



Standard Chartered Bank (Taiwan) Limited

MOPS website: <http://newmops.twse.com.tw>

Bank website: <http://www.standardchartered.com.tw>

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Here for good

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Addresses and phone numbers of the head office and branches :

For detailed information, refer to the "Directory of Branches and Offices" from page 196 to page 198.

Stock registration agent

Stock Administration of Yuanta Securities

Address : B1, No. 210, Cheng De Rd., Sec. 3, Taipei City

Tel. No. : (02) 2586-5859

Website : <http://www.yuanta.com.tw>

Credit rating institutions

Fitch Ratings Taiwan

Address : Room 1306, 13F, No. 205, Tunhua North Rd., Taipei City

Tel. No. : (02) 2514-7164

Taiwan Ratings Corp.

Address : 49F, No.7, Xinyi Rd., Sec. 5, Taipei City

Tel. No. : (02) 8722-5800

Names of CPAs certifying financial statements of the most recent year

Ming-Zhi Wang and Lin Wu

Company Name: KPMG

Address : 68F, No.7, Xinyi Rd., Sec. 5, Taipei City

Address : <http://www.kpmg.com.tw>

Tel. No. : (02) 8101-6666

Name of the stock exchange where the overseas securities are listed for trading and the enquiry method : None.

Bank website : <http://www.standardchartered.com.tw>

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I. Letter to Shareholders



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● Letter to Shareholders

Taiwan's economy grew at its fastest pace in more than two decades, registering a growth of 10.47% in 2010. This was largely driven by thriving exports and strong demands from the private sector. An improved labor market saw unemployment rate falling to a two-year low, or under 5% and resulted in rising consumer confidence.

With Taiwan's recent signing of the Economic Cooperation Framework Agreement (ECFA) with Mainland China and the implementation of the "Early Harvest Program", which gives preferential treatment for hundreds of goods between the straits, Taiwan stands to benefit through stronger export growth, more job opportunities and improved consumer confidence. The Council for Economic Planning and Development's Taiwan business monitoring indicators show stable economic growth with forecast of 5.03% in 2011. In the longer term, Taiwan expects to enter into similar preferential or free trade agreements with other trade partners such as Singapore and India, further increasing its competitiveness in the region.

The profitability of the Taiwan banking sector continued to improve in 2010, with industry profit before tax of NTD 193 billion compared to NTD 96 billion the previous year. Lending by domestic banks grew steadily due to strong financing demand. Credit quality continued to improve in parallel with economic recovery. At the end of December 2010, the average industry non-performing loan (NPL) ratio was 0.61%, an improvement from 1.15% a year ago and loan loss coverage increased to 158.07% from 83.07% over the same period.

The Bank's pre-tax income in 2010 amounted to NTD 4.52 billion driven by strong operating income growth, tight cost control and robust risk management leading to significantly lower loan losses.

Net operating income grew by 12% to NT 16.95 billion contributed by growth in net interest income and net fee income of 4% and 23% respectively. The mortgage business saw balances rising by 21%. Wealth Management income also recorded strong growth, with fees earned from mutual fund sales up 71%. Fee income was driven by several large syndication transactions, gains of NT 162 million realized from the sale of real estate properties and the disposal of non-performing loans of NT 746 million. However, this was offset in part by lower own account trading revenues.

The Bank's operating expenses were well managed, with overall expenses falling 11% year-on-year. The Bank continued to expand its workforce during the year, focused on hiring of front line sales staff in line with the expansion of the business. Staff compensation increased due to higher performance related pay. Offsetting this increase was a reduction in pension costs due to the absence of early retirement charges incurred in 2009. As a result, total staff cost was 2% lower year-on-year. General and administrative expenses fell 22% arising from better cost management especially legal fees and administration fees paid to the parent company.

Bad debt expenses fell significantly with an improved credit portfolio, along with the absence of the exceptional charges taken in 2009 (in relation to the buy back of structured notes issued by the PEM Group of NTD 5.4 billion). The Bank's NPL ratio fell from

1.41% to 0.69%. Loan loss coverage increased from 51.19% to 153.86% year-on-year as a result of additional general bad debt provision of NTD 1.1 billion, a prudent step taken to increase the bad debt coverage ratio of the Bank to be in line with the industry average.

Customer loans increased by 10% year-on-year, mainly arising from healthy growth in mortgages and loans to corporate customers. Time deposits and foreign currency deposits enjoyed strong growth of 28% due to the Bank's promotions on deposit products and the rebound in market interest rates.

The Bank remains highly liquid and well capitalized, with a capital adequacy ratio of 14.19% as of December 2010, up from 13.76% in the previous year. With net income of NTD 2.92 billion generated in 2010, the Bank's Tier 1 ratio also improved from 6.88% to 8.87%. During the period, the Bank repaid its subordinated debt of NT10 billion in January 2010.

On the strength of sound liquidity, robust funding structure, an adequate risk management framework, clear strategic positioning and realisation of business goals, the Bank's credit rating was upgraded by the Taiwan Ratings Corporation in August 2010 to twAA+ for long-term credit, twA-1+ for short-term credit, with an overall "stable" outlook. In October, Fitch Ratings also upgraded the Bank's ratings to AAA(twn) for domestic long-term credit, F1+(twn) for domestic short-term credit, A+ for international long-term credit, F1 for international short-term credit, with an overall "stable" outlook.

Despite a highly competitive market environment, the Bank is confident in delivering greater achievements, maintain good asset quality and adequate capital levels through execution of prudent business strategies.

In 2011, the Bank's strategic focus are to:

- achieve better balance between its wholesale and consumer banking businesses
- develop clear value propositions and strategies for our preferred segments
- further refine and expand risk analytics capabilities to meet customer needs
- continue to improve our productivity and cost efficiency
- focus our investments in Greater Taipei and key cities, while driving a universal strategy across other regions
- maintain a high quality asset book and customer portfolio, and
- improve staff engagement

In 2010, we celebrated our 25th anniversary in Taiwan and launched our new global brand promise - "Here for Good". This brand promise reflects very well Standard Chartered's position in Taiwan – both in the past and in going forward. We are strongly committed to the Taiwan market; to contribute where we can to the development and progress of Taiwan as we grow our business in this market.

Chairman



II. | Bank Profile



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I. History

Standard Chartered PLC ("the Group") is a leading international bank, listed on the London, Hong Kong and Mumbai stock exchanges. It has operated for over 150 years in some of the world's most dynamic markets and earns around 90% of its income and profits in Asia, Africa and the Middle East. This geographic focus and commitment to developing deep relationships with clients and customers has driven the Group's growth in recent years.

With 1,700 offices in 70 markets, the Group offers exciting and challenging international career opportunities for its 85,000 staff. It is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. The Group's heritage and value are expressed in its brand promise, "Here for good".

In Taiwan, Standard Chartered opened its first branch on 22nd March, 1985. The acquisition of Hsinchu International Bank (HIB) in November 2006 marked a milestone in Standard Chartered's course of development in Taiwan. Hsinchu International Bank opened up its first branch on 15th September of 1948. The integration of the two banks was completed in July 2007 and HIB was renamed Standard Chartered Bank (Taiwan) Limited ("the Bank"). The amalgamation with American Express Bank and the "Good Bank" part of Asia Trust and Investment Corporation in August and December 2008, respectively, further enhanced the Bank's footprint in Taiwan and demonstrated the Group's strong commitment in the Taiwan market. With over 4,000 employees, the Bank is able to offer individuals and corporate clients comprehensive banking services and innovative products and aspires to become the Bank of Choice in Taiwan.

In recent years, the Bank has been widely acknowledged by the public for its commitment in Taiwan. The Bank received Corporate Social Responsibility Award for three consecutive years from 2008 to 2010, presented by Global Views Magazine, won the Corporate Citizenship Award presented by Commonwealth Magazine. As for business development, the Bank has continuously won the Jin Ye Awards for Best Practice of Talent Development and Best Practice of SCR, both presented by the Taiwan Academy for Banking and Finance. In 2010, the Ministry of Health in Taiwan presented the Award for Excellent Model on Pandemic Preparedness to the Bank, the only corporate recipient of this award, to recognize the bank's long-term commitment in the education and advocacy of HIV prevention.

II. Information on mergers, acquisitions, reinvestment in affiliated enterprises and company restructure for the most recent fiscal year and up to the printing date of the annual report :

Current shareholding of the Bank in affiliated enterprises includes the following: 100% in Standard Chartered Life Insurance Agency Co, Ltd. and 100% in Taiwan Standard Chartered Insurance Agency Co, Ltd. Please refer to page 191 for details.

III. Information on a major transfer or change in ownership of shares belonging to Directors, Supervisors or a concerned party requiring to declare any change in shareholding pursuant to Paragraph 3, Article 25 of the Banking Act : [None]

III. Corporate Governance

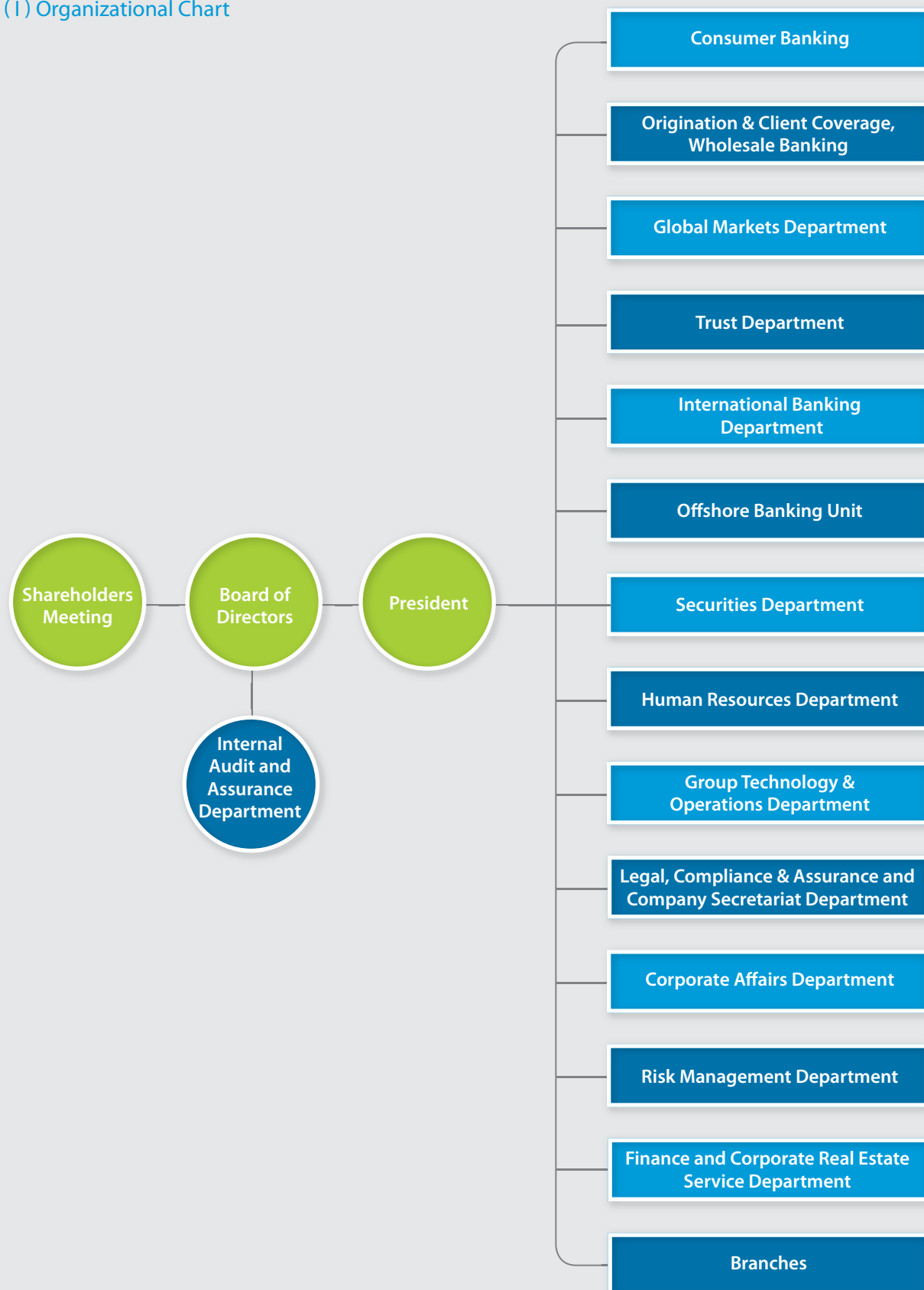


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I. Organization Structure

31 December 2010

(I) Organizational Chart



(II) Responsibilities of Major Departments

1. Consumer Banking ("CB")	In charge of the strategy and business planning, customer experience and distribution development, branch operation, sales governance, product and marketing, customer services, decision science, process improvement, credit risk and operational risk management of various consumer banking products including Wealth Management, Retail Banking Products (including Credit Cards, Personal Loans, Mortgages and Deposits). Fulfill training needs for various departments under Consumer Banking.
2. Origination & Client Coverage, Wholesale Banking ("WB")	Engaging in the maintenance, promotion, credit analysis, risk management, product development and sales of WB banking product and services; responsible for operation process & risk management, planning of physical & virtual channels and operation automation, enhancement of service quality, operation analysis for various businesses, evaluation of product performance and project execution, etc.
3. Global Markets Department	Engaging in the treasury management and allocation of NTD and foreign currencies; transactions and sales of FX, fixed income and derivatives; the Bank's assets and liabilities management and capital market related matters.
4. Trust Department	In charge of the planning, management and operation of trust business; and enacting the businesses authorized by the competent authorities.
5. International Banking Department	In charge of the management and supervision of foreign exchange businesses; management of institutional lending disbursement; serve as the contact window with local regulators.
6. Offshore Banking Unit	In charge of the management and supervision of offshore banking businesses; serve as the contact window with local regulators.
7. Securities Department	Responsible for the planning, management and execution of securities businesses; and enacting the businesses authorized by the competent authorities.
8. Internal Audit and Assurance Department	In charge of audits on the business, support function, asset management, IT and any assignment by the Board of Directors and local regulators.
9. Human Resources Department	Responsible for recruiting and hiring employees; the review and establishment of policies on compensations and benefits; planning and development of HR policies; management of employee performance and rewards; payroll processing; management of employee benefits, and administration procedures, operational risk, and HR systems; management of employee joining, exit, transfer processing; planning and implementing employee training and development ; talent development and succession plan; employees relations, equal employment, management of union relationships and employee grievances, etc.
10. Group Technology & Operations Department ("GTO")	In charge of consumer banking operations; wholesale banking operations, procurement & vendor management, information security & system development, soft and hardware technical supports.
11. Legal, Compliance & Assurance and Company Secretariat Department	In charge of lawsuits, compliance & assurance, financial crime risks; company secretariats, legal & regulatory issues regarding new financial products and services; serve as the contact window with local regulators ; conduct research on legal matters related to the Bank.
12. Corporate Affairs Department	In charge of the planning and execution of internal communication, media relations, government relations and social responsibilities, sponsorship policies and reputation risk management.
13. Risk Management Department	Responsible for the risk management of the entire Bank. The main areas are credit risk, country risk, market risk, and operational risk; It is also in charge of credit limits, control of credit documents and the formulation of credit policies & procedures.
14. Finance and Corporate Real Estate Service ("CRES") Department	Responsible for the forecast and execution of budget planning; tax returns filing and accounting; annual reporting; consultation, management, evaluation and analysis of operational businesses. CRES is responsible for general administration, such as the sales and acquisitions of real estate properties; managing and maintaining the Bank's properties; and other matters that are not the responsibilities of other departments.
15. Branches	Operating the Bank's businesses pursuant to the Banking Act and approved by the competent authorities.

II. Information on Directors, Supervisors, Executive Officers and Branch Managers

(I) Directors and Supervisors' Information

1. Directors and Supervisors

31 December 2010

Title	Name	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minors		Shareholding in other's name		Experience / Education	Also serve concurrently as	Other executives, directors or supervisors are spouse or within second-degree relative of consanguinity to each other		
					Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relationship
Chairman	Standard Chartered Bank Representative : Katherine King-Suen Tsang	10/12/2009	3 yrs	31/08/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Executive Vice Chairman and CEO of Standard Chartered Bank (China) Limited; Bachelor of Commerce, University of Alberta (Canada)	Chairperson, Greater China of Standard Chartered Bank; Chairperson of Standard Chartered Bank (China) Limited; INED of Baoshan Iron & Steel Co. Limited; INED of GAP Inc. Director of Standard Chartered Bank (Hong Kong) Limited	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Sunil Kaushal	10/12/2009	3 yrs	27/08/2008	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Global Head of Small and Medium Enterprises (SME) and New Ventures, Standard Chartered Bank; Chartered Accountant from the Institute of Chartered Accountants (India); Bachelor of Commerce, Bombay University (India)	CEO/President of the Bank; Director of Yin Ji Li Asset Management Co., Ltd.	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Cheng Teck Lim	30/07/2010	3 yrs	30/07/2010	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	CEO, Standard Chartered Bank, Singapore; Chief Operating Officer, Standard Chartered Bank (China) Ltd.; Head of Wholesale Banking, Standard Chartered Bank (China) Ltd.; MBA, Brunel University, United Kingdom ; Bachelor of Arts, National University of Singapore, (Singapore)	CEO, Standard Chartered Bank (China) Ltd.	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Kuei-Ling Hu	10/12/2009	3 yrs	01/07/2007	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Vice President, Hsinchu International Bank; LLB, National Taiwan University (Taiwan)	Head of Legal and Compliance, Standard Chartered Bank (Taiwan) Ltd; Director of Yin Ji Li Asset Management Co., Ltd.	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Fou Tsong Ling	10/12/2009	3 yrs	25/11/2008	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Group Chief Accountant, Standard Chartered Bank; Global Account Manager, Wholesale Banking UK/ Europe; Chief Financial Officer, Standard Chartered Bank (Malaysia) Berhad; Bachelor of Economics & Accounting, University of Newcastle Upon Tyne; Institute of Chartered Accountants, England and Wales (ICAEW)	CFO, Standard Chartered Bank (Taiwan) Ltd; Chairman of Standard Chartered Life Insurance Agency Co., Ltd.; Chairman of Taiwan Standard Chartered Insurance Agency Co., Ltd. ; Supervisor of Yin Ji Li Asset Management Co., Ltd.	N/A	N/A	N/A
INED	Standard Chartered Bank Representative : Teeh Lin Wang	10/12/2009	3 yrs	10/12/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	President, AGB Nielsen Media Research (Taiwan); Managing Director for Greater China, AGB Nielsen Media Research (Hong Kong); Managing Director for Taiwan, AC Nielsen (Taiwan); INED, Chanter Co., Ltd.; EMBA, Business School of National Cheng Chi University (Taiwan)	Director, International Advertising Association Taipei Chapter	N/A	N/A	N/A

(Continued)

31 December 2010

Title	Name	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minors		Shareholding in other's name		Experience/Education	Also serve concurrently as	Other executives, directors or supervisors are spouse or within second-degree relative of consanguinity to each other		
					Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relationship
INED	Standard Chartered Bank Representative : Nei-Ping Yin	10/12/2009	3 yrs	10/12/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	5 th term of Legislator; Consultant of Ministry of Economic Affairs; Member of Economic Development Consulting Committee; Master of Economics, Washington University in St. Louis(USA)	Professor, Department of Money and Banking, National Chengchi University; Counselor of Executive Yuan	N/A	N/A	N/A
Supervisor	Standard Chartered Bank Representative : Norman Lyle	10/12/2009	3 yrs	13/12/2006	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Independent Non-Executive Director, Standard Chartered Bank (Hong Kong); Group Finance Director, Jardine Matheson Holdings Limited; Fellow of the Chartered Institute of Management Accountants; Fellow of the Association of Corporate Treasurers; Harvard Business School, Senior Management Programme; UK Cabinet Top Office Management Programme	Supervisor, Standard Chartered Bank (China) Ltd; Independent Non-executive Director and Chairman of the Audit Committee of Grosvenor Asia Pacific Limited	N/A	N/A	N/A
Supervisor	Standard Chartered Bank Representative : Edward Martin Williams	10/12/2009	3 yrs	10/12/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Group Head of Country and Credit Risk, Standard Chartered Bank; MBA, Harvard Graduate School of Business (USA); Master of Science in Aeronautics and Astronautics, MIT (USA)	Deputy Group Chief Risk Officer, Standard Chartered Bank	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Michael Thomas Pratt (Resigned on 22 Nov 2010)	10/12/2009	3 yrs	10/12/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Regional Head, Consumer Banking North East Asia, Standard Chartered Bank; Graduate Diploma in Organizational Behaviour, Swinburne University (Australia); Advanced Management Programme (AMP), Harvard University (USA)	Regional Head, Consumer Banking North East Asia, Standard Chartered Bank	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Olga Louise Zoutendijk (Resigned on 22 Nov 2010)	10/12/2009	3 yrs	10/12/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Group Head of Wholesale Banking Asia, Standard Chartered Bank; Master of International Management, American Graduate School of International Management (USA)	Group Head of Wholesale Banking Asia, Standard Chartered Bank	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Jaspal Singh Bindra (Resigned on 21 Oct 2010)	10/12/2009	3 yrs	01/07/2007	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	CEO Asia, Standard Chartered Bank; MBA, Xavier Labor Relations Institute, Jamshedpur (India); Chartered Accountant from the Institute of Chartered Accountants (India)	CEO Asia, Standard Chartered Bank	N/A	N/A	N/A

Note: The Bank is a subsidiary wholly owned by Standard Chartered Bank. Directors and supervisors are appointed as legal representatives by the Bank's parent company.

2. Major Shareholder of Institutional Shareholders

31 December 2010

Name of Institutional Shareholders	Major Shareholder of Institutional Shareholders
Standard Chartered Bank	Standard Chartered Holdings Limited (100% shareholding)

3. Major Shareholder of Principal Institutional Shareholders

31 December 2010

Name of Institutional Shareholders	Major Shareholder of Institutional Shareholders
Standard Chartered Holdings Limited	Standard Chartered PLC (100% shareholding)

4. Professional Knowledge and Independence of Directors and Supervisors

31 December 2010

Qualification	Over five years of experience in related fields and the following professional qualifications			Independence Status (Note)										The number of public companies in which the director or supervisor also serves concurrently as an Independent Director
	At least lecturer of business, law, finance or accounting departments or other relevant business departments/divisions of public and private colleges/universities as required by corporate business needs	Judge, prosecutor, attorney, certified public accountant, or other professionally qualified and technical person who possesses certificates of national examinations	Experience in business, law, finance, accounting or other work as required by corporate business needs	1	2	3	4	5	6	7	8	9	10	
Standard Chartered Bank Representative: Katherine King-Suen Tsang			√			√	√		√	√	√	√		
Standard Chartered Bank Representative: Sunil Kaushal		√	√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Cheng Teck Lim			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Kuei-Ling Hu			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Fou Tsong Ling		√	√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Nei-Ping Yin	√		√	√	√	√	√	√	√	√	√	√		

(Continued)

Standard Chartered Bank Representative: Teeh Lin Wang			√	√	√	√	√	√	√	√	√	√	√	√	
Standard Chartered Bank Representative: Norman Lyle		√	√	√		√	√	√	√	√	√	√	√	√	
Standard Chartered Bank Representative: Edward Martin Williams			√			√	√		√	√	√	√	√	√	
Standard Chartered Bank Representative: Michael Thomas Pratt (Resigned on 22 Nov 2010)			√			√	√		√	√	√	√	√	√	
Standard Chartered Bank Representative: Olga Louise Zoutendijk (Resigned on 22 Nov 2010)			√			√	√		√	√	√	√	√	√	
Standard Chartered Bank Representative: Jaspal Singh Bindra (Resigned on 21 Oct 2010)		√	√			√	√		√	√	√	√	√	√	

Note : Mark "√" in the appropriate space where any director or supervisor qualifies the following criteria within two years prior to being elected and while serving office.

- (1) Neither an employee of the Bank, nor an employee of its affiliated enterprises.
- (2) Neither a director, supervisor of the Bank, nor a director, supervisor of its affiliated enterprises (provided that this shall not apply where the director/supervisor is an independent director of the Bank or its parent company, or any company of which over 50% of shares with voting right are held by the Bank directly or indirectly.
- (3) Shareholder who is any natural person other than the director/supervisor, and the director's/supervisor's spouse or minor possessing more than 1% of the Bank's total issued shares, or the shareholder of natural person who possesses more than 1% of the Bank's total issued shares in the name of another person, or a top-ten shareholder of natural person.
- (4) Neither a spouse, nor a relative within 2nd degree relationship or lineal relative within 5th degree relationship to any person specified in the preceding three criteria.
- (5) Neither a director, supervisor, or employee of an institutional shareholder which directly owns more than 5% of the Bank's issued shares, nor a director, supervisor or employee of the top five institutional shareholders which are owners of the Bank's issued shares.
- (6) Neither a director, supervisor or manager of a company/institution doing business or having a financial relationship with the Bank, nor a shareholder who owns more than 5% of such a company.
- (7) Not an owner, partner, director, supervisor, manager or spouse of any sole proprietor business, partnership, company or institution which has provided the Bank and its affiliates with business, legal, financial, accounting or counselling services.
- (8) Not a spouse or relative within 2nd degree relationship to other directors.
- (9) Not a person under the circumstances specified in Article 30 of the Company Act.
- (10) Not a government agency, juridical person or its representative pursuant to Article 27 of the Company Act.

(II) Information on the Executive Officers and Branch Managers

As of 31 December 2010

Title	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
			Shares	%	Shares	%	Shares	%			Title	Name	Relationship
President & Chief Executive Officer	Sunil Kaushal	01/07/2008	0	0	0	0	0	0	Bachelor of Commerce, Bombay University (India); Chartered Accountant from the Institute of Chartered Accountants (India)	N/A	N/A	N/A	N/A
Chief Financial Officer	Fou Tsong Ling	24/11/2008	0	0	0	0	0	0	BA (Honours) in Economic & Accounting, University of Newcastle Upon Tyne; Institute of Chartered Accountants, England and Wales (ICAEW)	Note 1	N/A	N/A	N/A
Head of Origination & Client Coverage, Wholesale Banking	Helen S. Hui	01/07/2007	0	0	0	0	0	0	Executive MBA, Kellogg School of Management, Northwestern University	N/A	N/A	N/A	N/A
Head of Consumer Banking	Kuan Tseng	07/05/2010	0	0	0	0	0	0	MBA, University of Toledo, Ohio	N/A	N/A	N/A	N/A
Head of Corporate Affairs	Ruby Fu	22/12/2008	0	0	0	0	0	0	Dept. of Space Design, Shih Chien University	N/A	N/A	N/A	N/A
Head of Global Markets and Head of Sales, Global Markets, Wholesale Banking	David Wu	26/02/2009	0	0	0	0	0	0	Finance, Southern Illinois University	N/A	N/A	N/A	N/A
Chief Information Officer	Yuh-Hwa Chyr	01/10/2010	0	0	0	0	0	0	Industrial Management & Engineering, New Jersey Institute of Technology	N/A	N/A	N/A	N/A
Head of Human Resources	Vickie Chen	12/02/2010	0	0	0	0	0	0	MBA, Lehigh University	N/A	N/A	N/A	N/A
Head of Legal & Compliance and Company Secretariat	Kuei-Ling Hu	01/07/2007	0	0	0	0	0	0	LLB, National Taiwan University	N/A	N/A	N/A	N/A
Chief Risk Officer	Henry H. Hooi	02/08/2010	0	0	0	0	0	0	Bachelor of Commerce, The University of Western Australia	N/A	N/A	N/A	N/A
Chief Auditor	Henry Tseng	31/10/2009	0	0	0	0	0	0	MBA, Cal. State University, Dominguez Hills	Note 2	N/A	N/A	N/A
Head of Trust, Consumer Banking	Sam Chung	28/11/2008	0	0	0	0	0	0	MBA in Finance, St. John's University	N/A	N/A	N/A	N/A
Head of Offshore and Offshore Banking Unit	Tammy Liou	25/04/2008	0	0	0	0	0	0	MBA, University of Iowa	N/A	N/A	N/A	N/A
Head of Securities, Consumer Banking	Kevin Wu	01/07/2007	0	0	0	0	0	0	MA in Finance, Western Michigan University, USA	N/A	N/A	N/A	N/A
Branch Manager, Hsinshing Securities Branch	Ivy Liu	06/03/2000	0	0	0	0	0	0	General Education Dept, Yu Da High School of Commerce and Home Economics	N/A	N/A	N/A	N/A
Branch Manager, Hsinshy Securities Branch	Jack Feng	01/07/2007	0	0	0	0	0	0	Dept. of Bank Management, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Hsinming Securities Branch	Tony Wu	08/06/2007	0	0	0	0	0	0	Dept. of Accounting, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Nankan Securities Branch	Andy Chang	16/09/2010	0	0	0	0	0	0	Dept. of Banking and Insurance , Chihlee College of Business	N/A	N/A	N/A	N/A
Branch Manager, Chunan Securities Branch	Rosa Peng	01/07/2007	0	0	0	0	0	0	Dept. of International Trades, Open Jr. College under Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Banciao Securities Branch	Ian Fu	18/08/2010	0	0	0	0	0	0	Dept. of Public Finance and Tax Administration , China Universty of Technology	N/A	N/A	N/A	N/A
Branch Manager, Wunsin Securities Branch	Jim Liu	03/05/2010	0	0	0	0	0	0	Dept of Business Administration , Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Taoyuan Securities Branch	Eric Lai	01/07/2007	0	0	0	0	0	0	Dept. of Banking & Finance, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Sanduo Securities Branch	Chih-Yang Chen	20/04/2010	0	0	0	0	0	0	Finance (MBA), Oklahoma City University	N/A	N/A	N/A	N/A
Branch Manager, Sihy Securities Branch	Dragon Hsu	01/02/2010	0	0	0	0	0	0	Dept. of Law, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Renai Securities Branch	Isaac Peng	19/04/2010	0	0	0	0	0	0	MBA, National Cheng Kung University	N/A	N/A	N/A	N/A
Branch Manager, Business Department	Serena Chen	13/10/2008	0	0	0	0	0	0	Dept. of Information, Open Jr. College under Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Hsinchu Branch	Peter Hu	14/11/2009	0	0	0	0	0	0	Graduate School of Social Science and Management, National Chung Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Kuangfu Branch	Claire Cheng	30/12/2005	0	0	0	0	0	0	Graduate School of Business Administration, Chung Hua University	N/A	N/A	N/A	N/A

(Continued)

As of 31 December 2010

Title	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
			Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Branch Manager, Chungcheng Mini Branch	Rita Wu	01/07/2010	0	0	0	0	0	0	Dept. of Industry Management, Oriental Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, Yenping Branch	Peter Lin	01/10/2010	0	0	0	0	0	0	Dept. of International Trade, Tunghai University	N/A	N/A	N/A	N/A
Branch Manager, Chutung Branch	Johnson Ho	30/12/2005	0	0	0	0	0	0	Dept. of Accounting and Statistics, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Hsinpu Branch	David Day	01/04/2006	0	0	0	0	0	0	Dept. of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Hukou Branch	Curtis Ho	01/04/2006	0	0	0	0	0	0	Dept. of Banking and Insurance, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Chupei Branch	Andrew Huang	01/06/2009	0	0	0	0	0	0	Dept. of Banking and Insurance, Jin-Wen Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, Kuanshi Branch	Sayuri Hsieh	01/07/2007	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Van Nung Institute of Technology & Commerce	N/A	N/A	N/A	N/A
Branch Manager, Hsinfeng Branch	Jr. Lian Li	01/07/2010	0	0	0	0	0	0	Dept. of Electronic Engineering, Ta Hwa College of Technology	N/A	N/A	N/A	N/A
Branch Manager, Hsinshing Branch	Peter Chang	01/04/2010	0	0	0	0	0	0	Dept. of Business Administration , National Chung Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Hsinshy Branch	Jack Chao	01/07/2007	0	0	0	0	0	0	Dept. of Secretary, Shih Chien University	N/A	N/A	N/A	N/A
Branch Manager, Science Park Branch	Eric Chen	14/11/2009	0	0	0	0	0	0	Dept. of Business Administration, Tunghai University	N/A	N/A	N/A	N/A
Branch Manager, North Hsinchu Branch	Michael Cheng	01/10/2010	0	0	0	0	0	0	Dept. of International Business, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Taoyuan Branch	Alex Hsieh	01/03/2009	0	0	0	0	0	0	Dept. of Economics, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Dashi Branch	Sam Chen	01/11/2008	0	0	0	0	0	0	Dept. of International Trade, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Dayuan Branch	Lien-Fa Hsu	01/07/2007	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, National Chinyi Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, Chungli Branch	Stanley Hsu	30/12/2005	0	0	0	0	0	0	Dept. of Bank Management, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Yangmei Branch	Sally Chung	01/04/2010	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Nan Tai College	N/A	N/A	N/A	N/A
Branch Manager, Hsinwu Branch	Tommy Yu	01/07/2009	0	0	0	0	0	0	Dept. of Economics, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Lungtan Branch	Marie Chen	01/11/2009	0	0	0	0	0	0	Dept. of Accounting, Open Jr. College under National Taipei College of Business	N/A	N/A	N/A	N/A
Branch Manager, Sanmin Branch	Yu-Yu Yu	01/10/2010	0	0	0	0	0	0	Dept. of Accounting and Statistics, St. Francis Xavier High School	N/A	N/A	N/A	N/A
Branch Manager, Neili Branch	Jerdon Teng	01/07/2008	0	0	0	0	0	0	Dept. of International Trade, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Pateh Branch	Kenny Fan	01/11/2008	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, YungAn Branch	Steven Chin	01/03/2010	0	0	0	0	0	0	Dept. of Law, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Hsinming Branch	Dylan Chang	01/04/2010	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, National Lien-Ho College of Technology and Commerce	N/A	N/A	N/A	N/A
Branch Manager, Kueishan Branch	Cliff Yeh	01/07/2007	0	0	0	0	0	0	EMBA, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Nankan Branch	Steven Lin	27/04/2009	0	0	0	0	0	0	Dept. of Business Administration, Ging Chung Business College	N/A	N/A	N/A	N/A
Branch Manager, Dashulin Branch	Cindy Wu	01/03/2009	0	0	0	0	0	0	Dept. of Business Administration, Ging Chung Business College	N/A	N/A	N/A	N/A
Branch Manager, Lungkang Branch	Conny Lee	03/08/2009	0	0	0	0	0	0	Dept. of Finance, National Chung Cheng University	N/A	N/A	N/A	N/A
Branch Manager, Shantzuting Branch	Chinga Tseng	01/10/2010	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Van Nung Institute of Technology and Commerce	N/A	N/A	N/A	N/A

(Continued)

As of 31 December 2010

Title	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
			Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Branch Manager, Pushin Branch	Sunny Chiu	01/04/2010	0	0	0	0	0	0	Dept. of Accounting and Statistics, Ta Tung Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Sinjhuang Mini Branch	Daisy Tang	01/03/2010	0	0	0	0	0	0	MBA, University of Michigan	N/A	N/A	N/A	N/A
Branch Manager, Kuaichi Branch	Jade Chung	01/03/2009	0	0	0	0	0	0	Dept. of Business Administration, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Huanpei Branch	Eric Huang	17/08/2009	0	0	0	0	0	0	Dept. of Accounting and Statistics, National Taipei College of Business	N/A	N/A	N/A	N/A
Branch Manager, Guanyin Branch	Tiffany Chang	01/12/2009	0	0	0	0	0	0	Dept. of Business Administration, Chihlee College of Business	N/A	N/A	N/A	N/A
Branch Manager, Pingzhen Branch	Bonny Liu	01/07/2009	0	0	0	0	0	0	Dept. of International Trade, Takming Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Dachu Mini Branch	Rachel Chou	01/11/2009	0	0	0	0	0	0	Dept. of Finance and Tax Administration, China Junior College of Industrial and Commercial Management	N/A	N/A	N/A	N/A
Branch Manager, Miaoli Branch	Linda Lai	01/06/2008	0	0	0	0	0	0	Dept. of Accounting, Ling Tung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Chunan Branch	David Lin	01/03/2010	0	0	0	0	0	0	Dept. of International Trade, Takming Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Toufen Branch	Sunny Liu	01/03/2010	0	0	0	0	0	0	Dept. of Marketing and Logistics Management, Yu Da College of Business	N/A	N/A	N/A	N/A
Branch Manager, Yuanli Branch	Kuang Ho	01/03/2010	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, National Lien-Ho College of Technology and Commerce	N/A	N/A	N/A	N/A
Branch Manager, Kungkuan Branch	Jerry Su	01/03/2010	0	0	0	0	0	0	Dept. of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Tungshiao Branch	Sandy Su	01/04/2006	0	0	0	0	0	0	Dept. of Accounting, Open Jr. College under Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Houlung Branch	Lisa Kuo	30/12/2005	0	0	0	0	0	0	Dept. of Accounting and Statistics, National Hsinchu Commercial Vocational High School	N/A	N/A	N/A	N/A
Branch Manager, Sanyi Branch	James Liou	01/06/2008	0	0	0	0	0	0	Dept. of Finance, Southern Taiwan University of Technology	N/A	N/A	N/A	N/A
Branch Manager, Tahu Branch	Vilan Chiu	01/11/2009	0	0	0	0	0	0	Dept. of Finance, Yu Da College of Business	N/A	N/A	N/A	N/A
Branch Manager, Tunglo Branch	Geoff Hsu	01/03/2010	0	0	0	0	0	0	Dept. of Business and Management, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, East Neili Branch	Joy Chen	01/07/2009	0	0	0	0	0	0	Graduate School of Management, Yuan Ze University	N/A	N/A	N/A	N/A
Branch Manager, Kungshi Branch	George Huang	01/07/2007	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Chuangching Branch	Lolita Lee	01/04/2010	0	0	0	0	0	0	Spanish Language and Literature, Providence University	N/A	N/A	N/A	N/A
Branch Manager, Chinling Branch	Angel Kang	24/07/2008	0	0	0	0	0	0	Dept. of Accounting, Hsing Wu Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Jianguo Branch	Sean Chang	28/09/2007	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Banciao Branch	Ares Chen	01/11/2008	0	0	0	0	0	0	Graduate School of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Luchou Mini Branch	Lillian Chen	01/07/2009	0	0	0	0	0	0	Dept. of Business Administration, Chihlee College of Business	N/A	N/A	N/A	N/A
Branch Manager, Neihsu Branch	Emmie Liang	01/03/2010	0	0	0	0	0	0	MBA, National Taipei University	N/A	N/A	N/A	N/A
Branch Manager, Wenshin Branch	Jason Chang	22/03/2010	0	0	0	0	0	0	Dept. of Business Administration, National Taiwan University	N/A	N/A	N/A	N/A
Branch Manager, Fengyuan Branch	Robert Su	01/03/2010	0	0	0	0	0	0	Dept. of International Trade, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Chiayi Branch	Candace Huang	01/11/2009	0	0	0	0	0	0	Dept. of International Trade, WuFeng Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, Tainan Branch	Lawrence Lin	19/04/2010	0	0	0	0	0	0	Dept. of Banking and Insurance, Feng Chia University	N/A	N/A	N/A	N/A

(Continued)

As of 31 December 2010

Title	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
			Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Branch Manager, Jioru Branch	Rex Wang	01/06/2008	0	0	0	0	0	0	MBA, University of LongIsland, USA	N/A	N/A	N/A	N/A
Branch Manager, Tungning Branch	Wayne Chuang	19/04/2010	0	0	0	0	0	0	MBA, Southern Illinois University at Carbondale	N/A	N/A	N/A	N/A
Branch Manager, Tunghai Branch	Hsiu-Yue Li	01/07/2009	0	0	0	0	0	0	Dept. of Banking and Insurance, Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Shengkang Branch	Peter Pan	26/10/2004	0	0	0	0	0	0	Dept. of Applied Business, National Taichung Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, Nantun Branch	Terry Tu	01/11/2008	0	0	0	0	0	0	Dept. of Banking and Insurance, Shih Chien College of Home Economics	N/A	N/A	N/A	N/A
Branch Manager, Chunggho Mini Branch	An-Tay Hung	08/06/2009	0	0	0	0	0	0	Statistics, Economics and Analytics, National Chung Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Yungho Mini Branch	Eric Chu	01/03/2010	0	0	0	0	0	0	Dept. of Civil Engineering, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Peituen Branch	James Chan	01/12/2009	0	0	0	0	0	0	Dept. of Economics, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Shituen Branch	Gavin Liao	01/06/2010	0	0	0	0	0	0	Dept. of Economics, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Changhua Branch	Leo Chang	01/09/2010	0	0	0	0	0	0	Dept. of Financial Management, Chung Hua University	N/A	N/A	N/A	N/A
Branch Manager, North Kaohsiung Branch	Bill Su	01/06/2008	0	0	0	0	0	0	Dept. of Telecommunication Engineering, National Kaohsiung Institute of Marine Technology	N/A	N/A	N/A	N/A
Branch Manager, Fusing Branch	Vincent Sha	01/03/2010	0	0	0	0	0	0	Dept. of Tourism, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Sanduo Branch	Cho-Lien Hsiao	01/01/2010	0	0	0	0	0	0	Dept. of Banking, National Chengchi University	N/A	N/A	N/A	N/A
Branch Manager, East Taipei Branch	Andrew Lu	01/11/2009	0	0	0	0	0	0	Dept. of Accounting and Statistics, Takming College of Technology	N/A	N/A	N/A	N/A
Branch Manager, Daya Branch	Sally Tsai	01/07/2009	0	0	0	0	0	0	Dept. of Applied Business, National Taichung Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, East Tainan Branch	Ken Lin	01/04/2010	0	0	0	0	0	0	Graduate Institute of Finance, National Chung Cheng University	N/A	N/A	N/A	N/A
Branch Manager, Cisian Branch	Alynn Wang	27/12/2008	0	0	0	0	0	0	Dept. of Economics, Soochow University	N/A	N/A	N/A	N/A
Branch Manager, Sihua Branch	Welee Lee	04/05/2009	0	0	0	0	0	0	MBA, St. Louis University	N/A	N/A	N/A	N/A
Branch Manager, Dunhua Branch	Gary Cheng	01/11/2009	0	0	0	0	0	0	Dept. of Banking and Insurance, Shih Chien University	N/A	N/A	N/A	N/A
Branch Manager, Xinyi Branch	Cindy Liao	01/07/2009	0	0	0	0	0	0	Dept. of Finance, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Ren Ai Branch	PC Chou	16/10/2009	0	0	0	0	0	0	International Management, Australian National University	N/A	N/A	N/A	N/A
Branch Manager, Tienmu Branch	Jai-Ling Wu	01/11/2010	0	0	0	0	0	0	Other Business and Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Dunbei Branch	Jenny Ma	01/06/2008	0	0	0	0	0	0	Dept. of Business Administration, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Chungshan Branch	Gary Wang	28/10/2009	0	0	0	0	0	0	Dept. of Business Administration, National Central University	N/A	N/A	N/A	N/A
Branch Manager, No.88 Branch	Allen Chang	16/08/2010	0	0	0	0	0	0	Executive MBA in Finance, Natioanal Chengchi University	N/A	N/A	N/A	N/A
Branch Manager, Dazhi Branch	Cindy Liao	16/08/2010	0	0	0	0	0	0	Dept. of International Trade, Chung Yu Junior College of Business Administration	N/A	N/A	N/A	N/A
Branch Manager, Kaohsiung Branch	Joane Tseng	01/07/2007	0	0	0	0	0	0	Dept. of International Trade, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Taichung Branch	Amelia Chen	01/11/2008	0	0	0	0	0	0	Other Business and Administration, Fu Jen Catholic University	N/A	N/A	N/A	N/A

Note 1 : Chairman of Standard Chartered Life Insurance Agency Co, Ltd; Chairman of Taiwan Standard Chartered Insurance Agency Co, Ltd.
Note 2 : Supervisor of Standard Chartered Life Insurance Agency Co, Ltd; Supervisor of Taiwan Standard Chartered Insurance Agency Co, Ltd.

