unrealized loss on valuation of long-term investments	Treasury stock	Total shareholders' equity
	Gains on disposal of fixed assets	Revaluation increment on property	Gains on disposal of treasury stock	Statutory reserve	Special reserve	Retained earnings (Accumulated losses)			
Balance as of January 1, 2002	NT\$ 22,820	NT\$ 200,285	NT\$ 2,708	NT\$ 4,028,331	NT\$ 320	NT\$ 374,977	NT\$ —	NT\$ (418,861)	NT\$ 16,875,928
Appropriation of retained earnings:									
Statutory reserve	—	—	—	110,457	—	(110,457)	—	—	—
Stock dividends	235,762	—	—	—	—	(235,762)	—	—	—
Net loss for year 2002	—	—	—	—	—	(3,517,432)	—	—	(3,517,432)
Disposal of treasury stock	—	—	1,035	—	—	—	—	156,837	157,872
Purchase of treasury stock	—	—	—	—	—	—	—	(114,887)	(114,887)
Long-term investments transferred to treasury stock	—	—	—	—	—	—	—	(3,496)	(3,496)
The subsidiary disposal of treasury stock	—	—	2,546	—	—	—	—	3,437	5,983
Recognition of the unrealized loss in valuation of long-term investments	—	—	—	—	—	—	(47,813)	—	(47,813)
Balance as of December 31, 2002	12,901,110	200,285	6,289	4,138,788	320	(3,488,674)	(47,813)	(376,970)	13,356,155
Statutory reserve appropriated to offset accumulated losses	—	—	—	(3,465,854)	—	3,465,854	—	—	—
Capital surplus-gain on disposal of fixed assets transferred to retained earnings	—	(22,820)	—	—	—	22,820	—	—	—
Net income for year 2003	—	—	—	—	—	2,519,883	—	—	2,519,883
Disposal of treasury stock	—	—	224	—	—	—	—	148,095	148,319
Recovery of unrealized loss on valuation of long-term investments	—	—	—	—	—	—	47,813	—	47,813
Balance as of December 31, 2003	NT\$ 12,901,110	NT\$ 200,285	NT\$ 6,513	NT\$ 672,934	NT\$ 320	NT\$ 2,519,883	NT\$ —	NT\$ (228,875)	NT\$ 16,072,170

See accompanying notes to the financial statements.

HSINCHU INTERNATIONAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002 (Expressed in Thousands of New Taiwan Dollars)

	2003	2002
Cash flows from operating activities:		
Net income (loss)	NT\$ 2,519,883	NT\$ (3,517,432)
Adjustments to reconcile net income (loss) to cash flows from (used in) operating activities:		
Depreciation and amortization	401,799	416,623
Provision for loan and other losses	3,063,228	8,876,459
Provision for other reserves	88,942	68,922
Provision for decline in market value of pledged properties taken over	165,623	197,336
Payments and contributions of retirement benefits	29,006	(111,035)
Investment (gain) loss recognized by equity method	(193,643)	32,469
Receipts of cash dividends on equity method	-	11,442
Gain on disposal of long-term investment	(16,510)	-
Loss (gain) on disposal and sale of fixed assets	1,843	(20,222)
Loss (gain) on sale of pledged properties taken over	(68)	1,137
Changes in assets and liabilities provided (used) cash:		
Receivables	(750,259)	(661,615)
Acceptances receivable	(1,221,423)	(185,708)
Receivable on forward contracts for trading purposes	(36,373)	57,669
Prepayments and others	(93,193)	(12,738)
Deferred tax assets	(64,298)	(183,227)
Payables	(2,282,688)	(555,727)
Payable on forward contracts for trading purposes	4,551	(61,337)
Collection for customers	(46,227)	44,488
Acceptances	1,191,475	186,077
Advance receipts and others	269,803	(115,035)
Net cash flows from operating activities	<u>3,031,471</u>	<u>4,468,546</u>
Cash flows from investing activities:		
Increase in reserve due from Central Bank of China	NT\$ (503,350)	NT\$ (315,011)
Decrease in due from banks	14,443	-
Decrease in marketable securities	4,053,880	4,277,829
Increase in loans (including non-accrual loan)	(13,935,326)	(9,878,346)
Increase in long-term investments	(30,411)	(30,231)
Proceeds from sale of long-term investment	31,176	-
Purchase of fixed assets	(787,970)	(312,337)
Purchase of pledged properties taken over	(213,602)	-



	<u>2003</u>	<u>2002</u>
Proceeds from sales of fixed assets and pledged properties taken over	225,214	255,063
Increase in receivable on non-trading purpose forward contracts	(26,147)	(13,713)
Increase in payable for non-trading purpose forward contracts	5,589	12,544
(Increase) decrease in restricted assets	1,500,000	(3,000,000)
Decrease in guarantee deposits	248,273	279,611
Increase in other assets	(5,137)	-
Net cash flows used in investing activities	<u>(9,423,368)</u>	<u>(8,724,591)</u>
Cash flows from financing activities:		
Increase in customer deposits and remittances payable	15,660,837	10,052,818
(Increase) decrease in due to banks	3,281,591	(77,556)
Increase in financing / borrowing from Central Bank of China and banks	333,500	347,530
Increase (decrease) in guarantee deposits received	277,011	(99)
Issuance of subordinated debentures	-	8,000,000
Purchase of treasury stock	-	(114,887)
Disposition of treasury stock	148,318	157,872
Net cash flows from financing activities	<u>19,701,257</u>	<u>18,365,678</u>
Net increase in cash and cash equivalents	13,309,360	14,109,633
Cash and cash equivalents, beginning of year	40,500,695	26,391,062
Cash and cash equivalents, end of year	<u>NT\$ 53,810,055</u>	<u>NT\$ 40,500,695</u>
Supplemental information on cash flows:		
Income taxes paid	<u>NT\$ 77,723</u>	<u>NT\$ 38,071</u>
Other investing and financing activities not affecting cash:		
Land value increment taxes transferred to gains on disposal of assets	<u>NT\$ -</u>	<u>NT\$ 14,426</u>
Recognition (Recovery) of unrealized loss in valuation of long-term investments	<u>NT\$ (47,813)</u>	<u>NT\$ 47,813</u>
Loans (including non-accrual loan) transferred to pledged properties taken over	<u>NT\$ -</u>	<u>NT\$ 752,497</u>
Cash and cash equivalents:		
Cash	NT\$ 34,819,282	NT\$ 19,567,251
Due from Central Bank of China	5,251,098	5,832,474
Due from banks, with original maturity less than three months	3,801,426	8,810,186
Marketable securities, with original maturity less than three months	9,938,249	6,290,784
	<u>NT\$ 53,810,055</u>	<u>NT\$ 40,500,695</u>

See accompanying notes to the financial statements.

HSINCHU INTERNATIONAL BANK CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND BUSINESS SCOPE

Hsinchu International Bank, Co., Ltd. (the Bank) was founded in 1948. The Bank's business activities were those of a medium size business bank as regulated by the Banking Law and Securities Brokerage Regulations.

Pursuant to an approval granted by the Securities and Futures Commission (SFC), the Bank's shares have been publicly listed since 1983.

Pursuant to approvals granted by the Ministry of Finance (MOF), the Bank established a Trust Department in 1989, and an International Business Department in 1993. From year 1989, the Bank started security trading business and from year 1993, the Bank started security broker business, both approved by SEC. In 1995, the Bank established its Offshore Banking Unit ("OBU") and Taipei Branch. The Bank was approved by the MOF to operate as a commercial bank and changed its name to Hsinchu International Bank, Ltd. on April 20, 1999.

Additionally, the Bank's operations have been expanded to business activities of commercial bank defined by the MOF.

As of December 31, 2003, the Bank had employees amounted to 2,214 persons.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank prepares its financial statements in accordance with "Guideline Governing the Preparation of Financial Reports by Security Issuers" and generally accepted accounting principles in the Republic of China. The significant accounting policies are summarized as follows:

(1) Basis of preparation of financial statements

The accompanying financial statements include the accounts of the head office, branches and the OBU. All inter-branch and inter-office transactions and balances have been eliminated when financial statements were prepared.

(2) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the Republic of China requires management to make estimates and assumptions that may affect the carrying amounts of assets and liabilities at the balance sheet date and the amounts of

revenues and expenses during the reporting period and disclosure of contingencies. Actual results could differ from those estimates.

(3) Cash equivalents

The Bank considers cash equivalents to be highly liquid investments which are readily convertible into known amounts of cash with insignificant interest rate risk and due from banks, including certificates of deposit purchased, due from banks, with original maturity of less than three months from the date of purchase.

(4) Marketable securities

Marketable securities are stated at the lower of cost or fair market value. The fair market value is determined by the average closing price of the last month of the accounting period. Unlisted securities' equivalent market price is the latest settlement price at the end of the period. However, the market value of open-ended mutual funds is measured by the net asset value of the mutual fund on the balance sheet date. On disposition, cost is calculated based on the moving-average method.

(5) Loans, non-accrual loans, and interest revenue

Loans are recorded at the amounts of principal outstanding with relevant interests recognized by accrual basis, except for non-accrual loans, whose interests should be stopped accruing at the date of transferring and will be recognized when realized.

Interests should be stopped accruing if,

- 1) Loans are due over 6 months, and transferred to non-accrual loans with relevant interests.
- 2) Loans are due within 6 months, in which case the collateral has been sold under court orders, and transferred to non-accrual loans with relevant interests
- 3) Loans whose interests have not been paid more than 6 months since the due date.
- 4) When there is postponement or modification of the credit terms for the debtors, the Bank agrees to receive partial interests and the rest of interests are stopped accruing. The interests during the stopped accruing period are not recognized until realized.

(6) Allowance for and write-off of doubtful accounts

Allowance for doubtful accounts is determined by evaluating the collectibility of loans, discounts and bills purchased, non-accrual loans and the relevant credit risk.

According to "Rules for Bank Assets Evaluation, Loss-Reserve Provision, and Disposing of Overdue Loans, Non-accrual Loans and Bad Debts" issued by the MOF, the Bank writes off the loans that are uncollectible from the allowance for doubtful accounts or reserve for guarantee liabilities after the board of directors' approval. If the allowance is not



enough to write off bad debts, the Bank recognizes loss in the current period. Amounts of bad debts recovered are accounted for as non-operating income in the statement of income.

As a result of changes in the operating and financial performance of customers and general economic conditions of the market which may have an impact on the debtors' ability to repay their loans, and uncertainties related to the future realization of collateral values, the ultimate losses may be different from the amounts presently estimated and provisioned.

(7) Long-term investments

Long-term equity investments

Long-term equity investments in non-listed equity securities that represent less than 20% of the investees' common stock with voting rights and where the Bank does not have significant influence over the investees are stated at cost. Investments where the Bank hold 20% or more of common stock with voting rights, or where the Bank exercises a significant influence over the investee's operations are accounted for under the equity method. Long-term equity investments in equity securities traded in the open market are stated at the lower of cost or market value.

An investee company becomes a subsidiary of an investor company when the investor company holds more than 50% of an investee company's outstanding common stock with voting rights. When a parent-subsidiary relationship exists, consolidated financial statements are required unless both the assets and operation income of the subsidiary are less than 10% of that of the parent company.

In addition, if the total assets and operating income of the non-consolidated subsidiaries are more than 30% of that of the parent company, and the subsidiaries with assets and operating income amounted to more than 3% of that of the parent, the above subsidiaries still need to be consolidated in the parent's financial statement. These subsidiaries need to be included in the consolidated financial statement continuously until the total assets and operating income of the non-consolidated subsidiaries decreases to less than 20% of that of the parent company.

For investments accounted under equity method, any difference between the costs and the net assets of the invested company multiplied by the percentage of stocks owned by the investor should be amortized over five years evenly and listed as investment income or loss.

Unrealized gains and losses from transactions between the Bank and investees under equity method are deferred to the future. The realized gains and losses, resulted from depreciable and amortizable assets, are recognized over the useful years of assets. In addition, the unrealized gains and losses from other kinds of assets are recognized in the year in which they are realized.

On disposition, the cost of investments sold is

determined by the weighted-average method. Any gain or loss is reflected as gain/loss on investments. Stock dividends are booked as an increase in the number of shares held.

Long-term debt investments

Long-term debt investments are stated at acquisition cost.

(8) Fixed assets and depreciation

Fixed assets are stated at acquisition cost or reappraised value. Major renewals, improvements and additions are treated as capital expenditures. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Fixed assets that are still in use at the end of the original estimated useful life, such assets shall be depreciated based on residual value. Gains or losses on the disposal of property and equipment are recorded as non-operating gain or loss.

Property held for lease and property and equipment not in use are stated at the lower of the net book value or net realizable value. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets.

(9) Collaterals and residuals taken over

Real estate taken over from mortgage forfeitures is accounted for as pledged property taken over under "other assets" account, and is stated at the lower of the net book value or net realizable value. If the pledged property taken over cannot be sold within two years, depreciation is calculated on the straight-line basis over the estimated useful lives of the assets starting at the beginning of the second year.

(10) Reserves

Employee retirement and severance benefits

The Bank established an employee retirement plan in 1968, which has been revised several times and covered substantially all regular employees. The plan provided for a lump-sum payment to retiring employee based on years of service and the employees' average monthly salary at the retirement. According to the plan, if the qualified employee retired before year 2000, except for the one off retirement payment, there was additional monthly payment based on the 30% of average monthly salary at the time of retirement.

The Bank has adopted the ROC "Labor Standards Laws" on May 1, 1997 and set up "Supervisory Committee of Retirement Fund" and informed the social authority. The Bank has monthly made the deposits to the fund in Central Trust of China since July 1998.

The measurement date of the Bank's pension plan was established on the balance sheet date. The Bank accrues pension cost and minimum pension liability when the accumulated benefit obligation exceeds the fair value of the fund assets. Prior service cost and gains or losses on pension plan assets are amortized on the remaining service period.

Reserve for losses on trading securities

According to "Rules Governing Securities Firms", the provision equal to 10% of monthly net trading gains is made as a loss reserve until such reserve reaches NT\$200 million. Such reserve can only be used to offset net actual losses when trading losses exceed gains.

Reserve for losses on default in securities brokerage

Based on the "Rules Governing Securities Firms", a provision equal to 0.0028% of monthly brokerage commissions earned is made as a loss reserve for default until such reserve reaches NT\$200 million. Such reserve can only be used to offset default losses or other purposes as approved and as deemed appropriate by the SFC.

Reserve for losses on guarantee

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

(11) Derivatives

Forward foreign exchange contracts

When the Bank entered into forward foreign exchange contracts for trading purposes, the Bank will record a receivable and a corresponding payable based on the contracted foreign exchange amount at the contracted forward rate. At each financial reporting date, the Bank will adjust the receivable amount based on the spot rate and recognized the differences as gains or losses in the statement of income and expenditure. Upon settlement, gains or losses resulting from the difference between the foreign exchange amount at the spot rate and the carrying amount of the receivable are credited or charged to statement of income. In addition, for financial presentation purposes, balances of these receivable and payable are netted.

For forward foreign exchange contracts undertaken for hedging purposes, the difference between the spot rate and the contracted forward rate is recorded as an adjustment to the exchange gain and loss resulted from those hedged foreign currency denominated assets and liabilities.

Cross-currency swap

For cross-currency swap contracts undertaken for trading purposes, the amounts to be exchanged on settlement dates are recorded at the rates prevailing on the date of contract. Interest income or expenses arise during the contract period are recognized as exchange gains or losses in the statement of income.

For contracts undertaken for non-trading purposes, amounts to be exchanged on settlement dates are recorded at the contracted forward rate. Interest income or expenses arise during the contract period are recognized as an adjustment to the income or expense of the hedged items.

Options

For option contracts, the premium collected from put options is recognized as advance receipts and the premium paid for call options is recognized as prepaid expenses. The values of the option contracts are evaluated every month according to the market prices, and the differences are recognized as unrealized revenues or expenses. Unrealized revenues or expenses will be reversed in the beginning of the next month and realized when the contracts are settled. The gains or losses resulting from settlement are recognized in the current period.

(12) Foreign currency transactions

The Bank maintains its accounts in New Taiwan dollars. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing on the transaction dates. At the end of each month, those foreign-currency denominated assets and liabilities, other than those using forward foreign exchange contracts to hedge the exposure, are restated at the prevailing exchange rates and the resulting differences are recorded as follows:

- 1) The cumulative translation effects for long-term equity investments using functional currencies other than the New Taiwan dollars are included in the cumulative translation adjustment in the shareholders' equity;
- 2) The cumulative translation effects for other investments are included in the cumulative translation adjustments in the shareholders' equity if restated New Taiwan dollar amounts are lower than the carrying amount. Otherwise, no adjustment is made;
- 3) Other assets and liabilities - credited or charged to current income.

(13) Treasury Stock

According to "Rule of purchasing its own stocks listed on TSE and OTC", the Bank claims that the treasury stock will be transferred to employees. The cost is determined by the average method and is recorded as "treasury stock", which is the deduction of shareholders' equity. When transferring the treasury stock, if the transferring price is higher than the book value, the difference is credited to the account "capital surplus- gains on disposal of treasury stock"; if lower than the book value, the difference is debited to the same account; if higher than the book value, debited to "retained earnings."

(14) Income taxes

The accounting for income taxes requires the recognition of deferred tax liabilities and tax assets for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is likely that some portion or all of the deferred tax assets will not be realized.



Adjustment of prior year's income tax expense is recorded as current period income tax expense in the year of adjustment.

Effective in year 1998, any tax-adjusted retained earnings, which have not been distributed in the next year, should be subject to an additional tax of 10% under the Integrated Income Tax System. The tax levied should be listed as income tax expense in the year in which the non-distribution decision is made.

(15) Contingencies

A loss is recognized if it is probable that an asset will be impaired or a liability will be incurred and the amount of loss can be reasonably estimated. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability in the footnotes to the financial statements.

(16) Earnings per share of common stock

Earnings per share (EPS) are computed as net income divided by the weighted average number of outstanding shares of common stock. The increase in issuance of stock dividends, from retained earnings or capital surplus, is computed retrospectively.

3. CASH, DUE FROM BANKS AND DUE FROM CENTRAL BANK OF CHINA

(1) Cash

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Cash on hand	NT\$ 4,025,188	NT\$ 3,834,613
Notes and checks for clearance	192,290	382,544
Certificates of deposits	30,601,804	15,350,094
Total	<u>NT\$ 34,819,282</u>	<u>NT\$ 19,567,251</u>

(2) Due from Banks

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Due from banks	NT\$ 1,853,211	NT\$ 2,405,888
Call loans	2,033,772	6,504,298
	<u>NT\$ 3,886,983</u>	<u>NT\$ 8,910,186</u>

(3) Due from Central Bank of China

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Reserve for deposits-category A	NT\$ 4,652,154	NT\$ 5,468,364
Reserve for deposits-category B	7,522,661	7,020,820
Settlement accounts	598,944	364,110
Reserve for deposits-foreign currency	10,023	8,514
General deposits	2,915,000	2,915,000
	<u>NT\$ 15,698,782</u>	<u>NT\$ 15,776,808</u>

As required by law, the Reserves for Deposits are calculated at prescribed rates on the average balances of various deposit accounts. The Reserve for Deposits - category B and foreign currency deposits accounts are non-interest bearing and call on demand. Reserve for Deposits - category A earns interest but its use is restricted under relevant regulations.

4. MARKETABLE SECURITIES

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Government bonds	NT\$ 7,458,818	NT\$ 9,649,239
Corporate bonds	651,709	1,050,908
Commercial bonds	306,894	171,664
Purchase of short-term bills	10,028,050	6,432,441
Listed stocks and mutual funds	1,941,681	3,489,313
	<u>20,387,152</u>	<u>20,793,565</u>
Less: allowance for probable losses	-	-
	<u>NT\$ 20,387,152</u>	<u>NT\$ 20,793,565</u>

As of December 31, 2003 and 2002, the Bank had NT\$1,339,742 thousand and NT\$1,988,819 thousand, respectively in government and corporate bonds deposited for such legal proceedings.

