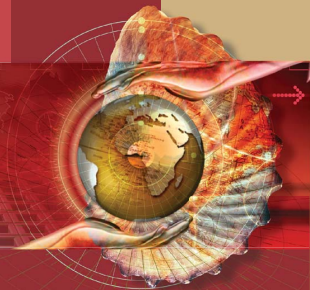


IBT
iBank Taipei INTERNATIONAL BANK OF TAIPEI

- Community Commitment
- Wealth Management
- Global Reach



ANNUAL REPORT

2004

INTERNATIONAL BANK OF TAIPEI 2004 ANNUAL REPORT

IBT
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Bank Profile

The Founding and Reshaping of the Bank

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 globalization, 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 21st century.

The Past and Present Chairmen of the Bank

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.

Changes in the Bank's Capital Structure

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. In line with its needs to increase its capital and issue overseas convertible bonds, in 2004 the Bank changed its registered method of capitalization from paid-up capital to authorized capital, with the initial amount of its authorized capital set at NT\$30 billion. In the future, further adjustments will be made in accordance with actual operational needs. With capital increases over the years, the Bank's paid-up capital as of December 31, 2004 was NT\$22.233 billion.

The Bank's Headquarters and Business Locations

When the Bank was formed, it rented premises in Taipei City's Changan West Road. In 1953, it set up its headquarters in Poal 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 Departments, Offshore Banking Branch, 83 domestic branches, and overseas branches in Macau and Hong Kong.

Active Expansion of Automated Service Facilities and Functions

To keep in tune with people's changing living habits, the Bank followed up its establishment of off-premise

automated service areas at three locations in Taipei City (Ximending, Neihu and Xinsheng South Rd.) and established a new automated service area at the Zhongzheng Road exit of Shilin MRT Station in December 2004. Meanwhile, the Bank's ATMs have become a conspicuous sight in many convenience stores and hypermarkets, providing the public with a variety of 24-hour instant services. Also, with the rapid development of the Internet and telecommunications, the Bank has successively launched telephone banking, mobile banking, Internet banking, and Internet ATM services, to enable our customers to enjoy the convenience of conducting transactions securely at any time or place. At the same time, the Bank has 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 funds more efficiently.

Two-Stage Organizational Restructuring

The Bank's formal upgrading to commercial bank on May 14, 1998, marked its 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 established many business banking and consumer banking centers to serve their local districts in all parts of greater Taipei. At the same time, we have been reorganizing 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 funds, bonds, and other investment instruments cross-selling with a range of products from our investee insurance agency.

In January 2004, the Bank enlisted the diagnostic services of an internationally renowned firm of business consultants to help us carry out the second stage of our organizational re-engineering. Besides continuing to reorganize our business banking, consumer banking, and wealth management services, 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 business banking more internationalized, our retail banking more community-centered, and our general banking more financial-management oriented. Through this course of action, we will march on toward securing our position as the top bank in the northern Taiwan.

To Our Shareholders

1. Business in FY2004

In 2004, the global business climate was affected by the rise in international oil prices, ascending interest rates, and the macroeconomic controls adopted in mainland China. Under the impact of these factors, global economic growth turned down in the second quarter, unsettling financial markets and undermining business and consumer confidence. Fortunately, vigorous worldwide market demand, especially in newly emerging markets, kept production, investment and consumption growing at healthy rates, so that overall, the global economy still notched up a solid growth rate of 4.1% for the year.

Benefiting from the mild recovery in the global business climate, Taiwan's economy reached the peak of its growth spurt in the first half of the year. In the year's second half, the domestic economic performance was dampened by the moderating force of global business expansion as international oil prices climbed and central banks around the world raised interest rates in a bid to contain inflation. For the year as a whole, Taiwan notched up an economic growth rate of 5.71%. In the financial sector, the government announced to launch stage-two Financial reforms in October, setting a schedule for speeding up banking industry consolidation. But despite the quickening intensification of competition in Taiwan's financial market and other challenging conditions, IBT still managed to achieve conspicuous growth in its business results, thanks to the concerted hard work of its staff at all levels.

To cope with the excessively competitive banking environment and trends of recent years, IBT has taken continuous steps to adjust and fine-tune its business operations. Having set up the basic structure of our system of regional centers and specialized division of operation in the year 2000, in early 2004 we enlisted the diagnostic services of an internationally renowned firm of business consultants to conduct a searching assessment and planning for organizational re-engineering and other special projects. After half a year of repeated discussion and building of consensus between the Bank's project team and a team of experts from the consulting firm, our Board of Directors formally approved the re-engineering plan, which was launched into step-by-step implementation on July 1, 2004. With the full approval and energetic cooperation of all our staff, the plan was put smoothly into effect, and achieved conspicuously excellent results in the ensuing half year.

Once the organizational re-engineering plan had been finalized, our management team set about turning its ideas into concrete action. Starting with our organizational structure, we set up a customer-segment oriented organizational model, differentiating service departments according to the nature of targeted customers. On the corporate banking side, we separated our clients into the three categories of large-scale enterprise, SME (small and medium-sized enterprise) and micro-enterprise. On the personal banking side, we put into effect a distinctive approach to wealth management, retail banking, consumer banking, and credit card services in accordance with the nature of our dealings with customers in each of those areas of business. On the operational side, we placed emphasis on strengthening controls and matching up business lines through the enhancement of centralization and computerization. With the implementation of these changes, the Bank's net interest margin and service fee both showed substantial year-on-year growth in 2004.

In the bank's operating strategy for 2004, we focused mainly on strengthening the promotion of high-margin products and reinforcing risk management, and through effective segmentation of customers and product functions, we achieved excellent growth in our consumer banking, credit card, SME, micro-enterprise, and wealth management businesses. This was especially reflected in the substantial growth of our service fees, which in 2004 reached a total of NT\$1.73 billion, a 111% increase over the previous year's NT\$910 million. With regard to asset quality, we continued to adhere to sound lending practices, strengthened overdue loan management mechanisms, and also implemented a strict screening system to speedily address any surge in individual consumer finance cases. As a result of these measures, our overall non-performing loan (NPL) ratio

was reduced to just 1.45% at year-end 2004, markedly better than the industry average of 2.78% for domestic banks.

In regard to profitability and budget enforcement, in 2004 we recorded a pre-tax profit of NT\$4.16 billion, and NT\$1.12 billion higher than in 2003, a year-on-year growth rate of 37%. Pretax earnings per share was NT\$1.87, pretax return on assets (ROA) was 1.07%, and pretax return on equity (ROE) was 11.95%. During the year, we actively developed a credit scoring system and a planning central command system. We look forward to being able to strengthen our risk management mechanisms, bolster our electronic banking platform, and develop our e-commerce services, to build up our position as a provider of personalized high-tech banking services.

In the results of a credit assessment announced by Taiwan Ratings Corporation on December 22, 2004, apart from retaining the previous year's upgrade of our long-term credit rating to twA*, we also received an upgrade of our short-term credit rating from twA-2 to twA-1, indicating a further seal of approval for our operating performance and credit assessment.

2. Our Business Plan for 2005 - Raising Our Competitiveness and Entering the Top Echelon of Banks

In our business plan for 2005, we will again focus on reinforcing our strong position in the northern Taiwan, making the most of our tightly interwoven network of business outlets in Taipei metropolitan area to seize business opportunities. We will seek to derive heightened transaction value from our established loyal customer pool, particularly through the strengthened cross-selling of all kinds of financial products. In addition, we will set out to implement operating policies and achieve operating targets in our various lines of business as follows:



S.C. Ho, chairman



K.C. Yu, president

To Our Shareholders

- (1)Corporate banking: In the SME segment, we will maintain our collaboration with the SMEs Credit Guarantee Fund and endeavor to increase the extent to which our SME clients can depend on us for a wide range of products and transactions. At the same time, we will continue to promote factoring, accounts /notes receivable financing, import and export financing, and other payment-assured financial services, with the dual aim of increasing business volume while maintaining good credit quality. In the micro-enterprise segment, we will work at developing products that will enable us to play a stronger role in meeting the funding needs of small stores and other ventures as well as providing loans for business startups by youths. In the large-scale enterprise segment, we will put the main stress on strengthening asset quality, carefully sifting for clients in industries with good performance prospects, providing diverse foreign exchange business, derivatives, and other financial products to meet clients' financial management needs, and raising the proportion of service fee income in our operating revenue. In addition, we will utilize our branches in Hong Kong and Macau as bases for providing overseas Taiwanese businesses with faster and more convenient fund-transfer services.
- (2)Retail banking: In the realm of wealth management, we will focus on enhancing the design and development of products for high net worth clients, while strengthening our efforts to cultivate and recruit staff to conduct our VIP wealth management services, so that we will be able to provide our most affluent clients with the highest level of asset planning service and top-tier treatment. In general personal finance, we will place particular emphasis on the development of financial-management housing loan and personal credit products, as a means of raising our interest margin earnings. In the consumer banking sphere, our main operating focus in 2005 will be on continuing to develop our business in the steadily rising market for car loans and other consumer loans, and at the same time striving to raise the transaction frequency and volume of our credit card and cash card holders. We will also design new products to speed up our expansion of business scale.
- (3)Treasury: We will adjust the role and status of traditional support functions, moving toward a profit center mode to enhance profit contributions. By strengthening the recruitment and training of transaction personnel, and establishing a results-oriented reward management system, we will establish an expert and competitive treasury team. On the product side, we will continue to strengthen the development and packaging of derivative instruments, giving stronger marketing backup to our business systems.

3. Conclusion

In face of the intense competition and tide of consolidation that Taiwan's financial markets will experience in the future, the staff of our bank from top to bottom will constantly maintain a composed and bold-spirited attitude toward taking up and meeting every challenge. In the new year ahead, as we continue to follow a course of reform and innovation to spur on the bank's business growth, our management team will work with one heart and spare no effort to achieve our targets and fulfill the mission entrusted to us. We ask that our shareholders continue to give us the valued guidance and support as we work together to make the Bank ever stronger and more successful.

Business Operations

I. Operational Highlights

1. Business Profile

Since FY2003, the Bank has taken on a customer-oriented organizational structure and implemented a profit center system. In FY2004, the Bank launch the services of an internationally consultants firm to draw up plans for the second stage of organizational restructuring, dividing the structure into four core competence business units - corporate banking group, retail banking group, treasury group, and administration group, with the vision to surpass other banks, the four business units cooperate and communicate with each other to perform their own operational goals and business strategies and to strengthen the Bank's competitiveness.

(1)Core Business

- (i)Corporate Banking Group: Serving the funding needs for both large enterprises and SMEs and conducting credit evaluation and lending business, including the financing loans, foreign exchange, and other corporate banking services.
- (ii)Retail Banking Group: Providing all kinds of personal banking services, including wealth management, personal loans, credit card, deposit, remittance, etc.
- (iii)Treasury Group: Conducting investments, bond and bills, foreign exchange deals, fund transfer, derivative transactions, etc.

(2)Revenue and Growth Ratio

Since the organizational restructuring of July 2004, the bank has created a profound growth in wealth management, personal finance and housing loans. The net interest margin and services fee income of 2004 far surpassed the operation result of year 2003. Its ratio of services fee income compares to operating revenues and gains of Jan. 2004 and Jan. 2005 are 8% and 21% respectively. The organization restructuring benefits the Bank.

2.Operational Plan for 2005

(1)Corporate Banking

- (i) Continuing to develop our market in the northern Taiwan and maximizing customer business value. Making the most of the bank's channel advantage in the Taipei metropolitan area, continuing to pursue and build up customers from SMEs, and developing comprehensive range of financial products and services.
- (ii) Distinguishing profit-niche markets, and enforcing differentiation. Separating our clients into three categories : large enterprises, SMEs, and micro-enterprises, providing tailor-made products and services to meet the particular needs of each, with the aim of achieving across-the-board expansion of our clientele.
- (iii) Actively expanding SMEs Credit Guarantee Fund business.

The Bank has achieved excellent results in providing funding assistance to SMEs, and in FY2004, it ranked at second among loan providers loans backed by the SME Credit Guarantee Fund. In FY2005, we will continue to extend our customary top-level service to SMEs, and will continue to promote lending backed by the SMEs Credit Guarantee Fund as our core product in business unit.

- (iv)Introducing new financial products, and creating new sources of services fee income.

Business Operations

(a) Conducting domestic and foreign account receivable factoring

In response to the booming market of accounts receivable factoring, the Bank has engaged in this line of business since FY2001. At the end of 2004, the Bank had already risen to the 8th place in single-month transaction volume among all domestic banks providing two-factor service for accounts receivable, and in FY2005 we will continue to expand this line of business in conjunction with a promotional programs that we have mapped out.

(b) Cross-strait financial services for Taiwanese businesses operating in mainland China

To provide financial services such as factoring for large Taiwanese enterprises operating in the mainland China, we will use our Hong Kong, Macau and Offshore Banking Unit to plan and develop related corporate finance business and to assist mainland-based subsidiaries of Taiwanese enterprises to raise working capital.

(c) Operating an Asia-Pacific TradeCard transaction platform.

In response to the development of e-commerce, the Bank has joined the membership of financial institutions and participated in the Asia-Pacific TradeCard transaction platform, using its proprietary system to conduct fully automatic, paperless transactions, reducing transactions processing time, cutting distribution costs, lowering risk for trading partners and designated system users, and providing our clients with another funding channel.

