STANDARD CHARTERED BANK (TAIWAN) LIMITED
(Formerly Hsinchu International Bank Co., Ltd.)

Financial Statements

December 31, 2008 and 2007
(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
Standard Chartered Bank (Taiwan) Limited:

We have audited the accompanying balance sheets of Standard Chartered Bank (Taiwan) Limited (formerly Hsinchu International Bank Co., Ltd.) as of December 31, 2008 and 2007, and the related statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2008 and 2007. 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 Republic of China generally accepted auditing standards and the Regulations Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Standard Chartered Bank (Taiwan) Limited as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Banks, the related financial accounting standards of the Business Entity Accounting Act and of the Regulation on Business Entity Accounting Handling, and Republic of China generally accepted accounting principles.

Standard Chartered Bank (Taiwan) Limited has prepared its consolidated financial statements for the Bank and its subsidiaries as of and for the year ended December 31, 2008, on which we have expressed a standard unqualified audit opinion

Kpmg

KPMG
February 27, 2009

Standard Chartered Bank (Taiwan) Limited

Balance Sheets

December 31, 2008 and 2007
(Expressed in thousands of New Taiwan dollars, except for par value)

Assets	2008	2007	Change %
Cash and cash equivalents (note 4)	$ 15,670,941	7,281,782	115
Balance at Central Bank and loans and advances to banks (notes 5 and 27)	98,808,646	40,395,985	145
Financial assets held at fair value through profit or loss (notes 6, 15, 25 and 27)	39,376,833	25,466,317	55
Bills and bonds purchased under reverse repurchase agreements (notes 15 and 29)	1,179,467	-	-
Accounts receivable, net (notes 7, 9 and 27)	27,316,215	23,395,936	17
Assets held for sale (notes 8 and 20)	1,794,670	-	-
Loans and advances to customers, net (notes 9 and 27)	310,526,139	290,276,544	7
Available-for-sale financial assets (notes 10, 15, 25 and 28)	121,529,284	78,376,287	55
Interest in associates under equity method, net (notes 11 and 20)	273,667	455,318	(40)
Other financial assets, net (notes 11 and 20)	322,545	229,722	40
Property and equipment, net (notes 12 and 20)	7,988,005	7,407,436	8
Intangible assets (notes 13 and 32)	3,784,134	541,430	599
Other assets, net (notes 14, 20, 23 and 28)	7,914,665	6,736,876	17
Total Assets	$ 636,485,211	480,563,633	32

Liabilities and Stockholders' Equity	2008	2007	Change %
Deposits by Central Bank and other banks (note 27)	$ 21,038,002	26,102,625	(19)
Financial liabilities held at fair value through profit or loss (notes 6, 25 and 27)	31,219,336	20,331,565	54
Bills and bonds sold under repurchase agreements (notes 15 and 29)	412,853	1,145,992	(64)
Notes and accounts payable (note 27)	14,718,134	10,409,517	41
Deposits and remittances (notes 16 and 27)	514,039,270	380,960,938	35
Financial debentures (notes 17 and 27)	19,725,868	14,811,900	33
Other liabilities (notes 21, 27 and 29)	3,732,748	2,987,346	25
Total liabilities	604,886,211	456,749,883	32
Stockholders' Equity (notes 10, 22 and 24):			
Capital:			
Common stock, par value $10, authorized 2,500,000 thousand shares and issued 2,485,572 thousand shares and 2,157,572 thousand shares on December 31, 2008 and 2007, respectively	24,855,720	21,575,720	15
Capital surplus	6,183,410	5,049,515	22
Retained earnings:			
Special reserve	-	332	-
Accumulated earnings (deficits)	17,915	(2,145,681)	101
	17,915	(2,145,349)	101
Other adjustments to stockholders' equity:			
Revaluation increments on property and equipment	381,303	381,303	-
Unrealized gain (loss) on available-for-sale financial assets (note 10)	352,768	(888,436)	140
Net loss from unrecognized pension cost	(192,116)	(159,003)	(21)
	541,955	(666,136)	181
Total stockholders' equity	31,599,000	23,813,750	33
Commitments and contingent liabilities (notes 14, 15, 25, 28 and 29)			
Total Liabilities and Stockholders' Equity	$ 636,485,211	480,563,633	32

See accompanying notes to financial statements.

Standard Chartered Bank (Taiwan) Limited

Statements of Income

For the years ended December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars, except for earnings per share)

		2008	2007	Change %
Interest income (notes 6, 18 and 27)	$	17,769,177	16,068,937	11
Less: Interest expense (notes 27)		7,455,583	7,018,955	6
Net interest income		10,313,594	9,049,982	14
Other operating income:				
Fees and commission income, net (note 29)		4,239,656	5,354,921	(21)
Gain on financial instruments held at fair value through profit or loss, net (notes 6 and 27)		594,578	136,585	335
Realized (loss) gain on available-for-sale financial assets (note 10)		(61,647)	170,552	(136)
Investment income from interest in associates under equity method (note 11)		202,282	120,371	68
Foreign exchange gain, net		919,894	607,958	51
Impairment loss on assets (notes 11, 12, 14 and 20)		(14,469)	(324,441)	96
Other non-interest income, net (notes 11, 14 and 19)		2,216,321	1,945,699	14
Operating income		18,410,209	17,061,627	8
Bad debt expenses (note 9)		7,711,246	8,003,862	(4)
Operating expenses:				
Personnel costs (notes 21, 22, 27 and 32)		6,055,327	5,065,052	20
Depreciation and amortization expenses (notes 12 and 32)		770,850	628,686	23
General and administrative expenses (notes 27 and 29)		4,824,930	4,469,016	8
		11,651,107	10,162,754	15
Loss from continuing operations before income tax		(952,144)	(1,104,989)	14
Income tax benefit (note 23)		(970,059)	(606,632)	(60)
Net income (loss)	$	17,915	(498,357)	104

	2008 Before tax	2008 After tax	2007 Before tax	2007 After tax
Basic earnings (deficits) per share (note 24)	$ (0.44)	0.01	(0.58)	(0.26)

See accompanying notes to financial statements.

Standard Chartered Bank (Taiwan) Limited

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings			Other adjustments		Net loss from unrecognized pension cost	Total
			Legal reserve	Special reserve	Accumulated earnings (deficits)	Revaluation increments on property and equipment	Unrealized gain (loss) on available-for-sale financial assets		
Balance as of January 1, 2007	$ 16,545,167	225,000	3,228,441	332	(5,099,895)	381,303	(383,517)	-	14,896,831
Capital increments for the transfer of operations (note 24)	100,000	118,556	-	-	-	-	-	-	218,556
Capital increments from cash (note 24)	4,930,553	4,930,553	-	-	-	-	-	-	9,861,106
Capital surplus and legal reserve for offsetting against accumulated deficits (note 24)	-	(224,130)	(3,228,441)	-	3,452,571	-	-	-	-
Capital surplus recognized as income	-	(464)	-	-	-	-	-	-	(464)
Net loss for the year ended December 31, 2007	-	-	-	-	(498,357)	-	-	-	(498,357)
Unrealized loss on available-for-sale financial assets (note 10)	-	-	-	-	-	-	(504,919)	-	(504,919)
Net loss from unrecognized pension costs (note 21)	-	-	-	-	-	-	-	(159,003)	(159,003)
Balance as of December 31, 2007	21,575,720	5,049,515	-	332	(2,145,681)	381,303	(888,436)	(159,003)	23,813,750
Capital surplus and special reserve for offsetting against accumulated deficits (note 24)	-	(2,145,349)	-	(332)	2,145,681	-	-	-	-
Capital increments from cash (note 24)	3,280,000	3,279,244	-	-	-	-	-	-	6,559,244
Net income for the year ended December 31, 2008	-	-	-	-	17,915	-	-	-	17,915
Unrealized gain on available-for-sale financial assets (note 10)	-	-	-	-	-	-	1,241,204	-	1,241,204
Net loss from unrecognized pension costs (note 21)	-	-	-	-	-	-	-	(33,113)	(33,113)
Balance as of December 31, 2008	$ 24,855,720	6,183,410	-	-	17,915	381,303	352,768	(192,116)	31,599,000

See accompanying notes to financial statements.

Standard Chartered Bank (Taiwan) Limited

Statements of Cash Flows

For the years ended December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars)

		2008	2007
Cash flows from operating activities:			
Net income (loss)	$	17,915	(498,357)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Bad debt expenses		7,711,246	8,003,862
Reserves		44,668	13,150
Depreciation expenses		680,810	612,023
Amortization expenses		90,040	16,663
Realized gain (loss) on available-for-sale financial assets		61,647	(170,552)
Gain on disposal of investment		(111,580)	-
Investment income from interest in associates under equity method		(202,282)	(120,371)
Cash dividends from associates under equity method		122,740	252,170
Decrease in unrealized gain on inter-affiliate transactions		(105)	(89)
Fixed assets recognized as expenses		13,163	108,256
Loss (gain) on disposal of property and equipment, net		30,701	(18,190)
Impairment losses		14,469	324,441
Capital surplus recognized as income		-	(464)
(Increase) decrease in balance at Central Bank and loans and advances to banks		(58,338,531)	29,179,987
(Increase) decrease in financial assets held at fair value through profit or loss		(13,107,011)	21,174,822
(Increase) decrease in accounts receivable		(3,782,083)	7,926,819
(Increase) decrease in loans and advances to customers		(21,387,971)	17,610,636
Decrease in other financial assets		2,405	1,279
Increase in deferred income tax assets		(1,254,111)	(787,061)
Decrease in deposits by Central Bank and other banks		(5,845,402)	(23,543,543)
Increase in financial liabilities held at fair value through profit or loss		10,020,939	787,865
Increase (decrease) in deposits and remittances		116,190,530	(43,101,713)
Increase (decrease) in notes and accounts payable		3,711,195	(77,436)
Net cash provided by operating activities		34,683,392	17,694,197
Cash flows from investing activities:			
(Increase) decrease in bills and bonds purchased under reverse repurchase agreements		(1,179,467)	687,487
Proceeds from disposal of assets held for sale		26,945	-
Acquisition of available-for-sale financial assets		(181,374,089)	(131,953,633)
Proceeds from disposal of available-for-sale financial assets		142,357,637	125,839,996
Return of investments in interest in associates under equity method		338,283	5,428
Return of investments in financial assets carried at cost as a result of capital reduction		2,857	-
Proceeds from disposal of financial assets carried at cost		44,740	-
Acquisition of property and equipment and foreclosed assets		(1,143,497)	(756,071)
Proceeds from disposal of property and equipment and foreclosed assets		497,823	221,836
(Increase) decrease in other assets		(1,368,732)	665,613
Net cash provided by business assumption (note 32)		4,516,522	1,006,506
Net cash used in investing activities		(37,280,978)	(4,282,838)
Cash flows from financing activities:			
Decrease in bills and bonds sold under repurchase agreements		(733,139)	(17,111,556)
Increase (decrease) in financial debentures		4,913,968	(7,988,100)
Increase in other liabilities		246,672	825,628
Capital increment from cash		6,559,244	9,861,106
Net cash provided by (used in) financing activities		10,986,745	(14,412,922)
Net increase (decrease) in cash and cash equivalents		8,389,159	(1,001,563)
Cash and cash equivalents at beginning of period		7,281,782	8,283,345
Cash and cash equivalents at end of period	$	**15,670,941**	**7,281,782**
Supplemental disclosure of cash flow information:			
Cash payments of interest	$	**10,515,035**	**7,228,255**
Cash payments of income tax	$	**784,052**	**249,237**
Investing activities not affecting cash flows:			
Unrealized gain (loss) on available-for-sale financial assets	$	**1,241,204**	**(504,919)**
Deficit offset by capital surplus	$	**2,145,349**	**224,130**

See accompanying notes to financial statements.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to Financial Statements

December 31, 2008 and 2007
(expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Organization

Standard Chartered Bank (Taiwan) Limited (the Bank) was established on September 15, 1948, in the Taoyuan, Hsinchu, and Miaoli areas. The original name of the Bank was Hsinchu District's Mutual Loan Inc., which specialized in the mutual loan business, deposits, loans, and payment collection. In compliance with the regulations, the Bank restructured to be The Small and Medium Business Bank of Hsinchu District on January 1, 1978, and in addition to the original lines of business, the Bank started to conduct checking deposit and regular banking business.

Pursuant to an approval granted by the Securities and Futures Commission (SFC), which subsequently changed its name to the Securities and Futures Bureau (SFB) on July 1, 2004, the Bank's shares were authorized to be publicly traded beginning March 22, 1983. Additionally, pursuant to approval granted by the Ministry of Finance (MOF), the Bank established a Trust Department in January 1989 and an International Business Department in March 1993. In 1989 and 1992, the Bank established the securities trading business and the securities broker business, respectively, and both were approved by the MOF. On January 16, 1995, the Bank established an Offshore Banking Unit (OBU), which began operations immediately.

The Bank was approved by the MOF to operate as a commercial bank in September 1998 and changed its name to Hsinchu International Bank Co., Ltd. on April 20, 1999.

On September 29, 2006, Standard Chartered Bank plc. provided a tender offer to acquire the outstanding shares of Hsinchu International Bank Co., Ltd. Accordingly, Standard Chartered Bank plc. acquired over 95% of the outstanding common shares during the period between September 29 and December 31, 2006. After completion of the acquisition of shares, in accordance with the "Taiwan Stock Exchange Corporation Procedures for Stock Exchange Delisting Application by Listed Companies", Hsinchu International Bank Co., Ltd. submitted the delisting application, which was approved by the related authorities on January 18, 2007.

On June 30, 2007, the operations of Standard Chartered Bank, Taipei Branch were transferred to the Hsinchu International Bank Co., Ltd.; in addition, Hsinchu International Bank Co., Ltd. was authorized to be renamed Standard Chartered Bank (Taiwan) Limited on July 2, 2007.

In order to develop the business units and enhance competitiveness, the bank assumed the outstanding assets, liabilities and operations of American Express Bank, Taipei Branch (AEB) and Asia Trust Investment Co., Ltd. (ATIC) on August 1 and December 27, 2008, respectively. The related information is stated in Note 32.

As of December 31, 2008 and 2007, the number of the Bank's employees was 4,680 and 4,554, respectively.

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(2) Summary of Significant Accounting Policies

The financial statements are presented in the local currency and in Chinese. These financial statements have been translated into English. The translated information is consistent with the Chinese version financial statements from which it is derived. If there is any conflict between, or any difference in the interpretation of, the English and Chinese financial statements, the Chinese-version shall prevail.

The financial statements are presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Banks, the Business Entity Accounting Act, the Regulation on Business Entity Accounting Handling, and R.O.C. generally accepted accounting principles. The financial statements are prepared primarily on a historical cost basis except as otherwise specified in the following accounting policies.

The preparation of financial statements in conformity with related regulations requires the use of certain critical accounting assumptions and estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Actual results could differ from these estimates.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1) Basis of preparation of financial statements

The financial statements include the accounts of the head office and branches of the Bank. All intra-office balances and transactions as well as trusted assets, trusted liabilities, and their corresponding interests managed by the Bank have been eliminated for preparation of the financial statements.

The Bank, for internal management purposes, should maintain separate accounts and prepare separate sets of financial statements for the trusted assets, trusted liabilities, and their corresponding interests managed by the Bank. All the entrusted assets are booked to a memo account.

2) Foreign currency transactions

Except for accounts in the OBU of the Bank that are denominated in US dollars, accounts in all entities are denominated in New Taiwan dollars. For those transactions denominated in foreign currencies, assets and liabilities are recorded in their original foreign currencies, while all income and expense accounts denominated in original foreign currencies are translated into New Taiwan dollars at daily closing exchange rates. At the balance sheet date, the financial statement amounts in all foreign currencies are translated into New Taiwan dollars at exchange rates assigned on that date. Differences from translation are recorded as gains or losses for the current period.

3) Cash and cash equivalents

Cash on hand, notes and checks for clearance, and due from banks are considered cash and cash equivalents by the Bank.

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4) Reserves for deposits

Reserves against deposits placed with the Central Bank of the Republic of China (CBC) are calculated based on the monthly average balance of the various deposit accounts, using specific reserve ratios promulgated by the CBC. There is no interest offered on the reserve against deposits—checking and foreign currency accounts. Except for the monthly reserve adjustment, deposits and withdrawals from the reserve against deposits—demand account are restricted. The reserve against deposits—settlement account is placed with the CBC for interbank settlement.

5) Financial assets and liabilities held at fair value through profit or loss

The Bank accounts for financial assets and liabilities in accordance with Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement".

Financial assets and liabilities held at fair value through profit or loss include debt, equity, and derivative instruments held or issued by the Bank. These financial assets and liabilities can be divided into two categories: 1) financial assets and liabilities held for trading and 2) financial assets and liabilities designated at fair value through profit or loss at inception. A financial asset or liability is classified as held for trading if acquired or issued principally for the purpose of selling or repurchasing in the short term.

Purchases and sales of financial assets and liabilities held at fair value through profit or loss are recognized on the trade date. When a financial asset or financial liability is recognized initially, the Bank shall measure it at its fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset or liability.

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value. The fair value of an asset is the amount at which the asset could be purchased or sold in a current arm's-length transaction between knowledgeable, willing parties. The best evidence of fair value is quoted prices in an active market. The fair value of listed or Over the Counter (OTC) stocks is the market closing price on the balance sheet date. The market price of open-end funds is the net asset value on the balance sheet date. The fair value of domestic bonds is represented by the OTC's quoted price calculated by using yield to maturity and face value. If a quoted market price is not available, fair value should be estimated using the best information available in the circumstances or estimated using a valuation technique. Estimation of fair value is usually based on recent trading prices of such financial instruments with similar asset class and credit quality, supplemented by related valuation techniques.