In accordance with the ROC Trust Law, the Bank is required to deposit government and corporate bonds against its trust operations. As of December 31, 2003 and 2002, the Bank had NT\$50,196 thousand and NT\$52,443 thousand, respectively of deposit in the Central Bank of China for this purpose.

In accordance with guidelines set by the National Credit Card Center, the Bank, on a semi-annual basis, is required to make a deposit equal to 10% and 15% of the Bank's average monthly credit card transaction amount as of December 31, 2003 and 2002, and the Bank both had NT\$57,516 thousand of deposit in the Central Bank of China for its credit card operations.

For the operations in the settlement of commercial paper trading activities through the ROC OTC Securities Exchange the Bank provided a deposit of NT\$130,107 thousand and NT\$126,241 thousand for its settlement activities as of December 31, 2003 and 2002, respectively.

In accordance with the ROC "Regulation Governing Administration of Bills Finance", the Bank, which is involved in bills finance, is required to make a deposit for its operations. As of December 31, 2003 and 2002, the Bank had NT\$50,195 thousand and NT\$54,025 thousand, respectively in government bonds deposited in the Central Bank of China for this purpose.

In accordance with "Rules Governing Securities Firm", the Bank also operates as the security agent is required to make a deposit for its operation. As of December 31, 2003 and 2002, the Bank had NT\$208,416 thousand and NT\$196,738 thousand, respectively deposited in Bank of Taiwan.

In accordance with "Rules Governing the Operation of

Auxiliary Futures Trading Services by Securities Firms", the Bank, which is involved in future trading services, is required to make a deposit for its operation. As of December 31, 2003 and 2002, the Bank had NT\$25,416 thousand and NT\$20,177 thousand, respectively deposited in the Bank of Taiwan.

5. LOANS, BILLS PURCHASED AND DISCOUNTED

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Bills negotiated and discounted	NT\$ 180,118	NT\$ 115,297
Short-term loans and overdraft	25,594,194	21,584,501
Short-term secured loans and overdraft	6,406,962	6,476,899
Medium-term loans	38,062,127	36,280,831
Medium-term secured loans	26,695,853	33,339,181
Long-term loans	8,151,237	6,051,773
Long-term secured loans	119,052,046	106,566,506
	<u>224,142,537</u>	<u>210,414,988</u>
Less: allowance for doubtful accounts	(582,808)	(589,094)
Net	<u>NT\$223,559,729</u>	<u>NT\$209,825,894</u>

6. LONG-TERM INVESTMENTS

	Dec. 31, 2003		Dec. 31, 2002	
	Percentage of shareholding(%)	('000) Amount	Percentage of shareholding(%)	('000) Amount
Equity Investments:				
Equity method:				
Hsin-Chu Real Estate Co., Ltd.	60	NT\$ 165,982	60	NT\$ 151,675
Hsin-Chu Futures Co., Ltd.	89	273,163	89	291,716
Hsin-Chu Insurance Agent Co., Ltd.	100	186,011	100	2,647
Chu-Chiann Insurance Agent Co., Ltd.	100	8,998	100	3,528
Chung-Shing Assets Management Co., Ltd.	20	70,188	20	61,133
		<u>704,342</u>		<u>510,699</u>
Cost method:				
Investment in listed companies				
Master Link Securities Co., Ltd.	1	NT\$ 44,994	1	NT\$ 59,660
Trad-Van Information Services Co., Ltd.	2	32,547	2	25,231
Investment in non-listed companies				
Preferred Bank U.S.A.	5	39,960	5	39,960
Taiwan Small and Medium Enterprises Development Co., Ltd.	5	29,000	5	29,000
Universal Venture Fund Co., Ltd.	5	80,000	5	80,000
Windance Co., Ltd.	3	188,500	3	188,500
Mondex Taiwan Co., Ltd.	7	25,000	7	25,000
Others (percentage of shares held under 5 % or amount under NT\$100,000 thousand)		211,695		171,695
		<u>651,696</u>		<u>619,046</u>
Long-term debt investments		68,126		85,031
		<u>1,424,164</u>		<u>1,214,776</u>
Less: allowance for decline in market value		-		(47,813)
		<u>NT\$ 1,424,164</u>		<u>NT\$ 1,166,963</u>



Each subsidiary's assets and total operating income of all the invested companies of the Bank under the equity method are below the criterion of making consolidated financial statements, and all the subsidiaries' combined assets and combined operating income are under 30% of the Bank's total assets and total operating income, therefore the Bank and its subsidiaries are not necessary to prepare the consolidated financial statements.

For the years of 2003 and 2002, the Bank recognized investment gain (loss) under the equity method to NT\$193,643 thousand and NT\$(32,469) thousand, respectively which are determined based on audited financial statements.

As of December 31, 2002, Hsin-Chu Real Estate Co., Ltd. recognized an unrealized loss on market value decline of long-term equity investments under the lower of cost or market value method. Consequently, The Bank recognized an unrealized loss on market value decline of long-term equity investments amounting to NT\$47,813 thousand in proportion to the Bank's holding interest, as a reduction in shareholders' equity. And the Bank recovered the full amount of unrealized loss as of December 31, 2003.

In May 2002, the Bank invested in Mondex Taiwan Co., Ltd, which amounted to NT\$25,000 thousand. The Bank held 6.92% of ownership of Mondex Taiwan Co., Ltd.

In April 2003, the stockholders of Hsin-Chu Futures Co., Ltd. resolved to decrease 15% of its capital, which is approved by SFC and Ministry of Economic Affairs. The capital decreased from NT\$400,000 thousand to NT\$340,000 thousand.

In July 2003, the Bank invested in Debt Instruments Depository and Clearing Co., Ltd. Taiwan, which is approved by the MOF, the Bank held 2% of ownership, amounted to NT\$40,000 thousand.

From January, 2003 to August, 2003, the Bank invested in financial bonds issued by overseas banks amounted to NT\$68,126 thousand, and the last maturity will be in April 2013.

7. FIXED ASSETS AND NON-OPERATING ASSETS

(1) The Bank had revalued its land and buildings several times since 1974. The latest revaluation was made for land on July 31, 1992. The details of the revaluation increment were as follows:

	('000)		('000)	
	Dec. 31, 2003		Dec. 31, 2002	
	Land	Buildings	Land	Buildings
Fixed assets	NT\$ 527,674	NT\$ 10,407	NT\$ 527,674	NT\$ 10,407
Non-operating assets	233,320	914	233,320	914
	NT\$ 760,994	NT\$ 11,321	NT\$ 760,994	NT\$ 11,321

As of December 31, 2003 and 2002, reserve for land revaluation increment taxes both amounted to NT\$532,294 thousand.

(2) In March 2002, the Bank sold a piece of land located in Toufen Jen, Miaoli to a related party. The contract price is NT\$65,720 thousand and the gain of disposal, net of book value and the related expenses was NT\$40,261 thousand (including reversal of reserve for the asset revaluation increment taxes of NT\$14,426 thousand).

8. OTHER ASSETS

	('000)	('000)
	Dec. 31, 2003	Dec. 31, 2002
Rental real estate-land	NT\$ 960,426	NT\$ 856,185
Rental real estate buildings, net	1,229,659	1,206,692
Pledged properties taken over-land	1,871,448	1,789,743
Pledged properties taken over buildings and equipment, net	1,912,741	2,054,559
Less: allowance for market value decline of pledged properties taken over	(429,018)	(263,395)
Idle assets-land	82,048	100,853
Idle assets buildings, net	57,313	65,184
Guarantee deposit	448,379	696,651
Deferred pension cost	75,056	112,833
Deferred tax assets, net	722,468	658,170
Restricted assets	1,500,000	3,000,000
Others	3,020	447
	NT\$ 8,433,540	NT\$ 10,277,922

The Bank has NT\$1,500,000 thousand and NT\$3,000,000 thousand, respectively in certificates of deposit which was accounted as restricted assets on December 31, 2003 and 2002. In accordance with the rule set by Central Bank of China, the Bank is required to deposit sufficient guaranty for daytime overdraft to Central Bank of China. As of December 31, 2003 and 2002, the Bank had NT\$1,500,000 and NT\$ 3,000,000 thousand, respectively in certificates of deposit deposited in the Central Bank of China for this purpose. The interest rate range was 2.11%~2.207% and 2.00%~2.434%, respectively, and the last maturity will be on August 22, 2004.

The lease terms range from one to ten years and based on the lease agreements existing as of December 31, 2003, the minimum rental incomes for the following five years were as follows:

Year	Amount ('000)
2004	NT\$ 56,168
2005	45,664
2006	34,578
2007	30,498
2008	26,871
2009 and thereafter	77,265 (Net present value is NT\$75,566)

Part of the Bank's building which is located in Jung-Yang Rd., Hsin-Chu City has been rented to Hsin-Chu Chinatrust Hotel. The rental contract contains an additional variable component dependent on sales revenue percentage.

9. CUSTOMER DEPOSITS AND REMITTANCES PAYABLE

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Savings deposits	NT\$ 217,165,149	NT\$ 204,886,399
Time deposits	48,236,699	51,069,825
Demand deposits	27,782,430	22,133,791
Checking accounts	3,307,333	2,757,811
Remittances payable	51,107	34,055
Total	NT\$ 296,542,718	NT\$ 280,881,881

As of December 31, 2003 and 2002, the Bank has issued transferable time deposits amounting to NT\$3,390,000 thousand and NT\$2,172,500 thousand, respectively.

10. SUBORDINATED DEBENTURES

	('000) Dec 31, 2003	('000) Dec 31, 2002
A 5-year term, interest payable semi-annually, annual interest rate for the first 3 years is 4.25%, and 4.5% for the last 2 years, maturity date : July 19, 2007	NT\$ 6,067,400	NT\$ 6,067,400
B 5-year term, interest payable semi-annually, base on the Banks' variable one year regular rate +1.75%, maturity date : July 19, 2007	972,600	972,600
C 5-year term, interest payable semi-annually, base on the Banks' variable one year regular rate +1.75%, maturity date : July 19, 2007	400,000	400,000
D 5-year term, interest payable semi-annually, base on the Banks' variable one year regular rate +1.75%, maturity date : July 19, 2007	320,000	320,000
E 5-year term, interest payable semi-annually, annual interest rate for the first 3 years is 4.25%, and 4.5% for the last 2 years, maturity date : July 19, 2007	240,000	240,000
	NT\$ 8,000,000	NT\$ 8,000,000

The Bank's Board of Directors resolved the issuance of the first term of subordinated debentures at the total amount of NT\$8,000,000 thousand on April 2, 2002, which was approved on June 27, 2002 by the MOF and the subscription was completed in July 2002. Besides, the Bank applied to SFC for permission of OTC debenture trading on August 28, 2002, which has begun since September 2, 2002.

The first term of the NT\$8,000,000 thousand debentures have different face values of NT\$100 thousand, NT\$1,000 thousand, NT\$5,000 thousand and NT\$10,000 thousand. The debentures have a 5-year term, which is from July 19, 2002 to July 19, 2007. The principal is payable on maturity.

11. EMPLOYEE RETIREMENT BENEFITS

The reconciliation of the plan funding status to the balance sheet was as follows:

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Benefit obligation:		
Vested benefit obligation	NT\$ (188,770)	NT\$ (102,511)
Non-vested benefit obligation	(652,045)	(640,227)
Accumulated benefit obligation	(840,815)	(742,738)
Additional benefit based on future salaries	(457,490)	(500,376)
Projected benefit obligation	(1,298,305)	(1,243,114)
Fair value of plan assets	875,636	733,967
Funded status	(422,669)	(509,147)
Unrecognized pension losses	96,427	104,063
Net transition obligation	401,298	509,146
Additional liabilities	(75,056)	(112,833)
Accrued pension liabilities	NT\$ —	NT\$ (8,771)

Estimated vested retirement benefits with those employee who were qualified for retirement as of December 31, 2003 and 2002, were NT\$188,770 thousand and NT\$140,657 thousand, respectively.

The components of net periodic pension cost were as follows:

	('000) 2003	('000) 2002
Service cost	NT\$ 93,030	NT\$ 69,887
Interest cost	43,459	46,346
Expected return on plan assets	(28,415)	(34,121)
Amortized and deferred portion	107,849	57,316
Net periodic pension cost	NT\$ 215,923	NT\$ 139,428



The major actuarial assumptions were as follows:

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Discount rate	3.50%	3.75%
Expected long-term rate of return on plan assets	3.50%	3.75%
Rate of future increase in compensation	2.50%	3.00%

Payments of retirement benefits amounted to NT\$45,248 thousand and NT\$184,722 thousand in 2003 and 2002, respectively.

As of December 31, 2003 and 2002, the movement of the fund deposited in Central Trust of China was as follows:

	('000) 2003	('000) 2002
Beginning balance	NT\$ 733,967	NT\$ 652,874
Deposits during the year	157,062	95,700
Interest during the year	-	15,352
Withdrawals during the year	(15,393)	(29,959)
Ending balance	<u>NT\$ 875,636</u>	<u>NT\$ 733,967</u>

12. SHAREHOLDERS' EQUITY

(1) Capital surplus and reserve

The ROC Company Law provides that capital surplus may only be used to offset accumulated deficit or to increase capital.

According to the Securities Exchange Law and other related regulations, the total capital surplus (from donated assets received and additional paid-in capital) transferred to capital cannot exceed 10 percentage of issued capital every year. The additional paid-in capital can be used to increase the capital in the next year after the transfer is approved by the authorities concerned.

According to regulations by SFC, the appropriated earnings of listed corporations shall not only be set aside as statutory reserve but also obey Securities Exchange Law No.41 which requires the reserving of an amount equal to any valuation or contra-account in the stockholders' equity in the fiscal year (such as: unrealized losses of valuation on long-

term investment, cumulative translation adjustments, etc.) from the net income and prior inappropriate earnings as special reserve. If the valuation or contra-account in stockholders equity belongs to prior periods, the same amount from prior period inappropriate earnings should be provided as special reserve and can't be appropriated. If the valuation or contra-account of stockholders' equity were reversed, the special reserve amount could be appropriated.

According to the Bank's Articles of Incorporation, the Bank's net earnings are to be used to pay income taxes and offset against accumulated deficits, if any; 30% of the balance shall be set aside as statutory reserve before appropriation of earnings. Appropriation should be made after special reserve was made:

Stockholders' dividends and bonus	90%
Directors and supervisors' remuneration	5%
Employee profit sharing	5%

(2) Dividend policy

In order to increase the profitability, expand the sales and to maintain the risk-based capital ration, the dividend policy of the Bank in the future should follow the capital budgeting plan of the Bank. Stock dividend will be appropriated, first in order to retain sufficient capital, and the surplus will be appropriated in the form of cash dividend, which must not be less than 10 percent of the whole dividends. However, if cash dividends are lower than NT\$0.1 per share, the Bank could issue stock dividends instead.

On June 6, 2003, the general meeting of shareholders resolved to compensate the accumulated losses for the year ended December 31, 2002 by transferring both the amounts of NT\$22,820 thousand of capital surplus-gain on disposal of fixed assets occurred prior of 2000 and NT\$3,465,854 thousand of statutory reserve to retained earnings.

As of the audit report date, the Board of Directors have not completed the distribution of earnings for the year 2003.

Information on employee bonus and remuneration of directors and supervisors as resolved by the Board of Directors and determined in shareholders' meetings can be found in "Market Observation Post System" (<http://mops.tse.com.tw> of the TSE).

(3) Treasury Stock

Year	Reason	Shares on Jan 1, 2003	Increase during Year 2003	Decrease during Year 2003	Shares on Dec. 31, 2003
2003	Transfer to employee	<u>68,686</u>	<u>-</u>	<u>25,987</u>	<u>42,699</u>

('000 shares)

Year	Reason	Shares on Jan 1, 2002	Increase during Year 2002	Decrease during Year 2002	Shares on Dec. 31, 2002
2002	Transfer to employee	<u>77,284</u>	<u>19,800</u>	<u>28,398</u>	<u>68,686</u>

('000 shares)

Securities Exchange Law regulates that corporation's purchase of its own stocks can not be over 10% of the issued shares, and the dollar amount of purchase can not be more than the amount of retained earnings plus reserve for capital increase and realized capital surplus. The Bank reclaimed 19,800 thousand shares with the cost of NT\$114,887 thousand in the year 2002. As of December 31, 2003, the Bank held 102,722 thousand shares at most with the cost of NT\$568,141 thousand. On the basis of auditors' report for the nine-month period ended September 30, 2003, the upper limits were 129,011 thousand shares and amount of NT\$2,681,855 thousand.

According to Securities Exchange Law, the treasury stock of the Bank can't be pledged and cannot have the shareholders' rights until transferring.

The Bank's subsidiary, Chu-Cherng Construction Co., Ltd., held 14 thousand shares of the Bank at the book value of NT\$14.05 dollar per share on December 31, 2003 and 2002. The market value of which is NT\$14.60 and NT\$10.80 per share on December 31, 2003 and 2002, respectively. Statement of Financial Accounting Standard ("SFAS") No.30

"Accounting for Treasury Stock" requires subsidiary's holdings of parent company's shares be treated as treasury stock. The book value of shares held by such subsidiary calculated as NT\$59 thousand based on the indirect holding percentage was transferred to the cost of treasury stock.

The Bank's subsidiary, Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd., purchased 427 thousand shares of the Bank during the year 2000 at cost of NT\$2,289 thousand and sold all of the shares in April 2002. The total selling price was NT\$4,803 thousand, resulting in the gain of NT\$2,514 thousand. Another subsidiary, Chu-Chi Interior Decoration Engineering Co., Ltd., (Formally named Chu-Chi Interior Design Engineering Co., Ltd.) purchased 830 thousand shares of the Bank during the year 2000 at cost of NT\$3,944 thousand and sold all of the shares in March 2002. The selling price was NT\$5,950 thousand, resulting in the gain of NT\$2,006 thousand. As required by SFAS No.30 the disposal gain from subsidiaries' sales of the Bank's shares calculated as NT\$2,546 thousand based on the indirect holding percentage was transferred to "Capital surplus-gain on disposal of treasury stock".