(2) Personal Banking

- (i) Developing high-profit products and raising our rate of return on assets: Understand our customers' need and meet them with custom-made products and all kinds of financial services, including small-shop loans, personal loans and car loans, etc.
- (ii) Diversifying marketing channels: Apart from making the most of the Bank's branch networks in the Greater Taipei area, we will strengthen the development of alliances with other financial institutions, telephone marketing, outsourcing, and other marketing channels, and will establish a specialized product team, to facilitate the diversification of our business.
- (iii) Re-evaluating branch locations and adjusting the demarcation of branch services, to maximize our channel value.
- (iv) Raising the ratio of automated service, for example by increasing the installation of automatic deposit machines, online ATM, online banking, and so on, to reduce operational costs.

(3) Wealth Management

- (i) Striving to increase business from old customers: Conducting through analysis of the Bank's deposit customers in the Greater Taipei area to better understand their wealth management needs and provide them the best customized options for deploying their assets and managing their wealth, and connecting and building solid faith relationship with customers.
- (ii) Enhancing the professional expertise of our Financial Planners (FP): Mapping out courses on a comprehensive range of financial planning subjects such as risk aversion, funds, investment, market trend analysis, and so on, encouraging Financial Planners (FP) to undertake self-learning, and setting up an e-learning system, to update the professions of our wealth management personnel across the board.

(4) Trust Businesses

- (i) Real estate trust business: The Bank take the lead in Taiwan's financial industry to undertake Real Estate Asset Trust (REAT), and became trustee for the first real estate securitization transactions with pioneering issuance of beneficial securities of the entrustment of Tong Yang Chia Hsin International Corp. IBM building on June 10, 2004, followed by the issuance for the entrustment with part of Hung Tai Century Tower on December 28. In FY2005, we will vie to take on more business to operate trusts business for property development and the management of multi-ownership buildings, and will actively develop the issuance of real estate investment trust (REIT) business, and accelerate the development of our financial assets securitization and related businesses.
- (ii) Money trust business: In the future we will work closely with accounting and law firms on offering trust products for children's education and maintenance, retirement, tax saving, and so on.
- (iii) Securities trusts business: As interest rates keep rising this year, we will work on our securities trusts, target clients on the shareholders of our branches' corporate company, and help plan cash dividend reinvestment, to increase revenue.
- (iv) To complement the development of our discretionary investment business, we will establish a research team to assist investment analysis system setup and research, as preparations for raising collective trust funds at a future date.
- (v) We will strengthen the promotion of our custodian banking services.

(5) Electronic Banking

- (i) E-banking is one of the core product developments of the bank. To expand the Bank's business, we are actively developing automatic banking services, providing a broad range of service channels including telephone banking, mobile banking, and Internet banking. Our customers can operate their accounts and make fund and credit card inquiries by telephone, mobile phone, or personal computer.
- (ii) We will continue to expand our Internet banking functions, and will integrate our wealth management website services (at <http://myaccount.ibtpe.com.tw>), to strengthen our services for online fund investment, and enhance the service functions of our e-ATM, in order to provide our customers with safer and more convenient Internet fund-transfer services.

(6) Finance

- (i) Issuing a more diverse range of structured foreign-exchange financial instruments: As our clients have responded highly favorable to our issuance of structured foreign-exchange financial instruments, we will further diversify our products design and packaging, and offer such new products such as cross currency swap, structure products linked NTD, call options, and so on, and will constantly review to enhance our product ranges for customers' choices.
- (ii) Strengthening bond and forex operations: We will enhance the flexibility of our bond and forex operations in line with market movements, and actively employ market timing in our bond operations, to increase our capital gains, and we will also participate in trading bond options, exchangeable government bonds, etc.

Business Operations

- (iii) Actively expanding finance marketing operations: To serve our large number of corporate clients, we will stress on cross-marketing mechanisms, and provide a broader range of derivative and investment products, to satisfy those clients' investment and risk avertion needs.

3. Market Analysis

(1) Financial Market Supply and Demand and Financial Industry Growth

- (i) The market's gradual saturation: Since 1991, when the government gave the green light to the establishment of new private banks and allowed trust investment firms and credit cooperatives to transform into banks and set up new branches, the number of financial institutions in Taiwan has increased sharply. And with the rise of direct finance, offering public and private enterprises variable options for raising funds through the issuance of stocks, bonds, and other kinds of negotiable instruments, as well as having to compete with competitive foreign banks, Taiwan's domestic banks have had to contend with an endless spate of encroachments on their space for development and earning profit in a highly competitive operating environment.
- (ii) The government's promotion for financial consolidation: In face of the intensively competitive financial environment, Taiwan's financial institutions need to expand their business scale to contend with the huge and growing global financial institutions. Therefore, Taiwan's financial holding companies are pursuing further mergers and acquisitions, to accelerate the pace of upscaling, and reduce operation cost to expand their market share. This trend creates momentum under government policy to promote further financial industry consolidation and targeting the creation of large-scale regional players from the ranks of domestic banks, to enable them to compete with global financial institutions.

(2) IBT's Profit Niches, Favorable and Unfavorable Factors in Its Development Outlook, and Policies in Response

- (i) Competitive Niches: IBT is one of Taiwan's longest-established private banks. Its well-distributed branch network, firmly-cemented customer base, and high degree of customer loyalty assure it of a leading position in the Greater Taipei area, and will be favorable to its stable growth in the future.
- (ii) Development Outlook:
- a. Favorable Factors
- (a) The location of its business outlets in thriving districts of greater Taipei area will give it a significant marketing advantage.
- (b) It enjoys a very sound business image, with most of its customers having done business with the Bank for many years.
- (c) The steady growth pace of the domestic economy, together with the upturn in the real estate market, will be favorable to the growth of the Bank's finance operations.
- (d) The increasing relaxation of financial market regulation will be favorable to the sound development of the overall financial environment.
- (e) The opening of regulations for banks to conduct securities business will be favorable to financial institutions' cross-industry operations.

- (f) The implementation of the New Basel Capital Accord (Basel II) in 2006 will mean that, with its capital adequacy ratio perennially maintained at above 12%, the Bank will be in a favorable position to establish a sound risk management framework.

b. Unfavorable Factors

- (a) Price competition from other banks will remain quite intensive, and there is still a need to put the financial market in better situation.

- (b) As the pace of financial market liberalization is stepped forward, domestic banks will face tough competition from large-scale international financial conglomerates with strong cross-industry and cross-border management experience and high technical and innovational capabilities.

c. Policies in Response

- (a) Market differentiation: To cope with the strong competition in the financial environment, the Bank is placing emphasis of differentiate design in its development of new products for each customer segments, which will help relieve from the adverse pressure of price competition. It also keeps up R&D capabilities and recruits specialized product design personnel, so that it will be able to offer innovated products and services as means of raising its customer penetration rate. As to the marketing, it launches tailoring market strategy to the Bank's distinctive identity, to shape a more striking market image for itself and increase its recognition to the public.

- (b) The Bank is remapping its branch locations and developing new marketing channels with a view to gain the maximum benefit from its network in the greater Taipei area.

4. Financial Product Research and Development

- (1) The Scale and Profit or Loss Situation of Major Products and Newly Established Business Units in the Most Recent Two Years:

(i) The State of Business in Major Products in the Most Recent Two Years:

Deposit Business

Unit: NT\$100 millions

Year	Total Deposits
2003	3,106.66
2004	3,165.42

Lending Business

Unit: NT\$100 millions

Year	Total Loans
2003	2,390.85
2004	2,688.43

Business Operations

Foreign Exchange Business

Unit: US\$100 millions

Year	Total Volume of Foreign Exchange Transactions
2003	186.95
2004	224.36

Trust Business

Unit: NT\$100 millions

Year	Balance of Trust Assets
2003	192.33
2004	443.95

Bills Business

Unit: NT\$100 millions

Year	Trading Volume
2003	15,965
2004	9,304

Bond Business

Unit: NT\$100 millions

Year	Trading Volume
2003	12,272
2004	14,256

Credit Card Business

Unit: 10,000 cards

Year	Cumulative Total of Cards Issued
2003	58
2004	74

(ii) The Operating Situation of Newly Established Business Units:

- Building upon the completion of its initial organizational restructuring, the Bank sought to expand its wealth management domain by setting up the Affluent Division in July 2004 and recruiting experienced financial planners to provide wealth management services. These steps have resulted in the bank achieving a 75% growth rate in its income from wealth management business.
- Establishment of the Consumer Finance Division: The Bank's recruitment of top-notch marketing personnel to help expand its personal banking business has yielded an astonishing growth spurt in that area of business, with personal loan lending volume increasing more than twofold.
- The creation of the Risk Management Division: Effectively controlling the Bank's operating risk and putting in place a risk management system has placed the Bank in a position to swiftly reach the international standards stipulated by the Basel Committee.

(2) Research & Development Expenditure and Results in the Most Recent Two Years, and Plans for Future Research & Development Activities

(i) Research & Development Expenditure in Recent Two Years

Unit: NT\$ Millions

Year	2003	2004
Amount	4.8	4.5

(ii) Research & Development Results in the Most Recent Two Years

- The completion of organizational restructuring, setting up a framework for specialized division of labor and performance management with the establishment of consumer finance division, retail division, and affluent division departments as the three main business units.
- The completion of converting credit assessment procedures into electronic mode, and the implementation of a centralized credit screening system, to effectively raise the quality of the Bank's credit assessment. Also effectively controlling credit risk through the Risk Management Department's setting of risk-exposure limits for specific customer and industry segments.
- Utilizing a customer relationship management (CRM) system, analyzing customer strata, and targeting subgroups with the marketing of a variety of customized financial products, to enhance business performance.
- Developing a wealth banking system, enabling Bank staff to carry out effective analysis of customers' asset disposition and so enhance the quality of our customer service.
- Developing online ATM (e-ATM) services, and providing the Bank's customers with a secure IC-chip cash card system for conducting fund transfer transactions via the Internet.
- Developing B2B e-payment services with PKI-based security, to enable the bank's corporate customers to conduct pre-arranged bulk payments and make detailed account inquiries online.
- Utilizing data-mining to analyze customer databases and data on bad debts and set up a point-scoring model for lending operations.
- Launching lines of business in structured foreign-exchange financial products and interest rate derivative products, including NT dollar and foreign currency swaps and options.
- Establishing the country's first issuing institution for Real Estate Asset Trust (REAT), and became trustee of the first real estate securitization transactions with its pioneering issuance of beneficial securities for the entrustment of Tong Yang Chia Hsin International Corp. IBM Building on June 10, 2004. Also developing the "Global Portfolio", collective trust fund which are scheduled to be formally launched in 2005.
- Embarking on the automation of the Bank's credit card application and approval system, to simplify operational procedures.

(iii) Plans for Future Research & Development Activities

- Speeding up the development of management information systems, to build more complete and comprehensive customer databanks that will add impetus to business operations.

Business Operations

- b. Stepping up research and development for all kinds of new trust businesses.
- c. Proceeding with support measures related to account computerization with a view to enhancing operational efficiency.

5. Long-Term and Short-Term Business Development Plan

The Bank's operational objective is to become the top bank in the Greater Taipei area. The main development plans are as follows:

- (1) Building up excellent marketing teams: Supplementing personnel through both internal and external channels, with recruitment of the best sales professionals in the market, to boost to our business performance. Also, to cope with the relentless tide of change in the financial environment and heighten the Bank's competitiveness, we will plan the establishment of a comprehensive learning and training program that will help us cultivate dynamic marketing teams from personnel throughout our business system.
- (2) Providing an optimum array of products and services: Enhancing product innovation capabilities, and gradually introducing a product manager system, to effectively integrate product innovation, product marketing, and back-office operations. Also, using information systems to conduct analysis of customer data so as to gain a deep understanding of their transaction habits with a view to strengthening cross-selling and raising penetration rates for product transactions.
- (3) Establishing the most rigorous risk management system: Comprehensively setting in place a credit point-scoring system and completing the standardization of screening procedures, in order to lower credit risk. And establishing a Risk Management Division to effectively control the Bank's exposure to losses stemming from operating risk, credit risk, and market risk.
- (4) Providing optimally fast and convenient integrated services for three areas cross-strait: With Taiwan as the base and our Hong Kong and Macau Branches as the bridges, planning projects to develop corporate banking services geared to the needs of Taiwanese businesses operating in mainland China, to provide them with maximum speed and convenience of service.

II. Corporate Responsibility and Ethics

Our Bank abides by the concept that business enterprises have a responsibility to contribute their utmost to social welfare. Following the successful example of our "Healthy Liver" affinity card issued in cooperation with the Liver Disease Prevention and Treatment Research Foundation, we have cooperated with the National Taiwan University Children's Hospital to issue the "Happy Children" affinity card, which is Taiwan's first affinity card dedicated to providing care for children, with 0.275% of our customers' transaction value using this card being donated to the children's hospital. We hope that everyone will support this philanthropic initiative, and join hands with us in doing all we can to help our country's sick children receive the best possible hospital treatment and create a healthier, happier and more hopeful future for them.

Also, to put into practice our belief that we should give back to society as we receive from it, we have actively and enthusiastically initiated a succession of public welfare activities, including providing sponsorship for feeding the koala bears in Taipei City Zoo and, most recently, giving support to the education of Aboriginal children. For the latter cause, we organized a special fund-raising concert at the end of 2004, with an appeal to business enterprises to join with us in showing concern for the educational problems of Aboriginal children.

