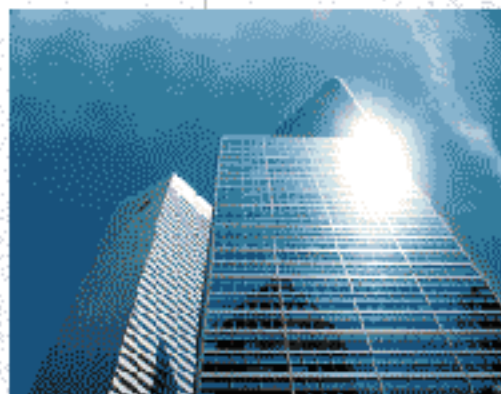




# Contents

02 > 03	Bank Profile	50 > 51	Board of Directors & Executive Officers
04 > 07	To Our Shareholders	52	Organization Chart
08 > 10	Market Analysis	53	Correspondent Banks
11 > 17	Our Progress in 2003	54 > 56	Offices and Branches
18 > 19	Our Goals for 2004		
20 > 49	<b>Financial Statements</b> Independent Auditors' Report Supervisors' Report Balance Sheets Statements of Income Statements of Cash Flows Statements of Changes in Stockholders' Equity Notes to Financial Statements		



International Bank of Taipei was founded on May 4, 1948 as Taipei Mutual Loans and Savings Company. At that time, Taiwan's economy was beset by post-war chaos, and the foundation of the bank as a fountainhead of private banking in Taiwan matched the government's key policy aims of stabilizing Taiwan's financial environment and developing the industrial sector. On January 1, 1978, the bank was transformed into the Taipei Business Bank, with the specialized function of funding and assisting small and medium-sized enterprises. From 1992 onward, to keep abreast of banking trends and help businesses expand their overseas markets, the bank successively established its international banking, trust and other departments, laying the foundations and shaping the structure of the bank as it is today. On May 14, 1998, to meet the demands of Taiwan's steadily increasing economic internationalization, we upgraded to commercial bank and became International Bank of Taipei. The bank is in prime shape to scale new heights as an international commercial bank of the 21<sup>st</sup> century.

Since the bank was founded, its board of directors and supervisors have been selected from among the elite of industry and commerce. The founding chairman, Mr. Chen Feng-yuan, served in that position from May 1948 until his death in August 1982. The present chairman, Mr. S. C. Ho, has led the bank since his unanimous election to the chairmanship in March 1988.

The bank was started with capital of 20 million Old Taiwan dollars raised among local subscribers by Mr. Chen Feng-yuan. The following year, when the government reformed the monetary system and replaced the old currency with the New Taiwan dollar at a conversion rate of 40,000 to one, the bank's capitalization stood at just NT\$500. To lay an adequate foundation for the bank's future development, its capital was first raised to NT\$10 thousand, and then in December 1949 raised again to NT\$200 thousand. Thereafter, its capital structure was adjusted as necessary in accordance with its operating needs. On April 18, 1983, the bank was formally listed on the Taiwan Stock Exchange with capitalization of NT\$540 million, which has since been increased in stages to its current paid-up capitalization of more than NT\$21.1 billion.

When the bank was formed, it rented premises in Taipei City's Changan West Road. In 1953, it set up its headquarters in Poai Road, and in 1978 constructed its own new head-office building on a 500-ping plot of land in Nanking East Road. At present, the bank has 89 business units, comprising the Business, Trust, and International Banking Department, Offshore Banking Unit, 83 domestic branches, and overseas branches in Macau and Hong Kong. The domestic branches are mostly concentrated in the Greater Taipei area, where the bank has been well established for many years and has already become an integral part of local community life. In 2002, we became the first bank to set up a fully automated banking outlet in Taipei's Hsimen commercial district, with business hours extended to seven o'clock in the evening to cater to local storekeepers' needs, demonstrating our consistent pursuit of putting into practice the concept of community-centered banking.



With the popularization of automated banking facilities, our bank's ATMs have become a conspicuous sight in many convenience stores and supermarkets, providing the public with a variety of 24-hour instant services. Also, with the rapid development of the Internet and telecommunications, our bank has successively launched telephone banking, mobile banking, and Internet banking services, to enable our customers to enjoy the convenience of conducting transactions securely at any time or place. At the same time, we have formed strategic alliances to provide B2B online cash-flow solutions, such as e-factoring and the TradeCard international trade credit and payment services, to help businesses manage and utilize their capital more efficiently.

Our formal upgrading to commercial bank on May 14, 1998, marked our emergence as an international commercial bank. To conform to financial development trends and provide specialized services, in 2000 we began an active program of organizational restructuring. Based on modern management concepts of service integration and specialized division of labor, the changes are designed to enhance customer satisfaction and improve operational efficiency. Under this program, we have now established nine corporate banking centers and twelve consumer banking centers in Taipei City, Taipei County, and Taoyuan, as well as six appraisal centers, to help us strengthen our credit quality. At the same time, we have been regearing our general branches to focus on providing a diverse range of financial planning products and services, with special areas for exclusive premium service to priority customers, manned with specialist personnel, to provide comprehensive services tailored to our customers' needs, including mutual funds, bonds, and other investment instruments cross-marketed with a range of products from our investee insurance agency.

The bank now has to face competition from increasingly large-scale financial holding companies. Therefore, in 2002, through accumulated profit and cash-capital injection, we increased the bank's capitalization to above NT\$20 billion, which put us across the threshold for establishment of a financial holding company, in preparation for the next stage of our transformation. In the future, the banking industry will continue to face enormous challenges. To make sure we are fully prepared for those challenges, we are enlisting the diagnostic services of business consultants to help us identify our most competitive niche products and formulate the best competitive strategy. Also, we will continue to strengthen our operations, employ the latest technology to reinforce our existing market advantages, strengthen our customer relationship management, expand the scope of our strategic alliances within the financial industry, and develop diverse financial products, as we pursue our strategic objectives of making our corporate banking more internationalized, our retail banking more community-centered, and our general banking more financial-management oriented. Through this course of action, we will firmly establish our new image as an international commercial bank of the 21st century.

## To Our Shareholders



S.C. Ho, chairman



K.C. Yu, president

### The Economic Situation and Outlook

With recovery in the US economy leading the way, the strength of the upturn in the major economies of Asia and Europe picked up markedly in 2003. In 2004, with demand boosted by the roaring US recovery and Japan's revival from the nadir of its economic woes, and further fueled by the powerful force of domestic consumption in mainland China, the Asian regional economy (excluding Japan) can expect to maintain a high level of growth. Global Insight Inc. forecasts that the global economic growth rate for the year will reach 3.8%.

On the domestic economic front, after the SARS epidemic was brought under control, private consumption pepped up and, with the stock market index creeping upward, the shrinking-wealth effect became less perceptible. At the same time, the global economic upswing and the gradual appearance of beneficial effects from government policies speeded up the pace of domestic economic growth. Moreover, with signs that the job market in 2004 will be heating up more than we have seen in years, the Directorate General of Budget, Accounting and Statistics (DGBAS) has projected that domestic economic growth will reach 4.74% for the year, the highest rate in four years. Altogether, there is ample evidence that the domestic economic recovery is already firmly established.

Since 1991, there has been a continuous influx of new banks into Taiwan's financial market. At the same time, banks have been scrambling to expand their branch networks, creating excessive competition in the banking market. In the couple or so years since the formation of financial holding companies began, banking institutions have been speeding up the integration of their business channels and organization in pursuit of larger market scale, which is likely to give rise to another wave of consolidation in the sector. To cope with the competition from large-scale financial holding companies, banks have been vying for penetration of the wealth management and high-interest-margin consumer finance markets, which, on a general overview, are expected to remain the banking sector's most hotly contested areas of business in 2004.



## **Our Bank's Performance in 2003**

### **Stable profit growth and a marked reduction of the NPL ratio**

In the face of stiff competition from other banks, we still managed to maintain stable profit growth in 2003, accompanied by a stepped up pace of clearing bad loans. After clearing bad debts amounting to NT\$2.89 billion, we still recorded a pre-tax profit of NT\$3.039 billion, a year-on-year growth rate of 16%. Our net earning per share was NT\$1.44, our pre-tax return on asset 0.85%, and our pre-tax return on equity 9.29%. After the speeded up clearance of bad loans, our NPL ratio was reduced to just 2.41%, markedly better than the industry average of 4.33% for domestic banks.

### **Corporate banking services - specialized division of labor and market segmentation**

In our corporate banking operations, we continued to reshape our regional centers system, combining our service to large-scale enterprises and focusing on expanding our service to small and mid-sized enterprises. At the same time, we simplified our credit assessment process, completed the conversion of credit assessment and lending procedures to electronic mode, and centralized the handling of credit assessment operations. In addition, we joined Factors Chain International and the TradeCard platform, to strengthen our position in the overall factoring market and provide our customers with more diverse financing channels. In 2003, our foreign exchange transaction volume reached NT\$18.7 billion, up 26% from the preceding year.

### **A rise to third place in monthly ranking for loans backed by the SME Credit Guarantee Fund**

Overall, under the impetus of the strategic adjustment in our credit operations and the launch of various consumer products, our aggregate loan outstandings rose to NT\$239.1 billion at year-end 2003, up 12% from a year earlier. Among these, our total of loans backed by guarantees from the Small and Medium Enterprise Credit Guarantee Fund in December ranked third highest of all financial institutions, demonstrating our hard-working commitment to helping provide funding to SMEs.

### **Consumer banking - developing our business in northern Taiwan, centralizing cash-card operations, and integrating core products**

In our consumer banking operations, as part of our efforts to expand our business domain in northern Taiwan, in mid-2003 we established the Taoyuan Consumer Banking Center, which achieved impressive business results during its first six months in operation. Also, to speed up the development of our cash-card business, we gradually integrated branch operation procedures with a view to bolstering branch development. At the same time, we integrated such competitive core consumer-loan products as general-purpose small loans, business start-up loans, and small loans to storekeepers, together with home-loan packages, to build up as main niches of business for the development of our consumer banking operations. In our credit card business, we continued to offer cash bonuses and special giveaways to our credit card users. At the end of 2003, the total of our credit cards issued was just short of 600,000, a year-on-year increase of 13%, while our card transaction volume for the year recorded a tremendous growth rate of 123% from 2002.

### **Wealth management business - introducing a consultancy system and exclusive financial management services**

In our wealth management business, we introduced financial and insurance consultancy systems and established a system for the provision of exclusive financial-management services by specialized personnel, to help the financial-management staff in our branches develop this area of our business and heighten opportunities for cross-marketing of our products. These steps were clearly effective in spurring the growth of revenue from our financial-management products and services. On the deposit side, funds attracted by our financial management and custodian banking services helped boost our NT dollar demand deposits to a historic high of NT\$101.4 billion at the end of 2003, with demand deposits as a ratio of total NT dollar deposits rising above the 35% level, while our total balance of deposits climbed to NT\$310.7 billion, up 8% from 2002. On the custodian banking side, the total volume of fund assets under our custody stood at NT\$180.3 billion as of year-end 2003, a growth of 11%, placing us among the top five custodian banks in the market.

## **Our Business Plan for 2004**

### **Strengthening Competitiveness, Establishing a Marketing-oriented Culture**

Financial holding company amalgamation has greatly heightened competitiveness in the banking sector. In 2004, the bank will implement a number of measures in a bid to raise stockholder returns. Besides employing consultancy firms to help us enhance our operating efficiency, and continuing to move toward a customer-oriented organizational structure in pursuit of heightened competitiveness and the establishment of a marketing-focused business culture, we will strengthen our customer relationship management, implement a customer grading system, induce customers to use automated service facilities, and lower our operating costs. On the product and marketing side, we will focus on core products and services, establish intersected product marketing mechanisms, continue to conduct telephone marketing, and strengthen our staff's marketing abilities. In addition, we will continue to integrate our business centers, strengthen the computerization and centralization of back-office operations, and build up our profit-center system, with each business system forming an independent profit center and mechanisms in place that fix rewards according to performance.

### **Conclusion**

In face of the trend of consolidation in Taiwan's banking industry, we will continue to strengthen our operating structure by focusing on our core products and services and by cultivating the top-notch capabilities that we need for achieving success in the core areas of our operations. We sincerely thank our shareholders for your encouragement and support, and ask that you continue to give us your highly valued favor and trust, so that we may work together to sustain the profitable operation and development of our bank.

## 1. International Economy

Although the first half of the year saw the outbreak of war in Iraq and the eruption of the SARS epidemic, neither lasted long enough to exert too heavy an impact on the global economy. Therefore, starting in the second half of the year, with the recovery of the US economy leading the way, Japan, China and other major Asian economies experienced a strong upswing. This, in turn, helped nudge the sluggish European economies out of their torpor, so that the whole global economy showed clear signs of strengthening economic vitality.

The US economy, benefiting from the low-interest-rate policy and tax-cutting measures, exhibited a strong all-round recovery. The bright picture presented by its economic indicators showed US economic growth getting stronger and stronger. Expectations are high that such growth will be maintained without accompanying worries about inflation.

In Europe, the euro appreciated 20.4% against the US dollar. Nevertheless, the rise in market demand spurred on by the global economic recovery made up for the adverse effect of that appreciation on the Eurozone's export competitiveness. With continued expansion of its exports driving growth in manufacturing output, reducing the threat of inflation, and keeping unemployment from rising again, it is evident that the European economy has emerged from the slump it experienced in the first half of 2003 and can be expected to enjoy a steadily strengthening recovery.

In Japan, the global economic upturn helped allay the unfavorable impact of the yen's rising value. With the recent steady growth of exports and industrial production, no further worsening of the job market, and no further contraction of household income, there are good grounds for expecting the country to shake off the depressed state of consumer spending that has prevailed for so long, and thereby add fresh momentum to its economic recovery.

The latest near-term forecasts for the global economy by the International Monetary Fund (IMF), Global Insight, and other institutions, all project that the global economy will grow rapidly in 2004, reaching its highest level in several years.



## 2. Domestic Economy

In Taiwan's domestic economy, private consumption perked up after mid-year once the SARS epidemic was brought under control. As the stock market index gradually climbed, the shrinking-wealth effect visibly receded. At the same time, as the boost from the all-round improvement in the international economic climate and the beneficial effects of government policies became increasingly apparent, domestic economic growth gathered pace, reaching 3.24% for the whole of 2003.