(III) Remuneration Paid to Directors, Supervisors and Executive Officers in 2010

1. Directors’ Remuneration and Remuneration Bracket

(1) Directors’ Remuneration (Including Independent Directors)

Unit: NTD’000

Title	Name	Director's Remuneration (Note 1)								Total of (A, B,C, D) (%) of net profit after tax	Relevant Remuneration Received by Directors who Are Also Employees								Total of (A, B,C,D, E, F, G) as a percentage (%) of net profit after tax		Remuneration from investment companies other than subsidiaries			
		Remuneration(A)		Separation pay/ Pension (B)		Remuneration appropriated to directors from earnings (C)		Costs incurred from performing duties (D)			Salaries, bonus and special allowance (E)		Separation pay / Pension (F)		Employees' bonus distributed from earnings (G)		Total No. of shares issued for employee stock option (H)							
		The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank		All companies included in consolidated financial statements		The Bank		All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements
Chairman	Standard Chartered Bank Representative : Katherine King-Suen Tsang	2,741	2,741									46,957	46,957									1.70%	1.70%	
Director	Standard Chartered Bank Representative : Sunil Kaushal																							
Director	Standard Chartered Bank Representative : Cheng Teck Lim																							
Director	Standard Chartered Bank Representative : Kuei-Ling Hu																							
Director	Standard Chartered Bank Representative : Fou Tsong Ling																							
INED	Standard Chartered Bank Representative : Teeh Lin Wang																							
INED	Standard Chartered Bank Representative : Nei-Ping Yin																							
Director	Standard Chartered Bank Representative : Michael Thomas Pratt (Resigned on 22/11/2010)																							
Director	Standard Chartered Bank Representative : Olga Louise Zoutendijk (Resigned on 22/11/2010)																							
Director	Standard Chartered Bank Representative : Jaspal Singh Bindra (Resigned on 21/10/2010)																							

Note : Directors’ expense for car rental, driver salary, and accommodation totaled NTD15,147 (thousand) in 2010.

(2) Directors' Remuneration Bracket

Range of Remuneration Paid to Directors of the Bank	Name & No. of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Bank	All companies included in consolidated financial statements (I)	The Bank	All companies included in consolidated financial statements (J)
Less than NTD2,000,000	Teeh Lin Wang, Nei-Ping Yin	Teeh Lin Wang, Nei-Ping Yin		
NTD2,000,000 (inclusive) – NTD5,000,000				
NTD5,000,000 (inclusive) – NTD10,000,000			Kuei-Ling Hu	Kuei-Ling Hu
NTD10,000,000 (inclusive) – NTD15,000,000			Fou Tsong Ling	Fou Tsong Ling
NTD15,000,000 (inclusive) – NTD30,000,000			Sunil Kaushal	Sunil Kaushal
Total	2	2	3	3

2. Supervisors' Remuneration and Remuneration Bracket

(1) Supervisors' Remuneration

Title	Name	Supervisor's Remuneration				Total of (A, B, C, D) as a percentage (%) of net profit after tax		Remuneration from investment companies other than subsidiaries
		Remuneration (A)	Separation pay/ Pension (B)	Remuneration appropriated to Supervisors from earnings (C)	Costs Incurred from performing duties (D)	The Bank	All companies included in consolidated financial statements	
Supervisor	Standard Chartered Bank Representative: Norman Lyle	820						
Supervisor	Standard Chartered Bank Representative: Edward Martin Williams	820						
						0.03%	0.03%	

(2) Supervisors' Remuneration Bracket

Range of Remuneration Paid to Supervisors of the Bank	Name & No. of Supervisors	
	Total of (A+B+C+D)	
	The Bank	All companies included in consolidated financial statements
Less than NTD2,000,000	Norman Lyle	Norman Lyle
NTD2,000,000 (inclusive) – NTD5,000,000		
NTD5,000,000 (inclusive) – NTD10,000,000		
NTD10,000,000 (inclusive) – NTD15,000,000		
NTD15,000,000 (inclusive) – NTD30,000,000		
Total	1	1

3. Executive Officers’ Remuneration and Remuneration Bracket

(1) Executive Officers’ Remuneration

Unit: NTD’000

Title	Name	Salary (A)		Separation pay/ Pension (B)		Bonus & Special Allowance (C)		Employees’ Bonus Distributed from Earnings (D)								Total of (A,B,C,D) as a percentage (%) of net profit after tax		Total No. of Shares Issued for Employee Stock Option		Remuneration from investment companies other than subsidiaries	
		The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank				All companies included in consolidated financial statements				The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements		
								Cash dividend	Stock dividend			Cash dividend	Stock dividend								
Shares	Market price	Amount	Shares	Market price	Amount																
President & Chief Executive Officer	Sunil Kaushal	70,209	70,209			70,264	70,264								4.81%	4.81%					
Chief Financial Officer	Fou Tsong Ling																				
Head of Origination & Client Coverage	Helen S. Hui																				
Head of Consumer Banking	Kuan Tseng																				
Head of Corporate Affairs	Ruby Fu																				
Head of Legal & Compliance and Company Secretariat	Kuei-Ling Hu																				
Head of Global Markets and Head of Sales	David Wu																				
Chief Information Officer	Yuh-Hwa Chyr																				
Head of Human Resources	Vickie Chen																				
Chief Risk Officer	Henry H. Hooi																				
Chief Auditor	Henry Tseng																				

Note : Executive Officers’ expense for car rental, driver salary, and accommodation totaled NTD 22,936 (thousand) in 2010.

(2) Executive Officers’ Remuneration Bracket

Range of Remuneration Paid to Executive Officers of the Bank	Name & No. of Executive Officers	
	The Bank	All companies included in consolidated financial statements
Less than NTD2,000,000		
NTD2,000,000 (inclusive) – NTD5,000,000	Henry Tseng, Henry H. Hooi	Henry Tseng, Henry H. Hooi
NTD5,000,000 (inclusive) – NTD10,000,000	Ruby Fu, Vickie Chen, Kuei-Ling Hu, Yuh-Hwa Chyr	Ruby Fu, Vickie Chen, Kuei-Ling Hu, Yuh-Hwa Chyr
NTD10,000,000 (inclusive) – NTD15,000,000	Fou Tsong Ling, Kuan Tseng	Fou Tsong Ling, Kuan Tseng
NTD15,000,000 (inclusive) – NTD30,000,000	Sunil Kaushal, Helen S. Hui, David Wu	Sunil Kaushal, Helen S. Hui, David Wu
Total	11	11

4. Bonus Distributed to Managers : [None]

(IV) Analysis of Remuneration Paid to Directors, Supervisors, and Executive Officers of the Bank and All Companies in the Consolidated Financial Statements as a Percentage of Net Profit After Tax During the Past Two Years:

	2010	2009
Director	1.70%	(Note)
Supervisor	0.03%	(Note)
Executive Officers	4.81%	(Note)

Note : The Bank reported a net loss after tax for FY 2009.

(V) Remuneration Policy, Procedures and Criteria for Determining Remunerations and their Correlation with Management Performance and Potential Risks

The remuneration policy of the Bank establishes defined salary ranges corresponding to different job grades, in accordance with the average pay levels in banking industry and the Bank's compensation capability.

Remuneration for the Bank's executive officers is composed with two parts, the fixed and variable rewards:

Fixed reward: refers to the base salary and allowance. The fixed reward is determined pursuant to the preceding remuneration policy of the Bank.

Variable reward: includes cash bonus and stock incentives of Standard Chartered PLC as a compensation for achieving agreed goals. The variable reward is distributed to individuals and varies based on the Bank's management performance, profitability of the Bank and the Group, and annual performance review of individual executive officers. The Bank also offers Sharesave Scheme (i.e. incentive stock option plan) of Standard Chartered PLC on an annual basis.

III. Corporate Governance Practices

(I) Practices of Board of Directors

13 meetings were convened by the Board of Directors over that past one year. Attendance of directors in the meetings is specified as follows:

Title	Name	No. of Attendance in Person	No. of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Chairman	Standard Chartered Bank Representative : Katherine King-Suen Tsang	12	1	92%	
Director	Standard Chartered Bank Representative : Sunil Kaushal	13	0	100%	
Director	Standard Chartered Bank Representative: Cheng Teck Lim	6	1	86%	Appointed as Director on 30 Jul 2010; 7 meetings were held after taking office
Director	Standard Chartered Bank Representative : Kuei-Ling Hu	13	0	100%	
Director	Standard Chartered Bank Representative : Fou Tsong Ling	13	0	100%	
INED	Standard Chartered Bank Representative : Nei-Ping Yin	9	1	69%	
INED	Standard Chartered Bank Representative : Teeh Lin Wang	10	0	77%	
Director	Standard Chartered Bank Representative : Olga Louise Zoutendijk	2	6	18%	Resigned on 22 Nov 2010; 11 meetings were held before the resignation
Director	Standard Chartered Bank Representative : Michael Thomas Pratt	3	7	27%	Resigned on 22 Nov 2010; 11 meetings were held before the resignation
Director	Standard Chartered Bank Representative : Jaspal Singh Bindra	2	8	20%	Resigned on 21 Oct 2010; 10 meetings were held before the resignation

Other matters to be noted:

1. Matters specified in Article 14.3 of the Securities and Exchange Act, or Board resolutions where independent directors have expressed objection or qualified opinions that have been noted in the record or declared in writing, please specify the date, term, content of the motion and all independent directors' opinions as the Bank's response: **【None】**
2. Avoidance of conflict of interest by directors: Information specifying the Directors' names, content of the motion, reasons for avoidance, and participation in the voting is in place.
3. Goals to enhance the function of the Board of Directors (e.g. establishment of the Audit Committee, improvement of information transparency, etc.) and evaluation of the execution status in the current and most recent years: With the aim to achieve information transparency, required documentation will be provided to the Board to ensure the directors have sufficient information prior to the Board meeting. The President also continues to lead the Country Executive committee members to present business reports of their respective functions in quarterly main Board meetings and also report on the status of Country economies, political and regulatory development of the country for the Board's reference.

(II) Practices of Supervisors Attending the Board of Directors Meetings

13 meetings were convened by the Board of Directors in 2010. Attendance of supervisors in the meetings is specified as follows:

Title	Name	No. of Attendance in Person	Actual Attendance Ratio (%)	Remarks
Supervisor	Standard Chartered Bank Representative: Norman Lyle	8	62%	
Supervisor	Standard Chartered Bank Representative: Edward Martin Williams	11	85%	

Other matters to be noted:

1. Composition and responsibilities of the supervisors:

(1) Communication with the Bank's employees and shareholders (e.g. communication channels and methods, etc.)

The Bank is wholly owned by our parent company, Standard Chartered Bank. Two supervisors have been appointed by the parent company of the Bank to monitor the management related matters conducted by the directors and the Executive Committee.

(2) Communication with the Chief Auditor and accountants (e.g. communication methods and results pertaining to matters of the Bank's financial and business conditions)

Supervisors are invited to attend meetings held by the Board of Directors and express their opinions, if appropriate; discuss issues of business operations with senior management of the Bank, especially CFO and Chief Auditor, to ensure full control of the Bank's business and financial conditions and regular discussion with accountants over the Bank's financial statements.

2. Please specify the date, term, content of the motion, resolutions and the Bank's response to supervisors' opinions in the event supervisors have expressed opinions at the Board meetings : [None]

(III) Compulsory Disclosure in Accordance with Corporate Governance Best-Practice Principles for Banks: Please refer to the "About Us" information on the Bank's Chinese website.

(IV) Current Status of the Bank's Corporate Governance Practices and Its Comparison Against the Corporate Governance Best-Practice Principles for Banks

Item	Execution Status	Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
(I) Shareholdings structure and shareholders' equity 1. Methodology of handling shareholders' recommendations or disputes 2. List of the major shareholders of the Bank and the ultimate controllers of the major shareholders 3. Establishment of risk control mechanism and firewalls between the Bank and its affiliated enterprises	1. The Bank is owned by a sole shareholder - Standard Chartered Bank. 2. Any recommendation or dispute of the shareholder is reported to the Board of Directors for review and consideration. The Chairman, President and Executive Committee of the Bank address shareholder's recommendations and disputes with prudence. 3-1 The Bank and its affiliates retain independence respectively in the management and accountability of employees, assets and finance. 3-2 In terms of transactions with related party, any credit extension to the stakeholders and affiliates of the Bank is conducted pursuant to Articles 32, 33, 33-1 to 33-5 of the Banking Act and reported to the ALM Committee on monthly basis.	No discrepancy is found
(II) Composition and responsibilities of the Board of Directors 1. Independent directors of the Bank 2. Regular evaluation of Independence of the CPA	1. Two independent directors were appointed by the Bank's sole shareholder, Standard Chartered Bank, in the election of directors and supervisors on 10 December 2009. 2. The Bank has conducted evaluation on the independence of the CPA.	No discrepancy is found.
(III) Establishment of communication channels with stakeholders	1. The respective departments are fully responsible for dealing with stakeholders' complaints or rights in accordance with the relevant regulations and the Bona Fide Principle.	No discrepancy is found.

(Continued)

Item	Execution Status	Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
(IV) Information disclosure 1. Establishment of the Bank's website where information regarding financial/business statements and corporate governance of the Bank is disclosed. 2. Other disclosure channels of the Bank (e.g. English website, have designated personnel to collect and disclose the Bank's information, appoint spokesman, publish investors' conference on the website)	1. The Bank's website is set up by responsible departments including the Group Technology and Operations, Customer Service and other related departments for purpose of information collection and disclosure. The Bank's President also serves as the Bank's spokesman. 2. Same as above.	No discrepancy is found.
(V) Operations of the nomination, remuneration committees or any other functional committees established by the Bank	1. There are no nomination or remuneration committees or any other functional committees being established by the Bank.	Recommendations on nomination or remuneration schemes are proposed periodically to align with the current market practices of the banking industry and ratified by the Executive Committee of the Bank

(VI) Any discrepancy between the corporate governance and the "Corporate Governance Best-Practice Principles for Banks". Reasons for the difference:

With regard to the current practice of the Bank's corporate governance, the Bank is in compliance with the provisions of the "Corporate Governance Best-Practice Principles for Banks", except for the establishment of Nomination or Remuneration Committees.

(VII) Other information essential to understand the corporate governance of the Bank (e.g. employee welfare, employee care, investor relationship, stakeholder rights, training records of directors and supervisors, risk management policies and implementation of risk measurement criteria, implementation of customers' policies, liability insurance purchased by the Bank for directors and supervisors, etc.):

1. The Bank strives to build a sustainable business as its long-term strategy, with the objective to deliver our corporate culture, value and management philosophy to stakeholders through sharing of our financial expertise and various concerns on the environment, minorities and communities.
2. Directors and supervisors receive notifications regarding the change of corporate governance regulations from time to time; directors and supervisors are arranged by the Company Secretariat to attend trainings related to corporate governance that are held by the government or other institutions.
3. The Bank purchases the liability insurance for directors and supervisors on annual basis.
4. Except for the authority required to be exercised by the Board of Directors under the law, the Board of Directors has delegated its authority, obligation and responsibility to the Executive Committee for their day-to-day management, operation and control of the Bank's businesses. The Board of Directors may, during the adjournment of the Board meeting, request the Executive Committee (chaired by the President) to effectively supervise and review the Bank's business operations, report the Bank's business performance at the Board meetings, and escalate information through adequate reporting procedures to ensure necessary actions will be taken by the Board of Directors.

(Continued)

5. The Bank's directors will avoid voluntarily any motions with conflict in benefit of the Bank.
6. The Bank has developed its own "Principles for the Acquisition and Disposal of the Bank's Assets", "Investment Policy" and other relevant procedures for compliance by all responsible departments in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
7. To control credit risk of the businesses we operate in, the Bank has a sound framework for establishment of various committees. Such framework is designed to ensure consistent criteria and policy will be followed across the Bank.
8. Any complaints or disputes raised by the Bank's customers or consumers will be dealt with and followed up by the Customer Service Center (or Call Center) in accordance with the Customer Service Procedures.

(VIII) Corporate governance self-assessment report or result of assessment report made by an external professional institution on a consignment basis, major defects (or recommendations) and improvement : [None]

(V) Practices of Corporate Social Responsibility

Items	Practices
I. Implement Corporate Governance (1) Establishment of the corporate social responsibility policy or system, and the review of its effectiveness by the Bank (2) Practices of the designated (sideline) unit promoting corporate social responsibility of the Bank (3) Business ethics training and education to the board of directors, supervisors and employees of the Bank, the combination of which with the performance review system, and the set-up of effective reward & disciplinary system	1. Standard Chartered PLC (the "Group") is committed to building a sustainable business over the long term and upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. 2. "Here for good" was launched in 2010 as our new brand promise. It focuses on building the Bank into a sustainable business, creating shareholder value, providing customers with comprehensive services, contributing to local economy, and being positive force in its communities. 3. Three main directions and seven priorities having critical impact on each geography we operate in have been identified as our sustainability strategy to exert our influence in maximizing the use and recycling of resources. (1) Three main directions - environment and climate change - social contribution - corporate governance (2) Seven priorities - protecting the environment - tackling financial crime - responsible selling and marketing - great place to work - community investment - access to comprehensive banking network - sustainable finance In Standard Chartered, senior managements from the group, regional and country levels are responsible for driving sustainable business agendas. A designated Sustainable Business Team under the Corporate Affairs Department is in place for building Standard Chartered Bank into a sustainable business. In Taiwan, a Corporate Social Responsibility Committee (CSR Committee) is formed by executive officers of the Bank and is chaired by the CEO, Sunil Kaushal. Each committee member takes charge of one sustainability agenda: employee volunteering for Chief Risk Officer, Seeing is Believing for Chief Financial Officer, environmental protection for Chief Information Officer, diversity and inclusion for Head of Human Resources, and Living with HIV for Head of Corporate Affairs. Business activities and compliance relating to sustainability are supported by the Head of Legal and Compliance, Head of Wholesale Banking and the Head of Consumer Banking.
II. Develop Sustainable Environment (1) Improvement of the utilization rate for various resources and the use of renewable materials with minimal impact on the environment by the Bank	1. Our success in managing our environmental impact has been recognized by the Carbon Disclosure Project (CDP), which promotes awareness of business implications of climate change. Our outstanding work in 2010 placed us in the FTSE Climate Disclosure Project (CDP) Leadership Index and FTSE 350 CDP Strategy Index. 2. We operate in many countries vulnerable to environmental challenges, including the effects of climate change. Rather than simply continuing current business practices, we work to inspire and encourage our employees, clients

(Continued)

Items	Practices
(2) Establishment of an adequate environmental management system by the Bank based on its industry characteristics (3) Set-up of the designated environment management unit or personnel for environmental protection (4) Strategies for energy saving, emission reduction and greenhouse gas mitigation to cope with climate change which would have business impact to the Bank	and customers to minimize their environmental footprint. This strategy is supported by senior management on our Group Environment Committee and implemented through our network of Country Environment Co-ordinators. This year we continued our drive for more efficient use of resources in our offices. In our larger premises over 20,000 square feet – around half of our global property portfolio – we reduced carbon emissions by 6 per cent and water consumption by 21 per cent, both per full-time employee. We were proud this year to be included in the FTSE 350 Carbon Disclosure Project (CDP) Leadership Index and the FTSE 350 CDP Strategy Index. This recognizes our achievements in managing our use of energy and travel. 3. In Taiwan, the Bank has financed over USD 280 million on solar energy and clean energy industries during 2008 – 2010, which demonstrates our support for renewable energy development, ongoing efforts for better environment and being a positive force for a sustainable earth. 4. In 2010, the Bank has continuously adopted several practices to reduce carbon dioxide emissions and saved energy through the reduction of paper use at offices. In total, the Bank has saved up to 700,000 degrees of electricity throughout the year. These practices include: - Air conditioning system improvement projects in Science Park/ DMR building - Chemical dosing on Cooling Tower of air-conditioning system which can improve the cooling performance and recycle water in cooling system - Replace conventional exit signs with LED exit signs in all office buildings - In water saving, the Bank has continuously adopted several water-saving practices. In May 2010, we replaced normal faucets with water-saving faucets. - In paper saving, the Bank has not only continuously promoted paperless meetings, improvements on related facilities and rigid measures on copying process, but also adopted the following two practices: substituting hand dryers for the paper towel dispensers installed in all office buildings of the Bank; starting December 2010, substituting mugs for paper cups prepared in all offices and branches of the Bank, an estimate of about 600,000 paper cups to be saved a year.
III. Safeguard Public Welfare (1) Compliance with labor-related acts, protection of employees' legal rights and interests, and establishment of adequate management methods & procedures by the Bank (2) Provision of a safe and healthy workplace for employees and implementation of periodical safety and hygiene education by the Bank (3) Establishment of the consumer rights policy with transparent and effective procedures in place for handling customer complaints on products and services of the Bank	1. Employee rights protection: (1) On 28 December 2006, the Industrial Union of the Bank was established with the objectives of ensuring smooth labor-management communications and being a new force in the Banking industry through regular labor-management meeting for discussions of employees' rights and the Bank's development directions. (2) The Bank signed the Collective Bargaining Agreement (CBA) with its Industrial Union on 8 May 2009, so as to institutionalize and protect the legal rights and interests of the Bank's employees. (3) The Bank's Employee Welfare Committee is established in accordance with the laws and regulations, and is responsible for coordinating matters of employee welfare, including cash allowances distributed on three major festivals, subsidies for wedding, maternity, funeral, dependent education, social club events and company excursion.

(Continued)

Items	Practices
(4) Collaboration with vendors to reinforce corporate social responsibility (5) Participation in community development, charity and public welfare activities through business events, physical donations, employee volunteering services or other free professional services offered by the Bank	2. Pursuant to local Labor Safety and Health Law and policies of the Group, employees are provided with safety and health education below: (1) New joiners are required to receive a three-hour training of labor safety and health education during the induction course. (2) All employees shall receive on-the-job training of labor safety and health education and re-do the three-hour course every three years. The course completion rate is regularly monitored. (3) A safe and sanitary workplace, environmental protection and sustainable development are greatly valued by the Group. Therefore, employees are required to take courses relating to labor safety and environmental protection for a certain number of hours through Standard Chartered's e-learning platform. (4) Weekly Health News is released regularly to provide health and hygiene related information for our employees. (5) Health education seminar is held from time to time by inviting doctors stationed in the Bank to talk about different health topics with our employees. 3. Consumer rights protection and customer services: (1) The Bank has its policy and procedure in place to address customer feedbacks on a timely manner. Also, customer opinions are incorporated into the product/service design. A 24-hr customer hotline is provided to ensure customer requirements and disputes are effectively taken care of. (2) To ensure a smooth customer complaints channel, a customer complaints hotline is posted on the Bank's website for reference. In addition, a customer service email is provided on the website to collect customer feedbacks and respond consumer disputes. Any customer complaint, whether it is through telephone, teller counter, letter, fax, media and/or official letter from relevant regulator, will be addressed in compliance with the Bank's standard process for handling customer complaints. (3) To efficiently process customer complaints, an e-form system is set up for tracking customer complaints and results. In addition to reply and log reasons, corrective actions and precautions on system by following the Customer Complaints SOP, reports of disputable cases are compiled and analyzed on weekly and monthly basis. Disputes with greater recurrence rate are monitored of their corrective actions on continuous effort. Where any inconsiderate service is identified through the customer complaints channel or satisfactory survey, for instance, a product or process design fails to meet customer expectation, a customer is not served by our staff based on standard process, a problem is not adequately addressed and so on, all relevant departments will be informed and corrective actions and precautions will be carried out immediately to protect customers' rights and interests. 4. Collaboration with vendors to carry out corporate social responsibility: (1) The Bank always strives to ensure the highest standards are applied to social responsibility, ethics, and environmental protection in every aspect of its businesses. As a responsible corporate citizen, the Bank is also accountable for pushing our vendors to include natural conservation or environmental protection as part of their business operations and social responsibility.

(Continued)

Items	Practices
	(2) To live up to the concept of environmental protection, we have developed guidelines for vendor selection and procurement process, and made recommendations on using environmental friendly products as our first choice. Vendors' efforts in developing environment-sensitive products and their social responsibility system are included as part of the review process when selecting our vendors, so that every procurement decision made on products or services is in line with higher environmental protection standards. 5. Regarding employee volunteering services and donation activities, please refer to page 63-68 of the Annual Report.
IV. Reinforce Information Disclosure (1) Methods to disclose critical and reliable information of the Bank's corporate social responsibility (2) Production of the Corporate Social Responsibility Report for disclosing the Bank's best practices on corporate social responsibility	1. The Group has published its annual Sustainability Report since 2008. In 2010 we were included in the Dow Jones Sustainability World Index (DJSI World). The DJSI evaluators noted our strong performance in stakeholder engagement, human capital development, risk and crisis management, financial inclusion and climate change governance. 2. We are listed in the FTSE4Good index, which has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards. 3. Starting from March 2011, the Bank is required to disclose donations to political parties, stakeholders and charity groups on the Bank's website in accordance with Article 16.1, Chapter 3 of the Corporate Governance Best-Practice Principles for Banks.
V. In the event the Bank has developed its own Corporate Social Responsibility Best Practice Principles pursuant to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please specify the practices and differences between the two Principles: Not available.	
VI. Other important information that helps to understand the best practices of corporate social responsibility (e.g. any systems, measures and actions pertaining to environmental protection, community participation, social contribution, social services, public welfare, consumers' rights and interests, human rights, safety and hygiene and other corporate social responsibility activities): Please refer to page 63-68 of the Annual Report.	
VII. Please specify, if appropriate, any banking product or Corporate Social Responsibility Report already met the verification criteria of a certification institution: None.	

(VI) Information on Good Faith Management and Measures Adopted by the Bank

Please refer to page 63-68 of the Annual Report.

(VII) Corporate Governance Principles and Inquiry of Relevant Regulations

Please visit the website of Market Observation Post System (MOPS) for detailed information of the corporate governance at <http://newmops.twse.com.tw>.

(VIII) Other Material Information

Please visit the website of Market Observation Post System (MOPS) for other material information published at <http://newmops.twse.com.tw>.

(IX) Implementation of Internal Control System

1. Statement of Internal Controls

Internal Control Statement to Financial Supervisory Commission

29 April, 2011

On behalf of Standard Chartered Bank (Taiwan) Limited (the "Company"), we hereby certify that, for the fiscal year of 2010, the Company had duly complied with the "Regulations Governing the Implementation of Internal Control and Audit System by Financial Holding Companies and Banks" to establish internal control system, implement risk management, and have an independent audit department to undertake auditing works with the results being reported to the board of directors and supervisors regularly.

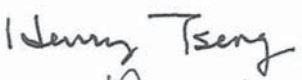
With respect to the securities business, the Company has conducted evaluation of the effectiveness of the design and implementation of its internal control system in accordance with the criteria described in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets", promulgated by the Securities and Futures Bureau of Financial Supervisory Commission.

After prudent evaluation, the Company confirms that, except for the items listed on attachment, its various units had implemented effective internal control and compliance systems during the year. This statement will be included as the main content of the Company's annual report and prospectus, and be published to the public. Any falsehood, concealment, or other irregularities for the aforementioned statement will be liable to legal responsibilities stipulated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

Statement by

Chairman :  (Signature)

President :  (Signature)

Chief Auditor :  (Signature)

Head of Compliance :  (Signature)

Standard Chartered Bank (Taiwan) Limited

Issues for Improvement and Action Plans for Internal Control System

Issues for improvement	Action plan	Target date
Few staff of the Bank was alleged to have been involved in liaising with an overseas affiliate of Standard Chartered Group on administrative matters for a client and was considered as assisting the client in obtaining financial services from the offshore Bank not approved by the regulators. A correction letter (Jin-Guan-Yin-Waizi-09900250190) was issued by FSC pursuant to Paragraph 1, Article 61-1 of the Banking Act, on 17th Sep 2010.	1. The Bank had reannounced the offshore transaction internal guideline to all users in May 2008 for compliances. 2. A series of compliance trainings for Relationship Managers, Sales and new joiners were conducted, including 5 courses in 2008, 5 in 2009 and 6 in 2010. 3. Ongoing education and reinforcement will be carried out in various forums.	Completed.
Hsinchu International Bank, the Bank's predecessor, was considered to have had operational deficiencies in relation to the PEM products which might impact its sound operation. A correction letter (Jin-Guan-Yin-Waizi-09960005386) was issued by FSC pursuant to Paragraph 1, Article 61-1 of the Banking Act, on 17th Sep 2010.	Responsible units were notified to control the relevant operations to ensure the compliance with regulations.	Completed.

2. CPA's Special Audit Report on the Bank's Internal Controls

Independent Auditors' Report on Internal Control

The Board of Directors

Standard Chartered Bank (Taiwan) Limited:

According to Article 25 of the Rules for Enforcement of Bank Internal Control and Audit (the Rules) issued by the Financial Supervisory Commission (FSC), Executive Yuan, Republic of China (ROC), in addition to having its annual financial statements audited and certified by an independent auditor, a bank should also engage the auditor to examine its internal control systems and to express an opinion on the accuracy of and internal control over its financial reporting, the status of its compliance with applicable laws and regulations, and the appropriateness of its policy on the recording of bad debt provision.

We have been engaged by Standard Chartered Bank (Taiwan) Limited to conduct the aforementioned examination and have summarized the examination scope, procedures, and conclusions in the attachment to this report in accordance with Article 28 of the Rules.

The report is intended solely for the information and use of the Board of Directors and the management of Standard Chartered Bank (Taiwan) Limited and the Banking Bureau of FSC, Executive Yuan, ROC, and is not intended to be and should not be used by anyone other than these specified parties.



8 March, 2011

(X) Penalty Received for Unlawful Practices Over the Past Two Years, and Corrective Actions Taken Against Major Defects

Disclosure	Case & Amount
1. Indictment by prosecutors against the person in charge or employees because of a crime committed on duty	1. WB staff Ms Qiu committed fraud when she was on duty. Qiu was indicted by Taichung District Prosecutors Office on 3 Sep 2010 and sentenced to two years and two months in prison at a criminal court by Taichung District Court. (5 Oct 2010)
2. Penalty fine imposed by Financial Supervisory Commission (FSC) due to violation of the laws and regulations	None
3. Stiff rectification imposed by FSC because of defects in business operation	None
4. Penalty imposed by FSC due to violation of Article 61-1 of the Banking Act	1. The Bank's staff, Ms Qiu conducted illegal loan drawdown in the name of her customer and was therefore dismissed by the Bank based on the order of Financial Supervisory Commission issued pursuant to Article 61.1 of the Banking Act. (14 Jul 2009) 2. One staff was engaged in assisting customer to transact with offshore banks over financial products not approved by the competent authority. Accordingly, a reprimand was imposed by the Financial Supervisory Commission following Paragraph 1, Article 61-1 of the Banking Act. (17 Sep 2010) 3. For related deficiencies on PEM group products, a reprimand was imposed by the Financial Supervisory Commission following Paragraph 1, Article 61-1 of the Banking Act. (17 Sep 2010)
5. Any material frauds or contingencies (fraud, theft, misappropriation and robbery of assets, false transaction, forged documents and marketable securities, kickbacks, natural disaster loss, loss from external factors, hacker attack, data theft, and disclosure of confidential information and customer data and such major incidents) or security accidents resulting from the failure to abide by security instructions of financial institutions, or the incidents which resulted in loss over NTD 50 million, individually or totally, in the respective year	None
6. Other matters required to be disclosed by FSC	None

(XI) Major Resolutions Made in Shareholders' Meetings, Board Meetings and Provisional Board Meetings

Date	Meeting Name	Major Resolution	Execution Status
27/01/2010	Monthly Meeting of Board of Directors	1. Sale of Properties be approved 2. The appointment of Senior Executive Officer be approved	1. Executed as per resolution 2. Executed as per resolution
26/02/2010	Monthly Meeting of Board of Directors	1. The application of Foreign Currency ("FCY") Structured Investment linked to Chinese Yuan ("CNY") Non Delivered Forward be approved 2. The application of FCY Structured Investment linked to CNY Foreign Exchange ("FX") Options be approved 3. The application of FCY Structured Investment linked to CNY Non Delivered Forward and CNY FX Options be approved	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution
30/03/2010	Quarterly Meeting of Board of Directors	1. 2009 Business Report of the Bank be approved 2. 2009 Audited Financial Statements and Consolidated Financial Statements of the Bank be approved and submitted to the Supervisors for auditing 3. 2009 Loss Off-setting Statement of the Bank be approved and proposal of no earnings or dividends distribution be approved 4. The sale of Mortgage Non Performing Loan ("NPL") accounts be approved 5. The sale of Credit Cards / Personal Loan NPL accounts be approved 6. The application for engaging in the derivatives products be approved 7. The application for trust business licenses for two branches be approved 8. The amendment to the Organization Charter be approved 9. The appointment of Senior Executive Officer be approved	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution 5. Executed as per resolution 6. Executed as per resolution 7. Executed as per resolution 8. Executed as per resolution 9. Executed as per resolution
26/04/2010	Monthly Meeting of Board of Directors	1. The update on GVEC Notes investigation be noted 2. Sale of Properties be approved	1. Executed as per resolution 2. Executed as per resolution
27/05/2010	Monthly Meeting of Board of Directors	1. 2009 Loss Off-setting Statement be approved 2. The application for launch of China UnionPay ATM acquiring business and the business plan be approved	1. Executed as per resolution 2. Executed as per resolution
28/06/2010	Quarterly Meeting of Board of Directors/Shareholder Meeting	1. 2009 Annual Report be approved 2. The Business Reports, 2009 Financial Statements (both standalone and consolidated versions) and Loss Off-setting Statement as set out in appendices be approved 3. Sale of Properties be approved 4. The appointment and removal of Senior Executive Officers be approved	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution

(Continued)

Date	Meeting Name	Major Resolution	Execution Status
30/07/2010	Monthly Meeting of Board of Directors	1. The appointment of Board of Director of the Bank be noted 2. The sale of Group Special Asset Management ("GSAM") NPL accounts be approved	1. Executed as per resolution 2. Executed as per resolution
26/08/2010	Quarterly Meeting of Board of Directors	1. 2010 first Semi-Annual Financial Statements and Consolidated Financial Statements of the Bank be approved 2. The application for launch of derivative products by the Bank: (1) FCY Loan linked to Commodity Forward; (2) FCY Loan linked to Commodity Swap be approved	1. Executed as per resolution 2. Executed as per resolution
21/09/2010	Monthly Meeting of Board of Directors	1. The Risk Management Framework be approved	1. Executed as per resolution
06/10/2010	Monthly Meeting of Board of Directors	1. The result of the review of the update on GVEC Notes regulatory developments be approved	1. Executed as per resolution
22/10/2010	Monthly Meeting of Board of Directors	1. Capital Reorganization Plan of the Bank be approved 2. The application for trust business licenses for Jinshan Branch be approved	1. Not Executed 2. Executed as per resolution
23/11/2010	Quarterly Meeting of Board of Directors	1. The resignation of Board of Directors of the Bank be noted 2. 2011 Annual Budget of the Bank be approved 3. The application of 70 percent premium currency-linked structured investment product be approved 4. The application of 70 percent gold-linked structured investment product be approved	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolutionb
15/12/2010	Monthly Meeting of Board of Directors	1. The application of the issuance of up to NTD 38 billion of senior notes in 2011 be approved 2. The application of the Residential Mortgage-Backed Securitization be approved 3. The appointment and removal of Senior Executive Officers be ratified	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution

(XII) Disagreement Record or Written Statement of the Directors or Supervisors against the Important Resolutions Made by the Board Meetings : [None]

(XIII) Information on Persons Related to the Financial Statements Who Resigned or Were Discharged : [None]

IV. Information on CPA Charges

(I) CPA Charges and Fee Brackets

Name of CPA Firm	Name of CPA		Audit Period	Remark
KPMG	Ming-Zhi Wang	Lin Wu	Fiscal Year 2010	

Unit: NTD'000

Bracket \ CPA Charge		Audit Fee	Non-audit Fee	Total
1	Less than 2,000,000			
2	2,000,000 (inclusive) - 4,000,000			
3	4,000,000 (inclusive) - 6,000,000		4,544	
4	6,000,000 (inclusive) - 8,000,000			
5	8,000,000 (inclusive) - 10,000,000			
6	Over 10,000,000 (inclusive)	13,976		18,520

(II) Non-audit fees paid to CPAs, the firm to which the CPAs belong and its affiliate(s) exceed 25% of the annual auditing fee : [Yes]

Unit: NTD'000

Name of CPA Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit Period	Remark
			System Design	Business Registration	Human Resources	Others	Sub-total		
KPMG	Ming-Zhi Wang Lin Wu	13,976				4,544	4,544	01/01/2010 ~ 31/12/2010	IFRS Group report: 2,504; Internal control agreed upon procedure: 2,040

(III) Change of CPA firm and the audit fee for the year of change is less than that charged for the previous year : [None]

(IV) Auditing fee is 15% less or more below the fee charged for the previous year : [None]

V. Information on Change of CPA

(I) Information on the Former and Succeeding CPAs

To coordinate with KPMG for its organizational restructuring, Lin Wu and Ming-Zhi Wang, originally commissioned to audit and certify the Bank's financial statements were replaced by Ming-Zhi Wang and Lin Wu, effective from 31 December 2010.