III. Information Technology Equipment

The Bank uses an IBM central mainframe and AS400 mainframes as its core servers for account operations, with related application systems under maintenance by the Bank's own IT personnel. Besides the core account operations system, the Bank also uses a Windows open platform for external interface with front-end internal operations, providing interconnection with external entities such as the Taiwan Clearing House, the Joint Credit Information Center, the Central Bank, Financial Information Services Co., Trade-Ven Information Services Co., the National Credit Card Center, SWIFT, and so on.

To find the resolutions that operating businesses in the Greater China area face in transaction payment, both cross-strait and globally, the Bank is currently setting up a B2B platform for global financial management that will enable our business clients to enjoy even higher quality banking services. Also, to effectively integrate all of the Bank's marketing channels (branches, ATMs and other self-service banking facilities, call center, and Internet banking) in providing personal banking services tailored to each customer's requirements, and to establish more convenient and diverse transaction channels, the Bank is developing a new generation of mobile banking systems and strengthening its Internet and telephone banking services.

For emergency backup systems, the Bank has signed cooperation agreements with the Financial Information Services Co. for the establishment of a remote real-time data duplication and storage mechanism, so that if a disastrous event occurs, the Bank can immediately start to use that company's backup data facilities and quickly restore data operations.

On the security protection front, the Bank's mainframe servers and ancillary systems are all protected by software preventing unauthorized access, and the Bank is planning to install further upgraded protective software in FY2005, to establish a safe and reliable computerized operating environment, ensure the optimum security of the Bank's computer data, systems, facilities, and networks, and so firmly safeguard our customers' rights and interests and the sustainable operation of the Bank's business.

IV. Labor-Management Relations

1. Employee Welfare Measures and the Retirement System

(1) Employee welfare measures:

- (i) The Bank has set up a Employees' Welfare Committee, organized in accordance with the Organizational Rules for the Employees' Welfare Committee. A Welfare Fund is provided, which is managed and utilized by the Employees' Welfare Committee for expenditure on employees' welfare on a fair and inclusive basis.
- (ii) The Bank provides labor insurance and national health insurance coverage for its employees.
- (iii) The Bank provides on-the-job education and training programs for its employees.

(2) The retirement system and its implementation status:

- (i) The Bank's staff retirement scheme is administered in accordance with the provisions of the Labor Standards Law. Also, in line with the coming into effect of the new national pension system on July 1, 2005, the Bank will continue to hold explanatory meetings on the new regulations and their implementation, to ensure that all employees understand the differences between the new and old systems, and thus safeguard the rights and interests of the whole staff.

Business Operations

(ii) Payments made by the Bank into the staff pension fund are deposited in and disbursed from a specific account operated by the staff pension fund committee. Pension costs are accounted for in accordance with the stipulations of Statement of Financial Accounting Standards No. 18.

(3) Labor-management agreements and measures to protect the rights and interests of employees:

The Bank handles labor-management issues through negotiation and discussion between labor union representatives and the management, and no significant conflicts have arisen between the two sides. All matters relating to the rights and interests of employees are handled in accordance with the relevant welfare measures.

2. Losses Incurred as a Result of Labor-Management Disputes : None.

Risk Management

I. Organizational Structure and Policies for Risk Management

A. Organization: In accordance with the rules governing the Bank's risk management policies, the organizational structure and responsibilities of the Bank's risk management are as follows:

1. Board of Directors

The Board of Directors is the bank's highest body in charge of risk supervision. It lays down and directs the bank's risk management strategy, and is responsible for stipulating the principles and policies of the Bank's risk management system.

2. Risk Management Committee

The Risk Management Committee is the highest body in the Bank's risk management organization. It is responsible for directing the development of risk management mechanisms, the establishment of risk management policies, the control of risk management methods, and the allocation of risk management responsibility throughout the Bank as well as by the Risk Management Department.

3. Risk Management Department

The Risk Management Department is responsible for directing all the units whose business and operations generate risk. It lays down methods for weighing and managing all kinds of risk, defines the content and scope of risks, and stipulates methods for controlling risk and mechanisms for reviewing risk. It also continuously assesses the possible impact that such risks could exert on the achievement of the bank's overall targets.

B. Policies:

To address potential foreseen and unforeseen risks, set up a bank-wide risk management system, effectively deploy resources and raise competitiveness, ensure that all kinds of operating risks are kept within tolerance range, maintain a sound capital adequacy ratio, abide by all supervisory laws and regulations laid down by the governing authorities, pursue conformity with the international standards of the Basel Committee, and achieve rationalization of risk and reward.

II. Methods to Assess and Manage Various Risks and Quantified Information on Risk Exposures

A. General Disclosures

1. Credit Risk

- a. In weighing the credit risk of corporate customers, consideration is given to both the Bank's internal credit assessment score and external credit ratings, supplemented by regular quarterly tracking and on-site inspection visits, to lower default risk. For consumer lending, the Bank will introduce its own scoring system for credit assessment and strengthen risk monitoring mechanisms.
- b. To strengthen the Bank's credit risk management mechanisms and prevent excessive concentration of risk, the Bank sets limits for individual customers, industries, countries, and securities.
- c. The Bank regularly convenes meetings of the Risk Management Committee to keep abreast of the implementation of all the Bank's risk policies and each business unit's risk management procedures.
- d. In accordance with the Basel Capital Accord, the Bank has set up a database of its existing credit data to cope with the future adoption of the internal model method for the calculation of capital charges.

Risk Management

2. Market Risk

- The Bank has specific trading rules and stop-loss mechanisms for each kind of financial instrument and derivative transaction, which are constantly reviewed and adjusted in accordance with the market situation and investment environment, in order to reduce market risk.
 - At present the bank is temporarily employing a simple approach to risk-capital calculation, but in the future the bank will switch to the value-at-risk internal model approach as the basis for raising its capital adequacy ratio and increasing its capital utilization efficiency.
- ### 3. Operating Risk
- The Bank employs introduction of operating risk concepts, and defines each business unit's duties and responsibilities as well as identifies the key risk indicators in operating flows, for the establishment of standardized operating procedures and control and warning of risk.
 - The Bank established an operating risk database, with the compilation of statistics on operating losses for business categories and business units, and analysed the results thereof serving as a source of reference for improving internal control procedures.

B. Credit Risk Disclosures

1. On-balance-sheet credit risks disclosure:

On-Balance-Sheet Items: Risk Assets of Credit Risk

December 31, 2004 In Thousands of NTS

Item	Weight of Risk	Amount of Risk Assets
Loans to Taiwan's central government or central bank or guaranteed thereby Main recipient – [central government]	0%	0
-	10%	0
Loans supported by a credit guarantee institution established by Taiwan's government Main recipient – [general corporate enterprise]	20%	7,250,721
Housing real estate secured loans	50%	46,837,572
Other loans and assets Main recipients – [Too widely distributed for distinction of main recipients]	100%	167,857,894
Special allowance for bad debt provision		-1,245,968
Total		220,701,119

2. Off-balance-sheet credit risks disclosure:

Off-Balance-Sheet Items: Risk Assets of Credit Risk

December 31, 2004 In Thousands of NTS

Item	Amount of Risk Assets
General off-balance-sheet transactions	15,174,843
Derivative financial products	777,364
Liabilities of bills and bonds under repurchase (RP) agreements	510,259
Investment in bills and bonds under resale (RS) agreements	0
Total	16,462,466

C. Capital Requirement Disclosure Items, Using the Standard Method to Calculate the Bank's Market Risk:

Market Risk Capital Charge and Risk Asset Amount

December 31, 2004 In Thousands of NTS

Risk	Capital Charge	Risk Asset Amount
Interest rate risk	1,165,395	14,567,438
Equity securities risk	1,077,520	13,469,000
Foreign exchange risk	105,755	1,321,937
Product risk	0	0
Options by simplified method	0	0
Total	2,348,670	29,358,375

D. Disclosure of the Characteristics of All Categories of Assets for which the Internal Model Method Was Used to Calculate the Bank's Market Risk Capital Requirements: None.

E. Liquidity Risk Assets and Liabilities Maturities Analysis, and Explanation of the Management Method for Asset Liquidity and Capital Gap Liquidity:

1. Management Method for Asset Liquidity and Capital Gap Liquidity:

The Bank has established Asset Liability Management Committee, which conducts regular analysis of the business cycle and the domestic and international financial situation, and identifies future financial development trends; makes adjustments to the Bank's assets and liabilities structure, and at the same time examines and reviews liquidity gaps and interest sensitivity gaps created by the composition of the Bank's assets and liabilities; reviews interest rate and capital cost policies; and employs appropriate financial analysis models to decide what measures and methods need to be adopted to achieve the goals set out below for the best composition of assets and liabilities:

Management Objective	Possible Effect	Analytical Tool
Business growth	Capital cost	Analysis of Cost / Benefit Capital Management
Capital liquidity	Rate of return on Asset	Cashflow Management Analysis of Liability risk
Financial safety	Capability of repayment	BIS analytical reports Analysis of Interest Sensibility
Operating profitability	Rate of return on capital	Balance forecast of A/L Best Composition of Asset / Liabilities

Risk Management

2. Assets and Liabilities Maturities Analysis

Assets and Liabilities Maturities Analysis – NT dollars

December 31, 2004 In Millions of NTS

	Total	Remaining Balance Before Maturity				
		0–30 Days	31–90 Days	91–180 Days	181 Days – 1 Year	Over 1 Year
Assets	431,289	93,449	49,572	26,343	37,607	224,318
Liabilities	444,453	96,306	57,270	41,476	73,498	175,903
Gaps	-13,164	-2,857	-7,698	-15,133	-35,891	48,415
Accumulated Gaps	-13,164	-2,857	-10,555	-29,688	-61,579	-13,164

Note: The figures above included only the New Taiwan dollar amounts of the Bank's head office and domestic and overseas branches.

Assets and Liabilities Maturities Analysis – Foreign Currencies

December 31, 2004 In Thousands of NTS

	Total	Remaining Balance Before Maturity				
		0–30 Days	31–90 Days	91–180 Days	181 Days – 1 Year	Over 1 Year
Assets	2,499,437	994,992	482,837	588,804	67,954	364,850
Liabilities	2,477,701	1,049,838	369,748	418,654	75,018	564,443
Gaps	21,736	-54,846	113,089	170,150	-7,064	-199,593
Accumulated Gaps	21,736	-54,846	58,243	228,393	221,329	21,736

Note: The figures above included only the foreign currency amounts (converted into US dollars) of the Bank's head office and domestic and overseas branches

III. The Impact of Important Changes in Domestic and Foreign Policies and Laws on the Bank's Financial Operations, and Measures Taken in Response

For the implementation of the New Basel Capital Accord, in addition to making the necessary capital provisions for credit risk and market risk, the Bank is endeavoring to adhere to international standards by taking active steps to establish risk databases to serve as the basis for calculating capital charges, and by setting up related systems and quantified risk data for targeted management of credit and market risk.

IV. The Impact of Changes in Technology and Industry on the Bank's Financial Operations, and Measures Taken in Response

The fast pace of change in technology and industry will have an impact on the Bank's lending risk, raising the possibility of loan default. Therefore, in the future, the Bank will regularly assess the level of impact of the business climate on the Bank's lending risk on the basis of the particular characteristics of each industry.

V. The Impact of Changes in the Bank's Image, and Measures Taken in Response

Projecting an image of stable and healthy business operations is conducive to enhancing customer willingness to transact business with a bank, and thus serves as a driving force for business expansion. The Bank's operations have always remained stable and healthy. Last year, the Bank recorded substantial growth in its business results, and in the future, it will consistently adhere to the basic operating principle of 'seeking growth amid stability', working hard in pursuit of its customers' highest interests.

VI. Expected Benefits and Possible Risks of Mergers and Acquisitions in Process: None.

VII. Expected Benefits and Possible Risks of Expansion of Business Locations: None.

VIII. Risks Presented by Centralization of Operations

In its early stage, the changes in operating procedures introduced for the centralization of business operations will present some operational risk owing to Bank staff's unfamiliarity with the new setup and some risk of customer loss stemming from the change to what customers are used to. Therefore, prior to implementing its operational centralization plans, the Bank strengthened its staff training and it efforts to explain the changes to customers and help them adjust as needed, in order to reduce the related risks arising therefrom.

IX. Impact and Risk to Bank from Change in Operating Rights: None.

X. Other Significant Risks: None.

Implementation of Capital Utilization Plan

I. Capital Increase:

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.

II. Issuance of Overseas Convertible Bank Debentures:

- (1) Capital Utilization Plan: To meet long-term capital needs for lending and borrowing repayment.
- (2) Amount of Capital Need for this Plan: An upper limit of US\$180 million.
- (3) Capital Source: The whole amount to be raised through the issuance of overseas convertible bonds.



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Financial Statements

SUPERVISORS' REPORT

To: The 2005 Shareholders Meeting

In accordance with Article 219 of the Company Law, we have reviewed the 2004 financial statement of the Bank submitted by the Board of Directors and subsequent audit report by our appointed Certified Public Accountants, Deloitte & Touche, and found them correct.

March 23, 2005

Tien-Dong Lin
Resident Supervisor

Jeng-Shyong Lien
Supervisor

Toney Chen
Supervisor

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, 2004 and 2003 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 Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Accountants and auditing standards generally accepted in the Republic of China. Those rules and 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.