The realized and unrealized gain or loss arising from changes in fair value of financial assets and liabilities, including the amortization of premium or discount, is recognized in current net profit or loss. Interest income (expense) and cash dividends received during the holding period are recorded under the account "interest income (expense)" and "gain (loss) on financial instruments held at fair value through profit or loss", respectively. Cash dividends, including dividends declared in the year of investment, are recognized as income on the ex-dividend date or the date that the board declares the cash dividends. Stock dividends are not recognized as income but treated as increases in the number of shares held.

In accordance with the former accounting standard, a financial instrument cannot be reclassified from or to the fair value through profit or loss category while it is held or issued.

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In accordance with the second amendment of Republic of China Statement of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement" effective October 17, 2008, financial assets classified as assets held at fair value through profit or loss (other than derivative financial assets and those designated as assets held at fair value through profit or loss by the entity upon initial recognition) upon initial recognition may be reclassified into other categories of financial assets; financial assets classified as available-for-sale that would have met the definition of loans and receivables may be reclassified out of the available-for-sale category to the loans and receivables category. The accounting treatments on the date of reclassification are summarized as follows:

a) Financial assets classified as assets held at fair value through profit or loss upon initial recognition that would have met the definition of loans and receivables shall be reclassified at their value on the date of reclassification, which will become their new cost or amortized cost, as applicable, if the entity has the intention and ability to hold the financial assets for the foreseeable future until maturity. Any previous gain or loss already recognized in profit or loss shall not be reversed.

b) Financial assets classified as assets held at fair value through profit or loss upon initial recognition which do not meet the preceding criterion may be reclassified out of the fair value through profit or loss category only in rare circumstances and shall be reclassified at their fair value on the date of reclassification, which will become their new cost or amortized cost, as applicable. Any previous gain or loss already recognized in profit or loss shall not be reversed.

c) Financial assets classified as available-for-sale that would have met the definition of loans and receivables shall be reclassified at their fair value on the date of reclassification, which will become their new cost or amortized cost, as applicable, if the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity.

For any previous gain or loss on a financial asset that has been recognized directly in equity, if the financial asset has a fixed maturity, the gain or loss should be amortized to current profit or loss over the remaining life of the financial asset; if not, the gain or loss remains in equity.

6) Available-for-sale financial assets

The Bank adopted SFAS No. 34 "Financial Instruments: Recognition and Measurement" to account for available-for-sale financial assets.

Available-for-sale financial assets include financial assets that are designated as available-for-sale at inception and non-derivative financial assets that are not classified as held-to-maturity financial assets, financial assets held at fair value through profit or loss, loans, or accounts receivable.

The Bank recognizes the purchase or sale of available-for-sale financial assets using trade date accounting. These financial instruments are initially recognized at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset.

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Available-for-sale financial assets are subsequently carried at fair value. The best evidence of fair value is quoted prices in an active market. If a quoted market price is not available, fair value should be estimated using the best information available in the circumstances or estimated using a valuation technique. Interest income and cash dividends are recorded under "interest income" and "realized gain on available-for-sale financial assets", respectively. Cash dividends are recognized as revenue on the ex-dividend date or the date that the board declares the cash dividends. However, the dividend amount will be deducted from the investment cost if it is declared prior to the investment. Stock dividends are not recognized as income but treated as increases in the number of shares held. The difference between the fair value and the unamortized cost is the unrealized gain or loss, which is accounted for as an adjustment to stockholders' equity. When available-for-sale financial assets are sold or derecognized, cumulative gains or losses previously recognized in stockholders' equity are recognized in the income statement.

When there is any indication of impairment in the value of available-for-sale financial assets, an impairment loss should be recognized in the income statement. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss should be reversed as realized current income. Impairment losses recognized on equity instruments are reversed and recognized as an adjustment to stockholders' equity. The carrying value after the reversal should not exceed the unamortized amount of the assets assuming no impairment loss was recognized in prior periods.

7) Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have terminated. If substantially all the risks and rewards of ownership of the financial asset have been transferred and the Bank does not retain control of the financial asset, consideration received from transferring the assets should be viewed as a selling price. If a transfer of financial assets in exchange for cash or other consideration (other than beneficial interests in the transferred assets) does not meet the criteria for derecognition, the Bank shall treat this transfer as a borrowing with collateral.

A financial liability (or a part of a financial liability) is derecognized and removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired.

8) Derivative financial instruments and hedge accounting

Derivative financial instruments are held for trading purposes except those qualifying for hedge accounting. Derivative financial instruments held for trading purposes are for market creation, customer services, proprietary trading, and relevant arbitrage activities.

Derivative financial instruments held for trading purposes are carried at fair value upon initial recognition and in subsequent periods. Changes in fair value are recorded as current profit or loss. The fair value of an asset is the amount at which the asset could be purchased or sold in a current arm's-length transaction between knowledgeable, willing parties. The best evidence of fair value is quoted prices in an active market. If a quoted market price is not available, fair value should be estimated using the best information available in the circumstances or estimated using a valuation technique. Estimation of fair value is usually based on recent trading prices of such financial instruments with similar asset class and credit quality, supplemented by related valuation techniques.

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An embedded derivative that is attached to a financial instrument but contractually transferable independently from the attached instrument should be separated from the host contract and accounted for as a derivative. If an embedded derivative is separated, the host contract shall be accounted for in accordance with SFAS No. 34 based on the type of financial instrument.

Changes in the fair value of hedging instruments that are designated and qualify as fair value hedges are recognized in profit or loss. The gain or loss from changes in the fair value of the hedged items attributable to the hedged risk is recognized in profit or loss.

Derivatives with positive fair value are accounted for as assets, while derivatives with negative fair value are accounted for as liabilities. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to set off the recognized amounts and the Bank intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

9) Repurchase and reverse repurchase agreements

Financial instruments sold (purchased) under repurchase or reverse repurchase agreements are stated at acquisition cost. The difference between the contracted sale or repurchase price and acquisition cost is recognized as interest income or interest expense during the holding periods.

10) Assets held for sale

Non-current assets and groups of assets and liabilities which comprise disposal groups are classified as "held for sale" when all of the following criteria are met: a decision has been made to sell, the assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and their sale within one year must be highly probable. Non-current assets or disposal groups classified as "held for sale" are measured at the lower of their book value or fair value less costs to sell. Non-current assets or disposal groups classified as held for sale are not depreciated, amortized or depleted. Total assets and total liabilities are each shown separately and excluded from the individual line items of the balance sheet. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognized.

An impairment loss is recognized for any initial or subsequent write-down of the assets (or disposal group) to fair value less costs to sell in the income statement. A gain from any subsequent increase in fair value less costs to sell of an asset (or a disposal group) shall be recognized, but not in excess of the cumulative impairment loss that has been recognized in accordance with SFAS No. 38 "Non-current Assets Held for Sale" and the reversal amount accounted for under SFAS No. 35 "Impairment of Assets".

11) Loans and allowance for doubtful accounts

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The term of credit is decided by the length of credit maturity. Credit maturing in not more than one year is called short-term credit; credit maturing in more than one year but not more than seven years is called medium-term credit; and credit maturing in more than seven years is called long-term credit. Loans with collateral, pledged assets, and qualified guarantees to secure credit are secured loans.

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Loans are recorded initially at principal and reported at their outstanding balances after netting with any provisions for doubtful accounts. In accordance with the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, an allowance for doubtful accounts is determined by evaluating the collectability of loans and days past due of receivables (including nonperforming loans, overdue receivables, and interest receivable) and of advance accounts. Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion, that have one of the following characteristics shall be written off:

a) The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

b) The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the bank might collect from the debtors where there is no financial benefit in execution.

c) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the bank's taking possession of such collateral.

d) More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the collection efforts have failed.

The write-off of non-performing loans and non-accrual loans shall be authorized by a resolution passed by the board of directors, and the supervisors shall be notified. However, when requested by the competent authority or any financial examination agency (organization), loans must be immediately written off, a report must be made to the subsequent board meeting, and the supervisors must be notified for acknowledgement. Collections after write-off are recorded under other non-interest income, net.

Principal or interest overdue over three months is categorized as overdue accounts. If principal or interest of any outstanding loan is overdue for six months, both the principal and accrued interest are reclassified as nonperforming loan. Accrued interest on a nonperforming loan will only be calculated and booked into memo accounts.

In accordance with Ruling Tai-Tsai-Rong No. 88733168, banks should provide 3% of operating revenue as allowance for doubtful accounts to write off overdue loans from July 1, 1999, and for the following four years. Moreover, based on interpretation letter Wa-Chung-One-Yi No. 09200114870, the aforementioned ruling is still valid until the overdue loan ratio is lower than 1%. The aforementioned allowance is recorded under "allowance for doubtful accounts" and "bad debt expenses".

12) Interest in associates under equity method

Interest in associates is accounted for using the equity method when the Bank holds, directly through the Bank or indirectly through its subsidiaries, 20 percent or more of the voting power of the investee or when the Bank holds less than 20 percent of the voting power but has significant influence over the investee.

(Continued)

Unrealized profits and losses resulting from transactions between the Bank, including its subsidiaries, and an investee shall be eliminated. When the unrealized profits or losses arise from downstream transactions, unrealized gain or loss from transactions and deferred credits for inter-company transactions are adjusted to eliminate the inter-company transaction effects; otherwise, long-term investments under the equity method and related investment gain or loss accounts are adjusted. If the transaction profits or losses arise from depreciated, depleted, or amortized fixed assets, the recognition of such profits and losses shall be spread over the useful lives of such assets; otherwise, the recognition shall be in the year when profits or losses are realized.

If an investee issues new shares and the Bank does not purchase the new shares proportionately, then the investment percentage and the net worth of the investee shall be adjusted. The aforementioned difference shall be recorded by adjusting the capital surplus and the interest in associates under the equity method. If the adjustment stated above is to debit the capital surplus account and the balance of the capital surplus from long-term investments under the equity method is not enough to be offset, then the difference shall be debited to retained earnings.

The Bank obtains control over an investee when it directly or indirectly owns more than one half of the voting power of the investee. The aforementioned investees are accounted for using the equity method. Consolidated financial statements including the aforementioned investees are prepared at the end of each June and December. However, the Bank does not consolidate those investees that can be controlled by but are not material to the Bank, in terms of total assets, revenues and equity.

13) Other financial assets — financial assets carried at cost

Financial assets carried at cost are equity investment in non-listed companies without significant influence or control. Such financial assets are recorded at cost because the fair values cannot be reliably measured. If there is objective evidence that an impairment has been incurred, the impairment loss should be recognized. Such impairment losses are not allowed to reverse.

Cash dividends received from the aforementioned financial assets are recorded under "other non-interest income, net" on the ex-dividend date or the date that the board declares a cash dividend. Nevertheless, dividends received will be deducted from the equity investment if they are declared prior to the acquisition of the investment. Stock dividends are not recognized as income but treated as increases in the number of shares held. If a reliable measure becomes available for the aforementioned financial assets for which such a measure was previously not available, the financial assets should be measured at fair value and reclassified as available for sale.

14) Property and equipment, and related depreciation

Property and equipment are measured at cost of acquisition. Interest expense incurred directly attributable to bringing an asset to the condition necessary for it to be capable of operating, major additions, improvements, and renewals are capitalized, while maintenance and repair costs are expensed when incurred.

(Continued)

Beginning November 20, 2008, the Bank capitalized retirement or recovery obligation for newly acquired property and equipment in accordance with Interpretation (97) 340 issued by the Accounting Research and Development Foundation. A component which is significant in relation to the total cost of the property and equipment and for which a different depreciation method or rate is appropriate should be depreciated separately. The Company regularly evaluates the estimated useful lives, depreciation method and residual value at the end of each year. Changes in the estimated useful lives, depreciation method and residual value are accounted for as changes in accounting estimates and recognized in current profit or loss.

Except for land, depreciation of property and equipment is calculated using the straight-line method over its estimated useful life. If the estimated useful life has been reached for property and equipment and such assets are still in use, a new useful life is estimated based on the residual value of the asset, and the asset is depreciated thereafter. Gains or losses on the disposal of property and equipment are recorded as other non-interest income or losses.

Except for land, useful lives of property and equipment held by the Bank are as follows:

Buildings	5 to 50 years
Transportation equipment	3 to 5 years
Other equipment	3 to 6 years

15) Intangible assets — goodwill

Goodwill represents the excess of the cost of the acquisition over the Bank's interest in the net fair value of the identifiable assets and liabilities of the acquired entity. Goodwill is measured at cost less accumulated impairment losses.

16) Other assets — idle assets

When property and equipment are not used for operations or any other purposes, the Bank should transfer the initial cost, the associated accumulated depreciation, and accumulated impairment of the assets to other assets — idle assets. Idle assets should be depreciated on a straight-line basis over the remaining estimated useful lives of the respective assets.

17) Other assets — assets leased to others

Property held for lease is carried at cost, and depreciated over its estimated useful life using the straight-line method.

18) Other assets — foreclosed assets

Foreclosed assets are carried at the lower of the carrying amount or net realizable value. Foreclosed assets are depreciated on a straight-line basis after being foreclosed for one year.

(Continued)

19) Asset impairment

The Bank adopted SFAS No. 35 "Impairment of Assets". In accordance with SFAS No. 35, the Bank assesses at each balance sheet date whether there is any indication that an asset may have been impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset, and recognizes impairment loss for an asset with carrying value higher than the recoverable amount.

The Bank may reverse an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

20) Financial debentures

The issuance of debt instrument is recorded at its fair value using a valuation technique. If the issuing price of such debt instrument is different from its face value, the difference is amortized as interest income or expense by the interest method over the period from the acquisition date to the maturity date.

The difference between payment and carrying amount of a debt instrument at the early extinguishment date should be recognized as extraordinary losses or gains in the current period, if it is material.

21) Provisions for liabilities and charges

In accordance with the Rules Governing Securities Firms (RGSF), if the profit for trading securities for the Bank's own account exceeds the amount of loss, 10% of the portion in excess on a monthly basis is allocated as a trading loss reserve. The trading loss reserve cannot be used except for the purpose of covering the amount of trading loss in excess of the amount of trading profit. When the accumulated amount of the trading loss reserve reaches NT$200,000, allocation may cease.

The aforementioned provision for (reversal of) trading loss reserve is recorded as "other non-interest income (loss)—trading loss reserve" and "other liabilities—trading loss reserve".

According to the RGSF, 0.0028% of the transaction price of the traded securities (for customers' accounts) must be provided on a monthly basis as reserve for breach of contract losses default reserve. The reserve for breach of contract losses default cannot be used except for the purpose of covering the losses caused by breach of contract in trading on customers' accounts or for a purpose approved by the Securities and Futures Bureau. When the accumulated reserve for breach of contract losses default reserve reaches NT$200,000, allocation will cease.

The aforementioned provision for (reversal of) breach of contract losses default reserve is recorded as "other non-interest income (loss)—breach of contract losses default reserve" and "other liabilities—breach of contract losses default reserve".

(Continued)

Provision for guarantee is the amount of estimated potential losses based on the ending balances of guarantees and acceptances. The aforementioned provision for (reversal of) guarantee is recorded as "allowance－provision for guarantee" and "other liabilities－provision for guarantee".

22) Pension

The Bank established an employee defined benefit retirement scheme in 1968, which has been revised several times and covers all full-time employees. The scheme provides a lump-sum payment to the retired employees based on years of service and the employees' average monthly salary upon the termination of service. According to the scheme, if the qualified employees retired before year 2000, an additional monthly pension payment equivalent to 30% of average monthly salary upon the termination of service was paid until year 2000.

The Bank adopted the R.O.C. Labor Standards Law on May 1, 1997, and set up the "Retirement Fund Supervisory Committee", approved by the Social Affairs Authority, on June 3, 1998. The Bank has made monthly deposits to the fund in Bank of Taiwan (formerly the Central Trust of China) since July 1998.

On July 1, 2005, the Labor Pension Act (LPA) became effective. Employees can choose either the retirement plan defined by Labor Standards Law or the retirement plan defined by the LPA (the New Scheme), retaining the years of service before the LPA effective date. Under the defined contribution scheme of the LPA, the Bank has an obligation to contribute no less than 6% of monthly paid salary to the pension accounts in the Bureau of Labor Insurance.

The measurement date for the Bank's defined benefit pension scheme and actuarial valuations is the balance sheet date. The Bank accrues a minimum pension liability and recognizes pension costs based on the actuarial valuations when the accumulated benefit obligation exceeds the fair value of plan assets. Current and past service costs, transitional liabilities, and gains or losses on pension plan are amortized over the employees' remaining service period on a straight-line basis.

A minimum pension liability usually occurs due to the existence of unrecognized past service costs and unrecognized transitional assets or liabilities. If the amount of minimum pension liability does not exceed the sum of unrecognized past service cost and unrecognized transitional assets or liabilities, then deferred pension costs should be recognized under other assets; otherwise, the difference shall be recognized as net loss from unrecognized pension cost, a reduction of stockholders' equity. Under the defined contribution scheme, the amounts to be contributed for each period shall be recognized as an expense.

23) Share-based compensation

The Standard Chartered Group has set up four share-based compensation schemes. The fair value of share-based awards measured due to the services rendered by employees shall be recognized as an expense at the grant date.

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For equity-settled share-based payments, the total amount to be recognized as expenses over the vesting period is determined by the fair value of the equity instruments granted, excluding the impact of any non-market vesting conditions, such as profitability and the index of growth rate. The fair value of equity instruments granted shall be based on market prices, if available, at the date of grant. If the market price is not available, the fair value of the equity instruments granted is estimated using an appropriate valuation technique, such as a binomial option pricing model. Non-market vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the share-based transactions. During the vesting period, the Bank revises its original estimates of the number of share options that are expected to be exercised. The Bank recognizes the impact of the revision of original estimates, if any, in current-period profit or loss.