(II) Written response from the former CPAs in accordance with Articles 10.5.1 and 10.5.2.3 of the Regulations Governing Information to be Published in the Annual Reports of Banks : [None]

VI. Name, title, and service period of the Bank's Chairman, President or Executive Officer(s) in charge of financial and accounting affairs who has served a position in an independent auditing firm to which the CPAs belong or its affiliate(s) during the past year : [None]

VII. Change in the equity (shareholding, share transfer and pledge) of directors, supervisors and executive officers who are required to declare their equity in accordance with Article 25.3 of the Securities and Exchange Act : [None]

Note : The Bank is a subsidiary of Standard Chartered Bank. The directors, supervisors and executive officers are appointed as legal representatives by the Bank's parent company.

VIII. Information on Top 10 shareholders who are related parties as defined in the Statement of Financial Accounting Standards No. 6 : [None]

IX. The shares and consolidated shareholding ratios of the same investees held by the Bank, the Bank's directors, supervisors, executive officers, branch managers, and the entities under the Bank's direct or indirect control :

Name of Investee Company	The Bank's Investment		Investment by Directors, Supervisors, Executive Officers, Branch Managers and the Entities Directly or Indirectly Controlled by the Bank		Comprehensive Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Standard Chartered Life Insurance Agency Co., Ltd.	300,000	100.00%			300,000	100.00%
Taiwan Standard Chartered Insurance Agency Co., Ltd.	300,000	100.00%			300,000	100.00%
Taipei Forex Inc.	630,000	3.18%			630,000	3.18%
Taiwan Small and Medium Enterprises Development Co., Ltd.	3,417,440	4.84%			3,417,440	4.84%
Fu Ji Enterprise Management Consultant Co., Ltd.	3,943,335	0.99%			3,943,335	0.99%
Universal Venture Fund Co., Ltd.	1,007,969	4.76%			1,007,969	4.76%
Financial Information Service Co., Ltd.	4,550,000	1.14%			4,550,000	1.14%
Windance Co., Ltd.	18,850,000	2.73%			18,850,000	2.73%
Taiwan Financial Asset Service Co., Ltd.	5,000,000	2.94%			5,000,000	2.94%
Mondex Taiwan Co., Ltd.	197,412	3.35%			197,412	3.35%
Taiwan Depository & Clearing Corp.	494,852	0.17%			494,852	0.17%
TSC Bio-Venture Capital Corp.	2,025,000	5.00%			2,025,000	5.00%
Sun Asset Management Corp.	84,980	1.42%			84,980	1.42%
Taiwan Cooperative Bills Finance Corp.	13,346,123	5.24%			13,346,123	5.24%

IV. | Fund Raising



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I. Shares and Dividends

(I) Source of Capital

Date	Issued Price (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NTD)	Shares	Amount (NTD)	Source of Capital	Other
31/12/2010	10	3,000,000,000	30,000,000,000	2,910,571,976	29,105,719,760	N/A	N/A

Type of Stock	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Unlisted stock	2,910,571,976	89,428,024	3,000,000,000	

Self registration information :

Type of Securities	Shares & Amount to Be Issued		Issued Shares and Amount		The Purpose and Expected Benefits of the Issued Section	Expected Issuance Period of the Unissued Section	Remark
	Total Shares	Authorized Amount	Shares	Price (NTD)			
Ordinary shares	None	None	2,910,571,976	10	None	None	

(II) Shareholder Structure

As of 31 December 2010

Shareholder	Government Agencies	Financial Institutions	Other Legal Entities	Domestic Individuals	Foreign Institutions and Individuals	Total
Quantity						
Number of Shareholders	0	0	0	0	1 (Note)	1
Number of Shares	0	0	0	0	2,910,571,976	2,910,571,976
Shareholding (%)	0	0	0	0	100	100

Note : Standard Chartered Bank holds 100% shares of the Bank and is the only shareholder.

(III) Distribution of Equity Holdings

Par Value NTD 10 As of 31 December 2010

Classification of Shareholding	Number of Shareholders	Number of Shares	Shareholding (%)
Over 1,000,001	1	2,910,571,976	100
Total	1	2,910,571,976	100

(IV) List of Major Shareholders

As of 31 December 2010

Shares	Shares	Shareholding (%)
Name of Major Shareholders		
Standard Chartered Bank	2,910,571,976	100

(V) Market Price, Net Worth, Earnings, Dividends Per Share, and the Relevant Information over the Past Two Years : The Bank was delisted on 18 January 2007.

(VI) Dividend Policy and Enforcement : [None]

The dividend policy and enforcement does not apply to the Bank as it is owned by a sole shareholder.

(VII) Impact of Stock Dividends on Business Performance and EPS : [None]

(VIII) Employees' Bonus and Remuneration to Directors and Supervisors

1. The ratio or range of employees' bonus and remuneration to directors and supervisors as set forth in the Bank's Articles of Association: Refer to the Dividend Policy in "Financial Highlights".
2. Proposal for the distribution of employees' bonus resolved by the Board of Directors : [None]
3. Earnings in the previous year allocated to employees' bonus and remuneration to directors and supervisors: Refer to the Dividend Policy in "Financial Highlights".

(IX) Share Buyback History : [None]

II. Issuance of Financial Debentures

Type of Financial Debenture	1 st issue (Term) of Financial Debentures, 2009	2 nd issue (Term) of Financial Debentures, 2009 (Private Placement)	3 rd issue (Term) of Financial Debentures, 2009 (Private Placement)
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-09800417430	Jin-Guan-Yin-Waizi-09800417430	Jin-Guan-Yin-Waizi-09800417430
Date of Issuance	28/10/2009	11/12/2009	11/12/2009
Par Value	NTD 100,000	USD 1,000	USD 1,000
Location of Issuance and Trading	Taiwan, R.O.C	Taiwan, R.O.C	Taiwan, R.O.C
Currency	New Taiwan Dollar	US Dollar	US Dollar
Issue Price	100	100	100
Total Amount	10,000,000 (thousand)	150,000 (thousand)	150,000 (thousand)
Interest Rate	Annual rate is 2.9% for the first 5 years and 3.4% for the last 5 years	Floating rate USD 3M LIBOR +3.33% from the issue date to 11 Jun 2015 USD 3M LIBOR +4.33% after 11 Jun 2015	Floating rate USD 3M LIBOR +3.33% from the issue date to 11 Jun 2015 USD 3M LIBOR +4.33% after 11 Jun 2015
Maturity	10 years, matures on 28 Oct 2019	No maturity date	No maturity date
Seniority	Subordinated	Subordinated	Subordinated
Guarantor	N/A	N/A	N/A
Trustee	N/A	N/A	N/A
Underwriter	Institutions with financial advisory license: SCB Taipei Branch, Yunta Securities, Masterlink Securities, CITIC Securities	N/A	N/A
Certifying Attorney	Baker & McKenzie Attorney : Zhi Liang, Hao-Rui Hu	Baker & McKenzie Attorney : Zhi Liang, Hao-Rui Hu	Baker & McKenzie Attorney : Zhi Liang, Hao-Rui Hu
Certifying Accountant	N/A	N/A	N/A
Certifying Financial Institution	N/A	N/A	N/A
Repayment Method	Interest paid quarterly, and principal is repaid on one lump sum upon maturity	Interest paid quarterly, and the term for principal repayment is handled in accordance with the Guidelines for Capital Adequacy Management	Interest paid quarterly, and the term for principal repayment is handled in accordance with the Guidelines for Capital Adequacy Management
Balance Outstanding	10,000,000 (thousand)	150,000 (thousand)	150,000 (thousand)
Paid-in Capital in Previous Year	24,855,720 (thousand)	24,855,720 (thousand)	24,855,720 (thousand)
Audited Net Worth in Previous Year	31,599,000 (thousand)	31,599,000 (thousand)	31,599,000 (thousand)
Repayment Status	N/A	N/A	N/A

(Continued)

Terms of Redemption or Early Repayment	Upon expiration of 5 years after the issue date of the debentures, where the computed CAR after redemption meets the minimum regulatory requirement, and that the competent authority has given its consent, the Bank may redeem the debentures prior to maturity.	Starting from 11 Jun 2015, where the computed CAR after redemption meets the minimum regulatory requirement, and that the competent authority has given its consent, the Bank may redeem the debentures prior to maturity.	Starting from 11 Jun 2015, where the computed CAR after redemption meets the minimum regulatory requirement, and that the competent authority has given its consent, the Bank may redeem the debentures prior to maturity.
Terms and Conditions of Conversion and Exchange	N/A	N/A ^{Note}	N/A ^{Note}
Restriction Clause	N/A	In the event the Bank's CAR is less than the minimum regulatory requirement as a result of making interest payment, such payment may be deferred and no interest will be accrued on the deferred portion.	In the event the Bank's CAR is less than the minimum regulatory requirement as a result of making interest payment, such payment may be deferred and no interest will be accrued on the deferred portion.
Capital Utilization	To support medium and long-term funding needs	To support medium and long-term funding needs	To support medium and long-term funding needs
Amount of Declared Issuance plus Previous Outstanding Balance as Percentage of Audited Net Worth of the Previous Fiscal Year (%)	93.76%	93.83%	93.83%
Whether accounted for equity Capital and Type of Capital	Yes, Tier II	Yes, Tier II	Yes, Tier II
Name of Credit Rating Agency, Date and Credit Rating	Fitch Ratings, AA(twn), 27 Oct 2009	N/A	N/A

Note : Where the Bank's CAR is lower than the minimum regulatory requirement or the accumulated loss is greater than the sum of retained earnings and share premium, the interest and principal repayment shall be deferred and the repayment seniority of debenture holder(s) shall be the same as the shareholder(s) of perpetual cumulative preferred stocks in case of settlement and liquidation by the Bank.

III. Preferred Stocks, Overseas Depository Receipts, Employee Stock Options, and Acquisitions or Assignment Involving Other Financial Institutions : **【None】**

IV. Capital Utilization Plan and Execution Status

(I) Capital Utilization Plan

Financial debentures: The Bank redeemed its cumulative subordinated debenture without maturity date totaling NTD 10,000,000,000 in 2010.

(II) Execution Status of the Capital Utilization Plan

1. The 2009-1 long-term subordinated debenture under the term of quarterly interest payment was fully subscribed on 28 October 2009. The next interest payment date will be January 2011.
2. The 2009-2 and 2009-3 cumulative subordinated debentures without maturity dates under the term of quarterly interest payment were fully subscribed on 11 December 2009. The next interest payment date will be March 2011.
3. The Bank's medium and long-term loans and capital adequacy ratios :

	31 December 2010	31 December 2009	31 December 2008
Medium and Long-Term Loan	308,092,137 (thousand)	269,976,138 (thousand)	263,555,248 (thousand)
Increase	38,115,999 (thousand)	6,420,890 (thousand)	23,998,217 thousand
Capital Adequacy Ratio	14.19%	13.76%	10.07%
Increase	0.43%	3.69%	1.39%

V. | Operations Overview



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I. Scope of Business

(I) Primary Business of Respective Business Division

1. Consumer Banking

The Consumer Banking business serves the needs of Personal, Premium, Private and SME banking customers, offering a full suite of innovative customer products and services to meet their wealth management and transacting needs. A customer focused approach enables deeper understanding of customers' evolving needs and in providing customized financial solutions.

2. Wholesale Banking

Wholesale Banking business provides corporate and institutional clients with trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate finance solutions.

(II) Ratio of Major Businesses and changes

1. Ratio of Major Businesses to Total Assets

(1) Deposits

Unit : NTD'000

	31 December 2010		31 December 2009		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Savings Deposits	219,730,793	36.50	194,831,683	41.44	12.78
Time Deposits	204,402,184	34.00	101,109,499	21.50	102.16
Demand Deposits	173,831,849	28.90	169,908,865	36.14	2.31
Checking Account	3,475,229	0.60	3,485,983	0.74	(0.31)
Trust Fund_Unappropriated	191,252	0.00	767,371	0.16	(75.08)
Remittance	89,109	0.00	91,994	0.02	(3.14)
Sub-total	601,720,416	100.00	470,195,395	100.00	27.97

(2) Loans

Unit : NTD'000

	31 December 2010		31 December 2009		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Bill Negotiation/Discount	3,646,019	1.05	2,637,315	0.84	38.25
Short-term Loan and Overdraft	21,819,523	6.27	30,516,779	9.68	(28.50)
Short-term Secured Loan and Overdraft	13,090,861	3.76	9,127,235	2.89	43.43
Medium-term Loan	56,462,317	16.22	57,681,758	18.29	(2.11)
Medium-term Secured Loan	5,355,496	1.54	8,021,854	2.54	(33.24)
Long-term Loan	6,922,590	1.99	11,212,658	3.56	(38.26)
Long-term Secured Loan	239,351,734	68.74	193,059,868	61.22	23.98
Overdue Receivables from Loans	1,550,130	0.45	3,102,856	0.98	(50.04)
Sub-total	348,198,670	100.00	315,360,323	100.00	10.41

2. Growth and Changes of Major Businesses

Unit: NTD'000

Item		2010	2009	Increase (Decrease)	Growth Rate (%)
Customer Deposits and Remittance Payable		601,720,416	470,195,395	131,525,021	27.97
Loan and Bills Discounted		348,198,670	315,360,323	32,838,347	10.41
Guarantees		6,986,325	8,590,738	(1,604,413)	(18.68)
Consumer Banking	No. of Credit Cards Issued	2,937,876	2,914,194	23,682	0.81

Unit: NTD'000

Item		2010	2009	Increase (Decrease)	Growth Rate (%)
Transaction Volume of Securities Brokerage		169,631,910	239,938,925	(70,307,015)	(29.30)
Sales Volume of Non-discretionary Money Trust Investing in Domestic & Foreign Securities		179,840,217	113,552,228	66,287,989	58.38
Foreign Exchange (USD/Thousand)	International Exchange	182,315,076	158,948,706	23,366,370	14.70
	Negotiation of Import Bills	3,146,929	2,442,452	704,477	28.84
	Negotiation of Export Bills	5,277,909	2,890,580	2,387,329	82.59
	Total	190,739,914	164,281,738	26,458,176	16.11

(III) Business Plan for 2011

1. Consumer Banking

- (1) Strengthen functions of automated channels service, amplifying the complementary effect between electronic platform and physical channels.
- (2) Roll out key cities strategy to focus on areas with greater potential for growth.
- (3) Reduce turnaround time for better customer experience and higher product holding by continuous improvement in our product processes.
- (4) Target preferred segments to maintain tighter customer relationships while expanding market shares of our products.
- (5) Increase cost efficiency through structure re-organization and process improvement.
- (6) Improve asset quality and portfolio mix.
- (7) Continuous investment in deposits, mortgages, personal loans and credit card businesses.
- (8) Increase revenue contribution from branch network.
- (9) Continue to increase sales capacity and improve productivity.
- (10) Diversify channels - pursue meaningful alliances to support portfolio growth.
- (11) Improve systems in Securities Department and integrate our brokerage channel to provide customers with more efficient and user-friendly transaction platform.

2. Wholesale Banking

- (1) Actively focus on major local capital market transactions through established product capabilities.
- (2) Deepen wallet penetration by leveraging e-banking platform and cross-sell opportunities and drive to be the core bank of our corporate clients.
- (3) Continue to strengthen connectivity with our network, especially Greater China and to deliver Taiwan franchise value.

(IV) Market Analysis

1. Domestic Economic and Financial Conditions

Taiwan's economy is likely to remain on recovery path in 2011 driven by stronger domestic demand. However, economic growth is likely to moderate to 5.03% year on year in 2011, from 10.47% in 2010, mainly due to higher base. The moderation in export growth is seen to be mitigated by continuing revival in domestic spending, boosted by rebounding equity prices and improving employment outlook. It is also expected to be supported by further liberalization of cross-strait ties, particularly in tourism as well as capital investment. The Economic Cooperation Framework Agreement (ECFA) signed in June 2010 between Taiwan and Mainland China will further boost bi-lateral trade and investment. This is likely to benefit the SME sector that employs over 76% of Taiwan's 2.9 million manufacturing workers. Meantime, inflation is expected to pick up in 2011, as local businesses facing higher wages and rental expenses will be keen to consider passing on rising costs to end consumers. The central bank is therefore expected to further roll-back the monetary stimulus of 2008-09, especially given increasing concern over growing risk to asset price inflation. However, policy makers are likely to keep with small and measured steps, as rapidly rising interest rates will result in higher sterilization costs. The central bank is also expected to likely adopt added capital control measures to curb hot-money inflow. Given the above conditions, slight appreciation of the New Taiwan dollar is expected this year.

2. Market Outlook and Growth Potential

Taiwan's banking sector is likely to benefit from the continuing economic recovery. This is likely to result in increasing appetite for credit, among corporate as well as individual consumers. For consumer banking, in particular, the government's effort to rein-in surging asset prices, including growing concern over surging residential property prices, is likely to be countered by rebounding consumer confidence, as well as relatively low interest rates and ample liquidity. This is expected to be supported by returning capital flow from overseas Taiwanese, attracted by improving political ties across the Taiwan Strait. For wholesale banking, the continuing economic recovery, spurred by revival in domestic demand, is likely to also result in rising demand for capital expenditures. This is despite lingering concern over the sluggish pace of recovery in US and Europe. The signing of the Investment Protection Agreement (IPA) between Taiwan and Mainland China, which is expected to take place in the first half year of 2011, will likely result in rising capital inflows from Mainland China as well.

3. Strength, Weakness and Countermeasure of Future Development

Favorable factor

Standard Chartered is widely recognized as a strong and reputable bank in our major footprint markets, especially in terms of our presence in Asia, Africa and the Middle East. We shall continue to strengthen our competitive edge in the market by offering innovative products and banking expertise for clients through existing network.

Adverse factor

Standard Chartered's current market position will continue to face increasing challenge from other foreign banks that are expanding rapidly in Taiwan and also aspire to becoming the core business bank for major local clients.

Countermeasure

Standard Chartered should leverage on existing network to seek out ever increasing cross-border business opportunity and seek to continue to be the bank of choice for Taiwanese operating in Asia, Africa and the Middle East.

(V) Financial Instruments and Summary of Business Development :

1. Major financial instruments and additional business units, the scale of operation and profitability status: [None]

2. R&D Expenditure and Results for the Past Two Years and Future R&D Plans :

- (1) The Bank's GTO has continued with its infrastructure reengineering, along with continuous application systems revamp and information security upgrade. The major projects include the disaster recovery (DR) center construction, server consolidations, firewall strengthening, network standardization, and various upgrade and enhancements on the application systems.
- (2) The key themes have been a continued drive for stability, and leveraged the Group's resources and existing infrastructure to propel the business growth and comply with regulatory requirements. In addition, we will further address the information security under the focus of customer centricity.

(VI) Short and Long-term Business Development Plans

1. Short-Term Plan

- (1) Roll out multilingual Human Resources system, implement the customer service platform for front-line sales, and continue the server consolidation projects so as to strengthen the fundamental infrastructure.
- (2) Continuous investment in deposits, mortgages, personal loans and credit card businesses.
- (3) Provide full range of products and services; continuously improve pricing and margin management.
- (4) Continue the productivity improvement and risk management enhancement.
- (5) Strengthen functions of automated channels service and provide full services to further elevate customer satisfaction.
- (6) Boost usage of automated channels service to lower branch operating cost effectively.
- (7) Evaluate market trends, develop and strictly select wealth management products to fulfill customers' financial needs; implement customer segmentation and product classification pursuant to provisions of prevailing regulations; combine products with WM planning and advisory services to strengthen customer relationships and loyalty so as to expand our wealth management portfolios and generate higher fee income.

2. Long-Term Plan

- (1) Continue to leverage new innovative technologies on the core banking systems enhancement and implement applications from the Group, in order to support business growth and strengthen the control over information security.
- (2) Strive to be the best managed Retail Banking Business in Taiwan.
- (3) Consolidate automated channel service platforms and provide differentiated service contents and personalized customer relationship management.
- (4) Integrate wealth management business with relevant portfolios of the Bank (insurance, loans, foreign currencies) to provide customers with diverse and full-range products to satisfy their needs for asset management, expand the Bank's overall business scale, as well as to increase income from commissions and other fees.

II. Employee Analysis

(I) Employee Profile

Year		2010	2009	1 Jan – 28 Feb 2011
No. of Employees	Over 50 years old	77	86	107
	Over 40 years old	872	928	1,075
	Over 30 years old	2,093	2,044	2,107
	Over 20 years old	973	822	698
	20 years old and under	0	0	0
	Total	4,015	3,880	3,987
Average Age		34.60	35.20	35.75
Average Year of Service		7.14	7.08	7.22
Level of Education (%)	Doctorate	0.05%	0.05%	0.05%
	Master	15.59%	14.71%	15.35%
	University/College	73.75%	74.52%	73.94%
	Senior High School	10.54%	10.67%	10.61%
	Below Senior High School	0.07%	0.05%	0.05%
Certificates and Licenses Held by Employees	Securities Specialist	320	309	313
	Investment-orientated Insurance Product Specialist	900	940	888
	Securities Investment Trust and Consulting Professional	188	294	180
	Basic Proficiency Test for Bank Lending Personnel	409	421	403
	Advanced Proficiency Test for Bank Lending Personnel	16	20	16
	Futures Specialist	325	290	329
	Personal Insurance Agent Registration Certificate	3,730	3,619	3,678
	Proficiency Test for Bond Specialist	14	14	13
	Basic Proficiency Test for International Banking Personnel	156	161	155
	Proficiency Test for Financial Planning Personnel	493	504	488
	Proficiency Test for Trust Operations Personnel	1,457	1,390	1,440
	Basic Proficiency Test on Bank Internal Controls	1,582	1,595	1,566
	Senior Securities Specialist	291	260	284
	Property Insurance Agent Registration Certificate	1,420	1,577	1,598
	Securities Dealer	39	28	41
	Certified Internal Auditor Certificate	6	5	6
	Proficiency Test for Stock Affair Personnel	19	17	19
	Business Personnel for Foreign Currency Non-investment Type Insurance Products	690	416	725
	Examination on Investment Trust and Consulting Regulations (including Self-disciplinary Rules)	796	744	786
	Financial Markets and Professional Ethics Examination	1,323	1,295	1,318
	Qualification Certificate for Trust Business Professionals – Business Personnel	1,620	1,465	1,637
	Qualification Certificate for Trust Business Professionals - Managerial Personnel	433	421	432
	Property Insurance Representative	233	285	229

(II) Employee Education and Training

Year	2010	2009
Total No. of Learners	26,439	18,936
Total Training Hours	7,914	5,546
Total Training Sessions	1,193	914
Total Training Days	1,131	792

III. Corporate Responsibilities and Ethics

Our Commitment — Here for good

Here for good was globally launched in 2010 as Standard Chartered PLC's new brand promise. Based on our solid business performance, we will leverage our history, heritage, success, and culture to largely enhance the public's understanding of the Bank in our key markets and other areas and further boost our business growth.

Here for good incorporates the Bank's past, present, and future. It is a deep commitment to the markets where we are: We are here for the long run, applying our knowledge and experience to create profits for our customers and clients. We are here for progress and committed to upholding the highest standards and doing the right things.

The core value of the Bank's culture is sustainability, which focuses on building the Bank into a sustainable business, creating shareholder value, providing customers with comprehensive services, contributing to local economy, and being positive force in its communities. These are exactly the materialization of our brand promise— Here for good.

The Bank deeply believes that emphasizing only on revenues and profits will not lead to sustainability; only by fulfilling social responsibilities, building up credibility among customers, encouraging employees' community service participation, and solidifying employee engagement could it truly attain the win-win objectives for its employees, for the society, and for itself. That is the reason we are proactively devoted to various charity programs in Taiwan concurrent to our business expansion.

Our Significant Achievements of Corporate Social Responsibility of our Sustainability Agenda in 2010:

- Our employees' devotion to community service is shown by their employee volunteering leaves. In 2010, 3,658 person-time staff participated in volunteer activities, totaling 3,381.5 EV days, which equals 27,052 hours!
- We have set up a "Visually Impaired Tele-marketing Team", for which we hired seven visually impaired employees. We set precedence in the industry by changing working procedure to hire visually impaired talents. This pioneering practice has opened up job opportunities for the visually impaired.
- The Bank and Taipei City Government jointly held the "Standard Chartered - Taipei 101 Run-Up Race" and saw more enthusiasm than the year before, attracting over 6,000 runners across the nation to register. The Bank, in line with its long-term commitment to the visually impaired, formed a VI team of eleven runners, all of whom finished the race. The total registration fees collected from the event were donated to the Taipei School for the Visually Impaired as part of the fund to promote reading habit among the visually impaired students.
- The Bank has donated an amount of NTD 2.05 million (including the registration fees of 101 race) on the production of audio books, publishing "Visually Impaired Reading Passport" guided by the Ministry of Education and holding a National Competition Campaign for Visually Impaired Reading. This sponsorship and event encouraged all the visually impaired students in elementary schools, junior and senior high schools to be able to read widely and broaden life visions.

- Aligning with ORBIS Taiwan, comprising of 104 SCB Taiwan staff, 2010 Action Blue Cycling Team was kicked off to ride island round to encourage public donations with the slogan of "NTD 1,000 to Save One Eye", calling for the public's awareness on helping the children in developing countries recover their sight. The event successfully raised NTD 2.4 million.
- Aligning with AIESEC and under guidance of Ministry of Education, we visited 43 junior high and senior high schools nationwide to promote education of HIV/AIDS prevention, as well as launched an online three-dimension animation program—"Anti-HIV & AIDS Prevention". As a result, we have successfully educated more than 15,000 civilians and students. In addition, more than 1,000 employees, demonstrating great compassion, donated over NTD1.12 million to The Red Cross Society of The Republic of China to help the victims of the flood in Pakistan.
- As for energy saving, the Bank has saved up to 700,000 degrees of electricity in 2010 alone through equipment renewal and various energy-saving practices.

Awards Received in 2010

- Award for Excellent Model on Pandemic Preparedness, presented by Ministry of Health. (This award recognized our long-term commitment on LwHIV. Among 41 winners, the Bank was the only corporate receiving this award.)
- Jin Ye Award for the Best Practice of Talent Development, presented by Taiwan Academy for Banking and Finance
- Jin Ye Award for the Best Practice of SCR, presented by Taiwan Academy for Banking and Finance
- Corporate Citizenship Award for CSR, presented by the Commonwealth Magazine (The 10th place among foreign companies)
- Leading Reputation for Corporate, the fifth place among banking industry, presented by the Commonwealth Magazine
- CSR Award, the sixth place among foreign corporates, presented by the Global Views Magazine

"Seeing is Believing"— global initiative on tackling preventable blindness

"Seeing is Believing" is Standard Chartered PLC's global initiative on tackling preventable blindness, and also the most unique, long-committed sustainability agenda by Standard Chartered PLC. We hope to adopt proactive practices to bring to the world the new "visions".

From its launch in 1993 till today, "Seeing is Believing" has raised over USD 20 million from our employees over the world and helped more than 2 million visually impaired people in developing countries rebuild their sights. In Taiwan alone, the Bank has donated over NTD 20 million since 2004 (NTD 10.2 million by employees plus matching fund from Standard Chartered PLC) to serve the good cause.

In addition to the donation, the Bank's focus of helping the visually impaired in Taiwan is on education. We have held various charity activities incorporating sport to encourage the visually impaired to challenge themselves beyond physical limitation. In 2010, we further led the Promotion Campaign on Reading Habit among the Visually Impaired which encouraged all Taiwan visually impaired students to widen their vision, imagination and live a boundless life through reading!

Reading for Love — Promote reading habit among the Visually Impaired

In May 2010, the Bank held an event called "Relay of Hope-Reading for Love-SCB Charity Step Challenge", in which the Bank donated NTD 1,000 for any participant who finished 1,000 steps on step machine in Taipei, Kaohsiung, and Hsinchu. More than 1,800 civilians attended and as a result the Bank donated a total of NTD 2.05 million to the Taipei School for the Visually Impaired, the Kaohsiung Municipal Nanzih Special School, the Recording Books Service Center for the Blind, and the Taiwan Digital Talking Books Association to jointly sponsor the production of audio books and the campaign on promoting reading habit among the Visually Impaired.

Action Blue Cycling Team — Calling for NTD 1,000 to save One Eye

In October 2010, the "2010 SCB Action Blue Cycling Team", comprising of 10 cyclists with skill, love and courage, commenced an island wide fundraising tour, along with hundred of branch employees' riding companionship in their areas, to support ORBIS's "Action Blue" activity. The cycling tour concluded within 9 days through sunny and rainy days, en route to schools and

communities, successfully raising NTD 2.4 million.

The Establishment of the Visually Impaired Tele-marketing Team

In July 2010, the Bank hired seven energetic and enthusiastic visually impaired employees to join its online marketing team of Personal Loan and Credit Card businesses. This unprecedented practice has opened opportunities for the visually impaired people in job markets, materialized the Bank's value of "Diversity and Inclusive", and best exemplified the notion of "Seeing is Believing" and our brand promises-Here for good.

Sponsoring Visually Impaired Swimmer Lin Shin-wei

In December 2010, the third-grade senior high student of the Taipei School for the Visually Impaired, Lin Shin-wei, sponsored by the Bank, has shown his superior will in the Asia Para Games 2010, winning 4 gold medals and breaking 3 records in Asia at 100-meter freestyle, 100-meter frog style, and 200-meter Individual medley swimming contests. He was also invited by President Ma on 21st December to honour his accomplishments that prided the country.

Great Success on Living with HIV Program

"Living with HIV" (LwHIV) is another unique global initiative with an aim to protect human rights, enhance employee health, and offer fair, free-of-discrimination work environment. The Bank has not only set the "Living with HIV" as a sustainable goal, but has been adopting the most effective measures and education to facilitate the prevention of HIV/AIDS. Until May 2010, the Bank has educated over 1.4 million people around the world. In Taiwan, we had great result on this agenda with successfully educating more than 40,000 people from schools and the society from 2008 till today!

A Blockbuster in Taiwan — the Only AIDS Animation

In 2010, the Bank and AIESEC, under the support of the Committee on Medical Science Education of the Ministry of Education, jointly initiated an online three-dimension animation program-"Anti-HIV & AIDS Prevention", which was created by the Bank and dubbed in Chinese, was disseminated by the Ministry of Education to over 1,000 junior and senior high schools and seed instructors as supplement materials for the education of AIDS prevention on campus.

In November 2010, the Bank's "Living with HIV" program was highly recognized by the Centers for Disease Control, R.O.C., and the Bank was the only enterprise that received the Award for Excellent Model on Pandemic Preparedness in 2010. At the same time, the three-dimension animation program-"Anti-HIV & AIDS Prevention" was recommended by the same authority to be posted on an official website open to everyone. In December 2010, under the support of the Ministry of Education, the Bank and AIESEC have jointly initiated an event named "2010 Recruitment of HIV/AIDS Ambassador on Campus", which incorporated the three-dimension animation program-"Anti-HIV & AIDS Prevention", in 43 junior and senior high schools nationwide and held more than 50 AIDS prevention workshops, successfully educating more than 15,000 students, as well as 3,600 civilians through online animation programs. As a result, more than 18,000 people were benefited in understanding AIDS prevention.

LwHIV Volunteering Service— Conveying Warmth and Love

On New Year's Eve in February, Mother's Day in May, and Thanksgiving holidays in October, the Bank organized staff volunteering service to donate household supplies to the Harmony Home Association, Taiwan and The Garden of Mercy Foundation. The staff volunteers celebrated the holidays with HIV/AIDS affected children and AIDS patients.

In September 2010, the Bank's HIV champions went to Jianyuan community in Songshan District of Taipei City to share the knowledge of "Living with HIV".

In November 2010, the Bank invited the children of the Harmony Home Association to board the world's only ORBIS International "Flying Eye Hospital" for a visit, through which these children witnessed the success of the flying hospital and also enhanced their international perspectives.

Environmental Protection

In dealing with global warming, implementing environmental protection and energy preservation, the Bank has long upheld "Environmental Protection" as a significant item for its sustainability agenda. We believe that loving the Earth and loving Taiwan are the best approach to repay our costumers and become their best partner.

The Bank has not only continuously provided financing for solar-related businesses and underpinned the development of recycled energy, but also kept pushing for the improvement of environment quality, playing a positive role and driving for a sustainable environment.

In 2010, the Bank has continuously adopted several practices to reduce carbon dioxide emissions and saved energy through the reduction of paper use at offices. In total, the Bank has saved up to 700,000 degrees of electricity in 2010 alone. These practices include:

- Air conditioning system improvement projects in Science Park/ DMR building
- Chemical dosing on Cooling Tower of air-conditioning system which can improve the cooling performance and recycle water in cooling system
- Replace conventional exit signs with LED exit signs in all office buildings

Water saving: The Bank has continuously adopted several water-saving practices. In May 2010, we replaced normal faucets with water-saving faucets.

Paper saving: The Bank has not only continuously promoted paperless meetings, improvements on related facilities and rigid measures on copying process, but also adopted the following two practices:

- Substituting hand dryers for the paper towel dispensers installed in all office buildings of the Bank
- Starting December 2010, substituting mugs for paper cups prepared in all offices and branches of the Bank, an estimate of about 600,000 paper cups to be saved a year

Supporting the World Earth Day and the World Environment Day

In April 2010, the fortieth anniversary of the World Earth Day, the Bank has devoted to go-green activities by calling for innovations and ideas from its employees to make commitment to loving the Earth by signing on wish boards. All signage of the Bank's 85 branches and 14 office buildings were light off at nights, saving as many as 10,000 degrees of electricity.

In June 2010, before the World Environment Day, the Bank has initiated an electricity-saving event, which required its 87 branches and 12 office buildings to switch off banner and sign lights at nights; and echoed with the theme "Many Species. One Planet. One Future" of the United Nations' Declaration of United Nations Conference on Human Environment. In addition, 85 staff volunteers attended an activity held by the Taiwan Purple Crow Butterfly Ecological Preservation Association. These volunteers attended the training of "Purple Crow Butterfly Seed Instructors" in the Chunan Seashore Forest Park, learned to identify purple crow butterflies, and joined activities of planting trees, as an endeavor to preserve purple crow butterflies and protect a sustainable Earth.

Staff Volunteer Service on Protecting Environment

In September 2010, the staff of Group Special Assets Management and their family members went to the New Moon Beach, Hsinchu County to clean the beach.

In September 2010, the staff of Global Markets and their family members arrived at the NTU Experimental Forest in Lugu Township of Nantou County, for a two-day-one-night trip to plant trees such as Taiwan Zelkova and Soap-nut Trees under professional instruction.

In October 2010, 418 staff of Group Technology & Operations went to the "Moat Park" in Hsinchu City to conduct an environmental cleaning and powering activity, donating a crop of "Wind/Solar Power Supplemented Street Lights", which can self-generate power through wind and sunlight, to Hsinchu City Government and promising to take turns to maintain the cleanliness of the "Hsinchu Moat Park" on all weekends of full year 2011.

In October 2010, 100 staff volunteers of the branches in Miaoli region joined the "Shei-Pa National Park Headquarters Mountain Cleaning Volunteering Day" to clean up an area as large as 9 hectares.

In November 2010, the staff of the branches in Taipei region joined the Linshan Cape beach cleaning activity in the north coast of Taiwan, held by the Taipei City Government, to show our support in marine environment protection.

Staff Volunteer Exceeds 27,000 hours in 2010

The Bank itself is a cross-border conglomerate and has been growing in the most challenging markets of the world. We have the responsibility and also the obligation to become a "force for good" in the communities we operate. And the core of this community service program comes from the support and passion of our employees.

In 2010, our employees have devoted to various volunteering community services for more than 27,000 hours, a perfect demonstration of our brand promise — Here for good.

Sponsorship and Volunteer Service in Remote Elementary School

In April 2010, the Bank has initiated the "Relay of Hope-Love in Naluo — Sponsorship Program on the Jin-Ping Elementary School" to provide the funding of after-school English and tribal culture courses for the kids of Naluo tribe of the Jin-Ping Elementary School in Jian-shi Township, Hsinchu County, offering the kids chances to better their English and preserve the heritage of their tribal culture.

In order to decorate its campus and make it more kid-friendly, over 100 staff of the Bank went to the Jin-Ping Elementary School to work on cleaning, weeding, and painting the campus in April and July 2010. Now the campus is fraught with tribe features like Dowriq Utux signs on doors and beside entrance path, colorful rainbow painted on the wall around playground, etc., all masterpieces of the Bank's employees.