The accompanying financial statements have been prepared in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks (effective January 1, 2004), Guidelines Governing the Preparation of Financial Reports by Securities Issuers (applicable to financial statements for 2003 and after) and accounting principles generally accepted in the Republic of China (ROC).

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, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks (effective January 1, 2004), Guidelines Governing the Preparation of Financial Reports by Securities Issuers (applicable to financial statements for 2003 and after) and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, sales and purchases of bonds and short-term bills under repurchase or resell agreements were treated as outright sales or purchases. However, based on the Criteria Governing the Preparation of Financial Reports by Public Banks effective January 1, 2004, the repurchase/resell transactions will be treated as financing.

January 26, 2005

Notice to Readers

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

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

Financial Statements

BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

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

ASSETS	2 0 0 4		2 0 0 3		LIABILITIES AND STOCKHOLDERS' EQUITY	2 0 0 4		2 0 0 3	
	Amount	%	Amount	%		Amount	%	Amount	%
	\$ 7,204,244	2	\$ 8,390,144	2					
	20,267,916	5	13,188,408	4					
	87,498,307	21	83,933,377	23					
	11,472,231	3	6,381,331	2					
	2,203,684	1	-	-					
	729,426	-	783,171	-					
	273,510,882	66	246,406,531	67					
	396,294	-	347,799	-					
	530,981	-	530,981	-					
	300,000	-	-	-					
	1,227,275	-	878,780	-					
	664,365	-	469,083	-					
	3,096,684	1	3,101,924	1					
	2,082,500	-	1,996,867	1					
	650	-	1,265	-					
	1,271,439	-	1,285,523	-					
	6,451,273	1	6,385,579	2					
	1,501,453	-	1,542,826	1					
	4,949,820	1	4,842,753	1					
	1,042	-	28,168	-					
	4,950,862	1	4,870,921	1					
	2,120,976	1	2,379,418	1					
	\$ 411,850,168	100	\$ 367,681,164	100					
					LIABILITIES AND STOCKHOLDERS' EQUITY				
					LIABILITIES				
					Short-term bills and bonds sold under repurchase agreements (Notes 2, 3, 6, 13 and 24)	\$ 20,267,739	5	\$ -	-
					Due to banks (Note 14)	9,522,822	2	2,437,169	1
					Payables (Note 15)	7,482,894	2	5,576,919	2
					Advances received	126,099	-	39,650	-
					Deposits and remittances (Notes 16 and 24)	316,555,399	77	310,625,295	84
					Due to the Central Bank and other banks	13,376,884	3	12,613,569	3
					Bonds payable, net (Notes 2 and 17)	5,718,240	1	-	-
					Other liabilities (Notes 2, 18 and 23)	2,799,144	1	2,791,850	1
					Total liabilities	375,849,221	91	334,084,452	91
					STOCKHOLDERS' EQUITY				
					Capital stock - \$10 par value				
					Authorized - 3,000,000 thousand shares in 2004 and 2,115,905 thousand shares in 2003				
					Issued - 2,223,311 thousand shares in 2004 and 2,115,905 thousand shares in 2003	22,233,110	6	21,159,047	6
					Capital surplus:				
					Revaluation increment on land	610,341	-	610,341	-
					Other	1,321	-	1,321	-
					Total capital surplus	611,662	-	611,662	-
					Retained earnings:				
					Legal reserve	9,879,938	2	9,086,373	2
					Special reserve	39,098	-	38,864	-
					Unappropriated earnings	3,334,211	1	2,700,009	1
					Total retained earnings	13,253,247	3	11,825,246	3
					Cumulative translation adjustments	18	-	757	-
					Net loss not recognized as pension costs	(97,090)	-	-	-
					Total stockholders' equity	36,000,947	9	33,596,712	9
					CONTINGENCIES AND COMMITMENTS (Notes 2, 29 and 31)				
					TOTAL	\$ 411,850,168	100	\$ 367,681,164	100

The accompanying notes are an integral part of the financial statements. (With Deloitte & Touche audit report dated January 26, 2005)

Financial Statements

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2004 AND 2003

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

	2 0 0 4		2 0 0 3	
	Amount	%	Amount	%
OPERATING REVENUES AND GAINS (Note 2)				
Interest	\$ 10,170,408	75	\$ 9,488,442	76
Service fees	1,929,727	14	964,555	8
Income from sale of securities, net	1,109,954	8	1,749,701	14
Equity in net income of investees, net	163,512	1	122,184	1
Foreign exchange gain, net	44,373	1	77,634	1
Other (Note 29)	105,689	1	58,752	-
Total operating revenues and gains	13,523,663	100	12,461,268	100
OPERATING COSTS AND EXPENSES				
Interest	3,949,205	29	3,911,615	32
Service charges	201,784	1	146,561	1
Provisions for losses (Note 2)	1,169,212	9	1,801,874	15
Operating expenses (Note 21)	4,492,285	33	3,909,853	31
Total operating costs and expenses	9,812,486	72	9,769,903	79
OPERATING INCOME	3,711,177	28	2,691,365	21
NONOPERATING INCOME	455,644	3	368,312	3
NONOPERATING EXPENSES	6,754	-	21,152	-
INCOME BEFORE INCOME TAX	4,160,067	31	3,038,525	24
INCOME TAX (Notes 2 and 20)	879,239	7	393,310	3
NET INCOME (Note 3)	\$3,280,828	24	\$2,645,215	21
	Pretax	After Tax	Pretax	After Tax
EARNINGS PER SHARE (Note 22)				
Basic	\$1.87	\$1.48	\$1.37	\$1.19
Diluted	\$1.86	\$1.46	\$1.37	\$1.19

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated January 26, 2005)

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

	2 0 0 4		2 0 0 3	
	Amount	%	Amount	%
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 3,280,828		\$ 2,645,215	
Adjustments to reconcile net income to net cash used in operating activities:				
Provision for losses	1,169,212		1,801,874	
Depreciation and amortization	253,544		240,381	
Provision (reversal) of allowance for losses on securities purchased	(36,897)		45,112	
Income from equity-method investments in excess of cash dividends	(38,456)		(85,945)	
Loss on disposal of long-term equity investments	725		-	
Gain on disposal of properties, net	16,182		(1,220)	
Deferred income taxes	(22,895)		155,405	
Net changes in operating assets and liabilities:				
Increase in securities purchased - for trading purposes	(4,239,496)		(5,479,899)	
Increase (decrease) in receivables	(5,605,099)		(1,884,298)	
Decrease (increase) in prepaid expenses	53,745		(213,984)	
Increase (decrease) in payables	1,905,975		(17,451)	
Increase in advances received	86,449		10,755	
Net cash used in operating activities	(3,198,547)		(2,786,055)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Due from the Central Bank and banks	(7,079,508)		4,418,922	
Securities purchased - for investing purposes	1,055,933		(1,223,463)	
Short-term bills purchased under repurchase agreements	(2,203,684)		-	
Loans, discounts and bills purchased	(28,092,764)		(25,448,547)	
Long-term investments	(525,000)		(195,042)	
Other financial assets	(195,282)		(143,324)	
Other assets	224,585		(312,058)	
Proceeds from sale of long-term equity investments	212,825		-	
Acquisition of properties	(316,592)		(156,744)	
Proceeds from sale of properties	21,640		3,780	
Net cash used in investing activities	(36,898,227)		(23,057,696)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in due to banks	7,085,653		1,831,496	
Increase in deposits and remittances	5,930,104		23,296,461	
Increase in due to the Central Bank and other banks	763,315		4,044,122	
Increase in short-term bills and bonds sold under repurchase agreements	20,267,759		-	
Increase in banks payable	5,718,240		(85,347)	
Increase (decrease) in other liabilities	(75,585)		427,307	
Cash dividends	(634,771)		(402,737)	
Payment of remuneration to directors and bonus to employees	(143,582)		(85,353)	
Net cash provided by financing activities	38,912,113		29,111,297	
Effect of exchange rate changes	(739)		(412)	
NET INCREASE (DECREASE) IN CASH	(1,185,909)		3,267,129	
CASH, BEGINNING OF YEAR	8,390,144		5,123,015	
CASH, END OF YEAR	\$ 7,204,244		\$ 8,390,144	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	\$ 3,850,742		\$ 4,407,708	
Income tax paid	\$ 294,225		\$ 504,374	

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated January 26, 2005)

Financial Statements

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Cash Dividends)

	Capital Stock Issued		Capital Surplus (notes 2, 10 and 19)			Retained Earnings (Notes 2 and 19)				Cumulative Translation Adjustments (note 2)	Net Loss not Recognized as Pension Costs (Notes 2 and 23)	Total Stockholders' Equity	
	Shares (in Thousands)	Amount	Revaluation Increment on Land	Donated Capital	Other	Total	Legal Reserve	Special Reserve	Unappropriated Earnings				Total
BALANCE, JANUARY 1, 2003	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)
Remuneration to directors and employees	1,533	15,333	-	-	-	-	-	(945)	(99,740)	(100,685)	-	-	(85,352)
Transfer of 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
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	(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
Appropriation of prior year's earnings:													
Legal reserve	-	-	-	-	-	-	793,565	-	(793,565)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	234	(234)	-	-	-	-
Stock dividends - 5%	105,795	1,057,952	-	-	-	-	-	-	(1,057,952)	(1,057,952)	-	-	-
Cash dividends - \$0.3	-	-	-	-	-	-	-	-	(634,771)	(634,771)	-	-	(634,771)
Remuneration to directors and employees	1,611	16,111	-	-	-	-	-	-	(158,693)	(158,693)	-	-	(142,582)
Equity in changes in the capital accounts of equity - method investees	-	-	-	-	-	-	-	-	(1,411)	(1,411)	-	-	(1,411)
Net loss not recognized as pension costs	-	-	-	-	-	-	-	-	-	-	(97,090)	-	(97,090)
Net income in 2004	-	-	-	-	-	-	-	-	3,280,828	3,280,828	-	-	3,280,828
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	(739)	-	(739)
BALANCE, DECEMBER 31, 2004	2,223,311	\$22,233,110	\$ 610,341	\$ -	\$ 1,321	\$611,662	\$9,879,938	\$ 39,098	\$ 3,334,211	\$ 13,253,247	\$ 18	\$ (97,090)	\$ 36,000,947

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

(With Deloitte & Touche audit report dated January 26, 2005)

Financial Statements

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 listed on the Taiwan Stock Exchange.

The Bank's Trust Department plans, operates, and manages a trust business. These operations are also regulated under the Banking Law and the Trust Law.

As of December 31, 2004 and 2003, the Bank had 2,503 and 2,260 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

★Basis of Presentation

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.

The financial statements have been prepared in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks (effective January 1, 2004), Guidelines Governing the Preparation of Financial Reports by Securities Issuers (applicable to financial statements for 2003 and after) and accounting principles generally accepted in the Republic of China (ROC). In preparing these financial statements, the Bank is required to make certain estimates and assumptions that could affect the amounts of allowance for credit losses, provision for losses on guarantees, depreciation, pension and losses on suspended lawsuits. Actual results could differ from these estimates.

Since 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 their liquidity. Please refer to Note 28 for the maturity analysis of assets and liabilities.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

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

★Securities Purchased

Securities purchased are carried at aggregate cost less allowance for decline in value. If the aggregate carrying value of the investments exceeds their total market value, an allowance for loss is provided and the loss is charged to current year's income. Recovery of the market value to the extent of the original carrying value is recognized as income. The allowance is reversed (up to cost) for subsequent recoveries in market value.

If the aggregate carrying value of the investments exceeds their total market value, an allowance for losses is recognized and the loss is charged to current year's income. Recovery of the market value to the extent of the original carrying value is recognized as income. When the aggregate costs of the investments exceed the total market value, an allowance for loss is recognized and charged to current income. The allowance is reversed (up to cost) for subsequent recoveries in market 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.

Based on a directive issued by the Ministry of Finance, sales and purchases of bonds and short-term securities under repurchase or resell agreements are treated as outright sales or purchases. However, based on the "Criteria Governing the Preparation of Financial Reports by Public Banks" effective January 1, 2004, the repurchase/resell transactions will be treated as financing.

The repurchase/resell transactions are carried at cost as short-term bills purchased under resell agreements and as short-term bills and bonds sold under repurchase agreements. Costs of the repurchase/resell transactions are determined by the specific identification method, and the gains and losses on these transactions are recorded as interest revenue and interest expenses, respectively.

★Nonaccrual Loans

Loans and other credits (including accrued interest) that are outstanding for at least six months are classified as nonaccrual loans based on the guidelines issued by the Ministry of Finance.

★Allowance for Possible Losses and Reserve for Losses on Guarantees

The Bank makes provisions for bad debts and losses on guarantees based on the (a) evaluation of the collectibility of loans, nonperforming loans, bills, discounts, and receivables and (b) specific or general risks of guarantees and acceptances.

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 of at least 50% of credits for the credits with high uncollectibility in accordance with guidelines issued by the Ministry of Finance (MOF).

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

Financial Statements

★ 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 investee's net income or net loss. On the acquisition date, the difference between the acquisition cost and the Bank's proportionate equity in the investee's net assets is amortized over five years. Cash dividends received are accounted for as reduction of the carrying values of the investments.