24) Employee bonuses and directors' and supervisors' remuneration

Employee bonuses and directors' and supervisors' remuneration appropriated after January 1, 2008, are accounted for by Interpretation Letter No. Ji-Mi-Zih-0000000052 issued by the Accounting Research and Development Foundation (ARDF). The Bank estimates the amount of employee bonuses and directors' and supervisors' remuneration according to the Interpretation and recognizes it as expenses. Differences between the amount approved in the shareholders' meeting and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as current-period profit or loss.

25) Revenue recognition

Interest income and fees and commissions are recognized on an accrual basis.

26) Income tax

Estimation of income tax expense is based on the financial income recognized in accordance with financial accounting standards. Due to the differences between the income tax amount in the financial statements and the tax basis of asset and liability accounts, deferred income tax is recognized by taking into account the income tax consequences and enacted tax rates for the periods in which deferred tax liabilities or assets are expected to be settled or realized. The deferred income tax consequences attributable to taxable temporary differences are recognized as deferred tax liabilities. The deferred income tax consequences attributable to deductible temporary differences, loss carryforwards, and income tax credits are recognized as deferred tax assets. The probability of realization of a deferred tax asset is evaluated, and a valuation allowance account is recognized accordingly.

The items that are directly debited or credited to stockholders' equity do not affect pretax financial income for the current period but are, according to the tax laws, included in taxable income, affecting current income tax. Items that are directly debited or credited to stockholders' equity are not included in taxable income, but a difference between the tax basis and the book value of the related asset or liability will arise. When the related asset or liability is recovered or settled, a taxable or deductible amount will result. The deferred tax asset or liability is recognized in the current period.

According to the R.O.C. Income Tax Act, an additional income tax at the rate of 10 percent on undistributed earnings is recognized as current income tax expense in the year of the resolution in the shareholders' meeting to distribute earnings.

(Continued)

The Income Basic Tax Act has been announced and became effective on January 1, 2006. The calculation of the Bank's basic income is the sum of the taxable income as defined in accordance with the Income Tax Act and the provisions or tax benefits that are included in the Income Tax Act and other laws. The amount of basic tax of the Bank is the amount of basic income as calculated in accordance with the preceding rules, with a deduction of NT$2,000 and then multiplied by the tax rate prescribed by the Executive Yuan. The greater of income basic tax expense or income tax expense is the current tax expense actually paid by the Bank.

27) Earnings per share of common stock

Earnings per share (EPS) are computed by dividing the amount of net income (or loss) attributable to common stock outstanding for the period by the weighted-average number of issued common shares outstanding during the period. If the number of common shares or potential common shares outstanding increases as result of capitalization of retained earnings, additional paid-in capital, or employees' bonus, or decreases as a result of a reverse capitalization due to losses, the calculation of basic EPS and diluted EPS for all periods presented is adjusted retroactively. If these changes occur after the balance sheet date but before the issuance date of the financial statements, such EPS calculations are also adjusted retroactively. When calculating diluted EPS, the net income (or loss) attributable to common shareholders and the weighted-average number of shares outstanding shall be adjusted for the effects of all dilutive potential common shares.

(3) Changes in Accounting Principle

Beginning July 1, 2008, the Bank adopted the second amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement" and reclassified its financial assets accordingly. Such a change in accounting principle did not have any significant impact on the Bank's financial statements as of and for the year ended December 31, 2008.

Beginning January 1, 2008, the Bank adopted R.O.C. SFAS No. 39 "Share-based Payment" and Interpretation Letter No. Ji-Mi-Zih-0000000052 issued by the Accounting Research and Development Foundation (ARDF). The Bank has classified, measured, and disclosed a share-based payment transaction, employee profit-sharing, and regular compensation for directors and supervisors in accordance with the aforementioned standards. The change in the accounting principle does not have a significant impact on the net income for the year ended December 31, 2008. According to Interpretation Letter No. Ji-Mi-Zih-0000000169 of the ARDF, the basic EPS and diluted EPS shall not be retroactively adjusted if capital is increased from employee profit sharing. If employee profit-sharing is distributed in shares with dilutive potential, such shares should be included in the calculation of diluted EPS.

Beginning January 1, 2007, the Bank adopted R.O.C. SFAS No. 37 "Intangible Assets". In accordance with the aforementioned standard, the Bank reevaluated the useful life and amortization method of recognized intangible assets on the date of adopting such accounting principle and concluded that no modification of any asset's useful life or amortization method is necessary.

(Continued)

(4) Cash and Cash Equivalents

As of December 31, 2008 and 2007, cash and cash equivalents were as follows:

		2008	2007
Cash	$	4,630,522	4,570,604
Cash in transit		-	6,066
Negotiable instruments for clearing		202,386	37,165
Deposits with other banks		569,489	2,525,943
Deposits with affiliate companies		10,268,544	142,004
	$	**15,670,941**	**7,281,782**

(5) Balance at Central Bank, and Loans and Advances to Banks

As of December 31, 2008 and 2007, the balance at the Central Bank and loans and advances to banks were as follows:

		2008	2007
Balance at Central Bank:			
Reserve for deposits — checking account	$	6,549,917	3,951,987
Reserve for deposits — demand account		11,174,048	11,011,807
Reserve for deposits — foreign currency		98,459	811,065
Reserve for deposits — settlement accounts		700,833	597,863
		18,523,257	16,372,722
Loans and advances to other banks		30,600,475	14,763,753
Loans and advances to affiliates		49,684,914	9,259,510
		80,285,389	24,023,263
	$	**98,808,646**	**40,395,985**

Pursuant to the Banking Law, the "reserves for deposits" are calculated at prescribed rates on the average balances of various deposit accounts and deposited with the Central Bank.

(Continued)

(6) Financial Assets and Liabilities Held at Fair Value through Profit or Loss

As of December 31, 2008 and 2007, financial assets and liabilities held at fair value through profit or loss were as follows:

	2008	2007
Trading financial assets:		
Debt instruments	$ 10,134,705	5,115,776
Derivatives	29,242,128	18,679,751
	39,376,833	23,795,527
Financial assets designated at fair value through profit or loss:		
Structured notes	-	1,670,790
	$ 39,376,833	25,466,317
Trading financial liabilities:		
Debt instruments	$ 961,541	-
Derivatives	30,257,795	20,331,565
	$ 31,219,336	20,331,565

For the years ended December 31, 2008 and 2007, net gain (loss) on financial assets and liabilities held at fair value through profit or loss recognized by the Bank were as follows:

	2008	2007
Net gain (loss) on valuation and disposal of trading financial assets and liabilities:		
Debt instruments	$ 806,982	104,579
Derivatives	(274,232)	88,941
	532,750	193,520
Net gain (loss) on valuation and disposal of financial assets designated at fair value through profit or loss:		
Structured notes	61,828	(56,935)
Interest income	150,183	57,535
Total	$ 744,761	194,120

(Continued)

(7) Accounts Receivable

As of December 31, 2008 and 2007, details of accounts receivable were as follows:

		2008	2007
Accounts receivable	$	5,238,023	6,463,081
Acceptance receivable		1,250,032	413,765
Factoring loan receivable without recourse		6,926,319	439,878
Interest receivable		2,319,660	1,673,500
Credit card receivable		10,332,004	14,233,826
Other receivable		1,332,744	257,371
		27,398,782	23,481,421
Less: allowance for doubtful accounts		82,567	85,485
Total	$	**27,316,215**	**23,395,936**

(8) Assets Held for Sale

The Bank committed to sell the idle assets, building and land on May 29, 2008, and it was expected to be completed within a year. As of December 31, 2008, the book value of assets held for sale amounted to $1,794,670.

(9) Loans and Advances to Customers

As of December 31, 2008 and 2007, details of loans and advances to customers were as follows:

		2008	2007
Remittances and discounts for exports	$	1,874,195	10,694,953
Short-term loans and overdrafts		33,552,587	24,601,293
Short-term secured loans and overdrafts		9,925,046	12,392,952
Medium-term loans		68,185,300	80,464,108
Medium-term secured loans		12,754,191	11,748,679
Long-term loans		10,958,745	3,535,251
Long-term secured loans		171,657,012	143,808,993
Non-performing loans		5,316,915	5,197,082
Subtotal		314,223,991	292,443,311
Less: allowance for doubtful accounts		3,697,852	2,166,767
Total	$	**310,526,139**	**290,276,544**
Hedged assets included in the above balance	$	**352,833**	**1,928,209**

The above hedging activities are treated as fair value hedge.

Allowance for doubtful accounts is provided by evaluating the risk of nonrecovery of specific outstanding loans, and the risk of nonrecovery is assessed by the probability of default.

(Continued)

For the years ended December 31, 2008 and 2007, the movements of allowance for doubtful accounts were as follows:

	2008 Specific provision	2008 General provision	2008 Total
Beginning balance	$ 1,641,181	611,071	2,252,252
Add: provision for doubtful accounts	5,019,457	2,565,014	7,584,471
provision from transfer of operation from AEB	588,416	-	588,416
provision from acquisition of business from ATIC	920,117	-	920,117
exchange rate effects	31,127	-	31,127
Less: write-off	5,499,412	2,096,552	7,595,964
Ending balance	$ 2,700,886	1,079,533	3,780,419

	2007 Specific provision	2007 General provision	2007 Total
Beginning balance	$ 2,603,204	869,477	3,472,681
Add: provision for doubtful accounts	4,715,192	3,288,670	8,003,862
provision from transfer of operation from Standard Chartered Bank, Taipei Branch	1,011	868,542	869,553
Less: write-off	5,678,226	4,415,618	10,093,844
Ending balance	$ 1,641,181	611,071	2,252,252

For the years ended December 31, 2008 and 2007, allowance for doubtful accounts of accounts receivable was $82,567 and $85,485, respectively; allowance for doubtful accounts of loans and advances to customers was $3,697,852 and $2,166,767, respectively.

For the year ended December 31, 2008, the Bank's bad debt expense was $7,711,246. This amount consisted of bad debt expense for loans and advances to customers of $7,584,471 and provision for guarantee amounting to $126,775. For the year ended December 31, 2007, the Bank's bad debt expense for loans and advances to customers was $8,003,862 .

The Bank collected $1,814,557 and $1,469,375 from written-off loans during the years ended December 31, 2008 and 2007, respectively, recorded as other non-interest net income. For the years ended December 31, 2008 and 2007, the amounts of allowance for doubtful accounts generated from 3% of operating revenue were $598,279 and $495,000, respectively.

As of December 31, 2008 and 2007, the amounts of outstanding loans with interest charges suspended amounted to $2,091,665 and $1,638,277, respectively. The amounts of interest not accrued derived from the aforementioned loans were $40,050 and $22,492, respectively.

As of December 31, 2008 and 2007, loans and advances to customers classified by geographical region were as follows:

(Continued)

		2008	2007
Domestic	$	304,981,536	287,551,107
Overseas		9,242,455	4,892,204
Total	$	314,223,991	292,443,311

As of December 31, 2008 and 2007, information regarding asset quality of loans and advances to customers was as follows:

(expressed in thousands of New Taiwan dollars, %)

Product			Period: 2008 Overdue loan amount	Loan Balance (Note 3)	Overdue ratio	Allowance for bad debts	Coverage rate
Corporate Banking	Secured		4,300,148	27,605,997	15.58 %	1,927,384	44.82 %
	Unsecured		263,299	65,942,492	0.40 %	263,517	100.08 %
Consumer Banking	Mortgage		3,039,771	151,138,351	2.01 %	1,030,629	33.90 %
	Cash card		-	9,709	- %	16	- %
	Credit loan		461,548	47,596,814	0.97 %	476,306	103.20 %
	Others	Secured	-	21,768,934	- %	-	- %
		Unsecured	-	161,694	- %	-	- %
Total			8,064,766	314,223,991	2.57 %	3,697,852	45.85 %
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Coverage rate
Credit card			886,358	10,332,004	8.58 %	73,116	8.25 %
Factoring loan receivables without recourse			-	6,926,319	- %	-	- %

Product			Period: 2007 Overdue loan amount	Loan Balance	Overdue ratio	Allowance for bad debts (Note 1)	Coverage rate
Corporate Banking	Secured		2,091,585	7,150,360	29.25 %	547,308	26.17 %
	Unsecured		-	68,724,990	- %	-	- %
Consumer Banking (Note 2)	Mortgage		3,418,523	144,760,078	2.36 %	895,020	26.18 %
	Cash card		1,080	20,237	5.34 %	283	26.20 %
	Credit loan		409,234	45,184,193	0.91 %	107,143	26.18 %
	Others	Secured	2,355,530	26,572,203	8.86 %	617,013	26.19 %
		Unsecured	-	31,250	- %	-	- %
Total			8,275,952	292,443,311	2.83 %	2,166,767	26.18 %
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Coverage rate
Credit card			1,094,795	14,673,704	7.46 %	85,485	7.81 %
Factoring loan receivables without recourse			-	439,878	- %	-	- %

Note 1: Allowance for doubtful accounts is disclosed in proportion to the ratio of overdue loan amount of each product to total overdue loan.

Note 2: Overdue loan amounts disclosed as others－secured and others－unsecured in consumer banking are calculated in proportion to their outstanding loan balance.

(Continued)

(10) Available-for-sale Financial Assets

As of December 31, 2008 and 2007, available-for-sale financial assets were as follows:

		2008	2007
Debt instruments:			
Treasury bills	$	14,917,405	1,491,345
Government bonds		27,243,530	11,122,005
Commercial paper		1,020,149	819,462
Negotiable certificates of deposit		58,058,480	42,682,456
Financial debentures		9,556,067	9,368,194
Corporate bonds		6,174,224	8,245,295
Subtotal		116,969,855	73,728,757
Beneficiary certificates		4,522,880	4,647,530
Equity instruments		36,549	-
Total	$	**121,529,284**	**78,376,287**
Hedged assets included in the above balance	$	**14,422,636**	**8,415,186**

The above hedging activities are treated as fair value hedge.

For the years ended December 31, 2008 and 2007, the movements of unrealized gain (loss) on available-for-sale financial assets were as follows:

		2008	2007
Beginning balance	$	(888,436)	(383,517)
Unrealized gain (loss) recognized in the period		1,179,557	(334,367)
Realized (loss) gain on disposal in the period		(61,647)	170,552
Ending balance	$	**352,768**	**(888,436)**

In December 2005, the carrying value of $12,005,275 of the mortgage loans was entrusted by the Bank to Deutsche Bank AG, Taipei Branch for issuance of beneficiary certificates via securitization. Deutsche Bank AG, Taipei Branch issued both an "Investor Certificate" and a "Seller Certificate" amounting to $10,204,484 and $1,800,791, respectively, at face amount. The duration period of the first beneficiary certificates is from December 20, 2005, to July 20, 2027.

In September 2006, the carrying value of $13,234,322 of the mortgage loans was entrusted by the Bank to Deutsche Bank AG, Taipei Branch for issuance of beneficiary certificates via securitization. Deutsche Bank AG, Taipei Branch issued both an "Investor Certificate" and a "Seller Certificate" amounting to $10,322,771 and $2,911,551, respectively, at face amount. The duration period of the second beneficiary certificates is from September 2006 to the trust distribution date in January 2028.

(Continued)

At the first and second issuance of the beneficiary certificates, the Bank held the subordinated Seller Certificates of $1,800,791 and $2,911,551, respectively, which were recorded as available-for-sale financial assets with the right to interest in excess of the fixed amount paid to investors. If the debtors fail to repay the entrusted loans, investors and Deutsche Bank AG, Taipei Branch have no right of recourse to the Bank's other assets. The Bank's right to the repayment of the entrusted loans as subordinated Seller Certificates is inferior to the investors', and the value of these subordinated Seller Certificates is affected by the exposure to credit risk, the early repayment rate, and changes in interest rate on those entrusted loans.

1) As of December 31, 2008 and 2007, key assumptions used in measuring retained interests

	2008	
	First	**Second**
Prepayment rate (annual rate) – assumption 1	30.00 %	20.00 %
Weighted-average life	1.45 years	2.09 years
Expected credit losses rate (annual rate) – assumption 2	1.50 %	2.00 %
Discounted rate for residual cash flows	2.60 %	2.60 %

	2007	
	First	**Second**
Prepayment rate (annual rate) – assumption 1	30.00 %	20.00 %
Weighted-average life	2.17 years	3.31 years
Expected credit losses rate (annual rate) – assumption 2	1.50 %	1.50 %
Discounted rate for residual cash flows	2.60 %	2.60 %

2) Sensitivity analysis

As of December 31, 2008 and 2007, if the key economic assumptions as below were adversely changed by 10% and 20%, respectively, the sensitivity of the current fair value of residual cash flows would be as follows:

		2008	
		First	**Second**
Carrying amount of retained interest	$	1,747,147	2,775,773
Assumption 1 – impact on fair value of 10% adverse change		(3,579)	(9,542)
Assumption 1 – impact on fair value of 20% adverse change		(4,714)	(11,614)
Assumption 2 – Impact on fair value of 10% adverse change		(1,816)	(1,663)
Assumption 2 – Impact on fair value of 20% adverse change		(3,633)	(3,326)

(Continued)

		2007	
		First	**Second**
Carrying amount of retained interest	$	1,775,302	2,872,228
Assumption 1 – impact on fair value of 10% adverse change		(3,354)	(11,772)
Assumption 1 – impact on fair value of 20% adverse change		(6,884)	(22,900)
Assumption 2 – impact on fair value of 10% adverse change		(2,612)	(3,425)
Assumption 2 – impact on fair value of 20% adverse change		(5,224)	(6,850)

3) As of December 31, 2008 and 2007, there was no actual credit loss for the securitized mortgage loan; therefore, the expected static pool default rate was equal to the expected default rate.