In September 2010, the staff of Consumer Banking Risk Department accompanied all 60 teachers and students of the Jin-Ping Elementary School to take a field trip to Tamshui Township, New Taipei City.

Diversified Staff Volunteer Service — Positive Drive in Community

In May 2010, the staff of Retail Banking went to the Taipei School for the Visually Impaired and helped 80 visually impaired students make presents for Mother's Day.

In July 2010, staff in southern Taoyuan region and their family members sent the donated supplies and money to the kids in the Hwaide Kite Orphanage in Taoyuan County.

In August 2010, the staff of Consumer Banking Risk Department went to the Tzu Chi Foundation's Wenhua Resource Recycling Center to join its resource recycling service.

In August 2010, the staff of Customer Experience accompanied the elderly of the Zhishan Home of Senior Citizens of Taipei City to visit a chocolate exhibition held by the National Taiwan Science Education Center.

In August 2010, the staff of Personal Banking visited the Ti-Hwei Children's Home in Tienmu District of Taipei City, playing with

the kids there and making cards.

In September 2010 on the eve of Moon Festival, the staff of Global Markets visited the Bethany Children's Home to give out supplies and help clean the campus.

In October 2010, 700 staff volunteers of Retail Banking were deployed in crowded commercial areas over northern, central, and southern Taiwan and collected 150,000 invoices, with an aim to help social welfare foundations and the Taiwan Fund for Children and Families.

In November 2010, the staff of Customer Experience Management visited the Datong Children's Home in Zhonghe District of New Taipei City to attend the children with developmental challenges and hold a flea market activity with office staff.

In December 2010, the staff of Transaction Banking assisted the Yu-Cheng Social Welfare Foundation to hold the "Warmth in Cold Season & Presents of Joy" charity sale for the people in need at year-end 2010.

IV. Information Technology

(I) Maintenance and Deployment of Hardware and Software for Major IT Systems:

The hosts are

1. CLX : HP Non-stop Server S88012 whilst the operating system is a Non-stop kernel G06.24.
2. STK : HP Non-stop Server S74004 whilst the operating system is Non-stop kernel G06.19.

(II) Future Development or Procurement Plan : [None]

(III) Emergency Support and Security Protection Measures :

1. In the event of an accident leading to injury or death of an employee, the System Document Recovery Unit is responsible for allocating resources to deal with the preservation of evidence, liaise with the insurance company, cooperate with insurance investigations and handle insurance claims.
2. Where the injury or death of an employee results in litigation, the System Document Recovery Unit shall allocate resources to coordinate with Legal and Compliance to deal with settlement or legal proceedings.
3. Construction of a new premise or premise for remote operation: Emergency Telecommunication Repair Unit is responsible for dealing with suppliers, acquiring backup items, and handling the procurement of hardware, software and tangible facilities.

V. Labor-Management Relations

(I) Employee Welfare and Benefits

1. Employee Sharesave Scheme.
2. Labor insurance, national health insurance and group insurance.
3. Periodic health examination.
4. Subsidy for wedding, funeral, maternity leave, travel, dependent education and social club events. Special cash allowances distributed on three major festivals.
5. Preferential interest rate for staff deposits.
6. Preferential interest rate for staff loans.
7. Special offers for financial transactions: preferential transaction fees, special exchange rate and inter-bank transfer fees.
8. Special credit card offers (issued by the Bank): no annual fee, double reward points.

(II) Retirement Policy and Leaving Service Benefits

Retirement Scheme

1. The Bank's retirement scheme is named the Standard Chartered Bank Taiwan Retirement Plan. The full cost is borne by the Bank and staff members are not required to make any contributions. (This scheme is only applicable to employees hired before 1 July 2005. Those hired after 1 July 2005 will have to adopt the Labor Pension Act (LPA).)
2. All local permanent employees, under the age of 65, are automatically recorded in the system as eligible for the Banks' pension scheme, so as to protect employees' and their beneficiaries' interests upon retirement, or in the event of death or permanent disability. Benefits are in addition to those provided under the Taiwan social insurances.
3. Pension fund criteria
 - A. For employees hired before 1 July 2005 and selected not to join the Labor Pension Act (LPA), the retirement benefit is subject to an employee's years of service, with 2 units to be awarded per year and up to 25 years.
 - B. For employees hired before 1 July 2005 and selected to join LPA, the Bank will contribute on a monthly basis, 6% of employees' average monthly wages to the pension fund. The pension fund will be contributed into employees' individual pension fund accounts at the Bureau of Labor Insurance based on the prescribed "Table of Monthly Wages and Contribution Rates". Employees' pension fund accounts are custodied by the Bureau of Labor Insurance, and the payment will be subject to LPA regulation. Upon an employee's normal retirement, his/her years of service before joining LPA will be awarded with 2 units per year (maximum 25 years) for calculation of retirement benefit.
 - C. For employees hired on and after 1 July 2005, the Bank will contribute on a monthly basis, 6% of employees' average monthly wages to the pension fund. The pension fund will be contributed into employees' individual pension fund accounts at the Bureau of Labor Insurance based on the prescribed "Table of Monthly Wages and Contribution Rates". Employees' pension fund accounts are custodied by the Bureau of Labor Insurance, and the payment will be subject to LPA regulation.
 - D. For employees originated from Hsinchu International Bank and American Express Bank, and selected the old retirement scheme, calculation on the years of service after the Integration Date will be the same with the retirement benefit as described above, i.e. 2 units to be awarded per year. As to the years of service before the Integration Date, it will be calculated subject to the old retirement scheme of Hsinchu International Bank or American Express Bank.

Leaving Service Benefits

1. For employees hired before 1 July 2005, upon leaving the service of the Bank and before becoming eligible to receive a retirement benefit as described in the Normal Retirement Benefit and Voluntary Retirement Benefits, they may be qualified for a Leaving Service Benefits (LSB) subject to a minimum of 10 years of service.
2. For employees originated from Hsinchu International Bank and hired before 1 July 2005, they will be subject to the same LSBs as described above 12 months from the Integration Date with their HIB service fully preserved for benefit calculation purpose. For the determination of units, the full total years of service will be used. For determination of years of service, the total service years under the Labor Standards Act retirement plan will be used.
3. For employees originated from American Express Bank, they will be subject to the Standard Chartered Bank LSB scheme effective from the Integration Date. As to the years of service before the Integration Date, it will be calculated subject to the Leaving Service Benefits scheme of American Express Bank.

(III) Labor-Management Agreements and Measures to Protect Employees' Rights and Interests:

On 28 December 2006, the Industrial Union of the Bank was established with the objectives of ensuring smooth labor-management communications and being a new force in the Banking industry through regular labor-management meeting for discussions of employees' rights and the Bank's development directions. Labor and Management also announced the Cooperation Year in 2009 to work together to promote business development and employee benefits.

(IV) Loss resulting from labor disputes in recent years, the amount of estimated potential loss and the Bank's responses : [None]

VI. Important Contracts

Nature of Contract	Concerned Party	Contract Term	Main Content	Restriction Clause
Data Center Management Services	Atos Origin HK	1/1/2010 – 31/12/2016	Data storage and maintenance	None
Telecom (Voice & Data) Integrated Services	Taiwan Fixed Network	Voice: 1/10/2009 – 30/9/2012 Data: 1/8/2010 – 31/7/2013	Provide the fixed lines of data and voice network, and the operational management services	None
Insurance sales agreement	PCA Life Assurance Co.	10/2007 – 09/2015	PCA Life has the 1 st priority to provide insurance products for the Bank.	None

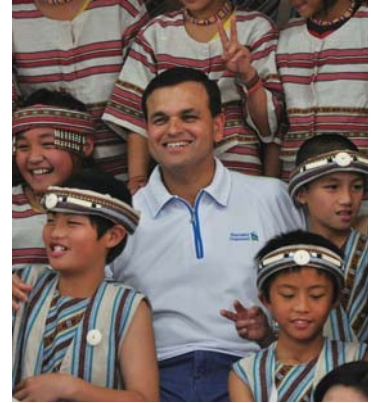
VII. Information on Financial Assets Securitization

Pursuant to the Financial Asset Securitization Act, the Bank effectively transferred its mortgage loans and related rights and obligations to the trustee through a special purpose trust. The Trustee then issued mortgage-backed beneficiary certificates and delivered the proceeds to the Bank.

In December 2005, the Bank sold its mortgage loans amounting to NTD 12,005,275 thousand dollars through asset securitization at the first time. The Deutsche Bank Taipei Branch was the Trustee, which issued beneficiary certificates backed by the mortgage loans. The beneficiary certificates issued at par were made up by NTD 10,204,484 thousand dollars of investor beneficiary certificates and NTD 1,800,791 thousand dollars of seller beneficiary certificates. The duration of the beneficiary certificates starts from 20 December 2005 and ends on 20 July 2027. In September 2006, the Bank issued the second lot of mortgage-backed beneficiary certificates amounting to NTD 13,234,322 thousand dollars, again through the Deutsche Bank Taipei Branch. The beneficiary certificates issued at par comprised NTD 10,322,771 thousand dollars of investor beneficiary certificates and NTD 2,911,551 thousand dollars of seller beneficiary certificates. Duration of the beneficiary certificates starts from September 2006 and ends January 2028.

The Bank retained NTD 1,800,791 thousand dollars and NTD 2,911,551 thousand dollars of seller beneficiary certificates from the first and second issues, respectively. These securities are accounted for as available-for-sale financial assets. The Bank reserves the right to claim residual interests after paying agreed interest to primary beneficiaries. Where the borrowers are unable to repay loans on maturity, investors and Deutsche Bank Taipei Branch will not have recourse to the Bank's other assets. The right to claim loan principal follows the investors' right, and its value depends on the credit risks, early repayment, and interest risk on the principal transferred.

VI. | Financial Highlights



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I. Condensed Balance Sheet and Income Statement for the Past Five Years

(I) Condensed Balance Sheet

Unit: NTD'000

Item	Year	Financial Data for the Past Five Years					1 Jan. – 28 Feb. 2011 (unaudited)
		2010	2009	2008	2007	2006	
Cash & cash equivalent, Due from Central Bank and Inter-bank Placement		107,155,919	119,564,299	114,479,587	47,677,767	34,426,520	102,578,445
Financial assets at fair value through profit or loss		28,405,970	28,514,878	39,295,509	25,466,317	26,648,345	30,800,694
Bonds and bills sold under resale agreements		0	0	1,179,467	0	0	0
Net assets held for sale		0	0	1,794,670	0	0	0
Available-for-sale financial assets		178,338,617	108,235,427	121,529,284	78,376,287	52,191,033	185,974,869
Loans and bills discounted, net (less allowance for bad debts)		344,500,675	313,086,588	310,526,139	290,276,544	292,427,161	351,244,017
Receivables, net (less allowance for bad debts)		26,956,704	27,262,328	27,530,677	23,395,936	9,521,656	24,246,045
Equity investment under equity method		76,692	368,502	273,667	455,318	682,864	93,719
Fixed assets, net		7,253,113	7,589,391	7,974,132	7,407,436	7,915,222	7,186,231
Intangible assets, net		3,408,715	3,516,119	3,784,134	541,430	0	3,278,627
Other financial assets, net		445,803	340,118	403,869	229,722	235,615	450,866
Other assets, net		5,410,310	7,964,904	7,714,076	6,736,876	5,103,843	5,390,449
Total assets		701,952,518	616,442,554	636,485,211	480,563,633	429,152,259	711,243,962
Due to Central Bank and other banks		10,647,359	49,355,596	21,038,002	26,102,625	14,791,312	17,092,014
Customer deposits and remittances payable		601,720,416	470,195,395	514,039,270	380,960,938	351,231,310	591,445,834
Financial liabilities at fair value through profit or loss		19,801,306	19,961,310	30,594,969	20,331,565	44,331	18,798,188
Bonds and bills sold under repurchase agreements		0	0	412,853	1,145,992	17,778,465	0
Financing from Central Bank and other banks & bank notes payable		19,224,205	29,500,120	19,725,868	14,811,900	24,266,820	19,027,078
Other liabilities		12,269,444	12,421,088	19,075,249	13,396,863	6,143,190	24,870,480
Total liabilities	Before distribution	663,662,730	581,433,509	604,886,211	456,749,883	414,255,428	671,233,594
	After distribution	663,662,730	581,433,509	604,886,211	456,749,883	414,255,428	N/A
Common stock		29,105,720	29,105,720	24,855,720	21,575,720	16,545,167	29,105,720
Capital surplus		5,786,031	10,430,441	6,183,410	5,049,515	225,000	5,786,031
Retained earnings	Before distribution	2,922,991	(4,644,410)	17,915	(2,145,349)	(1,871,122)	4,613,019
	After distribution	2,922,991	(4,644,410)	17,915	(2,145,349)	(1,871,122)	N/A
Unrealized gain or loss on financial instruments		373,167	28,128	352,768	(888,436)	(383,517)	411,741
Other shareholders' equity		101,879	89,166	189,187	222,300	381,303	93,857
Cumulative translation adjustment		0	0	0	0	0	0
Total Shareholders' Equity	Before distribution	38,289,788	35,009,045	31,599,000	23,813,750	14,896,831	40,010,368
	After distribution	38,289,788	35,009,045	31,599,000	23,813,750	14,896,831	N/A

Note: The above items during the period between 2006 and 2009 have been reclassified to align with the layout of 2010 financial statements.

(II) Condensed Income Statement

Unit: NTD'000

Item \ Year	Financial Data for the Past Five Years					1 Jan. – 28 Feb. 2011 (unaudited)
	2010	2009	2008	2007	2006	
Interest income, net	8,911,419	8,539,126	10,313,594	9,014,110	7,614,852	1,332,699
Non-interest income, net	8,039,597	6,549,521	8,096,615	7,966,539	4,864,918	1,209,806
Operating income	16,951,016	15,088,647	18,410,209	16,980,649	12,479,770	2,542,505
Bad debt expenses	1,453,276	7,628,170	7,711,246	8,003,862	11,607,776	(9,886)
Operating expense	10,976,520	12,335,065	11,651,107	10,081,776	6,789,811	1,806,725
Income (loss) from continuing operations before tax	4,521,220	(4,874,588)	(952,144)	(1,104,989)	(5,917,817)	745,666
Income (loss) from continuing operations after tax	2,922,991	(4,662,325)	17,915	(498,357)	(5,218,484)	638,686
Income (Loss) from discontinued operations (Net of tax)	0	0	0	0	0	0
Income (loss) from Extraordinary items (Net of tax)	0	0	0	0	0	0
Cumulative effect of changes in accounting principles (Net of tax)	0	0	0	0	66,607	0
Net income (loss)	2,922,991	(4,662,325)	17,915	(498,357)	(5,151,877)	638,686
EPS (before adjustment)	1.00	(1.86)	0.01	(0.26)	(3.16)	0.22

(III) Name of Independent Auditors and the Audit Opinion

Year \ Item	2010	2009	2008	2007	2006
Name of CPA	Ming-Zhi Wang Lin Wu	Ming-Zhi Wang An-Tian Yu	An-Tian Yu Ming-Zhi Wang	Lu-Yan Ruan Zhi-Ru He	Lu-Yan Ruan You-Ren Chen
Audit Opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Modified unqualified opinion	Unqualified opinion

II. Financial Analysis for the Past Five Years

(I) Ratio Analysis

Item \ Year		Financial Analysis for the Past Five Years					1 Jan. – 28 Feb. 2011 (unaudited)
		2010	2009	2008	2007	2006	
Operating Capability	Ratio of Loans to deposits	57.87	67.07	61.13	76.76	84.14	59.89
	Ratio of Non-performing Loans	0.69	1.41	2.57	2.83	2.18	0.69
	Ratio of Interest cost to annual average deposits	0.56	0.97	1.67	1.93	1.74	0.11
	Ratio of Interest income to annual average loans outstanding	3.63	3.94	5.53	5.47	4.71	0.53
	Total assets turnover (time)	0.02	0.03	0.03	0.04	0.03	0.004
	Average operating income per employee (thousand dollar)	4,222	3,874	3,934	3,729	3,714	638
	Average profit per employee (thousand dollar)	728	(1,197)	4	(109)	(1,533)	160
Profitability	Return on Tier 1 capital (%)	15.30	(20.49)	(4.66)	(6.65)	(34.74)	2.31
	Return on assets (%)	0.44	(0.74)	0.01	(0.11)	(1.24)	0.09
	Return on equity (%)	7.98	(14.00)	0.06	(2.57)	(28.16)	1.63
	Net income ratio (%)	17.24	(30.90)	0.10	(2.93)	(41.28)	25.12
	Earnings per share (NTD)	1.00	(1.86)	0.01	(0.26)	(3.16)	0.22
Financial Structure	Ratio of liabilities to assets	94.55	94.32	95.04	95.04	96.53	94.37
	Ratio of fixed assets to equity	18.94	21.68	25.28	32.20	53.13	17.96
Growth Rate	Asset growth rate (%)	13.87	(3.15)	32.45	11.98	6.74	1.32
	Profit growth rate (%)	192.75	(411.96)	13.83	(81.33)	(276.99)	(0.83)
Cash Flow	Cash flow ratio	15.14	(1.45)	51.55	30.91	(62.31)	-
	Cash flow adequacy ratio	675.92	822.82	699.62	305.40	71.60	-
	Ratio of cash flow from operations to cash flow from investments	(6.52)	9.80	(93.43)	(413.14)	(112.71)	-
Ratio of liquidity reserve		37.98	23.56	30.07	22.35	14.95	40.81
Balance of secured loans of related parties (thousand dollar)		2,137,212	1,223,845	1,488,132	2,748,116	2,001,043	2,541,558
Total secured loans of related parties as a percentage of total loans (%)		0.57	0.36	0.45	0.89	0.66	0.68
Operating Scale	Market share of assets (%)	1.92	1.79	1.88	1.55	1.40	1.94 (Note 1)
	Market share of net worth (%)	1.70	1.62	1.56	1.12	0.83	1.72 (Note 1)
	Market share of deposits (%)	2.20	1.82	1.30	1.69	1.60	2.18 (Note 1)
	Market share of loans (%)	1.65	1.63	1.62	1.50	1.64	1.66 (Note 1)

Please explain reasons for changes (if any) in the financial ratios for the past two years:

1. As a whole, the average profit per employee, return on assets, return on equity, profit growth rate and net income ratio increased mainly due to improved asset quality and higher net profit after tax.

Note 1: The market share ratios are calculated based on the operating details of banks published by the Banking Bureau in February 2011.

Note 2: Financial ratios are computed as follows:

1. Operating capability

- (1) Ratio of Loans to Deposits = $\text{Total loans} / \text{Total deposits}$
- (2) Ratio of Non-performing Loans = $\text{Total NPL} / \text{Total loans}$
- (3) Ratio of Interest cost to annual average deposits = $\text{Total interest cost} / \text{Annual average deposits}$
- (4) Ratio of Interest income to annual average loans outstanding = $\text{Total interest income} / \text{annual average loans outstanding}$
- (5) Total assets turnover = $\text{Operating income} / \text{Total assets}$
- (6) Average operating income per employee = $\text{Operating income} / \text{Total number of employees}$
- (7) Average profit per employee = $\text{Net income after tax} / \text{Total number of employees}$

2. Profitability

- (1) Return on Tier 1 capital = $\text{Net income before tax} / \text{Average total Tier 1 capital}$
- (2) Return on assets = $\text{Net income after tax} / \text{Average total assets}$
- (3) Return on equity = $\text{Net income after tax} / \text{Average net shareholders' equity}$
- (4) Net income ratio = $\text{Net income after tax} / \text{Operating income}$
- (5) Earnings per share = $(\text{Net income after tax} - \text{Preferred stock dividend}) / \text{Weighted average number of shares issued}$

3. Financial structure

- (1) Ratio of liabilities to assets = $\text{Total liabilities} / \text{Total assets}$
- (2) Ratio of fixed assets to equity = $\text{Net fixed assets} / \text{Net shareholders' equity}$

4. Growth rate

- (1) Asset growth rate = $(\text{Total assets of the year} - \text{Total assets of previous year}) / \text{Total assets of previous year}$
- (2) Profit growth rate = $(\text{Net income before tax of the year} - \text{Net income before tax of previous year}) / \text{Net income before tax of previous year}$

5. Cash flow

- (1) Cash flow ratio = $\text{Net cash flow from operating activities} / (\text{Call loans and overdrafts from banks} + \text{Commercial paper payable} + \text{Financial liabilities at fair value through profit or loss} + \text{Bonds and bills sold under repurchase agreements} + \text{Current portion of payables})$
- (2) Cash flow adequacy ratio = $\text{Net cash flow from operating activities for the past five years} / (\text{Capital expenditures} + \text{Cash dividends}) \text{ for the past five years}$
- (3) Ratio of cash flow from operations to cash flow from investments = $\text{Net cash flow from operating activities} / \text{Net cash flow from investing activities}$

6. Ratio of liquidity reserve = $\text{Liquid assets defined by the Central Bank} / \text{Liabilities for reserve}$

7. Operating scale

- (1) Market share of assets = $\text{Total assets} / \text{Total assets of all authorized deposit-taking and loan-underwriting financial institutions}$
- (2) Market share of net worth = $\text{Net worth} / \text{Total Net Worth of All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions}$
- (3) Market share of deposits = $\text{Total deposits} / \text{Total Deposits of All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions}$
- (4) Market share of loans = $\text{Total loans} / \text{Total Loans of All Authorized Deposit-Taking and Loan-Underwriting Financial Institutions}$

(II) Capital Adequacy

Item \ Year			Capital Adequacy Ratio for the Past Five Years					
			2010	2009	2008	2007	2006	
Self-owned Capital	Tier 1 Capital	Common stock	29,105,720	29,105,720	24,855,720	21,575,720	16,545,167	
		Perpetual non-cumulative preferred stock	0	0	0	0	0	
		Non-cumulative subordinated debt without maturity date	0	0	0	0	0	
		Capital collected in advance	0	0	0	0	0	
		Capital surplus (except the value appreciation of fixed assets)	5,786,031	10,430,441	6,183,410	5,049,515	225,000	
		Legal reserve	0	5,374	0	0	3,228,441	
		Special reserve	0	0	0	332	332	
		Accumulated profit or loss	2,922,991	(2,324,893)	17,915	(1,072,841)	(5,099,895)	
		Minority interest	0	0	0	0	0	
		Other shareholders' equity	(877,638)	(1,213,541)	(1,371,671)	(1,107,275)	0	
		Less: Goodwill	3,156,048	3,156,048	3,384,383	0	0	
		Less: Unamortized loss from sale of NPL	0	0	0	0	0	
		Less: Capital deduction items	949,335	6,607,859	4,950,446	4,914,902	1,201,445	
		Total Tier 1 capital	32,831,721	26,239,195	21,350,545	19,530,549	13,697,601	
	Tier 2 Capital	Perpetual cumulative preferred stock	0	0	0	0	0	
		Cumulative subordinated debt without maturity date	9,109,629	19,597,407	10,000,000	10,000,000	10,000,000	
		Fixed asset revaluation increment surplus	363,949	381,303	381,303	381,303	381,303	
		45% of unrealized gain on available-for-sale financial assets (Note 1)	444,931	427,289	689,546	26,926	138,481	
		Convertible bonds	0	0	0	0	0	
		Operating reserve and provision for bad debts	0	0	0	0	1,428,736	
		Long-term subordinated debt	10,000,000	10,000,000	8,762,968	4,800,000	2,259,272	
		Non-perpetual preferred stock	0	0	0	0	0	
		The sum of perpetual non-cumulative preferred stocks and non-cumulative subordinated debt without maturity date exceeding 15% of total Tier 1 Capital	0	0	0	0	0	
		Accumulated profit or loss	0	(2,324,893)	0	(1,072,841)	0	
		Less: Capital deduction item(s)	245,108	456,465	452,833	563,427	510,192	
		Total Tier 2 capital	19,673,401	27,624,642	19,380,984	13,571,961	13,697,600	
		Tier 3 Capital	Short-term subordinated debt	0	0	0	0	0
			Non-perpetual preferred stock	0	0	0	0	0
	Total Tier 3 capital		0	0	0	0	0	
Total self-owned capital		52,505,122	53,863,836	40,731,529	33,102,510	27,395,201		

(continued)

Risk-Weighted Assets (Note 2)	Credit Risk	Standardized approach	307,469,370	314,873,303	331,477,325	314,828,550	0
		Internal-rating based approach	0	0	0	0	0
		Asset securitization	0	0	0	0	0
	Operational Risk	Basic indicator approach	33,762,611	34,866,993	35,774,925	33,091,135	0
		Standardized approach / Alternative standardized approach	0	0	0	0	0
		Advanced measurement approach	0	0	0	0	0
	Market Risk	Standardized approach	28,841,002	31,688,991	37,278,206	33,635,550	0
		Internal model approach	0	0	0	0	0
	Total risk-weighted assets		370,072,983	381,429,287	404,530,456	381,555,235	302,107,124
Capital adequacy ratio		14.19	13.76	10.07	8.68	9.07	
Tier 1 capital to risk assets ratio		8.87	6.88	5.28	5.12	4.53	
Tier 2 capital to risk assets ratio		5.32	6.88	4.79	3.56	4.53	
Tier 3 capital to risk assets ratio		0.00	0.00	0.00	0.00	0.00	
Common stock to total assets ratio		4.15	4.72	3.91	4.49	3.86	

Note 1 : Since 2007, the risk-weighted assets were calculated by using Basel II approaches.

Note 2 : To be in line with the Basel II format, the capital deduction items for 2006 were distributed 50% to Tier 1 capital and the other 50% to Tier 2 capital.

Note 3 : The ratios are computed as follows:

1. Total self-owned capital = Tier 1 capital + Tier 2 capital + Tier 3 capital
2. Total risk weighted assets = Credit risk weighted assets + Capital charge of (Operational risk + Market risk) × 12.5
3. Capital adequacy ratio = Total self-owned capital / Total risk-weighted assets
4. Tier 1 capital to risk assets ratio = Tier 1 capital / Total risk-weighted assets
5. Tier 2 capital to risk assets ratio = Tier 2 capital / Total risk-weighted assets
6. Tier 3 capital to risk assets ratio = Tier 3 capital / Total risk-weighted assets
7. Common stock to total assets ratio = Common stock / Total assets

III. Supervisors' Report for 2010 Financial Statements

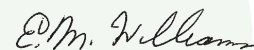
Supervisors' Report

The board of directors have complied and submitted the Bank's 2010 financial statements and consolidated financial reports, audited by JJ Wang and Lin Wu of KPMG ; and business report and profit allocation statement .We are satisfied that they have been correctly complied with the books and accounts of the Bank at the date therefore according to Company Act , Article 219.

Supervisor : Norman Lyle



Edward Martin Williams



13 May, 2011

IV. 2010 Financial Statements and Independent Auditors' Report

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 as of December 31, 2010 and 2009, and the related statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2010 and 2009. 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, 2010 and 2009, 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 years ended December 31, 2010 and 2009, on which we have expressed an unqualified audit opinion.

KPMG

2 March, 2011

Standard Chartered Bank (Taiwan) Limited

Balance Sheets

December 31, 2010 and 2009

(Expressed in thousands of New Taiwan dollars, except for par value)

	2010	2009	Change %
Assets			
Cash and cash equivalents (notes 4(1) and 5)	\$ 7,503,661	5,808,959	29
Balance at Central Bank and loans and advances to banks (notes 4(2) and 5)	99,652,258	113,755,340	(12)
Financial assets at fair value through profit or loss (notes 4(3) and (19) and 5)	28,405,970	28,514,878	-
Accounts receivables, net (notes 4(4), (5) and (17) and 5)	26,956,704	27,262,328	(1)
Loans and advances to customers, net (notes 4(5) and (19), 5 and 11)	344,500,675	313,086,588	10
Available-for-sale financial assets, net (notes 4(6) and (19), 5 and 6)	178,338,617	108,235,427	65
Investment in associates under equity method, net (note 4(7) and 11)	76,692	368,502	(79)
Other financial assets, net (notes 4(7) and (19) and 11)	445,803	340,118	31
Property and equipment, net (note 4(8))	7,253,113	7,589,391	(4)
Intangible assets (notes 4(9) and (15) and 10(3))	3,408,715	3,516,119	(3)
Other assets (notes 4(10) and (17) and 6)	5,410,310	7,964,904	(32)
Total Assets	\$ 701,952,518	616,442,554	14

	2010	2009	Change %
Liabilities and Stockholders' Equity			
Liabilities			
Deposits by Central Bank and other banks (note 5)	\$ 10,647,359	49,355,596	(78)
Financial liabilities at fair value through profit or loss (notes 4(3) and (19) and 5)	19,801,306	19,961,310	(1)
Notes and accounts payables (notes 4(16), 5 and 7)	6,734,441	6,408,514	5
Accounts payables-related parties (note 5)	2,008,720	2,577,875	(22)
Deposits and remittances (notes 4(11) and 5)	601,720,416	470,195,395	28
Financial debentures (notes 4(12) and 5)	19,224,205	29,500,120	(35)
Other financial liabilities (note 4(19))	358,260	331,065	8
Other liabilities (notes 4(15), 5 and 7)	<u>3,168,023</u>	<u>3,103,634</u>	2
Total liabilities	<u>663,662,730</u>	<u>581,433,509</u>	14
Stockholders' Equity (notes 4(6), (15) and (18)) :			
Common stock, par value \$10, authorized 3,000,000 thousand shares and issued 2,910,572 thousand shares as of December 31, 2010 and 2009.	<u>29,105,720</u>	<u>29,105,720</u>	-
Capital surplus	<u>5,786,031</u>	<u>10,430,441</u>	(45)
Retained earnings:			
Legal reserve	-	5,374	(100)
Accumulated earnings (deficits)	<u>2,922,991</u>	<u>(4,649,784)</u>	163
	<u>2,922,991</u>	<u>(4,644,410)</u>	163
Other adjustments to stockholders' equity :			
Unrealized revaluation increments on property and equipment	363,949	381,303	(5)
Unrealized gain on available-for-sale financial assets	373,167	28,128	1,227
Unrealized gain on cash flow hedge	66,283	3,253	1,938
Net loss on unrecognized pension cost	<u>(328,353)</u>	<u>(295,390)</u>	(11)
	<u>475,046</u>	<u>117,294</u>	305
Total stockholders' equity	38,289,788	35,009,045	9
Commitments and contingent liabilities (notes 4(10), and (19), 6 and 7)			
Total Liabilities and Stockholders' Equity	<u>\$ 701,952,518</u>	<u>616,442,554</u>	14

Standard Chartered Bank (Taiwan) Limited

Statements of Income

For the years ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2010	2009	Change %
Interest income (notes 4(3) and (13) and 5)	\$ 11,938,256	13,332,390	(10)
Less: Interest expenses (note 5)	<u>3,026,837</u>	<u>4,793,264</u>	(37)
Net interest income	<u>8,911,419</u>	<u>8,539,126</u>	4
Other operating income :			
Fees and commission income, net (note 7(1))	5,230,746	3,388,655	54
Gain on financial instruments at fair value through profit or loss (notes 4(3) and 5)	1,918,992	1,448,951	32
Realized gain on available-for-sale financial assets (note 4(6))	51,864	233,778	(78)
Investment income from interest in associates under equity method (note 4(7))	87,556	297,240	(71)
Foreign exchange (loss) gain, net	(170,243)	772,839	(122)
Impairment loss on assets	(103,520)	(45,203)	(129)
Gain on sale of non-performing loans (note 11)	745,691	361,307	106
Other non-interest income, net (notes 4(7), (10), and (14))	<u>278,511</u>	<u>91,954</u>	203
Operating income	<u>16,951,016</u>	<u>15,088,647</u>	12
Bad debt expenses :			
Provision for accounts receivables, loans and advances to customers, and guarantee (note 4(4) and (5))	1,453,276	2,173,515	(33)
PEM receivable (notes 4(4) and (5))	<u>-</u>	<u>5,454,655</u>	-
	<u>1,453,276</u>	<u>7,628,170</u>	(81)
Operating expenses :			
Staff costs (notes 4(15) and (16), 5 and 10(1))	5,983,753	6,092,847	(2)
Depreciation and amortization expenses (notes 4(9) and 10(1))	614,361	646,288	(5)
General and administrative expenses (notes 5 and 7)	<u>4,378,406</u>	<u>5,595,930</u>	(22)
	<u>10,976,520</u>	<u>12,335,065</u>	(11)
Profit (loss) from continuing operations before income tax	4,521,220	(4,874,588)	193
Income tax expense (benefit) (note 4(17))	<u>1,598,229</u>	<u>(212,263)</u>	853
Net income (loss)	<u>\$ 2,922,991</u>	<u>(4,662,325)</u>	163

(continued)

	Before tax	After tax	Before tax	After tax
Basic (deficits) earnings per share (note 4(18))	\$ <u>1.55</u>	<u>1.00</u>	<u>(1.94)</u>	<u>(1.86)</u>

Standard Chartered Bank (Taiwan) Limited
Statements of Changes in Stockholders' Equity

For the years ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan dollars)

					Other adjustments				
	Common stock	Capital surplus	Legal reserve	Accumulated (deficits) earnings	Unrealized revaluation increments on property and equipment	Unrealized (loss) gain on available-for-sale financial assets	Unrealized gain on cash flow hedge	Net loss on unrecognized pension cost	Total
Balance as of January 1, 2009	\$ 24,855,720	6,183,410	-	17,915	381,303	352,768	-	(192,116)	31,599,000
Capital injection in cash (note 4(18))	4,250,000	4,247,031	-	-	-	-	-	-	8,497,031
Legal reserve (note 4(18))	-	-	5,374	(5,374)	-	-	-	-	-
Net loss for the year ended December 31, 2009	-	-	-	(4,662,325)	-	-	-	-	(4,662,325)
Movement of unrealized loss on available-for-sale financial assets (note 4(6))	-	-	-	-	-	(324,640)	-	-	(324,640)
Unrealized gain on cash flow hedge (notes 4(5) and (19))	-	-	-	-	-	-	3,253	-	3,253
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	(103,274)	(103,274)
Balance as of December 31, 2009	29,105,720	10,430,441	5,374	(4,649,784)	381,303	28,128	3,253	(295,390)	35,009,045
Capital surplus for offsetting against accumulated deficits (note 4(18))	-	(4,644,410)	-	4,644,410	-	-	-	-	-
Legal reserve for offsetting against accumulated deficits (note 4(18))	-	-	(5,374)	5,374	-	-	-	-	-
Net gain for the year ended December 31, 2010	-	-	-	2,922,991	-	-	-	-	2,922,991
Movement of unrealized revaluation increments on property and equipment	-	-	-	-	(17,354)	-	-	-	(17,354)
Movement of unrealized gain on available-for-sale financial assets (note 4(6))	-	-	-	-	-	345,039	-	-	345,039
Unrealized gain on cash flow hedge (notes 4(5) and (19))	-	-	-	-	-	-	63,030	-	63,030
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	(32,963)	(32,963)
Balance as of December 31, 2010	\$ 29,105,720	5,786,031	-	2,922,991	363,949	373,167	66,283	(328,353)	38,289,788

Standard Chartered Bank (Taiwan) Limited

Statements of Cash Flows

For the years ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flows from operating activities:		
Net income (loss)	\$ 2,922,991	(4,662,325)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expenses	524,595	551,958
Amortization expenses	89,766	94,330
Bad debt expenses-accounts receivables, loans and advances to customers, and guarantee	1,453,276	2,173,515
Bad debt expenses-provision for compensation receivable	-	5,454,655
Reserves	11,386	28,866
(Gain) loss on disposal and obsolescence of property and equipment, intangible assets, and other assets	(56,688)	288,986
Realized gain on available-for-sale financial assets	(51,864)	(233,778)
Investment income from interest in associates under equity method	(87,556)	(297,240)
Net impairment loss	103,520	45,203
Gain on disposal of non-performing loans	(745,691)	(361,307)
Deferred income tax expense (benefit)	1,168,520	(361,838)
Realized deferred revenue	(123,122)	(123,122)
Derecognition of fixed assets as expenses	367	-
Investment income from financial assets carried at cost	(1,271)	-
Decrease in unrealized gain on inter-affiliate transactions	(45)	(98)
Cash dividends from interest in associates under equity method	298,210	202,405
Decrease in operating assets:		
Decrease in bills and bonds purchased under reverse repurchase agreements	-	1,179,467
Decrease in financial assets at fair value through profit and loss	108,908	10,783,884
(Increase) decrease in accounts receivables	(124,376)	268,349
Decrease (increase) in other financial assets	109,555	(229,551)
Decrease in other assets	274,809	1,065,427
Increase (decrease) operating liabilities:		
Decrease in financial liabilities at fair value through profit or loss	(160,004)	(10,732,147)
Increase (decrease) in accounts payables	325,927	(6,403,291)
(Decrease) increase in accounts payables-related parties	(569,155)	658,748
Increase (decrease) in other liabilities	155,849	(487,821)

(continued)

Net cash provided by (used in) operating activities	<u>5,627,907</u>	<u>(1,096,725)</u>
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(600,751,643)	(468,223,217)
Proceeds from disposal of available-for-sale financial assets	531,093,122	481,518,941
Proceeds from disposal of investment in associates under equity method	81,156	-
Proceeds from disposal of assets held for sale	-	189,284
Acquisition of property and equipment	(358,439)	(292,027)
Proceeds from disposal of property and equipment	60,536	149,681
Proceeds from disposal of other assets	1,126,454	99,812
Net cash provided by business acquisition (note 10(3))	-	224,291
Decrease (increase) in balance at Central Bank and loans and advances to banks	14,103,082	(14,946,694)
Increase in loans and advances to customers	(32,919,598)	(12,343,620)
Proceeds from disposal of non-performing loans	1,228,381	2,431,202
Proceeds from the capital reduction on financial assets carried at cost	39,336	-
Acquisition of intangible assets	(11,882)	(7,789)
Proceeds from disposal of intangible assets	-	4,242
Net cash used in investing activities	<u>(86,309,495)</u>	<u>(11,195,894)</u>
Cash flows from financing activities:		
Decrease in bills and bonds sold under repurchase agreements	-	(412,853)
Issuance of financial debentures	-	19,699,039
Repayment of financial debentures	(10,469,480)	(9,826,299)
Capital injection in cash	-	8,497,031
(Decrease) increase in deposits by Central Bank and other banks	(38,708,237)	28,317,594
Increase (decrease) in deposits and remittances	<u>131,554,007</u>	<u>(43,843,875)</u>
Net cash provided by financing activities	<u>82,376,290</u>	<u>2,430,637</u>
Net increase (decrease) in cash and cash equivalents	1,694,702	(9,861,982)
Cash and cash equivalents at beginning of period	<u>5,808,959</u>	<u>15,670,941</u>
Cash and cash equivalents at end of period	<u>\$ 7,503,661</u>	<u>5,808,959</u>
Supplemental disclosure of cash flow information:		
Cash payments of interest, except capital interest	<u>\$ 2,945,644</u>	<u>6,027,208</u>
Cash payments of income tax	<u>\$ 132,453</u>	<u>252,384</u>
Investing and financing activities not affecting cash flows:		
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 345,039</u>	<u>(324,640)</u>

Standard Chartered Bank (Taiwan) Limited

Notes to Financial Statements

December 31, 2010 and 2009

(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 Banking Act of the Republic of China ("ROC"), the Bank restructured to become 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 businesses.