The increase in the Bank's proportionate share in the net assets of its investee company resulting from its subscription for additional shares issued by the investee at a rate different from its current equity in the investee, is credited to a capital surplus account. Any decrease in the Bank's equity in the investee's net assets is debited to the existing balance of the similar capital surplus account, with any excess debited to unappropriated retained earnings.

Long-term equity investments accounted for by the cost method are carried at cost. If a decline in the value of an unlisted stock investment is considered a permanent loss, the decline is charged to current 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.

Trust beneficiary certificates for special purpose are valued at cost. Costs of matured or sold bonds are determined by the specific identification method.

★ Properties

Properties are stated at cost or cost plus appreciation. The cost of renewals and betterment that extend the useful lives of properties is capitalized. Maintenance and repairs are 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 computed on the basis of their remaining useful lives at the time of the revaluation. Properties still being used by the Bank beyond their initially estimated service lives are depreciated over their newly estimated service lives.

Upon the sale or other 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 at the lower of cost or net realizable value as of the balance sheet dates.

★ Amortization of Bond Issuance Costs

The direct and necessary costs (included in other assets) of issuing Euro-convertible bonds are amortized by the straight-line method and recognized as expenses over the period from their issue date to the expiry date of the put option.

★ Bonds Payable

The net carrying amount of the Euro convertible bonds (the face amount plus premium and bond issuance expenses accrued to the date of conversion) is credited to the appropriate capital accounts (capital stock value to par value, with the balance credited to capital surplus) upon conversion of the bonds.

★ Pension Costs

Provisions for pension costs are based on actuarial calculations. 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 an 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 or 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 is 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 stockholders 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.

Financial Statements

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, which are used 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 forward contracts open as of the balance sheet date are netted out, and the resulting balance is accounted for as either current asset or liability.

b. Asset swaps

Asset swaps, which are used 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 on the contract dates using memorandum entries. 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 used 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 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. Interest receivables or payables are accrued over the term of the contracts. For contracts open on the balance sheet date, receivables are netted against payables, and the net amount is recorded as an asset or a liability.

e. Cross-currency swap

Cross-currency swap contracts 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 marked to market on the balance sheet date.

f. Currency options

Premium paid or received on currency options is recorded as asset or liability, respectively, and is recognized as revenue or expense upon each settlement. Gain or loss on the exercise of the options is credited or charged to current income. If the options are not exercised, the carrying amounts of the contracts are charged to income.

g. Futures

Margin deposits paid by the Bank for interest rate futures contracts for trading purposes are recognized as assets. Gains or losses resulting from marking to market of contracts open on the balance sheet date and from the settlement of the interest rate futures contracts are credited or charged to current income.

h. Margin trading

Margin trading contracts, which are used for trading purposes, are recorded in New Taiwan dollars at the contracted rates. Interest receivable or payable is accrued at contracted rates over the term of the contract. Gains or losses resulting from contract settlement are credited or charged to current income.

★ Reclassifications

Certain 2003 accounts had been reclassified to be consistent with the 2004 financial statement presentation.

3. ACCOUNTING CHANGE

Under a directive issued by the Ministry of Finance, sales and purchases of bonds and short-term bills under repurchase and resell agreements were treated as outright sales or purchases. However, under the Criteria Governing the Preparation of Financial Reports by Public Banks effective January 1, 2004, the repurchase/resell transactions will be treated as financing. This accounting change resulted in increases, as of December 31, 2004, in the balances of short-term bills purchased under resell agreements and short-term bills and bonds sold under repurchase agreements by \$2,203,684 thousand and \$20,267,739 thousand, respectively, and an increase of \$324,892 thousand in income before income tax in 2004.

Since the daily repurchase/resell transactions of the Bank are of great volume and the accounting systems had been revised for several times such that historical trading data are hard to trace, calculating the cumulative effect of changes in accounting principles is difficult. Thus, the Bank cannot calculate the cumulative effect of change in accounting principles, and the pro forma information cannot be disclosed either.

4. CASH AND CASH EQUIVALENTS

	December 31	
	2004	2003
Cash on hand	\$ 3,481,633	\$ 3,362,786
Checks for clearing	2,132,367	1,906,147
Due from banks	1,590,244	3,121,211
	<u>\$ 7,204,244</u>	<u>\$ 8,390,144</u>

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5. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2004	2003
Reserve for New Taiwan dollar deposits	\$ 12,513,884	\$ 11,431,086
Reserve for foreign-currency deposits	14,613	12,239
Time deposit - 1.225% interest rate in 2003	-	1,000,000
Call loans to banks	7,739,419	745,073
	<u>\$ 20,267,916</u>	<u>\$ 13,188,408</u>

The reserve accounts are deposits required by the Central Bank of the ROC. The New Taiwan dollar (NTS) 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 amounted to only \$7,985,151 thousand and \$7,259,604 thousand as of December 31, 2004 and 2003, 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	
	2004	2003
Time deposits	\$ 44,910,013	\$ 53,367,923
Bonds	20,746,350	16,869,656
Treasury bills	7,896,434	497,358
Commercial paper	7,038,836	6,272,505
Mutual funds	5,957,428	6,188,176
Listed and over-the-counter stocks	964,648	1,100,676
Bank acceptances	-	32,972
	<u>87,513,709</u>	<u>84,329,266</u>
Less allowance for decline in value	15,402	395,889
	<u>\$ 87,498,307</u>	<u>\$ 83,933,377</u>

As of December 31, 2004 and 2003, the aggregate market values of bonds, stocks and mutual fund were \$28,502,587 thousand and \$24,707,658 thousand, respectively.

As of December 31, 2004, time deposits, bonds and commercial paper with a total face value of \$20,267,739 thousand were sold under repurchase agreements.

7. RECEIVABLES, NET

	December 31	
	2004	2003
Credit cards	\$ 6,569,731	\$ 3,008,270
Factoring receivable	1,743,157	171,897
Acceptance receivable	1,559,363	1,385,238
Accrued interest	1,314,346	1,427,042
Other	942,194	585,653
	<u>12,128,791</u>	<u>6,578,100</u>
Less allowance for possible losses	656,560	196,769
	<u>\$ 11,472,231</u>	<u>\$ 6,381,331</u>

8. SHORT-TERM BILLS PURCHASED UNDER RESELL AGREEMENTS

As of December 31, 2004, short-term bills had been purchased under agreements to resell them for \$2,204,688 thousand by July 19, 2005.

9. LOANS, DISCOUNTS AND BILLS PURCHASED, NET

	December 31	
	2004	2003
Bills purchased and discounts	\$ 1,620,745	\$ 2,154,757
Short-term unsecured loans and overdraft	59,632,336	56,654,623
Short-term secured loans and overdraft	19,200,934	21,589,329
Medium-term unsecured loans	60,067,051	45,429,077
Medium-term secured loans	32,320,498	25,914,845
Long-term unsecured loans	8,538,754	9,205,986
Long-term secured loans	89,070,493	80,265,360
Nonaccrual loans	4,220,110	6,827,377
	<u>274,670,921</u>	<u>248,041,354</u>
Less allowance for possible losses	1,160,039	1,634,823
	<u>\$ 273,510,882</u>	<u>\$ 246,406,531</u>

As of December 31, 2004 and 2003, the balances of loans for which accrual of interest revenues had been discontinued, were \$4,220,110 thousand and \$6,827,377 thousand, respectively. The unrecognized interest revenues on these loans were \$552,891 thousand in 2004 and \$979,647 thousand in 2003.

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

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

	2004		
	Specific Risk	General Risk	Total
Balance, January 1	\$ 1,178,291	\$ 456,532	\$ 1,634,823
Provision	908,298	62,389	970,687
Write-off	(1,504,507)	-	(1,504,507)
Recovery of loans written-off	59,036	-	59,036
Balance, December 31	<u>\$ 641,118</u>	<u>\$ 518,921</u>	<u>\$ 1,160,039</u>

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	2004		
	Specific Risk	General Risk	Total
Balance, January 1	\$ 1,518,111	\$ 1,342,259	\$ 2,860,370
Provision (reversal of allowance)	2,570,361	(885,727)	1,684,634
Write-off	(2,871,833)	-	(2,871,833)
Reclassifications	(38,346)	-	(38,346)
Balance, December 31	\$ 1,178,291	\$ 456,532	\$ 1,634,823

10. LONG-TERM INVESTMENTS

	December 31			
	2004		2003	
	Amount	Share-holding %	Amount	Share-holding %
Equity method				
Stocks with no quoted market prices:				
Grand Cathay Securities Investment Trust Co., Ltd.	\$ 220,286	24.68	\$ -	-
IBT Life Insurance Agent Co., Ltd.	168,771	100.00	125,958	100.00
IBT Property Insurance Agent Co., Ltd.	7,237	100.00	7,182	100.00
Transcend Securities Investment Trust Co., Ltd.	-	-	214,659	58.32
	<u>396,294</u>		<u>347,799</u>	
Cost method				
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	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	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	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-Ao Co.	1,250	5.00	1,250	5.00
SWIFT	552	-	552	-
Victor Taichung Machinery Works Co., Ltd.	-	0.69	-	-
	<u>530,981</u>		<u>530,981</u>	
Others - special-purpose trust beneficiary certificates	300,000		-	
	<u>\$ 1,227,275</u>		<u>\$ 878,780</u>	

The financial statements used as basis for calculating the carrying values of equity-method investments and the related income had all been audited, except those of IBT Property Insurance Agent Co., Ltd.

Neither the subsidiaries' total assets nor their total operating revenues individually reached 10% or collectively reached 30% of those of the Bank. Thus, the Bank did not prepare consolidated financial statements.

In December 2004, the Bank received 3,964 thousand shares of Victor Taichung Machinery Works Co., Ltd. ("Victor") to offset its nonperforming loans. The cost of the stock was carried at zero because Victor had a negative net equity value.

11. PROPERTIES

	December 31	
	2004	2003
Cost and appreciation	\$ 6,451,273	\$ 6,385,579
Accumulated depreciation:		
Buildings and improvements	700,531	633,387
Transportation equipment	642	1,244
Miscellaneous equipment	800,280	908,195
	<u>1,501,453</u>	<u>1,542,836</u>
	4,949,820	4,842,753
Construction in progress and advances for equipment acquisition	1,042	28,168
	<u>\$ 4,950,862</u>	<u>\$ 4,870,921</u>

Under government regulations, the Bank revalued its properties in the following years: Land in 1961, 1964, 1967, 1974 and 2001; and other properties in 1961.

Depreciation expenses were \$241,073 thousand in 2004 and \$227,545 thousand in 2003.

Property insurance as of December 31, 2004 amounted to \$3,041,543 thousand.

12. OTHER ASSETS, NET

	December 31	
	2004	2003
Idle properties and properties leased to others, net	\$ 1,380,767	\$ 1,411,060
Deferred pension cost	253,798	278,199
Foreclosed collaterals	174,088	182,391
Deferred income taxes	181,565	158,670
Miscellaneous	130,758	349,098
	<u>\$ 2,120,976</u>	<u>\$ 2,379,418</u>

13. SHORT-TERM BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

As of December 31, 2004, short-term bills and bonds had been sold under agreements to repurchase them for \$20,294,054 thousand by November 23, 2005.

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14. DUE TO BANKS

	December 31	
	2004	2003
Call loans from banks	\$ 9,214,419	\$ 2,110,702
Bank overdraft	259,244	260,497
Due to the Central Bank	21,172	15,597
Due to banks	27,987	50,373
	<u>\$ 9,522,822</u>	<u>\$ 2,437,169</u>

15. PAYABLES

	December 31	
	2004	2003
Checks for clearing	\$ 2,132,367	\$ 1,906,147
Acceptances	1,570,989	1,405,650
Accounts payable	960,937	767,511
Accrued interest	825,297	774,877
Accrued expenses	412,587	313,214
Acceptance accounts payable	390,593	27,856
Other	1,190,124	381,664
	<u>\$ 7,482,894</u>	<u>\$ 5,576,919</u>

16. DEPOSITS AND REMITTANCES

	December 31	
	2004	2003
Deposits:		
Checking	\$ 7,153,879	\$ 6,966,821
Demand	45,172,990	41,201,598
Time	43,672,560	61,967,797
Savings	191,188,574	190,450,627
Negotiable certificates of deposit	29,218,700	9,862,400
Remittances	148,696	176,052
	<u>\$ 316,555,399</u>	<u>\$ 310,625,295</u>

17. BONDS PAYABLE

On December 22, 2004, the Bank issued US\$180,000 thousand in zero coupon Euro convertible bonds with par of US\$1,000. The terms of the Bonds are as follows:

a. Redemption method

The Bank will redeem the Bonds on the maturity date at a price equal to 99.95% of the outstanding principal amount unless the Bonds have been previously redeemed, repurchased and cancelled, or converted.

1) Redemption at the Bank's option

- a) At any time on or after December 22, 2006 and before December 22, 2009, the Bank may redeem

all the bonds at one time or make piecemeal redemptions at 100% of the principal amount if the average closing price of the shares, translated into U.S. dollars at the prevailing rate on the issue date, for at least 20 consecutive trading days immediately preceding the date of such notice of redemption, is at least 130% of the conversion price then in effect, translated into U.S. dollars at the fixed exchange rate.

- b) The Bank may redeem all the bonds at one time, but not piecemeal, at 100% of the principal at any time if at least 90% of the principal of the Bonds has already been redeemed, repurchased and cancelled, or converted.
- c) The Bank may redeem all the bonds at one time, but not piecemeal, at 100% of the principal at any time if any changes in ROC taxation would require the Company to gross up payment of interest or premium.