13. PERSONNEL EXPENSE, DEPRECIATION EXPENSE AND AMORTIZATION

The Bank's personnel expense, depreciation expense and amortization for the years 2003 and 2002 were summarized as follow:

	2003 ('000)			2002 ('000)		
	Selling expense	General & administrative expense	Total	Selling expense	General & administrative expense	Total
Person expense						
Salary expense	NT\$ -	NT\$ 1,563,381	NT\$ 1,563,381	NT\$ -	NT\$ 1,324,327	NT\$ 1,324,327
Insurance expense	-	95,277	95,277	-	60,636	60,636
Pension expense	-	215,923	215,923	-	139,428	139,428
Depreciation Expense	-	399,235	399,235	-	416,388	416,388
Amortization	-	2,564	2,564	-	235	235

14. INCOME TAXES AND THE INTEGRATED INCOME TAX SYSTEM INFORMATION

(1) Income taxes

The Bank is subject to the maximum income tax rate of 25 percent. The provisions (benefits) for income taxes were summarized below:

	('000)	
	2003	2002
Current income tax expense	NT\$ 75,953	NT\$ 38,311
Deferred income tax benefit	(64,298)	(183,227)
	<u>NT\$ 11,655</u>	<u>NT\$ (144,916)</u>

The differences between "expected" income taxes at the statutory income tax rate and the income tax as reported in the accompanying financial statements for the years 2003 and 2002 were summarized as follows:



	('000)	('000)
	2003	2002
"Expected" income tax (benefit)	NT\$ 632,884	NT\$ (915,587)
Offshore banking unit tax-exempt income	(10,298)	(16,075)
Gain from securities trading-exempted	(367,111)	(96,887)
Loss (gain) on disposal of land-exempted	269	(9,747)
Prior years' income tax adjustments	(1,770)	28,387
Tax credit on employee training expenditure and important technology industries	(4,397)	(27,833)
20% preferential tax effect on certain interest income	(16,431)	(2,806)
Undeductible tax expense of the overseas income	697	1,088
Investment loss (gain) recognized under the equity method	(53,049)	3,425
Other tax reconciling items	80,833	11,391
10% income taxes on unappropriated earnings	—	345
The movement of allowance for deferred tax assets	(249,972)	879,383
	<u>NT\$ 11,655</u>	<u>NT\$ (144,916)</u>

The deferred income tax benefits were as follows:

	('000)	('000)
	2003	2002
Investment loss recognized under the equity method	NT\$ (4,638)	NT\$ (4,693)
Allowance for bad-debt in excess of tax limit	(138,870)	(25,030)
Provision for retirement benefits over limitation	-	88,196
Provision for other reserves	(22,324)	(30,343)
Provision of reserve for market value decline of pledged properties taken over	(41,406)	(49,334)
Loss carry forwards	395,821	(1,013,573)
Tax credit on employee training expenditure and important technology industries	(2,909)	(27,833)
Increase in allowance for deferred tax assets	(249,972)	879,383
	<u>NT\$ (64,298)</u>	<u>NT\$ (183,227)</u>

The deferred income tax assets were as follows:

	('000)	('000)
	Dec. 31, 2003	Dec. 31, 2002
Deferred tax assets	NT\$ 1,909,826	NT\$ 2,095,500
Allowance for deferred tax assets	(1,187,358)	(1,437,330)
Deferred tax assets, net	<u>NT\$ 722,468</u>	<u>NT\$ 658,170</u>

The temporary differences and their effects on deferred income tax assets were as follows:

	('000)		('000)	
	Dec. 31, 2003		Dec. 31, 2002	
	Amount	Income tax effect	Amount	Income tax effect
Deferred tax assets:				
Bad debts expense over limitation	NT\$ 1,256,405	NT\$ 314,101	NT\$ 700,924	NT\$ 175,231
Provision of reserve for default in securities brokerage	41,783	10,446	37,519	9,380
Provision of reserve for loss in securities trading	200,000	50,000	114,969	28,742
Investment loss recognized under the equity method	47,512	11,878	28,959	7,240
Loss carry forwards	5,476,208	1,369,052	7,059,494	1,764,873
Tax credit on employee training expenditure and important technology industries	47,094	47,094	44,185	44,185
Market value decline of pledged properties taken over	429,018	107,255	263,395	65,849
		<u>NT\$ 1,909,826</u>		<u>NT\$ 2,095,500</u>

As of December 31, 2003 and 2002, income tax refundable were as follows:

	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Estimated income tax expenses	NT\$ 75,953	NT\$ 38,311
Prepaid and withheld income taxes	(133,025)	(159,727)
20% preferential taxes on certain interest income	(77,026)	(13,215)
Undeductible tax expense of the overseas income	(697)	(1,088)
Prior years' income tax adjustments	1,770	(23,663)
Income tax refundable	NT\$ (133,025)	NT\$ (159,382)

According to the Law of Income Taxes, the losses could be carried forward 5 years to deduct the following years income. As of December 31, 2003, the details of the Bank's losses for past years were as follows:

Years of loss	Declared (approved) amount of losses	Available deductible amount	Deducted amount	Undeducted amount	('000)
					The extended years for the losses
1999	NT\$ 1,718,567	NT\$ 1,702,447	NT\$ 1,238,775	NT\$ 463,672	2004
2000	766,095	736,104	-	736,104	2005
2001	540,883	495,181	-	495,181	2006
2002	3,824,364	3,781,251	-	3,781,251	2007
		NT\$ 6,714,983	NT\$ 1,238,775	NT\$ 5,476,208	

The tax authorities have examined and assessed the Bank's income tax returns for the years through fiscal year 1999.

There are still several appeals pending for the prior years tax returns with the tax authority and result in the tax effect of about NT\$41,563 thousand. The Bank believed that the final arbitration will not significantly affect the presentation of financial position and operating results.

(2) Information regarding the Integrated Income Tax System

	('000) Dec. 31, 2003 (estimated)	('000) Dec. 31, 2002 (actual)
Imputed tax credits for shareholders	NT\$ 373,162	NT\$ 309,751
Imputed tax credit rate of estimated (actual) earnings appropriation	14.81%	-
	('000) Dec. 31, 2003	('000) Dec. 31, 2002
Unappropriated retained earnings (losses)		
1997 and before	NT\$ -	NT\$ 4,203
1998 and after	2,519,883	(3,492,877)
	NT\$ 2,519,883	NT\$ (3,488,674)

15. EARNINGS PER SHARE

The earnings per share of common stock for the years ended December 31, 2003 and 2002 were as follows:

(number of shares and amounts are in thousands, except per share data)

	For the year ended December 31, 2003				
	Amount		Number of shares	Earnings per share	
	Before taxes	After taxes		Before taxes	After taxes
Net incomes	NT\$ 2,531,538	NT\$2,519,883		NT\$	NT\$
Net incomes for basic earnings per common stock	2,531,538	2,519,883	1,236,445	2.05	2.04



	For the year ended December 31, 2002				
	Amount		Number of shares	Earnings per share	
	Before taxes	After taxes		Before taxes	After taxes
Net losses	NT\$ (3,662,348)	NT\$ (3,517,432)		NT\$	NT\$
Net losses for basic earnings per common stock	(3,662,348)	(3,517,432)	1,206,735	(3.03)	(2.91)

16. RELATED-PARTY TRANSACTIONS

(1) Relationship with the Bank

Name	Relationship with the Bank
Hsin-Chu Real Estate Co., Ltd. (HCRE)	The Bank's subsidiary
Hsin-Chu Futures Co., Ltd. (HCF)	The Bank's subsidiary
Hsin-Chu Insurance Agent Co., Ltd. (HCF)	The Bank's subsidiary
Chu-Chiann Insurance Agent Co., Ltd.	The Bank's subsidiary
Hsin-Chu Gen-Gin Security Co., Ltd.(HGSC)	HCRE's subsidiary
Chu-Chi Interior Decoration Engineering Co., Ltd.(CIDEDEC)	HCRE's subsidiary
Chu-Sheng Technology Co., Ltd.	HCRE's subsidiary
Ju-Ying International Co., Ltd.(JYIC)	HCRE's subsidiary
Chu-Cherng Construction Co., Ltd.(CCC)	HCRE's subsidiary
Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd. (HGABM)	HCRE's subsidiary
Hsin-Chu Gen-Gin Car Leasing Co., Ltd.	HCRE's subsidiary
Hsin-Chu Gen-Gin Truck Leasing Co., Ltd.	HCRE's subsidiary
Chu-Chi Travel service Co., Ltd.	HCRE's subsidiary
International Bills Financing Co., Ltd. (IBF)	The Bank's chairman is the second immediate family of the company's director in Board
Xuan-De Investment Co., Ltd.	An affiliate
Hua-Wan Investment Co., Ltd.	An affiliate
Cheng-De Consulting Co., Ltd.	An affiliate
Zhi-De Investment Co., Ltd.	An affiliate
Others	As SFAS No.6,"Disclosure for related party transactions, "and the directors of the company are the spouse or within the second immediate family of other companies

(2) Major transactions with related parties

1) Loans to related parties

As of December 31, 2003 and 2002, loans to related parties were approximately NT\$804,320 thousand and NT\$959,713 thousand, respectively, representing 0.36% and 0.46% of total loans, discounts, and bills purchased as of December 31, 2003 and 2002, respectively. Interests resulting from such loans were NT\$47,800 thousand and NT\$40,810 thousand, respectively, representing 0.47% and 0.30% of total interest revenue for 2003 and 2002. The ranges of interest rates were approximately 1.55%~18.25% and 2.15%~18.25%, respectively. In the years of 2003 and 2002, the highest balances of loans to related parties were approximately NT\$1,017,890 thousand and NT\$1,147,342 thousand, respectively.

The terms and conditions of loans to the related parties were substantially similar to those for other loans.

2) Deposits from the related parties

As of December 31, 2003 and 2002, deposits from the related parties were approximately NT\$1,000,309 thousand and NT\$614,161 thousand, respectively, representing 0.34% and 0.22% of total deposits and remittances at December 31, 2003 and 2002, respectively. Interest expenses resulting from such deposits were NT\$3,212 thousand and NT\$19,929 thousand, respectively, representing 0.07% and 0.31% of total interest expenses for 2003 and 2002, respectively. In the years of 2003 and 2002, the highest balances of deposits from the related parties were approximately NT\$1,374,422 thousand and NT\$1,957,532 thousand, respectively.

The interest rates and other terms provided to the above

related parties were the same as the terms offered to the general public, except that employees' saving interest rate is 8.20% when the deposit balance was below NT\$480 thousand per employee after August 10, 2001 and the interest rate had been decreased to 8.10% and 8.00% on July 10 and November 20, 2002, respectively.

- 3) The Bank contracted HCRE to administer the construction of certain premises. The service fees for the years ended December 31, 2003 and 2002, amounted to NT\$13,524 thousand and NT\$4,431 thousand, respectively.
- 4) The Bank contracted HGSC to administer the security services of certain premises. The service fees for the years ended December 31, 2003 and 2002 amounted to NT\$47,784 thousand and NT\$32,179 thousand, respectively.
- 5) The Bank has paid to CIDEK for the decoration of the Bank's branches for the years ended December 31, 2003 and 2002, amounted to NT\$102,206 thousand and NT\$24,813 thousand, respectively.
- 6) The Bank contracted HGABM to take over the building management of the bank's branches for the years ended December 31, 2003 and 2002 amounted to NT\$35,916 thousand and NT\$33,788 thousand, respectively.
- 7) The Bank leased the office premises from HCRE, and the rental expenses for the years ended December 31, 2003 and 2002 were NT\$1,192 thousand and NT\$1,404 thousand, respectively.
- 8) The Bank leased cars from Hsin-Chu Gen-Gin Car Leasing Co., and the rental expenses for the years ended December 31, 2003 and 2002 were NT\$5,676 thousand and NT\$1,432 thousand, respectively.
- 9) The transactions involving government bonds and other short-term bills under repurchase agreements with the related parties were as follows:

17. COMMITMENTS AND CONTINGENCIES

- (1) As of December 31, 2003 and 2002, the Bank's significant commitments and contingencies were as follows:

	('000)	('000)
	Dec. 31, 2003	Dec. 31, 2002
Letters of credit issued	NT\$ 2,889,934	NT\$ 1,144,030
Guarantees extended	9,810,605	11,219,154
Government bonds and other short-term bills acquired under resale agreements	9,164,116	3,183,304
Government bonds and other short-term bills sold under repurchase agreements	42,284,131	20,858,427
Unsettled foreign currency forward contract	4,163,939	3,068,062
Unsettled foreign currency swap and options contract	17,401,600	4,797,196

- (2) As of December 31, 2003 and 2002, the existing contracts for construction and decoration of the Bank's premises approximated NT\$21,397 thousand and NT\$71,514 thousand, respectively. The Bank had paid approximately NT\$17,081 thousand and NT\$42,025 thousand, respectively.
- (3) According to the existing contracts for the lease of its premises, as of December 31, 2003, rental payments were as follows:

		Year 2003			('000)
		Maximum amount	Ending balance	Interest rate%	Gain (Loss) from trading bills and securities
Bonds	Related parties				
	IBF	NT\$ 2,224,806	NT\$ 2,224,806	0.715~1.050	NT\$ 1
	Others	74,681	-	0.650~1.250	(295)
		NT\$ 2,224,806	NT\$ 2,224,806		NT\$ (294)
		Year 2002			('000)
		Maximum amount	Ending balance	Interest rate%	Gain (Loss) from trading bills and secuBonds
Bond	Related parties				
	IBF	NT\$ 359,786	-	1.9	NT\$ 16
	Others	173,019	68,831	1.20~2.2	(23)
		NT\$ 68,831	NT\$ 68,831		NT\$ (7)



Year	Amount	
	(‘000)	
2004	NT\$ 61,136	
2005	55,576	
2006	44,319	
2007	27,369	
2008	8,637	
2009 and after	19,975	(Net present value is NT\$19,214)

- (4) As of December 31, 2003 and 2002, the Bank had the following major commitments relating to trust activities:

	(‘000) Dec. 31, 2003	(‘000) Dec. 31, 2002
Bills for collection	NT\$ 23,193,216	NT\$ 19,941,722
Marketable securities for custody	1,182,614	1,736,359
Travelers checks held for sale	154,619	147,004
Assets resulting from various trust agencies	18,135,963	6,844,163

- (5) As a result of being laid off by the bank, an employee brought up a lawsuit to make a claim for salary and damage compensation of NT\$16,577 thousand plus interest at 5%. The case has not yet been settled.
- (6) Trust balance sheets and trust assets which are required to disclose by the ROC Trust Law were as follows:

**Balance Sheet of Trust
December 31, 2003**

Trust Assets		Trust Liabilities	
Short-term investments:		Trust capital:	
Investments in funds	NT\$ 18,135,963	Money trust	NT\$ 18,135,963
Total trust assets	NT\$ 18,135,963	Total trust liabilities	NT\$ 18,135,963

**Trust Assets
December 31, 2003**

Investments	Book Value
Short-term investments:	
Investments in funds	NT\$ 18,135,963
Total	NT\$ 18,135,963

18. OTHER

(1) Financial derivatives and fair market value of financial instruments

1) Financial derivatives

The Bank involved in a variety of derivative instruments such as forward foreign exchange contracts, foreign exchange swap contracts, and interest rate swap contracts in response to its customers' trading activities and in the management of its risk exposure to fluctuations in foreign exchange and financing needs.

Pursuant to the "Appointed Bank Regulations" established by the Central Bank of China. The Bank engaged in two kinds of forwards transactions-fixed due date and selected due date. Divided by due date, there are 30, 60, 90, 120, 150, 180, 360 days instruments. The limitation of the transaction date is one year.

The Bank uses swap contracts to buy or sell US dollars. Since currencies other than US dollars sometimes are hard to buy through the foreign exchange money market, the Bank can use swap transactions in order to hedge its risks.

The credit risk amount, accounting for potential market risk and credit risk, and measured at fair market value, represents the possibility that an accounting loss to the Bank may occur as a direct result of the counterparts' failure to meet their contractual obligations. To limit credit exposure arising from such transactions, the Bank evaluates the credit standing of the counterparts in accordance with the Bank's policies and procedures of credit monitoring and approval.

The market price risk is a risk of fluctuation in exchange rate and interest rate. The Bank uses forwards and currency swaps together with calculated capital of long and short position in every currency to evaluate the market price risk value. This value represents the loss of unfavorable fluctuation in market. The objective of the Bank entering into FX swap contracts, interest rate swap contracts and NDF contracts is to limit its risk exposure to various currencies. The exchange rate risk exposure derived from the currency fluctuations could be offset by the net gain (loss) on hedged transactions. Hence, the market price risk is not expected to be material. Interest rate swaps are conducted within transaction limits, and the resulting gain or loss changes along with interest rate fluctuations, hence achieving market price risk hedging.

In order to be highly effective in achieving offsetting changes in fair value attributable to the hedged risk, the Bank designates derivative instruments negatively correlated to the proportionate changes in the fair values of hedged item as hedging tools. Moreover, the positions are monitored on a timely basis.

A. Derivatives held or issued for trading purposes

(A) Contract amount and credit risk

Financial instruments	Dec. 31, 2003		Dec. 31, 2002	
	Contract	Credit risk	Contract	Credit risk
	Amount	Amount	Amount	Amount
Forward contracts	NT \$ 2,778,527	NT 69,097	NT\$ 1,875,476	NT\$ 28,067
Buy (sell) options	13,375,302	535,004	243,271	-

(B) Market risk

	(000)	(000)
	Dec. 31, 2003	Dec. 31, 2002
Exchange rate risk value	NT\$ 3,276	NT\$ 4,330
Interest rate risk value	20,214	26,932

(C) Liquidity risk, cash flow risk and uncertainty of future funding requirements

The expected future cash flows needed for the settlements of Bank's derivative contracts were as follows:

	(000)	(000)
	2003	2002
Average maturity		
Less than one year	NT\$ 2,775,256	NT\$ 2,156,244

The amount of the expected future cash flows is estimated. The uncertainty arising from fluctuations of exchange rates and interest rates is the primary function for estimating expected future cash flow. Accordingly, duration can also be a function. Generally, the longer the maturity of a financial instrument, the less certain it becomes.

It is unlikely for the Bank to settle a forward contract it held in an unreasonable price in the market. Additionally, the exchange rates are fixed for the forward contracts and the Bank does not anticipate any significant cash flow risk.

(D) Financial statement disclosures

- a. In 2003 and 2002, transactional exchange gains (losses) for derivative transactions amounted to NT\$18,069 thousand and NT\$(14,011) thousand, respectively.

B. Derivatives held or issued for non-trading purposes

(A) Contract amount and credit risk

Financial instruments	Dec. 31, 2003		Dec. 31, 2002	
	Contract	Credit risk	Contract	Credit risk
	Amount	Amount	Amount	Amount
Forward contracts	NT\$ 2,966,297	NT\$ 104,491	NT\$ 3,843,926	NT\$ 500,670
Non-delivery deposit forward (NDF) contracts	1,385,412	3,624	1,211,670	2,486
Cross Currency Swap contracts	1,060,000	13,999	710,000	10,363

b. The book values and fair values of the Bank's unmatured forward contracts outstanding at December 31, 2003 and 2002 were as follows:

Category	(000)	(000)
	Dec 31, 2003	Dec 31, 2002
Forward proceeds receivable-foreign currencies	NT\$ 41,833	NT\$ 8,307
Forward settlement payable	1,577	1,905
Forward proceeds receivable	3,719	872
Forward settlement payable-foreign currencies	14,259	9,360

(E) Options

The Bank engaged in options transactions to comply with the new business of hedging tools. Depositors include savings deposit clients and the internationally well-known banks, who would have to qualify under the risk management assessment of the Bank. The deposit clients are those who deposit their principal in the Bank and use the interest earned to buy the options. Therefore, the credit risk is very low. In order to eliminate the potential market risk, the Bank will buy opposite options at the same time when the clients buy their options.

From the option transactions, the Bank recognized net exchange gain amounted to NT\$6,556 thousand and NT\$0, service revenues amounted to NT\$15,502 thousand and NT\$799 thousand and service expenses amounted to NT\$3,444 thousand and NT\$188 thousand for the years ended 2003 and 2002, respectively.



(B) Liquidity risk, cash flow risk and uncertainty of future funding requirements

The Bank had unmaturing FX swap contracts, NDF contracts and the expected future cash flows needed for those transactions were NT\$5,388,844 thousand and NT\$5,761,349 thousand in 2003 and 2002, respectively.

An interest rate swap contract is to exchange a fixed interest rate for a floating rate. The Bank expects that there is no significant need for future cash flows and does not anticipate any significant cash flows risk.

Derivative financial products are mainly held by the Bank to meet the needs of its customers and for its own funds management. The principle of the Bank is just to borrow sufficient funds from the money market, without engaging in high leverage transactions, the financial products held are of a higher liquidity in the general financial market. The possibility of not selling at a reasonable price in the open market is remote; hence liquidity risk is very low.

(C) In 2003 and 2002, the Bank incurred interest incomes for FX swap contracts amounted to NT\$19,795 thousand and NT\$16,337 thousand and interest expense amounted to NT\$44,025 thousand and NT\$22,598 thousand, respectively. Besides, the Bank incurred an exchange gain (loss) for derivative NDF transactions amounted to NT\$8,116 thousand and NT\$(2,133) thousand for the years of 2003 and 2002,

respectively. The book values and estimated fair values of the Bank's unmaturing forward contracts outstanding at December 31, 2003 and 2002 were as follows:

Category	('000)	
	Dec 31, 2003	Dec 31, 2002
Swap agreements:		
Forward proceeds receivable		
-foreign currencies	NT\$ -	NT\$ 6,385
Forward proceeds receivable	6,270	-
Forward settlement		
payable-foreign currencies	18,209	17,505
Non-delivery deposit forward (NDF) contracts:		
Forward proceeds receivable	967	15,365
Forward settlement		
payable-foreign currencies	4,885	-
Cross Currency Swap (CCS)		
Forward proceeds receivable	40,660	-

2) Fair value of financial instruments

The following methods and significant assumptions were used to estimate the fair value of each class of financial instruments:

Financial assets	Dec. 31, 2003 ('000)		Dec. 31, 2002 ('000)	
	Book value	Fair Value	Book value	Fair Value
Book value equivalent to fair values	NT\$ 298,212,393	298,212,393	NT\$ 276,902,562	276,902,562
Marketable securities	20,387,152	20,522,681	20,793,565	21,285,130
Long-term investment	1,424,164	1,572,017	1,166,963	1,314,117
Financial instruments				
Book amount equivalent to fair values	NT\$ 19,258,195	19,258,195	NT\$ 16,493,391	16,493,391
Customer deposits and remittances payable	296,542,718	296,431,249	280,881,881	280,795,168

(A) Financial assets with book amounts equivalent to fair values:

The fair values for financial assets including cash, due from banks, due from central bank of China, receivables and guarantee deposits were approximately equal to book values. For those short-term instruments, the book value is a reasonable estimate of fair value because of the short maturity of those instruments.