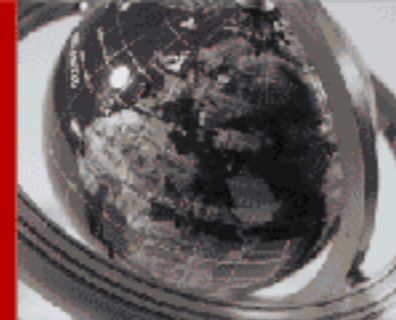


Looking ahead to 2004, with the stronger-than-expected international recovery spurring buoyant export trade, and with domestic demand gradually heating up as the business climate brightens, the job situations slowly improves, and the stock and housing markets gain vigor, this year's domestic economic growth rate is projected to notch up a solid rise. The Taiwan Institute of Economic Research (TIER) forecasts that the real GDP growth rate will reach 4.81% in 2004.

On the interest-rate front, while the US economy has already settled into a strong expansionary phase, the improvement in its job situation has not kept up with the pace of economic growth. Therefore, until concerns about the "jobless recovery" are fully dispelled, the US will not likely dare to rush into adopting a contractionary monetary policy. Consequently, the market expectation is that the central bank will maintain its loose monetary policy for at least the first half of this year, maintaining the low level of short-term interest rates.

On the exchange-rate front, although the US government is still sticking to its strong US dollar policy, and Taiwan's central bank is keeping the NT dollar exchange rate under tight rein, the impact of the US twin deficits and worries about terrorist attacks mean that the US currency will not easily be able to shake off its declining trend internationally. When we factor in the rising clamor for appreciation of the currencies of Asian countries that hold massive foreign exchange reserves, it is evident that the NT dollar will face heavy pressure to rise from its current value.

With regard to industrial development, the information industry continued to lead the way in 2003. Producers of communication products such as cellphones and optical devices such as digital cameras were among those notching up double-digit growth. Also, the expectation of raw material prices continuing to rise opened up bright prospects for the plastics, steel, and chemical fibers industries. In the distribution industry, however, intense competition drove a number of firms out of the market, a trend that is set to continue with further eliminations and consolidation in the sector this year.



Looking ahead to the prospects for industrial development in 2004, besides the continuing positive outlook for the communication industry, the broadband and wireless local area network (WLAN) industries are expected to build on the strong position they established in 2003 and achieve a high level of growth. In the opto-electronics industry, rewritable DVDs (DVD+RW and DVD-RW) and DVD players with recording function are expected to be this year's major new products. Ramped-up output in the first half of the year should enable local manufacturers to compete for market share with Japanese producers and drive on strong growth in their sales. Also, the plastics and chemical fibers industries should maintain booming development on the back of the continuing rise in raw material prices.

As far as the development of Taiwan's financial market is concerned, the banking sector is still beset by a high level of competition. Generally speaking, Taiwan's banking enterprises are too small in scale, and since the passage of the Financial Holding Company Law, the pursuit of upscaling has become the main strategy in the financial industry. As Taiwan's financial holding industry enters its third year, cross-marketing still has not been able to demonstrate the functions widely expected of it. Moreover, most financial holding companies believe that the banking avenue is the main key to the development of financial holding, and are gearing their management strategy toward raising their market share in core product areas and securing brand pre-eminence to become a leading market force. Domestic and foreign financial holding companies are still relatively new in Taiwan, and the market is as yet at the stage of assessing their performance and functions.

## Our Progress in 2003

### 1. Overview

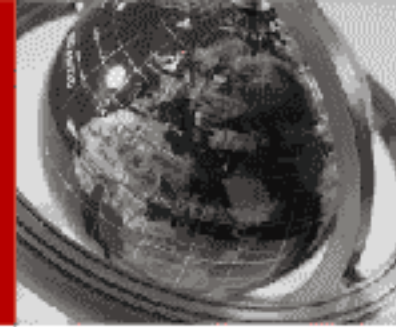
Our bank has already been in existence for 55 years. To cope with the increasingly competitive financial environment, in 2003 the bank took on a customer-oriented organizational structure, incorporating Corporate banking, consumer banking, wealth management, and general banking divisions, seeking to draw on a profit center structure, with operational strategies focused on developing core lines of business in the various product sections of each division, as the best means to strengthen the bank's competitiveness.

Because of the sharp decline in customers' interest income due to the continuing low level of interest rates in 2003, banks vied to introduce all kinds of financial management products and provide consumers with a broad range of financial management options. To expand our wealth management business and increase our commission revenue, we worked actively during the year to penetrate the wealth management market, launching a comprehensive professional wealth management system capable of coping with the competition from other banks.

In our corporate banking operations, we relied on division of labor and market segmentation to meet the fierce market competition. We established niche services and continued to reorganize our regional centers system, separated into centers serving large-scale enterprises and those serving small and medium enterprises (SMEs), with the main emphasis of business development focused on developing core services for SMEs.

In our consumer banking operations, in the second half of 2003 we set up the Taoyuan Consumer Banking Center, as the twelfth of our consumer banking centers in northern Taiwan that serve as the main locations for the development of our consumer banking services. In the future, we will target market opportunities in central and southern Taiwan, and will carry out organizational adjustments with a view to actively expanding our market share. In terms of business focus, we will aim toward establishing a platform for transacting a full range of consumer banking services, maximizing the diversity of our consumer banking products, meeting the loan requirements of the general public, and, through internal credit assessment management mechanisms, maintain firm control over credit quality.

Furthermore, we continued with the expansion of our automated facilities, launching dual-function deposit and withdrawal ATMs, to provide customers with speedier and more convenient automated services while reducing the workload on our counter operations. Also, we launched our multi-functional Combo IC cards, combining the functions of credit cards, debit cards, and e-purses. These cards, embedded with M/Chips that comply with global EMV specifications, are characterized by their high level of security and multi-functionality. As well as their use for credit-card purchases, they can also be used as electronic purses for small everyday transactions and for making online payments free from any worries of credit-card information being stolen by Internet hackers.



## 2. Operating Results

### (1) Income Analysis

For the year, our pre-tax profit was NT\$3.039 billion. Operating revenue was NT\$12.461 billion, a fall of NT\$2.025 billion from the previous year. Within that total, interest revenue was NT\$8.899 billion, making up 71.4% of total revenue, down NT\$2.753 billion year-on-year, mainly because our base lending rates and "term-deposit interest-rate index" followed the continuing downward trend of market interest rates. Other components of revenue were commission revenue of NT\$965 million, or 7.7%; net gains on money market dealings of NT\$2.339 billion, or 18.8%; net earnings from long-term equity investment of NT\$120 million, or 1.0%; net gains from foreign-exchange dealings of NT\$78 million, or 0.6%; and non-operating revenue of NT\$370 million, or 2.9%.

Operating expenditure was NT\$9.77 billion, a reduction of NT\$2.56 billion from the preceding year. Within that total, interest expenses were down NT\$2.32 billion year-on-year to NT\$3.911 billion, 40.0% of total revenue. Other operating expenses amounted to NT\$3.91 billion, 40.0% of total revenue. After expenditures, pre-tax net income was NT\$3.039 billion, 24.4% of full-year revenue.

### (2) Deposits

At year-end 2003, our balance of deposits stood at NT\$310.6 billion, up a substantial NT\$23.3 billion, or 8.12%, from 2002. During the year, spurred by the bank's continued active promotion of securities settlement accounts, all-in-one accounts, and custodian banking, NT dollar demand deposits topped the NT\$100 billion mark for the first time to reach NT\$101.4 billion at year-end. The balance of NT dollar time deposits stood at NT\$184.1 billion, up NT\$1.2 billion from a year earlier, and foreign currency deposits amounted to NT\$22.7 billion, up NT\$3 billion. As to funds composition, NT dollar demand deposits made up 35% of total deposits, NT dollar time deposits 59%, and foreign currency deposits 6%.

On the financial products side, our all-in-one investment and money management accounts, integrating deposits, securities, insurance, utility-bills agency payment, credit cards, funds, and cash-card credit in a single multi-functional account, continued to prove popular with our customers, more than 250,000 of whom had opened such accounts by year-end 2003, generating an increase of NT\$10 billion in demand deposits. Also, the marketing of complementary financial-management products, such as our special promotion of a fixed deposit and insurance package, helped us double the sale of such products, while our paying/ receiving services for securities brokerage firms grew by NT\$1.1 billion over year-end 2002.

### (3) Loans

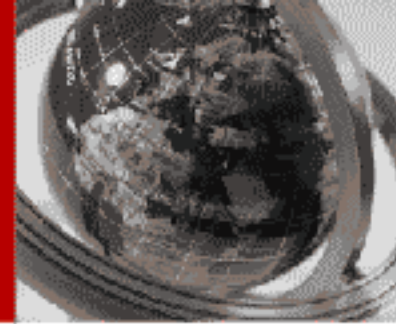
At year-end 2003, our aggregate loan outstandings stood at NT\$239 billion, up NT\$25.8 billion, or 12%, from 2002. To strengthen asset quality, we took steps to improve our credit assessment operations and implemented special measures to enhance post-credit management. As of year-end 2003, our non-performing loan (NPL) ratio stood at 2.41%, down by 1.89 percentage points from 4.30% a year earlier and placing our bank in the upper tier of domestic banks in terms of asset quality.

On the products side, we implemented the integration of back-end operations, established a cash-card credit-screening center similar to that for our credit card business, and gradually carried out back-office integration of branch marketing procedures, to strengthen the business expansion capabilities of our branches.

## 3. Business Development

### (1) Consumer Banking

(a) In recent years, we have been pushing hard to develop our consumer banking business, striving to make it more community-centered, to offer a complete smorgasbord of loans, and to meet the needs of all our various customer segments by providing all kinds of lending and financial management information services. To dispel public misgivings about the inflexibility of bank-loan interest rates, we specially launched our index-linked loans, making our mortgage interest-setting formula more flexible and giving our customers the tangible benefit of preferential interest rates on their mortgages. At the same time, in line with customer demand for flexible financial management options, we launched low-interest home loans that accorded our customers enhanced flexibility in utilizing their capital. Also, we cooperated with government agencies in issuing various kinds of concessional home loans, to consolidate our stable customer base for such loans. In addition, we engaged in various inter-industry alliances in our cash-card business, to broaden our cards' added value by contracting with stores to offer our customers special discount privileges and enabling our card-holders to directly enjoy exclusive conveniences and benefits. We enlarged the range of our loan products with the addition of car purchase, small credit, and other consumer loans, and offered various kinds of business start-up financing such as revolving loans for small-store owners, helper loans for opening franchise stores and starting businesses, loans for running small enterprises and upmarket guesthouses, and so on.



**(b) Credit Cards**

In 2003, we continued to implement our credit-card market promotion project. As well as continuing to give our cardholders the benefit of our special cash-dividend program, we launched a series of attractive activities to consolidate our cardholders' loyalty and encourage them to increase their use of our cards, and also launched our "low-interest 288 credit-card balance transfer" service, to increase the profitability of our credit card operations.

To speed up expansion of the scale of our credit card issuance, we continued to actively develop our issuance of co-branded cards. We collaborated with the Megastar chain of hairstyling salons to launch the country's first Master IC platinum card and Master IC co-branded card issued in alliance with the beauty industry, which combined state-of-the-art anti-fraud chip technology, cellphone-message theft-proof swiping, small consumer-purchase Mondex e-purse, and smart cash-flow service among its functions, making it one of the safest and most advanced credit cards in the market. In addition, we collaborated with the National Taiwan University Children's Hospital to launch the "Happy Childhood Affinity Card", the first such card in Taiwan that jointly serves medical, educational and philanthropic purposes, and which we hope will draw greater public attention to children's growth and development.

As of year-end 2003, our credit cards issued stood at 580,000 in total.

**(2) Corporate Banking**

(a) To implement the specialized division of labor of our regional centers structure, from the second half of 2003, we divided our Corporate banking centers into those catering to large enterprises and those serving small and medium enterprises (SMEs), with central region business centers handling the needs of large enterprises and the other centers handling SME development. Also, to streamline our lending process, we implemented a policy to make lending operations more transparent, and during the year we completed the conversion of our credit assessment and lending operations to electronic mode. In addition, we centralized the handling of credit assessment for all the corporate banking centers, to effectively enhance the quality of this process, achieve heightened manpower efficiency, and shorten processing time. At the same time, to lock in our SME clients, we strengthened our SME Credit Guarantee Fund operations. As of year-end 2003, our outstanding loans guaranteed by the SME Credit Guarantee Fund amounted to NT\$14 billion, an increase of NT\$3.7 billion, or 36%, from one year earlier, and in December we climbed to the third-highest ranking in this area of business among Taiwan's banking institutions.

**(b) Foreign Exchange**

Although Taiwan's foreign trade was affected by the SARS epidemic in the first half of 2003, in the second half of the year, spurred on by the upturn in the global economy, export and import volumes both recorded sturdy year-on-year growth, demonstrating that Taiwan's economy is already in sound recovery mode, and generating expectations of even stronger growth in 2004. Our bank's foreign exchange operations maintained their steady growth performance, with our forex transaction volume reaching NT\$18.7 billion, up 25% from the preceding year.

Because Taiwan's foreign trade has tilted increasingly toward mainland China and Hong Kong, our bank has sought to keep up with this trend and the government policy of opening up cross-strait transactions by actively scouting out the mainland area for means to strengthen our service to Taiwanese business clients operating there and to build up friendly and mutually beneficial relations with banks across the Taiwan Strait. It is our hope that, aided by these efforts and our active engagement in exchanges of resources and personnel, we will in the future be able to formally establish a presence for our bank in the mainland market.

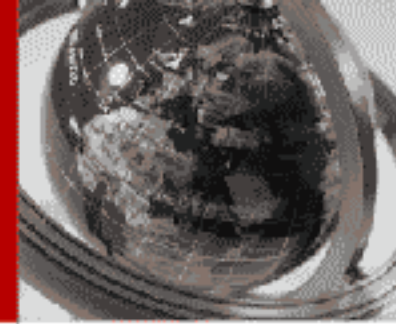
On the forex product side, in March 2003 we became a member of Factors Chain International (FCI), enabling our exporters to guarantee overseas debt and reduce their credit risk while enhancing their capital liquidity. Also, to keep abreast of the e-banking trend, at the end of 2003 we became participants in the TradeCard trading platform, giving us the capacity to provide on-line financing services across the Asia-Pacific region. Complementing our international account-receivable factoring service, this enables us to provide exporters with more varied financing channels and help them achieve more efficient capital allocation.