2) Redemption at the holders' option

- a) Each bondholder has the right to require the Bank to redeem all or part of the bonds only on December 22, 2006 at 99.98% of the principal unless the bonds had been previously redeemed, repurchased and cancelled, or converted.
- b) Each holder has the right to require the Bank to buy all of the holder's bonds at 100% of the principal amount if the shares cease to be listed or admitted for trading on the Taiwan Stock Exchange for at least five consecutive trading days.
- c) Each holder has the right to require the Bank to buy all or a portion of the holder's bonds at 100% of the principal amount if there is change of control over the Bank.

b. Maturity date

The maturity period is five years after the issuance. Since the bonds were issued on December 22, 2004, their maturity is on December 22, 2009.

c. Pledged

Negative.

d. Conversion period

The bondholders can convert the bonds to the Bank's stock between January 21, 2005 and December 12, 2009. They, however, will not be able to effect conversions during the closed period. A closed period is (i) 60 days before any general stockholders' meetings; (ii) 30 days before any special stockholders' meetings; (iii) 5 days before the declaration of dividends or other benefits; (iv) the period from the date following the third trading day before the date of the Company's notification to the Taiwan Stock Exchange of the record date for the determination of stockholders entitled to the receipt of dividends, subscription for new shares due to capital increase, or appropriation of other benefits and bonuses; and (v) such other periods during which the Company should suspend the trading of its stocks, as required by ROC laws and regulations.

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e. Conversion price

- 1) The conversion price on issuance is NT\$26.26 per share. The conversion price in U.S. dollars is based on the exchange rate of US\$1=NT\$32.49. The conversion price is subject to adjustment based on certain terms of the related indenture.
- 2) If the average closing price of the shares for any 30 consecutive trading days immediately before December 22, 2005, December 22, 2006, December 24, 2007 and December 22, 2008 (the "special reset dates"), converted into U.S. dollars at the prevailing rate on the special reset dates, is less than the conversion price then in effect converted into U.S. dollars at the fixed exchange rate, the conversion price may be adjusted up to 80% of original conversion price.

f. Settlement option

Instead of delivering to the holders some or all of the shares required for the valid exercise of a conversion right, the Company may elect to make a cash payment for all or any portion of a holder's bonds deposited for conversion.

As of December 31, 2004, no bonds had been converted or redeemed.

18. OTHER LIABILITIES

	December 31	
	2004	2003
Land value increment tax reserve	\$ 1,046,677	\$ 1,051,827
Temporary receipts	265,145	350,473
Guarantee deposit received	377,096	478,595
Appropriation for loan funds	298,874	286,896
Accrued pension liabilities	350,808	278,199
Option premium	430,481	212,501
Other	29,983	133,359
	<u>\$ 2,799,144</u>	<u>\$ 2,791,850</u>

19. STOCKHOLDERS' EQUITY

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

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

- a. 30% as legal reserve;
- b. Special reserve, if needed;
- c. Dividends, based on the board of directors' proposal approved by the stockholders;
- d. The remainder: Dividends - 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% of the reserve 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 June 11, 2004 and May 7, 2003, the stockholders resolved to approve the board of directors' proposals dated February 26, 2004 and February 21, 2003, 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 (%)	
	2003	2002	2003	2002	2003	2002
Bonus to employees - stock	\$ 16,111	\$ 15,333	1,611	1,533	0.08	0.08
Bonus to employees - cash	102,909	60,181	-	-	-	-
Bonus to directors and supervisors - cash	39,673	25,171	-	-	-	-
	<u>\$ 158,693</u>	<u>\$100,685</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 2003 and 2002, the pro forma basic earnings per share would have decreased from NT\$1.25 to NT\$1.18 in 2003 and from NT\$1.11 to NT\$1.06 in 2002. As of January 26, 2005, the date of the accompanying independent auditors' report, the board of directors had not resolved the appropriation of the 2004 earnings.

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

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20. INCOME TAX

	2004	2003
Income tax expense on income before income tax at statutory rate (25%)	\$ 1,156,374	\$ 739,881
Permanent difference	(277,591)	(244,570)
Temporary difference	22,895	(155,405)
Income tax expense - current	901,678	339,898
Income tax benefit - deferred	(22,895)	155,405
Withholding tax on interest income on bonds	-	(112,699)
Prior year's adjustment	456	10,706
Income tax expense	<u>\$ 879,239</u>	<u>\$ 393,310</u>

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

	December 31	
	2004	2003
Accrued pension cost in excess of amount deductible for income tax purposes	<u>\$ 181,565</u>	<u>\$ 158,670</u>

As of December 31, 2004 and 2003, the balances of the imputation credit account (ICA) were \$194,404 thousand and \$221,013 thousand, respectively.

The 2004 projected and 2003 actual ratios of imputed tax credits to earnings are as follows:

	2004	2003
Cash dividend	5.95%	12.76%
Stock dividend	5.95%	14.92%

The tax credits allocated to stockholders are based on the ICA balance on the dividend distribution date. Thus, the 2004 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, 2004 and 2003 included earnings of \$69,005 generated before January 1, 1998.

The effective tax rate for 2004 and 2003 was 25%.

Income tax returns through 2002 had been examined by the tax authorities.

For the income tax returns for 1995 to 2001, the tax authorities denied the creditability of 10% withholding tax on interest income on bonds amounting to \$173,382 thousand, which pertained to the period those bonds were held by other investors. The Bank had accrued this liabilities and appealed the decision of the tax authorities.

In late 2003, The Taipei National Tax Administration decided to refund 65% of the foregoing withholding taxes. The Bank accepted this decision and recognized a tax refund receivable. The Bank also accrued 35% of withholding tax on interest income on bonds as tax expenses in 2004 and 2003.

21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	December 31	
	2004	2003
Personnel expenses		
Salaries	\$ 2,278,085	\$ 2,079,436
Insurance	126,941	119,479
Pension	135,851	103,087
Meal allowance	34,019	30,984
Depreciation	241,073	227,545
Amortization	12,471	12,836
	<u>\$ 2,828,440</u>	<u>\$ 2,573,347</u>

22. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator in Thousands)	Earnings Per Share (Dollar)	
	Pretax	After-tax		Pretax	After-tax
2004					
Basic EPS	\$ 4,160,067	\$ 3,280,828	2,223,311	<u>\$ 1.87</u>	<u>\$ 1.48</u>
Dilutive effect on common shares:					
Convertible bonds	<u>2,058</u>	<u>1,544</u>	<u>18,559</u>		
Diluted EPS	<u>\$ 4,162,125</u>	<u>\$ 3,282,372</u>	<u>2,241,870</u>	<u>\$ 1.86</u>	<u>\$ 1.46</u>
2003					
Basic EPS	\$ 3,038,525	\$ 2,645,215	2,223,311	<u>\$ 1.37</u>	<u>\$ 1.19</u>
Dilutive effect on common shares:					
Convertible bonds	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$ 3,038,525</u>	<u>\$ 2,645,215</u>	<u>2,223,311</u>	<u>\$ 1.37</u>	<u>\$ 1.19</u>

In 2003, the average number of shares outstanding for EPS calculation was retroactively adjusted for the 2003 issuance of stock dividends and stock bonuses to employees. Thus, the basic EPS before and after income tax in 1993 decreased from NT\$1.25 to NT\$1.19.

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23. 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:

	2004	2003
a. Components of pension cost:		
Service cost	\$ 60,986	\$ 47,131
Interest cost	58,493	55,383
Expected return on plan assets	(30,333)	(33,332)
Amortization	45,796	32,919
	<u>\$ 134,942</u>	<u>\$ 102,101</u>
b. Reconciliation between the fund status of the plan and accrued pension cost:		
Benefit obligation		
Vested benefit obligation	\$ 511,446	\$ 497,697
Non-vested benefit obligation	714,922	598,527
Accumulated benefit obligation	1,226,368	1,096,224
Additional benefits based on future salaries	582,944	593,839
Projected benefit obligation	1,809,312	1,690,063
Plan assets at fair value	(875,480)	(818,023)
Fund status	933,832	872,038
Unrecognized prior service cost	(253,799)	(278,361)
Unrecognized net loss	(680,033)	(593,677)
Additional minimum liability	350,888	278,199
Accrued pension cost	<u>\$ 350,888</u>	<u>\$ 278,199</u>
c. Vested benefits - undiscounted		
	<u>\$ 626,261</u>	<u>\$ 625,928</u>
d. Assumptions used in computing the present value of accumulated and projected benefit obligations		
Weighted average discount rate	3.50%	3.50%
Rate of future increase in salaries	3.50%	2.50%
Rate of return on plan assets	3.50%	3.50%
e. Status of the plan:		
Contributions	<u>\$ 134,942</u>	<u>\$ 109,832</u>
Benefit payments	<u>\$ 87,038</u>	<u>\$ 100,008</u>

24. RELATED-PARTY TRANSACTIONS

Significant transactions with related parties, i.e., the equity-method investees (Note 10), the Bank's directors, supervisors and managers as well as their relatives are summarized as follows:

	December 31			2003		
	Amount	% of Account	Interest Rates (%)	Amount	% of Account	Interest Rates (%)
Deposits	<u>\$ 1,238,207</u>	<u>0.39</u>	0-13	<u>\$ 834,617</u>	<u>0.27</u>	0-13
Loans	<u>\$ 1,065,089</u>	<u>0.39</u>	2.1-15.0	<u>\$ 1,097,289</u>	<u>0.44</u>	2-15

As of December 31, 2004 and 2003, the bonds and short-term bills sold under repurchase agreements with related parties amounted to \$124,945 thousand and \$1,022,065 thousand, respectively.

The above interest rates are similar to, or approximate, those offered to third parties.

Based on the Banking Law, except for consumer loans and government loans, credits extended by the Bank to any related party should be secured 100%, and the terms of those credits should be similar to those for third parties.

25. ASSETS PLEDGED OR MORTGAGED

As of December 31, 2004 and 2003, certain investments in securities with an aggregate face value of \$4,494,900 thousand and \$4,577,000 thousand, respectively, were placed with the (a) Central Bank of China to secure the Bank's potential obligations from its trust activities, (b) courts of justice in connection with various collection cases on overdue loans, and (c) National Credit Card Center to secure its potential obligations on its credit card activities.

As of December 31, 2004 and 2003, certain negotiable certificates of deposit aggregating \$4,000,000, which is included in the securities purchased account, had been provided as collateral for day-term overdraft to comply with the Central Bank's clearing system for Real-time Gross Settlement (RTGS). Any overdraft amount not used by the end of a day can also be treated as the Bank's liquidity reserve.

26. CAPITAL ADEQUACY RATIO

The Banking Law and related regulations require that the Bank maintain its stand-alone and consolidated capital adequacy ratio (CAR) at a minimum of 8% each. Thus, if the Bank's CAR falls below 8%, the Ministry of Finance may impose certain restrictions on the level of the cash dividends that the Bank may declare or, in certain conditions, totally prohibit the Bank from declaring cash dividends. As of December 31, 2004 and 2003, the stand-alone CARs of the Bank were 13.30% and 13.29%, respectively. The consolidated CARs as of December 31, 2004 and 2003 were 13.37% and 13.48%, respectively.

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27. AVERAGE AMOUNTS OF AND AVERAGE INTEREST RATES FOR INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance is calculated at the daily average balance of interest-earning assets and interest-bearing liabilities.