(B) Marketable securities:

The fair value was based on either the average end-of-month quoted closing price of the reported accounting period or the latest settlement price at the end of the fiscal year. The fair value of open-ended mutual funds was measured by the net asset value of the mutual funds on the balance sheet date.

If a quoted market price was not available, a reasonable estimate of fair value was based on financing or other data.

(C) Loan, discounts and bills purchased:

The fair values of loans, discounts and bills purchased were estimated based on certain characteristics of banking industry. On that account, the book value was a reasonable estimate of fair value, taking into account the current credit-worthiness of the borrowers. The fair values of fixed-rate loans with medium to long term maturity were estimated by discounting the future cash flows using the current rates. Since the Bank entered into fixed-rate loans of which interest rate were higher than market rate and the remaining maturities were less than three years and it was

not practical to calculate the present value of each transaction, the fair value of loans was estimated using book value, taking into account of the current credit-worthiness of the borrowers.

(D) Long-term investments:

The fair values of long-term investments were estimated based on the market price if the market price was available. If a quoted market price was not available, a reasonable estimate of fair value was based on financing or other data.

(E) Financial liabilities with book values equivalent to fair values:

The fair values for financial liabilities including due to central bank, due to banks, payables, and financing from banks and central bank approximates book values at the balance sheet date. For those short-term instruments, the book value is a reasonable estimate of fair value because of the short maturity until realization.

(F) Customer deposits and remittances payable:

The fair values of customer deposits and remittances payable were estimated based on the certain characteristics of banking industry. A large portion of the bank's deposit liabilities was made with floating interest rate and the maturities for most of those deposit liabilities were less than one year. On that account, the book value was a reasonable estimate of fair value. The fair values of long-term deposits were estimated by discounting the future cash flows using the current rates.

3) Financial instruments with off-balance-sheet credit risk

In 2003 and 2002, majority of the Bank's credit commitments expired within one year with the 0.01% ~ 15.00% and 0.01% ~ 18.25% interest rate range (the interest rates for the credit card receivable were both up to 19.89%). The Bank's commitments such as financial guarantees and letters of credit were conditional commitments to guarantee performance to third parties. These guarantee agreements primarily expired within one year. Maturity was not concentrated in the specific period.

The Bank's financial instruments with off-balance-sheet credit risk were summarized as follows:

	('000)	('000)
	Dec. 31, 2003	Dec. 31, 2002
Loan commitments	NT\$ 72,193,154	NT\$ 80,116,393
Lines of credit commitments		
for credit card holders	35,481,401	25,656,789
Financial guarantees and standby letters of credit	12,700,539	12,363,184

The Bank anticipates that not all of those commitments will be utilized before agreed-upon expiration or other termination clauses. The amount of unused commitment does not necessarily represent future funding requirements. For

that reason, the contract or nominal amount does not represent the amount of the Bank's exposure to credit risk. The amount is potentially subject to credit risk arising from the possible inability of counterparties to meet the terms of contracts and the material deterioration in collateral.

Before entering loan commitments, financial guarantees or letters of credits, the Bank evaluated the credit standing of counterpart. Certain counterparties were subject to maintain collateral (in the form of cash, inventory or marketable securities) for all or part of the exposures prior to the approval and authorization of deals. The Bank had the right to dispose the collateral in case of default. As of December 31, 2003 and 2002, the loans with collaterals represented 70.38% and 69.57% of total loans, respectively.

The Bank's credit card holders were not required to maintain collateral for the lines of credit committed by the Bank. The Bank evaluated the present creditworthiness of the cardholders regularly. The Bank would adjust their credit lines, if there were a material deterioration in creditworthiness of the cardholders.

4) Concentrations of credit risk of financial instruments

Concentrations of credit risk are most likely resulting from exposures with an individual counterparty. Group concentrations of credit risk exist if a number of counterparties are engaged in similar activities or activities in the same region have similar economic characteristics that would affect their ability to meet contractual obligations. The Bank maintains trading positions in a number of markets and with a variety of counterpart or obligors. The Bank's significant group concentrations of credit risk were summarized in categories of similar industries as follows:

	('000)	('000)
	Dec. 31, 2003	Dec. 31, 2002
Loans-industry		
Individuals	NT\$ 132,641,000	NT\$ 126,568,000
Commercial	17,781,000	19,415,000
Manufacturing	39,899,000	32,402,425
Construction and real estate	8,530,000	8,191,000
Other institutions	35,787,025	36,442,211
Total	<u>NT\$ 234,638,025</u>	<u>NT\$ 223,018,636</u>

The Bank will incur a transaction loss equal to the book value, if counterparty is unable to fulfill its obligations and collateral promised by the counterparty is completely worthless.

(2) Reclassifications

Certain accounts of statements of income and statements of cash flow of 2002 had been reclassified to conform to the 2003 presentation for the comparison purpose. These reclassifications did not have a significant impact on the financial statements.



(3) In accordance with ROC SFAS No. 28, further disclosures were as follows:

1) The maturity analysis of material assets and liabilities were as follows:

	Dec.31, 2003					
	Within 1 month	1-6 months	6 months-1 year	1-7 years	Over 7 years	Total
('000)						
Assets:						
Marketable securities- bonds	NT\$ 142,083	NT\$ 29,134	NT\$ 1,174,168	NT\$ 2,876,713	NT\$ 4,195,323	NT\$ 8,417,421
Due from banks (Note 1)	1,948,215	—	64,320	21,237	—	2,033,772
Loan, discounts and bills purchased	8,503,491	24,211,881	11,895,892	55,828,923	123,702,350	224,142,537
Long-term debt investments	—	—	—	34,148	33,978	68,126
Total	<u>NT\$ 10,593,789</u>	<u>NT\$24,241,015</u>	<u>NT\$ 13,134,380</u>	<u>NT\$ 58,761,021</u>	<u>NT\$127,931,651</u>	<u>NT\$234,661,856</u>
Liabilities:						
Due to banks (Note 2)	NT\$ 3,267,956	NT\$ 441,250	NT\$ 271,824	NT\$ —	NT\$ —	NT\$ 3,981,030
Customer deposits and remittances payable (Note 3)	19,099,692	74,702,925	82,238,065	10,350,838	—	186,391,520
Total	<u>NT\$ 22,367,648</u>	<u>NT\$ 75,144,175</u>	<u>NT\$ 82,509,889</u>	<u>NT\$ 10,350,838</u>	<u>NT\$ —</u>	<u>NT\$ 190,372,550</u>

	Dec.31, 2002					
	Within 1 month	1-6 months	6 months-1 year	1-7 years	Over 7 years	Total
('000)						
Assets:						
Marketable securities- bonds	NT\$ 241,200	NT\$ 43,121	NT\$ 13,084	NT\$ 4,713,545	NT\$ 5,860,861	NT\$ 10,871,811
Due from banks (Note 1)	1,563,885	788,413	—	—	—	2,352,298
Loan, discounts and bills purchased	5,123,275	27,424,800	13,524,920	54,974,075	109,367,917	210,414,987
Long-term debt investments	—	50,000	—	35,031	—	85,031
Total	<u>NT\$ 6,928,360</u>	<u>NT\$ 28,306,334</u>	<u>NT\$ 13,538,004</u>	<u>NT\$ 59,722,651</u>	<u>NT\$115,228,778</u>	<u>NT\$ 223,724,127</u>
Liabilities:						
Due to banks (Note2)	NT\$ —	NT\$ 347,530	NT\$ —	NT\$ —	NT\$ —	NT\$ 347,530
Customer deposits and remittances payable (Note 3)	19,490,790	77,320,312	85,616,166	7,908,980	-	190,336,248
Total	<u>NT\$ 19,490,790</u>	<u>NT\$ 77,667,842</u>	<u>NT\$ 85,616,166</u>	<u>NT\$ 7,908,980</u>	<u>NT\$ -</u>	<u>NT\$ 190,683,778</u>

Note 1: Only time deposits due from banks are included.

Note 2: Including due to banks and Central Bank of China.

Note 3: Only time deposits and time saving deposits are included.

The maturity analysis of the Bank recognized the maturity period from the date of balance sheet to the due date.

2) As of December 31, 2003 and 2002, the interest earning assets, interest bearing liabilities and the average interest rates were as follows:

	('000)		('000)	
	2003		2002	
	Average amount	Average interest rate% (Annual rate)	Average amount	Average interest rate% (Annual rate)
Assets:				
Due from Central Bank of China	NT\$ 10,082,940	1.75	NT\$ 9,645,697	2.49
Marketable securities-bonds	7,190,731	4.27	11,175,264	5.15
Due from banks	4,367,454	1.01	7,428,594	2.02
Loan, discounts and bills purchased	212,736,089	4.20	206,185,657	5.73
Long-term investments-bonds	76,578	6.50	84,500	6.88

	2003 ('000)		2002 ('000)	
	Average amount	Average interest rate% (Annual rate)	Average amount	Average interest rate% (Annual rate)
Liabilities:				
Demand deposits	92,521,079	0.60	82,829,998	1.38
Foreign currency demand deposits	3,091,227	0.23	2,295,214	0.26
Time deposits	181,323,266	1.78	185,099,353	2.88
Foreign currency time deposits	5,671,828	1.08	4,958,321	1.46
Transferable time deposits	2,222,338	1.73	1,948,071	2.25
Financing/Borrowing from Central Bank of China and banks	3,913,150	1.07	645,787	2.22

3) Risk-based capital ratio

	Dec. 31, 2003	Dec. 31, 2002
Risk-based capital ratio = $\frac{\text{Adjusted net capital}}{\text{Risk-adjusted assets}}$	9.54%	9.86%

4) Allowance for doubtful accounts

	2003 ('000)			
	Unrecovery risk for particular loans	Country risk	Unrecovery risk for the overall loan portfolio (excluding the particular loans)	Total
Beginning balance	NT\$ 2,193,762	NT\$ —	NT\$ 782,651	NT\$ 2,976,413
Provision for loan losses and doubtful receivable	2,999,843	—	63,385	3,063,228
Write-off	(2,264,328)	—	(87,732)	(2,352,060)
Ending balance	NT\$ 2,929,277	NT\$ —	NT\$ 758,304	NT\$ 3,687,581

	2002 ('000)			
	Unrecovery risk for particular loans	Country risk	Unrecovery risk for the overall loan portfolio (excluding the particular loans)	Total
Beginning balance	NT\$ 2,051,766	NT\$ —	NT\$ 424,141	NT\$ 2,475,907
Provision for loan losses and doubtful receivable	8,446,196	—	430,263	8,876,459
Write-off	(8,304,200)	—	(71,753)	(8,375,953)
Ending balance	NT\$ 2,193,762	NT\$ —	NT\$ 782,651	NT\$ 2,976,413

The Bank received NT\$652,857 thousand and NT\$220,372 thousand of bad debts recovery during the years of 2003 and 2002, respectively, and recorded as non-operating income.

The balances of loans with non-accumulating interests were NT\$11,104,659 thousand and NT\$13,635,109 thousand on December 31, 2003 and 2002, respectively. The balances of non-accumulating interest receivable were NT\$2,849,782 thousand and NT\$2,875,521 thousand on December 31, 2003 and 2002, respectively.

The Bank had not written off any loans without lodging appeals.

19. NOTES FOR DISCLOSURE ITEMS

(1) Information of significant trading

- Loans to others: not applicable.
- Financial guarantees for others: not applicable.
- Securities held at the end of 2003 were as follows: (number of shares and amounts are in thousands)



Holding company	Security		Relationship with the issuer	Recording entry	The end of year 2003				Note
	Category	Name			shares	Cost	%	Fair market value	
The Bank	Stock	Hsin-Chu Real Estate Co., Ltd.	Invested company measured by equity method	Long-term equity investments	10,800	165,982 (Note 1)	59.84	166,041	—
The Bank	Stock	Hsin-Chu Futures Co., Ltd.	Invested company measured by equity method	Long-term equity investments	30,112	273,163	88.57	273,162	—
The Bank	Stock	Hsin-Chu Insurance Agent Co., Ltd.	Invested company measured by equity method	Long-term equity investments	200	186,011	100.00	186,011	—
The Bank	Stock	Chu-Chiann Insurance Agent Co., Ltd.	Invested company measured by equity method	Long-term equity investments	200	8,998	100.00	8,998	—
The Bank	Stock	Chung-Shing Assets Management Co., Ltd.	Invested company measured by equity method	Long-term equity investments	6,000	70,188	20.00	70,188	—
The Bank	Stock	Masterlink Securities Co., Ltd.	—	Long-term equity investments	8,356	44,994	0.67	89,579	—
The Bank	Stock	Trad-Van Information Services Co., Ltd.	—	Long-term equity investments	3,557	32,547	1.80	44,144	—
The Bank	Stock	Preferred Bank U.S.A	—	Long-term equity investments	280	39,960	5.17	118,909	Note 2
The Bank	Stock	Fubon Securities Finance Co., Ltd.	—	Long-term equity investments	6,211	59,945	0.99	74,250	Note 2
The Bank	Stock	Taipei Forex Co., Ltd.	—	Long-term equity investments	600	6,000	3.03	9,192	Note 2
The Bank	Stock	Taiwan Small and Medium Enterprises Development Co., Ltd.	—	Long-term equity investments	3,417	29,000	4.84	33,372	Note 2
The Bank	Stock	Taiwan International Mercantile Corp.	—	Long-term equity investments	1,025	10,250	0.51	16,990	Note 2
The Bank	Stock	Universal Venture Fund Co., Ltd.	—	Long-term equity investments	8,000	80,000	4.76	67,552	Note 2
The Bank	Stock	Financial Information Service Co., Ltd.	—	Long-term equity investments	4,550	45,500	1.14	67,081	Note 2
The Bank	Stock	Windance Co., Ltd.	—	Long-term equity investments	18,850	188,500	2.73	175,584	Note 2
The Bank	Stock	Taiwan Financial Assets Service Co., Ltd.	—	Long-term equity investments	5,000	50,000	2.94	50,722	Note 2
The Bank	Stock	Mondex Taiwan Co., Ltd.	—	Long-term equity investments	2,000	25,000	6.47	10,912	—
The Bank	Stock	Debt Instruments Depository and Clearing Co., Ltd. Taiwan	—	Long-term equity investments	4,000	40,000	2.00	39,358	—
The Bank	Bond	Bond	—	Long-term debt investments	—	68,126	—	69,974	—

Note 1: After deducting the book value of the subsidiary's holding of the Bank's shares (treasury stock) amounted to NT\$59 thousand.

Note 2: The fair market value was calculated based on unaudited financial statement as of December 31, 2003.

4) Accumulated stock purchases or sales for the same stock reach NT\$100 million or 20% and more of the capital were as follows:
Not applicable.

5) Real estate purchases reaching NT\$ 100 million or 20% and more of the capital for the year 2003 were as follows : (number of shares and amounts are in thousands) : (amounts are in thousands)

Purchasing company	Recording entry	Date	Cost	Payment	Trading party	Relation-ship	The prior trading information if the trading party is related				Basis of the price	Purpose and usage	Other rights or/and obligation
							Owner	Relationship with the company	Date	Cost			
The Bank	Land and buildings	2003.6.16	NT\$197,220	Paid-up	Heng-Chuaan Construction Co., Ltd.,	—	—	—	—	—	Declared by law court is NT\$197,220	Loan protection	None

6) Real estate disposal reaching NT\$ 100 million or over 20% of the capital for the year 2003 were as follows: (amounts are in thousands).

Disposing company	Recording entry	Date	Price	Collection	Trading party	Relation-ship	The prior trading information if the trading party is related				Basis of the price	Purpose and usage	Other rights or/and obligation
							Owner	Relationship with the company	Date	Cost			
The Bank	Pledged properties taken over	2003.06.18	NT\$500,000	The collection will be completed in 1 year	New Yung - Ho Hospital	—	—	—	—	—	The appraisal price is NT\$450,225	According to the Bank Law	None
The Bank	Pledged properties taken over	2003.07.14	NT\$210,130	Paid-up	Yi-Rei Co., Ltd	—	—	—	—	—	Declared by law is court NT\$197,220	According to the Bank Law	None

7) Purchase and sales transaction with the related parties reach NT\$ 100 million or 20% of the capital were as follows : Not applicable.

8) Receivable from the related parties reach NT\$ 100 million or over 20% of the capital were as follows : None.

9) Financial derivatives : Refer to Note 18. (1)1.