To enhance our services to businesses and the general public, we continued to increase the number of our branches authorized to engage in foreign exchange transactions, which now extend to every major urban area throughout Taiwan. At the same time, we continued to expand our global correspondent network, which now includes more than 1,600 banks.

**(3) Wealth Management**

(a) In 2003, our financial management business yielded excellent profits, with commission income rising sharply, notching up double-digit growth in every quarter and demonstrating the high potential that this area of business promises for our bank. In the second half of the year, we implemented our new staff specialization system for financial management services, together with the introduction of financial consultants and insurance consultants, to help branch staff expand our financial-management business, strengthen our marketing capabilities and, through the diversification of our financial products, extend the domain of our financial-management banking. The more efficient utilization of resources resulting from the emphasis on specialization in the new system constitutes a main key to our success in this sphere.





**(b) Trust**

In our custodian banking business, we maintained our position as one of the top five custodian banks in Taiwan, with our total assets in custody amounting to NT\$180 billion at year-end 2003. Also, we signed agreements with numerous securities firms and became the leading custodian of structured financial products.

In designated purpose money trusts, we continued to market domestic and overseas trust funds and structured notes, expanded our insurance, retirement and other existing trust business, launched additional NT dollar structured products (nondiscretionary money trusts), overseas ETFs, and other new kinds of financial products, and developed real estate securitization and marketable securities trusts, senior citizen trusts, and so on, to actively expand our foothold in the asset management domain. In the future, we will continue to introduce a widening range of financial planning tools which, in conjunction with our financial planning consultants and financial planning specialists deployed nationwide, will provide our customers with optimum asset management services. We will also, from time to time, offer all kinds of discounts and special deals on financial management products.

Furthermore, we became the first bank in Taiwan to launch a service informing customers by SMS to redeem mutual funds so as to "lock in profit and be a smart investor". While "fixed-interval, fixed-amount" fund investment, which is sometimes referred to as "the lazy person's investment method", provides a simple and convenient investment method for customers who are too busy to follow the movements of the market, it can also easily result in their missing out on returns from short-term fluctuations in the market. Therefore, we launched our "lock in profit and be a smart investor" service, combining "fixed-interval, fixed-amount" investment with a "take-profit and stop-loss" mechanism, to help our customers to achieve smart financial management without having to constantly worry about the ups and downs of the market, and to give them a more flexible and relaxed option for making the most of their capital.

**(4) Treasury**

In 2003, the bank's bill and bond trading volume reached NT\$2.8 trillion. Among these, our bill and bond holdings amounted to over NT\$85 billion, yielding excellent profits already in excess of NT\$2 billion. Our short-term investments had a total value of NT\$7 billion, with short-term investment operations yielding a profit of NT\$220 million in the year.

**(5) Electronic Banking**

- (a) Our electronic banking services saw roaring development in 2003. Besides introducing new Internet banking functions for purchasing mutual funds, making payments, and conducting exchange transactions between the NT dollar and foreign currencies, we also set up financial management and credit card websites, to provide our customers with a wider choice of financial management channels. By the end of 2003, the number of our Internet banking customers had almost doubled from a year earlier.
- (b) In business cash-flow services, we have already finished integrating our B2B global supply-chain cash-flow network, and are able to meet the varying needs of businesses' ERP systems by specifically adapting our interface software to interconnect with each client's terminals for the provision of e-payment, e-finance, e-factoring, and other electronic cash-flow services. In the future, we will launch a forex e-trade system, to build up a complete array of electronic cash-flow services.
- (c) In service automation, to enhance the functions of our automated service equipment and reduce the workload of our counter operations, besides continuing to set up combined deposit and cash-dispensing machines, we actively developed the value-added of our ATM machines, interconnecting them with our Internet banking web pages, the use of discount coupons for various kinds of market-promotion activities, IC card value-added services, agency collection of public utility payments, customer data storage functions, and strengthening of our product and image promotion, to create distinctive service content. At the end of 2003, we had a total of 245 ATMs, with 40 located in different convenience stores.



## 1. Business Plan

To cope with the intensification of competition in the financial services market, our future operational direction will be focused primarily on strengthening our competitiveness and establishing marketing as the mainstay of our business culture, as well as actively utilizing the services of consulting firms to examine how we can improve our business performance.

The main points of our **operational strategy** for 2004 are as follows:

### (1) Customers and Transaction Channels

- (a) We will implement a customer grading system based on customer contributions. We will also establish the concept of user payment and strengthen customer relationship management.
- (b) We will examine the effectiveness of transaction channels, and try to induce customers to make more use of automated facilities in order to reduce operating costs. The design of our bank premises will be geared more toward wealth management and marketing functions, with a view to injecting new vitality into the bank's CIS.

### (2) Products and Marketing

- (a) We will promote the core products of all our banking divisions and, targeting different customer segments, will tailor products to suit our customers and establish product cross-marketing mechanisms.
- (b) We will continue to develop our outbound marketing operations, and step up the vigor of our marketing via bank counter, telephone, and other channels.

### (3) Operations Management

- (a) Centralized credit assessment operations: we will complete the conversion to electronic mode of our corporate banking credit assessment and lending procedures, to effectively raise the quality of and shorten the time required for handling such operations.
- (b) We will continue to establish back-office operation centers, to centralize the handling of items that cannot be done on an economic scale in branches, in order to reduce costs and clearly demarcate front-office marketing.

### (4) Performance Management

- (a) We will establish appraisal and reward systems primarily based on "profit centers", and move away from the concept of "branch appraisal" toward that of "business system appraisal".
- (b) We will match the establishment of business systems with the formation of independent profit centers, orienting performance toward a fixed reward system.

The main points of our **product plan** for 2004 are as follows:

### (1) SME Banking Services

In 2004, in conjunction with the program of the Small and Medium Enterprise Administration, Ministry of Economic Affairs, for using the SME Credit Guarantee Fund to help financial institutions expand financing to SMEs, we will allocate a total of NT\$10 billion for special low-interest loans to SMEs. This will speed up the process for SMEs to obtain financing, and the loan principal will be fully guaranteed by the Credit Guarantee Fund. The loans, which will be extended for three to five years, will be able to benefit more than one thousand SME clients by meeting their need for stable mid-term revolving capital.

### (2) Factoring Services

Having become a member of the Factors Chain International (FCI) organization in 2003, we will be able to take advantage of information exchange with FCI members to strengthen our position in the factoring market as a whole. In conjunction with the coming online of our e-finance service in 2004, we will draw on this advantage to expand our share of the factoring market and increase our factoring revenue.

### (3) Cash-advance Card Business

We will energetically promote our cash-advance card business through the bank's well-established marketing channels, primarily targeting our existing customer base, and will also link up with third party and call center channels to conduct joint marketing efforts.

### (4) Wealth Management

The establishment of our "take-profit and stop-loss", "fund platform", and other wealth management systems will enable us to provide our customers with an increasing diversity of financial management options. We will also strengthen our marketing of funds and structured notes, and continue to develop NT dollar structured products, overseas ETFs, and other new kinds of financial products.

### (5) Derivatives

We will launch interest-rate options, renminbi NDFs, renminbi options, etc., and will design high-income package-style foreign-currency time deposits.

## 2. Plans for Disposal or Acquisition of Immovable Property or Long-term Investments in 2004: (None).

## 3. Capital Utilization Plan

(1) In response to changes in the financial environment and to meet future development needs, as well as to raise the bank's level of capitalization to international standards, in 2002 the bank carried out a cash capital increase of NT\$1 billion, which was completed and fully paid up on October 9, 2002, and wholly utilized for business financing.

(2) The bank currently has no plans to issue financial debentures.



## Independent Auditors' Report

The Board of Directors and Stockholders  
International Bank of Taipei

We have audited the accompanying balance sheets of International Bank of Taipei as of December 31, 2003 and 2002 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Bank of Taipei 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 guidelines for securities issuers' financial reporting and accounting principles generally accepted in the Republic of China.

*Deloitte & Touche*

Deloitte & Touche  
(T N Soong & Co and Deloitte & Touche (Taiwan)  
Established Deloitte & Touche Effective June 1, 2003)  
Taipei, Taiwan  
Republic of China

January 30, 2004

### Notice to Readers

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

## Supervisors' Report

To: The 2004 Shareholders Meeting

In accordance with Article 219 of the Company Law, we have reviewed the 2003 financial statement of the Bank submitted by the Board of Directors and subsequent audit report by our appointed Certified Public Accountants, T N Soong & Co., and found them correct.

March 17, 2004

*Tien-Dong Lin*

Tien-Dong Lin  
Resident Supervisor

*Jeng-Shyong Lien*

Jeng-Shyong Lien  
Supervisor

*Toney Chen*

Toney Chen  
Supervisor



## Balance Sheets

DECEMBER 31, 2003 AND 2002

ASSETS	2 0 0 3		2 0 0 2	
	Amount	%	Amount	%
CASH (Note 3)	\$ 5,268,933	2	\$ 4,592,692	1
DUE FROM BANKS (Note 4)	3,866,284	1	3,229,355	1
DUE FROM THE CENTRAL BANK (Note 5)	12,443,335	3	14,908,298	5
SECURITIES PURCHASED - Net (Notes 2, 6, 20 and 21)	83,933,377	23	77,274,907	23
RECEIVABLES - Net (Notes 2 and 7)	6,381,331	2	4,605,377	1
PREPAID EXPENSES	783,171	-	569,187	-
LOANS, DISCOUNTS AND BILLS PURCHASED - Net (Notes 2, 8 and 20)	246,406,531	67	222,575,284	66
LONG-TERM EQUITY INVESTMENTS (Notes 2 and 9)				
Equity method	347,799	-	216,657	-
Cost method	530,981	-	381,193	-
Total long-term investments	878,780	-	597,850	-
OTHER FINANCIAL ASSETS	469,083	-	325,759	-
PROPERTIES (Notes 2 and 10)				
Cost and appreciation				
Land	3,101,924	1	3,096,509	1
Buildings and improvements	1,996,867	1	1,952,976	1
Transportation equipment	1,265	-	3,341	-
Miscellaneous equipment	1,285,523	-	1,252,968	-
Total cost and appreciation	6,385,579	2	6,305,794	2
Accumulated depreciation	1,542,826	1	1,411,734	-
	4,842,753	1	4,894,060	2
Construction in progress and advances related to acquisition of equipment	28,168	-	31,043	-
Net properties	4,870,921	1	4,925,103	2
OTHER ASSETS - Net (Notes 2, 11, 16 and 19)	2,379,418	1	2,279,386	1
<b>TOTAL ASSETS</b>	<b>\$ 367,681,164</b>	<b>100</b>	<b>\$ 335,883,198</b>	<b>100</b>

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

(In Thousands of New Taiwan Dollars, Except Par Value)

LIABILITIES AND STOCKHOLDERS' EQUITY	2 0 0 3		2 0 0 2	
	Amount	%	Amount	%
<b>LIABILITIES</b>				
Due to banks (Note 12)	\$ 2,437,169	1	\$ 605,673	-
Payables (Note 13)	5,576,919	1	5,594,370	2
Advances received	39,650	-	28,895	-
Deposits and remittances (Notes 14 and 20)	310,625,295	85	287,328,834	85
Due to the Central Bank and other banks	12,613,569	3	8,569,447	3
Other liabilities (Notes 2 and 19)	2,791,850	1	2,315,919	1
Total liabilities	334,084,452	91	304,443,138	91
<b>STOCKHOLDERS' EQUITY</b>				
Capital stock - \$10 par value				
Authorized and issued - 2,115,905 thousand shares in 2003 and 2,013,687 thousand shares in 2002	21,159,047	6	20,136,870	6
Capital surplus:				
Revaluation increment on land	610,341	-	610,341	-
Donated capital	-	-	7,930	-
Other	1,321	-	1,321	-
Total capital surplus	611,662	-	619,592	-
Retained earnings:				
Legal reserve	9,086,373	2	8,441,141	2
Special reserve	38,864	-	43,587	-
Unappropriated earnings	2,700,009	1	2,197,696	1
Total retained earnings	11,825,246	3	10,682,424	3
Cumulative translation adjustments	757	-	1,174	-
Total stockholders' Equity	33,596,712	9	31,440,060	9
<b>CONTINGENCIES AND COMMITMENTS</b> (Notes 2, 25 and 27)				
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 367,681,164</b>	<b>100</b>	<b>\$ 335,883,198</b>	<b>100</b>

## Statements of Income

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2 0 0 3		2 0 0 2	
	Amount	%	Amount	%
<b>OPERATING REVENUES (Note 2)</b>				
Interest	\$ 8,898,859	71	\$ 11,652,409	81
Service fees	964,555	8	755,000	5
Income from sale of securities - net	2,339,284	19	1,897,281	13
Equity in net income of investees - net	122,184	1	46,438	-
Foreign exchange gain - net	77,634	1	104,538	1
Other	58,752	-	29,823	-
<b>Total operating revenues</b>	<b>12,461,268</b>	<b>100</b>	<b>14,485,489</b>	<b>100</b>
<b>OPERATING COSTS</b>				
Interest	3,911,615	31	6,227,223	43
Service charges	146,561	1	137,306	1
Provisions for losses (Note 2)	1,801,874	15	2,081,388	14
<b>Total operating costs</b>	<b>5,860,050</b>	<b>47</b>	<b>8,445,917</b>	<b>58</b>
<b>GROSS PROFIT</b>	<b>6,601,218</b>	<b>53</b>	<b>6,039,572</b>	<b>42</b>
<b>OPERATING EXPENSES (Note 17)</b>				
Administrative	2,487,808	20	2,501,402	17
General	1,407,537	12	1,368,858	10
Others	14,508	-	18,020	-
<b>Total operating expenses</b>	<b>3,909,853</b>	<b>32</b>	<b>3,888,280</b>	<b>27</b>
<b>INCOME FROM OPERATIONS</b>	<b>2,691,365</b>	<b>21</b>	<b>2,151,292</b>	<b>15</b>
<b>NONOPERATING INCOME</b>				
Rent revenue	171,464	1	180,549	1
Revenue from disposal of assets	1,220	-	161,919	1
Others	195,628	2	134,881	1
<b>Total nonoperating income</b>	<b>368,312</b>	<b>3</b>	<b>477,349</b>	<b>3</b>
<b>NONOPERATING EXPENSES</b>	<b>21,152</b>	<b>-</b>	<b>10,027</b>	<b>-</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,038,525</b>	<b>24</b>	<b>2,618,614</b>	<b>18</b>
<b>INCOME TAX (Notes 2 and 16)</b>	<b>393,310</b>	<b>3</b>	<b>467,839</b>	<b>3</b>
<b>NET INCOME</b>	<b>\$ 2,645,215</b>	<b>21</b>	<b>\$ 2,150,775</b>	<b>15</b>
	<b>Pre Tax</b>	<b>After Tax</b>	<b>Pre Tax</b>	<b>After Tax</b>
<b>EARNINGS PER SHARE (Note 18)</b>				
Basic earnings per share	\$1.44	\$1.25	\$1.29	\$1.06