	December 31			
	2004		2003	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Due from banks	\$ 1,551,130	0.55	\$ 827,413	0.39
Call loans to banks	18,741,247	1.56	11,288,541	1.28
Due from the Central Bank of China	11,944,386	1.10	10,635,313	1.33
Short-term bills purchased under resell agreements	2,885,916	1.15	-	-
Securities purchased	83,185,522	1.73	72,448,444	3.91
Loans, discounts and bills purchased	256,207,697	3.11	219,686,449	3.69
Other long-term equity investments	9,016	-	-	-
Interest-bearing liabilities				
Short-term bills and bonds sold under repurchase agreements	\$ 15,997,451	0.87	\$ -	-
Due to banks	10,394,670	1.04	4,208,832	1.01
Demand	39,988,873	0.15	31,556,302	0.20
Savings	70,895,710	0.63	60,431,910	0.82
Time	49,947,098	1.06	56,880,656	1.20
Time-savings	119,711,435	1.46	125,923,030	1.83
Negotiable certificates of deposit	18,643,917	0.99	4,539,085	1.19
Due to the Central Bank and other banks	31,224,693	1.41	16,883,208	1.06
Bond payable	157,885	-	-	-
Other liabilities - appropriated loan funds	346,080	1.06	199,793	1.84

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	December 31, 2004			
	Due in One Year	Due between after One Year and Seven Years	Due after Seven Years	Total
Assets				
Cash	\$ 7,204,244	\$ -	\$ -	\$ 7,204,244
Due from the Central Bank and banks	20,267,916	-	-	20,267,916
Securities purchased	87,513,709	-	-	87,513,709
Short-term bills purchased resell under agreements	2,203,684	-	-	2,203,684
Receivables	12,128,791	-	-	12,128,791
Loans, discounts and bills purchased	96,138,133	87,163,100	91,369,688	274,670,921
Other long-term equity investments	-	300,000	-	300,000
	<u>\$ 225,456,477</u>	<u>\$ 87,463,100</u>	<u>\$ 91,369,688</u>	<u>\$ 404,289,265</u>
Liabilities				
Due to the Central Bank	\$ 21,172	\$ -	\$ -	\$ 21,172
Due to banks	9,501,650	-	-	9,501,650
Payables	7,482,894	-	-	7,482,894
Deposits and remittances	307,841,674	8,713,725	-	316,555,399
Due to the Central Bank and other banks	13,376,884	-	-	13,376,884
Short-term bills and bonds sold under repurchase agreements	20,267,739	-	-	20,267,739
Bonds payable	-	5,718,240	-	5,718,240
	<u>\$ 358,492,013</u>	<u>\$ 14,431,965</u>	<u>\$ -</u>	<u>\$ 372,923,978</u>
	December 31, 2003			
	Due in One Year	Due between after One Year and Seven Years	Due after Seven Years	Total
Assets				
Cash	\$ 8,390,144	\$ -	\$ -	\$ 8,390,144
Due to the Central Bank and banks	13,188,408	-	-	13,188,408
Securities purchased	84,329,266	-	-	84,329,266
Receivables	6,578,100	-	-	6,578,100
Loans, discounts and bills purchased	96,209,839	69,383,737	82,447,778	248,041,354
	<u>\$ 208,695,757</u>	<u>\$ 69,383,737</u>	<u>\$ 82,447,778</u>	<u>\$ 360,527,272</u>
Liabilities				
Due to the Central Bank	\$ 15,597	\$ -	\$ -	\$ 15,597
Due to banks	2,421,572	-	-	2,421,572
Payables	5,376,919	-	-	5,376,919
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
	<u>\$ 323,267,830</u>	<u>\$ 7,985,122</u>	<u>\$ -</u>	<u>\$ 331,252,952</u>

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29. FINANCIAL INSTRUMENTS

a. Derivative financial instruments

The Bank uses forward exchange, currency swap, margin trading, interest rate swap, cross-currency swap, option and interest futures, which enable customers to transfer, modify or reduce their exchange rate risks. As an end-user, the Bank also uses asset swaps and interest rate swaps in its risk management activities, primarily to hedge the effects of adverse exchange rate 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, 2004 and 2003, contract (notional) amounts, fair values, and credit risks of outstanding derivative financial instruments were as follows:

	December 31, 2004			December 31, 2003		
	Contract (Notional) Amounts	Credit Risk	Fair Value	Contract (Notional) Amounts	Credit Risk	Fair Value
Hedging purposes						
Assets swap contracts	\$3,095,616	\$8,749	\$ (194,013)	\$3,760,546	\$ 5,277	\$ (257,331)
Interest rate swap contracts	1,000,000	361	(1,801)	200,000	-	(671)
For the purpose of accommodating customers' needs or managing the Bank's exposure						
Forward exchange contracts	15,902,783	75,756	(407,776)	12,015,141	49,347	16,862
Foreign-currency swap contracts	32,445,566	801,156	229,978	12,374,952	24,867	(18,984)
Margin trading	14,897	980	880	65,458	5,124	5,124
Interest rate swap contracts	36,371,216	97,040	(2,965)	500,000	-	(6,663)
Cross-currency swap contracts	508,288	15,935	(175)	340,170	178	67

	December 31					
	2004			2003		
	Contract (Notional) Amounts	Credit Risk	Value of Options Purchased/ Written	Contract (Notional) Amounts	Credit Risk	Value of Options Purchased/ Written
For the purpose of accommodating customers' needs or managing the Bank's exposure						
Options						
Buy option	\$8,184,840	\$101,800	\$ 444,317	\$4,082,578	\$ 91,545	\$ 212,501
Sell option	8,343,680	-	(430,481)	4,082,578	-	(212,501)

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

The contract (notional) amounts of many derivative contracts entered into by the Bank are used to calculate 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 in 2004 and 2003 were as follows:

	2004	2003
Hedging purposes		
Asset swap contracts (under interest revenue [expense])	\$ (3,985)	\$ 41,252
Interest rate swap contracts (under interest expense)	(3,499)	(98)
	<u>(7,484)</u>	<u>41,154</u>
For the purpose of accommodating customers' needs or managing the Bank's exposures		
Foreign-currency contracts (under interest revenue)	56,993	28,597
Option contracts (under derivative transactions gain)	60,901	30,089
Interest rate swap contracts (under derivative transactions gain/loss)	5,622	(5,514)
Interest futures contracts (under derivative transaction gain)	661	-
Cross-currency swap contracts (under derivative transactions gain/loss)	(44)	67
Margin trading (under foreign exchange gain)	5,081	59,640
	<u>129,214</u>	<u>112,879</u>
Net gains	<u>121,730</u>	<u>154,033</u>

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b. Fair values of nonderivative financial instruments

	December 31			
	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
With fair value approximating carrying amount				
Securities purchased	\$ 315,323,322	\$ 315,323,322	\$ 274,835,497	\$ 274,835,497
Long-term stock investments	87,498,307	88,347,870	83,933,377	84,878,416
	1,227,275	1,364,901	878,780	1,130,889
Liabilities				
With fair value approximating carrying amount				
Bonds payable	367,582,834	367,582,834	331,731,546	331,731,546
	5,718,240	6,022,050	-	-

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

- 1) The carrying values of cash, due from Central Bank and banks, short-term bills purchased under resale agreements, receivables, other financial assets, due to banks, payables, due to the Central Bank and other banks, short-term bills and bonds sold under repurchase agreements and guarantee deposits received 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. Otherwise, estimates are based on carrying value or net asset value.
- 3) Loans, discounts and bills purchased, and deposits are financial assets and liabilities bearing mostly floating interests. Thus, their carrying values represent fair value.
- 4) Convertible bonds payable was listed on overseas exchange market. Thus, their market values represent fair value.

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

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

The Bank has significant credit commitments on loans extended and credit cards issued. Most of the credit commitments are for one year. The interest on loans ranged from 1% to 20% in 2004 and from 0.663% to 20.000% in 2003, and the interest on credit card loans reached as high as 19.71%. The Bank also issued financial guarantees and standby letters of credit to guarantee a clients' commitments to third parties. 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	
	2004	2003
	Noncancelable loan commitments	\$ 15,469,810
Credit card commitments	42,620,736	33,548,515
Guarantees and issuance of letters of credit	10,249,654	13,131,162

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 securities 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, 2004 and 2003, secured loans amounted to about 57.31% and 57.69% of the total loans, respectively. Collaterals held varied but generally included 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.

30. CONCENTRATIONS OF RISK

Credit risk concentrations exist when the counter-parties to financial instrument transactions are individuals or groups engaged in similar activities or in activities in the same region, 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, 2004 are listed below:

	December 31	
	2004	2003
Domestic		
Corporate customers		
Manufacturing	\$ 56,260,762	\$ 54,382,334
Trading	25,326,272	25,268,733
Service industry	3,088,783	3,207,630
Natural person	119,009,328	99,121,417

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The net position on foreign-currency transactions as of December 31, 2004 and 2003 was as follows:

	December 31			
	2004		2003	
	Foreign-currency Amounts	New Taiwan Dollar Amounts (in Thousand)	Foreign-currency Amounts	New Taiwan Dollar Amounts (in Thousand)
Net positions of major foreign-currencies with market risk	EUR 17,885,738	\$ 772,972	USD 29,237,565	\$ 994,019
	USD 10,642,215	338,082	EUR 8,130,421	347,430
	MOP 50,530,926	200,385	MOP 44,511,304	189,244
	HKD 7,075,701	28,901	HKD 17,384,393	76,128
	JPY 14,957,600	4,623	JPY 57,216,792	18,183

31. COMMITMENTS

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

a. Lease contract

The Bank rents premises occupied by its branches under operating lease agreements expiring on various dates until October 2013. In 2004, refundable deposits on these leases totalled \$59,166 thousand, and rentals were \$137,641 thousand. Future minimum rentals are summarized as follows:

Year	Amount
2005	\$ 86,014
2006	43,898
2007	20,940
2008	12,562
2009	11,921

Annual rentals from 2010 will amount to \$16,015 thousand, the present value of which is about \$14,903 thousand, as discounted at the Bank's one-year time deposit rate of 1.45% on December 31, 2004.

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

**Balance Sheet of Trust Accounts
December 31, 2004**

Total Assets		Total Liabilities	
Bank deposits	\$ 292,518	Capital of trust account	\$ 44,395,268
Short-term investments	35,153,844		
Receivables	8,036		
Properties	8,940,870		
Total	\$ 44,395,268	Total	\$ 44,395,268

**List of Trust Property
December 31, 2004**

Investment Items	Amount
Bank deposits	\$ 292,518
Short-term investments	
Funds	19,813,816
Bonds	15,306,928
Structured notes	33,100
Receivables	8,036
Properties - land	8,940,870
	<u>\$ 44,395,268</u>

32. MAJOR RISK EXPOSURE SITUATIONS AND MANAGEMENT POLICY ON CREDIT, MARKET, LIQUIDITY, OPERATING AND LEGAL RISKS

a. Credit risks

1) Asset quality

(In Thousands, %)

Item	December 31, 2004	December 31, 2003
Nonperforming loans	3,994,991	5,977,923
Nonaccrual loans	4,220,110	6,827,377
Nonperforming loans ratio	1.45%	2.41%
Surveillance loans	581,792	1,524,000
Ratios of surveillance loans to total loans	0.21%	0.61%
Allowance for credit losses	1,160,039	1,634,823
Write-off amounts of credits	1,504,507	2,871,835

2) Concentration of credit extensions

(In Thousands, %)

Item	December 31, 2004		December 31, 2003	
Credit extensions to interested parties	\$ 2,725,117		\$ 3,725,055	
Ratios of credit extensions to interest parties	0.96%		1.45%	
Ratios of credit extensions secured by pledged stocks	0.74%		0.92%	
Industry concentration	Industry	Percentage	Industry	Percentage
	Natural person	45.79%	Natural person	42.18%
	Manufacturing	21.56%	Manufacturing	23.15%
	Wholesaling	9.75%	Wholesaling	10.75%

3) Policy on provision for credit losses: Note 2

4) Concentrations of risk: Notes 28, 29 and 30

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b. Market risk

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

2) Market risk sensitivity

Item	December 31, 2004	December 31, 2003
Ratio of interest rate-sensitive assets to liabilities	83.71%	87.35%
Ratio of interest rate-sensitive gap to net worth	(137.22%)	(103.91%)

3) Net positions of major foreign currencies: Note 30

c. Liquidity risk

1) Profitability

Item	2004	2003
Return on total assets	1.07%	0.86%
Return on net worth	11.95%	9.34%
Profit margin	24.26%	21.23%

Note 1: Return on total assets = Income before income tax/Average total assets

Note 2: Return on net worth = Income before income tax/Average net worth

Note 3: Profit margin = Income after income tax/Total operating revenues

2) Maturity analysis of assets and liabilities

	December 31, 2004					
	Total	Amount for the Remaining Period before the Maturity Date				
		0-30 Days	31-90 Days	91-180 Days	181 Days to One Year	Over One Year
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
Assets	431,289,000	93,449,000	49,572,000	26,343,000	37,607,000	224,318,000
Liabilities	444,453,000	96,306,000	57,270,000	41,476,000	73,498,000	175,903,000
Gap	(13,164,000)	(2,857,000)	(7,698,000)	(15,133,000)	(15,891,000)	48,415,000
Accumulated gap	(13,164,000)	(2,857,000)	(10,555,000)	(25,688,000)	(61,579,000)	(13,164,000)

Note: The above amounts included only New Taiwan Dollar amounts held by the onshore branches of the Bank (i.e., excluding foreign currency).