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 July 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.

During 2006, Standard Chartered Bank provided a tender offer to acquire the outstanding shares of Hsinchu International Bank Co., Ltd. Accordingly, Standard Chartered Bank acquired over 95% of the outstanding. After completion of the acquisition of shares, Hsinchu International Bank Co., Ltd. immediately 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 Hsinchu International Bank Co., Ltd.; subsequently, Hsinchu International Bank Co., Ltd. was renamed Standard Chartered Bank (Taiwan) Limited on July 2, 2007.

The Bank acquired 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.

As of December 31, 2010 and 2009, the numbers of the Bank's employees were 4,015 and 3,895, respectively.

(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 judgment in the process of applying the Bank's accounting policies. Actual realized results could differ from these assumptions and 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, branches, and OBU of the Bank. All intra-office balances and transactions as well as entrusted assets, entrusted 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 entrusted assets, entrusted liabilities, and their corresponding interests managed by the Bank. All the entrusted assets and their corresponding interests 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 are denominated in original foreign currencies and translated into New Taiwan dollars at the 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 gain or loss for the current period.

3) Cash and cash equivalents

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

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, and the deposits can be withdrawn at any time. 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 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 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 as 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 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 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 fair value of domestic bonds is represented by the quoted OTC price calculated by using yield to maturity and face value. If a quoted market price is not available, fair value is estimated by using the best information available in the circumstances or an appropriate 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 (expenses) and cash dividends received during the holding period are recorded under the account "interest income (expenses)" and "gain (loss) on financial instruments 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 accounting standard before the second amendment of SFAS No. 34, an entity shall not reclassify a financial instrument into or out of the fair value through profit or loss category while it is held or issued.

In accordance with the second amendment of SFAS No. 34 effective on October 17, 2008, financial assets classified as assets at fair value through profit or loss (other than derivative financial assets and those designated as assets 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 are classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to the loans and receivables category. The accounting treatments on the date of reclassification are summarized as follows:

- a) Financial assets classified as assets 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 Bank has the intention and ability to hold the financial assets for the foreseeable future or until maturity. Any previous gain or loss already recognized in profit or loss shall not be reversed.
- b) Financial assets classified as assets at fair value through profit and loss upon initial recognition which do not meet the preceding criterion may be reclassified out of the fair value through profit and 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 and loss shall not be reversed.
- c) Financial assets classified as available-for-sale upon initial recognition 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 date, the gain or loss should be amortized to current profit and loss over the remaining expected life of the financial asset; if not, the gain or loss remains in equity.

6) Available-for-sale financial assets

The Bank has 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 categorized as available-for-sale at inception and non-derivative financial assets that are not classified as held-to-maturity financial assets, financial assets at fair value through profit and loss or loans and receivables.

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.

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 is estimated using the best information available in the circumstances or an appropriate 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. Stock dividends are not recognized as income but treated as an increase 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 gain or loss previously recognized in stockholders' equity is 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 loss recognized on equity instruments is 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 or partial of the risks and rewards 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 financial liability) is derecognized 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 in the 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 and willing parties. The best evidence of fair value is the quoted prices in an active market. If a quoted market price is not available, fair value is estimated by using the best information available in the circumstances or an appropriate 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.

An embedded derivative that is attached to a financial instrument but contractually transferable independently from the attached instrument while all of the criteria per SFAS No. 34, for bifurcation are met is separated from the host contract and accounted for as a derivative. If an embedded derivative is separated, the host contract is 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. They are both recorded as other non-interest income, net.

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.

Changes in the fair value of hedging instrument designated as a cash flow hedge relating to the hedged risk is recognized directly in other adjustments to stockholders' equity. If a hedge of a forecasted transaction subsequently results in the recognition of an asset or a liability, then the amount recognized in other adjustments to stockholders' equity is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For hedges other than those covered by the preceding statement, the associated cumulative gain or loss is released from other adjustment to stockholders' equity and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

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) 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.

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 non-performing loans, overdue receivables, and interest receivable) and of advance accounts. Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion, having 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 unrecovered amount of non-performing loans and non-accrual loans (with payoff period over half a year but less than two years) shall be deducted from the balance of those loans and transferred to bad debt expense after collection efforts have been performed. 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 over 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.

11) Investment in associates under equity method

Investment 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.

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 or 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 investment 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.

12) 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 of impairment, the impairment loss should be recognized. Such impairment losses are not allowed to be reversed.

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 out of profits 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.

13) Property and equipment, and related depreciation

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

The Bank evaluates the estimated useful lives, depreciation method and residual value at the end of each period. 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 60 years
Office equipment	3 to 8 years
Transportation equipment	3 years
Leasehold improvement	3 to 8 years
Other equipment	3 to 10 years

14) 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.

15) 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 are measured at the lower of the net realizable value or recoverable amount.

16) 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.

17) 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.

18) Asset impairment

The Bank has 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.

The Bank assesses the goodwill and intangible assets having indefinite lives or being not yet available for use on an annual basis and recognizes an impairment loss on the carrying value in excess of the recoverable amount.

19) Financial debentures

The issuance of a 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 the 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.

20) 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 thousand, allocation may cease.

The aforementioned provision for (reversal of) trading loss reserve is recorded as "other liabilities-trading loss reserve" and "other non-interest income (loss), net-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 default reserve for breach of contract losses 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 default reserve for breach of contract losses reaches NT\$200,000 thousand, allocation will cease.

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

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 "bad debt expenses-provision for guarantee" and "other liabilities-provision for guarantee".

21) Pension

The Bank adopted the ROC 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.

22) Share-based compensation

The Standard Chartered PLC Group has set up several 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.

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 are 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.

23) 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.

24) Revenue recognition

Interest income and expense on available-for-sale assets, financial assets or liabilities held at amortized cost and financial assets and liabilities held at fair value through profit or loss excluding derivatives is recognized in the income statement using the effective interest rate method.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized at the original effective interest rate of the financial asset applied to the impaired carrying amount.

Fees and commissions are generally recognized on an accrual basis when the service has been provided or significant act performed.

25) 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.

In accordance with 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.

The Income Basic Tax Act was 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 thousand, and then multiplied by the tax rate (10%) 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.

26) 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 employee bonuses, 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 retrospectively. If these changes occur after the balance sheet date but before the issuance date of the financial statements, such EPS calculations are also adjusted retrospectively. 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 : none.

(4) Disclosures of Significant Accounts

1) Cash and cash equivalents

As of December 31, 2010 and 2009, cash and cash equivalents were as follows:

	2010	2009
Cash on hand	\$ 4,981,364	4,302,736
Deposits with other banks	379,579	443,271
Deposits with affiliates	2,142,718	1,062,952
	<u>\$ 7,503,661</u>	<u>5,808,959</u>

2) Balances at Central Bank, and loans and advances to banks

As of December 31, 2010 and 2009, the balances at the Central Bank and loans and advances to banks were as follows:

	2010	2009
Balances at Central Bank:		
Reserve for deposits-checking account	\$ 12,620,522	3,200,573
Reserve for deposits-demand account	15,020,523	13,628,425
Reserve for deposits-foreign currency	112,353	105,572
Reserve for deposits-settlement accounts	688,879	576,292
	<u>28,442,277</u>	<u>17,510,862</u>
Loans and advances to other banks	30,736,162	33,084,623
Loans and advances to affiliates	40,473,819	63,159,855
	<u>71,209,981</u>	<u>96,244,478</u>
	<u>\$ 99,652,258</u>	<u>113,755,340</u>

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

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

As of December 31, 2010 and 2009, financial assets and liabilities at fair value through profit and loss were as follows:

	2010	2009
Trading financial assets:		
Debt instruments	\$ 8,384,584	7,801,409
Derivatives	<u>20,021,386</u>	<u>20,713,469</u>
	<u>\$ 28,405,970</u>	<u>28,514,878</u>
Trading financial liabilities:		
Debt instruments	\$ 99,468	-
Derivatives	<u>19,701,838</u>	<u>19,961,310</u>
	<u>\$ 19,801,306</u>	<u>19,961,310</u>

For the years ended December 31, 2010 and 2009, net gain (loss) on financial assets and liabilities at fair value through profit or loss recognized by the Bank were as follows:

	2010	2009
Net gain on both valuation and disposal of trading financial assets and liabilities:		
Debt instruments	\$ 137,343	89,899
Derivatives	<u>1,781,649</u>	<u>1,359,052</u>
	<u>\$ 1,918,992</u>	<u>1,448,951</u>
Interest income	<u>\$ 276,260</u>	<u>267,967</u>

4) Accounts receivables

As of December 31, 2010 and 2009, details of accounts receivables were as follows:

	2010	2009
Accounts receivables	\$ 939,643	337,546
Acceptance receivables	423,679	708,509
Factoring loan receivable, without recourse	16,858,972	16,044,809
Interest receivables	1,495,563	1,509,772
Credit card receivables	6,261,378	7,223,801
Compensation receivable	5,831,152	6,141,413
Tax refund receivables	211,256	321,368
Others	<u>761,130</u>	<u>506,521</u>
	32,782,773	32,793,739
Less : allowance for doubtful accounts-accounts receivables	648,642	76,756
allowance for doubtful accounts-compensation receivable	5,177,427	5,454,655
Total	<u>\$ 26,956,704</u>	<u>27,262,328</u>

Prior to the acquisition by Standard Chartered Group, Hsinchu International Bank Co., Ltd. sold structured notes issued by GVEC Resource IV Inc. (GVEC), a special purpose entity set up by Private Equity Management (PEM) Group, through pecuniary trust during the period from July to December 2006. In April 2009, the US Securities and Exchange Commission investigated the PEM Group and preliminarily determined that it had committed deception. In order to protect certain investors' rights, after the approval by the Board of Directors' on June 3, 2009, the Bank bought back all the aforementioned structured notes, which had been valued around USD 192,033 thousand, recorded as account receivable with allowance for doubtful accounts of USD 170,000 thousand since July 9, 2009.

5) Loans and advances to customers

	2010	2009
Negotiations and discounts	\$ 3,646,019	2,637,315
Short-term unsecured loans and overdrafts	21,819,523	30,516,779
Short-term secured loans	13,090,861	9,127,235
Medium-term unsecured loans	56,462,317	57,681,758
Medium-term secured loans	5,355,496	8,021,854
Long-term unsecured loans	6,922,590	11,212,658
Long-term secured loans	239,351,734	193,059,868
Non-performing loans	<u>1,550,130</u>	<u>3,102,856</u>
Subtotal	348,198,670	315,360,323
Less: allowance for doubtful accounts	<u>3,697,995</u>	<u>2,273,735</u>
Total	<u>\$ 344,500,675</u>	<u>313,086,588</u>

As of December 31, 2010 and 2009, the Bank's long-term loan with floating rate mentioned above has adopted cash flow hedge in order to reduce the impact of cash flow that was affected by interest-rate fluctuation.

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

For the years ended December 31, 2010 and 2009, the movements of allowance for doubtful accounts were as follows:

	2010		
	Specific provision	General provision	Total
Beginning balance	\$ 7,101,184	703,962	7,805,146
Add : provision for doubtful accounts (reversal of provision for doubtful accounts)	76,559	1,376,262	1,452,821
recovery from written-off loans	1,703,764	-	1,703,764
exchange rate movements and others	-	1,090,294	1,090,294
Less : write-off	2,250,594	-	2,250,594
adjustment for exchange rate difference and others	<u>277,367</u>	<u>-</u>	<u>277,367</u>
Ending balance	<u>\$ 6,353,546</u>	<u>3,170,518</u>	<u>9,524,064</u>

	2009		
	Specific provision	General provision	Total
Beginning balance	\$ 2,576,909	1,203,510	3,780,419
Add : provision for doubtful accounts (reversal of pension for doubtful accounts)	8,152,378	(499,548)	7,652,830
recovery from written-off loans	2,274,048	-	2,274,048
Less : write-off	5,815,186	-	5,815,186
adjustment for exchange rate difference and others	<u>86,965</u>	<u>-</u>	<u>86,965</u>
Ending balance	<u>\$ 7,101,184</u>	<u>703,962</u>	<u>7,805,146</u>

For the year ended December 31, 2010, the allowance for doubtful accounts was \$9,524,064 thousand. This amount consisted of loans and advances to customers of \$3,697,995 thousand and accounts receivables (including compensation receivable) of \$5,826,069 thousand. For the year ended December 31, 2009, the allowance for doubtful accounts was \$7,805,146 thousand. This amount consisted of loans and advances to customers of \$2,273,735 thousand and accounts receivables (including compensation receivable) of \$5,531,411 thousand.

For the year ended December 31, 2010, the Bank's bad debt expense was \$1,453,276 thousand. This amount consisted of bad debt expense for accounts receivables and loans and advances to customers of \$1,452,821 thousand and provision for guarantee amounting to \$455 thousand. For the year ended December 31, 2009, the Bank's bad debt expense was \$7,628,170 thousand. This amount consisted of bad debt expense for accounts receivables and loans and advances to customers of \$2,198,175 thousand, compensation receivable of \$5,454,655 thousand, and reversal of provision for guarantee amounting to \$24,660 thousand.

In accordance with the Value-Added and Non-Value-Added Tax Law, the Bank has to accrue 3% of operation revenue as allowance for doubtful accounts for writing off overdue loans. For the years ended December 31, 2010 and 2009, the amounts of allowance for doubtful accounts generated from 3% of operating revenue were \$311,509 thousand and \$423,445 thousand, respectively.

As of December 31, 2010 and 2009, the amounts of outstanding loans with interest charges suspended amounted to \$1,550,130 thousand and \$3,102,856 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were \$57,156 thousand and \$27,714 thousand, respectively.

As of December 31, 2010 and 2009, loans and advances to customers excluding allowance for doubtful accounts classified by geographical region were as follows:

	2010	2009
Domestic	\$ 335,290,992	306,532,870
Overseas	12,907,678	8,827,453
Total	<u>\$ 348,198,670</u>	<u>315,360,323</u>

As of December 31, 2010 and 2009, information regarding asset quality of loans and advances to customers was as follows:

Product \ Period			2010				
			Non-performing loan	Loan balances	Overdue ratio	Allowance for bad debts	Coverage rate
Wholesale Banking	Secured		528,461	29,433,019	1.80%	657,088	124.34%
	Unsecured		465,694	38,375,145	1.21%	981,559	210.77%
Consumer Banking	Mortgage		1,126,520	226,152,615	0.50%	419,149	37.21%
	Personal loan		282,803	50,980,776	0.55%	1,640,199	579.98%
	Others	Secured	-	3,249,880	-%	-	-%
		Unsecured	-	7,235	-%	-	-%
Total			2,403,478	348,198,670	0.69%	3,697,995	153.86%
			Overdue	Accounts receivables	Overdue ratio	Allowance for bad debts	Coverage rate
Credit card			21,520	6,261,378	0.34%	641,341	2980.21%
Factoring loan receivable without recourse			-	16,858,972	- %	-	-%

Period Product			2009				
			Non-performing loan	Loan balances	Overdue ratio	Allowance for bad debts	Coverage rate
Wholesale Banking	Secured		813,737	23,230,899	3.50%	330,393	40.60%
	Unsecured		885,384	55,217,370	1.60%	1,039,721	117.43%
Consumer Banking	Mortgage		2,436,600	186,664,327	1.31%	455,150	18.68%
	Personal loan		306,396	47,326,707	0.65%	448,471	146.37%
	Others	Secured	-	2,617,285	-%	-	- %
		Unsecured	-	303,735	-%	-	-%
Total			4,442,117	315,360,323	1.41%	2,273,735	51.19%
			Overdue	Accounts receivables	Overdue ratio	Allowance for bad debts	Coverage rate
Credit card			43,173	7,223,801	0.60%	66,785	154.69%
Factoring loan receivable without recourse			-	16,044,809	-%	-	-%

As of December 31, 2010 and 2009, the information of loans and accounts receivables which need not be reported as non-performing loans or as overdue accounts receivables were as follows:

	2010		2009	
	Loans not required to be reported as non-performing loans	Accounts receivables not required to be reported as overdue accounts receivables	Loans not required to be reported as non-performing loans	Accounts receivables not required to be reported as overdue accounts receivables
The amount not required to be reported as debts under Inter-bank Debt Relief Program without default by debtors	\$ 35,479	135,325	37,914	176,821
The amount not required to be reported as debts under debt discharge program and rehabilitation program without default by debtors	434,143	-	394,252	-
	<u>\$ 469,622</u>	<u>135,325</u>	<u>432,166</u>	<u>176,821</u>

6) Available-for-sale financial assets

As of December 31, 2010 and 2009, available-for-sale financial assets were as follows:

	2010	2009
Debt instruments:		
Treasury bills	\$ 14,859,307	9,985,487
Government bonds	15,942,101	16,164,082
Commercial paper	-	192,977
Negotiable certificates of deposit	136,278,708	66,895,496
Financial debentures	5,599,489	5,376,000
Corporate bonds	<u>856,927</u>	<u>4,892,330</u>
Subtotal	173,536,532	103,506,372
Beneficiary certificates	4,802,085	4,729,055
Total	<u>\$ 178,338,617</u>	<u>108,235,427</u>
Mark-to-market adjustments for the hedged assets included in the above balance	<u>\$ 47,818</u>	<u>255</u>

The above hedging activities were accounted for as fair value hedge.

For the years ended December 31, 2010 and 2009, the movements of unrealized gain (loss) on available-for-sale financial assets were as follows:

	2010	2009
Beginning balance	\$ 28,128	352,768
Add : unrealized (loss) gain recognized in the period	396,903	(90,862)
Less : realized gain (loss) on disposal of in the period	<u>51,864</u>	<u>233,778</u>
Ending balance	<u>\$ 373,167</u>	<u>28,128</u>

In December 2005, the carrying value of \$12,005,275 thousand 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 thousand and \$1,800,791 thousand, 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 thousand 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 thousand and \$2,911,551 thousand, respectively, at face amount. The duration period of the second beneficiary certificates is from September 2006 to the trust distribution date in January 2028.

At the first and second issuance of the beneficiary certificates, the Bank held the subordinated Seller Certificates of \$1,800,791 thousand and \$2,911,551 thousand, 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.

A. As of December 31, 2010 and 2009, key assumptions used in measuring retained interests were as follows:

	2010	
	First Issuance	Second Issuance
Prepayment rate (annualized rate)—assumption 1	30.00%	20.00%
Weighted-average life	0.24 years	0.47 years
Expected credit losses rate (annualized rate)—assumption 2	1.50%	2.00%
Discounted rate for residual cash flows	2.60%	2.60%

	2009	
	First Issuance	Second Issuance
Prepayment rate (annualized rate)—assumption 1	30.00%	20.00%
Weighted-average life	0.73 years	1.33 years
Expected credit losses rate (annualized rate)—assumption 2	1.50%	2.50%
Discounted rate for residual cash flows	2.60%	2.60%

B. Sensitivity analysis

As of December 31, 2010 and 2009, if the key economic assumptions as below were adversely changed by 10%, the sensitivity of the current fair value of residual cash flows would be as follows:

	2010	
	First Issuance	Second Issuance
Carrying amount of retained interest	\$ 1,731,090	2,718,454
Assumption 1—impact on fair value of 10% adverse change	(35)	(7,095)
Assumption 2—Impact on fair value of 10% adverse change	(110)	(7,383)

	2009	
	First Issuance	Second Issuance
Carrying amount of retained interest	\$ 1,725,467	2,633,445
Assumption 1—impact on fair value of 10% adverse change	(347)	(7,964)
Assumption 2—Impact on fair value of 10% adverse change	(650)	(3,510)

C. As of December 31, 2010 and 2009, there was no actual credit loss on the securitized mortgage loan; therefore, the expected static pool default rate was equal to the expected default rate.

D. Cash flows

The cash flows received from or paid to securitization trusts for the years ended December 31, 2010 and 2009, were summarized as follows:

	2010	
	First Issuance	Second Issuance
Other cash flows received on retained interests	\$ 43,976	67,889
Service fee received	5,000	5,000
Cash received for prepayment for services	245	442
Prepayment for services	(184)	(442)

	2009	
	First Issuance	Second Issuance
Other cash flows received on retained interests	\$ 68,117	94,237
Service fee received	5,000	5,000
Cash received for prepayment for services	529	2,110
Prepayment for services	(530)	(1,933)

8) Investment in associates under equity method and financial assets carried at cost

	December 31, 2010			December 31, 2009		
	Percentage of ownership	Investment cost	Book value	Percentage of ownership	Investment cost	Book value
Equity method :						
Standard Chartered Life Insurance Agency Co., Ltd.	100.00	\$ 21	65,175	100.00	21	343,738
Taiwan Standard Chartered Insurance Agency Co., Ltd.	100.00	368	11,517	100.00	368	24,764
Paradigm Assets Management Co., Ltd.	-	-	-	20.00	98,400	95,747
		389	76,692		98,789	464,249
Less : accumulated impairment		-	-		-	95,747
		<u>\$ 389</u>	<u>76,692</u>		<u>98,789</u>	<u>368,502</u>
Financial assets carried at cost :						
Fuji Enterprise Management Consulting Co., Ltd (formerly Fubon Securities Finance Co., Ltd)	0.99	\$ -	-	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
Financial Information Service Co., Ltd.	1.14	45,500	45,500	1.14	45,500	45,500
Taipei Forex Inc.	3.18	6,673	6,673	3.18	6,673	6,673
TSC Bio Venture Management, Inc.	5.00	20,250	20,250	5.00	20,250	20,250
Liyu Venture Investment, Inc.	4.76	10,080	10,080	4.76	10,080	10,080
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	1.42	849	849
Taiwanpay Corporation (formerly 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	5.24	94,546	94,546	5.24	94,546	94,546
Subtotal		457,143	457,143		495,208	495,208
Less : accumulated impairment		-	218,044		-	202,969
		<u>\$ 457,143</u>	<u>239,099</u>		<u>495,208</u>	<u>292,239</u>

For the years ended December 31, 2010 and 2009, the Bank recognized investment (loss)/income from investment in associates under the equity method of \$6,400 thousand and \$297,240 thousand, respectively. For the years ended December 31, 2010 and 2009, the cash dividends from associates under the equity method were \$298,210 thousand and \$202,405 thousand, respectively, which reduced the book value of the investment.

For the years ended December 31, 2010 and 2009, the dividend revenue recognized from financial assets carried at cost were \$19,871 thousand and \$16,731 thousand, respectively, recorded as other non-interest income, net.

On December 7, 2009, the Financial Supervisory Commission (FSC) approved the additional investment of \$673 thousand in Taipei Forex Inc., an investee company classified as financial assets carried at cost of the Bank.

On February 8, 2010, the FSC approved the disposal of the investment in Paradigm Assets Management Co., Ltd., classified as interest in associates under equity method. The original investment cost, net book value, and proceeds from disposal were \$95,747 thousand, \$0 thousand and \$81,156 thousand, respectively. The gain on disposal of the aforementioned investment was \$81,156 thousand, which was recognized as investment income from investment in associates under equity method.

On December 31, 2010, the Bank received \$39,336 thousand from Fuji Enterprise Management Consulting Co., Ltd. (formerly Fubon Securities Co., Ltd.) following a 99.75% capital reduction of the capital stock at \$10 per share. The investment, classified as financial asset carried at cost, had a cost of investment of \$38,065 thousand and the Bank recognized \$1,271 thousand as investment income (recorded as other non-interest income, net).

8) Property and equipment

As of December 31, 2010 and 2009, details of property and equipment were as follows:

	2010	2009
Cost :		
Land	\$ 3,676,554	3,734,784
Buildings	3,431,991	3,461,529
Office equipment	829,915	972,783
Transportation equipment	3,210	6,700
Leasehold improvements	806,725	531,490
Other equipment	<u>1,639,574</u>	<u>2,633,947</u>
Subtotal	10,387,969	11,341,233
Less : accumulated depreciation and impairment	<u>3,151,683</u>	<u>3,801,953</u>
Subtotal	<u>7,236,286</u>	<u>7,539,280</u>
Work in progress	15,200	13,826
Prepayment for equipment	<u>1,627</u>	<u>36,285</u>
Total	<u>\$ 7,253,113</u>	<u>7,589,391</u>

For the years ended December 31, 2010 and 2009, movements of accumulated depreciation were as follows:

	2010	2009
Beginning balance	\$ 3,777,905	4,009,495
Add : depreciation	512,373	518,396
reclassification	-	27,562
Less : disposal and obsolescence	1,135,474	777,548
reclassification	3,121	-
Ending balance	<u>\$ 3,151,683</u>	<u>3,777,905</u>

9) Intangible assets

	2010	2009
Goodwill	\$ 3,156,048	3,156,048
Deferred pension costs	119,795	154,333
Software	132,872	205,738
	<u>\$ 3,408,715</u>	<u>3,516,119</u>

The Bank acquired the assets and liabilities of Asia Trust Investment Co., Ltd. on December 27, 2008. Consequently, the Bank recognized goodwill of \$3,156,048 thousand, based on SFAS No. 25 "Business Combinations", as stated in note 10(3).

For the years ended December 31, 2010 and 2009, the recognized amortization expenses from computer software were \$89,766 thousand and \$94,330 thousand, respectively, recognized as operating expenses-depreciation and amortization expenses.

10) Other assets

As of December 31, 2010 and 2009, details of other assets were as follows:

	2010	2009
Deferred income tax assets, net	\$ 3,590,142	4,778,567
Idle assets, net of accumulated impairment of \$138,273 thousand and \$25,035 thousand as of December 31, 2010 and 2009, respectively	501,589	835,582
Assets leased to others, net of accumulated impairment of \$0 thousand and \$181,168 thousand as of December 31, 2010 and 2009	354,168	1,111,532
Refundable deposits	601,772	613,542
Others	362,639	625,681
	<u>\$ 5,410,310</u>	<u>7,964,904</u>

The Bank leased out its office buildings under operating leases with lease terms ranging from one to five years. As of December 31, 2010, future lease payments to be received were as follows:

Period	Amount
2011	\$ 39,299
2012	32,732
2013	29,879
2014	27,202
2015 and thereafter	25,367
	<u>\$ 154,479</u>

11) Deposits and remittances

As of December 31, 2010 and 2009, deposits and remittances were as follows:

	2010	2009
Checking deposits	\$ 3,475,229	3,485,983
Demand deposits	173,831,849	169,908,865
Time deposits	204,402,184	101,109,499
Savings deposits	132,797,277	128,563,288
Time savings deposits	86,933,516	66,268,395
Trust fund with designated purpose	191,252	767,371
Remittances	89,109	91,994
Total	<u>\$ 601,720,416</u>	<u>470,195,395</u>
Mark-to-market adjustments for the hedged liabilities included in the above balance	<u>\$ 2,651</u>	<u>31,637</u>

The above hedging activities were accounted for as fair value hedge.

12) Financial debentures

As of December 31, 2010 and 2009, details of subordinated debentures issued by the Bank were as follows:

Bond	Conditions for issuance	2010	2009
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	\$ 1,200	1,200
94-1	No maturity date, interest payable semi-annually, based on the average one-year regular floating rate of the nine largest banks plus 1.493%	18,300	7,636,700
94-2	No maturity date, interest payable semi-annually, based on the average one-year regular floating rate of the nine largest banks plus 1.493%	-	2,363,300
98-1	10-year term, interest payable quarterly, annual interest rate for the first 5 years is 2.9% and 3.4% for the last 5 years; maturity date: October 28, 2019	10,000,000	10,000,000
98-2	No maturity date, interest payable quarterly, annual interest rate from issuance date to June 11, 2015, is USD 3M LIBOR plus 3.33%, and USD 3M LIBOR plus 4.33% from June 11, 2015	4,554,814	4,798,704
98-3	No maturity date, interest payable quarterly, annual interest rate from issuance date to June 11, 2015, is USD 3M LIBOR plus 3.33%, and USD 3M LIBOR plus 4.33% from June 11, 2015	4,554,814	4,798,704
		19,129,128	29,598,608
	Mark-to-market adjustment on hedged items	95,077	(98,488)
		<u>\$ 19,224,205</u>	<u>29,500,120</u>

The above hedging activities were accounted for as fair value hedge.

The board of directors approved the issuance of the 91-1A subordinated debentures at a total amount \$8,000,000 thousand 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 94-1 and 94-2 perpetual cumulative subordinated debentures without maturity dates at a total amount of \$10,000,000 thousand on October 26, 2004. The Financial Supervisory Commission (FSC) then approved the issuance on January 3, 2005, and the related subscription was completed on January 28, 2005. On June 30, 2009, the board of directors approved the repayment of the above subordinated debentures. As of December 31, 2010, 94-2 subordinated debentures were completely redeemed.

The board of directors approved the issuance of the 98-1 subordinated debentures of the year 2009 at a total amount of \$10,000,000 thousand on June 30, 2009. The FSC then approved the issuance on September 15, 2009. These debentures began to be traded on the over-the-counter market on October 28, 2009.

The board of directors approved the issuance of the 98-2 and 98-3 cumulative subordinated debentures without maturity dates at a total amount of USD 300,000 thousand equivalent on March 25, 2009. The FSC then approved the issuance on September 15, 2009.

13) Interest income

For the years ended December 31, 2010 and 2009, details of interest income were as follows:

	2010	2009
Interbank transactions	\$ 592,172	1,514,811
Loans and advances to customers	9,491,892	9,315,448
Credit cards (revolving)	549,580	842,696
Financial assets at fair value through profit or loss	276,260	267,967
Available-for-sale financial assets	1,028,352	1,391,468
Total	<u>\$ 11,938,256</u>	<u>13,332,390</u>

14) Other non-interest income, net

For the years ended December 31, 2010 and 2009, details of non-interest income (loss), net were as follows:

	2010	2009
Securities brokerage commissions	\$ 170,076	237,108
Rental income	26,980	49,115
Net (loss) gain on fair value hedge	(138,592)	37,968
Net gain (loss) on disposal of property	162,035	(110,080)
Dividend income from financial assets carried at cost	19,871	16,731
Loss on obsolescent equipment	(105,347)	(157,061)
Others	143,488	18,173
Total	<u>\$ 278,511</u>	<u>91,954</u>

15) Pension

For the years ended December 31, 2010 and 2009, the related pension assets, costs, and accrued liabilities of the Bank were as follows:

	2010	2009
Fair value of pension assets at end of period	\$ 1,596,851	1,571,343
Pension cost :		
Defined benefit pension scheme	275,957	508,825
Defined contribution pension scheme	154,182	148,051
Accrued pension liabilities	746,576	565,650

The Bank monthly provided deposits in a pension account for the engaged employees in Bank of Taiwan (formerly the Central Trust of China) in 2010 and 2009. Furthermore, the Bank deposited an amount equal to 6% of the monthly gross salary payment in the Bureau of Labor Insurance in 2010 and 2009. The measurement dates of the actuarial reports were December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, the reconciliation of the funded status and accrued pension liabilities was as follows:

	2010	2009
Benefit obligation:		
Vested benefit obligation	\$ (1,674,975)	(1,431,739)
Non-vested benefit obligation	(668,452)	(705,254)
Accumulated benefit obligation	(2,343,427)	(2,136,993)
Additional benefits based on future compensation	(964,454)	(982,543)
Projected benefit obligation	(3,307,881)	(3,119,536)
Fair value of plan assets	1,596,851	1,571,343
Funded status	(1,711,030)	(1,548,193)
Unrecognized net transition obligation	111,771	143,221
Unrecognized prior service cost	8,024	11,112
Unrecognized pension loss	1,360,060	1,303,751
Additional minimum pension liabilities	(515,401)	(475,541)
Accrued pension liabilities	<u>\$ (746,576)</u>	<u>(565,650)</u>
Vested benefit	<u>\$ 1,938,589</u>	<u>1,783,476</u>
	2010	2009
Service cost	\$ 167,486	177,177
Interest cost	45,450	60,667
Expected return on pension plan assets	(23,717)	(44,782)
Amortization	86,738	83,478
Curtailment/settlement effect	-	232,285
Net pension cost	<u>\$ 275,957</u>	<u>508,825</u>

(Continued)

	2010	2009
Discount rate	1.40%	1.50%
Rate of increase in future compensation	3.50%	3.50%
Rate of projected return on plan assets	1.50%	2.50%

For the years ended December 31, 2010 and 2009, payments for retirement and severance were \$134,891 and \$354,391, respectively. For the years ended December 31, 2010 and 2009, net pension costs for employees rotated from foreign affiliate companies were \$6,408 and \$8,030, respectively.

16) 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, 2010 and 2009, the share-based payment schemes adopted by the Bank were as follows:

A. International Sharesave Schemes

According to the International Sharesave Schemes ("ISS"), employees have the opportunity of adhering to a three years or five years share-saving contract. Within six months after the vesting period of a three years or five years contracted term, employees are entitled to exercise their share options for 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 movements of the ISS were as follows:

	2010	2009
Beginning balance	715,514	781,577
Add : granted	138,463	150,439
Less : exercised	159,053	19,357
lapsed	114,275	197,145
Ending balance	<u>580,649</u>	<u>715,514</u>

For the years ended December 31, 2010 and 2009, the costs of the ISS charged to profits or losses were \$44,464 thousand and \$96,366 thousand, respectively, recorded as operating expenses-staff costs.

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 were as follows:

	2010	
Grant date	October 9	October 5
Share price at grant date	£ 18.70	£ 18.48
Exercise price	£ 15.19	£ 15.19
Vesting period (years)	3/5	3/5
Expected volatility (%)	56/46	56/46
Expected option life (years)	3.33/5.33	3.33/5.33
Risk free rate (%)	0.9/0.6	0.9/0.6
Expected dividends yield (%)	3.5/3.4	3.5/3.4
Fair value	£ 7.2/7.0	£ 7.0/6.9

	2009	
Grant date	October 9	October 5
Share price at grant date	£ 15.57	£ 14.92
Exercise price	£ 11.46	£ 11.46
Vesting period (years)	3/5	3/5
Expected volatility (%)	52.9/43.7	52.9/42.6
Expected option life (years)	3.33/5.33	3.33/5.33
Risk free rate (%)	1.8/2.5	1.8/2.5
Expected dividends yield (%)	3.3/3.2	3.3/3.2
Fair value	£ 6.4/6.2	£ 5.9/5.8

B. 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. Executive directors are not generally eligible to participate in the RSS. On the second anniversary after the grant date of SC PLC Group, 50 percent of share-based awards are vested to the employees who are entitled to exercise the RSS. The remaining balance is vested to the aforementioned employees on the third anniversary. 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 movements of the RSS were as follows:

	2010	2009
Beginning balance	141,749	71,198
Add : granted	140,642	82,020
Less : exercised	13,378	8,909
lapsed	20,340	2,560
Ending balance	248,673	141,749

For the years ended December 31, 2010 and 2009, the costs of the RSS charged to profits or losses were \$38,475 thousand and \$38,002 thousand, respectively, recorded as operating expenses-staff costs.

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.

	2010			
Grant date	December 16	September 21	June 18	March 11
Share price at grant date	£ 17.66	£ 19.12	£ 17.40	£ 17.40
Vesting period (years)	2/3	2/3	2/3	2/3
Expected dividends (yield) (%)	3.70	3.70	3.90	3.90
Fair value	£ 16.11	£ 17.46	£ 15.80	£ 15.80

	2009				
Grant date	Decmeber 3	September 28	September 15	June 23	March 11
Share price at grant date	£ 15.51	£ 14.98	£ 14.44	£ 11.75	£ 8.10
Vesting period (years)	2/3	2/3	2/3	2/3	2/3
Expected dividends (yield) (%)	3.45	3.45	3.45	3.73	3.73
Fair value	£ 14.25	£ 13.76	£ 13.27	£ 10.72	£ 7.39

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

C. 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 Earnings Per Share ("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 movements of the ESOS were as follows:

	2010	2009
Beginning balance	6,005	6,005
Add : granted	228	-
Ending balance	<u>6,233</u>	<u>6,005</u>

There were no costs of the ESOS charged to profit or loss recognized for the years ended December 31, 2010 and 2009.

The valuation of share options is performed using a binomial option-pricing model. There were no such share-based award granted for the years ended December 31, 2010 and 2009, respectively.

D. 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 qualified employees, under certain limited circumstances, to exercise share options in advance.

The option movements of the PSP were as follows:

	2010	2009
Beginning balance	113,439	52,383
Add : granted	3,995	61,056
Less : exercised	8,140	-
lapsed	4,239	-
Ending balance	<u>105,055</u>	<u>113,439</u>

For the years ended December 31, 2010 and 2009, the costs of the PSP charged to profit or loss were \$10,558 thousand and \$13,280 thousand, respectively, recorded as operating expenses-staff costs.

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.

	2010			
Grant date	December 16	September 21	June 18	March 11
Share price at grant date	£ 17.66	£ 19.12	£ 17.40	£ 17.40
Vesting period (years)	3	3	3	3
Expected dividends (yield) (%)	3.78	3.76	3.51	3.51
Fair value (EPS)	£ 7.90	£ 8.55	£ 7.85	£ 7.85
Fair value (TSR)	£ 3.10	£ 3.36	£ 3.08	£ 3.08

	2009			
Grant date	Decmeber 3	September 15	June 23	March 11
Share price at grant date	£ 15.51	£ 14.44	£ 11.75	£ 8.10
Vesting period (years)	3	3	3	3
Expected dividends (yield) (%)	3.43	3.43	3.41	3.41
Fair value (EPS)	£ 7.13	£ 6.63	£ 5.40	£ 3.73
Fair value (TSR)	£ 2.81	£ 2.61	£ 2.13	£ 1.46

The expected dividend yield is based on the historical dividend yield over the last three years or the three years prior to grant. The EPS and Total Shareholders' Return ("TSR") that are calculated by using fair value are related to the performance indicator. 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.

E. Supplementary Restricted Share Scheme

The Supplementary Restricted Share Scheme ("SRSS") is designed as a retention and motivation tool for high performing and high potential employees, encouraging them to deliver long-term performance. Executive directors are not permitted to participate in SRSS, and new shares issued are forbidden to be used as rewards. On the second anniversary after the grant date, 50 percent of share-based awards are vested to the employees who are entitled to participate in the SRSS. The remaining balance is vested to the aforementioned employees on the third anniversary. As long as qualified participants remain employed by the SC PLC Group, the share-based awards can be exercised within seven years after the grant date.

The option movements of the SRSS were as follows:

	2010	2009
Beginning balance	13,157	5,142
Add : granted	30,977	8,015
Less : lapsed	1,969	-
Ending balance	42,165	13,157

For the years ended December 31, 2010 and 2009, the costs of the SRSS charged to profits or losses were \$12,213 thousand and \$2,660 thousand, respectively, recorded as operating expenses-staff costs.

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.