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

## Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002  
(In Thousands of New Taiwan Dollars)

	2 0 0 3		2 0 0 2	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 2,645,215		\$ 2,150,775	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Provisions for losses	1,801,874		2,081,388	
Depreciation and amortization	240,381		233,543	
Provision of allowance for losses on securities purchased	45,112		276,248	
Income from equity-method investments in excess of cash dividends	( 85,945)		( 34,098)	
Gain on disposal of properties - net	(1,220)		( 161,919)	
Deferred income taxes	155,405		( 21,685)	
Changes in operating assets and liabilities:				
Increase in securities purchased - for trading purposes	( 5,479,899)		( 16,116,849)	
Increase in receivables	( 1,886,298)		( 775,849)	
Decrease (increase) in prepaid expenses	( 213,984)		33,410	
Decrease in payables	( 17,451)		( 515,282)	
Increase in advances received	10,755		23,348	
<b>Net cash used in operating activities</b>	<b>( 2,786,055)</b>		<b>( 12,826,970)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in:				
Due from banks	( 636,929)		3,487,945	
Due from the Central Bank	2,464,963		( 650,191)	
Securities purchased - for investing purposes	( 1,223,683)		198,104	
Loans, discounts and bills purchased	( 25,449,547)		( 8,838,723)	
Long-term equity investments	(195,042)		( 154,750)	
Other financial assets	(143,324)		( 38,883)	
Other assets	(312,058)		18,355	
Acquisition of properties	(156,744)		( 194,002)	
Proceeds from sale of properties	3,780		182,818	
<b>Net cash used in investing activities</b>	<b>( 25,648,584)</b>		<b>( 5,989,327)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in due to banks	1,831,496		( 1,151,080)	
Increase in deposits and remittances	23,296,461		12,801,437	
Increase in due to the Central Bank and other banks	4,044,122		6,001,920	
Increase in other liabilities	427,307		31,434	
Cash dividends	( 402,737)		( 360,762)	
Payment of remuneration to directors and bonus to employees	( 85,352)		( 73,709)	
Issuance of common stock	-		1,000,000	
<b>Net cash provided by financing activities</b>	<b>29,111,297</b>		<b>18,249,240</b>	
<b>EFFECT OF CHANGE IN EXCHANGE RATE</b>	<b>( \$ 417)</b>		<b>( \$ 5,500)</b>	
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>676,241</b>		<b>( 572,557)</b>	
<b>CASH, BEGINNING OF YEAR</b>	<b>4,592,692</b>		<b>5,165,249</b>	
<b>CASH, END OF YEAR</b>	<b>\$ 5,268,933</b>		<b>\$ 4,592,692</b>	
<b>SUPPLEMENTAL INFORMATION</b>				
Interest paid	\$ 4,307,708		\$ 6,868,299	
Income tax paid	\$ 504,374		\$ 486,795	

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



## Statements of Changes in Stockholders' Equity

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Capital Stock Issued		Capital Stock (notes 2.10 and 15)			Retained Earnings (Notes 2 and 15)						Cumulative Translation Adjustments (Note 2)	Total Stockholders' Equity
	Shares (in thousands)	Amount	Gain on disposal of properties	Revaluation increment on land	Donated capital	Other	Total	Legal reserve	Special reserve	Unappropriated earnings	Total		
BALANCE, JANUARY 1, 2002	1,803,810	\$ 18,038,103	\$ 67,030	\$ 610,341	\$ 7,930	\$ 1,321	\$ 686,622	\$ 7,774,255	\$ 67,680	\$ 2,155,922	\$ 9,997,857	\$ 6,674	\$ 28,729,256
Appropriation of prior year's earnings:													
Legal reserve	-	-	-	-	-	-	-	646,777	-	( 646,777)	-	-	-
Stock dividends - 6%	108,229	1,082,286	-	-	-	-	-	-	-	( 1,082,286)	( 1,082,286)	-	-
Cash dividends - \$0.2	-	-	-	-	-	-	-	( 19,275)	( 341,487)	( 360,762)	( 360,762)	-	( 360,762)
Remuneration to directors and employees	1,648	16,481	-	-	-	-	-	( 4,818)	( 85,372)	( 90,190)	( 90,190)	-	( 73,709)
Reversal of the reserve for capital surplus from gain on disposal of properties to unappropriated earnings	-	-	( 67,030)	-	-	-	( 67,030)	20,109	-	46,921	67,030	-	-
Issuance of common stocks - \$10 per share (October 9, 2002)	100,000	1,000,000	-	-	-	-	-	-	-	-	-	-	1,000,000
Net income in 2002	-	-	-	-	-	-	-	-	-	2,150,775	2,150,775	-	2,150,775
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	-	( 5,500)	( 5,500)
BALANCE, DECEMBER 31, 2002	2,013,687	20,136,870	-	610,341	7,930	1,321	619,592	8,441,141	43,587	2,197,696	10,682,424	1,174	31,440,060
Appropriation of prior year's earnings:													
Legal reserve	-	-	-	-	-	-	-	645,232	-	( 645,232)	-	-	-
Stock dividends - 5%	100,685	1,006,844	-	-	-	-	-	-	-	( 1,006,844)	( 1,006,844)	-	-
Cash dividends - \$0.2	-	-	-	-	-	-	-	( 3,778)	( 398,959)	( 402,737)	( 402,737)	-	( 402,737)
Remuneration to directors and employees	1,533	15,333	-	-	-	-	-	( 945)	( 99,740)	( 100,685)	( 100,685)	-	( 85,352)
Reversal of the reserve for capital surplus from donated capital to unappropriated earnings	-	-	-	-	( 7,930)	-	( 7,930)	-	-	7,930	7,930	-	-
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	-	-	( 57)	( 57)	-	( 57)
Net income in 2003	-	-	-	-	-	-	-	-	-	2,645,215	2,645,215	-	2,645,215
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	-	-	( 417)	( 417)
BALANCE, DECEMBER 31, 2003	2,115,905	\$ 21,159,047	\$ -	\$ 610,341	\$ -	\$ 1,321	\$ 611,662	\$ 9,086,373	\$ 38,864	\$ 2,700,009	\$ 11,825,246	\$ 757	\$ 33,596,712

The accompanying notes are an integral part of the financial statements



## Notes to Financial Statements

For The Years Ended December 31, 2003 And 2002

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

### 1. ORGANIZATION AND OPERATIONS

In 1978, the Taipei Regional Mutual Loans and Savings Company was converted into the Taipei Business Bank (TBB). In May 1998, the Ministry of Finance approved TBB's conversion into a commercial bank, and TBB changed its name to the International Bank of Taipei (the "Bank") on May 14, 1998. As a commercial bank, the Bank engages in the following: (a) businesses prescribed by the Banking Law and Trust Law; (b) operating an offshore banking unit (OBU); and (c) other businesses authorized by the Ministry of Finance. The Bank's stock is traded on the Taiwan Stock Exchange.

The operations of the Bank's Trust Department consist of planning, managing and operating a trust business. These operations are also regulated under the Banking Law and the Trust Law.

As of December 31, 2003 and 2002, the Bank had 2,260 and 2,076 employees, respectively.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank's financial statements were prepared in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

Since the length of the operating cycle in the banking industry cannot be reasonably identified, accounts included in the Bank's financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by liquidity. The Bank's maturity analysis of assets and liabilities is shown in Note 24. The Bank's significant accounting principles are summarized below.

#### ◆ Basis for Financial Statement Preparation

The accompanying financial statements include the accounts of the Head Office, OBU, and all branches and representative offices. All interoffice transactions and balances have been eliminated.

#### ◆ Securities Purchased

Securities purchased are carried at aggregate cost less allowance for decline in value.

Costs of equity securities sold are determined by the weighted-average method and those of other securities are determined by the specific-identification method.

Under a directive of the Ministry of Finance (MOF), sales of bonds and other short-term securities under agreements to repurchase are treated as outright sales while purchases of bonds and other short-term securities under agreements to resell are recorded as assets. But under the Guidelines for Public Banks' Financial Reporting, from 2004, the Bank will treat these transactions as financing.

#### ◆ Nonperforming Loans

Loans and other credits (including accrued interest) that are outstanding for at least six months are classified as nonperforming loans in accordance with the guideline issued by the Ministry of Finance.

#### ◆ Allowance for Possible Losses and Reserve for Losses on Guarantees

The Bank makes provision for bad debts and losses on guarantees based on the evaluation of loans, nonperforming loans, bills, discounts, receivables, guarantees and acceptances for their specific risks or general risks.

Debts and guarantees with specific risks are evaluated internally for their collaterals, collectibility and customers' overall credit. The Bank makes full provisions for credits deemed uncollectible and makes provisions for at least 50% of credits for the credits with high uncollectibility in accordance with guidelines issued by the MOF.

Based on guidelines issued by the MOF, credits deemed uncollectible may be written off under a resolution issued by the Board of Directors.

#### ◆ Long-term Equity Investments

Long-term equity investments accounted for by the equity method are stated at cost on the acquisition date and subsequently adjusted for the Bank's proportionate share in the investees' net income or net loss. Cash dividends received are accounted for as reduction of the carrying values of the investments. On the acquisition date, the difference between the acquisition cost and the Bank's proportionate equity in the investees' net assets is amortized over five years. When the financial statements of equity-accounted investees are not available on time, the equity in the investment income or loss for the current year is based on the investees' net income or loss in the preceding year using the percentage interest as of the end of the current year.

Long-term equity investments accounted for by the cost method are carried at cost plus stock dividends received before 1984. For investments in stocks with no quoted market prices, the carrying values of those investments are reduced to reflect an other than temporary decline in market value below carrying value, with the related impairment losses charged to current income. Cash dividends received after the acquisition year are recognized as investment income.

For all investments, stock dividends received are accounted for only as increases in the number of shares held and are not recognized as income. Costs of stocks sold are determined by the moving-weighted-average method.



## ◆ Properties

Properties are stated at cost or cost plus appreciation. The cost of renewals and betterment which extend the useful lives of properties is capitalized. The cost of maintenance and repairs is charged to expense as incurred.

Depreciation is computed using the straight-line method over service lives estimated as follows: buildings and improvements, 15 to 60 years; transportation equipment, 5 years; and miscellaneous equipment, 3 to 15 years. Depreciation on revalued property is provided on the basis of their remaining useful lives at the time of the revaluation. Properties that have reached their full residual value but are still being used by the Bank are depreciated over their newly estimated service lives.

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

## ◆ Foreclosed Collaterals

Foreclosed collaterals are recorded at cost (included in other assets) and revalued using the lower of cost or net realizable value as of the balance sheet dates.

## ◆ Pension Costs

Provisions for pension costs are based on actuarial calculations. The unrecognized benefit obligation on transition is amortized over seven years. Unrecognized net transition obligation and prior service cost are amortized over the average remaining service years of the plan members.

## ◆ Recognition of Interest Revenue and Service Fees

Interest revenue on loans is recorded on accrual basis. Interest revenue on loans and other credits extended by the Bank that are classified as nonperforming loans is recognized only upon collection.

Under Ministry of Finance regulations, interest on rescheduled loans and loans of debtors in financial difficulty should be recorded as deferred revenue. This interest can be recognized as interest revenue only upon collection.

Service fees are recorded as income upon receipt and substantial completion of the earnings process.

## ◆ Income Tax

Deferred income taxes are recognized for the tax effects of temporary differences, unused tax credits, and operating loss carryforwards. Valuation allowance is provided for deferred tax assets that are not certain to be realized.

Tax credits for employee training are recognized in the current period.

Income tax on interest income on short-term negotiable instruments, which is levied separately, and any adjustment of income taxes of prior years are added to or deducted from the current year's tax expense.

Income tax (10%) on unappropriated earnings is recorded as income tax in the year when the shareholders resolve to retain the earnings.

## ◆ Contingencies

A loss is recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If loss is possible but the loss cannot be reasonably estimated, the circumstances that might give rise to the possible loss should be disclosed in the notes to the financial statements.

## ◆ Foreign-currency Transactions

The Bank maintains its accounts in the respective currencies in which the transactions are denominated. All foreign-currency revenues and expenses are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Foreign-currency assets and liabilities, except those on forward and swap contracts, are translated into New Taiwan dollars at the prevailing exchange rates, and resulting gains or losses are credited or charged to income.

Gains or losses resulting from the restatement of the balances of foreign-currency transactions of overseas units as of the balance sheet dates are credited or charged to "cumulative translation adjustment" under stockholders' equity.

## ◆ Derivative Transactions

### a. Forward exchange contracts

Forward exchange contracts entered into for trading purposes are recorded in New Taiwan dollars at the contracted forward rates. The gains or losses arising from the difference between the contracted forward rates and the spot rates on settlement are credited or charged to current income. Receivables and payables on trading contracts are netted at year-end, and the resulting balance is accounted for as either current asset or liability.

### b. Asset swaps

Asset swaps, which are entered into for hedging purposes, involve exchanging the fixed interest and redemption premium or conversion right on its investment in bonds for the floating interest on these bonds. These transactions are recorded by memorandum entries on the contract dates. The net interest on each settlement is recorded as an adjustment to interest revenue or expense associated with the items being hedged.