4) Cash flows

The cash flows received from or paid to securitization trusts for the years ended December 31, 2008 and 2007, are summarized as follows:

		2008	
		First	**Second**
Other cash flows received on retained interests	$	83,947	96,751
Servicing fee received		5,000	5,000
Cash received for prepayment for service		500	1,885
Prepayment for service		358	1,870

		2007	
		First	**Second**
Other cash flows received on retained interests	$	90,322	67,754
Servicing fee received		5,000	5,000
Cash received for prepayment for service		1,235	2,111
Prepayment for service		1,155	2,332

(11) Interest in Associates under Equity Method and Financial Assets Carried at Cost

	December 31, 2008 Percentage of ownership	Investment cost	Amount	December 31, 2007 Percentage of ownership	Investment cost	Amount
Equity method:						
Hsinchu Futures Co., Ltd.	-	$ -	-	88.57	442,830	261,193
Standard Chartered Life Insurance Agent Co., Ltd.	100.00	21	246,312	100.00	21	166,619
Standard Chartered Taiwan Insurance Agent Co., Ltd.	100.00	368	27,355	100.00	368	27,506
Paradigm Assets Management Co., Ltd.	20.00	98,400	95,747	20.00	98,400	95,747
		98,789	369,414		541,619	551,065
Less: accumulated impairment－Paradigm Assets Management Co., Ltd.		-	95,747		-	95,747
		$ 98,789	273,667		541,619	455,318
Financial assets carried at cost:						
Fubon Securities Finance Co., Ltd.	0.99	$ 38,065	38,065	0.99	38,065	38,065
Taiwan Small and Medium Enterprises Development Corp.	4.84	29,000	29,000	4.84	29,000	29,000
Taiwan Futures Exchange Co., Ltd.	-	-	-	0.51	10,250	10,250
Financial Information Service Co., Ltd.	1.14	45,500	45,500	1.14	45,500	45,500
Taipei Forex Inc.	3.03	6,000	6,000	3.03	6,000	6,000
TSC Bio Venture Management, Inc.	5.00	20,250	20,250	5.00	20,250	20,250
Liyu Venture Investment, Inc.	4.76	12,157	12,157	4.76	15,014	15,014
Windance Co., Ltd.	2.73	188,500	188,500	2.73	188,500	188,500
Taiwan Asset Service Corporation	2.94	50,000	50,000	2.94	50,000	50,000
Yang Guang Asset Management Company	1.42	849	849	1.36	814	814
Wan Chi Co., Ltd.	3.35	2,468	2,468	3.35	2,468	2,468
Taiwan Depository and Clearing Corporation	0.17	9,277	9,277	0.17	9,277	9,277
Taiwan Cooperative Bills Finance Corporation	12.74	94,546	94,546	-	-	-
Subtotal		496,612	496,612		415,138	415,138
Less: accumulated impairment	-	-	202,969	-	-	188,500
		$ 496,612	293,643		415,138	226,638

For the years ended December 31, 2008 and 2007, the recognized investment income from interest in associates under the equity method was $202,282 and $120,371, respectively.

(Continued)

The shareholders of Hsinchu Futures Co., Ltd., an investee company of the Bank under the equity method, decided to dissolve the company in December 2007; the liquidation was completed on May 29, 2008. The gain on disposal of investment and return of capital from the aforementioned dissolved investee company were $77,090 and $338,283, respectively, and the gain was recognized as other non-interest income.

In the year ended December 31, 2008, the Bank disposed of the investment in Taiwan Futures Exchange Co., Ltd., classified as financial assets carried at cost. The original investment cost and proceeds from disposal of were $10,250 and $44,740, respectively. The gain on disposal of the aforementioned investment was $34,490, which was recognized as other non-interest net income.

For the years ended December 31, 2008 and 2007, the recognized dividend revenue, recorded as other non-interest net income from financial assets carried at cost, was $11,673 and $13,812, respectively.

For the years ended December 31, 2008 and 2007, movements of accumulated impairment of investments in associates under the equity method and financial assets carried at cost were as stated in note 20.

(12) Property and Equipment

As of December 31, 2008 and 2007, details of property and equipment were as follows:

		2008	2007
Cost:			
Land	$	3,385,979	3,025,053
Revaluation increments on land		505,866	505,866
Buildings		3,245,975	3,296,267
Revaluation increments on buildings		10,407	10,407
Transportation equipment		7,387	3,684
Leasehold improvements		497,251	212,022
Other equipment		4,170,176	3,996,108
Subtotal		11,823,041	11,049,407
Less: accumulated depreciation		4,009,495	3,688,089
Less: accumulated impairment		123,399	464,495
Subtotal		7,690,147	6,896,823
Prepayment for equipment		297,858	510,613
Total	$	**7,988,005**	**7,407,436**

For the years ended December 31, 2008 and 2007, movements of accumulated depreciation were as follows:

		2008	2007
Beginning balance	$	3,688,089	3,213,146
Add: depreciation		657,623	565,642
transfer by business assumption		91,133	414,292
reclassification		34,041	-
Less: disposal		461,391	176,833
reclassification		-	328,158
Ending balance	$	4,009,495	3,688,089

For the years ended December 31, 2008 and 2007, movements of accumulated impairment of property and equipment were as stated in note 20.

(13) Intangible Assets

		2008	2007
Goodwill	$	3,384,383	-
Deferred pension costs		228,416	281,867
Software		171,335	259,563
	$	3,784,134	541,430

The Bank acquired the assets and liabilities of Asia Trust Investment Co., Ltd. on December 27, 2008. Consequently, the Bank recognized goodwill of $3,384,383. The detailed information is provided in note 32.

(14) Other Assets

As of December 31, 2008 and 2007, details of other assets were as follows:

		2008	2007
Deferred income tax assets, net	$	4,483,638	3,229,527
Idle assets, net of accumulated impairment of $3,231 and $18,446 as of December 31, 2008 and 2007, respectively		29,941	113,694
Assets leased to others, net		326,919	1,722,522
Foreclosed assets, net of accumulated impairment of $639,827 as of 2008 and 2007		568,926	577,368
Refundable deposits		1,988,580	660,385
Prepaid expenses		150,506	147,068
Tax refund receivable		214,462	149,536
Others		151,693	136,776
	$	7,914,665	6,736,876

(Continued)

For the years ended December 31, 2008 and 2007, movements of accumulated impairment of idle assets, assets leased to others, and foreclosed assets were as stated in note 20.

The Bank leased out its office buildings under operating leases with lease terms ranging from one to five years. As of December 31, 2008, future lease payments to be received were as follows:

Period	Amount
2009	$ 60,149
2010	54,138
2011	16,547
2012	111
2013 and thereafter	191
	$ 131,136

(15) Bills and Bonds Sold (Purchased) under Repurchase (Reverse Repurchase) Agreements

As of December 31, 2008 and 2007, the fair value of underlying assets of bills and bonds purchased under reverse repurchase agreements was as follows:

	2008	2007
Government bonds	$ 1,175,216	-

As of December 31, 2008 and 2007, the fair value of underlying assets of bills and bonds sold under repurchase agreements were as follows;

	2008	2007
Financial assets held at fair value through profit or loss	$ -	982,334
Available-for-sale financial assets	417,662	132,982
	$ 417,662	1,115,316

As of December 31, 2008, the settlement date for bills and bonds purchased under reverse repurchase agreements was January 5, 2009; interest rates of the aforementioned reverse repurchase agreements were from 0.50% to 0.65%. The contracted price for the aforementioned reverse repurchase agreements was $1,179,554.

As of December 31, 2008 and 2007, settlement dates for bills and bonds sold under repurchase agreements were from January 9 to 21, 2009, and from January 2 to 11, 2008, respectively; interest rates of the aforementioned repurchase agreements ranged from 0.42% to 1.20% and from 1.93% to 2.07%, respectively. The contracted price for the aforementioned repurchase agreements were $413,050 and $1,146,517, respectively.

(16) Deposits and Remittances

As of December 31, 2008 and 2007, deposits and remittances were as follows:

		2008	2007
Checking deposits	$	3,521,704	3,790,414
Demand deposits		121,707,858	92,358,384
Time deposits		158,826,346	65,721,133
Savings deposits		102,410,120	107,310,252
Time savings deposits		115,443,247	111,500,841
Trust fund with no designated purpose		12,100,450	-
Remittances		29,545	279,914
Total	$	514,039,270	380,960,938
Hedged liabilities included in the above balance	$	19,400,000	300,000

The above hedging activities are treated as fair value hedge.

As of December 31, 2008 and 2007, the maturity date for the abovementioned time deposits and time savings deposits was within three years.

(17) Financial Debentures

As of December 31, 2008 and 2007, details of subordinated debentures issued by the Bank were as follows:

Bond	Issue conditions		2008	2007
91-1A	5-year term, interest payable semi-annually, annual interest rate for the first 3 years is 4.25%, and 4.5% for the last 2 years; maturity date: July 19, 2007	$	2,900	11,900
94-1	No maturity date, interest payable semi-annually, based on the average one-year regular floating rate of the largest nine banks plus 1.493%		7,636,700	7,636,700
94-2	No maturity date, interest payable semi-annually, based on the average one-year regular floating rate of the largest nine banks plus 1.493%		2,363,300	2,363,300
95-1	7-year term, interest payable quarterly, based on the Bank's 90-day commercial paper interest rate plus 0.22%; maturity date: December 27, 2013		4,800,000	4,800,000
97-1	10-year term, interest payable quarterly, annual interest rate for the first 5 years is USD 3M LIBOR, plus 2.185%, and USD 3M LIBOR plus 2.685% for the last 5 years; maturity date: March 12, 2018		4,922,968	-
		$	19,725,868	14,811,900

(Continued)

The board of directors approved the issuance of the first tranche of subordinated debentures of the year 2002 at a total amount of $8,000,000 on April 2, 2002; the MOF then approved this issuance on June 27, 2002, and the related subscription was completed in July 2002.

The board of directors approved the issuance of the cumulative subordinated debentures without maturity dates at a total amount of $10,000,000 on October 26, 2004. The FSC then approved the issuance on January 3, 2005, and the related subscription was completed on January 28, 2005.

The board of directors approved the issuance of the first tranche of subordinated debentures of the year 2006 at a total amount of $4,800,000 on November 20, 2006. The FSC then approved the issuance on December 4, 2006. These debentures began to be traded on the over-the-counter market on December 27, 2006.

The board of directors approved the issuance for the first tranche of subordinated debentures of the year 2008 at a total amount $4,922,968 (USD150,000 thousand equivalent) on November 27, 2007. The FSC then approved the issuance on February 29, 2008. These debentures began to be traded on the over-the counter market on March 12, 2008.

(18) Interest Income

For the years ended December 31, 2008 and 2007, details of interest income were as follows:

		2008	2007
Interbank transactions	$	1,770,372	1,547,330
Loans and advances to customers		12,614,939	12,310,189
Credit cards		1,227,047	699,903
Financial assets held at fair value through profit or loss		150,183	57,535
Available-for-sale financial assets		2,006,636	1,453,980
Total	$	17,769,177	16,068,937

(19) Other Non-interest Income (Loss)

For the years ended December 31, 2008 and 2007, details of non-interest income (loss) were as follows:

		2008	2007
Securities brokerage commissions	$	167,364	315,347
Rental income		68,743	83,935
(Loss) gain on disposal of property and equipment and foreclosed assets		(30,701)	18,190
Collection of written-off accounts receivable and loans		1,814,557	1,469,375
Dividend income of investments carried at cost		11,673	13,812
Gain on disposal of investments		111,580	-
Others		73,105	45,040
Total	$	2,216,321	1,945,699

(Continued)

(20) Asset Impairment

For the years ended December 31, 2008 and 2007, impairment losses recognized and movements of accumulated impairment losses for assets held by the Bank were as follows:

	2008			
	Opening balance	Impairment loss (reversal)	Reclassified	Ending balance
Interest in associates under equity method	$ 95,747	-	-	95,747
Financial assets carried at cost	188,500	14,469	-	202,969
Property and equipment	464,495	-	(341,096)	123,399
Idle assets	18,446	-	(15,215)	3,231
Foreclosed assets	639,827	-	-	639,827
	$ 1,407,015	14,469	(356,311)	1,065,173

	2007			
	Opening balance	Impairment loss (reversal)	Reclassified	Ending balance
Interest in associates under equity method	$ -	95,747	-	95,747
Financial assets carried at cost	188,500	-	-	188,500
Property and equipment	-	464,495	-	464,495
Idle assets	17,166	1,280	-	18,446
Assets leased to others	2,513	(2,513)	-	-
Foreclosed assets	1,007,635	(234,568)	(133,240)	639,827
	$ 1,215,814	324,441	(133,240)	1,407,015

(21) Pension

For the years ended December 31, 2008 and 2007, the related pension assets, costs, and accrued liabilities of the Bank were as follows:

	2008	2007
Fair value of pension assets at end of period	$ 1,969,450	1,754,957
Pension cost:		
Defined contribution pension scheme	157,843	25,880
Defined benefit pension scheme	282,206	235,448
Accrued pension liabilities	356,207	502,518

(Continued)

The Bank provided deposits in a pension account for the engaged employees in Bank of Taiwan (formerly the Central Trust of China) in 2008 and 2007. Furthermore, the Bank deposited an amount equal to 6% of the monthly gross salary payment in the Bureau of Labor Insurance in 2008 and 2007. The measurement dates of the actuarial reports were December 31, 2008 and 2007, respectively. As of December 31, 2008 and 2007, the reconciliation of the funded status and accrued pension liabilities was as follows:

		2008	2007
Benefit obligation:			
Vested benefit obligation	$	(1,810,693)	(1,716,463)
Non-vested benefit obligation		(514,964)	(496,099)
Accumulated benefit obligation		(2,325,657)	(2,212,562)
Additional benefits based on future compensation		(840,747)	(644,656)
Projected benefit obligation		(3,166,404)	(2,857,218)
Fair value of plan assets		1,969,450	1,754,957
Funded status		(1,196,954)	(1,102,261)
Unrecognized net transition obligation		211,243	249,254
Unrecognized prior service cost		17,173	32,613
Unrecognized loss		1,032,863	758,746
Additional minimum pension liabilities		(420,532)	(440,870)
Accrued pension liabilities	$	**(356,207)**	**(502,518)**
Vested benefit	$	**2,255,622**	**2,044,144**

For the years ended December 31, 2008 and 2007, the components of net pension cost were as follows:

		2008	2007
Service cost	$	162,841	117,762
Interest cost		66,510	71,926
Actual return on plan assets		(47,703)	(41,380)
Amortization		100,558	87,140
Net pension cost	$	**282,206**	**235,448**

Actuarial assumptions for the years 2008 and 2007 were as follows:

	2008	2007
Discount rate	2.50 %	2.50 %
Rate of increase in future compensation	3.50 %	3.50 %
Rate of projected return on plan assets	2.50 %	2.50 %

For the years ended December 31, 2008 and 2007, payments for retirement and severance were $471,311 and $11,993, respectively. For the years ended December 31, 2008 and 2007, net pension costs for employees assigned from foreign affiliate companies were $15,096 and $11,610, respectively.

(Continued)

(22) Share-Based Payments

Standard Chartered PLC Group (the SC PLC Group) has established five main share-based payment schemes for its directors and employees. For the years ended December 31, 2008 and 2007, share-based payment schemes adopted by the Bank were as follows:

1) International Sharesave Schemes

According to the International Sharesave Schemes ("ISS"), employees have the opportunity of adhering to a three-year or five-year share-saving contract. Within six months after the vesting period of a three-year or five-year contracted term, employees are entitled to exercise their share options, purchasing common shares in SC PLC. The discount on the price of shares that employees are entitled to purchase is up to 20 percent of the price of shares sold on open markets on the settlement date. There is no performance condition having to be satisfied for the employees to become entitled to receive share-based awards.

The option movement of the ISS was as follows:

	2008	**2007**
Beginning balance	615,481	-
Options provided by business assumption from Standard Chartered Bank, Taipei Branch	-	152,856
Add: granted	295,981	470,404
Less: exercised	5,953	-
lapsed	123,932	7,779
Ending balance	**781,577**	**615,481**

For the years ended December 31, 2008 and 2007, the cost of the ISS charged to current profits or losses was $38,572 and $12,469, respectively, recorded as operating expenses.

The valuation of share options is performed using a binomial option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

	2008	
Grant date	October 3	September 16
Share price at grant date	£ 14.52	£ 14.52
Exercise price	£ 11.62	£ 11.62
Vesting period (years)	3/5	3/5
Expected volatility (%)	39.6/48.7	39.6/48.7
Expected option life (years)	3.33/5.33	3.33/5.33
Risk free rate (%)	2.32/2.53	2.32/2.53
Expected dividends (yield) (%)	2.52/2.73	2.52/2.73
Fair value	£ 2.99/3.04	£ 2.99/3.04

(Continued)

	2007	
Grant date	October 1	September 26
Share price at grant date	£ 15.88	£ 16.18
Exercise price	£ 12.43	£ 12.43
Vesting period (years)	3/5	3/5
Expected volatility (%)	20.7/24.2	20.7/24.2
Expected option life (years)	3.33/5.33	3.33/5.33
Risk free rate (%)	4.90/5.00	5.10/5.00
Expected dividends (yield) (%)	2.9/3.33	2.9/3.33
Fair value	£ 4.4/4.9	£ 4.7/5.1

The expected volatility is based on historical volatility over the last three to five years or three to five years prior to grant. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life. The expected dividend yield is based on historical dividend yield over the last three years or three years prior to grant. Where two amounts are shown for volatility, risk-free rates, expected dividends yield and fair values, the first relates to a three-year vesting period and the second to a five-year vesting period.

2) Restricted Share Scheme

The SC PLC Group established the Restricted Share Scheme ("RSS") to reward and retain employees who have good performance and high potential. SC PLC Group grants RSS awards only at the time of hiring, and there are no performance conditions that must be met. The RSS scheme is only provided for employees and not executive directors. Two years after the grant date, 50 percent of share-based awards is vested to the employees who are entitled to exercise the RSS. The remaining balance is vested to the aforementioned employees within three years. The share-based awards can be exercised within seven years after the grant date. The value of share-based awards granted to certain employees in any year cannot exceed two times the base salary of those employees.