	2010			
Grant date	December 16	September 21	June 18	March 11
Share price at grant date	£ 17.66	£ 19.12	£ 17.40	£ 17.40
Vesting period (years)	2/3	2/3	2/3	2/3
Expected dividends (yield) (%)	3.7	3.7	3.9	2.7/3.9
Fair value	£ 16.11	£ 17.46	£ 15.8	£ 16.93/15.8

	2009			
Grant date	December 3	September 15	June 23	March 11
Share price at grant date	£ 15.51	£ 14.44	£ 11.75	£ 8.10
Vesting period (years)	2/3	2/3	2/3	2/3
Expected dividends (yield) (%)	3.45	3.45	3.73	3.73
Fair value	£ 14.25	£ 13.27	£ 10.72	£ 7.39

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

17) Income tax

The Bank is subject to the R.O.C. income tax at a maximum rate of 25% in 2009. Starting January 1, 2010, the enacted income tax rate has been reduced to 20% and then reduced to 17%, based on the newly amended Income Tax Act of May 27, 2009 and of June 15, 2010. The income tax rates adopted by the Bank during the years ended December 31, 2010 and 2009 are 17% and 25%, respectively, and the Bank's basic statutory tax amount is based on the R.O.C. "Income Basic Tax Act". The income tax expense (benefit) for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Current income tax expense	\$ 350,234	148,321
Deferred income tax expense (benefit)	1,168,520	(361,838)
Additional 10% surtax on undistributed earnings	-	1,254
basic income tax	79,475	-
Income tax expense (benefit)	<u>\$ 1,598,229</u>	<u>(212,263)</u>

The differences between the "expected" income tax at statutory income tax rates and the income tax expense (benefit) as reported in the accompanying financial statements for the years ended December 31, 2010 and 2009, were as follows:

	2010	2009
Income tax at statutory rate	\$ 768,607	(1,218,647)
Adjustment:		
Permanent difference	(238,536)	(326,166)
Prior-year income tax adjustments	336,875	4,097
Other adjustments for tax regulation	(75,014)	48,836
Adjustment due to change in income tax rate	726,822	1,278,363
Basic income tax	79,475	-
Additional 10% surtax on undistributed earnings	-	1,254
Income tax expense (benefit)	<u>\$ 1,598,229</u>	<u>(212,263)</u>

For the years ended December 31, 2010 and 2009, the components of deferred income tax expense (benefit) were as follows:

	2010	2009
Expenses from share-based payments	\$ (26,489)	-
Unrealized interest income from financial assets	35,309	39,276
Allowance for doubtful accounts	(246,293)	(758,249)
Deferred revenue	38,201	71,401
Provision for guarantee	10,963	(12,898)
Reserve for trading loss and default loss	(1,935)	(6,295)
Pension cost	(23,981)	(30,887)
Unrealized gain on inter-affiliate transactions	8	20
Depreciation of property and equipment	(2,336)	14,150
Impairment loss on assets	59,243	157,657
Amortization of goodwill	53,653	63,121
Loss carryforwards	545,355	(795,862)
Deferred income tax adjustment due to change in tax rate	<u>726,822</u>	<u>896,728</u>
Deferred income tax expense (benefit)	<u>\$ 1,168,520</u>	<u>(361,838)</u>

As of December 31, 2010 and 2009, details of the temporary differences, loss carryforwards and tax credits, and their respective income tax effect were as follows:

	2010		2009	
	Amount	Income tax effect	Amount	Income tax effect
Deferred income tax assets:				
Expense from share-based	\$ 155,819	26,489	-	-
Unrealized interest income from financial assets	2,231,143	379,294	2,438,840	487,768
Allowance for doubtful accounts	5,874,411	998,650	4,425,621	885,124
Deferred revenue	239,091	40,646	463,804	92,762
Provision for guarantee	-	-	64,490	12,898
Reserve for trading losses and default losses	\$ 164,206	27,915	152,820	30,564
Pension costs	729,192	123,963	321,612	64,322
Unrealized gain on inter-affiliate transactions	5,829	991	5,874	1,175
Depreciation of property and equipment	76,144	12,944	62,399	12,480
Asset impairment loss	237,443	40,366	585,935	117,187
Amortization goodwill	(631,210)	(107,306)	(315,605)	(63,121)
Loss carryforwards	12,942,705	2,200,261	16,150,683	3,230,137
Unrealized gain on available-for-sale financial assets	(826,439)	(140,495)	(463,647)	(92,729)
Unrealized gain on cash flow hedge	(79,859)	<u>(13,576)</u>	-	-
		<u>\$ 3,590,142</u>		<u>4,778,567</u>

As of December 31, 2010 and 2009, the components of tax refund receivables recorded under accounts receivables were as follows:

	2010	2009
Current income tax	\$ (350,234)	(148,321)
Withheld income tax	119,091	108,160
Income tax receivables from prior years	171,637	214,462
Prior-year income tax adjustments	336,875	4,097
Separate tax on interest income	13,362	144,224
Additional 10% surtax on undistributed earnings	-	(1,254)
Basic income tax	(79,475)	-
	<u>\$ 211,256</u>	<u>321,368</u>

In accordance with the R.O.C. Income Tax Act, assessed net loss can be carried forward for ten consecutive years to reduce taxable income. As of December 31, 2010, the amount of loss carryforwards and the year of expiry were as follows:

Year loss incurred	Amount	Year of expiry
2006 (assessed)	\$ 3,421,990	2016
2008 (assessed)	6,171,264	2018
2009 (filed)	3,349,451	2019
	<u>\$ 12,942,705</u>	

The Bank's income tax returns have been assessed by the tax authority for all years through 2008.

In accordance with regulations, the Bank has applied to the tax authority for a re-examination of the 2007 and 2008 tax return. The related current income tax may be adjusted upon completion of the tax appeal.

The balances of the imputation credit account (ICA) as of December 31, 2010 and 2009 were as follows:

	2010	2009
ICA	<u>\$ 528,451</u>	<u>451,062</u>
	2010	2009
Tax creditable ratio of distribution of retained earnings generated from fiscal year 2009 and 2008 to R.O.C. residents	<u>18.08% (estimated)</u>	<u>0.00% (actual)</u>

The accumulated earnings (deficits) as of December 31, 2010 and 2009 were all generated after 1998. Due to the Bank having a net loss in 2009, no earnings were available for distribution, and accordingly, no tax creditable ratio calculation is necessary.

18) Stockholders' equity

A. Common stock

On June 30, 2009, the board of directors approved an increase in capital by issuance of 425,000 thousand shares at \$20 per share via private placement. The board of directors had authorized the chairman to set December 21, 2009, as the basis date for the capital increase, and the related registration was completed.

B. Capital surplus

The R.O.C. Company Act requires capital surplus to be used to offset an accumulated deficit before capitalization to shareholders' equity 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, 2010 and 2009, details of capital surplus were as follows:

	2010	2009
Capital surplus provided by the amount in excess of par value	\$ <u>5,786,031</u>	<u>10,430,441</u>

On May 27, 2010, the shareholders approved the elimination of the accumulated deficits by transferred of appropriated legal reserve and capital surplus of \$5,374 thousand and \$4,644,410 thousand, respectively.

C. Legal reserve and appropriated special reserve

Whenever the Bank generates a profit, 30 percent of its net income is appropriated as legal reserve after the deduction of income tax. Until the amount of the legal reserve has reached the total amount of common stock equity, the amount of profit distributed as cash dividends may not exceed 15 percent of total common stock equity. The aforementioned rule is not required to be complied with if the amount of legal reserve is equal to the total amount of common stock equity. In addition to the legal reserve, a special reserve can be appropriated and approved by the stockholders' meeting.

The board of directors approved the distribution of the 2008 earnings on June 30, 2009, and appropriated legal reserve of \$5,374 thousand.

D. 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:

- a. Shareholders' dividends and bonuses : 99.99%
- b. Employee bonuses : 0.01%

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 shareholders' meeting a resolution regarding the proportion of employee bonuses for distribution if necessary.

The estimated amount of bonuses distributed to employees who remain employed at the end of 2010 is \$0 thousand that resolved by the possibility of anticipated distribution and the board of directors. Nevertheless, in the event of difference in the amount actually distributed upon resolution of shareholders' meeting and the estimated figures, the difference shall be identified as changes in accounting estimate and recognized as the profit or loss for the current period.

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

In the year 2009, no retained earnings were available for distribution due to the net loss.

E. Weighted-average outstanding shares of common stock

As of December 31, 2010 and 2009, the weighted-average number of common shares outstanding were 2,910,572 thousand shares and 2,510,024 thousand shares, respectively.

19) Disclosure of financial instruments

A. Fair value of financial instruments

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

- a. 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, balances at Central Bank and loans and advances to banks, bills and bonds purchased under reverse repurchase agreements, accounts receivables, refundable deposits recorded as other assets, deposits by Central Bank and other banks, bills and bonds sold under repurchase agreements, payables, and guarantee deposits.
- b. The fair value of financial assets and liabilities 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.
- c. The interest on loans and advances to customers is mainly based on floating rates. Therefore, the book value is approximately equal to the fair value.
- d. 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.
- e. 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.
- f. Subordinated debentures are financial liabilities with floating interest rates, and therefore their fair value is equal to their carrying value.
- g. 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.

As of December 31, 2010 and 2009, the fair values of the Bank's financial assets and liabilities evaluated using valuation techniques were as listed below:

Accounts	2010	2009
Financial assets at fair value through profit or loss-debt instruments	8,384,584	7,801,409
Financial assets at fair value through profit or loss-derivatives	20,021,386	20,713,469
Available-for-sale financial assets-debt instruments	173,536,532	103,506,372
Available-for-sale financial assets-beneficiary certificates	4,802,085	4,729,055
Financial liabilities at fair value through profit or loss-debt instruments	99,468	-
Financial liabilities at fair value through profit or loss-derivatives	19,701,838	19,961,310

For the years ended December 31, 2010 and 2009, the Bank recognized gain amounting to \$2,242,527 thousand and \$2,228,263 thousand, respectively, from the changes in fair value of financial instruments that were evaluated using valuation techniques.

B. As of December 31, 2010 and 2009, outstanding derivative contracts held by the Bank were as listed below:

	December 31, 2010		
	Notional amount	Fair value	
		Gain (assets)	Loss (liabilities)
Option contracts	\$ 97,697,957	431,715	431,231
Forward contracts	947,547,218	7,472,138	6,964,551
Cross-currency swaps	237,584,537	5,565,839	3,982,915
Interest rate swaps	1,239,249,467	6,295,813	8,144,647
Interest rate derivatives	64,102,597	199,767	122,380
Commodity swaps	3,748,880	56,114	56,114
	<u>\$ 2,589,930,656</u>	<u>20,021,386</u>	<u>19,701,838</u>

	December 31, 2009		
	Notional amount	Fair value	
		Gain (assets)	Loss (liabilities)
Option contracts	\$ 103,353,309	977,667	971,665
Forward contracts	510,240,073	6,835,654	4,067,496
Cross-currency swaps	138,824,441	4,253,060	2,849,562
Interest rate swaps	930,428,026	7,091,197	10,624,630
Interest rate derivatives	105,113,077	681,981	574,047
Commodity swaps	39,420,008	873,910	873,910
	<u>\$ 1,827,378,934</u>	<u>20,713,469</u>	<u>19,961,310</u>

Note : The above derivative contracts do not include hedging instruments.

C. Financial risk management and risk information

a. Market risk

The Bank used 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 confidence 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 previous 250 trading days.

The table below lists the market risk of financial instruments of the Bank as of December 31, 2010 and 2009. Market risk represents potential losses that the Bank may suffer in one day when unfavorable changes occur on the Bank's position at a 97.5% confidence interval under a certain price probability distribution.

Type of market risk	2010			2009		
	Annual average	Maximum	Minimum	Annual average	Maximum	Minimum
Exchange rate	\$ 12,172	29,161	2,010	12,157	23,387	2,896
Interest rate	45,230	78,665	17,099	39,791	67,307	25,878

b. 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 on the counterparty. As of December 31, 2010 and 2009, the percentages of loans with collateral were 74.34% and 67.39%, 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 or 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 maximum credit exposures.

As of December 31, 2010 and 2009, the maximum credit risk exposure of the Bank's loans and advances to customers excluding allowance for doubtful accounts in the event of other parties failing to perform their obligations were as summarized below by industry category:

Industry	2010	2009
Manufacturing	\$ 32,042,525	38,502,036
Commercial	10,734,846	11,805,610
Construction	3,117,328	1,789,587
Individual	287,215,479	241,855,850
Others	15,088,492	21,407,240
	<u>\$ 348,198,670</u>	<u>315,360,323</u>

The amount of the abovementioned credit risk was assessed based on the financial instruments with positive fair value at the balance sheet date. 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. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic 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 positions in a number of industries and with a variety of counterparties or obligors.

As of December 31, 2010 and 2009, the industry classifications of the 10 group enterprises with the largest outstanding loans were as follows:

December 31, 2010			
Rank	Industry Classification of Group Enterprise	Outstanding loan	% of net assets
1	Real estate and rental and leasing	3,525,000	9.21%
2	LCD and components manufacturing industry	3,036,543	7.93%
3	Petrochemical manufacturing industry	2,543,148	6.64%
4	LCD and components manufacturing industry	2,086,472	5.45%
5	Other computer peripheral manufacturing industry	2,083,711	5.44%
6	Computer manufacturing	1,973,753	5.15%
7	Semiconductor manufacturing industry	1,759,198	4.59%
8	Other computer peripheral manufacturing industry	1,724,853	4.50%
9	Drugs and Medicines Manufacturing industry	1,661,612	4.34%
10	Plate glass manufacturing industry	1,295,534	3.38%

December 31, 2009			
Rank	Industry Classification of Group Enterprise	Outstanding loan	% of net assets
1	LCD and components manufacturing industry	2,472,854	7.05%
2	Other computer peripheral manufacturing industry	1,775,956	5.06%
3	Semiconductor manufacturing industry	1,666,746	4.75%
4	Footwear manufacturing industry	1,430,094	4.08%
5	Wire and cable manufacturing industry	1,373,170	3.91%
6	Wholesale industry	1,165,000	3.32%
7	Property leasing industry	1,043,723	2.97%
8	Cable TV and other pay program industry	1,010,316	2.88%
9	Wholesale industry	961,189	2.74%
10	Semiconductor manufacturing industry	880,545	2.51%

Note : The above listed group enterprises refer to a group of corporate entities defined by the Sixth Article of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

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

c. Liquidity risk

As of December 31, 2010 and 2009, the liquidity reserve ratios were 37.98% and 23.56%, respectively; liquidity risk of derivatives instruments held by the Bank is low except for interest rate swaps, which had a leverage effect. Therefore, this limits the exposure to 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 variation 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, 2010 and 2009, the liquidity of the Bank was assessed by groups of interest-earning assets and interest-bearing liabilities over various duration periods from the balance sheet date to an individual financial instruments contractual maturity. If the assets or liabilities have no contractual maturity date, they are classified to the "over 5 years" category.

	2010				
Financial Assets	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Cash and cash equivalents	\$ 5,360,943	-	-	2,142,718	7,503,661
Balance at Central Bank and loans and advances to banks	42,666,650	1,491,266	-	55,494,342	99,652,258
Financial assets at fair value through profit or loss	5,010,237	11,932,529	9,862,304	1,600,900	28,405,970
Loans and advances to customers, net	31,854,186	10,721,507	34,753,236	267,171,746	344,500,675
Available-for-sale financial assets	35,105,139	126,272,778	12,261,533	4,699,167	178,338,617
Other financial assets	<u>1,383</u>	<u>-</u>	<u>205,321</u>	<u>239,099</u>	<u>445,803</u>
Total assets	<u>\$ 119,998,538</u>	<u>150,418,080</u>	<u>57,082,394</u>	<u>331,347,972</u>	<u>658,846,984</u>
Financial Liabilities					
Deposits by Central Bank and other banks	\$ 4,923,231	1,163,940	-	4,560,188	10,647,359
Financial liabilities at fair value through profit or loss	5,497,897	5,056,553	8,852,202	394,654	19,801,306
Deposits and remittances	394,062,870	167,097,729	33,359,817	7,200,000	601,720,416
Financial debentures	1,200	-	-	19,223,005	19,224,205
Other financial liabilities	<u>358,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,260</u>
Total liabilities	<u>\$ 404,843,458</u>	<u>173,318,222</u>	<u>42,212,019</u>	<u>31,377,847</u>	<u>651,751,546</u>
Gap	<u>\$ (284,844,920)</u>	<u>(22,900,142)</u>	<u>14,870,375</u>	<u>299,970,125</u>	<u>7,095,438</u>

	2009				
Financial Assets	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Cash and cash equivalents	\$ 4,746,007	-	-	1,062,952	5,808,959
Balance at Central Bank and loans and advances to banks	19,241,649	17,149,119	-	77,364,572	113,755,340
Financial assets at fair value through profit or loss	3,370,710	3,865,240	20,890,859	388,069	28,514,878
Loans and advances to customers, net	34,226,389	6,580,670	38,162,195	234,117,334	313,086,588
Available-for-sale financial assets	63,946,293	25,895,456	13,904,643	4,489,035	108,235,427
Other financial assets	47,760	119	-	292,239	340,118
Total assets	<u>\$ 125,578,808</u>	<u>53,490,604</u>	<u>72,957,697</u>	<u>317,714,201</u>	<u>569,741,310</u>
Financial Liabilities					
Deposits by Central Bank and other banks	\$ 23,933,453	3,624,234	-	21,797,909	49,355,596
Financial liabilities at fair value through profit or loss	3,207,850	4,183,786	12,283,559	286,115	19,961,310
Deposits and remittances	383,328,870	77,373,238	8,693,289	799,998	470,195,395
Financial debentures	9,902,712	-	-	19,597,408	29,500,120
Other financial liabilities	331,065	-	-	-	331,065
Total liabilities	<u>\$ 420,703,950</u>	<u>85,181,258</u>	<u>20,976,848</u>	<u>42,481,430</u>	<u>569,343,486</u>
Gap	<u>\$ (295,125,142)</u>	<u>(31,690,654)</u>	<u>51,980,849</u>	<u>275,232,771</u>	<u>397,824</u>

Maturity analyses of the Bank's assets and liabilities in the format required by the regulators were as follows:

Structure Analysis of Maturity Date (New Taiwan Dollars)
December 31, 2010

	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	\$833,800,989	189,464,605	80,025,133	68,575,128	155,934,615	339,801,508
Capital used	852,688,289	140,661,080	144,288,150	160,037,177	102,320,356	305,381,526
Gap	(18,887,300)	48,803,525	(64,263,017)	(91,462,049)	53,614,259	34,419,982

Structure Analysis of Maturity Date (U.S. Dollars)
December 31, 2010

(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	\$11,339,604	3,050,794	3,163,934	2,525,227	945,780	1,653,869
Capital used	11,129,921	4,167,413	3,140,695	1,057,170	612,288	2,152,355
Gap	209,683	(1,116,619)	23,239	1,468,057	333,492	(498,486)

Structure Analysis of Maturity Date (New Taiwan Dollars)
December 31, 2009

	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	\$714,384,894	237,231,273	70,641,377	38,345,980	44,762,699	323,403,565
Capital used	749,893,572	174,460,708	118,181,672	90,897,321	59,843,803	306,510,068
Gap	(35,508,678)	62,770,565	(47,540,295)	(52,551,341)	(15,081,104)	16,893,497

Structure Analysis of Maturity Date (U.S. Dollars)
December 31, 2009

(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	\$11,525,663	3,460,335	2,646,084	2,182,517	1,038,473	2,198,254
Capital used	10,660,644	6,021,755	1,966,569	556,611	297,698	1,818,011
Gap	865,019	(2,561,420)	679,515	1,625,906	740,775	380,243

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

Cash flow risk arises from assets and liabilities with floating interest rates held by the Bank where the cash flow may fluctuate due to changes in market interest rates. Fair value risk arises from changes in the fair value of fixed interest rates assets and liabilities held by the Bank due to change in market interest rates. Since such cash flow risk and fair value risk are assessed as potentially significant, the Bank has entered into interest rate swap contracts to mitigate the risk.

As of December 31, 2010 and 2009, 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.

December 31, 2010										
Financial 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	\$ 7,501,435	-	-	-	-	-	-	-	2,226	7,503,661
Balance at Central Bank and loans and advances to banks	73,728,431	17,448,513	8,475,314	-	-	-	-	-	-	99,652,258
Financial assets at fair value through profit or loss	19,932,736	1,707	6,037,230	20,509	1,333,732	34,574	2,337	1,043,145	-	28,405,970
Loans and advances to customers, net	16,235,983	15,709,026	10,721,507	5,898,733	9,405,441	6,725,973	12,723,089	262,353,032	4,727,891	344,500,675
Available-for-sale financial assets	30,184,255	4,921,296	126,289,371	7,489,896	2,725,180	1,070,718	941,707	4,716,194	-	178,338,617
Other financial assets	206,704	-	-	-	-	-	-	239,099	-	445,803
Total	\$ 147,789,544	38,080,542	151,523,422	13,409,138	13,464,353	7,831,265	13,667,133	268,351,470	4,730,117	658,846,984
Financial Liabilities										
Deposits by Central Bank and other banks	\$ 8,942,658	540,761	1,163,940	-	-	-	-	-	-	10,647,359
Financial liabilities at fair value through profit or loss	19,343,577	-	173,930	80,344	100,569	3,418	-	-	99,468	19,801,306
Deposits and remittances	344,399,834	49,200,488	167,097,729	4,783,168	27,718,141	263,918	594,590	7,200,000	462,548	601,720,416
Financial debentures	19,224,205	-	-	-	-	-	-	-	-	19,224,205
Other financial liabilities	358,260	-	-	-	-	-	-	-	-	358,260
Total	\$ 392,268,534	49,741,249	168,435,599	4,863,512	27,818,710	267,336	594,590	7,200,000	562,016	651,751,546
Sensitivity gap	\$ (244,478,990)	(11,660,702)	(16,912,177)	8,545,626	(14,354,357)	7,563,929	13,072,543	261,151,470	4,168,101	7,095,438

December 31, 2009										
Financial 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	\$ 5,806,520	-	-	-	-	-	-	-	2,439	5,808,959
Balance at Central Bank and loans and advances to banks	55,589,708	20,520,526	36,807,808	331,969	204,831	-	300,498	-	-	113,755,340
Financial assets at fair value through profit or loss	28,469,016	2,155	38,686	3,285	-	-	1,736	-	-	28,514,878
Loans and advances to customers, net	16,220,219	17,200,038	7,435,473	7,179,125	9,526,561	12,014,508	9,442,000	228,530,090	5,538,574	313,086,588
Available-for-sale financial assets	49,145,047	15,098,211	21,217,586	12,419,824	2,646,657	2,846,201	372,866	4,489,035	-	108,235,427
Other financial assets	47,760	-	119	-	-	-	-	292,239	-	340,118
Total assets	\$ 155,278,270	52,820,930	65,499,672	19,934,203	12,378,049	14,860,709	10,117,100	233,311,364	5,541,013	569,741,310
Financial Liabilities										
Deposits by Central Bank and other banks	\$ 45,131,236	600,126	3,624,234	-	-	-	-	-	-	49,355,596
Financial liabilities at fair value through profit or loss	19,961,310	-	-	-	-	-	-	-	-	19,961,310
Deposits and remittances	345,431,020	37,465,361	77,373,238	7,789,548	522,100	100,000	281,642	831,634	400,852	470,195,395
Financial debentures	29,500,120	-	-	-	-	-	-	-	-	29,500,120
Other financial liabilities	232,577	-	-	-	-	-	-	98,488	-	331,065
Total liabilities	\$ 440,256,263	38,065,487	80,997,472	7,789,548	522,100	100,000	281,642	930,122	400,852	569,343,486
Sensitivity gap	\$ (284,977,993)	14,755,443	(15,497,800)	12,144,655	11,855,949	14,760,709	9,835,458	232,381,242	5,140,161	397,824

Sensitivity analyses of the Bank's assets and liabilities in the format required by the regulators were as follows:

Interest-Rate Sensitivity Analysis (New Taiwan Dollars)

December 31, 2010

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 96,452,565	42,656,989	144,358,725	259,817,613	543,285,892
Interest-rate-sensitive liabilities	78,972,684	308,824,450	75,162,832	42,377,061	505,337,027
Interest-rate-sensitive spread	17,479,881	(266,167,461)	69,195,893	217,440,552	37,948,865
New worth					37,998,526
Ratio of interest-rate-sensitive assets to liabilities (%)					107.51
Ratio of interest-rate-sensitive spread to net worth (%)					99.87

Interest-Rate Sensitivity Analysis (U.S. Dollars)

December 31, 2010

(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	\$ 1,704,555	649,959	71	210,680	2,565,265
Interest-rate-sensitive liabilities	561,550	1,991,467	114,387	317,445	2,984,849
Interest-rate-sensitive spread	1,143,005	(1,341,508)	(114,316)	(106,765)	(419,584)
New worth					36,867
Ratio of interest-rate-sensitive assets to liabilities (%)					85.94
Ratio of interest-rate-sensitive spread to net worth (%)					(1,138.10)

Interest-Rate Sensitivity Analysis (New Taiwan Dollars)

December 31, 2009

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 112,825,713	28,153,812	37,724,681	238,755,792	417,459,998
Interest-rate-sensitive liabilities	83,005,668	256,715,791	42,230,731	21,864,993	403,817,183
Interest-rate-sensitive spread	29,820,045	(228,561,979)	(4,506,050)	216,890,799	13,642,815
New worth					35,009,045
Ratio of interest-rate-sensitive assets to liabilities (%)					103.38
Ratio of interest-rate-sensitive spread to net worth (%)					38.97

Interest-Rate Sensitivity Analysis (U.S. Dollars)

December 31, 2009

(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	\$ 1,980,943	676,358	506,017	213,325	3,376,643
Interest-rate-sensitive liabilities	1,299,790	1,474,728	76,413	325,387	3,176,318
Interest-rate-sensitive spread	681,153	(798,370)	429,604	(112,062)	200,325
New worth					33,777
Ratio of interest-rate-sensitive assets to liabilities (%)					106.31
Ratio of interest-rate-sensitive spread to net worth (%)					593.08

e. Average amount and average interest rate of interest-bearing assets and liabilities:

	2010	
	Average amount	Average %
Assets:		
Balance at Central Bank	\$ 14,276,400	0.38
Loans and advances to banks (including deposits with affiliate companies and advances to affiliate companies)	93,000,409	1.05
Loans and advances to customers	349,549,984	2.73
Financial assets at fair value through profit or loss	8,760,085	0.89
Available-for-sale financial assets	119,593,776	0.86
Liabilities:		
Deposits by Central Bank and loans from other banks (including deposits from affiliate companies)	35,414,897	0.84
Demand deposits (including local currency and foreign currency)	310,640,237	0.13
Time deposits (including local currency and foreign currency)	206,850,321	0.48
Negotiable certificates of deposit	1,812,047	0.74
Financial debentures	19,853,364	3.35

	2009	
	Average amount	Average %
Assets:		
Balance at Central Bank	\$ 12,873,223	0.40
Loans and advances to banks (including deposits with affiliate companies and advances to affiliate companies)	110,119,613	1.51
Loans and advances to customers	319,925,693	2.92
Financial assets at fair value through profit or loss	4,702,969	1.39
Available-for-sale financial assets	107,503,638	1.30
Liabilities:		
Deposits by Central Bank and loans from other banks (including deposits from affiliate companies)	39,210,577	0.69
Demand deposits (including local currency and foreign currency)	279,851,246	0.19
Time deposits (including local currency and foreign currency)	216,548,149	1.34
Negotiable certificates of deposit	620,953	0.58
Financial debentures	21,647,792	2.52

f. Operational risk

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

g. Legal risk

Legal risk arises from the possibility that an entity may not be able to comply with 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 counterparty's contracts, and making sure that the Bank follows the financial regulations and operational regulations.

D. Fair value hedge

A fair value hedge is the hedging of the hedged items exposure to change in fair value of recognized fixed-rate assets or liabilities that are attributable to particular hedged risks that could affect profit and loss. As of December 31, 2010 and 2009, mark-to-market adjustments of hedged items and the corresponding hedging instruments (recorded under other financial assets or liabilities, net) accounted as fair value hedge were as follows:

Hedged item		Hedging instruments	
Underlying instruments	2010	Contract type	2010
Available-for-sale financial assets:			
Government bonds	\$ 8,313	Interest rate swaps	\$ (10,433)
Government bonds	39,505	Cross-currency swaps	(37,909)
Time deposit—NTD	(2,651)	Interest rate swaps	6,330
Subordinated debentures	(95,077)	Interest rate swaps	99,063
	<u>\$ (49,910)</u>		<u>\$ 57,051</u>

Hedged item		Hedging instruments	
Underlying instruments	2009	Contract type	2009
Available-for-sale financial assets:			
Government bonds and corporate bonds	\$ 10,017	Interest rate swaps	\$ (10,906)
Government bonds	(9,762)	Cross-currency swaps	11,115
Time deposit—NTD	(31,637)	Interest rate swaps	31,581
Subordinated debentures	98,488	Interest rate swaps	(101,382)
	<u>\$ 67,106</u>		<u>\$ (69,592)</u>

E. Cash flow hedge

A cash flow hedge is the hedging of the exposure to changes in cash flows of floating-rate assets that are attributable to particular interest risks that could affect profit or loss.

As of December 31, 2010 and 2009, details of hedged items and designated hedging instruments (recorded under other financial assets or liabilities, net) were summarized as follows:

December 31, 2010					
	Financial instrument designated as hedging Instruments	Designated hedging instruments		Forecasted period of cash flow generation	Forecasted period during which gain/loss is recognized in the income statement
Hedged items		Notional	Fair value		
Long-term floating rate loans	Interest rate swap contracts	\$ 82,500,000	79,859	2009-2013	2009-2013

December 31, 2009					
	Financial instrument designated as hedging Instruments	Designated hedging instruments		Forecasted period of cash flow generation	Forecasted period during which gain/loss is recognized in the income statement
Hedged items		Notional	Fair value		
Long-term floating rate loans	Interest rate swap contracts	\$ 6,300,000	3,253	2009-2012	2009-2012

The detail of unrealized gains or losses on cash flow hedge for the years ended December 31, 2010 and 2009 were as below:

	2010	2009
Adjustments to stockholders' equity	\$ <u>63,030</u>	<u>3,253</u>

23) Information on reclassification of financial assets

(5) Related-party transactions

1) Name and relationship of related parties

Name	Relationship
Standard Chartered Bank ("SCB")	The Bank's parent company
Standard Chartered Life Insurance Agency Co., Ltd. ("Standard Chartered Life Insurance Agency")	Investee under equity method
Taiwan Standard Chartered Insurance Agency Co., Ltd. ("Taiwan Standard Chartered Insurance Agency")	Investee under equity method
Standard Chartered Bank Taipei Branch ("SCB Taipei")	Affiliate
Standard Chartered Bank New York ("SCB New York")	Affiliate
Standard Chartered Bank Tokyo ("SCB Tokyo")	Affiliate
Standard Chartered Bank Hong Kong Limited ("SCB HK")	Affiliate
Standard Chartered Bank Singapore ("SCB Singapore")	Affiliate
Standard Chartered Bank India ("SCB India")	Affiliate
Standard Chartered Bank Dubai ("SCB Dubai")	Affiliate
AMEX Bank Limited Singapore ("AEB Singapore")	Affiliate
Standard Chartered Bank Malaysia ("SCB Malaysia")	Affiliate
Standard Chartered Bank Germany ("SCB Germany")	Affiliate
Scope International Private Limited	Affiliate
Scope International (M) Sdn Bhd	Affiliate
Standard Chartered First Bank Korea Limited ("SCFB Korea")	Affiliate
Standard Chartered Bank (China) Limited ("SCB China")	Affiliate
Standard Chartered APR Limited ("SC APR")	Affiliate
Others	Including directors, supervisors, managers and their families, spouses, etc.
Directors, Supervisors, President and Vice Presidents	The senior management of the Bank

2) Significant transactions with related parties

A. Deposits

As of December 31, 2010 and 2009, deposits provided by related parties were as summarized below:

2010			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u>857,909</u>	<u>0.14</u>	0.00~3.40

2009			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u>819,560</u>	<u>0.17</u>	0.00~8.00

Except for the up to 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. The interest rate on employee savings accounts was calculated based on the interest rate of time savings deposits with three-year term offered to the general public plus 3% starting March 9, 2009. In addition, preferential deposit interest rate for employees was cancelled in April, 2010.

For the years ended December 31, 2010 and 2009, interest expenses on the above deposits were \$5,845 thousand and \$9,200 thousand, respectively.

B. Loans

As of December 31, 2010 and 2009, loans to related parties were as below:

2010							
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On-schedule	Overdue		
Employee consumer loans	13	7,959	5,439	5,439	-	Unsecured lending	None
Mortgage	49	437,913	393,972	393,972	-	House	None
Others	2	6,842	4,505	4,505	-	Overdraft on the comprehensive deposits	None

2009							
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On-schedule	Overdue		
Employee consumer loans	26	9,312	5,425	5,425	-	Unsecured lending	None
Mortgage	36	124,927	101,277	101,277	-	House	None
Others	2	6,296	5,392	5,392	-	Overdraft on the comprehensive deposits	None

For the years ended December 31, 2010 and 2009, interest incomes resulting from the above loans were \$3,316 thousand and \$2,155 thousand, respectively.

C. Deposits with affiliates

For the years ended December 31, 2010 and 2009, deposits with affiliates and related interest income were as follows:

	2010		
	Balance	Interest rate	Interest income
SCB HK	2,011,846	-	-
Others	130,872	0.05~0.90	993
	\$ 2,142,718		993

	2009		
	Balance	Interest rate	Interest income
SCB New York	\$ 750,427	0.05~0.60	268
SCB HK	192,522	-	-
SCB Tokyo	57,588	0.00~0.74	3
Others	62,415	0.01~1.97	181
	\$ 1,062,952		452

D. Loans and advances to affiliates

For the years ended December 31, 2010 and 2009, loans and advances to affiliates and related interest income were as follows:

	2010		
	Balance	Interest rate	Interest income
SCFB Korea	\$ 17,308,295	0.20~1.20	186,353
SCB Taipei	23,165,524	0.03~0.90	77,746
	\$ 40,473,819		264,099

	2009		
	Balance	Interest rate	Interest income
SCFB Korea	\$ 25,593,086	0.27~1.05	35,254
SCB Taipei	24,247,260	0.05~3.30	272,048
SCB New York	5,438,531	0.85~1.70	116,210
SCB	3,618,555	1.10~5.88	662,142
Others	4,262,423	0.03~4.64	135,574
	\$ 63,159,855		1,221,228

As of December 31, 2010 and 2009, the interest receivables resulting from the above loans and advances to affiliates were \$27,904 thousand and \$87,800 thousand, respectively.

E. Deposits by affiliates and loans from affiliates

For the years ended December 31, 2010 and 2009, deposits by and loans from affiliates and related interest expenses were as follows:

	2010		
	Balance	Interest rate	Interest expense
SCB HK	4,233,206	0.01~1.17	33,563
Other	<u>326,982</u>	0.13~4.50	<u>47,885</u>
	<u>\$ 4,560,188</u>		<u>81,448</u>

	2009		
	Balance	Interest rate	Interest expense
SCB New York	\$ 7,997,839	0.18~0.28	591
SCB Tokyo	6,088,881	0.31~3.60	26,232
SCB HK	3,846,329	0.10~0.35	20,620
SCB Taipei	<u>3,808,592</u>	0.28~1.04	<u>20,658</u>
	<u>\$ 21,741,641</u>		<u>68,101</u>

As of December 31, 2010 and 2009, the interest payables resulting from the above deposits by and loans from affiliates were \$76 thousand and \$2,638 thousand, respectively.

F. Derivative transactions

As of December 31, 2010 and 2009, derivative transactions engaged with affiliated parties were as follows:

2010						
Name	Contracts	Contract duration period	Notional	Net valuation adjustment	Balance sheet	
					Account	Balance
SCB	Forward contract	2011.1.3~2013.4.24	\$ 182,834,546	1,088,988	Financial assets at fair value through profit or loss	1,619,347
					Financial liabilities at fair value through profit or loss	(530,359)
	Cross currency swap	2011.1.18~2012.10.12	64,258,643	491,416	Financial assets at fair value through profit or loss	2,073,114
					Financial liabilities at fair value through profit or loss	(1,581,698)
	Commodity swap	2011.1.1~2012.1.6	862,907	14,843	Financial assets at fair value through profit or loss	35,843
					Financial liabilities at fair value through profit or loss	(21,000)
	Interest rate derivative	2011.7.8~2012.12.11	16,828,521	(71,513)	Financial assets at fair value through profit or loss	19,175
					Financial liabilities at fair value through profit or loss	(90,688)
	Interest rate swap	2011.1.10~2015.5.13	89,967,212	(2,192,980)	Financial assets at fair value through profit or loss	690,267
					Financial liabilities at fair value through profit or loss	(2,883,247)
	Option contract	2011.1.3~2012.11.29	48,848,977	(247,458)	Financial assets at fair value through profit or loss	89,903
					Financial liabilities at fair value through profit or loss	(337,361)
SCB Singapore	Forward contract	2011.1.3~2011.11.28	46,688,075	830,870	Financial assets at fair value through profit or loss	1,542,137
					Financial liabilities at fair value through profit or loss	(711,267)
SCB New York	Forward contract	2011.1.4~2011.3.28	54,743	613	Financial assets at fair value through profit or loss	696
					Financial assets at fair value through profit or loss	(83)
SCB Taipei	Forward contract	2011.1.4	2,289	96	Financial assets at fair value through profit or loss	96

2009						
Name	Contracts	Contract duration period	Notional	Net valuation adjustment	Balance sheet	
					Account	Balance
SCB	Forward contract	2010.1.4~2013.4.24	\$ 76,568,818	1,374,422	Financial assets at fair value through profit or loss	1,912,018
					Financial liabilities at fair value through profit or loss	(537,596)
	Cross currency swap	2010.5.20~2012.10.12	47,837,186	716,835	Financial assets at fair value through profit or loss	2,256,986
					Financial liabilities at fair value through profit or loss	(1,540,151)
	Commodity swap	2010.1.8~2010.10.7	19,361,678	(57,444)	Financial assets at fair value through profit or loss	408,233
					Financial liabilities at fair value through profit or loss	(465,677)
	Interest rate derivative	2010.2.2~2013.8.13	25,275,049	(122,573)	Financial assets at fair value through profit or loss	151,992
					Financial liabilities at fair value through profit or loss	(274,565)
	Interest rate swap	2010.1.11~2014.4.9	84,305,356	(3,091,246)	Financial assets at fair value through profit or loss	912,632
					Financial liabilities at fair value through profit or loss	(4,003,878)
	Option contract	2010.1.1~2016.10.9	55,429,063	(93,108)	Financial assets at fair value through profit or loss	433,420
					Financial liabilities at fair value through profit or loss	(526,528)
SCB Singapore	Forward contract	2010.1.4~2010.9.3	75,763,653	(186,725)	Financial assets at fair value through profit or loss	799,466
					Financial liabilities at fair value through profit or loss	(986,191)
	Interest rate swap	2011.12.19	703,810	14,211	Financial assets at fair value through profit or loss	14,211
SCB New York	Forward contract	2010.1.4~2010.5.24	174,279	(5,083)	Financial assets at fair value through profit or loss	590
					Financial liabilities at fair value through profit or loss	(5,673)

G. As of December 31, 2010 and 2009, the fair values of financial debentures acquired from affiliates were as follows:

Name	Fair value	
	2010	2009
SCB HK	\$ 4,698,139	4,483,269

H. As of December 31, 2010 and 2009, financial debenture payables deriving from the issuance of financial debentures to affiliates were as follows:

Name	Bond (note)	2010	2009
SCB	98-2	\$ 4,554,814	4,798,704
SCB	98-3	4,554,814	-
SC APR	98-3	-	4,798,704

Note : The issuance conditions and details of financial debentures are stated in note 4(12).