### c. Interest rate swaps

Interest rate swaps, which do not involve exchanges of the contract (notional) principals, are not recognized as either assets and/or liabilities on the contract dates. The swaps are entered into to accommodate customers' needs or manage the Bank's interest rate positions. The interest received or paid on each settlement date is recognized as interest income or expense. These instruments are marked to market as of the balance sheet dates.

For swaps entered into for hedging purposes, the net interest on each settlement is recorded as an adjustment to interest revenue or expense associated with the item being hedged.





#### d. Currency swap contracts

Foreign-currency spot-position assets or liabilities on currency swap contracts, which are mainly for accommodating customers' needs, are recorded at spot rates when the transactions occur. The corresponding forward-position assets or liabilities are recorded at the contracted forward rates, with receivables netted against the related payables. Interest receivables or payables are accrued over the term of the contracts.

#### e. Cross-currency swap

Cross-currency swap contracts, which are used for nontrading purposes, are recorded at their forward rates on the contract dates. The interest received or paid under the contract is recorded as an adjustment to the revenue or expense of the items being hedged. For cross-currency swaps for trading purposes, exchange gains and losses are the differences between the present and market value of principal and interest in New Taiwan dollars.

#### f. Foreign-currency options

Premium paid or received for foreign-currency options is recorded as asset or liability, respectively, and are recognized as revenue or expense upon each settlement. Gain or loss on the exercise of the options is credited or charged to current income. Options not exercised as of the balance sheet dates are marked to market, and the resulting gains or losses are recognized either as assets or liabilities.

#### ◆ Reclassifications

Certain 2002 accounts had been reclassified to conform to the 2003 financial statement presentation.

### 3. CASH

	December 31	
	2003	2002
Cash on hand	\$ 3,362,786	\$ 3,113,052
Checks for clearing	1,906,147	1,479,640
	<u>\$ 5,268,933</u>	<u>\$ 4,592,692</u>

### 4. DUE FROM BANKS

	December 31	
	2003	2002
Call loans to banks	\$ 745,073	\$ 2,699,032
Due from banks	3,121,211	530,323
	<u>\$ 3,866,284</u>	<u>\$ 3,229,355</u>

### 5. DUE FROM THE CENTRAL BANK

	December 31	
	2003	2002
Reserve for New Taiwan dollar deposits	\$ 11,431,096	\$ 13,897,864
Reserve for foreign-currency deposits	12,239	10,434
Time deposit - interest rate at 1.225% in 2003 and 1.875% in 2002	1,000,000	1,000,000
	<u>\$ 12,443,335</u>	<u>\$ 14,908,298</u>

Taiwan dollar (NT\$) deposits are determined at the end of each month at prescribed rates for average balances of various types of New Taiwan dollar deposits. The actual reserves required were only \$7,259,604 and \$6,668,148 as of December 31, 2003 and 2002, respectively. These reserves are subject to withdrawal restrictions.

The foreign-currency deposit reserves are determined at prescribed rates for balances of additional foreign-currency deposits. These reserves, however, may be withdrawn and are noninterest earning.

### 6. SECURITIES PURCHASED—NET

	December 31	
	2003	2002
Time deposits	\$ 53,367,923	\$ 28,818,794
Bonds	16,869,656	19,953,198
Commercial paper	6,272,505	15,183,950
Mutual funds	6,188,176	5,813,447
Listed and over-the-counter stocks	1,100,676	929,412
Treasury bills	497,358	6,902,788
Bank acceptances	32,972	24,095
	<u>84,329,266</u>	<u>77,625,684</u>
Less - allowance for decline in value	395,889	350,777
	<u>\$ 83,933,377</u>	<u>\$ 77,274,907</u>

As of December 31, 2003 and 2002, the aggregate market values of bonds, stocks and mutual fund were \$24,707,658 and \$28,059,519, respectively.

### 7. RECEIVABLES—NET

	December 31	
	2003	2002
Credit cards	\$ 3,008,270	\$ 1,263,138
Accrued interest	1,427,042	1,619,062
Acceptance receivable	1,385,238	880,195
Factoring receivable	171,897	323,231
Other	585,653	540,478
	<u>6,578,100</u>	<u>4,626,104</u>
Less - allowance for possible losses	196,769	20,727
	<u>\$ 6,381,331</u>	<u>\$ 4,605,377</u>



## 8. LOANS, DISCOUNTS AND BILLS PURCHASED—NET

	December 31	
	2003	2002
Bills purchased and discounts	\$ 2,154,757	\$ 1,268,842
Short-term unsecured loans and overdraft	56,654,623	47,804,434
Short-term secured loans and overdraft	21,589,329	25,221,338
Medium-term unsecured loans	45,429,077	37,260,795
Medium-term secured loans	25,914,845	27,613,479
Long-term unsecured loans	9,205,986	11,145,412
Long-term secured loans	80,265,360	64,155,845
Nonperforming loans	6,827,377	10,965,509
	248,041,354	225,435,654
Less - allowance for possible losses	1,634,823	2,860,370
	<u>\$ 246,406,531</u>	<u>\$ 222,575,284</u>

The balances of loans as of December 31, 2003 and 2002, for which accrual of interest revenues had been discontinued, amounted to \$6,827,377 and \$10,965,509, respectively. The unrecognized interest revenue on these loans amounted to \$979,647 and \$1,440,555 for the years ended December 31, 2003 and 2002, respectively.

For the years ended December 31, 2003 and 2002, the Bank wrote off credits only after carrying out required legal procedures.

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

	For the Year Ended December 31, 2003		
	Specific Risk	General Risk	Total
Balance, January 1	\$ 1,518,111	\$ 1,342,259	\$ 2,860,370
Provision (recovery)	2,570,361	( 885,727)	1,684,634
Write-off	( 2,871,835)	-	( 2,871,835)
Reclassifications	( 38,346)	-	( 38,346)
Balance, December 31	<u>\$ 1,178,291</u>	<u>\$ 456,532</u>	<u>\$ 1,634,823</u>

	For the Year Ended December 31, 2002		
	Specific Risk	General Risk	Total
Balance, January 1	\$ 1,745,496	\$1,279,406	\$ 3,024,902
Provision	1,959,452	62,853	2,022,305
Write-off	( 2,186,837)	-	( 2,186,837)
Balance, December 31	<u>\$ 1,518,111</u>	<u>\$1,342,259</u>	<u>\$ 2,860,370</u>

## 9. LONG-TERM INVESTMENTS

	December 31			
	2003		2002	
	Amount	Share-holding %	Amount	Share-holding %
<b>Equity method</b>				
Stocks with no quoted market prices:				
Transcend Securities Investment Trust Co., Ltd.	\$ 214,659	58.32	\$ 171,669	60.00
IBT Life Insurance Agent Co., Ltd.	125,958	100.00	39,003	99.99
IBT Property Insurance Agent Co., Ltd.	7,182	100.00	5,985	99.99
	<u>347,799</u>		<u>216,657</u>	
<b>Cost method</b>				
Stocks with no quoted market prices:				
Huan Hwa Securities Finance	\$ 173,496	2.63	\$ 173,496	2.63
Boston Life Science Venture Corporation	100,000	5.00	-	-
Taiwan Financial Asset Service Corp.	50,000	2.94	50,000	2.94
Financial Information Service Co., Ltd.	45,500	1.14	45,500	1.14
Cathy Venture Capital Corporation	30,000	5.00	-	-
Taiwan SME Development	29,000	4.84	29,000	4.84
Mondex Taiwan Inc.	25,000	6.47	25,000	6.47
Taiwan Television	20,983	4.84	20,983	4.84
Debt Instruments Depository and Clearing Co., Ltd. Taiwan	20,000	1.00	-	-
China Technology Venture Management Co., Ltd.	16,700	4.99	16,700	4.99
Taiwan Futures Exchange Corp.	12,500	0.63	12,500	0.63
Taipei Forex Inc.	6,000	3.03	6,000	3.03
Lien An Co.	1,250	5.00	1,250	5.00
SWIFT	552	-	764	-
	<u>530,981</u>		<u>381,193</u>	
	<u>\$ 878,780</u>		<u>\$ 597,850</u>	

The carrying values of equity-accounted investments and the related income were determined on the basis of audited financial statements, except for the financial statements of IBT Property Insurance Agent Co., Ltd.

The subsidiaries' total assets or total operating revenues were individually less than 10% and collectively less than 30% of those of the Bank. Thus, the Bank did not prepare consolidated financial statements.

## 10. PROPERTIES

	December 31	
	2003	2002
Cost and appreciation	\$ 6,385,579	\$ 6,305,794
Accumulated depreciation:		
Buildings and improvements	633,387	565,110
Transportation equipment	1,244	3,238
Miscellaneous equipment	908,195	843,386
	<u>1,542,826</u>	<u>1,411,734</u>
	<u>4,842,753</u>	<u>4,894,060</u>
Construction in progress and advances related to acquisition of equipment	28,168	31,043
	<u>\$ 4,870,921</u>	<u>\$ 4,925,103</u>



The Bank revalued its properties in accordance with government regulations as follows: Land in 1961, 1964, 1967, 1974 and 2001; and other properties in 1961.

Depreciation expenses were \$227,545 in 2003 and \$218,681 in 2002.

Property insurance as of December 31, 2003 amounted to \$2,712,717.

## 11. OTHER ASSETS—NET

	December 31	
	2003	2002
Idle properties and properties leased to others - net	\$ 1,411,060	\$ 1,430,231
Deferred pension cost	278,199	302,805
Foreclosed collaterals	182,391	189,189
Deferred income taxes	158,670	314,075
Miscellaneous	349,098	43,086
	<u>\$ 2,379,418</u>	<u>\$ 2,279,386</u>

## 12. DUE TO BANKS

	December 31	
	2003	2002
Call loans from banks	\$ 2,110,702	\$ 434,750
Bank overdraft	260,497	126,805
Due to the Central Bank	15,597	19,449
Due to banks	50,373	24,669
	<u>\$ 2,437,169</u>	<u>\$ 605,673</u>

## 13. PAYABLES

	December 31	
	2003	2002
Checks for clearing	\$ 1,906,147	\$ 1,479,640
Acceptances	1,405,650	899,979
Accrued interest	774,877	1,081,565
Accrued expenses	313,214	285,768
Other	1,177,031	1,847,418
	<u>\$ 5,576,919</u>	<u>\$ 5,594,370</u>

## 14. DEPOSITS AND REMITTANCES

	December 31	
	2003	2002
Deposits:		
Checking	\$ 6,966,821	\$ 5,694,306
Demand	41,201,598	30,881,714
Time	61,967,797	65,189,652
Savings	190,450,627	180,956,962
Negotiable certificates of deposit	9,862,400	4,509,200
Remittances	176,052	97,000
	<u>\$ 310,625,295</u>	<u>\$ 287,328,834</u>

## 15. STOCKHOLDERS' EQUITY

Under the Company Law, all components of capital surplus may only be used to offset a deficit. In addition, only from the issuance of shares in excess of par value and donation can be distributed as stock dividends, subject to the approval of stockholders.

The Bank's Articles of Incorporation provide that the annual net income, less any accumulated losses in prior years, should be appropriated as follows:

a. 30% as legal reserve;

b. Special reserve, if needed;

c. Dividends, based on the Board of Directors' (BOD) proposal approved by the stockholders;

d. The remainder : Dividends to stockholders - 80%; remuneration to directors and supervisors - 5%, and bonus to employees - 15%.

The appropriation of special reserve needs to be approved by the stockholders.

Under the Banking Law, cash dividends cannot exceed 15% of the Bank's paid-in capital until the legal reserve equals the Bank's paid-in capital.

The Bank's dividends policy provides that at least 20% of dividends should be paid in cash.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Bank's paid-in capital. This reserve may only be used to offset a deficit. When the reserve reaches 50% of the Bank's paid-in capital, up to 50% thereof may be capitalized as stock dividend.

Under the integrated income tax system, noncorporate ROC-resident stockholders are allowed tax credits for the income tax paid by the Bank on earnings generated since 1998.



On May 7, 2003 and May 20, 2002, the stockholders resolved to approve the board of directors' proposals dated February 21, 2003 and March 22, 2002, respectively, on the appropriation of earnings and bonus to employees, directors and supervisors, as follows:

	Amount		Shares (Thousands)		Divided by the Number of Total Outstanding Shares as of December 31 (%)	
	2002	2001	2002	2001	2002	2001
Bonus to employees - in stock	\$ 15,333	\$ 16,481	1,533	1,648	0.08	0.09
Bonus to employees - in cash	60,181	51,161	-	-	-	-
Bonus to directors and supervisors - in cash	25,171	22,548	-	-	-	-
	<u>\$ 100,685</u>	<u>\$ 90,190</u>				

Assuming the bonus to employees, directors and supervisors was recognized as expense (stock bonus for employees calculated at NT\$10.00 par value) in 2002 and 2001, the pro forma basic earnings per share would have decreased from NT\$1.11 to NT\$1.06 in 2002 and from NT\$1.20 to NT\$1.15 in 2001. As of January 30, 2004, the board of directors had not resolved the appropriation of the 2003 earnings.

Information on the bonus for employees, directors and supervisors can be accessed through the Web site of the Taiwan Stock Exchange.

## 16. INCOME TAX

	2003	2002
Income tax expense on income before income tax at statutory rate(25%)	\$ 739,881	\$ 632,360
Permanent difference	( 244,578)	( 218,205)
Temporary difference	( 155,405)	( 3,632)
Income tax expense - current	339,898	410,523
Income tax benefit - deferred	155,405	( 21,685)
Tax on unappropriated retained earnings	-	53,684
Withholding tax on interest income on bonds	( 112,699)	-
Prior year's adjustment	10,706	25,317
Income tax expense	<u>\$ 393,310</u>	<u>\$ 467,839</u>

The components of deferred income tax assets (shown as part of "other assets" ) were as follows:

	December 31	
	2003	2002
Accrued pension cost in excess of amount deductible for income tax purposes	\$ 158,670	\$ 142,972
Allowance for possible losses	-	139,061
Others	-	32,042
	<u>\$ 158,670</u>	<u>\$ 314,075</u>

As of December 31, 2003 and 2002, the balances of the ICA aggregated \$221,013 and \$150,142, respectively.