The option movement of the RSS was as follows:

	2008	2007
Beginning balance	54,192	-
Options provided by business assumption from Standard Chartered Bank, Taipei Branch	-	24,522
Add: granted	47,047	29,670
Less: exercised	4,705	-
lapsed	25,336	-
Ending balance	71,198	54,192

For the years ended December 31, 2008 and 2007, the cost of the RSS charged to current profits or losses was $15,780 and $6,021 respectively, recorded as operating expenses.

(Continued)

Under the RSS scheme, the fair value of share-based awards is based on the market value after deducting the adjustment of share dividends during the vesting period.

	2008		
Grant date	September 16	April 24	March 11
Share price at grant date	£ 13.86	£ 17.82	£ 16.26
Vesting period (years)	3	3	3
Expected dividends (yield) (%)	2.4	2.4	2.4
Fair value	£ 8.25	£ 8.25	£ 8.25

	2007	
Grant date	September 17	March 12
Share price at grant date	£ 14.69	£ 14.51
Vesting period (years)	2/3	2/3
Expected dividends (yield) (%)	2.9	2.8
Fair value	£ 13.49	£ 13.36

The expected dividend yield is based on the historical dividend yield over the last three years or the three years prior to grant.

3) Executive Share Option Scheme

The Executive Share Option Scheme ("ESOS") is designed to improve the Bank's international competitiveness and reward executive directors and their senior management teams for delivering long-term performance. A vesting EPS performance condition must be achieved before executive directors and management are entitled to exercise the share options.

Executives who are entitled to purchase common shares of SC PLC have to exercise the share option between the third and tenth year after the date of grant. The exercise price per share is the market price of that share on the grant date. The share options can be exercised only when certain performance conditions are satisfied. The option movement of the ESOS was as follows:

	2008	2007
Beginning balance	5,257	-
Options provided by business assumption from Standard Chartered Bank, Taipei Branch	-	8,834
Add: granted	748	-
Less: exercised	-	3,577
lapsed	-	-
Ending balance	**6,005**	**5,257**

For the year ended December 31, 2007, the cost of the ESOS charged to current profit or losses was $115, recorded as operating expenses.

The valuation of share options is performed using a binomial option-pricing model. As of December 31, 2007, there were no such share-based awards granted.

4) Performance Share Plan

The Performance Share Plan ("PSP") is designed to be an intrinsic part of total remuneration for the SC PLC Group's executive directors and for a small number of the SC PLC Group's most senior executives. It is an incentive plan focusing on improving long-term competitiveness and encouraging executives to achieve and then exceed the long-term performance goals of the SC PLC Group. The directors are granted an opportunity to purchase shares at nil-price if they still remain employed by the SC PLC Group. The aforementioned directors are allowed to exercise share options between the third and tenth year after the grant date. The SC PLC Group has established policies allowing qualifying employees, under certain limited circumstances, to exercise share options in advance.

The option movement of the PSP was as follows:

	2008	2007
Beginning balance	36,065	-
Options provided by business assumption from Standard Chartered Bank, Taipei Branch	-	36,065
Add: granted	45,645	-
Less: exercised	10,195	-
lapsed	19,132	-
Ending balance	52,383	36,065

For the years ended December 31, 2008 and 2007, the cost of the PSP charged to current profits or losses was $8,344 and $4,448 respectively, recorded as operating expenses.

Under the PSP scheme, the fair value of share-based awards is based on the market value after deducting the adjustment of share dividends during the vesting period.

	2008		
Grant date	September 16	April 24	March 11
Share price at grant date	£ 13.86	£ 17.82	£ 16.26
Vesting period (years)	3	3	3
Expected dividends (yield) (%)	2.6	2.6	2.6
Fair value (EPS)	£ 12.83	£ 16.50	£ 15.06
Fair value (TSR)	£ 5.04	£ 6.49	£ 5.89

	2007	
Grant date	September 17	March 12
Share price at grant date	£ 14.69	£ 14.51
Vesting period (years)	3	3
Expected dividends (yield) (%)	2.9	2.8
Fair value (EPS)	£ 6.74	£ 6.68
Fair value (TSR)	£ 2.92	£ 2.89

The expected dividend yield is based on the historical dividend yield over the last three years or the three years prior to grant. The TSR fair value is derived by discounting 50 percent of the award which is subject to the TSR condition by the loss of expected dividends over the performance period, and the likelihood of meeting the TSR condition which is calculated by the area under the TSR vesting schedule curve.

5) Supplementary Restricted Share Scheme

The SC PLC Group established the Supplementary Restricted Share Scheme ("SRSS") to provide participants with an opportunity to benefit financially from growth in the value of the Group's shares. The purpose of this scheme is to reward and retain employees who have good performance and high potential. SC PLC Group grants SRSS awards only at the time of hiring, and there are no performance conditions that must be met. The SRSS scheme is only provided for employees and not executive directors. Two years after the grant date, 50 percent of share-based awards is vested to the employees who are entitled to exercise the SRSS. The remaining balance is vested to the aforementioned employees within three years. The share-based awards can be exercised within seven years after the grant date.

The option movement of the SRSS was as follows:

	2008	2007
Beginning balance	-	-
Add: granted	5,142	-
Ending balance	5,142	-

For the year ended December 31, 2008, the cost of the SRSS charged to current profits or losses was $436, recorded as operating expenses.

Under the SRSS scheme, the fair value of share-based awards is based on the market value after deducting the adjustment of share dividends during the vesting period.

	2008	
Grant date	September 16	March 11
Share price at grant date	£ 13.86	£ 16.26
Vesting period (years)	3	3
Expected dividends (yield) (%)	2.4	2.4
Fair value	£ 13.06	£ 12.41

(Continued)

The expected dividend yield is based on the historical dividend yield over the last three years or the three years prior to grant.

(23) Income Tax

The Bank is subject to ROC income tax at a maximum rate of 25%. Beginning January 1, 2006, the Bank adopted the ROC "Income Basic Tax Act". The income tax (benefit) expense for the years ended December 31, 2008 and 2007, were as follows:

		2008	2007
Current income tax expense	$	284,052	180,429
Deferred income tax benefit		(1,254,111)	(787,061)
Income tax benefit	$	(970,059)	(606,632)

The differences between the "expected" income tax at statutory income tax rates and the income tax benefit as reported in the accompanying financial statements for the years ended December 31, 2008 and 2007, were as follows:

		2008	2007
Income tax at statutory rate	$	(238,036)	(276,246)
Adjustment:			
Tax-exempt OBU income		(120,207)	(39,936)
Tax-exempt income from securities trading		(152,354)	(74,108)
Net unrealized income on valuation of trading financial assets and liabilities		(52,568)	23,953
Adjustments for separately taxed interest income		(105,613)	(197,791)
Investment income under equity method		(50,571)	(30,399)
Impairment loss – interest in associates under equity method		(13,101)	23,937
Expenses disallowed per tax regulation		150,517	-
Non-deductible tax expense on overseas income		-	342
Loss carryforwards		51,494	520,346
Investment tax credit – employee training costs		12,108	(4,972)
Allowance for doubtful accounts		(158,593)	-
Adjustments on prior years' income tax		54,517	-
Others		117,316	24,513
Valuation allowance		(464,968)	(576,272)
Income tax benefit	$	(970,059)	(606,633)

For the years ended December 31, 2008 and 2007, the components of deferred income tax benefit were as follows:

		2008	2007
Investment gain (loss) from interest in associates under equity method	$	14,870	(306)
Allowance for doubtful accounts in excess of limit		(158,593)	371,578
Deferred revenue		(131,160)	(74,044)
Reserve for trading losses and default losses		(13,499)	(2,242)
Depreciation of property and equipment		(33,288)	-
Asset impairment loss		(29,553)	(57,173)
Reversal of (addition to) pension costs in excess of limit		25,435	(34,956)
Realized gain on inter-affiliate transactions		26	23
Expiration of loss carryforwards		-	521,415
Unrealized interest income on financial assets		42,997	20,626
Overestimation (underestimation) of prior years' loss carryforwards		964,835	(1,069)
Increase in loss carryforwards		(1,495,274)	(964,836)
Investment tax credit—employee training cost		12,108	(4,972)
Others		11,953	15,166
Valuation allowance		(464,968)	(576,271)
Deferred income tax benefit	$	(1,254,111)	(787,061)

As of December 31, 2008 and 2007, the deferred income tax assets were as follows:

		2008	2007
Deferred income tax assets	$	4,483,638	3,694,495
Valuation allowance—deferred income tax assets		-	(464,968)
Deferred income tax assets, net	$	4,483,638	3,229,527

(Continued)

As of December 31, 2008 and 2007, details of the temporary differences, loss carryforwards and tax credits and their respective income tax effect were as follows:

	2008		2007	
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets:				
Investment loss from interest in associates under equity method	$ -	-	59,481	14,870
Reserve for trading losses and default losses	121,342	30,335	67,345	16,836
Asset impairment losses	1,374,220	343,555	1,256,009	314,002
Pension costs in excess of limit	38,086	9,521	139,822	34,956
Depreciation of property and equipment	133,151	33,288	-	-
Unrealized gain on inter-affiliate transaction	5,972	1,493	6,078	1,519
Loss carryforwards	12,171,374	3,042,844	10,049,622	2,512,405
Investment tax credit—employee trading costs	-	-	12,108	12,108
Deferred revenue	820,815	205,204	296,175	74,044
Allowance for doubtful accounts in excess of limit	634,374	158,593	-	-
Unrealized interest income on financial assets	2,635,219	658,805	2,807,205	701,802
Others	-	-	47,812	11,953
		$ 4,483,638		3,694,495

As of December 31, 2008 and 2007, the components of tax refund receivable recorded under accounts receivable were as follows:

	2008	2007
Current income tax	$ 284,052	180,429
Withheld income tax	(64,104)	(68,149)
Income tax receivable from prior years	(150,358)	(81,387)
Adjustments on prior years' income tax	(54,517)	-
Separate tax on interest income	(229,535)	(180,087)
Non-deductible tax on overseas income	-	(342)
	$ (214,462)	(149,536)

(Continued)

In accordance with the R.O.C. Income Tax Act, assessed net losses can be carried forward for ten consecutive years to reduce taxable income. As of December 31, 2008, the amount of losses and the year of expiry were as follows:

Year loss incurred	Amount	Year of expiry
2006 (reported)	$ 6,190,278	2016
2008 (estimated)	5,981,096	2018
	$ 12,171,374	

The Bank's income tax returns have been examined by the tax authority for all years through 2004.

The balance of the imputation credit account (ICA) as of December 31, 2008 and 2007, was as follows:

	2008	2007
ICA	$ 226,834	173,345

The accumulated earnings on December 31, 2008 and the accumulated deficits on December 31, 2007, were all generated after 1998.

(24) Stockholders' Equity

1) Common stock

On June 8, 2007, the board of directors approved an increase in capital by issuance of 493,055 thousand shares at $20 per share via private placement. The aforementioned capital increase was approved by the FSC on June 27, 2007. The board of directors had authorized the chairman to set June 30, 2007, as the base date for the capital increase, and the related registration was completed.

On June 8, 2007, the board of directors approved an increase in capital by issuance of 10,000 thousand shares via private placement to take over the operation of Standard Chartered Bank, Taipei Branch. The aforementioned capital increase was approved by the FSC on June 14, 2007. The designation date for the capital increase was June 30, 2007, and the related registration was completed.

On September 29 and October 22, 2008, the board of directors approved an increase in capital by issuance of 328,000 thousand shares at $20 per share via private placement. The board of directors had authorized the chairman to set December 5, 2008, as the base date for capital increase, and the related registration was completed.

2) Capital surplus

The R.O.C. Company Act requires capital surplus to be used to offset an accumulated deficit before capitalization to be common stock, with the restriction that capital surplus can never be distributed as cash dividends. The aforementioned capital surplus includes the proceeds received in excess of the par value of common stock issued and any amounts donated to the Bank. The amount of capital surplus capitalized each year may not exceed a certain percentage of the Bank's issued share capital. Capitalization of capital surplus provided by the amount in excess of par value is limited to once a year and cannot be made in the same year when the excess is generated through issuance of new shares.

As of December 31, 2008 and 2007, details of capital surplus were as follows:

		2008	2007
Capital surplus provided by the amount in excess of par value	$	6,183,410	5,049,109
Others		-	406
	$	6,183,410	5,049,515

On May 21, 2007, the shareholders approved the elimination of the accumulated deficits by transfer of legal reserve and capital surplus of $3,228,441 and $224,130, respectively.

On May 29, 2008, the shareholders approved the elimination of the accumulated deficits by transfer of appropriated special reserve and capital surplus of $332 and $2,145,349, respectively.

3) Legal reserve and appropriated special reserve

Whenever the Bank generates a profit, the profit should first be used to pay income tax in accordance with the law and to appropriate 30 percent of net profit as legal reserve. Until the amount of the legal reserve has reached the total amount of capital, the amount of profit distributed as cash dividends may not exceed 15 percent of total capital. The aforementioned rule is not required to be complied with if the amount of legal reserve is equal to the total amount of capital. In addition to the legal reserve, a special reserve can be appropriated and approved by the stockholders' meeting.

4) Dividend policy and appropriation of earnings

Whenever the Bank generates a profit, 30 percent of its net income is appropriated as legal reserve after the deduction of income tax. Any special reserve would be set aside if necessary for the Bank's ongoing operations. The remaining balance, if any, is distributed as follows:

1. Shareholders' dividends and bonuses: 95%
2. Employee bonuses: 5%

The appropriation of the aforementioned special reserve is required by law, or is proposed by the board of directors, depending on the needs for business operations. The board of directors can propose to the annual shareholder's meeting a resolution regarding the proportion of employee bonuses to be distributed, if necessary. The amount of bonuses distributed to employees who remain employed at the end of the year is also resolved by the board of directors.

The relevant information about earnings distribution or deficit elimination approved by the board of directors can be accessed through the Market Observation Posts System or other sites.

As of December 31, 2007, no retained earnings could be distributed due to accumulated deficits.

(Continued)

5) Weighted-average outstanding shares of common stock

As of December 31, 2008 and 2007, the weighted-average number of common shares outstanding was 2,184,905 thousand shares and 1,906,044 thousand shares, respectively.

(25) Disclosure of Financial Instruments

1) Fair value of financial assets

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

1. The book value of financial instruments which have a short maturity period will be considered their fair value. This assumption is used in evaluating the following accounts: cash and cash equivalents, balance at Central Bank and loans to banks, accounts receivable, refundable deposits recorded as other assets, deposits by Central Bank and other banks, bills and bonds sold under repurchase agreements, payables, and guarantee deposits.

2. The fair value of financial assets and liabilities held at fair value through profit or loss and available-for-sale financial assets is the quoted market prices if the instruments are actively traded in the market. If a quoted market price is unavailable, the fair value is determined based on certain valuation techniques. The estimates and assumptions of the valuation techniques adopted by the Bank are identical to those adopted by other market participants.

3. The interest on loans and advances to customers is based on floating rates. Therefore, the book value is equal to the fair value.

4. Other financial assets held by the Bank include unlisted equity shares over which the Bank is unable to exercise significant influence and derivatives that are linked to or deemed to be settled by the aforementioned shares. In accordance with the guidelines for preparation of financial statements by public banks, the aforementioned financial assets shall be evaluated at cost.

5. Most deposits and remittances mature in less than one year, and therefore the book value is equal to the fair value. The fair value of deposits with maturity over one year is the net present value of future cash flows.

6. Subordinated debentures are financial liabilities with floating interest rates, and therefore their fair value is equal to their carrying value.

7. When derivatives and structured notes lack quoted market prices in active markets, the Black-Scholes model is applied to calculate the fair value of option contracts; forward contracts are evaluated individually using the rates quoted on the FBS system to discount their future cash flows to present values; interest rate swap and cross-currency swap contracts are evaluated individually using quotes from counterparties or from the Reuters system to discount their future cash flows to present value.

(Continued)

As of December 31, 2008 and 2007, the fair values of the Bank's financial assets and liabilities evaluated using valuation techniques were as listed below:

Accounts	2008	2007
Financial assets held at fair value through profit or loss — derivatives	29,242,128	18,679,751
Financial assets held at fair value through profit or loss — debt instruments	10,134,705	5,115,776
Financial assets designated at fair value through profit or loss — debt instruments	-	1,670,790
Available-for-sale financial assets — beneficiary certificates	4,522,880	4,647,530
Available for-sale financial assets — debt instruments	116,969,855	73,728,757
Available for-sale financial assets — equity securities	36,549	-
Financial liabilities held at fair value through profit or loss — derivatives	30,257,795	20,331,565
Financial liabilities held at fair value through profit or loss — debt instruments	961,541	-

For the years ended December 31, 2008 and 2007, the Bank recognized losses amounting to $1,678,648 and gains amounting to $32,006, respectively, from the changes in fair value of financial instruments that were evaluated by using valuation techniques.

2) As of December 31, 2008 and 2007, outstanding derivative contracts held by the Bank were as listed below:

	December 31, 2008		
		Fair value	
	Notional amount	Gain (assets)	Loss (liabilities)
Option contracts	$ 91,538,316	1,854,906	1,837,996
Forward contracts	285,198,165	4,117,268	4,019,003
Cross-currency swaps	182,767,938	2,420,917	2,339,731
Interest rate swaps	1,028,929,483	13,033,260	17,259,098
Interest rate derivatives	158,671,144	7,304,017	4,290,207
Commodity swaps	7,599,942	511,760	511,760
	$ 1,754,704,988	29,242,128	30,257,795

(Continued)

	December 31, 2007		
		Fair value	
	Notional amount	Gain (assets)	Loss (liabilities)
Option contracts	$ 181,311,202	2,505,046	2,505,045
Forward contracts	332,202,241	4,009,467	3,958,824
Cross-currency swaps	247,815,499	1,822,385	3,355,516
Interest rate swaps	1,216,493,398	6,205,338	8,328,498
Interest rate derivatives	196,521,858	4,137,515	2,183,682
	$ 2,174,344,198	18,679,751	20,331,565

3) Financial risk management and risk information

1. Market risk

The Bank has been applying value at risk to assess the market risk of financial instruments. When negative changes in market factors arise, the value at risk states the potential losses at certain holding periods and reliance levels. The Bank estimated its value at risk for each held or issued financial instrument based on the fluctuation of the related historical price during the 250 trading days in a year.