(2) Information of invested company

1) The information that the Bank has the ability to exercise significant influences or controls directly or indirectly: (number of shares and amounts are in thousands)

Investor	Investee	Investee's address	Operating item	Original invested amount		Year 2003 ending balance			Investee's year 2003 income	Investee's year 2003 gain/loss recognition	Note
				End of year 2003	End of year 2002	Shares	Percentage (%)	Dollar amount			
The Bank	Hsin-Chu Real Estate Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Bond and stock underwriter, guarantee, and endorsement	30,000	30,000	10,800	59.84	165,982	23,909	14,307	Subsidiary of the Bank
The Bank	Hsin-Chu Futures Co., Ltd.	3F,130, Si Wei Road, Hsin-Chu, Taiwan	Futures underwriter	320,674	320,674	30,112	88.57	273,163	(20,968)	(18,553)	Subsidiary of the Bank
The Bank	Hsin-Chu Insurance Agent Co., Ltd.	4F,326, Chung-Zeng Road, Hsin-Chu, Taiwan	Life insurance agent	2,000	2,000	200	100.00	186,011	183,370	183,364	Subsidiary of the Bank
The Bank	Chu-Chiann Insurance Agent Co., Ltd.	4F,326, Chung-Zeng Road, Hsin-Chu, Taiwan	Property insurance agent	2,000	2,000	200	100.00	8,998	5,470	5,470	Subsidiary of the Bank
The Bank	Chung-Shing Assets Management Co., Ltd.	19F, 123, Sec2, Chung-Hsiao East Road, Taipei, Taiwan	Securities investment trust	60,000	60,000	6,000	20.00	70,188	45,274	9,055	—



Investor	Investee	Investee's address	Operating item	Original invested amount		Year 2003 ending balance			Investee's year 2003 income	Investee's year 2003 gain/loss recognition	Note
				End of year 2003	End of year 2002	Shares	Percentage (%)	Dollar amount			
Hsin-Chu Real Estate Co., Ltd.	Chu Cherng Construction Co., Ltd.	4F,130, Si Wei Road, Hsin-Chu, Taiwan	Land development	80,000	80,000	8,484	50.50	71,957	(9,120)	(4,606)	Subsidiary of the Bank
Hsin-Chu Real Estate Co., Ltd.	Chu-Chi Interior Decroation Engineering Co.,Ltd. (Note 4)	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Indoor decoration	4,415	4,415	442	88.30	11,829	3,485	3,082	Subsidiary of the Bank
Hsin-Chu Real Estate Co., Ltd.	Chu-Sheng Technology Co.,Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Computer software development	4,880	4,880	488	97.60	2,983	(2,144)	(2,093)	Subsidiary of the Bank
Hsin-Chu Real Estate Co., Ltd.	Chu-Chi Travel Service Co., Ltd.	9F,256, Nan Da Road, Hsin-Chu, Taiwan	Traveling agent	1,800	1,800	180	30.00	1,361	(397) (Note 2)	(119)	Subsidiary of the Bank
Hsin-Chu Real Estate Co., Ltd.	Hsin-Chu Gen-Gin Security Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Security	39,520	39,520	3,952	98.80	47,326	4,332	4,280	Subsidiary of the Bank
Hsin-Chu Real Estate Co., Ltd.	Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Apartment and mension management	9,880	9,880	988	98.80	17,501	1,603	1,584	Subsidiary of the Bank
Hsin-Chu Real Estate Co., Ltd.	Ju-Ying International Co., Ltd.	3F,481,Sec 1, Kuang-Fu Road, Hsin-Chu, Taiwan	Information and software services	15,000	15,000	1,500	15.15	15,755	120	27	Subsidiary of the Bank
Chu-Cherng Construction Co., Ltd.	Ju-Ying International Co., Ltd.	3F,481,Sec 1, Kuang-Fu Road, Hsin-Chu, Taiwan	Information and software services	10,000	10,000	1,000	10.10	10,504	120	18	Subsidiary of the Bank
Hsin-Chu Gen-Gin Security Co., Ltd.	Ju-Ying International Co., Ltd.	3F,481,Sec 1, Kuang-Fu Road, Hsin-Chu, Taiwan	Information and software services	20,000	25,000	2,000	20.20	21,008	120	36	Subsidiary of the Bank
Hsin-Chu Gen-Gin Security Co., Ltd.	Hsin-Chu Gen-Gin Car Leaseing Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Car Leaseing	2,000	2,000	200	20.00	2,356	1,663	333	Subsidiary of the Bank
Chu-Chi Interior Decoration Engineering Co., Ltd.	Hsin-Chu Gen-Gin Truck Leaseing Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Truck Leaseing	1,000	-	100	20.00	983	(84) (Note 2)	(17)	Subsidiary of the Bank
Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd	Ju-Ying International Co., Ltd.	3F,481,Sec 1, Kuang-Fu Road, Hsin-Chu, Taiwan	Information and software services	10,000	5,000	1,000	10.10	10,379	120	41	Subsidiary of the Bank
Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd	Hsin-Chu Gen-Gin Car Leaseing Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Car Leaseing	3,000	3,000	300	30.00	3,534	1,663	449	Subsidiary of the Bank

Investor	Investee	Investee's address	Operating item	Original invested amount		Year 2003 ending balance			Investee's year 2003 income	Investee's year 2003 gain/loss recognition	Note
				End of year 2003	End of year 2002	Shares	Percentage (%)	Dollar amount			
Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.	Hsin-Chu Gen-Gin Truck Leasing Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Truck Leasing	3,000	-	300	60.00	2,949	(84) (Note 2)	(51)	Subsidiary of the Bank
Ju-Ying International Co., Ltd.	Hsin-Chu Gen-Gin Car Leasing Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Car Leasing	5,000	5,000	500	50.00	5,890	1,663	832	Subsidiary of the Bank
Ju-Ying International Co., Ltd.	Hsin-Chu Gen-Gin Truck Leasing Co., Ltd.	11F,130, Si Wei Road, Hsin-Chu, Taiwan	Truck Leasing	1,000	—	100	20.00	983	(84) (Note 2)	17	Subsidiary of the Bank
Chu-Sheng Technology Co., Ltd.	Hiplan (Nanking) Technology Corp., Ltd.	168, Kiangsu Software Park Long Pan Zhong Road, Nanking Mainland China	Information processing services	4,146	4,146	—	100.00	1,455	(482) (Note 2)	(1,439) (Note 3)	Subsidiary of the Bank

Note 1: Originally named Chu-Chi Interior Design Engineering Co., Ltd.

Note 2: The amounts of the gain or loss were from unaudited financial statements for the year ended December 31, 2003.

Note 3: The amounts of the loss included the adjustment of prior year's loss.

2) The information that the Bank has the ability to exercise significant influence or controls directly.

A. Hsin-Chu Real Estate Co., Ltd.

(A) Loans to others: (amounts are in thousands)

Loaner	Debtor	Recording entry	Line of credit to the debtor	Highest balance	Ending Balance	Interest Rate interval	Purpose	Allowance for bad debts	Collateral		Business Amount	Line of Credit
									Item	Value		
Hsin-Chu Real Estate Co., Ltd	Chi-Da united building Co.	Account receivable	—	30,000	20,070	—	Build market place	—	—	—	—	110,990 (Note)

Note : Calculated based on the 40% of Hsin-Chu Real Estate Co., Ltd.'s shareholders' equity as of December 31, 2003.

(B) Financial guarantees for others: None.

(C) Securities held at the end of 2003: (number of shares and amounts are in thousands)

Holding company	Securities		Relationship with the issuer	Recording entry	The end of year 2003				Note
	Category	Name			shares	Cost NT\$	Petent-age %	Fair market value	
Hsin-Chu Real Estate Co., Ltd.	Stock	Chu-Cheng Construction Co., Ltd.	Invested company measured by equity method	Long-term investments	8,484	71,957	50.50	71,957	—
Hsin-Chu Real Estate Co., Ltd.	Stock	Chu-Chi Interior Decroation Engineering Co.,Ltd	Invested company measured by equity method	Long-term investments	442	11,829	88.30	11,829	—
Hsin-Chu Real Estate Co., Ltd.	Stock	Chu-Sheng Technology Co., Ltd.	Invested company measured by equity method	Long-term investments	488	2,983	97.60	2,983	Note 1



Holding company	Securities		Relationship with the issuer	Recording entry	The end of year 2003				Note
	Category	Name			shares	Cost NT\$	Petent-age %	Fair market value	
Hsin-Chu Real Estate Co., Ltd.	Stock	Chu-Chi Travel Service Co., Ltd.	Invested company measured by equity method	Long-term investments	180	1,361	30.00	1,361	Note 1
Hsin-Chu Real Estate Co., Ltd.	Stock	Hsin-Chu Gen-Gin Security Co., Ltd.	Invested company measured by equity method	Long-term investments	3,952	47,326	98.80	47,326	—
Hsin-Chu Real Estate Co., Ltd.	Stock	Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.	Invested company measured by equity method	Long-term investments	988	17,501	98.80	17,501	—
Hsin-Chu Real Estate Co., Ltd.	Stock	Ju-Ying International Co., Ltd.	Invested company measured by equity method	Long-term investments	1,500	15,755	15.15	15,755	—
Hsin-Chu Real Estate Co., Ltd.	Stock	Shin Kong Financial Holding Co., Ltd.	—	Long-term investments	6,648	125,465	0.28	146,051	—
Hsin-Chu Real Estate Co., Ltd.	Stock	Phoenix Silicon International Corp.	—	Long-term investments	306	4,968	0.41	2,764	Note 1
Hsin-Chu Real Estate Co., Ltd.	Stock	Genesis Venture Capital Corp.	—	Long-term investments	47	560	0.56	730	Note 2
Hsin-Chu Real Estate Co., Ltd.	Stock	Yu-zhuang Co., Ltd.	—	Prepaid Stock	—	14,000	—	—	

Note 1: Calculated with reference to the investees' unaudited shareholders' equity as of December 31, 2003.

Note 2: Calculated based on the net shareholders' equity of the investee as of October 2, 2002. The company was liquidated on October 2, 2002; however, the liquidation procedure had not yet been completed as of December 31, 2003.

(D) Accumulated stock purchases or sales for the same stock reaching NT\$100 million or over 20% of the capital were as follows: None.

B. Hsin-Chu Futures Co., Ltd.

(A) Loans to others: None.

(B) Financial guarantees for others: None.

(C) Securities held at the end of 2003: (number of shares and amounts are in thousands)

Holding company	Securities		Relationship	Recording entry	End of year 2003				Note
	Category	Name			Shares	Cost NT\$	Percentage %	Fair market value	
Hsin-Chu Futures Co., Ltd.	Stock	Taiwan Futures Exchange Co., Ltd.	—	Long-term investments	3,050	30,500	1.53	50,557	Note

Note : Calculated with reference to the investees' unaudited shareholders' equity as of December 31, 2003.

(D) Accumulated stock purchases or sales for the same stock reach NT\$100 million or over 20% of the capital are as follows:
None.

C. Chu-Cherng Construction Co., Ltd.

(A) Loans to others: None.

(B) Financial guarantees for others: None.

(C) Securities held at the end of year 2003: (number of shares and amounts are in thousands)

Holding company	Securities		Relationship	Recording entry	End of year 2003				Note
	Category	Name			Shares	Cost NT\$	Percentage %	Fair market value	
Chu-Cherng Construction Co., Ltd.	Stock	D-Link Corp.	—	Short-term investment	22	976	—	926	—
Chu-Cherng Construction Co., Ltd.	Stock	Hsinchu International Bank, Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Short-term investment	14	193	—	179	—
Chu-Cherng Construction Co., Ltd.	Stock	Mega Holdings Co., Ltd.	—	Short-term investment	5	133	—	97	—
Chu-Cherng Construction Co., Ltd.	Stock	Der Lee Co., Ltd.	—	Short-term investment	143	—	—	—	Note
Chu-Cherng Construction Co., Ltd.	Stock	Ju-Ying International Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investment	1,000	10,504	10.10	10,504	—
Chu-Cherng Construction Co., Ltd.	Stock	Venice Co., Ltd.	—	Prepaid stock	—	1,200	—	—	—

Note: The stock transactions over the counter had been suspended in December 2001.

(D) Accumulated stock purchases or sales for the same stock reach NT\$100 million or over 20% of the capital were as follows:
None.

D. Chu-Chi Interior Decoration Engineering Co., Ltd.

(A) Loans to others: None.

(B) Financial guarantees for others: None.

(C) Securities held at the end of 2003: (number of shares and amounts are in thousands)



Holding company	Securities		Relationship	Recording entry	End of year 2003				Note
	Category	Name			Shares	Cost NT\$	Percentage %	Fair market value	
Chu-Chi Interior Design Engineering Co., Ltd.	Stock	Windance Co., Ltd.	—	Long-term investment	510	5,100	0.07	4,751	Note
Chu-Chi Interior Design Engineering Co., Ltd.	Stock	Yu-zhuang., Ltd.	—	Prepaid Stock	—	1,600	—	—	—
Chu-Chi Interior Design Engineering Co., Ltd.	Stock	Hsin-Chu Gen-Gin Truck Leaseing Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s Subsidiary	Long-term investment	100	983	20.00	983	Note

Note: Calculated with reference to the investees' unaudited shareholders' equity as of December 31, 2003.

(D) Accumulated stock purchases or sales for the same stock reach NT\$100 million or over 20% of the capital were as follows:
None.

E. Hsin-Chu Gen-Gin Security Co., Ltd.

(A) Loans to others: None.

(B) Financial guarantees for others: None.

(C) Securities held at the end of 2003: (number of shares and amounts are in thousands)

Holding company	Securities		Relationship	Recording entry	End of year 2003				Note
	Category	Name			Shares	Cost NT\$	Percentage %	Fair market value	
Hsin-Chu Gen-Gin building Security Co., Ltd.	Stock	Ju-Ying International Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investments	2,000	21,008	20.20	21,008	—
Hsin-Chu Gen-Gin building Security Co., Ltd.	Stock	Hsin-Chu Gen-Gin Car Leaseing Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investments	200	2,356	20.00	2,356	—
Hsin-Chu Gen-Gin building Security Co., Ltd.	Stock	Chu-Chiann Investments Co., Ltd.	The company's chairman is a director of CCI	Long-term investments	1,150	8,050	5.12	9,759	Note
Hsin-Chu Gen-Gin building Security Co., Ltd.	Stock	Windance Co., Ltd.	—	Long-term investments	124	1,245	0.02	1,160	Note

Note: Calculated with reference to the investees' unaudited shareholders' equity as of December 31, 2003.

(D) Accumulated stock purchases or sales for the same stock reach NT\$100 million or over 20% of the capital were as follows:
None.

F. Hsin-Chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.

(A) Loans to others: None.

(B) Financial guarantees for others: None.

(C) Securities held at the end of 2003: (number of shares and amounts are in thousands)

Holding company	Securities		Relationship	Recording entry	End of year 2003				Note
	Category	Name			Shares	Cost NT\$	Percentage %	Fair market value	
Hsin-Chu Gen-Gin building Management & Maintenance Co., Ltd.	Stock	Hsin-Chu Gen-Gin Car Leasing Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investments	300	3,534	30.00	3,534	—
Hsin-Chu Gen-Gin building Management & Maintenance Co., Ltd.	Stock	Ju-Ying International Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investments	1,000	10,379	10.10	10,379	—
Hsin-Chu Gen-Gin building Management & Maintenance Co., Ltd.	Stock	Hsin-Chu Gen-Gin Truck Leasing Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investments	300	2,949	60.00	2,949	Note

Note: Calculated with reference to the investees' unaudited shareholders' equity as of December 31, 2003.

(D) Accumulated stock purchases or sales for the same stock reach NT\$100 million or over 20% of the capital were as follows:
None.

G. Ju-Ying International Co., Ltd.

(A) Loans to others: None.

(B) Financial guarantees for others: None.

(C) Securities held at the end of 2003: (number of shares and amounts are in thousands)

Holding company	Securities		Relationship	Recording entry	End of year 2003				Note
	Category	Name			Shares	Cost NT\$	Percentage %	Fair market value	
Ju-Ying International Co., Ltd.	Fund	NITC Taiwan Bond Fund	—	Short-term investment	222	3,000	—	3,002	—
Ju-Ying International Co., Ltd.	Stock	Hsin-Chu Gen-Gin Car Leasing Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investments	500	5,890	50.00	5,890	—
Ju-Ying International Co., Ltd.	Stock	Hsin-Chu Gen-Gin Truck Leasing Co., Ltd.	Hsin-Chu Real Estate Co., Ltd.'s subsidiary	Long-term investments	100	983	20.00	983	—

(D) Accumulated stock purchases or sales for the same stock reach NT\$100 million or over 20% of the capital were as follows:
None.

H. Chu-Sheng Technology Co, Ltd.

(A) Loans to others: None.

(B) Financial guarantees for others: None.

(C) Securities held at the end of 2003: (number of shares and amounts are in thousands)

Holding company	Securities		Relationship	Recording entry	End of year 2003				Note
	Category	Name			Shares	Cost NT\$	Percentage %	Fair market value	
Chu-Sheng Technology Co., Ltd.	Stock	Hiplan (Nanking) Technology Corp., Ltd.	The China company invested indirectly by Chu-Sheng Technology Co.,Ltd. Via third place.	Long-term investments	—	1,455	100.00	1,455	—



(D) Accumulated stock purchases or sales for the same stock reach NT\$100 million or over 20% of the capital were as follows:
None.

I. There is no additional information required to be disclosed related to these invested companies as of December 31, 2003:

Hsin-Chu Insurance Agent Co., Ltd.
Chu-Chiann Insurance Agent Co., Ltd.
Chu-Chi Travel Service Co., Ltd.
Hsin-Chu Gen-Gin Truck Leasing Co., Ltd.

3) Investment information of China

A. As of December 31, 2003, the details information:

Name of China investee	Main operating activities	Paid-in capital	Investment methods	Accumulatd invested amount remitted out of Taiwan at the beginning of the period	Funds remitted out or funds withdrawn In the period		Accumulatd invested amount remitted out of Taiwan at the end of the period	Direct or indirect investment holding percentage	Investment gain/loss recognized in the period	Book value of investment at the end of the period	Gain/loss on investment remitted back to Taiwan up to the end of the period
					Remitted out	Withdrwan					
Hiplan (Nanking) Technology Corp., Ltd.	Information processing services	4,146 (US\$120)	Note 1	4,146 (US\$120) (Note 1)	—	—	4,146 (US\$120) (Note2)	60%	(1,439)	1,455	—

Note1: Invested in China through remittance of funds to Hong Kong °

Note2: Chu-Sheng Technology Nanjing Co., Ltd. is a subsidiary of Chu-Sheng Technology Co, Ltd., which is an investee accounted for under the equity method by Hsin-Chu Real Estate Co., Ltd.

B. As of December 31, 2003 the limit amounts of investment in Mainland China were as follows: (amounts are in thousands)

Accumulated investment funds remitted to China at the end of the period	Investment amount permitted by MOEAIC	Limitation on the amount of funds invested in China (Note 1)
\$4,146 (USD120, Note 2)	USD \$200	4,714,434

Note 1: Calculated in accordance with the rule set by Ministry of Economic Affairs R.O.C.

Note 2: Total funds remitted out of Taiwan to China at the end of 2003 were US\$120 thousand which were equivalent to NT\$4,077 thousand using the spot rate at December 31, 2003 for exchange conversion.

19. SEGMENT INFORMATION

(1) Industry segments

The Bank's principal activities include accepting deposits and extending loans. Disclosure of financial information of the Trust Department and International Department is not required since the division's revenues represent less than 10% of total operating revenues.

(2) Geographic segments

Except for the Offshore Banking Unit commencing operations in January 1995, foreign operations are limited; therefore, no disclosure of geographic segment information is required.

(3) Foreign exchange revenues

No export sales to non-banking customers represent 10% or more of the Bank's operating revenue.

(4) Major customers

No single customer represents 10% or more of the Bank's operating revenues.

VI. Consolidated Financial Statements by Independent Auditors for Recent Year: None

VII. Review and Analysis of Financial Status and Operation Results

1. Review and analysis of Material Capital Expenditure and Fund Resource

(1) The application and resource of material capital expenditure :

(UNIT:NT\$1,000)

Item	Fund Resource	Real or Expected Completion Date	Amount	Actual or Budget (optial expenditure)						
				2002	2003	2004	2005	2006	2007	2008
Chungli Branch's Furnishing	Equity	2002	11,757	7,415	4,342	—	—	—	—	—
Head Office	Equity	2002	48,000	24,900	23,100	—	—	—	—	—
Taichuang Corporate Banking Center	Equity	2002	66,352	66,352	—	—	—	—	—	—
Neihu Branch	Equity	2003	366,000	54,900	311,100	—	—	—	—	—
2nd Generation NTD Operating System	Equity	2004	110,000	22,000	50,000	38,000	—	—	—	—
Yungan branch and Other four Old Branches' Furnishing	Equity	2004	30,000	—	—	30,000	—	—	—	—
Shi Tuen and Other Two Old Branches' Furnishing	Equity	2004	15,000	—	—	15,000	—	—	—	—
Ho Feng Building Furnishing	Equity	2004	50,000	—	—	50,000	—	—	—	—

(2) Expected Benefit :

Purchasing of branch office will reduce rent expenses and improve the Bank's image.

2. Liquidity Analysis

(1) Two-year Liquidity analysis for the last 2 years

Item \ Year	Dec. 31, 2003	Dec 31, 2002	Increase (Decrease) %
Cash flow ratio (%)(Note1)	Note2	Note2	Note2
Cash flow adequacy ration (%)	330.38	224.31	47.29
Cash reinvestment ratio (%)(Note1)	Note2	Note2	Note2

Note1 : According to Statement of Financial Accounting Standards NO.28, it could not be distinguish to current and non-currenet.

Note2 : It should not be disclosed cause of banking industry.

Increase of cash flow adequacy ration mainly dues to increasing of capital expenses of NT\$ 1,755,582 (thousand) from 1998 to 2003.