I. 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 Standard Chartered Life Insurance Agency. The contracted selling price was \$42,500 thousand, and the gain on disposal was \$23,130 thousand after deducting net book value and the related expenses. The Bank transferred the ownership in January 2005. As of December 31, 2010 and 2009, unrealized gains from affiliated-company transactions amounted to \$22,641 thousand and \$22,686 thousand, respectively, recorded as other liabilities.

J. For the years ended December 31, 2010, head office administration fee, support expenses arising from regional headquarter and wholesale banking operation were \$962,911 thousand, \$544,498 thousand and \$211,468, thousand, respectively. For the year ended December 31, 2009, head office administration fee, support expenses arising from regional headquarter and wholesale banking operation, and other expenses from professional technical support were \$1,165,734 thousand, \$573,652 thousand, \$180,849 and \$26,996 thousand, respectively. As of December 31, 2010 and 2009, head office administration fees and other expenses arising from professional technical support payable to SCB were \$1,815,937 thousand and \$2,515,939 thousand, respectively, recorded under accounts payables—related parties. Moreover, for the years ended December 31, 2010 and 2009, the royalty expenses for obtaining the right to use intellectual property of SC PLC Group amounted to \$87,141 thousand and \$75,945 thousand, respectively. As of December 31, 2010 and 2009, the royalty expenses payable to SCB were \$83,715 thousand and \$72,243 thousand, respectively, recorded under accounts payables.

K. For the years ended December 31, 2010 and 2009, the related cost of the Executive Share Option Scheme amounted to \$105,710 thousand and \$150,308 thousand, respectively. As of December 31, 2010 and 2009, accounts payable to SCB for the share-based payment scheme costs amounted to \$242,967 thousand and \$147,512 thousand, respectively, recorded as accounts payables.

L. For the years ended December 31, 2010 and 2009, expenses resulting from operating activities with affiliates were as follows:

	2010	2009
Technical support mandate service:		
SCB New York	\$ 7,912	2,949
SCB HK	5,409	13,435
SCB Singapore	676	3,249
SCB	17,765	9,819
Others	367	956
	<u>\$ 32,129</u>	<u>30,408</u>
Information technology service fees:		
Scope International Private Ltd.	\$ 49,480	36,605
SCB New York	-	38,890
Scope International (M) Sdn Bhd	52,644	-
SCB Singapore	26,079	2,597
Others	4,095	20,865
	<u>\$ 132,298</u>	<u>98,957</u>

M. As of December 31, 2010 and 2009, the deposits of Standard Chartered Life Insurance Agency Co., Ltd. were \$178,486 thousand and \$340,466 thousand, respectively, and the interest expenses were \$515 thousand and \$890 thousand, respectively. The deposits of Taiwan Standard Chartered Insurance Agency Co., Ltd. were \$20,794 thousand and \$22,832 thousand, respectively, and the interest expenses were \$48 thousand and \$57 thousand, respectively.

N. As of December 31, 2010, the accounts receivable and related service income that the Bank supported Standard Chartered Life Insurance Agency Co., Ltd. for its sales were \$167,600 thousand and \$350,702 thousand; the accounts receivable and related service income that the Bank supported Taiwan Standard Chartered Insurance Agency Co., Ltd. for its sales were \$10,700 thousand and \$20,246 thousand, respectively.

O. The Bank has signed rental contracts with Standard Chartered Life Insurance Agency Co., Ltd. Rental amount and collection method are consistent with arm's-length transaction terms.

3) The salary and remuneration of senior management.

The salary and remuneration of the directors, supervisors, president, vice presidents and major management for the years ended December 31, 2010 and 2009, were as below:

	2010	2009
Salary	\$ 70,209	64,851
Rewards, special allowance and remuneration	73,825	42,335

(6) Pledged Assets

		Amount	
Pledged assets	Pledged for	December 31, 2010	December 31, 2009
Bonds (recorded as available-for-sale financial assets)	Provisional seizure	\$ 245,600	315,000
	Securitization of mortgage loans	700,000	700,000
Total		\$ 945,600	1,015,000

Refundable security deposits made in accordance with the relevant regulations governing bank operations:

		Amount	
Security deposits	Purpose	December 31, 2010	December 31, 2009
Bonds and negotiable certificates of deposits (recorded as available-for-sale financial assets)	Reserve for trust funds	\$ 250,000	700,000
	Reserve for indemnity obligations	50,000	50,000
	Security deposits for performance	-	300,000
	Security deposits for bill trading operations	50,000	100,000
	Security deposits for futures trading	35,000	35,000
	Security deposits for security brokerage	200,000	150,000
	Bid of bonds	10,000	-
		<u>595,000</u>	<u>1,335,000</u>
Certificates of deposits (recorded as refundable deposits)	Clearing account reserve	100,000	100,000
	Security deposits for bond proprietary trading underwriting	10,000	10,000
		<u>110,000</u>	<u>110,000</u>
Total		<u>\$ 705,000</u>	<u>1,445,000</u>

- 1) Reserves for trust funds are provided by deposits that the Bank placed in the Central Bank of China for its trust custodian business.
- 2) Reserves for indemnity obligations are provided by deposits placed in the Central Bank of China for conducting a trust business.
- 3) Security deposits for performance are provided by deposits placed in the Central Deposit Insurance Corporation to perform the contract as agreed.
- 4) Assets pledged for provisional seizure are provided by collateral placed with the court in order to execute the Bank's right over debtors' properties.
- 5) Security deposits for bill trading are provided by deposits placed in the Central Bank of China for the Bank's bill trading business.
- 6) Security deposits for bond proprietary trading and underwriting are provided by deposits placed in the OTC Securities Exchange for the Bank's government bond trading and underwriting business. Furthermore, reserve for trading losses has been set to conform to securities regulations.

- 7) The cash deposited in the clearing account reserve were both \$40,400 thousand as of December 31, 2010 and 2009.
- 8) Security deposits for futures trading are operating bonds provided by deposits placed in the special account with the financial institution designated by the Financial Supervisory Commission.
- 9) Security deposits for security brokerage are operating bonds by deposits placed for operating business of securities commission agency, brokerage, agency, and other relevant businesses approved by the Competent Authority.
- 10) Bid of bonds is provided by deposits placed for bidding government bonds.

(7) 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 USD 32,000 thousand. The amounts of \$123,122 thousand were both recognized as fee income for the years ended December 31, 2010 and 2009, respectively, and the remaining amount was \$574,570 thousand recorded as unearned receipts under other liabilities.

2) Significant purchase agreements

As of December 31, 2010 and 2009, the Bank had construction agreements for expansion and renovation of buildings amounting to \$338,070 thousand and \$342,658 thousand, respectively. The unpaid amounts of the aforementioned agreements were \$15,347 thousand and \$91,551 thousand, respectively (recorded as accounts payables).

3) Operating leases

The Bank has entered into certain operating leases for its branches. As of December 31, 2010, estimated minimum future lease payments were as follows:

Fiscal year	Amount
2011	\$ 439,476
2012	407,972
2013	386,464
2014	262,324
2015 and thereafter	54,888
	<u>\$ 1,551,124</u>

4) Others

	December 31, 2010	December 31, 2009
Consignment collection for others	\$ 10,482,346	10,231,201
Traveler's checks held on consignment for sale	109,339	146,976
Securities, consignments and goods in custody	1,680,051,081	1,447,565,399
Trust assets	<u>143,490,416</u>	<u>141,883,069</u>
	<u>\$ 1,834,133,182</u>	<u>1,599,826,645</u>
Unused lines of credit	<u>\$ 17,385,747</u>	<u>16,879,061</u>
Other guarantees	<u>\$ 6,986,325</u>	<u>8,590,738</u>
Letters of credit issued	<u>\$ 4,537,769</u>	<u>2,788,530</u>

5) For the years ended December 31, 2010 and 2009, disclosures required by Article 17 of the Trust Enterprise Law on trust balance sheets, trust income statements, and trust assets were as follows:

Trust Balance Sheet		December 31, 2010	
Trust assets		Trust liabilities	
Bank deposits	\$ 20,923	Accounts payables	\$ 17
Short-term investments	128,941,261	Taxes payables	1
Structured notes	10,911,763	Payables for securities under custody	3,613,607
Other assets	2,862		
Securities under custody	<u>3,613,607</u>	Trust capital	<u>139,876,791</u>
Total trust assets	<u>\$ 143,490,416</u>	Total trust liabilities	<u>\$ 143,490,416</u>

Trust Balance Sheet		December 31, 2009	
Trust assets		Trust liabilities	
Bank deposits	\$ 21,183	Accounts payables	\$ 17
Short-term investments	135,464,613	Taxes payables	9
Other marketable securities	72,878	Payables for securities under custody	6,324,309
Accounts receivables	86		
Securities under custody	<u>6,324,309</u>	Trust capital	<u>135,558,734</u>
Total trust assets	<u>\$ 141,883,069</u>	Total trust liabilities	<u>\$ 141,883,069</u>

Trust Income Statements		
	2010	2009
Trust revenue:		
Interest revenue	\$ 125	341
Common stock cash dividends	17,509	27,143
Realized gain on investments, net	2,016	317
Unrealized gain on investments, net	38,257	348,812
	57,907	376,613
Trust expenses:		
Management expenses	209	216
Service charges	1,233	194
Loss on trading of assets	1,003	183
	2,445	593
Net income before income tax	55,462	376,020
Income tax expense	530	475
Net income after income tax	\$ 54,932	375,545

Schedules of investment for trust business		
Investment items	December 31, 2010	December 31, 2009
Bank deposits	\$ 20,923	21,183
Short-term investments:		
Bonds	1,293,220	20,433,019
Common stock	3,035,076	3,547,306
Funds	124,612,965	111,484,288
Structured notes	10,911,763	-
Other securities	-	72,878
Accounts receivables	-	86
Securities under custody	3,613,607	6,324,309
Other assets	2,862	-
	\$ 143,490,416	141,883,069

Foreign currency trust business engaged in by the Offshore Banking Unit (OBU) as of December 31, 2010 and 2009 was included in the trust balance sheets and schedules of investment for trust business.

(8) Significant Disaster Loss : none.

(9) Significant Subsequent Events : none.

(10) Others

1) Summary of staff costs, depreciation and amortization expenses

A summary of staff costs and depreciation and amortization expenses for the years ended December 31, 2010 and 2009, is as follows:

Function Account	2010			2009		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Staff costs:						
Salaries	-	4,929,036	4,929,036	-	4,649,788	4,649,788
Labor and health insurance	-	304,927	304,927	-	290,903	290,903
Pension	-	436,547	436,547	-	664,906	664,906
Other	-	313,243	313,243	-	487,250	487,250
Depreciation	-	524,595	524,595	-	551,958	551,958
Amortization	-	89,766	89,766	-	94,330	94,330

2) Reclassification

For the year ended December 31, 2009, certain amounts have been reclassified and presented to conform to the financial statements for the year ended December 31, 2010. The financial statements are not significantly affected by such reclassifications.

3) The Bank acquired ATIC on December 27, 2008 for its operation and specific assets and liabilities.

The difference between the compensation amount paid by the Central Deposit Insurance Corporation and Resolution Trust Corporation and the fair value for the acquired assets and liabilities is recognized as Goodwill. In addition, the Bank received the compensation of \$224,291 thousand from the Central Deposit Insurance Corporation and Resolution Trust Corporation for the years ended December 31, 2009. In accordance with SFAS No.25 "the accounting standards for business combination that use the purchase method", the finally recognized Goodwill is amounted to \$3,156,048 thousand.

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

A. Major foreign currency positions

December 31, 2010			December 31, 2009		
Currency	Original currency	NTD equivalent	Currency	Original currency	NTD equivalent
AUD	\$593	18,337	USD	52,459	1,678,238
NZD	354	8,322	RMB	1,604	7,517
EUR	(143)	(5,796)	AUD	3,462	99,587
USD	(4,636)	(140,774)	NZD	1,438	33,438
JPY	(33,309)	(12,418)	JPY	(680,066)	(235,526)

B. Profitability

Unit : %

Items		2010	2009
Return on assets (note 1)	Before income tax	0.69	(0.78)
	After income tax	0.44	(0.74)
Return on net equity (note 2)	Before income tax	12.34	(14.64)
	After income tax	7.98	(14.00)
Net profit ratio (note 3)		17.24	(30.90)

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

Note 2 : Return on net equity = net gain (loss) before / after tax ÷ average net equity

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

5) Capital adequacy

Capital adequacy ratios of the Bank are disclosed below:

Item			Period-end	December 31, 2010	December 31, 2009
Self-owned capital	Tier 1 Capital			32,831,721	26,239,195
	Tier 2 Capital			19,673,401	26,239,195
	Tier 3 Capital			-	-
	Total Self-owned Capital			52,505,122	52,478,390
Risk-weighted assets	Credit risk	Standardized approach		307,469,370	314,873,303
		Internal-rating-based approach		-	-
		Secularizations		-	-
	Operational risk	Basic indicator approach		33,762,611	34,866,993
		Standardized approach / alternative approach		-	-
		Advanced measurement approach		-	-
	Market risk	Standardized approach		28,841,002	31,688,991
		Internal model approach		-	-
	Risk-weighted assets			370,072,983	381,429,287
Capital adequacy ratio				14.19%	13.76%
Tier 1 capital / risk-weighted assets				8.87%	6.88%
Tier 2 capital / risk-weighted assets				5.32%	6.88%
Tier 3 capital / risk-weighted assets				-%	-%
Common stock / total assets				4.15%	4.72%
Leverage ratio				5.01%	4.25%

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

Item			Period-end	December 31, 2010	December 31, 2009
Self-owned capital	Tier 1 Capital			32,870,068	26,423,446
	Tier 2 Capital			19,711,747	26,423,446
	Tier 3 Capital			-	-
	Total Self-owned Capital			52,581,815	52,846,892
Risk-weighted assets	Credit risk	Standardized approach		307,517,173	314,952,176
		Internal-rating-based approach		-	-
		Secularizations		-	-
	Operational risk	Basic indicator approach		33,678,309	35,035,413
		Standardized approach / alternative approach		-	-
		Advanced measurement approach		-	-
	Market risk	Standardized approach		28,841,002	31,688,991
		Internal model approach		-	-
	Risk-weighted assets			370,036,484	381,676,580
Capital adequacy ratio				14.21%	13.85%
Tier 1 capital / risk-weighted assets				8.88%	6.92%
Tier 2 capital / risk-weighted assets				5.33%	6.92%
Tier 3 capital / risk-weighted assets				-%	-%
Common stock / total assets				4.15%	4.72%
Leverage ratio				5.02%	4.29%

6) Foreign currency financial assets and liabilities

For the years ended December 31, 2010 and 2009, the foreign currency financial assets and liabilities which have significant influence in the Bank were as follows:

	2010			2009		
	Foreign currency	exchange rate	New Taiwan dollars	Foreign currency	exchange rate	New Taiwan dollars
Financial assets						
Monetary items						
USD	2,722,937	30.37	82,683,141	3,848,532	31.99	123,119,759
Non-monetary items						
USD	601,501	30.37	18,264,836	772,876	31.99	24,725,356
Financial liabilities						
Monetary items						
USD	3,103,863	30.37	94,250,142	3,244,285	31.99	103,789,093
Non-monetary items						
USD	384,993	30.37	11,690,479	126,223	31.99	4,038,040

(11) Other Disclosure Items

1) Related information on material transaction items:

A. 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.

B. 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.

C. 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:

Name of company which disposed property	Category of property	Book value	Transaction amount	Conditions of payment	Gain (loss) on disposal	Counter-party	Relationship with the Bank	Purpose of disposal	Reference for deciding price	Other required items
Standard Chartered Bank (Taiwan) Limited	Land and premises	\$779,803	\$845,000	Payment Received	\$47,164	L'Hotel de Chine Group	None	To make a profit	Arm's length transaction	None

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

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

F. Information regarding selling of non-performing loans:

a. Summary for sale of non-performing loans

Transaction date	Counterparty	Content	Book value	Price	Gain from sale	Attachment clause	Relationship
2010.5.7	Chinatrust Asset Management Co., Ltd	Corporate & Personal finance	-	70,341	70,341	None	Non-related party
2010.8.2	Liang Jing Industrial Co., Ltd	Credit card & credit loan	-	218,795	281,795	Repurchase agreement	Non-related party
2010.9.8	80544292- China Growth Fourth Asset Management Company	Mortgage loan	582,185	562,044	97,241	Repurchase agreement	Non-related party
2010.10.19	Xpress Second Asset Management Company	Corporate & Personal finance	-	141,073	141,037	None	Non-related party
2010.12.1	Liang Jing Industrial Co., Ltd	Credit card & credit loan	-	218,277	218,277	Repurchase agreement	Non-related party

b. Information on individual NPL sales transactions of more than \$1 billion (exclusive of sales to related parties) : None

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

H. 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:

A. 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	
Standard Chartered Life Insurance Agency Co., Ltd.	No. 85, Chung-Zeng Road, Hsinchu, Taiwan	Life insurance agent	100.00%	65,175	2,614	300	-	300	100.00%	-
Taiwan Standard Chartered Insurance Agency Co., Ltd.	No. 85, Chung-Zeng Road, Hsinchu, Taiwan	Property insurance agent	100.00%	11,517	3,786	300	-	300	100.00%	-
Paradigm Assets Management Co., Ltd.	19F., No. 123, Sec. 2, Chung-Hsiao East Road, Taipei, Taiwan	Securities investment trust	-%	-	-	-	-	-	-%	Note 1
Fuji Enterprise Management Consulting Co., Ltd. (formerly Fubon Securities Co., Ltd.)	6-7F., No.258, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 10687, Taiwan	Financial securities services	0.99%	-	-	10	-	10	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., Neihsu District, Taipei City 11485, Taiwan	Information technology 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	3.18%	6,673	-	630	-	630	3.18%	-
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%	-
Liyu Venture Investment, Inc.	8F., No.70, Sec. 3, Nanjing E. Rd., Jhongshan District, Taipei City 10489, Taiwan	Venture capital services	4.76%	10,080	-	1,008	-	1,008	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	6 and B1F., No.99, Sec. 2, Ren-ai Rd., Jhongheng 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%	-
Taiwanpay Corporation (formerly 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 Cooperative Bills Finance Corporation	14F., No. 85, Sec 2, Nan Jing Dong Rd., Zhongshan District, Taipei City, Taiwan	Financial securities services	5.24%	94,546	-	13,346	-	13,346	5.24%	-

Note 1 : The FSC approved the shares transferred on February 8, 2010.

- B. Lending to other parties: none.
- C. Guarantees and endorsements for other parties: none.
- D. Information regarding securities held as of June 30, 2010: none.
- E. 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.
- F. 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.
- G. 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.
- H. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: none.
- I. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: none.
- J. Information regarding trading in derivative financial instruments: none.
- K. Information regarding selling non-performing loans: none.
- L. Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Investment Trusts: none.
- M. Other material transaction items which were significant to people who use the information in the financial statements to make financial decisions: none.

(12) 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 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 revenue.

4) Important customer information

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

Independent Auditors' Report

The Board of Directors

Standard Chartered Bank (Taiwan) Limited:

We have audited the accompanying consolidated balance sheets of Standard Chartered Bank (Taiwan) Limited and its Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2010 and 2009. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our reviews in accordance with Republic of China Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements". A review consists principally of inquiries of the Bank's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with Republic of China generally accepted auditing standards, and the objective of which is to express of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph in order for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Banks and Republic of China generally accepted accounting principles.

KPMG
2 March, 2011

Declaration

The companies included in the consolidated financial statements of affiliated enterprises prepared by Standard Chartered Bank (Taiwan) Limited for FY 2010 (from 1 January 2010 to 31 December 2010) in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical with those to be included in the consolidated financial statements of parent company and subsidiaries in accordance with Statement of Financial Accounting Standards No. 7, and the relevant information to be disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the consolidated financial statements of parent company and subsidiaries. Therefore, the Bank will not prepare separate consolidated financial statements of affiliated enterprises.

Standard Chartered Bank (Taiwan) Limited

Chairman: Katherine King-Suen Tsang
2 March, 2011



Standard Chartered Bank (Taiwan) Limited

Consolidated Balance Sheets

December 31, 2010 and 2009

(Expressed in thousands of New Taiwan dollars, except for par value)

	2010	2009	Change %
Assets			
Cash and cash equivalents (notes 4(1) and 5)	\$7,503,661	5,808,959	29
Balance at Central Bank and loans and advances to banks (notes 4(2) and 5)	99,652,258	113,755,340	(12)
Financial assets at fair value through profit or loss (notes 4(3) and (19) and 5)	28,405,970	28,514,878	-
Accounts receivables, net (notes 4(4), (5) and (17) and 5)	26,804,963	27,295,532	(2)
Loans and advances to customers, net (notes 4(5) and (19), 5 and 11)	344,500,675	313,086,588	10
Available-for-sale financial assets, net (notes 4(6) and (19), 5 and 6)	178,338,617	108,235,427	65
Other financial assets, net (notes 4(7) and (19) and 11)	445,803	340,118	31
Property and equipment, net (note 4(8))	7,272,918	7,609,908	(4)
Intangible assets (notes 4(9) and (15) and 10(3))	3,410,632	3,518,658	(3)
Other assets (notes 4(10) and (17) and 6)	5,410,359	7,965,340	(32)
Total Assets	<u>\$ 701,745,856</u>	<u>616,130,748</u>	14

(Expressed in thousands of New Taiwan dollars, except for par value)

	2010	2009	Change %
Liabilities and Stockholders' Equity			
Liabilities			
Deposits by Central Bank and other banks (note 5)	\$ 10,647,359	49,355,596	(78)
Financial liabilities at fair value through profit or loss (notes 4(3) and (19) and 5)	19,801,306	19,961,310	(1)
Account payable (notes 4(16), 5 and 7)	6,748,466	6,482,367	-
Accounts payables-related parties (note 5)	2,008,720	2,577,875	(22)
Deposits and remittances (notes 4(11) and 5)	601,521,136	469,832,096	28
Financial debentures (notes 4(12) and 5)	19,224,205	29,500,120	(35)
Other financial liabilities (note 4(19))	358,260	331,065	8
Other liabilities (notes 4(15), 5 and 7)	<u>3,146,616</u>	<u>3,081,274</u>	2
Total liabilities	<u>663,456,068</u>	<u>581,121,703</u>	14
Stockholders' Equity (notes 4(6), (15) and (18)):			
Common stock, par value \$10, authorized 3,000,000 thousand shares and issued 2,910,572 thousand shares as of December 31, 2010 and 2009, respectively	<u>29,105,720</u>	<u>29,105,720</u>	-
Capital surplus	<u>5,786,031</u>	<u>10,430,441</u>	(45)
Retained earnings:			
Legal reserve	-	5,374	-
Accumulated (deficits) earnings	<u>2,922,991</u>	<u>(4,649,784)</u>	163
	<u>2,922,991</u>	<u>(4,644,410)</u>	163
Other adjustments to stockholders' equity:			
Unrealized revaluation increments on property and equipment	363,949	381,303	(5)
Unrealized gain on available-for-sale financial assets	373,167	28,128	1,227
Unrealized gain on cash flow hedge	66,283	3,253	1,938
Net loss on unrecognized pension cost	<u>(328,353)</u>	<u>(295,390)</u>	(11)
	<u>475,046</u>	<u>117,294</u>	305
Total stockholders' equity	38,289,788	35,009,045	9
Commitments and contingent liabilities (notes 4(10), (19), 6 and 7)			
Total Liabilities and Stockholders' Equity	<u>\$ 701,745,856</u>	<u>616,130,748</u>	14

Standard Chartered Bank (Taiwan) Limited and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan dollars, except for earnings per share)

	2010	2009	Change %	
Interest income (notes 4(3) and (13) and 5)	\$ 11,938,819	13,332,390	(10)	
Less: Interest expenses (note 5)	<u>3,026,274</u>	<u>4,792,211</u>	(37)	
Net interest income	<u>8,912,545</u>	<u>8,540,179</u>	4	
Other operating income:				
Fees and commission income, net (note 7(1))	5,596,690	3,797,479	47	
Gain on financial instruments at fair value through profit or loss (notes 4(3) and 5)	1,918,992	1,448,951	32	
Realized gain on available-for-sale financial assets (note 4(6))	51,864	233,778	(78)	
Investment income from interest in associates under equity method (note 4(7))	81,156	-	-	
Foreign exchange gain, net	(170,243)	772,839	(122)	
Impairment loss on assets	(103,520)	(46,174)	(124)	
Gain on Sale of non-performing loans (note 11)	745,691	361,307	106	
Other non-interest income, net (notes 4(7), (10), and (14))	<u>258,368</u>	<u>83,956</u>	208	
Operating income	17,291,543	15,192,315	14	
Bad debt expenses (note 4(4) and (5))	<u>1,453,276</u>	<u>7,628,170</u>	(81)	
Operating expenses:				
Staff costs (notes 4(15) and (16), 5 and 10(1))	5,985,816	6,093,627	(2)	
Depreciation and amortization expenses (notes 4(9) and 10(1))	615,838	647,103	(5)	
General and administrative expenses (notes 5 and 7)	<u>4,732,046</u>	<u>5,599,383</u>	(15)	
	<u>11,333,700</u>	<u>12,340,113</u>	(8)	
Profit (loss) from continuing operations before income tax	4,504,567	(4,775,968)	194	
Income tax expense (benefit) (note 4(17))	<u>1,581,576</u>	<u>(113,643)</u>	1,492	
Consolidated net income (loss)	<u>\$ 2,922,991</u>	<u>(4,662,325)</u>	163	
Attributable to:				
Parent company	<u>\$ 2,922,991</u>	<u>(4,662,325)</u>	129	
	Before tax	After tax	Before tax	After tax
Basic (deficits) earnings per share (note 4(18))	<u>\$ 1.55</u>	<u>1.00</u>	<u>(1.90)</u>	<u>(1.86)</u>

Standard Chartered Bank (Taiwan) Limited and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan dollars)

	Retained earnings				Other adjustments				
	Common stock	Capital surplus	Legal reserve	Accumulated earnings(deficits)	Unrealized revaluation increments on property and equipment	Unrealized (loss) gain on available-for-sale financial assets	Unrealized gain on cash flow hedge	Net loss on unrecognized pension cost	Total
Balance as of January 1, 2009	\$ 24,855,720	6,183,410	-	17,915	381,303	352,768	-	(192,116)	31,599,000
Capital injection in cash (note 4(18))	4,250,000	4,247,031	-	-	-	-	-	-	8,497,031
Legal reserve (note 4(18))	-	-	5,374	(5,374)	-	-	-	-	-
Net loss for the year ended December 31, 2009	-	-	-	(4,662,325)	-	-	-	-	(4,662,325)
Movement of unrealized loss on available-for-sale financial assets (note 4(6))	-	-	-	-	-	(324,640)	-	-	(324,640)
Unrealized gain on cash flow hedge (notes 4(5) and (19))	-	-	-	-	-	-	3,253	-	3,253
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	(103,274)	(103,274)
Balance as of December 31, 2009	29,105,720	10,430,441	5,374	(4,649,784)	381,303	28,128	3,253	(295,390)	35,009,045
Capital surplus for offsetting against accumulated deficits (note 4(18))	-	(4,644,410)	-	4,644,410	-	-	-	-	-
Legal reserve for offsetting against accumulated deficits (note 4(18))	-	-	(5,374)	5,374	-	-	-	-	-
Net gain for the year ended December 31, 2010	-	-	-	2,922,991	-	-	-	-	2,922,991
Movement of unrealized revaluation increments on property and equipment	-	-	-	-	(17,354)	-	-	-	(17,354)
Movement of unrealized gain on available-for-sale financial assets (note 4(6))	-	-	-	-	-	345,039	-	-	345,039
Unrealized gain on cash flow hedge (notes 4(5) and (19))	-	-	-	-	-	-	63,030	-	63,030
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	(32,963)	(32,963)
Balance as of December 31, 2010	<u>\$ 29,105,720</u>	<u>5,786,031</u>	<u>-</u>	<u>2,922,991</u>	<u>363,949</u>	<u>373,167</u>	<u>66,283</u>	<u>(328,353)</u>	<u>38,289,788</u>

Standard Chartered Bank (Taiwan) Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009

(expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flows from operating activities:		
Net income (loss)	\$ 2,922,991	(4,662,325)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expenses	525,307	552,309
Amortization expenses	90,531	94,794
Bad debt expenses-accounts receivables, loans and advances to customers and guarantee	1,453,276	2,173,515
Bad debt expenses-provision for compensation receivable	-	5,454,655
Reserves	11,386	28,866
(Gain) loss on disposal and obsolescence of property and equipment	(46,962)	289,084
Realized gain on available-for-sale financial assets	(51,864)	(233,778)
Investment income from interest in associates under equity method	(81,156)	-
Net impairment losses	103,520	46,174
Gain on disposal of non-performing loans	(745,691)	(361,307)
Deferred income tax expense (benefit)	1,168,520	(361,838)
Realized deferred revenue	(123,122)	(123,122)
Derecognition of fixed assets as expenses	1,926	-
Gain on evaluation of financial assets carried at cost	(1,271)	-
Decrease in operating assets:		
Decrease in bills and bonds purchased under reverse repurchase agreements	-	1,179,467
Decrease in financial assets at fair value through profit or loss	108,908	10,783,884
Decrease in accounts receivables	60,569	245,341
Decrease (increase) in other financial assets	109,555	(229,551)
Decrease in other assets	275,196	1,069,352
Increase (decrease) operating liabilities:		
Decrease in financial liabilities at fair value through profit or loss	(160,004)	(10,732,147)
Increase (decrease) in accounts payables	266,099	(6,380,507)
(Decrease) increase in accounts payables - related parties	(569,155)	658,748
Increase (decrease) in other liabilities	145,472	(487,895)
Net cash (used in) provided by operating activities	5,464,031	(996,281)

(continued)

Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(600,751,643)	(468,223,217)
Proceeds from disposal of available-for-sale financial assets	531,093,122	481,518,941
Proceeds from disposal of investments in associates under equity method	81,156	-
Proceeds from disposal of assets held for sale	-	189,284
Acquisition of property and equipment	(358,439)	(302,254)
Proceeds from disposal of property and equipment	60,536	253,735
Proceeds from disposal of leased and idle assets	1,018,579	-
Proceeds from disposal of collaterals	107,875	-
Net cash provided by business acquisition (note 10(3))	-	224,291
Decrease (increase) in balance at Central Bank and loans and advances to banks	14,103,082	(14,946,694)
Increase in loans and advances to customers	(32,919,598)	(12,343,620)
Proceeds from disposal of non-performing loans	1,228,381	2,431,202
Proceeds from disposal of financial assets carried at cost	39,336	-
Acquisition of intangible assets	(12,025)	-
Net cash used in investing activities	(86,309,638)	(11,198,332)
Cash flows from financing activities:		
Decrease in bills and bonds sold under repurchase agreements	-	(412,853)
Issuance of financial debentures	-	19,699,039
Repayment of financial debentures	(10,469,480)	(9,826,299)
Capital increment from cash	-	8,497,031
(Decrease) increase in deposits by Central Bank and other banks	(38,708,237)	28,317,594
Increase (decrease) in deposits and remittances	131,718,026	(43,941,881)
Net cash provided by (used in) financing activities	82,540,309	2,332,631
Net increase (decrease) in cash and cash equivalents	1,694,702	(9,861,982)
Cash and cash equivalents at beginning of period	5,808,959	15,670,941
Cash and cash equivalents at end of period	\$ 7,503,661	5,808,959
Supplemental disclosure of cash flow information:		
Cash payments of interest	\$ 2,945,080	6,027,323
Cash payments of income tax	\$ 150,302	332,989
Adjustments to reconcile cash from investing and financing activities:		
Unrealized gain (loss) on available-for-sale financial assets	\$ 345,039	(324,640)

VI. Any Financial Crunch Confronted by the Bank and Its Affiliates and the Related Impacts : [None]



VII. Review and Analysis of Financial Conditions, Operating Results and Risk Management



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I. Analysis of Financial Conditions

Unit: NTD'000

Item	Year	2010	2009	Variance	
				Amount	%
Cash & cash equivalent		7,503,661	5,808,959	1,694,702	29
Due from Central Bank and Inter-bank Placement		99,652,258	113,755,340	(14,103,082)	(12)
Financial assets at fair value through profit or loss		28,405,970	28,514,878	(108,908)	0
Bonds and bills sold under resale agreements		0	0	0	0
Receivables, net		26,956,704	27,262,328	(305,624)	(1)
Assets held for sale, net		0	0	0	0
Loans and bills discounted, net		344,500,675	313,086,588	31,414,087	10
Available-for-sale financial assets		178,338,617	108,235,427	70,103,190	65
Equity investment under equity method		76,692	368,502	(291,810)	(79)
Other financial assets, net		445,803	340,118	105,685	31
Fixed assets, net		7,253,113	7,589,391	(336,278)	(4)
Intangible assets, net		3,408,715	3,516,119	(107,404)	(3)
Other assets, net		5,410,310	7,964,904	(2,554,594)	(32)
Total assets		701,952,518	616,442,554	85,509,964	14
Due to Central Bank and other banks		10,647,359	49,355,596	(38,708,237)	(78)
Financial liabilities at fair value through profit or loss		19,801,306	19,961,310	(160,004)	(1)
Bonds and bills sold under repurchase agreements		0	0	0	0
Accounts Payable		8,743,161	8,986,389	(243,228)	(3)
Deposits and remittances payable		601,720,416	470,195,395	131,525,021	28
Bank notes payable		19,224,205	29,500,120	(10,275,915)	(35)
Other financial liabilities		358,260	331,065	27,195	8
Other liabilities		3,168,023	3,103,634	64,389	2
Total liabilities	Before distribution	663,662,730	581,433,509	82,229,221	14
	After distribution	663,662,730	581,433,509	82,229,221	14
Common stock		29,105,720	29,105,720	0	0
Capital surplus		5,786,031	10,430,441	(4,644,410)	(45)
Retained earnings	Before distribution	2,922,991	(4,644,410)	7,567,401	163
	After distribution	2,922,991	(4,644,410)	7,567,401	163
Other shareholders' equity		475,046	117,294	357,752	305
Total Shareholders' Equity	Before distribution	38,289,788	35,009,045	3,280,743	9
	After distribution	38,289,788	35,009,045	3,280,743	9

II. Analysis of Operating Results

Unit: NTD'000

Item \ Year	2010	2009	Variance	
			Amount	%
Interest Income, net	8,911,419	8,539,126	372,293	4
Non-interest income, net	8,039,597	6,549,521	1,490,076	23
Provision for loan loss	1,453,276	7,628,170	(6,174,894)	(81)
Operating expense	10,976,520	12,335,065	(1,358,545)	(11)
Income (loss) from continuing operations before tax	4,521,220	(4,874,588)	9,395,808	193
Income (loss) from continuing operations after tax	2,922,991	(4,662,325)	7,585,316	163
Income (Loss) from discontinued operations (Net of tax)	0	0	0	0
Income (loss) from Extraordinary items (Net of tax)	0	0	0	0
Cumulative effect of changes in accounting principles (Net of tax)	0	0	0	0
Net income (loss)	2,922,991	(4,662,325)	7,585,316	163
EPS	1.00	(1.86)	2.86	154

III. Cash Flows

(I) Liquidity Analysis for the Past Two Year :

Item \ Year	2010	2009	Increase (Decrease)%
Cash flow ratio (%)	15.14	(1.45)	16.59
Cash flow adequacy ratio, net (%)	675.92	822.82	(146.90)
Ratio of cash flow from operations to cash flow from investments (%)	(6.52)	9.80	(16.32)

(II) Liquidity Analysis for the Next Year

Unit: NTD'000

Cash Balance at the Start of the Period (1)	Net Operating Cash Flow for the Whole Year (2)	Cash Outflow for the Whole Year (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Measures to Finance Cash Deficiency	
				Investment Plan	Financing Plan
7,503,000	7,496,000	2,504,000	12,495,000	None	None

IV. Impact on the Bank's Financial Structure and Business from Substantial Capital Expenditure in the Last Few Years

(I) Major Capital Expenditures in Recent Years

Unit : NTD'000

Project	Actual or Expected Funding Sources	Actual or Expected Completion Date	Total Capital Required	Actual or Expected Capital Utilization					
				2005	2006	2007	2008	2009	2010
Remodeling of Luchou Branch	Self-owned capital	2006	13,120		13,120				
Remodeling of Flagship Branches	Self-owned capital	2006	100,000	16,000	84,000				
IT Equipment Procurement	Self-owned capital	2006	33,225	14,975	18,250				
ATM Procurement	Self-owned capital	2007	9,484			9,484			
Branch Remodeling	Self-owned capital	2008	632,528			277,632	354,896		
Branch Remodeling	Self-owned capital	2009	252,864					252,864	
Branch Remodeling	Self-owned capital	2010	224,054						224,054

(II) Expected Benefits from Capital Expenditures

Through branch remodeling and facilities upgrade, the Bank aims to provide customers with superior and convenient services, expand our market shares, as well as to strengthen competitiveness.

V. Reinvestment Policy for 2010, Main Reasons for Investment Gain or Loss, and the Improvement and Investment Plan for the Next Year

The primary objective of the Bank's reinvestment plans is to generate operational synergy and strengthen cross-sector management as a financial institution. As of 2010, net realized gain from investee companies totaled NTD 107,631 thousand dollars, which was primarily contributed by disposal of Paradigm Asset Management Co., Ltd. and the cash dividends received from other investee companies.

VI. Risk Management

(I) Qualitative and Quantitative Information of All Risks

1. Credit Risk Management Structure and Capital Requirement

(1) Credit Risk Management Structure

Description / Disclosure

1. Credit risk strategy, goal, policy and procedure

The management of risk lies at the heart of Standard Chartered's business. One of the main risks we incur arises from extending credit to customers through our trading and lending operations.

Effective risk management is fundamental to being able to generate profits consistently and sustainably and is thus a central part of the financial and operational management of the Bank

Strategy & Goal

Through our risk management framework we manage enterprise-wide risks, with the objective of maximizing risk-adjusted returns while remaining within our risk appetite.

As part of this framework, we use a set of principles that describe the risk management culture we wish to sustain:

- Balancing risk and reward: risk is taken in support of the requirements of our stakeholders, in line with our strategy and within our risk appetite;
- Responsibility: it is the responsibility of all employees to ensure that risk-taking is disciplined and focused. We take account of our social, environmental and ethical responsibilities in taking risk to produce a return;
- Accountability: risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk-taking must be transparent, controlled and reported;
- Anticipation: We seek to anticipate future risks and maximise awareness of all risks; and
- Competitive advantage: We seek competitive advantage through efficient and effective risk management and control.
- The following diagram illustrates the high level risk committee

Policies and Procedures

The credit policies and procedures are considered and approved by the BOD, which also oversees the delegation of credit approval and loan impairment provisioning authorities. Policies and procedures that are specific to each business are established. These are consistent with the Group-wide credit policies, but are more detailed and adapted to reflect the different risk environments and portfolio characteristics.