The table below lists the market risk of financial instruments of the Bank as of December 31, 2008 and 2007. Market risk represents potential losses that the Bank may suffer in one day when unfavorable changes occur that go against the Bank's position at a 97.5% confidence level under a certain price probability distribution.

	2008			2007		
Type of market risk	Annual average	Maximum	Minimum	Annual average	Maximum	Minimum
Exchange rate	$ 4,284	8,442	1,670	4,707	8,125	1,495
Interest rate	51,881	69,520	33,390	56,363	66,596	46,313

2. Credit risk

Potential losses on financial instruments held or issued by the Bank may arise due to nonfulfillment of contractual obligations by the counterparties. When placing loans, loan commitments, or loan guarantees, the Bank conducts its credit assessment with professional care. As of December 31, 2008 and 2007, the percentage of loans with collateral was 63.81% and 61.75%, respectively. The collateral obtained from loans, commitments, and guarantees consisted of cash and cash equivalents, inventories, marketable securities, and other assets. When counterparties breach agreements/contracts, the Bank has rights over the collateral, which can mitigate the credit risk. However, when disclosing the amount of maximum credit risk exposure, the fair value of collateral is ignored. No additional disclosure was provided for financial assets associated with credit risks since their book value, net of corresponding valuation allowance, reflects their credit exposures.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

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As of December 31, 2008 and 2007, the maximum credit risk exposure of the Bank's loans and advances to customers in the event of other parties failing to perform their obligations was as summarized below by industry category.

Industry	2008	2007
Manufacturing	43,121,263	45,399,062
Commercial	20,478,931	23,857,032
Construction	2,473,366	2,968,368
Individual	224,397,246	196,882,460
Others	23,753,185	23,336,389
	314,223,991	**292,443,311**

The amount of the abovementioned credit risk was assessed based on the financial instruments with positive fair value at the balance sheet date and contracts with off-balance-sheet commitments and guarantees. Concentration of credit risk refers to the significant risks from all financial instruments, regardless of whether the risks are from an individual counterparty or group of counterparties. Group concentration of credit risk exists if a number of counterparties are engaged in similar activities or activities in the same region, or have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank maintains trading positions in a number of markets and with a variety of counterparties or obligors.

As of December 31, 2008 and 2007, the 10 group companies with the largest outstanding loans were as follows:

Unit: thousands dollars, %

December 31, 2008			
Rank	**Group Company**	**Outstanding loan**	**% of net assets**
1	Chi Mei Group	5,832,056	18.45 %
2	AUO Group	3,176,869	10.05 %
3	Pou Chen Group	2,321,744	7.35 %
4	Chipmos Group	1,858,966	5.88 %
5	Richemont Group	1,618,000	5.12 %
6	Swire Group	1,550,167	4.91 %
7	Chailease Group	1,363,751	4.32 %
8	Powerchip Group	1,277,007	4.04 %
9	Walsin Lihwa Group	1,262,486	4.00 %
10	Eastern Multimedia Group	1,173,226	3.71 %

December 31, 2007			
Rank	**Group Company**	**Outstanding loan**	**% of net assets**
1	Chi Mei Group	4,438,478	18.64 %
2	AUO Group	3,609,913	15.16 %
3	Mosel Vitelic Group	2,617,911	10.99 %
4	Pou Chen Group	1,446,112	6.07 %
5	Swire Group	1,306,205	5.49 %
6	Formosa Chemicals Group	1,293,663	5.43 %
7	Eastern Multimedia Group	1,279,365	5.37 %
8	Chailease Group	1,093,113	4.59 %
9	Richemont Group	1,086,000	4.56 %
10	BenQ Group	841,527	3.53 %

(Note) The above-listed group companies are disclosed in accordance with the group definition per the Sixth Article of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Potential losses are assessed equal to the contractual amounts when the counterparties are unable to perform their contractual obligations and the related collateral is significantly devaluated.

3. Liquidity risk

As of December 31, 2008 and 2007, the liquidity reserve ratio was 23.28% and 22.35%, respectively; the Bank has enough operating capital to fulfill all contractual obligations, and thus the probability of loss due to liquidity risk is remote. Liquidity risk of derivative instruments held by the Bank is low except for interest rate swaps, which had a leverage effect. Therefore, there is no significant liquidity risk.

One of the most important aspects of the Bank's management is to match its assets and liabilities with related interest rates and durations. Due to varieties and uncertainties of contractual terms, the interest rates and maturity dates of assets and liabilities may not be matched, which may cause considerable impact on the liquidity profile of the Bank. As of December 31, 2008 and 2007, the liquidity of the Bank was as assessed below by groups of interest-earning assets and interest-bearing liabilities over various duration periods from the balance sheet date to an individual contract's maturity.

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Unit: thousand dollars

Assets	2008 Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Cash and cash equivalents	$ 15,670,941	-	-	-	15,670,941
Balance at Central Bank and loans and advances to banks	70,279,034	16,639,873	-	11,889,739	98,808,646
Loans and advances to customers	33,378,176	18,616,208	50,473,762	207,705,160	310,173,306
Financial assets held at fair value through profit or loss, net	6,698,220	5,797,917	23,027,755	3,852,941	39,376,833
Available-for-sale financial assets, net	33,267,968	47,827,041	15,348,802	10,662,838	107,106,649
Other assets	14,199,597	7,688,613	11,833,263	16,851,895	50,573,368
Hedged items	-	3,120,325	9,005,437	2,649,706	14,775,468
Total assets	$ 173,493,936	99,689,977	109,689,019	253,612,279	636,485,211
Liabilities					
Deposits by Central Bank and other banks	$ 16,600,098	4,437,904	-	-	21,038,002
Deposits and remittances	366,801,973	119,471,725	8,360,260	5,312	494,639,270
Financial debentures	2,900	-	-	19,722,968	19,725,868
Financial liabilities held at fair value through profit or loss	7,026,469	6,304,738	17,233,912	654,217	31,219,336
Other liabilities	3,624,743	10,061,802	76,090	5,101,100	18,863,735
Hedged items	-	19,400,000	-	-	19,400,000
Total liabilities	$ 394,056,183	159,676,169	25,670,262	25,483,597	604,886,211
Spread	$(220,562,247)	(59,986,192)	84,018,757	228,128,682	31,599,000

Assets	2007 Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Cash and cash equivalents	$ 7,281,782	-	-	-	7,281,782
Balance at Central Bank and loans and advances to banks	30,886,452	4,188,947	5,320,586	-	40,395,985
Loans and advances to customers	32,904,444	19,079,376	23,394,418	212,970,098	288,348,336
Financial assets held at fair value through profit or loss, net	20,105,417	5,360,900	-	-	25,466,317
Available-for-sale financial assets, net	10,854,402	30,838,502	14,504,900	13,763,297	69,961,101
Other assets	-	-	-	38,766,717	38,766,717
Hedged items	-	-	-	10,343,395	10,343,395
Total assets	$ 102,032,497	59,467,725	43,219,904	275,843,507	480,563,633
Liabilities					
Deposits by Central Bank and other banks	$ 17,426,009	2,711,526	5,965,090	-	26,102,625
Deposits and remittances	215,574,401	83,826,218	81,246,400	13,798	380,660,817
Financial debentures	3,333,333	11,478,567	-	-	14,811,900
Financial liabilities held at fair value through profit or loss	-	-	-	20,331,565	20,331,565
Other liabilities	-	-	-	14,542,976	14,542,976
Hedged items	-	-	300,000	-	300,000
Total liabilities	$ 236,333,743	98,016,311	87,511,490	34,888,339	456,749,883
Spread	$(134,301,246)	(38,548,586)	(44,291,586)	240,955,168	23,813,750

(Continued)

Duration analyses of assets and liabilities in statutory form were as follows:

December 31, 2008

(expressed in thousands dollars)

	Total	Remaining period to expiration				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year
Capital provided	$ 727,092,937	155,943,974	89,057,473	80,955,618	65,663,955	335,471,917
Capital used	747,681,921	133,912,917	130,538,318	104,525,218	119,489,037	259,216,431
Spread	(20,588,984)	22,031,057	(41,480,845)	(23,569,600)	(53,825,082)	76,255,486

December 31, 2008

(expressed in thousands of US dollars)

	Total	Remaining period to expiration				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year
Capital provided	$ 9,158,769	3,562,427	2,492,578	1,491,328	257,759	1,354,677
Capital used	9,638,825	3,533,409	1,920,109	1,322,078	507,399	2,355,830
Spread	(480,056)	29,018	572,469	169,250	(249,640)	(1,001,153)

December 31, 2007

(expressed in thousands dollars)

	Total	Remaining period to expiration				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year
Capital provided	$ 604,672,864	88,199,421	40,575,738	50,156,933	55,705,271	370,035,501
Capital used	745,589,261	82,949,254	68,775,616	71,820,275	108,452,898	413,591,218
Spread	(140,916,397)	5,250,167	(28,199,878)	(21,663,342)	(52,747,627)	(43,555,717)

December 31, 2007

(expressed in thousands of US dollars)

	Total	Remaining period to expiration				
		Day 1 to day 30	Day 31 to day 90	Day 91 to day 180	Day 180 to 1 year	Over 1 year
Capital provided	$ 45,007,225	2,753,474	1,042,431	1,342,160	1,860,644	38,008,516
Capital used	62,447,960	3,138,454	1,255,056	920,657	1,372,188	55,761,605
Spread	(17,440,735)	(384,980)	(212,625)	421,503	488,456	(17,753,089)

4. Cash flow risk and fair value risk from changes in interest rate

Future cash flow from the assets and liabilities with floating interest rates held by the Bank may fluctuate due to changes in market interest rates. In order to mitigate the risk, the Bank has entered into interest rate swap contracts after related assessments.

As of December 31, 2008 and 2007, the Bank presumed that the expected re-pricing dates and maturity dates were not affected by contractual terms. The interest rate risks listed below are stated based on the book value of financial assets and liabilities held by the Bank and classified based on the earlier of the maturity date or re-pricing date.

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Unit: thousand dollars

December 31, 2008

Assets	Within 1 month	1~3 months	3 months ~ 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	Non-interest	Total
Cash and cash equivalents	$ 15,670,941	-	-	-	-	-	-	-	-	15,670,941
Balance at Central Bank and loans and advances to banks	47,753,609	22,525,425	16,639,873	-	-	-	-	-	11,889,739	98,808,646
Loans and advances to customers	19,517,782	13,860,394	18,616,208	7,862,835	12,414,786	10,466,119	19,730,022	207,705,160	-	310,173,306
Financial assets held at fair value through profit or loss, net	2,639,023	4,059,197	5,797,917	9,248,155	1,786,775	6,992,825	5,000,000	3,852,941	-	39,376,833
Available-for-sale financial assets, net	16,298,468	16,969,500	47,827,041	4,328,470	4,753,028	2,661,460	3,605,844	10,626,289	36,549	107,106,649
Other assets	12,205,416	1,994,181	7,688,613	1,037,977	1,056,241	1,004,994	8,734,051	4,698,195	12,153,700	50,573,368
Hedged item	-	-	3,120,325	2,075,490	3,712,832	-	3,217,115	2,649,706	-	14,775,468
Total assets	$ 114,085,239	59,408,697	99,689,977	24,552,927	23,723,662	21,125,398	40,287,032	229,532,291	24,079,988	636,485,211
Liabilities										
Deposits by Central Bank and other banks	$ 13,543,286	3,056,812	4,437,904	-	-	-	-	-	-	21,038,002
Deposits and remittances	294,528,646	72,273,327	119,471,725	7,694,075	666,185	-	-	-	5,312	494,639,270
Financial liabilities held at fair value through profit or loss	-	7,026,469	6,304,738	-	8,417,802	-	8,816,110	654,217	-	31,219,336
Financial debentures	2,900	-	-	-	-	-	-	9,722,968	10,000,000	19,725,868
Other liabilities	2,736,180	888,563	10,061,802	40,762	7,070	-	28,258	42,723	5,058,377	18,863,735
Hedged item	-	-	19,400,000	-	-	-	-	-	-	19,400,000
Total liabilities	$ 310,811,012	83,245,171	159,676,169	7,734,837	9,091,057	-	8,844,368	10,419,908	15,063,689	604,886,211
Sensitivity gap	$ (196,725,773)	(23,836,474)	(59,986,192)	16,818,090	14,632,605	21,125,398	31,442,664	219,112,383	9,016,299	31,599,000

Unit: thousand dollars

December 31, 2007

Assets	Within 1 month	1~3 months	3 months ~ 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	Non-interest	Total
Cash and cash equivalents	$ 7,281,782	-	-	-	-	-	-	-	-	7,281,782
Balance at Central Bank and loans and advances to banks	30,805,345	81,107	4,188,947	5,320,586	-	-	-	-	-	40,395,985
Loans and advances to customers	23,674,242	9,230,202	19,079,376	4,235,902	12,021,313	7,137,203	-	212,970,098	-	288,348,336
Financial assets held at fair value through profit or loss, net	17,724,967	2,380,450	5,360,900	-	-	-	-	-	-	25,466,317
Available-for-sale financial assets, net	2,601,402	8,253,000	30,838,502	4,070,000	3,626,000	6,808,900	-	13,763,297	-	69,961,101
Other assets	-	-	-	-	-	-	-	-	38,766,717	38,766,717
Hedged item	-	-	-	-	-	-	-	10,343,395	-	10,343,395
Total assets	$ 82,087,738	19,944,759	59,467,725	13,626,488	15,647,313	13,946,103	-	237,076,790	38,766,717	480,563,633
Liabilities										
Deposits by Central Bank and other banks	$ 16,230,119	1,195,890	2,711,526	1,919,971	4,045,119	-	-	-	-	26,102,625
Deposits and remittances	144,330,796	71,243,605	83,826,218	70,622,290	10,624,110	-	-	13,798	-	380,660,817
Financial liabilities held at fair value through profit or loss	-	-	-	-	-	-	-	-	20,331,565	20,331,565
Financial debentures	-	3,333,333	11,478,567	-	-	-	-	-	-	14,811,900
Other liabilities	-	-	-	-	-	-	-	-	14,542,976	14,542,976
Hedged item	-	-	-	300,000	-	-	-	-	-	300,000
Total liabilities	$ 160,560,915	75,772,828	98,016,311	72,842,261	14,669,229	-	-	13,798	34,874,541	456,749,883
Sensitivity gap	$ (78,473,177)	(55,828,069)	(38,548,586)	(59,215,773)	978,084	13,946,103	-	237,062,992	3,892,176	23,813,750

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to Financial Statements

Sensitivity analysis of assets and liabilities in statutory form were as follows:

December 31, 2008

(expressed in thousands dollars)

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 302,794,712	41,697,833	22,966,809	81,654,834	449,114,188
Interest-rate-sensitive liabilities	133,359,220	188,295,163	71,941,060	44,494,966	438,090,409
Interest-rate-sensitive spread	169,435,492	(146,597,330)	(48,974,251)	37,159,868	11,023,779
Interest-rate-sensitive equity, net					31,599,000
Ratio of interest-rate-sensitive assets to liabilities (%)					102.52
Ratio of interest-rate-sensitive spread to net equity (%)					34.89

December 31, 2008

(expressed in thousands of US dollars)

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 1,877,588	548,645	1,771	166,927	2,594,931
Interest-rate-sensitive liabilities	2,673,370	130,280	64,722	150,589	3,018,961
Interest-rate-sensitive spread	(795,782)	418,365	(62,951)	16,338	(424,030)
Interest-rate-sensitive equity, net					38,916
Ratio of interest-rate-sensitive assets to liabilities (%)					85.95
Ratio of interest-rate-sensitive spread to net equity (%)					(1,089.60)

December 31, 2007

(expressed in thousands dollars)

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 251,577,507	25,250,725	21,384,685	70,667,754	368,880,671
Interest-rate-sensitive liabilities	90,032,600	208,634,969	51,912,136	2,149,404	352,729,109
Interest-rate-sensitive spread	161,544,907	(183,384,244)	(30,527,451)	68,518,350	16,151,562
Interest-rate-sensitive equity, net					23,813,750
Ratio of interest-rate-sensitive assets to liabilities (%)					104.58
Ratio of interest-rate-sensitive spread to net equity (%)					67.82

December 31, 2007

(expressed in thousands of US dollars)

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 1,025,816	237,667	90,819	169,278	1,523,580
Interest-rate-sensitive liabilities	1,816,792	45,580	44,521	40,295	1,947,188
Interest-rate-sensitive spread	(790,976)	192,087	46,298	128,983	(423,608)
Interest-rate-sensitive equity, net					(1,182,737)
Ratio of interest-rate-sensitive assets to liabilities (%)					78.25
Ratio of interest-rate-sensitive spread to net equity (%)					35.82

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to Financial Statements

5. Information on interest-bearing assets and liabilities:

	2008 Average amount	2008 Average %
Assets:		
Balance at Central Bank	11,330,053	1.19
Loans and advances to banks (including deposits with affiliate companies and advances to affiliate companies)	51,280,842	3.46
Loans and advances to customers	316,640,145	4.35
Financial assets held at fair value through profit or loss	6,209,404	2.39
Available-for-sale financial assets	84,632,509	2.37
Liabilities:		
Deposits by Central Bank and loans from other banks (including deposits from affiliate companies)	37,366,885	2.46
Demand deposits (including local currency and foreign currency)	203,912,994	0.43
Time deposits (including local currency and foreign currency)	193,975,747	2.51
Negotiable certificates of deposit	1,443,604	1.82
Financial debentures	19,243,069	3.76

	2007 Average amount	2007 Average %
Assets:		
Loans and advances to banks (including deposits with affiliate companies and advances to affiliate companies)	$ 22,491,564	4.78
Loans and advances to customers	316,835,049	4.48
Financial assets held at fair value through profit or loss	6,653,311	2.18
Available-for-sale financial assets	76,980,855	2.17
Liabilities:		
Deposits by Central Bank and loans from other banks (including deposits from affiliate companies)	33,504,044	2.07
Demand deposits (including local currency and foreign currency)	201,213,258	0.35
Time deposits (including local currency and foreign currency)	169,695,368	2.50
Negotiable certificates of deposit	1,689,379	1.57
Financial debentures	14,814,110	4.57

(Continued)

6. Operational risk

Operational risk can be defined as the risk of monetary losses resulting from inadequate or failed internal processes, people, and systems or from external events. The Bank implements monitoring systems for operational risk exposures and losses for major business lines. Risk management policies and procedures for controlling or mitigating operational risk are in place and enforced through regular internal auditing.