(2) Estimated cash liquidity analysis for 2004 :

(UNIT:NT\$1,000)

Cash Balance Beginning of Year (1)	Net Cash Provided by Operating Activities (2)	Cash Flow-In (3)	Cash Surplus (Overdraft) (1) + (2) - (3)	Remedy for Cash Overdraft	
				Investment Plans	Financial Plans
53,810,055	4,894,487	26,208,620	32,495,922	—	—

3. Operating Results Analysis

(1) Operating results analysis

(UNIT:NT\$1,000)

Item	Year		2002		Increase (Decrease)	
	2003	2002	Amount	Total	Amount	(%)
Operating Revenues		13,475,020		15,172,918	(1,697,898)	(11.19)
Interest Income	10,117,364		13,639,055		(3,521,691)	(25.82)
Other Operating revenues	3,357,656		1,533,863		1,823,793	118.90
Operating Costs		11,489,347		18,974,435	(7,485,088)	(39.13)
Interest Expense	4,303,142		6,505,829		(2,202,687)	(33.86)
Operating Expense	3,874,987		3,348,843		526,144	15.71
Other Operating Expense	3,311,218		9,119,763		(5,808,545)	(63.69)
Operating Profit (Loss)		1,985,673		(3,801,517)	5,787,190	152.23
Non-Operating Income		817,299		403,918	413,381	102.34
Non-Operating Expense		271,434		264,749	6,685	2.53
Income (Loss) Before Income Taxes		2,531,538		(3,662,348)	6,193,886	169.12
Provision (benefit) for income Taxes		11,655		(144,916)	156,571	108.04
Net Income (Loss)		2,519,883		(3,517,432)	6,037,315	171.64

The analysis of the variance of increase (decrease) :

1. Decrease of interest income primarily resulted from the huge drop of interest rate over increase in loan volume.
2. Increase of other operating income primarily resulted from growing business volume which due to fee income increased NT\$372,708 thousand and trading of bills and securities increased NT\$1,259,101 thousand.
3. Decrease of interest expenses primarily resulted from drop of the interest rate over increase in deposits volume.
4. Increased of non-operating expenses primarily resulted from increasing provision expenses NT\$5,813,231 thousand.
5. The increase in non-operating income is mostly due to the increase of the recovering over-due loans NT\$440,689 thousand.
6. To sum up, the operating profit and income before income tax of 2003 increased 152.23% and 169.12% respectively.
7. The increase in income tax expense is mostly because of reverse the deferred tax asset result which last period loss ,as well as short-term bill tax .

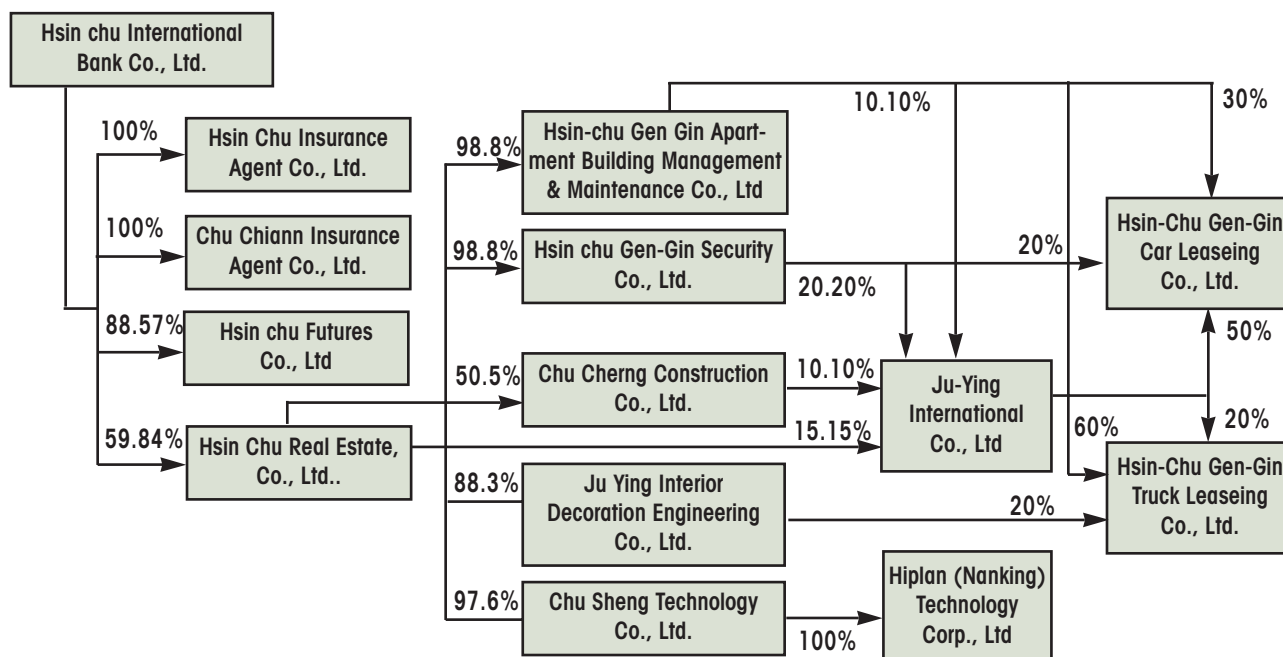
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*** Special Notes ***



I. Affiliates Information

1. Organization Chart of Affiliates



2. Basic Information of the Respective Affiliates

(UNIT: NT\$1,000)

Name	Established Date	Address	Capital	Main business or production item
Hsin Chu Insurance Agent Co., Ltd	Sep.7, 1999	4F, 326 Chungcheng Road, Hsin chu, Taiwan	2,000	Agent for personal insurance
Chu Chiann Insurance Agent Co., Ltd.	Sep.30, 1999	4F, 326 Chungcheng Road, Hsin chu, Taiwan	2,000	Agent for property insurance
Hsin chu Futures Co., Ltd.	Dec.30, 1994	1, 3F, 130, Si Wei Road, Hsin chu, Taiwan	340,000	Futures dealer and futures consulting (limited to the business items approved by the Ministry of Finance)
Hsin Chu Real Estate Co., Ltd.	Mar.1, 1989	1-2, 11F, 130, Si Wei Road, Hsin chu, Taiwan	180,495	Examination and consultation of construction projects, notarize contracts, appraisal and credit checks on real estates, financial audits, verification of project progress and construction management, real estates transactions and other items of disposal, assist in procedures to guarantee compliance with contract, other consultation and advisory items to the above-mentioned businesses.
Hsin chu Gen Gin Security Co., Ltd.	Sep.9, 2000	2, 11F, 130, Si Wei Road, Hsin chu, Taiwan	40,000	Security industry
Hsin chu Gen Gin Apartment Building Management & Maintenance Co., Ltd.	Sep.8, 2000	1, 11F, 130, Si Wei Road, Hsin chu, Taiwan	10,000	Apartment building management services industry

Name	Established Date	Address	Capital	Main business or production item
Chu-Sheng Technology Co., Ltd.	Sep.10,1996	1-2, 11F, 130, Si Wei Road, Hsin chu, Taiwan	5,000	R&D and distribution of computer software program applications, computer network design and planning, design and consultation services for system analysis programs in computer applications, distribution and import/export business of computer equipment and materials and software applications.
Chu Chi Interior Decoration Engineering Co., Ltd.	Sep.16,1998	1-2, 11F, 130, Si Wei Road, Hsin chu, Taiwan	5,000	Interior design business, construction material retail business, interior furnishing, scenic interior design.
Chu Cheng Construction Co., Ltd.	May 25,1993	2-3, 4F, 130, Si Wei Road, Hsin chu, Taiwan	168,000	Consign construction companies to build commercial buildings, rental and sales of public housing, to design and carry out interior embellishment business (other than the construction business), sales and import/export business for construction materials and machinery, sales distribution and agent dealership for plumbing and electricity materials, development and sales or rental of industrial plants, development for special industrial zones, investment in public construction projects, development of new townships and new communities, and the agency distribution, dealership, quotation, and tender bidding services for the above-mentioned domestic or foreign products.
Ju Ying International Co., Ltd.	May 22,2001	3F, 483 · 3F, 481, Sec. 1, Kuangfu Road Hsin chu, Taiwan	99,000	Food, Soft Drink retail, Garment retail, Apparel retail, Books and Stationary retail, Toys and Entertainment Products retail, Information Software retail, General Department Store retail, International Trading, Information Software services, Rental and Lease, Recorded Media Programs productions, other business services (conducting presentations and concerts).
Hsin Chu Gen-Gin Car Leasing Co., Ltd	May 30,2002	1, 11F, 130, Si Wei Road, Hsin chu, Taiwan	10,000	Car Leasing
Hiplan (Nanking) Technology Corp., Ltd..	June 18,2001	203,49F Kiangsu Software Park Long Pan Zhong Road, Nanking Mainland China	USD=120 Thousand (US1=NT33.978)	Software and hardware developing producing and saleing services
Hsin-Chu Gen-Gin Truck Leasing Co., Ltd	Aug. 22,2003	1, 11F, 130, Si Wei Road, Hsin chu, Taiwan	5,000	Truck Leasing

Note1 : No matter the size of affiliated companies , all should be disclosed.

Note2 : If the affiliated companies have factories and sales of the products over operating revenues 10%, factories name, established date, address and main production item could be listed



3. Business scope of the respective affiliates

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Hsin Chu Insurance Agent Co., Ltd. : Life insurance agent 2. Chu Chiann Insurance Agent Co., Ltd. : Property insurance agent business 3. Hsin chu Futures Co., Ltd. : Future under writer 4. Hsin Chu Real Estate Co., Ltd. : Construction management business 5. Hsin chu Gen-Gin Security Co., Ltd. : Security 6. Hsin chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd : Apartment & mension management 7. Chu Sheng Technology Co., Ltd. : Computer software development | <ol style="list-style-type: none"> 8. Chu Chi Interior Decroation Engineering Co., Ltd. : Indoor decroation 9. Chu Cherng Construction Co., Ltd. : Land & development 10. Ju Ying International Co., Ltd. : Information and software services 11. Hsin Chu Gen Gin Car Leaseing, Co. : Car leaseing 12. Hiplan (Nanking) Technology Corp., Ltd. : Information processing services 13. Hsin-Chu Gen-Gin Truck Leaseing Co., Ltd. : Truck leaseing |
|---|--|

4. Information on directors, supervisors, and presidents at the respective affiliates

Company Name	Title (Note 1)	Name or Representatives	Status of Current shateholding (Note 2)(Note3)	
			Share	Ratio
Hsin chu Futures Co., Ltd	Chairman	Hsinchu International Bank's Representative: Yi-Pei Chan	30,112,440	88.57%
	Excutive Director	Hsinchu International Bank's Representative: Kenneth Chen	30,112,440	88.57%
	Excutive Director	Hsinchu International Bank's Representative: Shuan-Yung Chan	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Abel Liu	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Ming Yuan Zhuang	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Sung-Der Jen	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Meei-Yu Tai	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Po-Hsiung Cheng	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Ching-Tang Chen	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Chih-Wei Wu	30,112,440	88.57%
	Director	Hsinchu International Bank's Representative: Wen Kuang Wu	30,112,440	88.57%
	Supervisor	Hsinchu International Bank's Representative: Chuan Feng Chen	30,112,440	88.57%
	Supervisor	Hsinchu International Bank's Representative: Long Xing Liu	30,112,440	88.57%
	Supervisor	Hsinchu International Bank's Representative: Chen Chuan Huang	30,112,440	88.57%
President	Ruei Huang	—	—	
Hsin Chu Real Estate Co., Ltd.	Chairman	Hsinchu International Bank's Representative: Shuan-Yung Chan	10,800,000	59.84%
	Excutive Director	Hsinchu International Bank's Representative: Meei-Yu Tai	10,800,000	59.84%
	Excutive Director	Hsinchu International Bank's Representative: Kenneth Chen	10,800,000	59.84%
	Director	Hsinchu International Bank's Representative: Chih-Wei Wu	10,800,000	59.84%
	Director	Hsinchu International Bank's Representative: Po-Hsiung Cheng	10,800,000	59.84%
	Director	Hsinchu International Bank's Representative: Sung-Der Jen	10,800,000	59.84%
	Director	Hsinchu International Bank's Representative: Ching-Tang Chen	10,800,000	59.84%
	Director	Chao-Shiun Chu	740,000	4.09%
	Director	Ming Zhe Luo	720,000	3.98%
	Supervisor	Hsinchu International Bank's Representative: Chuan Feng Chen	10,800,000	59.84%
	Supervisor	Hsinchu International Bank's Representative: Chen Chuan Huang	10,800,000	59.84%
	Supervisor	De Gang Tsai	720,000	3.98%
	President	Chi Meng Shi	—	—

Company Name	Title (Note 1)	Name or Representatives	Status of Current shareholding (Note 2)(Note3)	
			Share	Ratio
Hsin Chu Insurance Agent Co., Ltd.	Chairman	Hsinchu International Bank's Representative: Shuan-Yung Chan	200,000	99.99%
	Director	Hsinchu International Bank's Representative: Chih-Wei Wu	200,000	99.99%
	Director	Hsinchu International Bank's Representative: Kenneth Chen	200,000	99.99%
	Supervisor	Hsinchu International Bank's Representative: Chang-Luan Liu	200,000	99.99%
	President	Wen-Kuang Wu	—	—
Chu Chiann Insurance Agent Co., Ltd.	Chairman	Hsinchu International Bank's Representative: Shuan-Yung Chan	200,000	99.99%
	Director	Hsinchu International Bank's Representative: Chih-Wei Wu	200,000	99.99%
	Director	Hsinchu International Bank's Representative: Kenneth Chen	200,000	99.99%
	Supervisor	Hsinchu International Bank's Representative: Chang-Luan Liu	200,000	99.99%
	President	Wen-Kuang Wu	—	—
Ju Ying Interior Decroation Engineering Co., Ltd.	Chairman	Hsinchu Real Estate Co., Ltd's Representative: Chi Meng Shi	441,500	88.30%
	Director	Hsinchu Real Estate Co., Ltd's Representative: Zhao Pan Sheng	441,500	88.30%
	Director & President	Hsinchu Real Estate Co., Ltd's Representative: Chen Jian Huang	441,500	88.30%
	Supervisor	Hsinchu Real Estate Co., Ltd's Representative: Xuei Wen Fan	441,500	88.30%
Chu Sheng Technology Co., Ltd.	Chairman	Shuan-Yung Chan	1,000	0.20%
	Director	Meei-Yu Tai	1,000	0.20%
	Director	Kenneth Chen	1,000	0.20%
	Supervisor	Ming Zhe Lo	1,000	0.20%
	President	Xing Lo Sun	—	—
Chu Cherng Construction Co., Ltd.	Chairman	Miao Ling Huang	1,708,000	10.17%
	Director	Chu Chien Investment Co., Ltd's Representative: Xing Yao Sheng	1,344,000	8.00%
	Director	Yuan-Fu Construction Co., Ltd's Representative: Zheng Zhou Zhang	2,520,000	15.00%
	Director	Hsinchu Real Estate Co., Ltd's Representative: Chi Mong Shi	8,484,000	50.50%
	Director	Hsinchu Real Estate Co., Ltd's Representative: Chen Jian Huang	8,484,000	50.50%
	Supervisor	Hsinchu Real Estate Co., Ltd's Representative: Tsai Yi Yang	8,484,000	50.50%
President	Ching Kun Wu	0	0.00%	
Hsin chu Gen Gin Apartment Building Management & Maintenance Co., Ltd	Chairman	Shuan-Yung Chan	1,000	0.10%
	Director	Meei-Yu Tai	1,000	0.10%
	Director	Kenneth Chen	1,000	0.10%
	Supervisor	Chuan Feng Chen	1,000	0.10%
	President	Rei Yao Qiu	—	—
Hsin chu Gen Gin Security Co., Ltd.	Chairman	Shuan-Yung Chan	4,000	0.10%
	Director	Meei-Yu Ta	4,000	0.10%
	Director	Kenneth Chen	4,000	0.10%
	Supervisor	Chuan Feng Chen	4,000	0.10%
	President	Rei Yao Qiu	—	—
Hiplan (Nanking) Technology Corp., Ltd.	Director & President	Chu Sheng Technology Co., Ltd's Representative: Xing Lo Sun	—	—
	Director	Chu Sheng Technology Co., Ltd's Representative: Chi Zhen Lin	—	—
	Director	Chu Sheng Technology Co., Ltd's Representative: Zi Ping Lin	—	—



Company Name	Title (Note 1)	Name or Representatives	Status of Current shareholding (Note 2)(Note3)	
			Share	Ratio
Hsin Chu Gen Gin Car Leaseing Co., Ltd.	Chairman	Hsin chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.'s Representative: Rwei Yao Qiu	300,000	30.00%
	Director	Hsin chu Gen-Gin Security Co., Ltd.'s Representative: Chi Mong Shi	200,000	20.00%
	Director	Chu Yin International Co., Ltd.'s Representative: Long Xing Liu	500,000	50.00%
	Supervisor	Chu Yin International Co., Ltd.'s Representative: Xing Yao Sheng	500,000	50.00%
Hsin-Chu Gen-Gin Truck Leaseing Co., Ltd	Chairman	Hsin chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.'s Representative: Rwei Yao Qiu	300,000	60.00%
	Director	Hsin chu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.'s Representative: Yi Chang Chan	300,000	60.00%
	Director	Chu Chi Interior Design Engineering Co., Ltd.'s Representative: Chi Mong Shi	100,000	20.00%
	Supervisor	Ju Ying International Co., Ltd.'s Representative: Long Xing Liu	100,000	20.00%
Ju Ying International Co., Ltd.	Chairman	Hsin chu Real Estate Co., Ltd.'s Representative: Shuan-Yung Chan	1,500,000	15.15%
	Director	Hsinchu Gen-Gin Security Co., Ltd.'s Representative: Kenneth Chen	2,000,000	20.20%
	Director	Chu Chien Investment Co., Ltd.'s Representative: Xing Yao Sheng	2,000,000	20.20%
	Director	Chu Cheng Construction Co., Ltd.'s Representative: Ming Guang Wei	1,000,000	10.10%
	Director	Shi Yang International Co., Ltd.'s Representative: Zhi Yang Qiu	1,000,000	10.10%
	Director	Hsinchu Gen-Gin Apartment Building Management & Maintenance Co., Ltd.'s Representative: Chih-Wei Wu	1,000,000	10.10%
	Director & President	Long Xing Liu	500,000	5.05%
Supervisor	Da Xian Qiu	200,000	2.02%	

Note 1: In cases where the affiliate is a foreign company, persons with equivalent title will be listed.

Note 2: In cases where the invested company is a limited corporation, please fill out number of shares and holding percentage; for others, please fill out capitals balance and contributed capital percentage with a explaining footnote.

Note 3: In cases where the director or supervisor is a corporate company, additional related information on the representatives must be revealed.

5. Operating results of the the respective affiliates in 2003 :

(UNIT : NT\$1,000)

Name	Capital	Total Assets	Net Liabilities	Net Worth	Operating Revenues	Operating Profits(Loss)	Net Income	Earning(Loss) per Share	Note
Hsin Chu Insurance Agent Co., Ltd.	2,000	263,897	77,880	186,017	355,724	243,125	183,370	916.82	—
Chu Chiann Insurance Agent Co., Ltd.	2,000	12,476	3,478	8,998	10,346	7,278	5,470	27.35	—
Hsin chu Futures Co., Ltd.	340,000	486,909	178,495	308,414	59,064	(26,739)	(20,968)	(0.62)	—
Hsin Chu Real Estate, Co., Ltd.	180,495	535,190	257,716	277,474	46,440	15,290	23,909	1.32	—
Hsinchu Gen-Gin Apartment Building Managemnt & Maintenance Co., Ltd.	10,000	22,924	5,210	17,714	37,341	1,984	1,603	1.60	—
Hsin chu Gen-Gin Security Co., Ltd.	40,000	58,491	10,590	47,901	87,840	5,597	4,332	1.08	—
Chu Cherng Construction Co., Ltd.	168,000	1,137,693	995,203	142,490	4,093	(10,273)	(9,120)	(0.54)	—
Ju Ying Interior Decoration Engineering Co., Ltd.	5,000	20,843	7,447	13,396	114,118	4,815	3,485	6.97	—
Chu Sheng Technology Co., Ltd.	5,000	23,792	20,923	2,869	52,044	16	(2,144)	(1.91)	Unaudited
Chu Yin International Co., Ltd.	99,000	143,795	39,805	103,990	126,866	(1,439)	120	0.01	—
Hsin Chu Gen-Gin Car Leaseing, Co. Ltd.	10,000	23,352	11,573	11,779	7,731	2,639	1,663	1.66	—
Hiplan (Nanking)Technology Co., Ltd.	4,071	2,040	96	1,944	1,509	(479)	(482)	—	Unaudited
Hsin-Chu Gen-Gin Truck Leaseing, Co. Ltd.	5,000	4,916	—	4,916	—	(84)	(84)	(0.17)	Unaudited

Note1 : No matter the size of affiliated companies , all should be disclosed.

Note2 : The exchange rate was as follows: US1=NT33.978, US1=CNY8.2767.