The 2003 projected and 2002 actual ratios of imputed tax credits to earnings are as follows:

	2003	2002
Cash dividend	8.31%	19.00%
Stock dividend	8.31%	22.91%

The tax credits allocated to stockholders are based on the balance of the imputation credit account (ICA) on the dividend distribution date. Thus, the 2003 projected creditable tax ratio may change depending on the actual amount of the ICA balance on the dividend distribution date.

The unappropriated earnings as of December 31, 2003 and 2002 included earnings of \$69,005 and \$76,833, respectively, generated before January 1, 1998.

The effective tax rate for 2003 and 2002 was 25%.

Income tax returns through 2001 (except 1999) had been examined by the tax authorities. For the income tax returns for 1995, 1997, 1998, 2000 and 2001, the tax authorities denied the creditability of \$124,066, the 10% tax withheld from interest income on bonds pertaining to a period when those bonds were held by other investors.

The income tax returns for 1996 and 1999 had not yet been examined by the tax authorities but these returns reflected a claim for the creditability of \$49,316 in income tax obligations similar to the creditability claim under question. In light of the tax authorities' earlier denial of its creditability claim, the Bank had accrued liabilities and written off any assets recognized on the foregoing withholding taxes as part of income tax expense in 2001. In August 2002, the highest administrative court decided that the National Tax Administration of Taipei find another disciplinary action to deal with the withholding tax issue. The Taipei National Tax Administration decided to refund a portion of the foregoing withholding taxes. The Bank accepted this decision and thus recognized a tax refund receivable.



## 17. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	December 31	
	2003	2002
Personnel expenses		
Salaries	\$ 2,079,436	\$ 2,025,298
Insurance	119,479	111,493
Pension	103,067	195,704
Meal allowance	30,984	30,598
Depreciation	227,545	218,681
Amortization	12,836	14,862
	<u>\$ 2,573,347</u>	<u>\$ 2,596,636</u>

## 18. EARNINGS PER SHARE

(Unit: New Taiwan Dollars)

	2003		2002	
	PreTax	After Tax	PreTax	After Tax
Basic earnings per share	<u>\$ 1.44</u>	<u>\$ 1.25</u>	<u>\$ 1.29</u>	<u>\$ 1.06</u>

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

	Amount (Numerator)		Shares (Denominator) (Thousands)	Earnings Per Share (Dollars)	
	PreTax	AfterTax		PreTax	AfterTax
Basic earnings per share					
2003	<u>\$ 3,038,525</u>	<u>\$ 2,645,215</u>	<u>2,115,905</u>	<u>\$ 1.44</u>	<u>\$ 1.25</u>
2002	<u>\$ 2,618,614</u>	<u>\$ 2,150,775</u>	<u>2,032,779</u>	<u>\$ 1.29</u>	<u>\$ 1.06</u>

For the year ended December 31, 2002, the EPS retroactively adjusted for the 2002 stock dividend and stock bonus to employee declared in 2003 decreased from \$1.11 to \$1.06.

## 19. PENSION PLAN

The Bank has a pension plan for all regular employees. Benefits are based on service years and monthly average basic pay of the six months before retirement.

The Bank makes monthly contributions to a pension fund ( "Fund I" ) administered by the employees' pension fund committee and deposited in the committee's name in the Bank. In June 1999, the Bank established another pension fund ( "Fund II" ), to which it makes monthly contributions equal to 2% of salaries. Fund II is administered by the workers' fund administration committee and deposited in its name in the Central Trust of China.

Certain pension information is as follows:

	2003	2002
<b>a. Components of pension cost:</b>		
Service cost	\$ 47,131	\$ 59,805
Interest cost	55,383	72,365
Expected return on plan assets	( 33,332)	( 41,527)
Amortization	32,919	104,214
	<u>\$ 102,101</u>	<u>\$ 194,857</u>
<b>b. Reconciliation between the fund status of the plan and accrued pension cost:</b>		
Benefit obligation		
Vested benefit obligation	\$ 497,697	\$ 508,434
Non-vested benefit obligation	598,527	598,207
Accumulated benefit obligation	1,096,224	1,106,641
Additional benefits based on future salaries	593,839	299,526
Projected benefit obligation	1,690,063	1,406,167
Plan assets at fair value	( 818,025)	( 803,836)
Fund status	872,038	602,331
Unrecognized prior service cost	( 278,361)	( 302,923)
Unrecognized net loss	( 593,677)	( 299,408)
Additional minimum liability	278,199	302,805
Accrued pension cost	<u>\$ 278,199</u>	<u>\$ 302,805</u>
<b>c. Vested benefits—undiscounted</b>	<u>\$ 625,928</u>	<u>\$ 644,687</u>
<b>d. Assumptions used in computing the present value of accumulated and projected benefit obligations</b>		
Weighted average discount rate	3.50%	4.00%
Rate of future increase in salaries	2.50%	2.00%
Rate of return on plan assets	3.50%	4.00%
<b>e. Status of the plan:</b>		
Contributions	\$ 109,832	\$ 194,857
Benefit payments	<u>\$ 100,008</u>	<u>\$ 148,381</u>

## 20. RELATED-PARTY TRANSACTIONS

Significant transactions with related parties, i.e., the equity-method investees (Note 9), the Bank's directors, supervisors and managers as well as their relatives are summarized as follows:

	December 31, 2003			December 31, 2002		
	Amount	% of Account	Interest Rates (%)	Amount	% of Account	Interest Rates (%)
Deposits	<u>\$ 834,617</u>	<u>0.27</u>	0-13	<u>\$ 775,692</u>	<u>0.27</u>	0-13
Loans	<u>\$ 1,097,289</u>	<u>0.44</u>	2-15	<u>\$ 572,580</u>	<u>0.20</u>	3.55-8.14



## Statements of Income

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2 0 0 3		2 0 0 2	
	Amount	%	Amount	%
<b>OPERATING REVENUES (Note 2)</b>				
Interest	\$ 8,898,859	71	\$ 11,652,409	81
Service fees	964,555	8	755,000	5
Income from sale of securities - net	2,339,284	19	1,897,281	13
Equity in net income of investees - net	122,184	1	46,438	-
Foreign exchange gain - net	77,634	1	104,538	1
Other	58,752	-	29,823	-
<b>Total operating revenues</b>	<b>12,461,268</b>	<b>100</b>	<b>14,485,489</b>	<b>100</b>
<b>OPERATING COSTS</b>				
Interest	3,911,615	31	6,227,223	43
Service charges	146,561	1	137,306	1
Provisions for losses (Note 2)	1,801,874	15	2,081,388	14
<b>Total operating costs</b>	<b>5,860,050</b>	<b>47</b>	<b>8,445,917</b>	<b>58</b>
<b>GROSS PROFIT</b>	<b>6,601,218</b>	<b>53</b>	<b>6,039,572</b>	<b>42</b>
<b>OPERATING EXPENSES (Note 17)</b>				
Administrative	2,487,808	20	2,501,402	17
General	1,407,537	12	1,368,858	10
Others	14,508	-	18,020	-
<b>Total operating expenses</b>	<b>3,909,853</b>	<b>32</b>	<b>3,888,280</b>	<b>27</b>
<b>INCOME FROM OPERATIONS</b>	<b>2,691,365</b>	<b>21</b>	<b>2,151,292</b>	<b>15</b>
<b>NONOPERATING INCOME</b>				
Rent revenue	171,464	1	180,549	1
Revenue from disposal of assets	1,220	-	161,919	1
Others	195,628	2	134,881	1
<b>Total nonoperating income</b>	<b>368,312</b>	<b>3</b>	<b>477,349</b>	<b>3</b>
<b>NONOPERATING EXPENSES</b>	<b>21,152</b>	<b>-</b>	<b>10,027</b>	<b>-</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,038,525</b>	<b>24</b>	<b>2,618,614</b>	<b>18</b>
<b>INCOME TAX (Notes 2 and 16)</b>	<b>393,310</b>	<b>3</b>	<b>467,839</b>	<b>3</b>
<b>NET INCOME</b>	<b>\$ 2,645,215</b>	<b>21</b>	<b>\$ 2,150,775</b>	<b>15</b>
	<b>Pre Tax</b>	<b>After Tax</b>	<b>Pre Tax</b>	<b>After Tax</b>
<b>EARNINGS PER SHARE (Note 18)</b>				
Basic earnings per share	\$1.44	\$1.25	\$1.29	\$1.06

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

## Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002  
(In Thousands of New Taiwan Dollars)

	2 0 0 3	2 0 0 2
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,645,215	\$ 2,150,775
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provisions for losses	1,801,874	2,081,388
Depreciation and amortization	240,381	233,543
Provision of allowance for losses on securities purchased	45,112	276,248
Income from equity-method investments in excess of cash dividends	( 85,945)	( 34,098)
Gain on disposal of properties - net	(1,220)	( 161,919)
Deferred income taxes	155,405	( 21,685)
Changes in operating assets and liabilities:		
Increase in securities purchased - for trading purposes	( 5,479,899)	( 16,116,849)
Increase in receivables	( 1,886,298)	( 775,849)
Decrease (increase) in prepaid expenses	( 213,984)	33,410
Decrease in payables	( 17,451)	( 515,282)
Increase in advances received	10,755	23,348
<b>Net cash used in operating activities</b>	<b>( 2,786,055)</b>	<b>( 12,826,970)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
Due from banks	( 636,929)	3,487,945
Due from the Central Bank	2,464,963	( 650,191)
Securities purchased - for investing purposes	( 1,223,683)	198,104
Loans, discounts and bills purchased	( 25,449,547)	( 8,838,723)
Long-term equity investments	(195,042)	( 154,750)
Other financial assets	(143,324)	( 38,883)
Other assets	(312,058)	18,355
Acquisition of properties	(156,744)	( 194,002)
Proceeds from sale of properties	3,780	182,818
<b>Net cash used in investing activities</b>	<b>( 25,648,584)</b>	<b>( 5,989,327)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in due to banks	1,831,496	( 1,151,080)
Increase in deposits and remittances	23,296,461	12,801,437
Increase in due to the Central Bank and other banks	4,044,122	6,001,920
Increase in other liabilities	427,307	31,434
Cash dividends	( 402,737)	( 360,762)
Payment of remuneration to directors and bonus to employees	( 85,352)	( 73,709)
Issuance of common stock	-	1,000,000
<b>Net cash provided by financing activities</b>	<b>29,111,297</b>	<b>18,249,240</b>
<b>EFFECT OF CHANGE IN EXCHANGE RATE</b>	<b>(\$ 417)</b>	<b>(\$ 5,500)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>676,241</b>	<b>( 572,557)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>4,592,692</b>	<b>5,165,249</b>
<b>CASH, END OF YEAR</b>	<b>\$ 5,268,933</b>	<b>\$ 4,592,692</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest paid	\$ 4,307,708	\$ 6,868,299
Income tax paid	\$ 504,374	\$ 486,795

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



	December 31, 2003			
	Due in One Year	Due between after One Year and Seven Years	Due after Seven Years	Total
<b>Liabilities</b>				
Due to banks	\$ 15,597	\$ -	\$ -	\$ 15,597
Due from the Central Bank	2,421,572	-	-	2,421,572
Payables	5,576,919	-	-	5,576,919
Deposits and remittances	302,640,173	7,985,122	-	310,625,295
Due to the Central Bank and other banks	12,613,569	-	-	12,613,569
	<b>\$ 323,267,830</b>	<b>\$ 7,985,122</b>	<b>\$ -</b>	<b>\$ 331,252,952</b>

	December 31, 2002			
	Due in One Year	Due between after One Year and Seven Years	Due after Seven Years	Total
<b>Assets</b>				
Cash	\$ 4,592,692	\$ -	\$ -	\$ 4,592,692
Due from banks	3,229,355	-	-	3,229,355
Due from the Central Bank	14,908,298	-	-	14,908,298
Securities purchased	77,625,684	-	-	77,625,684
Receivables	4,626,104	-	-	4,626,104
Loans, discounts and bills purchased	94,498,472	62,414,417	68,522,765	225,435,654
	<b>\$ 199,480,605</b>	<b>\$ 62,414,417</b>	<b>\$ 68,522,765</b>	<b>\$ 330,417,787</b>
<b>Liabilities</b>				
Due to banks	\$ 19,449	\$ -	\$ -	\$ 19,449
Due to Central bank	586,224	-	-	586,224
Payables	5,594,370	-	-	5,594,370
Deposits and remittances	281,122,947	6,205,887	-	287,328,834
Due to the Central Bank and other banks	7,898,167	671,280	-	8,569,447
	<b>\$ 295,221,157</b>	<b>\$ 6,877,167</b>	<b>\$ -</b>	<b>\$ 302,098,324</b>

## 25. FINANCIAL INSTRUMENTS

### a. Derivative financial instruments

The Bank uses forward exchange contracts, options, and swaps, which enable customers to transfer, modify or reduce their foreign exchange rate risks. As an end-user, the Bank also uses asset swaps, interest rate swaps and cross currency swaps in connection with its risk management activities, primarily to hedge the effects of adverse foreign exchange or interest rate fluctuations on its foreign-currency net assets. The Bank hedges its market risk using instruments with changes in market value that have a highly negative correlation with those of the hedged items. The Bank also assesses the hedge effectiveness of the instruments periodically.

The Bank is exposed to credit risk from counter-parties' defaults on contracts. Thus, the Bank enters into contracts with customers that have satisfied the credit approval process and have provided the necessary collateral. The transactions are then made within each customer's credit limits; guarantee deposits may be required, depending on the customers' credit standing. Transactions with other banks are made within the trading limit set for each bank based on the bank's credit rating and its worldwide ranking. The associated credit risk has been considered in the evaluation of the provision for credit losses.

As of December 31, 2003 and 2002, contract (notional) amounts, fair values, and credit risks of outstanding derivative financial instruments were as follows:

	December 31, 2003			December 31, 2002		
	Contract (Notional) Amounts	Credit Risk	Fair Value	Contract (Notional) Amounts	Credit Risk	Fair Value
<b>Hedging purposes</b>						
Assets swap contracts	\$3,760,546	\$5,277	(\$ 257,331)	\$3,407,710	\$ 7,508	(\$ 241,487)
Interest rate swap contracts	200,000	-	( 671)	-	-	-
<b>For the purpose of accommodating customers' needs or managing the Bank's exposure</b>						
Forward exchange contracts	12,015,141	49,347	16,862	4,383,535	48,592	41,381
Foreign-currency swap contracts	12,374,952	24,867	( 18,984)	1,568,419	286	( 37,113)
Margin trading	65,458	-	-	529,102	-	-
Interest rate swap contracts	500,000	-	( 6,663)	-	-	-
Cross-currency swap contracts	340,170	178	67	-	-	-
Buy option	4,082,578	91,545	212,501	1,188,966	27,622	51,148
Sell option	4,082,578	-	( 212,501)	1,188,966	-	( 51,148)

The fair value of each contract is determined using the quotation from Reuters or the Moneyline Telerate Information System.