7. Legal risk

Legal risk arises from the possibility that an entity may not be able to follow regulations issued by the government and may not be able to enforce a contract against another party. Legal risk arises from possible risk of loss due to an unenforceable contract or an "ultra vires" act of a counterparty. Legal risk involves the potential illegality of the contract, as well as the possibility that the other party entered into the contract without proper authority. The legal affairs department of the Bank is responsible for providing professional legal consulting and review services for internal regulations and all trading contracts, and making sure that the Bank follows the financial regulations and operational regulations.

4) Fair value hedge

A fair value hedge is the hedging of the exposure to changes in fair value of recognized fixed-rate assets or liabilities that are attributable to particular interest risks that could affect profit or loss. As of December 31, 2008 and 2007, the hedged items and the book value of the corresponding hedging instruments were as follows:

Hedge item			Fair value of hedging instruments	
Hedge item		**2008**	**Contract type**	**2008**
Loan and advances to customers	$	1,293	Interest rate swaps	(909)
Available-for-sale financial assets:				
Bonds		621,296	Interest rate swaps	(623,458)
Time deposits－NTD		(82,684)	Interest rate swaps	81,324
	$	539,905		(543,043)

Hedge item			Fair value of hedging instruments	
Hedge item		**2007**	**Contract type**	**2007**
Loan and advances to customers	$	(1,937)	Interest rate swaps	1,998
Available-for-sale financial assets:				
Bonds		45,888	Interest rate swaps	(46,318)
Time deposits－NTD		64	Interest rate swaps	(59)
	$	44,015		(44,379)

(Continued)

(26) Information on Reclassification of Financial Assets

1) The amount and the reason for reclassification of financial assets:

	For the year ended December 31, 2008 Reclassified available-for-sale financial assets
Items which were initially classified as financial assets held at fair value through profit or loss	$ 767,012

Due to the changes in the domestic and global financial and economic trends, where the facts and circumstances indicated that the situations were those rare ones stated in item 1 (3) of paragraph 104 of SFAS No. 34 "Financial Instruments: Recognition and Measurement," the Bank reclassified its debt instruments to available-for-sale financial assets from those classified as held at fair value through profit or loss at initial recognition.

2) Book value and fair value of financial assets which were reclassified:

	For the year ended December 31, 2008	
	Book value	Fair value
Available-for-sale financial assets	$ 362,922	367,914

3) Reclassification of the movement of financial assets held at fair value through profit or loss or through stockholders' eguity was as below:

	Items which were classified as financial assets held for trading	
	Gains on financial assets held at fair value through profit or loss if not reclassified	The amount recognized in profit under reclassification
For the year ended December 31, 2008	$ 5,826	2,182

For the year ended December 31, 2008, gains on the Bank's financial assets prior to the reclassification of financial assets from the trading category amounted to $10,918.

(Continued)

(27) Related-party transactions

1) Name and relationship of related party

Name	Relationship
Standard Chartered Bank Ltd. (SCB)	The Bank's parent company
Standard Chartered Life Insurance Agent Co., Ltd. (former Hsinchu Insurance Agent Ltd.; renamed in November 2007)	Investee under equity method
Standard Chartered Taiwan Insurance Agent Co., Ltd. (former Chuchian Insurance Agent Ltd.; renamed in November 2007)	Investee under equity method
Hsinchu Futures Co., Ltd. (Hsinchu Futures)	Investee under equity method (liquidated on May 29, 2008)
Standard Chartered Bank Taipei Branch (SCB Taipei)	Affiliate
Standard Chartered Bank New York (SCB New York)	Affiliate
Standard Chartered Bank London (SCB London)	Affiliate
Standard Chartered Bank Tokyo (SCB Tokyo)	Affiliate
Standard Chartered Bank Hong Kong (SCB HK)	Affiliate
Standard Chartered Bank Singapore (SCB Singapore)	Affiliate
Standard Chartered Bank India (SCB India)	Affiliate
AMEX Bank Ltd. Singapore (AEB Singapore)	Affiliate
Standard Chartered Bank Shanghai (SCB Shanghai)	Affiliate
Standard Chartered Bank Malaysia (SCB Malaysia)	Affiliate
Scope International Private Ltd.	Affiliate
Others	Including directors, supervisors, managers and their families, spouses, etc.
Directors, Supervisor, President and Vice President	The main management of the Bank

(Continued)

2) Significant transactions with related parties

1. Deposits

As of December 31, 2008 and 2007, deposits provided by related parties were as summarized below:

2008			
Name	**Ending balance**	**Percentage of deposits (%)**	**Interest rate (%)**
Deposits by individual related parties not over 1% of total deposits	$ 407,216	0.08	0.00~8.00

2007			
Name	**Ending balance**	**Percentage of deposits (%)**	**Interest rate (%)**
Deposits by individual related parties not over 1% of total deposits	$ 471,374	0.12	0.00~8.00

Except for the 8% interest rate on employee savings accounts, the interest rates and other terms offered to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2008 and 2007, interest expenses on the above deposits were $10,980 and $6,369, respectively.

2. Loans

As of December 31, 2008, loans to related parties were as summarized below:

Unit: thousand dollars

2008							
				Repayment			
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	On-time	Overdue	Collateral	Difference between terms and conditions offered to the accounts and to the general public
Employee credit loan	30	14,076	8,895	8,895	-	Unsecured lending	None
Mortgage	41	144,220	108,300	108,300	-	House	None
Others	1	4,155	2,567	2,567	-	Overdraft on the comprehensive deposits	None

As of December 31, 2007, there was no such transaction.

For the year ended December 31, 2008, interest income resulting from the above loans was $3,244.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to Financial Statements

3. Deposits with affiliates

For the years ended December 31, 2008 and 2007, deposits with affiliates and related interest income were as follows:

		2008	
	Balance	Interest rate	Interest income
SCB New York	$ 9,625,676	0~1.35	14,346
SCB HK	603,461	-	-
Others	39,407	-	-
	$ 10,268,544		14,346

		2007	
	Balance	Interest rate	Interest income
SCB New York	$ 31,241	3.78~3.87	14,569
SCB London	29,194	4.25~6.25	-
SCB Tokyo	29,555	-	-
SCB HK	44,993	-	-
Others	7,021	-	-
	$ 142,004		14,569

4. Loans and advances to affiliates

For the years ended December 31, 2008 and 2007, loans and advances to affiliates and related interest income were as follows:

		2008	
	Balance	Interest rate	Interest income
SCB London	$ 19,070,161	1.30~5.88	321,966
SCB Taipei	16,698,874	2.00~5.36	211,637
SCB Tokyo	10,692,651	0.50~4.64	51,349
Others	3,223,228	2.80~7.10	310,540
	$ 49,684,914		895,492

(Continued)

		2007	
	Balance	**Interest rate**	**Interest income**
SCB London	$ 6,445,426	0.46~8.45	23,299
SCB Tokyo	2,804,846	0.42	-
Others	9,238	-	-
	$ 9,259,510		23,299

As of December 31, 2008 and 2007, the interest receivable resulting from the above loans and advances to affiliates was $324,451 and $24,663, respectively.

5. Deposits by affiliates and loans from affiliates

For the years ended December 31, 2008 and 2007, deposits by and loans from affiliates and related interest expense were as follows:

		2008	
	Balance	**Interest rate**	**Interest expense**
SCB London	$ 6,200,683	2.00~3.14	185,373
SCB Taipei	1,541,976	0.96	21,595
SCB Tokyo	1,410,292	0.20	135,932
SCB HK	4,922,968	4.50~4.80	101,882
Others	137,747	4.50~5.35	4,744
	$ 14,213,666		449,526

		2007	
	Balance	**Interest rate**	**Interest expense**
SCB Tokyo	5,487,121	0.75~5.15	6,950
SCB London	3,646,031	2.75~5.50	83,425
Others	9,877	-	-
	$ 9,143,029		90,375

As of December 31, 2008 and 2007, the interest payable resulting from the above deposits by and loans from affiliates was $103,133 and $90,377, respectively.

(Continued)

6. Derivative transactions

As of December 31, 2008 and 2007, derivative transactions engaged in with affiliated parties were as follows:

2008						
Name	Contracts	Contract duration period	Notional	Unrealized effect in current period	Balance sheet Account	Balance
SCB London	Forward contract	2009.1.2~ 2009.11.12	$ 13,639,397	259,994	Financial assets held at fair value through profit or loss	453,452
					Financial liabilities held at fair value through profit or loss	(193,458)
	Cross currency swap	2009.2.6~ 2012.9.28	69,202,260	(367,945)	Financial assets held at fair value through profit or loss	924,998
					Financial liabilities held at fair value through profit or loss	(1,292,943)
	Commodity swap	2009.1.8~ 2011.1.4	3,799,971	(187,182)	Financial assets held at fair value through profit or loss	162,289
					Financial liabilities held at fair value through profit or loss	(349,471)
	Interest rate derivative	2009.1.26~ 2013.4.24	130,397,219	533,815	Financial assets held at fair value through profit or loss	4,292,124
					Financial liabilities held at fair value through profit or loss	(3,758,309)
	Interest rate swap	2009.2.4~ 2013.8.13	169,927,560	(3,694,302)	Financial assets held at fair value through profit or loss	2,273,189
					Financial liabilities held at fair value through profit or loss	(5,967,491)
	Option contract	2009.1.1~ 2010.10.14	59,742,496	(1,620,839)	Financial assets held at fair value through profit or loss	108,489
					Financial liabilities held at fair value through profit or loss	(1,729,328)
SCB New York	Forward contract	2009.1.5	12,852	57	Financial assets held at fair value through profit or loss	57
SCB India	Interest rate swap	2009.6.8	229,739	2,995	Financial assets held at fair value through profit or loss	2,995
AEB Singapore	Cross currency swap	2009.8.19~ 2009.9.21	1,365,732	(136,107)	Financial liabilities held at fair value through profit or loss	(136,107)
SCB Singapore	Forward contract	2009.1.2~ 2009.9.9	27,567,227	(185,427)	Financial assets held at fair value through profit or loss	353,076
					Financial liabilities held at fair value through profit or loss	(538,503)

(Continued)

2007						
Name	Contracts	Contract duration period	Notional	Unrealized effect in current period	Balance sheet Account	Balance
SCB London	Option contract	2008.1.8~ 2008.2.4	$ 16,611,649	(63,294)	Financial assets held at fair value through profit or loss	65,633
					Financial liabilities held at fair value through profit or loss	(128,928)
	Forward contract	2008.1.2~ 2012.4.26	359,654,710	(18,868,525)	Financial assets held at fair value through profit or loss	3,922,885
					Financial liabilities held at fair value through profit or loss	(22,791,410)
	Interest rate derivative	2008.2.4	5,262,611	(12,008)	Financial liabilities held at fair value through profit or loss	(12,008)
SCB Tokyo	Forward contract	2008.1.4	1,889,657	31,913	Financial assets held at fair value through profit or loss	31,913
SCB Singapore	Forward contract	2008.1.2~ 2008.11.24	223,661,734	(505,724)	Financial assets held at fair value through profit or loss	722,022
					Financial liabilities held at fair value through profit or loss	(12,277,746)

7. As of December 31, 2008 and 2007, the fair values of financial debentures acquired from affiliates were as follows:

Name	Fair value 2008	2007
SCB HK	$ 4,640,061	3,624,796

8. As of December 31, 2008 and 2007, financial debenture payables deriving from the issuance of financial debentures to affiliates were as follows:

Name	Bond (note)	2008	2007
SCB	95-1	$ 4,800,000	4,800,000
SCB HK	97-1	4,922,968	-

(note) The issue conditions and details of financial debentures were as stated in note 17.

9. In December 2004, the Bank sold the land and building located at No. 1-23 and No. 1-49, Dongmen Sec. 2, Hsinchu City, to Hsinchu Insurance Agent Co., Ltd. The contracted selling price was $42,500, and the gain on disposal, net of book value and the related expenses, was $23,130. The Bank transferred the ownership in January 2005. As of December 31, 2008 and 2007, unrealized gains from affiliated-company transactions amounted to$22,785 and $22,890, respectively, recorded as other liabilities.

10. For the years ended December 31, 2008 and 2007, administration fees incurred with SCB amounted to $429,601 and $862,450, respectively. As of December 31, 2008 and 2007, administration fee payable to SCB amounted to $1,919,127 and $1,192,613, respectively, recorded as accounts payable.

(Continued)

11. For the years ended December 31, 2008 and 2007, the related cost of the Executive Share Option Scheme amounted to $63,132 and $23,053, respectively. As of December 31, 2008 and 2007, accounts payable to SCB for the share-based payment scheme costs amounted to $172,813 and $133,097, respectively, recorded under accounts payable.

12. For the year ended December 31, 2008, expenses resulting from operating activities with affiliates were as follows:

		2008
Personnel costs:		
SCB New York	$	10,557
SCB London		46,911
SCB HK		19,346
SCB Singapore		24,556
Others		3,649
	$	105,019
Information technology service fees:		
Scope International Private Ltd.	$	52,595
SCB London		17,801
SCB HK		5,482
SCB Singapore		4,505
Others		3,513
	$	83,896

13. For the year ended December 31, 2008, operating expenses paid in advance for Standard Chartered Life Insurance Agent Co., Ltd. were $8,662, recorded as other receivables. As of December 31, 2008 and 2007, the deposits of Standard Chartered Life Insurance Agent Co., Ltd. were $231,848 and $116,635, respectively and the interest expenses were $1,996 and $2,510, respectively.

14. For the year ended December 31, 2008, operating expenses paid in advance for Standard Chartered Taiwan Insurance Agent Co., Ltd. were $2,326, recorded as other receivables. As of December 31, 2008 and 2007, the deposits of Standard Chartered Taiwan Insurance Agent Co., Ltd. were $33,445 and $30,072, respectively, and the interest expenses were $412 and $448, respectively.

3) The salary and remuneration of the directors, supervisors, president, vice president and major management for the years ended December 31, 2008 and 2007, were as below:

		2008	2007
Salary	$	103,292	159,416
Remuneration		20,913	8,865

(28) Pledged Assets

Pledged assets	Pledged for	Amount December 31, 2008	Amount December 31, 2007
Bonds (recorded as available-for-sale financial assets as of December 31, 2008 and 2007)	Provisional seizure	$ 410,600	650,300
	Securitization of mortgage loans	700,000	700,000
Total		$ 1,110,600	1,350,300

Refundable security deposits regulated by relevant bank operation regulations:

Security deposits	Purpose	Amount December 31, 2008	Amount December 31, 2007
Bonds and certificates of deposit (recorded as available-for-sale financial assets as of December 31, 2008 and 2007)	Reserve for trust business	$ 2,350,000	100,000
	Security deposits for bill trading operations	50,000	50,000
	Security deposits for futures trading	20,000	60,000
	Security deposits for security brokerage	250,000	200,000
	Security deposits for bond trading	-	10,000
		2,670,000	420,000
Certificates of deposit (recorded as refundable deposits as of December 31, 2008 and 2007)	Clearing account reserve	110,400	100,000
	Security deposits for bond proprietary trading	10,000	10,000
	Security deposits for bond underwriting	40,000	40,000
		160,400	150,000
Total		$ 2,830,400	570,000

(Continued)

1) Reserves for trust business are provided by deposits that the Bank placed in the Central Bank of China for its trust custodian business.

2) Assets pledged for provisional seizure are provided by collateral placed with the court in order to execute the Bank's right over debtors' properties.

3) Security deposits for bill trading are provided by deposits placed in the Central Bank of China for the Bank's bill trading business.

4) Security deposits for bond proprietary trading are provided by deposits placed in the OTC for the Bank's government bond trading business. Furthermore, reserve for trading losses has been set to conform with securities regulations.

5) The cash deposited in the clearing account reserve was $10,400 as of December 31, 2008.

(29) Commitments and Contingent Liabilities

1) Significant service agreements

The Bank entered into a bancassurance agreement with PCA Life Assurance Co., Ltd. (PCA) to promote and sell approved insurance policies in October 2007. Pursuant to the agreement, during the contract period from October 2007 to September 2015, the Bank should establish a sales team for PCA life insurance products, maintain a customer database, and exclusively sell such life insurance products underwritten by PCA through the distribution networks in Taiwan. In consideration of the exclusive distribution arrangement, PCA had paid to the Bank a facilitation fee of US$32,000 thousand. The amounts of NT$106,344 and $41,087 were recognized as fee income for the years ended December 31, 2008 and 2007, respectively, and the remaining amount was recorded as deferred revenue under other liabilities.