II. Stock Dividends Policy and Status of Implementation :

Disclosed according to correspondence(89) Tai-Tsai-Zang (I) No.100116 issued by the Securities& Futures Commission of the Ministry of Finance

1. Stock dividends policy

Stock dividends policy of the bank had approved by the shareholding meeting on June 6, 2003. The policy contents was listed as follows:							
Article 39	<p>In order to increase the profitability, expand the sales and to maintain the risk-based capital ration, the dividend policy of the Bank in the future should follow the capital budgeting plan of the Bank. Stock dividend will be appropriated, first in order to retain sufficient capital, and the surplus will be appropriated in the form of cash dividend, which must not be less than 10 percent of the whole dividends. However, if cash dividends are lower than NT\$0.1 per share, the Bank could issue stock dividends instead.</p> <p>According to the Bank's Articles of Incorporation, the Bank's net earnings are to be used to pay income taxes and offset against accumulated deficits, if any; 30% of the balance shall be set aside as statutory reserve before appropriation of earnings. Appropriation should be made after special reserve was made:</p> <table> <tr> <td>Stockholders' dividends and bonus</td> <td>90%</td> </tr> <tr> <td>Directors and supervisors' remuneration</td> <td>5%</td> </tr> <tr> <td>Employee profit sharing</td> <td>5%</td> </tr> </table>	Stockholders' dividends and bonus	90%	Directors and supervisors' remuneration	5%	Employee profit sharing	5%
Stockholders' dividends and bonus	90%						
Directors and supervisors' remuneration	5%						
Employee profit sharing	5%						



(1) AS determined by the term board of directors' meeting, the stock dividends policy current year is to distribute stock dividends, but was not be approved by the shareholders' meeting.

(2) The influence of gratuitous stock distribution on operation results, earnings per share and return on equity of the bank:

(UNIT : NT\$1,000)

Item	Year	2003(Estimated)	
Common stock as of the beginning of the year		12,901,110	
Stock and interest dividends allocated this year	Cash dividends per share	—	
	Capital stock increased from retained earnings per share	0.1	
	Capital stock increased from capital reserve per share	—	
Changes in operating results	Operating profits	2,563,411	
	Increase(decrease) ratio of operating profits compared to the last year	29.10%	
	Net income (loss)	2,887,901	
	Increase(decrease) ratio of net income(loss) last year	14.60%	
	Earnings per share(NTD)	2.06	
	Increase(decrease) ratio of earnings per share compared to the last year	0.98%	
	Average annual rate of return on investment (Reverse of the average annual price-earnings ratio)	10.62%	
Conditional earnings (loss) per share & price-earning ratio	If capitalization of retained earnings were distributed as cash dividends	Conditional earnings (loss) per share (NTD)	2.23
		Conditional average rate of return on investment	11.59%
	If capitalization of capital reverse were not implemented	Conditional earnings (loss) per share (NTD)	2.03
		Conditional average rate of return on investment	10.46%
	If capitalization of retained earnings and capital reverse were distributed as cash dividends	Conditional earnings (loss) per share (NTD)	2.23
		Conditional average rate of return on investment	11.50%

Note : The assumption as follows: Tax rate is 25%, the average market value of the stock is NT\$19.39 , if capitalization of retained earnings were distributed as cash dividends it assumed that the shortage fund should be supported by deposits and estimated the interest expense by the interest rate(January to March in 2004 was about 1.04%)

III. Internal Control System Execution Status :

Hsinchu International Bank Internal Control Declaration

February 17th, 2004

With regards to the internal control system of our Company from January 1, 2003 to December 31, 2003, under the basis of self-assessment, we hereby declare as follows:

1. The Company is fully aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and its presidents. The Company has already established such a system, with an aim to offer reasonable assurance to accomplishing targets such as operational results and efficiency (including profitability, performances, and asset quality), reliability of financial statements, and adherence to related laws and regulations.
2. Internal control systems have their inherent limitations. Regardless of how sophisticated and effective, an internal control system can only provide reasonable assurance regarding the three aforementioned goals. Furthermore, the effectiveness of an internal control system varies according to changes in the environment and situations. However, our Company's internal control system is consisted of a self-monitoring function. Once deficiencies are detected, the Company will take immediate corrective actions.
3. The judgment concerning the design and execution effectiveness of internal control systems in our Company is made according to the check items on internal control effectiveness in "Guidelines for Establishment of Internal Control Systems by Public Companies" (hereafter, the "Guidelines"), as decreed by the Securities and Futures Commission of the Ministry of Finance. The check items adopted by the "Guidelines" divide internal control into five constituting elements in accordance with the process of management control: 1) Control environment, 2) Risk evaluation, 3) Control operations, 4) Information and communication, and 5) Supervision. Each constituting element can be further divided into several items. Please refer to the "Guidelines" for details on the items.
4. Our Company has already adopted the above internal control check items to evaluate the design and executive effectiveness of the internal control system.
5. Based on the aforementioned evaluation results, we believe that the design and execution of our internal control system within the aforementioned period are effective, and reasonably assure the fulfillment of the aforementioned goals such as operational results and efficiency, reliability of financial statements, and adherence to related laws and regulations.
6. This Declaration shall be publicized among the major contents of our annual report and company prospectus. Any illegal falsification and concealment regarding the publications will be in violation of Articles 20, 32, 171, and 174 of the Securities transaction Law.
7. This Declaration had been passed by the Board of Directors of our Company during a meeting held on February 17th, 2004. All 19 directors that attended the meeting agreed to the contents of this Declaration without any objections.

Hsinchu International Bank

Chairman of the Board

President



III. Internal Control System Execution Status :

Hsinchu International Bank Internal Control Declaration

February 17th, 2004

With regards to the internal control system of our Company from January 1, 2003 to December 31, 2003, under the basis of self-assessment, we hereby declare as follows:

1. The Company is fully aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and its presidents. The Company has already established such a system, with an aim to offer reasonable assurance to accomplishing targets such as operational results and efficiency (including profitability, performances, and asset quality), reliability of financial statements, and adherence to related laws and regulations.
2. Internal control systems have their inherent limitations. Regardless of how sophisticated and effective, an internal control system can only provide reasonable assurance regarding the three aforementioned goals. Furthermore, the effectiveness of an internal control system varies according to changes in the environment and situations. However, our Company's internal control system is consisted of a self-monitoring function. Once deficiencies are detected, the Company will take immediate corrective actions.
3. The judgment concerning the design and execution effectiveness of internal control systems in our Company is made according to the check items on internal control effectiveness in "Guidelines for Establishment of Internal Control Systems in Securities and Futures Service Enterprises" (hereafter, the "Guidelines"), as decreed by the Securities and Futures Commission of the Ministry of Finance. The check items adopted by the "Guidelines" divide internal control into five constituting elements in accordance with the process of management control: 1) Control environment, 2) Risk evaluation, 3) Control operations, 4) Information and communication, and 5) Supervision. Each constituting element can be further divided into several items. Please refer to the "Guidelines" for details on the items.
4. Our Company has already adopted the above internal control check items to evaluate the design and executive effectiveness of the internal control system.
5. Based on the aforementioned evaluation results, we believe that the design and execution of our internal control system within the aforementioned period are effective, and reasonably assure the fulfillment of the aforementioned goals such as operational results and efficiency, reliability of financial statements, and adherence to related laws and regulations.
6. This Declaration shall be publicized among the major contents of our annual report and company prospectus. Any illegal falsification and concealment regarding the publications will be in violation of Articles 20, 32, 171, and 174 of the Securities transaction Law.
7. This Declaration had been passed by the Board of Directors of our Company during a meeting held on February 17th, 2004. All 19 directors that attended the meeting agreed to the contents of this Declaration without any objections.

Hsinchu International Bank

Chairman of the Board

President

IV. Legal Violations Resulting in Punishment and Major Deficiencies of the Past 2 Years, and Status of Improvement :

1. Officials and employees indicted for crime committed in the performance of their duties during the past 2 years : None
2. Violations of the Banking Law resulting in fines during the past 2 years : None
3. Deficiencies resulting in strict disciplinary action by the Ministry of Finance during the past 2 years : None
4. Major security incidents occurring during the past 2 years as a result of staff malpractice, major unexpected incidents (such as armed robbery, major theft, fire, or violence), or of failure to observe the Guidelines for the Maintenance of Security in Financial Institutions, the actual losses from which exceed NT\$50 million during one or both years : None
5. Other matters which the Ministry of Finance has instructed should be disclosed : None

V. Major Resolutions :

As of Year 2003, the status of execution for resolutions passed by Shareholders' Meeting is as follows:

Item	Description of the Resolution	Status of execution
1	Acknowledged our Bank's budget plan for Year 2002.	Executed as stipulated.
2	Passed the resolution dictating our Bank's accumulated "gain from premium on disposal of assets" prior to Year 2000 shall be listed as an item in retained earning instead of capital reserve.	Executed as stipulated.
3	Acknowledged the resolution for appropriation of losses for our Bank in Year 2002.	Executed as stipulated.
4	Passed the resolution for amendments to partial articles in our Bank's "Articles of Formation."	Amended and promulgated.
5	Passed the resolution for amendments to partial articles in our Bank's "Procedures for acquisition and disposal of assets".	Amended and promulgated.
6	Passed the resolution for common stock issuance through cash capitalization, staged for issuance of foreign depository receipt.	In light of the anguish condition in overseas capital markets, our Bank opted to continue to monitor closely instead before taking actions at most suitable occasion.



VI. Corporate Governance

Information on Directors and Supervisors

Prerequisites Name (Note 1)	5 years or more of work experiences in commerce, laws, financial services or business-related	Corresponds to the regulation of independence (Note 2)							Remarks
		1	2	3	4	5	6	7	
Shuan-Yung Chan	✓		✓					✓	
Kenneth Chen	✓		✓		✓	✓	✓		
Meei-Yu Tai	✓					✓	✓	✓	
Po-Hsiung Cheng	✓			✓	✓	✓	✓	✓	
Sung-Der Jen	✓		✓	✓			✓		
Chih-Wei Wu	✓		✓			✓	✓	✓	
Ching-Tang Chen	✓		✓		✓	✓	✓	✓	
Yung-Shyong Wu	✓	✓	✓			✓	✓	✓	
Chih-Yang Wu	✓	✓	✓		✓	✓		✓	
Ching-Jeng Hsu	✓	✓	✓			✓	✓		
Chien-Chung Chen	✓	✓	✓		✓	✓	✓	✓	
Yi-Pi Chan	✓		✓			✓	✓		
Shi-Yu Wang	✓	✓	✓		✓	✓	✓		
Chao-Shiun Chu	✓		✓	✓	✓	✓		✓	
Yi-Tze Chou	✓	✓		✓	✓	✓	✓	✓	
Wen-Tung Chen	✓	✓		✓	✓		✓		
Kung-Yung Chen	✓	✓	✓	✓		✓	✓		
Guo-Ying Chen	✓	✓		✓	✓	✓	✓		
Chang-Luan Liu	✓	✓	✓	✓	✓	✓	✓		
Wen-Kuang Wu	✓		✓	✓	✓	✓	✓		
Chuan-Feng Chen	✓		✓	✓		✓	✓		
Chen-Chuan Huang	✓		✓	✓	✓	✓	✓	✓	
Yu-Ling Chen	✓	✓	✓	✓	✓	✓	✓		

Note 1: Adjust the number of rows according to the number of persons.

Note 2: Directors and/or supervisors who match the requirements stated below, please check the appropriate fields under each requirement.

- (1) Person not an employee of our Bank, or a director, a supervisor, or an employee of any of the affiliated companies, but is also an independent director or supervisor of main company and/or subsidiary company, is not subject to this limitation.
- (2) Shareholder, who directly or indirectly, acquired more than 1% of total issued shares and/or whose share ownership ratio is among the top 10 of the shareholders.
- (3) Person who is not the spouse of the aforesaid persons or a relative with direct blood relationship.
- (4) Neither a director, a supervisor, or an employee of a corporate shareholder who directly acquired 5% and above of the total issued shares, nor a director, a supervisor, or an employee of a corporate shareholder whose share ownership ratio is among the top 5 of the corporate shareholders.
- (5) Not a director, a supervisor, a president, or a shareholder with more than 5% of share ownership at some particular companies or organizations who engage in close business and financial activities with our Bank.
- (6) Not an owner, a partner, a director (managing director), a supervisor (managing supervisor), a president and his/her spouse at a sole proprietorship, a partnership, a corporation, an organization, and/or a professional expert, who provided services and consultation related to financial, business, and laws for our Bank and its affiliated companies in the previous year.
- (7) Not a corporate company or its representatives as stipulated in Article 27 of the Company Law.

Note 3: In cases where the independent director and/or supervisor of our Bank is also an independent director and/or supervisor at another company, the number of the companies represented must be stated in remarks.

Listed and OTC companies' supervisory and operational status & the status and reasons for differences in contrast to the Management Principles For Listed and OTC companies.

Item	Status of operation	Status and reasons for differences
1. The Bank's capital structure and shareholders' equity (1) Methods adopted by the Bank in resolving shareholders' suggestions and disputes. (2) Monitoring status of major share-holders and its final controller by the Bank. (3) Methods adopted in the implementation of risk control mechanism and firewall with the Bank's affiliated companies.	1. Problems related to suggestions and conflicts are handled by our Bank's Stock Affairs Section of Administration Department and its spokesperson. 2. Handled and publicized on a regular basis by our Bank's Stock Affairs Section in Administration Department and its spokesperson. 3. On 06/06/2003, Shareholders' meeting passed and amended our Bank's procedures on acquisition and disposal of assets, as well as risk control mechanism and firewall.	In compliance with the Principles.
2. The formation and duties of Board of Directors (1) Status of the establishment of directors. (2) Periodic assessment on the independence of auditors.	1. Not yet established. 2. On 12/26/2003, the ninth term, Board of Directors' 11th meeting processed the assessment and replacement of certified auditors with more than 5 years of relationship with our Bank to ensure the independence of the auditors.	1. Pending discussion 2. In compliance with the Principles
3. The formation and duties of supervisors (1) Status of the establishment of independent supervisors. (2) Communication status between supervisors and the Bank's employees and shareholders.	1. Not yet established. 2. Our Bank's supervisors conducted a supervisory tour on each business units and employees every year, as well as established communication channels with shareholders and interest parties.	1. Pending discussion 2. In compliance with the Principles
4. Status of establishment of communication channels with interested parties	Each related department is responsible for the maintenance of communication channels with interested parties.	In compliance with the Principles
5. Publication of material information (8) The establishment of an Internet site to publicize the financial info and operational profile of the Bank. (9) Other methods to publicize material information (such as English website, designated person for the collection and publication of the Bank's information, spokesperson mechanism, and implementation of the Bank's website during corporate investors' conference.	1. Our Bank's IT room, electronic business department, and related offices are responsible for the establishment and maintenance of the website to publicize financial information and operational profiles. 2. Our Bank's spokesperson is Gui-Ling Hui, assistant of vice president at the HR department.	In compliance with the Principles
6. Operational status for auditor'S committee.	Not yet established	Pending discussion
7. In cases where company has its own version of principles for management and business activities stipulated in accordance with the "Principles for management and business activities for listed and OTC companies, please explain and illustrate the differences: our Bank's operations and supervisions are performed in accordance with the "Principles for management and business activities for listed and OTC companies" to the fullest extent.		
8. Other material information (including education for directors and supervisors, attendance status of Board of Directors' meeting by directors and supervisors, supervision on risk control policies and risk evaluation standards, supervision on the protection for consumers and customers, independence demonstrated by director regarding issues in which the director'S interests are present, purchase of responsibility insurance for and social responsibilities of directors and supervisors. (1) Directors and supervisors are instructed to attend government held educational seminars related to management on an irregular basis. (2) Directors of our Bank are all restricted to participate in issues in which their interests are present. None of them are allowed to vote in such issues. (3) Our Bank had enrolled for all directors and supervisors an USD\$5,000,000 insurance on April 16th, 2003. (4) Our Bank has stipulated risk control policies including guidelines for acquisition and disposal of assets and investment policies and its related procedures in accordance with "Procedures and guidelines for acquisition and disposal of assets for public companies". Related department has also been established to supervise the procedures.		



- (5) Issues regarding customers' or consumers' complaints and disputes are all first processed in accordance with the procedures and guidelines for customer services by the electronic business department, in addition to tracking all follow-up matters.
- (6) Our Bank has specified procedures and guidelines on business performance for presidents, and explicit regulations have been set forth regarding their duties and responsibilities.
- (7) Attendance of directors and supervisors in the Board of Directors' meeting is as follows:

03/14/2003 The ninth term, Board of Director'S 6th meeting:
Total directors: 20; personally attended: 18; consigned attendance: 1;
Total supervisors: 3; personally attended 3;

05/02/2003 The ninth term, Board of Director'S 7th meeting:
Total directors: 20; personally attended: 16; consigned attendance: 0;
Total supervisors: 3; personally attended: 3;

06/11/2003 The ninth term, Board of Director'S 8th meeting:
Total directors: 20; personally attended: 15; consigned attendance: 3;
Total supervisors: 3; personally attended: 3;

08/26/2003 The ninth term, Board of Director'S 9th meeting:
Total directors: 20; personally attended: 19; consigned attendance: 1;
Total supervisors: 3; personally attended: 2;

10/29/2003 The ninth term, Board of Director'S 10th meeting:
Total directors: 20; personally attended: 17; consigned attendance: 2;
Total supervisors: 3; personally attended: 3;

12/26/2003 The ninth term, Board of Director'S 11th meeting:
Total directors: 20; personally attended: 18; consigned attendance: 1;
Total supervisors: 3; personally attended: 2;

Note 1: For continuing educations and training of directors and supervisors, refer to the regulations set forth by the Taiwan Stock Exchange Corporation in the "References governing the key points in the promotion of continuing education for directors and supervisors at listed and OTC companies".

Note 2: Securities brokers, SICE & SITE, and futures traders shall specify supervisory status on risk control policies, risk evaluation standards, and protection policies for customers and consumers.