The contract (notional) amounts of many derivative contracts entered into by the Bank are for the purpose of calculating the net amounts to be settled upon maturity and do not represent the Bank's cash requirements. Thus, the Bank does not expect significant cash requirements when the derivatives mature.



The net gains or losses on derivative transactions for 2003 and 2002 were as follows:

	2003	2002
<b>Hedging purposes</b>		
Assets swap contracts (under interest revenue)	\$ 41,252	\$ 78,606
Cross-currency swap contracts (under interest revenue)	-	1,470
Interest rate swap contracts (under interest expense)	(98)	-
<b>For the purpose of accommodating customers' needs or managing the Bank's exposures</b>		
Foreign-currency contracts (under interest revenue)	28,597	12,232
Option contracts (under derivative transactions gain)	30,089	10,644
Interest rate swap contracts (under derivative transactions gain)	(5,514)	-
Cross-currency swap contracts (under derivative transactions gain)	67	-
Margin trading (under foreign exchange gain)	64,794	37,086
<b>Net gains</b>	<b>\$ 159,187</b>	<b>\$ 140,038</b>

## b. Fair values of nonderivative financial instruments

	December 31, 2003		December 31, 2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Assets</b>				
With fair value approximating carrying amount	\$ 274,835,497	\$ 274,835,497	\$ 250,236,765	\$ 250,236,765
Securities purchased	83,933,377	84,878,416	77,274,907	78,989,146
Long-term stock investments	878,780	1,130,889	597,850	851,087
<b>Liabilities</b>				
With fair value approximating carrying amount	331,731,546	331,731,546	302,395,577	302,395,577

Methods and assumptions used in estimating the fair values of nonderivative financial instruments were as follows:

- 1) The carrying values of cash, due from banks, due from Central Bank of China, receivables, other financial assets-current, due to banks, payables, deposits and remittances and due to central bank and other banks approximate their fair values because of the short maturities of these instruments. The carrying values of other assets and other liabilities also approximate the expected cash inflows or outflows on settlement dates. Thus, their carrying values also approximate their fair values.
- 2) If market prices for securities purchased and long-term stock investment are available, the fair values of these financial instruments are based on the market prices. If market prices are unavailable, estimates should be based on carrying value or net asset value.
- 3) Loans, discounts and bills purchased, and deposits are financial assets and liabilities are bearing mostly floating interests. Thus, their carrying values represent fair value.
- 4) Fair values of guarantee deposits are estimated at their carrying amounts since such deposits do not have specific due dates.

Certain financial instruments and all nonfinancial instruments are excluded from disclosure of fair value. Thus the aggregate fair value presented does not represent the underlying value of the Bank.

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

The Bank has significant credit commitments related to loans it extended and from its issuance of credit cards. Most of the credit commitments are for one year. For the years ended December 31, 2003 and 2002, the interest rates of loans ranged from 0.663% to 20.000% and 0.610%-16.500%, respectively, and the interest rates of credit card loans reached as high as 18%. The Bank also issued financial guarantees and standby letters of credit to guarantee the performance of a client to a third party. The terms of these guarantees are usually one year, and their maturity dates are not concentrated in any particular period.

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

	December 31	
	2003	2002
Noncancelable loan commitments	\$ 8,593,966	\$ 8,720,156
Credit commitments for credit card	33,548,515	27,947,903
Guarantees and issuance of letters of credit	13,131,162	10,694,147

Since many of the commitments are expected to expire without being drawn upon, the total committed amounts do not necessarily represent future cash requirements. The Bank's maximum credit risk on these commitments is the amount of the commitment, assuming that the customer has used the full amount of the commitment and the collateral and other security prove to be of no value to the Bank.

The Bank makes credit commitments and issues financial guarantees and standby letters of credit only after careful evaluation of customers' creditworthiness. Based on the result of the credit evaluation, collaterals may be required before the credit facilities are drawn upon. As of December 31, 2003 and 2002, secured loans amounted to about 57.69% and 58.46% of the total loans, respectively. Collaterals held vary but generally include cash, inventories, marketable securities, and other property. If customers default, the Bank will, as the case requires, foreclose the collateral or exercise other rights on the guarantees given.

The Bank does not require collateral for credit card commitments. However, the creditworthiness of cardholders is reviewed periodically and the commitments are revised if deemed necessary.





## 26. CONCENTRATIONS OF RISK

Credit risk concentrations exist when the counter-parties in financial instrument transactions are individuals or groups engaged in similar activities, which would cause their ability to meet contractual obligations to be subject to the same changes in economic or other conditions. The Bank has no credit risk concentration on individuals or groups. Industries that accounted for at least 10% of the outstanding loans as of December 31, 2003 are listed below:

	December 31	
	2003	2002
Domestic		
Corporate customers		
Manufacturing	\$ 54,382,334	\$ 48,917,008
Trading	25,268,733	24,216,783
Service industry	3,207,630	3,751,044
Natural person	99,121,417	94,979,711

The net position on foreign-currency transactions as of December 31, 2003 and 2002 was not significant.

## 27. COMMITMENTS

The Bank's significant commitments, in addition to those disclosed in other notes, are summarized as follows:

### a. As of December 31, 2003, commitments in the ordinary course of business were as follows:

Short-term bills and bonds sold under agreements to repurchase by July 23, 2004	\$ 13,898,399
Short-term bills purchased under agreements to resell by June 16, 2004	4,243,533

### b. Lease contract

The Bank rents premises occupied by its branches under operating lease agreements expiring on various dates until December 2010. In 2003, refundable deposits on these leases totaled \$96,778, and rentals were \$126,642. Future minimum rentals are summarized as follows:

Year	Amount
2004	\$ 78,495
2005	56,325
2006	27,086
2007	15,543
2008	12,198

Annual rentals from 2009 will amount to \$27,895, the present value of which is about \$26,022, as discounted at the Bank's one-year time deposit rate of 1.4% on December 31, 2003.

c. On December 26, 2003, the board of directors resolved to approve the Bank's plan to acquire 40% equity (12,000,000 common shares) in Grand Cathay Securities Investment Trust Co., Ltd. for \$360,000.

d. Trust-related items are shown in the following balance sheet and property list of trust items:

Total Assets		Total Liabilities	
Bank deposits	\$ 381	Capital of trust account	\$ 19,229,704
Short-term investments			
Funds	13,590,619		
Bonds	5,471,104		
Structured notes	167,600		
	<u>19,229,323</u>		
Total trust assets	\$ 19,229,704		\$ 19,229,704

Investment Items	Amount
Bank deposits	\$ 381
Short-term investments	
Funds	13,590,619
Bonds	5,471,104
Structured notes	167,600
	<u>\$ 19,229,704</u>

## 28. SEGMENT INFORMATION

The Bank's operations all belong to one business segment: Banking. Also, all overseas units individually represent less than 10% of either of the Bank's total operating revenues or total assets. Thus, no industry and geographic information is required to be disclosed.

## Board of Directors & Executive Officers

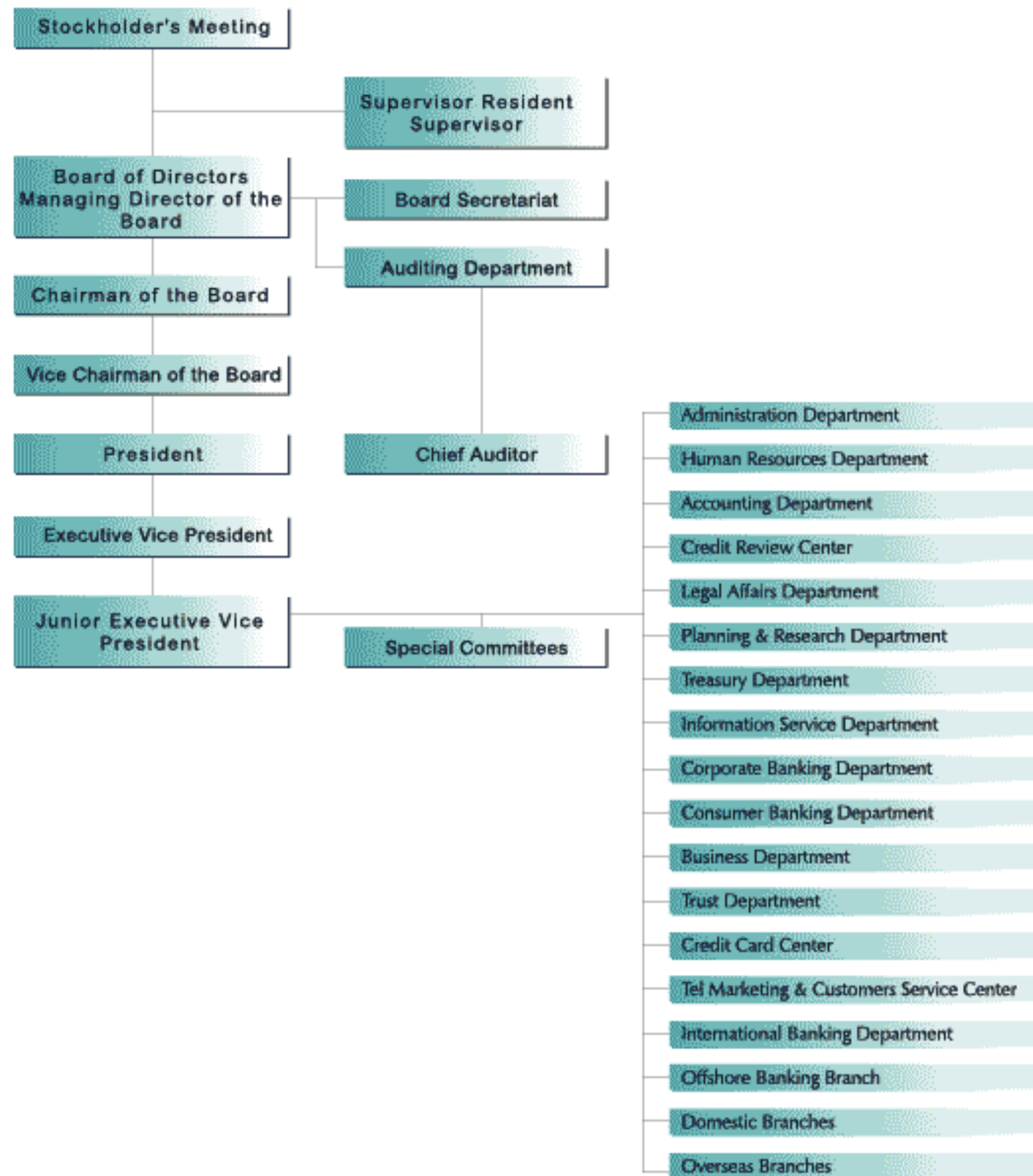
Dec. 31, 2003

Title	Name	Inauguration Date	Term	Shareholding Shares	Percentage
Chairman	Show-Chung Ho	May 7, 2003	3 Years	47,297,810	2.24%
Managing Director	Jone's Investment Co., Ltd. Rep. Jone-Ting Ho	May 7, 2003	3 Years	11,778,382	0.56%
Managing Director	Ever Trust Investment Co., Ltd. Rep. Liang-Chin Lee	May 7, 2003	3 Years	6,944,427	0.33%
Managing Director	Boon Years Industrial Co., Ltd. Rep. Chung-Pi Hsieh	May 7, 2003	3 Years	1,221,582	0.06%
Managing Director	Yi-Chien Lo	May 7, 2003	3 Years	2,393,505	0.11%
Managing Director	An Lon Co., Ltd. Rep. Helena Kuo	May 7, 2003	3 Years	5,930,929	0.28%
Managing Director	Hsin Hsing Investment Co., Ltd. Rep. Yao-Ting Ho	May 7, 2003	3 Years	659,670	0.03%
Managing Director	Shin Kong Wu Foundation Rep. Anthony T.S. Wu	May 7, 2003	3 Years	(8,583,415)	0.41%
Director	Cheng-Ting Ho	May 7, 2003	3 Years	19,515,885	0.92%
Director	Shin Kong Wu Foundation Rep. Jason Kuo	May 7, 2003	3 Years	8,583,415	0.41%
Director	Den Foong Investment Co., Ltd. Rep. Chien-Ting Ho	May 7, 2003	3 Years	3,105,391	0.15%
Director	Chia-Wen Shiu	May 7, 2003	3 Years	15,321,214	0.72%
Director	Chin-Ying Lin	May 7, 2003	3 Years	10,963,580	0.52%
Director	Tate Construction Co., Ltd. Rep. Chien-Chou Chen	May 7, 2003	3 Years	745,414	0.04%
Director	K. C. Yu	May 7, 2003	3 Years	601,131	0.03%
Director	Bo Da Investment Co., Ltd. Rep. Chia-Hsien Chen	May 7, 2003	3 Years	8,516,891	0.40%
Director	Yuan Heng Investment Co., Ltd. Rep. Chia-Wen Chen	May 7, 2003	3 Year	8,564,973	0.03%