33. STATEMENT OF CAPITAL ADEQUACY

Item	December 31, 2004	December 31, 2003
1. Tier-one capital	35,390,606	32,986,371
2. Tier-two capital	1,219,971	1,215,015
3. Tier-three capital	-	-
4. Deduction items of capital	1,155,659	1,233,308
Net capital (1+2+3-4)	35,454,918	32,968,078
Total risk-based capital	266,521,960	248,004,349
Capital adequacy ratios	13.30%	13.29%
Ratios of debt to net worth	1,043.00%	994.40%

34. INFORMATION BORROWERS GUARANTORS AND COLLATERAL PROVIDERS AS INTEREST PARTIES

Category	December 31, 2004		
	Account Volume	Balance, December 31, 2004	Possibility of Loss
Consumer loans	133	\$ 51,546	\$ -
Loans for employees' family mortgage	323	822,646	-
Other borrowers	211	1,850,925	100,488
Guarantees	320	1,281,442	54,945
Collateral providers	440	1,839,898	2,082

Category	December 31, 2003		
	Account Volume	Balance, December 31, 2003	Possibility of Loss
Consumer loans	145	\$ 65,385	\$ -
Loans for employees' family mortgage	312	849,228	-
Other borrowers	175	2,929,072	2,717
Guarantees	343	1,630,737	2,717
Collateral providers	436	1,507,796	41,880

35. SEGMENT INFORMATION

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

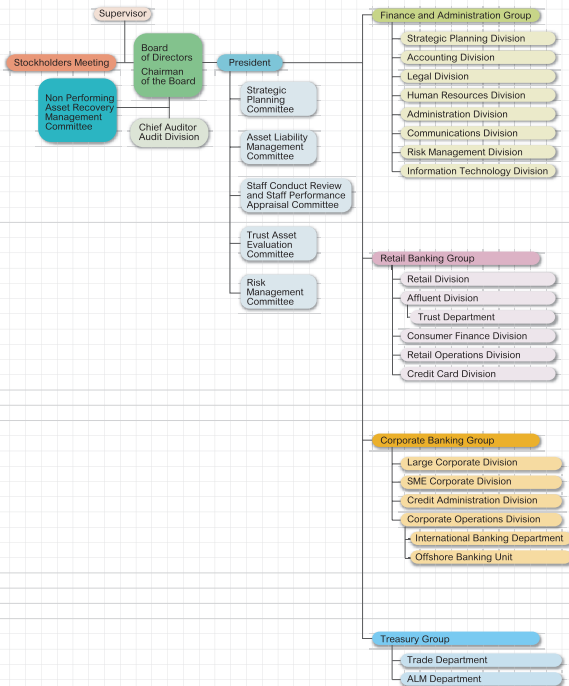
Board of Directors & Executive Officers

Board of Directors & Executive Officers

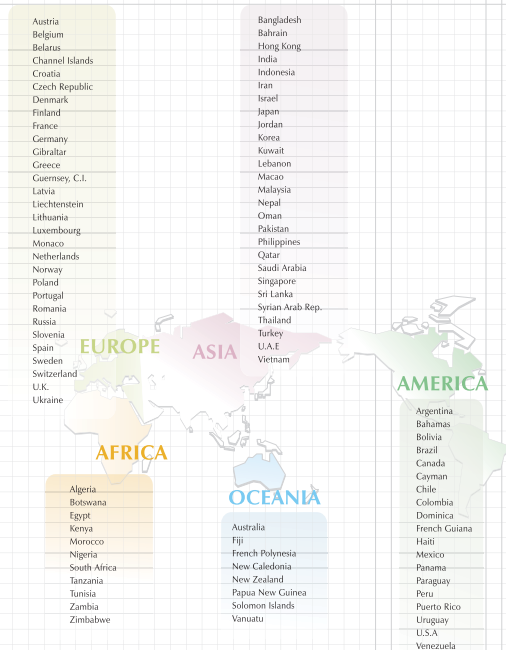
Dec. 31, 2004						
Title	Name	Inauguration Date	Term	Shareholding Shares	Shareholding Percentage	
Chairman	Shou-Chung Ho	May 7, 2003	3 Years	49,707,798	2.24%	
Managing Director	Joni's Investment Co., Ltd. Rep. Joni-Ting Ho	May 7, 2003	3 Years	12,367,301	0.56%	
Managing Director	Ever Trust Investment Co., Ltd. Rep. Liang-Chin Lee	May 7, 2003	3 Years	7,291,648	0.33%	
Managing Director	Boon Years Industrial Co., Ltd. Rep. Chung-Pi Hsieh	May 7, 2003	3 Years	1,282,661	0.06%	
Managing Director	Yi-Chien Lo	May 7, 2003	3 Years	2,513,180	0.11%	
Managing Director	An Lon Co., Ltd. Rep. Helena Kao	May 7, 2003	3 Years	4,836,225	0.22%	
Managing Director	Hsin Hsing Investment Co., Ltd. Rep. Yao-Ting Ho	May 7, 2003	3 Years	692,653	0.03%	
Managing Director	Shin Kong Wu Foundation Rep. Anthony T.S. Wu	May 7, 2003	3 Years	9,012,585	0.41%	
Director	Cheng-Ting Ho	May 7, 2003	3 Years	20,491,649	0.92%	
Director	Shin Kong Wu Foundation Rep. Jason Kao	May 7, 2003	3 Years	(9,012,585)	0.41%	
Director	Den Fong Investment Co., Ltd. Rep. Chien-Ting Ho	May 7, 2003	3 Years	3,260,660	0.15%	
Director	Chia-Wen Shiu	May 7, 2003	3 Years	16,087,274	0.72%	
Director	Chia-Ying Lin	May 7, 2003	3 Years	9,986,359	0.45%	
Director	Tate Construction Co., Ltd. Rep. Kam-Lin Yen	May 7, 2003	3 Years	782,684	0.04%	
Director	K.C. Yu	May 7, 2003	3 Years	672,192	0.03%	
Director	Bo Da Investment Co., Ltd. Rep. Chia-Hsien Chen	May 7, 2003	3 Years	7,732,735	0.35%	
Director	Yuan Hong Investment Co., Ltd. Rep. Chia-Wen Chen	May 7, 2003	3 Years	7,998,621	0.36%	

Title	Name	Inauguration Date	Term	Shareholding Shares	Shareholding Percentage	
Director	Yuen Fong Paper Co., Ltd. Rep. Hui-Ying Chiu	May 7, 2003	3 Years	401,336	0.02%	
Director	Yuen Fong Paper Co., Ltd. Rep. Si-Cheng Liu	May 7, 2003	3 Years	(401,336)	0.02%	
Director	Sheng4Win Lien	May 7, 2003	3 Years	194,376	0.01%	
Director	Hsin Hsing Investment Co., Ltd. Rep. Lung-Ching Chen	May 7, 2003	3 Years	692,653	0.03%	
Director	Hsin Hsing Investment Co., Ltd. Rep. Sheau-Ying Liao	May 7, 2003	3 Years	692,653	0.03%	
Director	Hsin Hsing Investment Co., Ltd. Rep. Yuan-Hung Chang	May 7, 2003	3 Years	692,653	0.03%	
Director	Ever Green Investment Co., Ltd. Rep. Wei-Tho Ho	May 7, 2003	3 Years	86,318	0.00%	
Director	International Bank of Taipei Union Rep. Fu-Ji Chung	May 7, 2003	3 Years	400,050	0.02%	
Supervisor	Ying Li Investment Co., Ltd. Rep. Tiew-Dong Lin	May 7, 2003	3 Years	4,174,195	0.19%	
Supervisor	Hsin-Yi Enterprise Co., Ltd. Rep. Jenq-Shyng Lien	May 7, 2003	3 Years	7,203,872	0.32%	
Supervisor	Hsin Hsing Investment Co., Ltd. Rep. Tony Chen	May 7, 2003	3 Years	692,653	0.03%	
President	K.C. Yu	July 5, 1994	-	672,192	0.03%	
Executive Vice President	Eugene S. Huang	May 1, 2002	-	300,304	0.01%	
Executive Vice President	Desmond Chiang	May 7, 2003	-	102,054	0.00%	
Chief Auditor	S. J. Lin	March 1, 2003	-	93,713	0.00%	
Senior Vice President-Accounting Dept	Ted Liao	March 1, 2003	-	198,556	0.01%	
Senior Vice President-Treasury Dept	Justin Shih	July 1, 2003	-	6,420	0.00%	

Organization Chart



2004 Correspondent Banks



Offices & Branches

	Address	Tel	Fax
Taipei City			
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	3F 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	Fax:02/27314471
Cheng-Chung Branch	17 Pu-Ai Road	Tel:02/23281777	Fax:02/23753608
Chien-Cheng Branch	43 Chang-An W. Road	Tel:02/25553261	Fax:02/25588933
Chung-Shan Branch	1F 79 Chung Shan N. Road, Sec. 2	Tel:02/25717221	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	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:02/29353831	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:02/27045370
Lung-Chiang Branch	409 Lung-Chiang Road	Tel:02/25095570	Fax:02/25014719
Nan-Kong Branch	304, Chung-Hsiao E. Road, Sec. 6	Tel:02/27885265	Fax:02/27885423
Nan-Men Branch	110 Nan-Chang Road, Sec. 1	Tel:02/29137565	Fax:02/293963816
Nei-Hu Branch	723 Nei-Hu Road, Sec. 1, Nei-Hu	Tel:02/29716001	Fax:02/26267671
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	Fax:02/23818259
Sung-Shan Branch	680 Pa-To Road, Sec. 4	Tel:02/27641331	Fax:02/27460456
Shih-Lin Branch	300 Cheng-Te Road, Sec. 4, Shih-Lin	Tel:02/28818667	Fax:02/28830300
Swan-Yuan Branch	58 Tung-Yuan Street	Tel:02/23038222	Fax:02/23038226
Shih-Tung Branch	425 Chung-Shan N. Road, Sec. 6	Tel:02/28721755	Fax:02/28727958
Sher-Tze Branch	111 Yew-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:02/29443303	Fax:02/23416639
Tai-An Branch	177 An-Ho Road, Sec. 2	Tel:02/27367456	Fax:02/27396900
Tung-Hu Branch	23 Tung-Hu Road, Nei-Hu	Tel:02/26315067	Fax:02/26315067
Yan-Ping Branch	286 Min-Sheng W. Road	Tel:02/25500991	Fax:02/25504783
Tei-Hui Branch	16-5 Tei-Hui Street	Tel:02/25864880	Fax:02/25862246
Tien-Mou Branch	222 Te-Hsin E. Road, Shih-Lin	Tel:02/28337222	Fax:02/28337143
Ting-Chou Branch	217 San-Yuan Street	Tel:02/23328910	Fax:02/23328910
Wan-Haw Branch	288 Kang-Ting Road	Tel:02/23024485	Fax:02/23063792
Yuan-Chun Branch	352 Ying-Chi Road	Tel:02/27649496	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:02/21969576 Fax:02/23968828

	Address	Tel	Fax
Taipei County			
Chung-Ho Branch	51 Chung-Cheng Road, Chung-Ho	Tel:02/29441960	Fax:02/29438708
Chong-Hsin Branch	44 Hsin-Hsin Road, San-Chung	Tel:02/29762159	Fax:02/29762123
Chung-Hsin Branch	527 Chung-Hsin Road, Sec.5, San-Chung	Tel:02/29991418	Fax:02/29990035
Cheng-I Branch	343 Cheng-I N. Road, San-Chung	Tel:02/29811335	Fax:02/29869480
Chung-Kang Branch	399 Chung-Kang Road, Hsin-Chuang	Tel:02/29923123	Fax:02/29978757
Chi-Suei Branch	459 Lien-Cheng Road, Chung-Ho	Tel:02/22234078	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	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:02/22202700	Fax:02/22059457
Hui-Lung Branch	61 San-Chun Street, Shu-Lin	Tel:02/26488930	Fax:02/26488749
Hua-Chiang Branch	82.84 Hsi-Hai Road, Pan-Chiao	Tel:02/22572199	Fax:02/22572202
Hai-Shan Branch	113 Shiao-Fu Road, Sec. 1, Tu-Cheng	Tel:02/22703800	Fax:02/22703807
Kuang-Fu Branch	84-2 Chung-Shan Road, Sec. 2, Pan-Chiao	Tel:02/29547761	Fax:02/29576019
Min-An Branch	47 Min-An E. Road, Hsin-Chuang	Tel:02/22058170	Fax:02/22054824
Nan-Roo-Chow Branch	203 Chung-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	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:02/26462626	Fax:02/26462223
Shu-Lin Branch	290 Chung-Shan Road, Sec. 1, Shu-Lin	Tel:02/26838668	Fax:02/26838298
Suz-Yuan Branch	540-1 Hua-cheng 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:02/26242178	Fax:02/28089944
Tu-Cheng Branch	233-6 Chung-Yang Road, Sec. 2, Tu-Cheng	Tel:02/22606212	Fax:02/22606216
Wu-Ku Branch	84 Kang-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:02/29138335
Ying-Kou Branch	212.214 Chien-Kou Road, Ying-Kou	Tel:02/26786000	Fax:02/86776959
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
Keelung City			
Keelung Branch	1F 2 Yi-F Road	Tel:(02)24231161	Fax:(02)24248741
I-Lan County			
Lo-Tung Branch	205 Chung-Cheng Road, Lo-Tung	Tel:(039)545421	Fax:(039)573840
I-Lan Branch	33 Chung-Shan Road, I-Lan	Tel:(039)324511	Fax:(039)354379
Tao-Yuan County			
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, Wan 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, Tao-Yuan	Tel:(03)3692727	Fax:(03)3703303
Hsin-Chu City			
Hu-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, Hsin-Chu	Tel:(03)5645555	Fax:(03)5644566
Kaohsiung City			
Kaohsiung Branch	90 Chien Kuo 1 st. Road, Kaohsiung	Tel:(07)7256101	Fax:(07)71715341
Taichung City			
Taichung Branch	22-20 Chung-Kang Road, Sec. 2, Taichung	Tel:(04)23136106	Fax:(04)23131335
Chang Hua County			
Yuan-Lin Branch	94.96 Chung-Cheng Road, Yuan-Lin	Tel:(04)8378068	Fax:(04)8373441
Tainan City			
Tainan Branch	480 Shi-Men Road, Sec. 4, Tainan City	Tel:(06)2823888	Fax:(06)2825321
Macao			
Macao Branch	No.52-58 Avenida Do Infante D. Henrique, Macau	Tel:(853)715175-715180 Swift:TPBBMOMX	Fax:(853)715186 Telex:88249 TPBBM OM
Hong Kong			
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 TPIH-K HX

IBT
Taipei INTERNATIONAL BANK OF TAIPEI



INTERNATIONAL BANK OF TAIPEI

Global Reach
Community Commitment
Wealth Management

The logo features a stylized world map with a circular arrow around it. The text 'Global Reach', 'Community Commitment', and 'Wealth Management' is arranged around the map.

2004 Annual Report