2) Significant purchase agreements

As of December 31, 2008 and 2007, the Bank had construction agreements for expansion and renovation of buildings amounting to $645,747 and $372,775, respectively. The unpaid amounts of those agreements were $114,426 and $10,200, respectively.

3) Operating leases

The Bank has entered into certain operating leases for its branches. As of December 31, 2008, estimated minimum future lease payments were as follows:

Fiscal year	**Amount**
2009	$ 416,669
2010	301,612
2011	229,388
2012	191,297
2013 and thereafter	250,427
	$ 1,389,393

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Notes to Financial Statements

4) Others

		December 31, 2008	December 31, 2007
Consignment collection for others	$	15,335,087	21,151,123
Traveller's checks held on consignment for sale		93,975	54,785
Securities and goods in custody and other trust assets		549,414,298	1,017,286,438
Trust assets		142,051,356	177,086,365
	$	**706,894,716**	**1,215,578,711**
Unused lines of credit	$	**17,476,852**	**37,946,637**
Other guarantees	$	**11,020,475**	**17,233,334**
Letters of credit issued	$	**2,185,399**	**6,968,464**
Securities sold under repurchase agreements	$	**1,499,177**	**2,528,902**
Securities purchased under reverse repurchase agreements	$	-	**98,777**

5) As of and for the years ended December 31, 2008 and 2007, disclosures required by Article 17 of the Trust Enterprise Law on trust balance sheets and trust assets were as follows:

Trust Balance Sheet

December 31, 2008

Trust assets			Trust liabilities		
Bank deposit	$	41,157	Accounts payable	$	21
Short-term investments		136,367,411	Taxes payable		13
Accounts receivable		131	Payables for securities under custody		5,642,657
Securities under custody		5,642,657	Trust capital		136,408,665
Total trust assets	$	**142,051,356**	Total trust liabilities	$	**142,051,356**

Trust Balance Sheet

December 31, 2007

Trust assets			Trust liabilities		
Bank deposits	$	54,000	Trust capital	$	177,086,365
Short-term investments		177,032,365			
Total trust assets	$	**177,086,365**	Total trust liabilities	$	**177,086,365**

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Trust Income Statement

	2008	2007
Trust revenue:		
Interest revenue	$ 288	196
Common stock cash dividends	23,907	12,306
Realized gain on investments	275	18,085
Unrealized gain on investments	-	44,887
Other income	267	-
	24,737	75,474
Trust expenses:		
Management expenses	318	301
Service charges	124	562
Construction expenses	-	228,250
Realized investment loss	7,840	574
Unrealized investment loss	275,815	34,470
Exchange loss	-	214
	284,097	264,371
Net loss before income tax	(259,360)	(188,897)
Income tax expense	9	8
Net loss after income tax	$ (259,369)	(188,905)

Schedule of investment for trust business

December 31, 2008

Investment items	Amount
Bank deposits	$ 41,157
Short-term investments:	
Bonds	51,836,127
Common shares	2,931,874
Funds	81,599,410
Accounts receivable	131
Securities under custody	5,642,657
	$ 142,051,356

(Continued)

Schedule of investment for trust business
December 31, 2007

Investment items		Amount
Bank deposits	$	54,000
Short-term investments:		
Bonds		68,026,834
Common shares		2,220,729
Funds		106,784,802
	$	177,086,365

Foreign currency pecuniary trust business engaged in by the Offshore Banking Unit (OBU) as of December 31, 2008 and 2007, was included in the trust balance sheet and schedule of investment for trust business.

(30) Significant Disaster Loss: none.

(31) Subsequent Events: none.

(32) Others

1) Summary of personnel costs and depreciation and amortization expenses

A summary of personnel costs and depreciation and amortization expenses for the years ended December 31, 2008 and 2007, is as follows:

Function / Account	2008			2007		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Personnel costs:						
Salaries	-	4,993,823	4,993,823	-	4,239,756	4,239,756
Labor and health insurance	-	306,489	306,489	-	207,707	207,707
Pension	-	455,145	455,145	-	272,938	272,938
Other	-	299,870	299,870	-	344,651	344,651
Depreciation	-	680,810	680,810	-	612,023	612,023
Amortization	-	90,040	90,040	-	16,663	16,663

2) Reclassification

For the year ended December 31, 2007, certain amounts have been reclassified and presented to conform to the financial statements for the year ended December 31, 2008. The financial statements are not significantly affected by such reclassifications.

(Continued)

3) Details of the Bank's acquisition of Asia Trust Investment Co., Ltd. were as follows:

1. Brief introduction for transferee:

   Asia Trust Investment Co., Ltd. (ATIC) was established in June 1972. The key businesses were trust, investment and loans. Due to significant losses, the stockholders' equity of ATIC became negative, and on January 31, 2008, the Taiwan Government's Central Deposit Insurance Corporation (CDIC) took over ATIC.

2. Purpose of the transfer of assets and liabilities, and regulatory basis:

   (1) Purpose: Through an additional seven branches, the Bank can successfully expand its scale. The acquisition also can provide customers more diversified wealth management services and increase the Bank's long-term profitability.

   (2) Regulatory basis: In accordance with the Article No. 58 of the Banking Act and Article 5, 16 and 18 of the Financial Institutions Merger Act.

3. Effective date of the transfer: December 27, 2008.

4. Type, quantity, and amount of marketable securities issued for the transfer: None.

5. Accounting treatment for assets acquired and liabilities assumed:

   (1) The Bank assumed ATIC's operation and a specific portion of assets/liabilities. The difference between the fair values of the specific portion of assets/liabilities and the payment from the Resolution Trust Corporation (RTC) was recognized as goodwill.

   (2) Relevant accounts and amounts of assets and liabilities assumed through the transfer:

	Amount
Assumption of assets	$ 9,046,528
Assumption of liabilities	15,778,911
Net assumption of liabilities	(6,732,383)
Addition: amount received from the RTC	3,348,000
	$ (3,384,383)

The Bank received a payment of $3,348,000 from RTC on December 29, 2008. Additional payment from or to RTC will depend on the pricing adjustment per the General Assignment and Assumption Agreement signed between the Bank and CDIC. Assumption of assets consisted of cash and cash equivalents of $1,616,994.

(Continued)

6. Pro forma financial information on operating performance was as below:

		2008	2007
Net interest income	$	9,790,203	8,861,797
Net non-interest income		8,379,435	8,154,618
Bad debt and operation expenses		(19,499,329)	(18,240,726)
Loss before tax	$	**(1,329,691)**	**(1,224,311)**
Net loss	$	**(997,268)**	**(617,679)**
EPS (unit: dollar)	$	**(0.46)**	**(0.32)**

4) Details of the Bank's amalgamation with American Express Bank, Taipei Branch were as follows:

Standard Chartered Bank plc. acquired 100% of the outstanding common shares of American Express Bank Limited in February 2008. In conformity with Jin-Kuan-Yin No. 09740003110, the assets, liabilities, and operations of American Express Bank, Taipei Branch (AEB) were transferred to the Bank on August 1, 2008. The Bank paid cash consideration to complete the transaction. After the completion of the amalgamation, the Bank and AEB expect that the combined company's profitability and operating revenue will be improved through complementary services, integration of resources, and innovative products. The aforementioned advantages gained from the business combination will have a positive impact on the Bank's book value per share and earnings per share.

5) Net cash equivalents provided by assumption of business from American Express Bank, Taipei branch on August 1, 2008, were as listed below:

		August 1, 2008
Assets	$	(4,180,126)
Liabilities		3,731,654
Net cash outflow provided by the assumption of business	$	**(448,472)**

6) Net cash equivalents provided by assumption of business from Standard Chartered Bank, Taipei Branch on June 30, 2007, were as listed below:

		June 30, 2007
Assets	$	(131,461,429)
Liabilities		132,249,379
Common stock		100,000
Capital surplus		118,556
Net cash inflow provided by the assumption of business	$	**1,006,506**

(Continued)

7) Disclosures in accordance with SFAS No. 28 are as follows:

1. Major foreign currency positions

December 31, 2008			December 31, 2007		
Currency	Original currency	NTD equivalent	Currency	Original currency	NTD equivalent
USD	1,255,231	41,196,406	USD	759,398	24,636,855
EUR	164,957	7,633,310	EUR	201,529	9,619,025
AUD	287,218	6,537,707	RMB	851,002	3,778,211
RMB	(1,028,136)	(4,955,634)	HKD	134,900	561,015
JPY	(8,125,905)	(2,954,701)	SGD	5,704	128,710

2. Profitability

Unit: %

Items		2008	2007
Return on assets (note 1)	Before income tax	(0.17)	(0.24)
	After income tax	0.01	(0.11)
Return on net equity (note 2)	Before income tax	(3.28)	(5.71)
	After income tax	0.06	(2.57)
Net profit ratio (note 3)		0.10	(2.93)

Note 1: Return on assets = net loss before / after tax ÷ average assets

Note 2: Return on net equity = net loss before / after tax ÷ average net assets

Note 3: Net profit ratio = net loss after tax ÷ operating income

(Continued)

8) Capital adequacy

Capital adequacy ratios of the Bank are disclosed below:

Item		Period-end	December 31, 2008	December 31, 2007
Self-owned capital	Tier 1 Capital		21,350,545	19,530,549
	Tier 2 Capital		19,380,984	13,571,961
	Tier 3 Capital		-	-
	Capital		40,731,529	33,102,510
Risk-weighted assets	Credit risk	Standardized approach	331,477,325	314,828,550
		Internal-rating-based approach	-	-
		Secularizations	-	-
	Operational risk	Basic indicator approach	35,774,925	33,091,135
		Standardized approach / alternative approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	37,278,206	33,635,550
		Internal model approach	-	-
	Risk-weighted assets		404,530,456	381,555,235
Capital adequacy ratio			10.07 %	8.68 %
Tier 1 capital / risk-weighted assets			5.28 %	5.12 %
Tier 2 capital / risk-weighted assets			4.79 %	3.56 %
Tier 3 capital / risk-weighted assets			- %	- %
Common stock / total assets			3.91 %	4.49 %

(Continued)

Capital adequacy ratios of the Bank and its subsidiaries are disclosed below:

Item		Period-end	December 31, 2008	December 31, 2007 (note 1)
Self-owned capital	Tier 1 Capital		21,487,379	19,791,914
	Tier 2 Capital		19,517,818	13,799,619
	Tier 3 Capital		-	-
	Capital		41,005,197	33,591,533
Risk-weighted assets	Credit risk	Standardized approach	331,728,749	314,924,477
		Internal-rating-based approach	-	-
		Secularizations	-	-
	Operational risk	Basic indicator approach	35,790,853	33,275,474
		Standardized approach / alternative approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	37,278,206	33,673,677
		Internal model approach	-	-
	Risk-weighted assets		404,797,807	381,873,628
Capital adequacy ratio			10.13 %	8.80 %
Tier 1 capital / risk-weighted assets			5.31 %	5.18 %
Tier 2 capital / risk-weighted assets			4.82 %	3.61 %
Tier 3 capital / risk-weighted assets			- %	- %
Common stock / total assets			3.91 %	4.49 %

(Note 1) In accordance with the modified Regulations Governing the Capital Adequacy Ratio of Banks announced by the FSC on November 9, 2004, the Bank shall report its consolidated capital adequacy ratio along with its own capital adequacy ratio to the competent authority within two months after each year-end. The aforementioned regulations were modified and announced on January 4, 2007, by the FSC, and the frequency of the report was modified as within two months after each half-year end.

(33) Other Disclosure Items

1) Related information on material transaction items:

1. Information regarding long-term equity investment for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Bank's paid-in capital: none.

2. Information on the acquisition of real estate for which the purchase amount exceeded NT$300 million or 10% of the Bank's paid-in capital: none.

3. Information on the disposal of real estate for which the sale amount exceeded NT$300 million or 10% of the Bank's paid-in capital: none.

(Continued)

4. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT$5 million: none.

5. Information regarding receivables from related parties for which the amount exceeded NT$300 million or 10% of the Bank's paid-in capital: none.

6. Information regarding selling non-performing loans: none.

7. Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Investment Trusts: none.

8. Other material transaction items which were significant to people who use the information in the financial statements to make financial decisions: none.

2) Information on long-term equity investments:

1. Information on investees' name, location, etc.:

Name of investee	Investee's location	Investee's operation	Percentage of ownership	Book value of investments	Gain (loss) recognized during the period	Holdings				Remark
						Number of shares	Pro forma number of shares	Total		
								Shares	Percentage	
Hsinchu Futures Co., Ltd.	3 F., No. 130, Si Wei Road, Hsin-Chu, Taiwan	Futures brokerage	- %	-	-	-	-	-	- %	(Note1)
Standard Chartered Life Insurance Agent Co., Ltd.	No. 85, Chung-Zeng Road, Hsin-Chu, Taiwan	Life insurance agent	100.00 %	246,312	182,724	300	-	300	100.00 %	-
Standard Chartered Taiwan Insurance Agent Co., Ltd.	No. 85, Chung-Zeng Road, Hsin-Chu, Taiwan	Property insurance agent	100.00 %	27,355	19,558	300	-	300	100.00 %	-
Paradigm Assets Management Co., Ltd.	19F., No. 123, Sec. 2, Chung-Hsiao East Road, Taipei, Taiwan	Securities investment trust	20.00 %	-	-	6,030	-	6,030	20.00 %	-
Fubon Securities Co., Ltd.	6F., No.258, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 10687, Taiwan	Financial securities services	0.99 %	38,065	-	3,943	-	3,943	0.99 %	-
Taiwan Small and Medium Enterprises Development Corp.	8F., No.181, Fushing N. Rd., Songshan District, Taipei City 10596, Taiwan	Small and medium enterprises improvement services	4.84 %	29,000	-	3,417	-	3,417	4.84 %	-
Financial Information Service Co.,Ltd	No.81, Sec. 3, Kangning Rd., Neihu District, Taipei City 11485, Taiwan	Information technolgy services	1.14 %	45,500	-	4,550	-	4,550	1.14 %	-
Taipei Forex Inc.	8F., No.400, Sec. 2, Bade Rd., Songshan District, Taipei City 10556, Taiwan	Foreign exchange and foreign currency lending services	3.03 %	6,000	-	600	-	600	3.03 %	-

(Continued)

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Name of investee	Investee's location	Investee's operation	Percentage of ownership	Book value of investments	Gain (loss) recognized during the period	Holdings: Number of shares	Holdings: Pro forma number of shares	Holdings: Total Shares	Holdings: Total Percentage	Remark
TSC Bio Venture Management, Inc.	11F.-1, No.176, Sec. 1, Keelung Rd., Sinyi District, Taipei City 11070, Taiwan	Venture capital services	5.00 %	20,250	-	2,025	-	2,025	5.00 %	-
Li Yu Venture Investment, Inc.	8F., No.70, Sec. 3, Nanjing E. Rd., Jhongshan District, Taipei City 10489, Taiwan	Venture capital services	4.76 %	12,157	-	1,216	-	1,216	4.76 %	-
Windance Co., Ltd.	No.243-1, Jhongyang Rd., North District, Hsinchu City 30041, Taiwan	Residential and commercial lease/sale services	2.73 %	188,500	-	18,850	-	18,850	2.73 %	-
Taiwan Asset Service Corporation	6F., No.99, Sec. 2, Ren-ai Rd., Jhongjheng District, Taipei City 10062, Taiwan	Asset auction notarization	2.94 %	50,000	-	5,000	-	5,000	2.94 %	-
Yang Guang Asset Management Company	15F., No.218, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 10669, Taiwan	NPL acquisition services	1.42 %	849	-	85	-	85	1.42 %	-
Wan Chi Co., Ltd.	9F., No.333, Fushing N. Rd., Songshan District, Taipei City 10544, Taiwan	Information technology services	3.35 %	2,468	-	197	-	197	3.35 %	-
Taiwan Depository and Clearing Corporation	11F., No.363, Fushing N. Rd., Songshan District, Taipei City 10542, Taiwan	Securities custodian	0.17 %	9,277	-	495	-	495	0.17 %	-
Taiwan Corporative Bills Finance Corporation	14F., No. 85, Sec 2, Nan Jing Dong Rd., Zhongshan District, Taipei City, Taiwan	Financial securities services	12.74 %	94,546	-	13,346	-	13,346	12.74 %	-

(note 1) Hsinchu Futures Co., Ltd. was liquidated on May 29, 2008.

2. Lending to other parties: none.
3. Guarantees and endorsements for other parties: none.
4. Information regarding securities held as of December 31, 2008: none.
5. Information regarding securities for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Bank's paid-in capital: none.
6. Information on the acquisition of real estate for which the purchase amount exceeded NT$300 million or 10% of the Bank's paid-in capital: none.

(Continued)

7. Information on the disposal of real estate for which the sale amount exceeded NT$300 million or 10% of the Bank's paid-in capital: none.
8. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT$5 million: none.
9. Information regarding receivables from related parties for which the amount exceeded NT$300 million or 10% of the Bank's paid-in capital: none.
10. Information regarding trading in derivative financial instruments: none.
11. Information regarding selling non-performing loans: none.
12. Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Investment Trusts: none.
13. Other material transaction items which were significant to people who use the information in the financial statements to make financial decisions: none.

(34) Business Segment Financial Information

1) Divisional financial information

The Bank engages in the financial sector, specializing in the accepting deposits and lending businesses. The Bank has established a trust department; however the revenue generated by this department does not represent 10% or more of the Bank's total consolidated revenue. Therefore, no financial information is required to be disclosed.

2) Geographical financial information

The Bank established the Offshore Banking Unit (OBU) in January 1995, and no other foreign operating unit has been set up. Therefore, no geographical financial information is required to be disclosed.

3) Foreign exchange information

The foreign exchange revenue generated by the Bank's domestic and offshore banking units from foreign customers does not represent 10% or more of the Bank's total consolidated revenue.

4) Important customer information

The Bank does not have customers who represent 10% or more of the Bank's total consolidated revenue.