Title	Name	Inauguration Date	Term	Shareholding Shares	Percentage
Director	Yuen Foong Paper Co., Ltd. Rep. Ching-Hui Ho	May 7, 2003	3 Years	382,225	0.02%
Director	Yuen Foong Paper Co., Ltd. Rep. Si-Cheng Liu	May 7, 2003	3 Years	382,225	0.02%
Director	Sheng-Wen Lien	May 7, 2003	3 Years	185,120	0.01%
Director	Hsin Hsing Investment Co., Ltd. Rep. Lung-Ching Chen	May 7, 2003	3 Years	(659,670)	0.03%
Director	Hsin Hsing Investment Co., Ltd. Rep. Yng-Liaw Shean	May 7, 2003	3 Years	(659,670)	0.03%
Director	Hsin Hsing Investment Co., Ltd. Rep. Youn-Hung Chung	May 7, 2003	3 Years	(659,670)	0.03%
Director	Ever Green Investment Co., Ltd. Rep. Wei-Tho Ho	May 7, 2003	3 Years	82,208	0.00%
Director	International Bank of Taipei Union Rep. Fu-Ji Chung	May 7, 2003	3 Years	440,000	0.02%
Supervisor	Ying Li Investment Co., Ltd. Rep. Tien-Dong Lin	May 7, 2003	3 Years	3,975,424	0.19%
Supervisor	Hsin-Yi Enterprise Co., Ltd. Rep. Jenq-Shyong Lien	May 7, 2003	3 Years	6,860,831	0.27%
Supervisor	Hsin Hsing Investment Co., Ltd. Rep. Toney Chen	May 7, 2003	3 Years	(659,670)	0.03%
President	K. C. Yu	May 7, 2003	3 Years	(601,131)	0.03%
Executive Vice President	Eugene S. Huang	May 7, 2003	3 Years	187,814	0.01%
Executive Vice President	Desmond Chiang	May 7, 2003	3 Years	87,671	0.00%



## Organization Chart



## 2003 Correspondent Banks





## Offices & Branches

	Address	Tel	Fax
<b>Taipei City</b>			
Head office	36 Nanking E. Road, Sec. 3	Tel:(02)25063333	Fax:(02)25062462
Business Department	36 Nanking E. Road, Sec. 3	Tel:(02)25063333	Fax:(02)25091630
International Banking Department	2F 36 Nanking E. Road, Sec. 3	Tel:(02)25063333	Fax:(02)25162208
Offshore Banking Unit	2F 36 Nanking E. Road, Sec. 3	Tel:(02)25063333	Fax:(02) 25162208
Trust Department	8F 36 Nanking E. Road, Sec. 3	Tel:(02)25063333	Fax:(02) 25162207
Chung-Hsiao E. Road Branch	48 Chung-Hsiao E. Road, Sec. 4	Tel:(02)27717011-6	Fax:(02) 27314471
Cheng-Chung Branch	17 Po-Ai Road	Tel:(02)23817777	Fax:(02) 23753608
Chien-Cheng Branch	43 Chang-An W. Road	Tel:(02)25553261-6	Fax:(02)25588933
Chung-Shan Branch	1F 79 Chung Shan N. Road, Sec. 2	Tel:(02)25717221-8	Fax:(02)25211353
Shin-Hu Branch	8 Rui-Guang Road, Nei-Hu	Tel:(02)87926888	Fax:(02)87926889
Ching Mei Branch	12 Che-Chien Road, Ching-Mei	Tel:(02)29328540-6	Fax:(02)29325964
Chung-Ching Pei Roo Branch	1F 139 Chung Ching N. Road, Sec. 3	Tel:(02)25982463	Fax:(02)25987205
Gi-Nan-Roo Branch	39 Gi-Nan Road, Sec. 2	Tel:(02)23963001	Fax:(02)23963007
Hsin-Lung Branch	222 Hsin-Lung Road, Sec. 2	Tel:(02)29339831	Fax:(02)29352440
Ho-Ping Branch	260 Ho-Ping E. Road, Sec. 3	Tel:(02)27354533	Fax:(02)27350704
Hsin-Yi Branch	252 Hsin-Yi Road, Sec. 4	Tel:(02)27058322	Fax:(02)27069812
Jen-Ai Branch	316-2 Jen-Ai Road, Sec. 4	Tel:(02)27045711	Fax:(02)27045730
Lung-Chiang Branch	409 Lung-Chiang Road	Tel:(02)25095570-5	Fax:(02)25014719
Nan-Kong Branch	304, Chung-Hsiao E. Road, Sec. 6, Nan-Kong	Tel:(02)27885265	Fax:(02)27885243
Nan-Men Branch	110 Nan-Chang Road, Sec. 1	Tel:(02)23917565	Fax:(02)23963816
Nei-Hu Branch	723 Nei-Hu Road, Sec. 1, Nei-Hu	Tel:(02)27971600-4	Fax:(02)26276771
Pei-Tou Branch	166-6 Kuang-Ming Road, Pei-Tou	Tel:(02)28912127	Fax:(02)28927438
Shi-Men Branch	75 Cheng Du Road	Tel:(02)23818255-8	Fax:(02)23818259
Sung-Shan Branch	680 Pa-Te Road, Sec. 4	Tel:(02)27611331	Fax:(02)27460456
Shih-Lin Branch	300 Cheng-Te Road, Sec. 4, Shih-Lin	Tel:(02)28811867	Fax:(02)28830300
Swan-Yuan Branch	58 Tung-Yuan Street	Tel:(02)23038222-5	Fax:(02)23038226
Shih-Tung Branch	425 Chung-Shan N. Road, Sec. 6	Tel:(02)28727155	Fax:(02)28727958
Sher-Tze Branch	111 Yen-Ping N. Road, Sec. 6, Shih-Lin	Tel:(02)28129477	Fax:(02)28150045
San-Hsin Branch	296 Chuang-Ching Road	Tel:(02)27232955	Fax:(02)27223064
Tung-Men Branch	156 Hsin-Yi Road, Sec. 2	Tel:(02)23943203-9	Fax:(02)23416639
Ta-An Branch	177 An-Ho Road, Sec. 2	Tel:(02)27367456	Fax:(02)27369600
Tung-Hu Branch	23 Tung-Hu Road, Nei-Hu	Tel:(02)26335555	Fax:(02)26315067
Yan-Ping Branch	286 Min-Sheng W. Road	Tel:(02)25580091	Fax:(02)25504783
Te-Hui Branch	16-5 Te-Hui Street	Tel:(02)25854880	Fax:(02)25862246
Tien-Mou Branch	222 Te-Hsin E. Road, Shih-Lin	Tel:(02)28337222-6	Fax:(02)28337143
Ting-Chou Branch	217 San-Yuan Street	Tel:(02)23378728	Fax:(02)23328910
Wan-Haw Branch	288 Kang-Ting Road	Tel:(02)23023485-9	Fax:(02)23067932
Yuan-Chun Branch	352 Yung-Chi Road	Tel:(02)27695323-8	Fax:(02)27649496
Tel Marketing & Customers Service Center	5/6F 110 Nan-Chang Road, Sec.1	Tel:(02)21926058 Tel:(02)23921812 Tel: 0800012366	Fax:(02)23969576 Fax:(02)23968828

	Address	Tel	Fax
<b>Taipei County</b>			
Chung-Ho Branch	51 Chung-Cheng Road, Chung-Ho	Tel:(02)29441960-4	Fax:(02)29438780
Chong-Hsin Branch	44 Hsin-Hsin Road, San-Chung	Tel:(02)29762159	Fax:(02)29762213
Chung-Hsin Branch	527 Chung-Hsin Road, Sec.5, San-Chung	Tel:(02)29991418	Fax:(02)29990035
Cheng-I Branch	343-347 Cheng-I N. Road, San-Chung	Tel:(02)29811335	Fax:(02)29869480
Chung-Kang Branch	399-403 Chung-Kang Road, Hsin-Chuang	Tel:(02)29923123	Fax:(02)29978757
Chi-Suei Branch	459 Lien-Cheng Road, Chung-Ho	Tel:(02)22234077	Fax:(02)22234079
Pan-Chiao-Chung-Shiao Branch	42.44 Chung-Hsiao Road, Pan-Chiao	Tel:(02)29553678	Fax:(02)29575695
Hsin-Chuang Branch	341 Chung-Cheng Road, Hsin-Chuang	Tel:(02)22016123	Fax:(02)22054951
Hsin-Tien Branch	290 Chung-Cheng Road, Hsin-Tien	Tel:(02)29172202	Fax:(02)29181555
Hsi-Chih Branch	1 Hsi-Wan Road, Sec. 1, Hsi-Chih	Tel:(02)26421561-4	Fax:(02)26421554
Hsi-Chih-Chang-Shu Branch	89.91 Chong-Hsin Road, Hsi-Chih	Tel:(02)26949898	Fax:(02)26949552
Hsi-Sheng Branch	61.63 Hou-Kang 1st. Road, Hsin-Chuang	Tel:(02)22027700	Fax:(02)22059457
Hui-Lung Branch	61 San-Chun Street, Shu-Lin	Tel:(02)26889030-2	Fax:(02)26889039
Hua-Chiang Branch	82,84 Hsin-Hai Road, Pan-Chiao	Tel:(02)22572199	Fax:(02)22572202
Hai-Shan Branch	113 Shue-Fu Road, Sec. 1, Tu-Cheng	Tel:(02)22703800-6	Fax:(02)22703807
Kuang-Fu Branch	84-2 Chung-Shan Road, Sec. 2, Pan-Chiao	Tel:(02)29547761-4	Fax:(02)29576019
Min-An Branch	47 Min-An E. Road, Hsin-Chuang	Tel:(02)22058170	Fax:(02)22054824
Nan-Roo-Chow Branch	203 Chang-An Street, Roo-Chow	Tel:(02)22896186	Fax:(02)28477674
Nan-San-Chung Branch	400 Chung-Cheng N. Road, San-Chung	Tel:(02)29820711	Fax:(02)29888188
Pan-Chiao Branch	23 Fu-Chung Road, Pan-Chiao	Tel:(02)29671112-8	Fax:(02)29680737
Pei-San-Chung Branch	83 Tzu-Chiang Road, Sec. 4, San-Chung	Tel:(02)29826239	Fax:(02)29801228
Roo-Chow Branch	30 San-Min Road, Roo-Chow	Tel:(02)22818966	Fax:(02)22821670
San-Chung Branch	24 Chung-Hsin Road, Sec. 2, San-Chung	Tel:(02)29728787	Fax:(02)29727663
Shen-Keng Branch	156, Bei-Shen Road Sec. 3, Shen-Keng	Tel:(02)26642626	Fax:(02)26625223
Shu-Lin Branch	290 Chung-Shan Road, Sec. 1, Shu-Lin	Tel:(02)26838668	Fax:(02)26838298
Suz-Yuan Branch	540-1 Huacheng Road, Hsin-Chuang	Tel:(02)29968840	Fax:(02)29915440
Shi-Chou Branch	74 Du-Shing Road, Sec. 2, Pan Chiao	Tel:(02)26876869	Fax:(02)26876880
Tai-Shan Branch	416 Ming-Chih Road, Sec. 2, Tai-Shan	Tel:(02)29030903	Fax:(02)29026356
Tan-Shui Branch	59, Min-Chuan Road, Tan-Shui	Tel:(02)26241788	Fax:(02)28098944
Tu-Cheng Branch	233-6 Chung-Yang Road, Sec. 2, Tu-Cheng	Tel:(02)22608122	Fax:(02)22600216
Wu-Ku Branch	84 Kung-Shang Road, Wu-Ku	Tel:(02)22917333	Fax:(02)22917123
Yung-Ho Branch	47.49 Yung-Ho Road, Sec. 2, Yung Ho	Tel:(02)29274000	Fax:(02)29213835
Ying-Kou Branch	212.214 Chien-Kou Road, Ying-Kou	Tel:(02)26786000	Fax:(02)26795448
Ying-Tau Branch	60 Ying-Tau Road, Sec. 2, Ying-Kou	Tel:(02)26786999	Fax:(02)26781899
Tang-Cheng Branch	14, Lane 609 Chung-Hsin Road, Sec. 5	Tel:(02)29958998	Fax:(02)29958508
Yuan Shan Branch	2 Jiu-Kuang Road, Chung-Ho	Tel:(02)29630303	Fax:(02)29630590

# Offices & Branches

	Address	Tel	Fax
<b>Keelung City</b>			
Keelung Branch	2F 2 Yi-I Road	Tel:(02)24231161	Fax:(02)24248741
<b>I-Lan County</b>			
Lo-Tung Branch	205 Chung-Cheng Road, Lo-Tung	Tel:(039)545421-5	Fax:(039)573840
I-Lan Branch	33 Chung-Shan Road	Tel:(039)324511-5	Fax:(039)354379
<b>Tao-Yuan County</b>			
Chung-Li Branch	321.323,Hwan Chung E. Road, Chung-Li	Tel:(03)4358888	Fax:(03)4356188
Guan-Yin Branch	3 Guan Ye 5 Road, Guan-Yin Tao-Yuan	Tel:(03)4839677	Fax:(03)4837147
Lin Kou Branch	53, Wun Hua 1st. Road, Guel Shau Shiang	Tel:(03)3975888	Fax:(03)3974296
Nan-Kan Branch	310 Chung-Cheng Road, Roo-Chu	Tel:(03)3214126	Fax:(03)3214064
Tao-Yuan Branch	839.841, Chung-Shan Road	Tel:(03)3692727	Fax:(03)3703303
<b>Hsin-Chu City</b>			
Ho-Kou Branch	2F, 22 Chung Hua Road, Hu-Kou, Hsin-Chu	Tel:(03)5972277	Fax:(03)5970505
Hsin-Chu Branch	472 Kuang-Fu Road, Sec. 1	Tel:(03)5645555	Fax:(03)5644566
<b>Kaohsiung City</b>			
Kaohsiung Branch	90 Chien Kuo 1 st. Road, Kaohsiung	Tel:(07)7256101	Fax:(07)7715341
<b>Taichung City</b>			
Taichung Branch	22-20 Chung-Kang Road, Sec. 2, Taichung	Tel:(04)23136106	Fax:(04)23131335
<b>Chang Hua County</b>			
Yuan-Lin Branch	94.96 Chung-Cheng Road, Yuan-Lin	Tel:(04)8378068	Fax:(04)8373441
<b>Tainan City</b>			
Tainan Branch	480 Shi-Men Road, Sec. 4, Tainan City	Tel:(06)2823888	Fax:(06)2825321
<b>Macau</b>			
Macau Branch	No.52-58 Avenida Do Infante D. Henrique, Macau	Tel:(853)715175-715180 Swift: TPBBMOMX	Fax:(853)715186 Telex:88249 TPBBM OM
<b>Hong Kong</b>			
Hong Kong Branch	3807-10, 38/F No. 183 Queen's Road, Central, Hong Kong	Tel:(852)25419992 Swift: TPBBHKHH	Fax:(852)25439243 Telex:77517 TPIHK HX

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