VII. Other Matters for Supplementary Explanation.

Significant events in Y2003

- | | | | |
|-------|---|-------|--|
| 01/08 | The ninth term, Managing Board of Director's 17th meeting was called into session. | 04/23 | The ninth term, Managing Board of Director's 30th meeting was called into session. |
| 01/09 | Introduced IC chip Identity Card associated with the University of Jiao Tong. | 04/30 | The ninth term, Managing Board of Director's 31st meeting was called into session. |
| 01/15 | The ninth term, Managing Board of Director's 18th meeting was called into session. | 05/01 | Began business operations in foreign currency exchange rates linked options and foreign currency portfolio financial products. |
| 01/22 | The ninth term, Managing Board of Director's 19th meeting was called into session. | 05/02 | The ninth term, Board of Director's 7th meeting was called into session. |
| 02/11 | Introduced "Easy-check." | 05/05 | Began business operations in DBU. |
| 02/12 | The ninth term, Managing Board of Director's 20th meeting was called into session. | 05/07 | The ninth term, Managing Board of Director's 32nd meeting was called into session. |
| 02/19 | The ninth term, Managing Board of Director's 21st meeting was called into session. | 05/14 | The ninth term, Managing Board of Director's 33rd meeting was called into session. |
| 02/26 | The ninth term, Managing Board of Director's 22nd meeting was called into session. | 05/21 | The ninth term, Managing Board of Director's 34th meeting was called into session. |
| 02/26 | Began business operations in foreign currency trust. | 05/28 | The ninth term, Managing Board of Director's 35th meeting was called into session. |
| 02/26 | Began business operations in linked notes. | 06/06 | Shareholders' meeting was called into session. |
| 02/27 | Held press conference to promote "B2Bank." | 06/09 | The ninth term, Managing Board of Director's 36th meeting was called into session. |
| 03/05 | The ninth term, Managing Board of Director's 23rd meeting was called into session. | 06/11 | The ninth term, Board of Director's 8th meeting was called into session. |
| 03/10 | Hui-Long branch was relocated to No. 242 & 244, Sec. 1, Wan-Shou Rd., Guei-Shan Shiang, Taoyuan County. | 06/11 | Established office for Board of Directors. |
| 03/12 | The ninth term, Managing Board of Director's 24th meeting was called into session. | 06/30 | North Hsinchu branch was relocated to Windance Shopping Center at No. 243 Zhong-Yang Rd., Hsinchu City, with extended operation hours and no closed days, as well as the establishment of our Bank's first wealth management flagship office, "North Hsinchu VIP financial services center." |
| 03/14 | The ninth term, Board of Director's 6th meeting was called into session. | 07/04 | The ninth term, Managing Board of Director's 39th meeting was called into session. |
| 03/14 | The ninth term, Supervisors' 3rd meeting was called into session. | 07/09 | The ninth term, Managing Board of Director's 40th meeting was called into session. |
| 03/14 | Secretary office was renamed as Administration and Supervisory Department. | 07/16 | The ninth term, Managing Board of Director's 41st meeting was called into session. |
| 03/19 | The ninth term, Managing Board of Director's 25th meeting was called into session. | 07/18 | In association with financial services business promotion, branches were strategically divided into financial services center branches, financial services branches, regular branches, and basic branches. |
| 03/26 | The ninth term, Managing Board of Director's 26th meeting was called into session. | 07/23 | The ninth term, Managing Board of Director's 42nd meeting was called into session. |
| 04/02 | The ninth term, Managing Board of Director's 27th meeting was called into session. | 07/30 | The ninth term, Managing Board of Director's 43rd meeting was called into session. |
| 04/09 | The ninth term, Managing Board of Director's 28th meeting was called into session. | 08/06 | The ninth term, Managing Board of Director's 44th meeting |
| 04/16 | The ninth term, Managing Board of Director's 29th meeting was called into session. | | |



- was called into session.
- 08/20 The ninth term, Managing Board of Director's 45th meeting was called into session.
- 08/26 The ninth term, Board of Director's 9th meeting was called into session.
- 08/26 The ninth term, Supervisors' 4th meeting was called into session.
- 08/27 The ninth term, Managing Board of Director's 46th meeting was called into session.
- 09/03 The ninth term, Managing Board of Director's 47th meeting was called into session.
- 09/10 The ninth term, Managing Board of Director's 48th meeting was called into session.
- 09/15 Began business operations in currency exchanges and trading including "NTD to foreign currency" and "foreign currency to foreign currency."
- 09/19 The ninth term, Managing Board of Director's 49th meeting was called into session.
- 09/24 The ninth term, Managing Board of Director's 50th meeting was called into session.
- 09/26 Donated NTD\$3,075,000 in charitable scholarships for 3 counties: Taoyuan, Hsinchu, and Miaoli.
- 10/01 The ninth term, Managing Board of Director's 51st meeting was called into session.
- 10/01 Checks clearing districts (Taipei, Taichung, and Kaohsiung) centralized for MICR.
- 10/01 Began business operations in insurance payments to the Bureau of Labor Insurance through bank account's money transfer.
- 10/01 Completed the implementation of IC chip debit card, becoming one of the 13 banks to complete the implementation.
- 10/01 Cooperated with 5 major chain convenience stores to began business operations in credit card bill payments.
- 10/01 Began business operations in Cash Express Delivery
- 10/08 The ninth term, Managing Board of Director's 52nd meeting was called into session.
- 10/15 The ninth term, Managing Board of Director's 53rd meeting was called into session.
- 10/22 The ninth term, Managing Board of Director's 54th meeting was called into session.
- 10/23 Introduced "Margin Business For Core Factories and Suppliers"
- 10/29 The ninth term, Board of Director's 10th meeting was called into session.
- 11/05 The ninth term, Managing Board of Director's 55th meeting was called into session.
- 11/19 The ninth term, Managing Board of Director's 56th meeting was called into session.
- 11/26 The ninth term, Managing Board of Director's 57th meeting was called into session.
- 12/03 The ninth term, Managing Board of Director's 58th meeting was called into session.
- 12/10 The ninth term, Managing Board of Director's 59th meeting was called into session.
- 12/17 The ninth term, Managing Board of Director's 60th meeting was called into session.
- 12/24 The ninth term, Managing Board of Director's 61st meeting was called into session.
- 12/26 The ninth term, Board of Director's 11th meeting was called into session.
- 12/26 Established International Economic and Trades Corporate Finance Regional Center
- 12/31 The ninth term, Managing Board of Director's 62nd meeting was called into session.
- 12/31 Introduced Happy Card

Addresses of Head Office and Branches

HEAD OFFICE & BRANCHES	ADDRESS	TEL.NO.	FAX.NO.
Head Office	6-7F 106 Chungyang Road, Hsinchu, Taiwan.	Tel : (03)5245131	Fax : (03)5251531
Trust Department	6F 106 Chungyang Road, Hsinchu, Taiwan.	Tel : (03)5253171	Fax : (03)5269443
International Business Department	5F 106 Chungyang Road, Hsinchu, Taiwan.	Tel : (03)5288234	Fax : (03)5288282
Consumer Banking Department	6F 326 Chungcheng Road, Hsinchu, Taiwan.	Tel : (03)5333909	Fax : (03)5436084
Credit Card Department	2F、3F、5F 326 Chungcheng Road, Hsinchu, Taiwan	Tel : (03)5345858	Fax : (03)5436022
Information Technology Department	11 Park Avenue II, Science-Based Industrial Park, Hsinchu, Taiwan.	Tel : (03)5789366	Fax : (03)5789348
Mingsu Department	88 Mingsu Road, Hsinchu, Taiwan.	Tel : (03)5326171	Fax : (03)5326504
Business Department	1F 106 Chungyang Road, Hsinchu, Taiwan.	Tel : (03)5243151	Fax : (03)5230963
Kuangfu Branch	270 Kuangfu Road Sec. 1, Hsinchu, Taiwan.	Tel : (03)5775663	Fax : (03)5781742
Science-Based Industry Park Branch	11 Park Avenue II, Science-Based Industrial Park, Hsinchu, Taiwan.	Tel : (03)5785355	Fax : (03)5787055
Hsinchu Branch	35 Fuhsing Road, Hsinchu, Taiwan.	Tel : (03)5266171	Fax : (03)5236079
Chulien Branch	256 Nanta Road, Hsinchu, Taiwan.	Tel : (03)5215130	Fax : (03)5261855
Chungcheng Branch	326 Chungcheng Road, Hsinchu, Taiwan.	Tel : (03)5348939	Fax : (03)5349865
Peimen Branch	658 Hsita Road, Hsinchu, Taiwan.	Tel : (03)5215115	Fax : (03)5251843
Yenping Branch	50 Lane 214 Yenping Road Sec. 1, Hsinchu, Taiwan.	Tel : (03)5219219	Fax : (03)5219215
Hsinhsing Branch	130 Szuwei Road, Hsinchu, Taiwan.	Tel : (03)5233171	Fax : (03)5233177
N. Hsinchu Branch	245 Chungyang Road, Hsinchu, Taiwan.	Tel : (03)5348155	Fax : (03)5421589
Sanhsinchiao Branch	576 Chunghua Road, Sec. 4, Hsinchu, Taiwan.	Tel : (03)5303838	Fax : (03)5308328
Chupei Branch	59 Sanming Road, Chupei, Hsinchu, Taiwan.	Tel : (03)5513115	Fax : (03)5512190
Hsinsher Branch	141 Chungcheng W. Road, Chupei, Hsinchu, Taiwan.	Tel : (03)5519456	Fax : (03)5551783
Huko Branch	82 Chungcheng Road Sec. 1, Huko, Hsinchu, Taiwan.	Tel : (03)5992614	Fax : (03)5901627
Hsinfeng Branch	155-7 Chienhsing Road Sec.1, Hsinfeng, Hsinchu, Taiwan.	Tel : (03)5591113	Fax : (03)5594636
Hsinpu Branch	386 Chungcheng Road, Hsinpu, Hsinchu, Taiwan.	Tel : (03)5883611	Fax : (03)5883344
Kuanghsi Branch	21 Mingde Road, Kuanghsi, Hsinchu, Taiwan.	Tel : (03)5875151	Fax : (03)5877927
Chutung Branch	300 Changchun Road Sec. 1, Chutung, Hsinchu, Taiwan.	Tel : (03)5965711	Fax : (03)5954025
Taoyuan Branch	66 Chungcheng Road, Taoyuan, Taiwan.	Tel : (03)3340176	Fax : (03)3371647
Tashuling Branch	233 Taoying Road, Taoyuan, Taiwan.	Tel : (03)3664291	Fax : (03)3664296
Chunghsing Branch	308 Yungan Road, Taoyuan, Taiwan.	Tel : (03)3331210	Fax : (03)3331272
Sanming Branch	301 Sanming Road Sec. 3, Taoyuan, Taiwan.	Tel : (03)3351593	Fax : (03)3385836
Yungan Branch	465 Chungcheng Road, Taoyuan, Taiwan.	Tel : (03)3324002	Fax : (03)3361491
Kuaichi Branch	862 Chunjih Road, Taoyuan, Taiwan.	Tel : (03)3553278	Fax : (03)3553723
Tungmen Branch	119 Chungshan East Road, Taoyuan, Taiwan.	Tel : (03)3395633	Fax : (03)3394301
Chungshan Branch	807 Chungshan Road, Taoyuan, Taiwan.	Tel : (03)3794637	Fax : (03)3794642
Tachu Branch	23,24-506 Tachu Road, Luchu, Taoyuan, Taiwan.	Tel : (03)3137633	Fax : (03)3137626
Chuangching Branch	35 Tahsing West Road Sec. 2, Taoyuan, Taiwan.	Tel : (03)3576622	Fax : (03)3578833
Tayuan Branch	44 Chungshan N. Road, Tayuan, Taoyuan, Taiwan	Tel : (03)3861130	Fax : (03)3861924
Nankan Branch	90 Chungcheng Road, Luchu, Taoyuan, Taiwan.	Tel : (03)3524148	Fax : (03)3226443
Kueishan Branch	1077 Wanshou Road Sec. 2, Kueishan, Taoyuan, Taiwan.	Tel : (03)3290728	Fax : (03)3290273
Hueilung Branch	242 Wanshou Road Sec. 1, Kueishan, Taoyuan, Taiwan.	Tel : (02)82001277	Fax : (02)82006012
Kunghsi Branch	220 Fuhsing 1st Road, Kueishan, Taoyuan, Taiwan.	Tel : (03)3972288	Fax : (03)3972266
Padeh Branch	43 Chieshou Road Sec. 2, Padeh, Taoyuan, Taiwan.	Tel : (03)3634341	Fax : (03)3660967
Juifeng Branch	909 Chieshou Road sec. 2, Padeh, Taoyuan, Taiwan.	Tel : (03)3685706	Fax : (03)3685727
Tahsi Branch	85 Kangchuang Road, Tahsi, Taoyuan, Taiwan.	Tel : (03)3873915	Fax : (03)3889901



HEAD OFFICE & BRANCHES	ADDRESS	TEL.NO.	FAX.NO.
Chungli Branch	194 Chungshan Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4252186	Fax : (03)4256977
Huanpei Branch	405 Huanpei Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4511333	Fax : (03)4513135
Shantzuting Branch	150 Chungfeng Road, Shandingtuan, Pingcheng, Taoyuan, Taiwan.	Tel :(03)4696257	Fax : (03)4692907
Neili Branch	83 Hsinyi Road, Neili, Chungli, Taoyuan, Taiwan.	Tel :(03)4553122	Fax : (03)4524244
N. Chungli Branch	130 Chungmei Road sec. 2, Chungli, Taoyuan, Taiwan.	Tel :(03)4222921	Fax : (03)4228771
Hsinming Branch	56 Mingsu Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4918701	Fax : (03)4918711
Hsinpo Branch	661 Chungshan Road Sec. 2, Kuangyin, Taoyuan, Taiwan.	Tel :(03)4986401	Fax : (03)4986404
Lungkuang Branch	302 Lungtung Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4657779	Fax : (03)4567704
E. Chungli Branch	171 Chienhsing Road, Chungli, Taoyuan, Taiwan	Tel :(03)4578111	Fax : (03)4578417
Chungyuan Branch	90 Honyang Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4668166	Fax : (03)4662442
E. Neili Branch	47 Lungming Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4351988	Fax : (03)4351093
Pingcheng Branch	225 Huannan Road, Pingchen, Taoyuan, Taiwan.	Tel :(03)4910311	Fax : (03)4910319
Chinling Branch	87 Chinling Road, Pingcheng, Taoyuan, Taiwan.	Tel :(03)4579155	Fax : (03)4579920
Lungtan Branch	202 Peilung Road, Lungtan, Taoyuan, Taiwan.	Tel :(03)4793185	Fax : (03)4891391
Hsinwu Branch	251 Chungshan Road, Hsinwu, Taoyuan, Taiwan.	Tel :(03)4773226	Fax : (03)4772052
Yangmei Branch	105 Tacheng Road, Yangmei, Taoyuan, Taiwan.	Tel :(03)4783491	Fax : (03)4752718
Puhsin Branch	351 Yungmei Road, Yangmei, Taoyuan, Taiwan.	Tel :(03)4824984	Fax : (03)4826073
Miaoli Branch	562 Chungcheng Road, Miaoli, Taiwan.	Tel :(037)324671	Fax : (037)358940
Kungkuan Branch	211 Chunghsau Road, Kungkuan, Miaoli, Taiwan	Tel :(037)228525	Fax : (037)221245
N. Miaoli Branch	296 Weikung Road, Miaoli, Taiwan.	Tel :(037)267501	Fax : (037)260184
Chunan Branch	217 Chungcheng Road, Chunan, Miaoli, Taiwan.	Tel :(037)476161	Fax : (037)474881
Houlung Branch	20 Chengkung Road, Houlung, Miaoli, Taiwan.	Tel :(037)724591	Fax : (037)724980
Toufen Branch	106 Hoping Road, Toufen, Miaoli, Taiwan.	Tel :(037)668281	Fax : (037)676791
Yuanli Branch	19 Weikung Road, Yuanli, Miaoli, Taiwan.	Tel :(037)862851	Fax : (037)852609
Tunghsiao Branch	16 Jenai Road, Tunghsiao, Miaoli, Taiwan.	Tel :(037)757511	Fax : (037)757514
Cholan Branch	48 Chungcheng Road, Cholan, Miaoli, Taiwan.	Tel :(04)25891916	Fax : (04)25894942
Tahu Branch	79 Mingsheng Road, Tahu, Miaoli, Taiwan.	Tel :(037)995561	Fax : (037)995564
Sanyi Branch	83 Chungcheng Road, Sanyi, Miaoli, Taiwan	Tel :(037)875281	Fax : (037)875242
Tunglo Branch	201 Chungcheng Road, Tunglo, Miaoli, Taiwan.	Tel :(037)985211	Fax : (037)985214
Taipei Branch	38 Chienkuo N. Road, Sec. 1, Taipei, Taiwan.	Tel :(02)87723232	Fax : (02)87723838
Banchiao Branch	192 Mingsu Road, Banchiao, Taipei, Taiwan.	Tel :(02)29528799	Fax : (02)29528797
Lucho Branch	342 Chihsien Road, Lucho, Taipei, Taiwan.	Tel :(02)82828266	Fax : (02)82815941
Neihu Branch	1F 69 Tungfu Road, Neihu, Taipei, Taiwan.	Tel :(02)26318888	Fax : (02)26326910
Taichung Branch	1F 380 Wehsin Road, Sec 1, Taichung, Taiwan.	Tel :(04)23192480	Fax : (04)23194202
Fengyuan Branch	797 Yuanhuan E.Road, Fengyuan, Taiwan	Tel :(04)25234116	Fax : (04)25240078
Chiayi Branch	345 Mingsu Road, Chiayi, Taiwan.	Tel :(05)2288855	Fax : (05)2240800
Tainan Branch	429 Chinhwa Road, Sec. 2, Tainan, Taiwan.	Tel :(06)2648101	Fax : (06)2648140
Kaushon Branch	383 Churu 1st Road, Kaushon, Taiwan.	Tel :(07)3872296	Fax : (07)3860532
Tungning Branch	96 Tungan Road, Tainan, Taiwan.	Tel :(06)2761561	Fax : (06)2761565
Tunghai Branch	138 Chinghai Road, Sec. 3, Taichung, Taiwan.	Tel :(04)24653500	Fax : (04)24653501
Shengang Branch	27-15 Mingsheng Road, Shengang, Taichung, Taiwan	Tel :(04)25634781	Fax : (04)25634785
Chungde Branch	364 Chungde Road, Tainan, Taiwan	Tel :(06)2697461	Fax : (06)2697458
Liming Branch	562 Daye Road, Taichung, Taiwan.	Tel :(04)22536208	Fax : (04)22536205
Junghe Branch	182 Jianyi Road, Junghe City, Taipei, Taiwan	Tel :(02)82271656	Fax : (02)82271659

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	ADDRESS	TEL.NO.	FAX.NO.
Shrlin Branch	179 Jungcheng Road.Sec.1, Shrlin Chiu, Taipei, Taiwan	Tel :(02)28386096	Fax : (02)28386160
Yunghe Branch	302 Jungjeng Road, Yunghe City, Taipei, Taiwan	Tel :(02)29452510	Fax : (02)29451275
Securities House	3F 465 Chungcheng Road, Taoyuan, Taiwan.	Tel :(03)3347111	Fax : (03)3355711
Hsinming Branch Securities House	1-2 B, 56 Mingsu Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4910736	Fax : (03)4910745
Hsinhsing Branch Securities House	2-3F, 130 Szuwei Road, Hsinchu, Taiwan.	Tel :(03)5226000	Fax : (03)5254277
N. Miaoli Branch Securities House	1B 296 Weikung Road, Miaoli, Taiwan.	Tel :(037)273001	Fax : (037)273008
Padeh Branch Securities House	4F 43 Chiesho Road, Sec. 2, Padeh, Taoyuan, Taiwan.	Tel :(03)3632299	Fax : (03)3642903
Chunan Branch Securities House	2F 217 Chungcheng Road, Chunan, Miaoli, Taiwan.	Tel :(037)480666	Fax : (037)480714
Tunghsiao Branch Securities House	1B 16 Jenai Road, Tunghsiao, Miaoli, Taiwan.	Tel :(037)761234	Fax : (037)762345
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Taipei Corporate District Center	3F、7F 38 Chienkuo N. Road, Sec. 1, Taipei, Taiwan.	Tel :(02)87721777	Fax : (02)87721733
Taoyuan Corporate District Center	10F 56 Mingsu Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4950777	Fax : (03)4950677
Hsinchu Corporate District Center	2F 35 Fuhsing Road, Hsinchu, Taiwan.	Tel :(03)5285989	Fax : (03)5285602
Taichung Corporate District Center	24F 380 Wehsin Road, Sec 1, Taichung, Taiwan.	Tel :(04)23196132	Fax : (04)23190557
Taoyuan Non-Performing Loan Center	3F 301 Sanming Road Sec. 3, Taoyuan, Taiwan.	Tel :(03)3317181	Fax : (03)3392960
Chungli Non-Performing Loan Center	8F 56 Mingsu Road, Chungli, Taoyuan, Taiwan.	Tel :(03)4952461	Fax : (03)4025977
Hsinchu Non-Performing Loan Center	4F-1 130 Szuwei Road, Hsinchu, Taiwan.	Tel :(03)5277627	Fax : (03)5277615
Miaoli Non-Performing Loan Center	3F 562 Chungcheng Road, Miaoli, Taiwan.	Tel :(037)367012	Fax : (037)367018
Taipei Individual Center	B1 38 Chienkuo N. Road, Sec. 1, Taipei, Taiwan.	Tel :(02)87721993	Fax : (02)87721722
Taoyuan Individual Center	4F 301 Sanming Road Sec. 3, Taoyuan, Taiwan.	Tel :(03)3368222	Fax : (03)3372618
Hsinchu Individual Center	3F 35 Fuhsing Road, Hsinchu, Taiwan.	Tel :(03)5285050	Fax : (03)5285601
Taichung Individual Center	24F 380 Wehsin Road, Sec 1, Taichung, Taiwan.	Tel :(04)23193755	Fax : (04)23209790
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