2. Credit risk management organization and structure

Ultimate responsibility for setting our risk appetite and the effective management of risk rests with the Bank's Board. The Risk Committee, through authority delegated by the Board via the Executive Committee, will supervise and direct the management of credit risk. The Executive Committee members and the Chief Risk Officer, together with Internal Auditors, provide assurance, independent from the businesses, that risk is being measured and managed in accordance with the Bank's standards and policies.

The Risk Committee is responsible for agreeing standards for risk measurement and management, and also delegating authorities and responsibilities to sub-committees and to Risk Officers. To appropriately manage credit risk, the Bank has established various

credit risk related committees which report at minimum quarterly to the Risk Committee, which reports directly to the Executive Committee and the Board. WB/CB Risk Heads shall report to the Risk Committee at minimum quarterly as well.

Internal Audit is a separate function that reports to the Board and will provide independent confirmation that Bank and business standards, policies and procedures are being complied with. Where necessary, corrective action is recommended.

3. The scope and characteristics of credit risk report and evaluation system

Risk measurement plays a central role, along with judgement and experience, in informing risk-taking and portfolio management decisions. It is a primary area for sustained investment and senior management attention.

Various risk measurement systems are available to risk officers to enable them to assess and manage the credit portfolio. These include systems to calculate Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), RWA and Capital requirements on a transaction, counterparty and portfolio basis.

A number of internal risk management reports are produced on a regular basis, providing information on; individual counterparty, counterparty group, portfolio exposure, credit grade migration, the status of accounts or portfolios showing signs of weakness or financial deterioration, models performance and updates on credit markets.

The bank regularly monitors credit exposures, portfolio performance, and external trends which may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios and countries; portfolio delinquency and loan impairment performance.

4. Policies for credit risk hedge and mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge and mitigation tools

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees and letters of credit. The Group also enters into collateralized reverse repurchase agreements.

Where guarantees or credit derivatives are used as Credit Risk Mitigation (CRM) the creditworthiness is assessed and established using the credit approval process in addition to that of the obligor or main counterparty.

Collateral is valued in accordance with our risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired loans is maintained at fair value.

Certain credit exposures are mitigated using credit default insurance.

Bilateral and multilateral netting are used to reduce pre-settlement and settlement counterparty risk. Pre-settlement risk exposures are normally netted using the bilateral netting documentation in legally approved jurisdictions. Settlement exposures are generally netted using Delivery vs Payments or Payment vs Payments systems.

5. Method used for regulatory capital calculation

Standardized Approach

(2) Required Capital for Credit Risk under Standardized Approach

31 December 2010

Unit : NTD'000

Exposure Type	Exposure after Risk Mitigation	Required Capital
Sovereign	199,604,520	14,817
Non-central government public sector entities (PSEs)	984,997	39,400
Banks (including multilateral development banks – MDBs)	108,075,827	3,106,455
Corporations (including security and insurance companies)	79,959,444	6,243,962
Retail	131,078,097	8,173,598
Residential mortgage	173,553,000	6,278,464
Equity security investment	92,222	29,511
Other assets	13,873,151	711,343
Total	707,221,258	24,597,550

2. Exposures and Capital Requirement under the Asset-backed Securitization Management Structure

(1) Asset-backed Securitization Management Structure

Description / Disclosure

1. Strategy and procedure of asset securitization management

Strategy of asset securitization

Asset securitization plays an important role in financial markets. Banks can sell the financial assets with steady cash inflows (i.e. mortgage loan and credit card receivables which are with standard characteristics) to a Special Purpose Entity ("SPE") to be re-packaged, sliced, and issued as many small-amount beneficiary securities. The related rights and obligations will be transferred along with the loans through the securitization procedures and the credit risk of the loans will be segregated from the originating bank.

The issuance of asset securitization products depends on the Bank's business strategy and will be appropriately assessed to achieve the following benefits:

1. Facilitate asset and liability management and improve the mismatch status
2. Diversify funding sources and reduce funding costs

3. Transfer risks of financial assets
4. Improve capital adequacy ratio
5. Keep taping into capital markets and strengthen our brand name among institution investors

Procedure of asset securitization

For the key procedures of securitization, the Bank emphasizes the standardization and the diversification of risks when pooling assets. During the process of transferring loans to the SPE, the emphasis is on the legal arrangements regarding risk segregation and the design of credit enhancement mechanism in the securitization structure. The issuance procedure will be processed with the assistance of internal Group Asset Backed Securitization Team or external experienced financial institutions.

2. Asset securitization management organization and structure

As an Originator

The Bank currently holds certain portions retained from the two asset securitization products issued by the former Hsinchu International Bank. The issuances of these two RMBS products are aligned with the local Financial Asset Securitization Act; the rights and obligations along with securitized mortgage loans have been transferred to the trustee via setting up a SPE. The SPE issued the beneficiary securities and delivered the proceeds to the bank.

The two RMBS products were issued on December 2005 and September 2006 with the book value of NTD 12.0 billion and NTD 13.2 billion respectively, of which the bank retained NTD 1.8 billion and NTD 2.9 billion respectively for credit enhancement purpose. In the issuance structure of these two RMBS products, in addition to being the originator, the Bank services the transactions (i.e. collections). The retained RMBS positions are currently under monthly fair value evaluation.

The CB Operations department performs the business as usual in the way of normal mortgage loan operation procedures. CB Operations collects account receivables from mortgage borrowers, delivers the payments to RMBS investors according to the contract and provides servicer reports to related parties monthly.

The CB Risk department follows the same credit policy and procedures for both securitized and non-securitized portfolios and regularly monitors the delinquency status of the securitized mortgage loans. Based on the reports prepared by CB Finance, the Bank's management reviews the RMBS revenue and performance on a monthly basis.

As a Non-Originator

The Bank currently holds an amount of NTD 400 million of Tranche A2 of a Collateralized Bond Obligation (CBO) security which is originated by Polaris Securities and Bank of Overseas Chinese, issued in April 2006 and will mature in February 2011. The total issuance amount of Tranche A2 is NTD 1,785 million; interests are paid semi-annually at a fixed coupon and the principal is one bullet payment at maturity. The CBO position is currently rated as twA by Taiwan Ratings Corporation.

Our debt underwriting team holds this securitization position as being the arranger and underwriter during the IPO process of this security. Currently this position is under the management of the bonds trading desk in Global Markets.

While the risk for the CBO is managed locally, there is also strong support from SCB regional and group business and risk management functions based outside of Taiwan.

3. The scope and characteristics of asset securitization risk report and evaluation system

As an Originator

Currently the Bank's CB Operations provides a monthly servicer report covering information including assets pool balance

outstanding, account numbers, interest rates, maturity dates, loan-to-value ratios, collateral information, collections and payment details, default and delinquency status. The CB Risk department monitors the credit risk for securitized asset pools regularly and provides credit quality reports covering default and overdue loan analyses.

As the Trustee of our two RMBS products, Deutsche Bank Taipei Branch provides quarterly trustee reports which cover the status of the asset disposition, collection distribution and changes to the trust collections account, distributions account, reserve fund account and other expenses account.

For the portions retained for credit enhancement purpose, monthly appraisals will be conducted according to the prepayment status of the pool, the default possibility, and the market interest rates. As the originated asset pools are all non-rated, the Bank has deducted the retained portions from capital aligned with the FSC capital adequacy ratio (CAR) calculation regulations.

As a Non-Originator

According to the recent amended SFAS 34, the CBO security position has been reclassified as an available-for-sale (AFS) asset. The risk position of this CBO security is daily monitored by the risk management team. The revaluation is done with market price daily by Finance.

4. Policies for hedging or mitigating asset securitization risks as well as the strategy and procedure for maintaining efficiency in the tools of hedging and mitigating risks

As an Originator

To reduce the counterparty risk for asset securitization, there are back-up service institutions for the two RMBS structures. If for any reason the Bank could not continue to meet its delegations as servicer, a back-up servicer will replace the Bank as the servicing institution for these two RMBS framework.

The credit risk management for securitized mortgage pools is consistent with the management for other non-securitized loans. The Bank has established a comprehensive collateral management policy for mortgage to maintain the value and effectiveness for collateral, including loan to value ratios, security recovery rates, collateral verification and appraisal, registration for relevant documentations, insurance and policies renewals.

Regular appraisals for retained RMBS position are conducted to monitor the asset qualities.

As a Non-Originator

The mitigation of the market and credit risk management of this CBO security will fall under the bond trading team's responsibility following the existing approved limit and procedure.

5. Method used for regulatory capital calculation

As an Originator

Since the original mortgages of the two RMBS products apply Standardized Approach in required capital calculation, the same approach should be applied to the securitization portions retained by the Bank. The Bank follows the FSC regulations to apply the upper capital limit rules for the retained RMBS portions in its CAR calculation. That is, the capital charge for the RMBS positions should not exceed the required capital for the mortgages before securitization.

As a Non-Originator

The regulatory capital calculation follows the existing guideline set for the securitization assets in the trading book, the Standard method is applied.

(2) Asset Securitization

31 December 2010

Unit : NTD'000

Type	Total Issued Amount	Outstanding Balance	Buy Back Balance
RMBS1-Special Purpose Trust Investors' Beneficiary Securities	10,204,484	989,351	
RMBS1-Special Purpose Trust Sellers' Beneficiary Securities	1,800,791		1,800,791
RMBS2-Special Purpose Trust Investors' Beneficiary Securities	10,322,771	1,474,267	
RMBS2-Special Purpose Trust Sellers' Beneficiary Securities	2,911,551		2,911,551

(3) Required Capital for Asset-backed Securitization Exposures

31 December 2010

Unit : NTD'000

Exposure Type	Non-originating Bank		Originating Bank					
	Securitization-based Exposure Purchased or Held	Required Capital	Exposure					Pre-issuance Required Capital
			Non-asset-backed Commercial Paper				Asset-backed Commercial Paper	
			Traditional Type		Combination Type			
			Retained Portion	Non-retained Portion	Retained Portion	Non-retained Portion		
Residential Mortgage			4,712,342	7,447,702				266,647
Specific & General Market Risk	352,542	28,908						
Total	352,542	28,908	4,712,342	7,447,702				266,647

(4) Summary of Securitized Product Investment

31 December 2010

Unit : NTD'000

Item	Original Cost	Accumulated Valuation Gain or Loss	Accumulated Impairment	Book Amount
RMBS1-Special Purpose Trust Sellers' Beneficiary Securities	1,800,791	(69,701)	0	1,731,090
RMBS2-Special Purpose Trust Sellers' Beneficiary Securities	2,911,551	(193,097)	0	2,718,454

(5) Relevant Information on any Securitized Product with the Original Investment Cost Reached NTD 300 million and above

Securities Name	2006-1 Collateralized Bond Obligation (CBO) Security Issued by Polaris Securities and Bank of Overseas Chinese – Special Purpose Trust Beneficiary Securities (Tranche A2)
Currency	NTD
Issuer and Location	Polaris Securities and Bank of Overseas Chinese (Taipei city)
Purchase Date	25/04/2007
Maturity Date	18/02/2011 (Scheduled maturity date) 18/02/2013 (Statutory maturity date)
Coupon Rate	2.30%
Credit Rating	twA(sf) (Taiwan Ratings)
Method of Interest and Principal Repayment	Interests are paid semi-annually at a fixed coupon and the principal is one bullet payment at maturity
Original Cost	326,941 (thousand)
Accumulated Valuation on Gain or Loss	32,765 (thousand)
Accumulated Impairment	0
Book Amount	359,706 (thousand)
Attachment Point	-
Description of Asset Pool	1. Bank SinoPac financial debenture (2004-1-12) : NTD 300 million 2. Bank SinoPac financial debenture (2004-1-14) : NTD 300 million 3. Merit Holdings Limited : USD 150 million

(6) Relevant Information on the Trust Position held by the Bank as an Originator and for Trust Enhancement Purpose

Securities Name	RMBS1-Special Purpose Trust Sellers' Beneficiary Securities	RMBS2-Special Purpose Trust Sellers' Beneficiary Securities
Currency	NTD	NTD
Purchase Date	20/12/2005	20/09/2006
Maturity Date	On Trust Allocation Date in July 2027	On Trust Allocation Date in January 2028
Coupon Date	N/A	N/A
Credit Rating	-	-
Method of Interest and Principal Repayment	As stipulated in Article 14.3.24 of the Trust Deed, where there is sufficient amount for allocation on each trust allocation date, the Trustee shall make repayment to the holder of the sellers' beneficiary securities in accordance with the "Payment Priority" set forth in Article 14.3 of the Deed. On each trust allocation date, interest incurred from the sellers' beneficiary securities is paid by following the "Allocated Fund Balance" in Article 14.3.24(i) and is subject to the provisions in Article 14.3 of the Deed that the interest shall be paid off before the repayment to investors' beneficiary securities is fully made. In addition, prior to the full repayment of investors' beneficiary securities, the sellers' beneficiary securities is exempt from the term of principal repayment specified in Article 14.3.24(ii) of the Deed.	As stipulated in Article 14.3.24 of the Trust Deed, where there is sufficient amount for allocation on each trust allocation date, the Trustee shall make repayment to the holder of the sellers' beneficiary securities in accordance with the "Payment Priority" set forth in Article 14.3 of the Deed. On each trust allocation date, interest incurred from the sellers' beneficiary securities is paid by following the "Allocated Fund Balance" in Article 14.3.24(i) and is subject to the provisions in Article 14.3 of the Deed that the interest shall be paid off before the repayment to investors' beneficiary securities is fully made. In addition, prior to the full repayment of investors' beneficiary securities, the sellers' beneficiary securities is exempt from the term of principal repayment specified in Article 14.3.24(ii) of the Deed.
Original Cost	1,800,791 thousand	2,911,551 thousand
Accumulated Valuation on Gain or Loss	(69,701) thousand	(193,097) thousand
Accumulated Impairment	0	0
Book Amount	1,731,090 thousand	2,718,454 thousand
Attachment Point	-	-
Description of Asset Pool	House Mortgage (subordinated) : Total 2,299 mortgages amounted to NTD 2,790,143 thousand dollars. Refer to Table (6-1) for details.	House Mortgage (subordinated) : Total 2,299 mortgages amounted to NTD 4,385,818 thousand dollars. Refer to Table (6-2) for details.

Table (6-1)

Unit : NTD'000

GENERAL INFORMATION	December 2010
Maximum Loan Principal Balance of a Loan in the Portfolio	14,818
Minimum Loan Principal Balance of a Loan in the Portfolio	1
Total Loan Principal Balance of the Loans in the Portfolio	2,790,143
Number of Loans in the Portfolio	2,299
Maximum Interest Rate of a Loan in the Portfolio	5.59
Minimum Interest Rate of a Loan in the Portfolio	1.197
Weighted Average Interest Rate of the Portfolio	2.74
Weighted Average Margin of the Portfolio (ARMS)	1.32
Youngest Loan in the Portfolio (months)	64.93
Oldest Loan in the Portfolio (months)	97.30
Weighted Average Seasoning of the Portfolio (months)	78.00
Shortest Term to Maturity of a Loan in the Portfolio (months)	48.47
Longest Term to Maturity of a Loan in the Portfolio (months)	178.47
Weighted Average Term of the Portfolio (months)	138.00
Highest CLTV of a Loan of the Portfolio	76.92%
Lowest CLTV of a Loan in the Portfolio	0.16%
Weighted Average CLTV of the Portfolio	37.95%

Unit : NTD'000

Applicable to Tiered Rate (Yes/No)	Interest Rate Bracket	No. of Outstandings	%	Outstanding Balance	%	Average Outstanding Balance	Weighted-average Loan Age (Month)
Yes	0-2%	10	0%	29,828	1%	2,983	67
	2.01%-3%	740	32%	962,371	34%	1,301	79
	3.01%-4%	382	17%	380,080	14%	995	77
	4.01%-5%	360	16%	289,008	10%	803	78
	>5%	41	2%	23,558	1%	575	92
No	0-2%	594	26%	865,861	32%	1,458	82
	2.01%-3%	164	7%	231,668	8%	1,413	68
	3.01%-4%	6	0%	7,573	0%	1,262	89
	4.01%-5%	0	0%	0	0%	0	0
	>5%	2	0%	196	0%	98	78
Total		2,299	100%	2,790,143	100%	1,214	79

MORTGAGE POOL DATA

Unit : NTD'000

Current LTV Ranges	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
0-10%	133	7.08%	43,612	1.56%
11-20%	199	10.60%	137,119	4.91%
21-30%	226	12.04%	240,222	8.61%
31-40%	296	15.76%	384,354	13.78%
41-50%	423	22.52%	705,584	25.29%
51-60%	388	20.66%	813,078	29.14%
61-70%	187	9.96%	405,692	14.54%
71-80%	26	1.38%	60,482	2.17%
>80%	0	0.00%	0	0.00%
Total	1,878	100.00%	2,790,143	100.00%

Unit : NTD'000

Balance Outstanding	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
0.0-1.0	997	43.37%	534,558	19.16%
1.0-2.0	1,084	47.15%	1,544,348	55.35%
2.0-3.0	134	5.83%	314,839	11.28%
3.0-4.0	40	1.74%	138,735	4.97%
4.0-5.0	17	0.74%	74,691	2.68%
5.0-6.0	13	0.57%	72,162	2.59%
6.0-7.0	8	0.35%	51,369	1.84%
7.0-8.0	1	0.04%	7,127	0.26%
8.0-9.0	3	0.13%	24,860	0.89%
9.0-10.0	0	0.00%	0	0.00%
10.0-11.0	0	0.00%	0	0.00%
11.0-12.0	0	0.00%	0	0.00%
12.0-13.0	1	0.04%	12,637	0.45%
13.0-14.0	0	0.00%	0	0.00%
14.0-15.0	1	0.04%	14,817	0.53%
15.0-16.0	0	0.00%	0	0.00%
Total	2,299	100.00%	2,790,143	100.00%

Unit : NTD'000

Location	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
Taoyuan County	939	40.84%	1,048,684	37.58%
Hsinchu County	357	15.53%	461,103	16.53%
Hsinchu City	219	9.53%	306,390	10.98%
Taipei County	129	5.61%	149,191	5.35%
Taipei City	51	2.22%	100,742	3.61%
Keelung City	11	0.48%	10,805	0.39%
Miaoli County	431	18.75%	505,323	18.11%
Taichung City	90	3.91%	124,512	4.46%
Taichung County	64	2.78%	73,532	2.64%
Changhua County	2	0.09%	3,598	0.13%
Kaohsiung County	5	0.22%	5,428	0.19%
Chiayi County	0	0.00%	0	0.00%
Tainan County & City	1	0.04%	835	0.03%
Others	0	0.00%	0	0.00%
Total	2,299	100.00%	2,790,143	100.00%

Unit : NTD'000

Scheduled Remaining Term (years)	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
1-5	248	10.79%	92,169	3.30%
6-10	265	11.53%	257,257	9.22%
11-15	1,783	77.55%	2,438,892	87.41%
16-20	3	0.13%	1,825	0.07%
21-25	0	0.00%	0	0.00%
Total	2,299	100.00%	2,790,143	100.00%

Unit : NTD'000

AGEING PROFILE	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
Current	2,155	93.75%	2,641,642	94.68%
1-29 days past due	49	2.13%	53,895	1.93%
30-59 days past due	15	0.65%	22,448	0.80%
60-89 days past due	17	0.74%	18,135	0.65%
90-119 days past due	1	0.04%	356	0.01%
120-149 days past due	4	0.17%	4,646	0.17%
150-179 days past due	1	0.04%	293	0.01%
180 ~ days past due	57	2.48%	48,728	1.75%
Charge-offs	0	0.00%	0	0.00%
Total	2,299	100.00%	2,790,143	100.00%

Table (6-2)

Unit : NTD'000

GENERAL INFORMATION	December2010
Maximum Loan Principal Balance of a Loan in the Portfolio	18,797
Minimum Loan Principal Balance of a Loan in the Portfolio	0
Total Loan Principal Balance of the Loans in the Portfolio	4,385,818
Number of Loans in the Portfolio	2,299
Maximum Interest Rate of a Loan in the Portfolio	5.48
Minimum Interest Rate of a Loan in the Portfolio	1.49
Weighted Average Interest Rate of the Portfolio	2.23
Weighted Average Margin of the Portfolio (ARMS)	0.90
Youngest Loan in the Portfolio (months)	56.93
Oldest Loan in the Portfolio (months)	64.87
Weighted Average Seasoning of the Portfolio (months)	59.00
Shortest Term to Maturity of a Loan in the Portfolio (months)	27.73
Longest Term to Maturity of a Loan in the Portfolio (months)	187.30
Weighted Average Term of the Portfolio (months)	160.00
Highest CLTV of a Loan of the Portfolio	87.08%
Lowest CLTV of a Loan in the Portfolio	0.00%
Weighted Average CLTV of the Portfolio	46.47%

Unit : NTD'000

Applicable to Tiered Rate (Yes/No)	Interest Rate Bracket	No. of Outstandings	%	Outstanding Balance	%	Average Outstanding Balance	Weighted-average Loan Age (Month)
Yes	0-2%	34	4%	101,365	2%	2,981	57
	2.01%-3%	265	12%	597,188	14%	2,254	59
	3.01%-4%	202	9%	267,031	6%	1,322	61
	4.01%-5%	107	5%	117,382	3%	1,097	61
	>5%	0	0%	0	0%	0	0
No	0-2%	678	29%	1,742,013	40%	2,569	59
	2.01%-3%	1,011	41%	1,543,864	35%	1,527	59
	3.01%-4%	1	0%	22	0%	22	56
	4.01%-5%	0	0%	0	0%	0	0
	>5%	1	0%	16,953	0%	16,953	56
Total		2,299	100%	4,385,818	100%	1,908	61

MORTGAGE POOL DATA

Unit : NTD'000

Current LTV Ranges	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
0-10%	87	4.23%	30,666	0.70%
11-20%	125	6.07%	120,055	2.74%
21-30%	153	7.43%	223,637	5.10%
31-40%	314	15.26%	736,131	16.78%
41-50%	157	7.63%	264,907	6.04%
51-60%	248	12.05%	514,522	11.73%
61-70%	689	33.48%	1,530,917	34.90%
71-80%	268	13.02%	869,553	19.83%
>80%	17	0.83%	95,430	2.18%
Total	2,058	100.00%	4,385,818	100.00%

Unit : NTD'000

Balance Outstanding	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
0.0-1.0	627	27.27%	362,183	8.26%
1.0-2.0	956	41.62%	1,440,435	32.85%
2.0-3.0	370	16.09%	896,347	20.44%
3.0-4.0	158	6.87%	539,858	12.31%
4.0-5.0	84	3.65%	370,238	8.44%
5.0-6.0	44	1.91%	240,555	5.48%
6.0-7.0	21	0.91%	134,775	3.07%
7.0-8.0	9	0.39%	66,437	1.51%
8.0-9.0	10	0.43%	83,965	1.91%
9.0-10.0	4	0.17%	38,616	0.88%
10.0-11.0	3	0.13%	31,536	0.72%
11.0-12.0	4	0.17%	46,519	1.06%
12.0-13.0	2	0.09%	24,080	0.55%
13.0-14.0	2	0.09%	26,215	0.60%
14.0-15.0	1	0.04%	14,375	0.33%
15.0-16.0	0	0.00%	0	0.00%
16.0-17.0	2	0.09%	33,091	0.75%
17.0-18.0	1	0.04%	17,796	0.41%
18.0-19.0	1	0.04%	18,797	0.43%
Total	2,299	100.00%	4,385,818	100.00%

Unit : NTD'000

Location	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
Taoyuan County	889	38.69%	1,461,455	33.31%
Hsinchu County	270	11.74%	583,433	13.30%
Hsinchu City	195	8.48%	428,799	9.78%
Taipei County	289	12.57%	629,309	14.35%
Taipei City	124	5.39%	379,488	8.65%
Keelung City	28	1.22%	33,851	0.77%
Miaoli County	286	12.44%	513,990	11.72%
Taichung City	78	3.39%	165,651	3.78%
Taichung County	60	2.61%	82,680	1.89%
Changhua County	56	2.44%	76,297	1.74%
Kaohsiung County	6	0.26%	10,489	0.24%
Chiayi County	3	0.13%	4,231	0.10%
Tainan County & City	3	0.13%	2,489	0.06%
Yunlin County	1	0.04%	1,287	0.03%
Nantou County	10	0.43%	10,738	0.24%
Others	1	0.04%	1,631	0.04%
Total	2,299	100.00%	4,385,818	100.00%

Unit : NTD'000

Scheduled Remaining Term (years)	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
1-5	176	7.66%	104,426	2.38%
6-10	167	7.26%	190,685	4.35%
11-15	968	42.11%	1,931,582	44.04%
16-20	988	42.97%	2,159,125	49.23%
21-25	0	0.00%	0	0.00%
Total	2,299	100.00%	4,385,818	100.00%

Unit : NTD'000

AGEING PROFILE	# of Loans	% of Loans	Current Principal Balance	% of Principal Balance
Current	2,074	90.20%	3,961,832	90.34%
1-29 days past due	56	2.44%	111,063	2.53%
30-59 days past due	19	0.83%	34,573	0.79%
60-89 days past due	14	0.61%	29,965	0.68%
90-119 days past due	5	0.22%	7,153	0.16%
120-149 days past due	9	0.39%	11,286	0.26%
150-179 days past due	5	0.22%	2,234	0.05%
180 ~ days past due	117	5.09%	227,712	5.19%
Charge-offs	0	0.00%	0	0.00%
Total	2,299	100.00%	4,385,818	100.00%

(7) Relevant Information of the Bank Acting as a Guarantor of Securitized Products or Information on the Liquidity Facilities : [None]

3. Operational Risk Management Structure and Capital Requirement

(1) Operational Risk Management Structure

Description / Disclosure

1. Strategy and procedure of operational risk management

Operational risk is the "risk of direct or indirect loss due to an event or action resulting from inadequate or failed internal processes, people and systems, or from external events".

Operational risk exposures arise as a result of business activities. It is the Bank's objective to minimize exposure to such exposures, subject to cost tradeoffs. This objective is met through a framework of policies and procedures that drive risk identification, assessment, control and monitoring.

2. Operational risk management organization and structure

Governance over operational risk management is achieved through a defined structure of committees.

The Risk Committee is responsible for ensuring processes and procedures are in place for the monitoring and control of overall risk. The Risk Committee meets regularly to review exposure and compliance reports for limit compliance and stress testing.

The Country Operational Risk Group ("CORG"), headed by the Chief Executive Officer, has been established to supervise and direct the management of operational risks across the Bank, which has responsibility for ensuring that an appropriate and robust risk management framework is in place to monitor and manage operational risk.

Within day-to-day operations, there are various roles assigned within the Bank to manage operational risk on a part-time or full-time basis. These include country-level, business-level, business unit-level, and support-function level managers.

While operational risk is managed locally, there is also strong support from SCB regional and group business and operational risk management functions based outside of Taiwan. For a detail of the SCB Group structure, please refer to the Annual Report published on the Group website.

3. The scope and characteristics of operational risk report and evaluation system

The following risk types fall within the scope of operational risk, including tax risk, financial risk, vendor risk, technology risk, operations risk, CRES risk, people risk, legal risk, financial crime risk, and compliance risk.

The on-going effectiveness of operational risk controls is ensured through an assurance approach that comprises three distinct lines of responsibility. At its foundation is the responsibility that businesses and functions have to adhere to control requirements and to periodically test adherence. This self-assessment of adherence to controls is regularly tested by an independent assurance function that probes both the quality of the self assessment process and levels of adherence to underlying controls. The Group's audit function conducts regular audits of assurance activities.

4. Policies for operational risk hedge/mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge/mitigation tools

The operational risk management procedures and processes are integral components of the broader Risk Management Framework. Operational risks are managed through an end to end process of identification, assessment, control and monitoring. This four step management process is performed at all levels across the Bank and is the foundation of the management approach. Once identified risks are assessed against standard criteria to determine their significance and the degree of risk mitigation effort required to reduce the exposure to acceptable levels. Risk mitigation plans are overseen by the appropriate governance committee.

5. Method used for regulatory capital calculation

Basic Indicator Approach

(2) Required Capital for Operational Risk

31 December 2010

Unit : NTD'000

Year	Gross Operating Profit	Required Capital
2007	17,709,608	
2008	18,561,694	
2009	17,748,875	
Total	54,020,177	
		2,701,009

4. Market Risk Management Structure and Capital Requirement

(1) Market Risk Management Structure

Description / Disclosure

1. Strategy and procedure of market risk management

Standard Chartered recognizes market risk as the risk of loss resulting from changes in market prices and rates. The Group is exposed to market risk arising principally from customer-driven transactions. The objective of the Group's market risk policies and processes is to obtain the best balance of risk and return while meeting customers' requirements.

2. Market risk management organization and structure

Market Risk ("GMR") Taiwan follows the guidance of Group Market Risk Committee ("GMRC") to set up the market risk management policies and procedures which cover both banking book and trading book and complied with the FSC regulatory requirements. Market risk limits are proposed by the business within the terms of the agreed policy.

The market risk policies, procedures and limits are annually reviewed by GMR Taiwan and presented to the Risk Committee for approval with its authority delegated by the Board. If the policies, procedures, and limits involve derivatives, the approval will be granted by the Board.

GMR Taiwan monitors exposures against these limits. Related market risk management results will be reported at minimum quarterly to the Risk Committee, which reports directly to the Executive Committee and the Board.

While market risk is managed locally, there is also strong support from SCB regional and group business and market risk management functions based outside of Taiwan. For a detail of the SCB Group structure, please refer to the Annual Report published on the SCB Group website.

3. The scope and characteristics of market risk report and evaluation system

The scope of market risk report covers market exposures in both trading book and banking book, mostly interest rate and foreign currencies linked trading products in financial markets, except for the equities and commodities which have not been traded in Bank so far.

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk which applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. A consistent stress testing methodology is applied to trading and non-trading books.

4. Policies for market risk hedge/mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge/mitigation tools

Market Risk is mitigated by the Bank's standard process as risk is measured, monitored, reported and controlled on a net/portfolio basis.

All products used in risk mitigation must be authorized products in their own right with appropriate Product Programs.

Any product a business uses for risk mitigation must be explicitly referenced in the Market Risk limit for the business.

5. Method used for regulatory capital calculation

Standardized Approach / Delta-Plus for Options

(2) Required Capital for Market Risk

31 December 2010

Unit : NTD'000

Item	Required Capital
Interest Rate Risk	2,286,747
Foreign Exchange Risk	20,533
Equity Position Risk	0
Commodities Risk	0
Total	2,307,280

5. Liquidity risk includes maturity analysis of the Bank's assets and liabilities. It also describes the measures for liquidity management of assets and capital gap. Refer to the "Financial Highlights" section on page 125 for details.

(II) Impact of Changes in Domestic/Foreign Major Policies and Laws on the Bank's Financial Structure and Business and Responsive Actions Thereof : [None]

1. New rule governing the nature and accounting treatment of structured product principals received by banks engaging in structured products :

According to the letter issued by FSC on 25 October 2010, the structured product principals received shall not be seen as deposit and therefore shall not be included in the total deposit balance in the calculation of regulatory ratios and caps required by the Banking Act and other related laws and regulations. Given that the new rule will impact the Bank's calculation of regulatory ratios, the Bank has asked relevant departments to enhance controls to ensure the Bank's ratios meet regulatory standards.

2. Change of required reserve ratio (RRR) for NTD custodian balance :

CBC issued a letter on 30 December 2010 to raise the RRR for custodian balance in NTD account. The RRR for the part of the balance above the closing balance on 30 December 2010 was increased to 90% and the RRR for the part not exceeding the closing balance on 30 December 2010 was raised to 25%. The Bank will act according to the new rule despite the fact that the new rule will increase the Bank's costs significantly.

(III) Impact of Technological and Industrial Changes on the Bank's Financial Structure and Business and Responsive Actions Thereof

1. Impact of Technological and Industrial Changes on the Bank's Financial Structure and Business

The innovations on technology have helped the Bank to provide more advanced products and services to customers. However, it also increases the challenges on customer data protection and information security. Along with the development and popularity of Internet, automated-channel service has been widely accepted by customers. To improve customer satisfaction and remain competitive, the Bank continues to enhance automated channels for provision of year-round customer-centric services.

2. Responsive Actions :

- (1) The Bank not only keeps on adopting new technologies to uplift the overall service level, but also invests resources to review and strengthen the information security over systems with high standards on a regular basis;
- (2) Upgrade entire system standards and abide by regulations to effectively manage risks in order to raise service efficiency and effectiveness.
- (3) Proactively participate in related seminars to keep up with the latest developments and applications.

(IV) Impact of Changes in Corporate Image on the Bank and Responsive Actions Thereof

Brand image and reputation are the most significant intangible assets for a bank. Ensuring a bank's goodwill is always more vital than generating sales or all other operations. The Bank has specific reputation and risk policies and procedures, in particular, the local and group level mechanisms of reputation risk management: from prediction, monitoring, escalation, prompt follow-through, to supervision, that are thorough and comprehensive, as guarantees to ensure the least likelihood of the incident of reputation risks.

While the world was affected by the global financial crisis in 2008 and 2009, the Bank still delivered strong performance because of its footprints in Asia, Africa, and Middle East, its focus on core businesses, and its strong risk management mechanisms. Facing the market recovery in 2010, the Bank remained prudent and is devoted to bolstering its service quality and risk management by regular employee trainings, maintaining the Bank's image and protecting consumers' rights. Such practice is closely integrated with ensuring a sustainable business, executing responsible selling and marketing, battling financial crimes, completing banking service network, and participating in environmental protection and community services. The Bank is committed to its brand promise - Here for good - embedded in every employee's daily routine, known among all stakeholders, and deemed as the best brand image among clients.

The Bank's long-term education efforts in risk management and money-laundering prevention have earned significant results in 2010. In June 2010, the Bank helped the government trace the biggest fraud group across the Taiwan Strait and deterred an out-bound remittance of NT\$3 million. The Bank was honoured by the officials of the Financial Supervisory Commission, and Premier. Wu Den-yih has also given the Bank an award to recognize its efforts.

(V) Anticipated Benefits, Potential Risks and Responsive Actions for M&A : [None]

(VI) Anticipated Benefits, Potential Risks and Responsive Actions for Expansion of Business Locations

In 2010, the Bank opened 4 new branches and relocated 3 existing branches, demonstrating our expanded market share, more comfortable environment and improved customer service with better convenience. To eliminate customers' inconvenience arising from branch relocation, the Bank has taken cautious actions to properly deal with the rights and obligations of existing customers or provide alternative services to ensure customers' interests will be protected in the course of branch relocation.

(VII) Business Concentration Risk and Responsive Actions Thereof

To be in compliant with Article 33.3 of the Banking Act, the Bank regularly discloses and reports the credit limits for the same legal person, the same natural person, the same concerned party and the same related entity.

In addition, the target markets and overall characteristics for the credit portfolios have been clearly set in the Country Portfolio Standards and product programs of the Bank, which also covers credit decentralization and levels of tolerance. As to concentration risk in certain industries, the acceptable conditions of credit extensions are specified in the Country Portfolio Standards that, different outstanding caps will be set for major industries which have high volatility. In the Credit Initiation and Approval Policy, the Bank also sets Credit Reference Levels for single customer/client group to ensure concentration risk on large exposures is properly addressed and managed.

(VIII) Impact, Risks and Responsive Actions for Change of the Bank's Ownership : [None]

(IX) Litigation and Non-litigation Matters : [None]

(X) Other Critical Risks and Responsive Actions Thereof : [None]

VII. Emergency Response Mechanism

To ensure the efficiency of all security maintenance operation, a “Security Maintenance Supervision Team” is established in accordance with the provision of the establishment of “Security Response Team” set forth in the “Accident Management Guideline”. The Security Maintenance Supervision Team includes one Executive Director or Executive Vice President appointed by the head office and representatives from the Corporate Real Estate Service Division, Human Resources Department, Audit Department, Legal and Compliance Division, and the Shared Distribution Division. The Team is responsible for the supervision and inspection of the performance of security maintenance operation, education, training and regular practice. The convener shall be the Vice President (VP) of the Cooperate Real Estate Service Division. In the case that such VP is vacant; the President shall appoint a SVP to act as the convener. The security maintenance meetings should be held regularly each year by the Bank to pass on important work instructions and review project execution status so that any deficiencies identified can be corrected in a timely manner.

VIII. Other Important Matters : [None]

VIII. | Special Notes



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I. Information on Affiliated Enterprises

(I) Organizational Chart of Affiliated Enterprises



Standard Chartered
Bank (Taiwan) Limited

Standard Chartered Life
Insurance Agency
Co., Ltd. 100%

Taiwan Standard Chartered
Insurance Agency
Co., Ltd. 100%

(II) Basic Information of Affiliated Enterprises

Unit : NTD'000

Name of Business	Date of Establishment	Address	Paid-in Capital	Major Line of Business or Products
Standard Chartered Life Insurance Agency Co., Ltd.	07/09/1999	1F, No. 85, Zhongzheng Road, Zhongzheng Village, Hsinchu City	3,000	Life insurance agent
Taiwan Standard Chartered Insurance Agency Co., Ltd.	30/09/1999	1F, No. 85, Zhongzheng Road, Zhongzheng Village, Hsinchu City	3,000	Property insurance agent

(III) Industry Covered by Affiliated Enterprises :

1. Standard Chartered Life Insurance Agency Co., Ltd. : Insurance
2. Taiwan Standard Chartered Insurance Agency Co., Ltd. : Insurance

(IV) Information on Directors and Supervisors of Affiliated Enterprises

Name of Business	Title	Name or Company Representative	Shares Held	
			Number	Ratio
Standard Chartered Life Insurance Agency Co., Ltd.	Chairman	SCBTL representative : Fou Tsong Ling	300,000	100%
	Director	SCBTL representative : Choon Hin Tan		
	Director	SCBTL representative : Bryan Fu		
	Supervisor	SCBTL representative : Henry Tseng		
Taiwan Standard Chartered Insurance Agency Co., Ltd.	Chairman	SCBTL representative : Fou Tsong Ling	300,000	100%
	Director	SCBTL representative : Choon Hin Tan		
	Director	SCBTL representative : Bryan Fu		
	Supervisor	SCBTL representative : Henry Tseng		

(V) Business Overview of Affiliated Enterprises :

Unit : NTD'000

Name of Business	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit (Loss)	Current Year Profit and Loss (After Tax)	Earnings Per Share (Dollar)
Standard Chartered Life Insurance Agency Co., Ltd.	3,000	246,434	181,259	65,175	340,140	(15,151)	2,614	8.71
Taiwan Standard Chartered Insurance Agency Co., Ltd.	3,000	23,837	12,319	11,518	25,803	3,670	3,786	12.62

(VI) Consolidated Financial Statements of Affiliated Enterprises: Refer to the "Financial Highlights" section from page 154 to page 161.

(VII) Affiliation Reports:

Declaration

The 2010 Affiliation Reports of Standard Chartered Bank (Taiwan) Limited for the period between 1 January 2010 and 31 December 2010 have been prepared in conformity with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". No material discrepancy was found in the Reports as compared to the relevant information disclosed in the Notes to the Financial Statements for the same period.

Standard Chartered Bank (Taiwan) Limited

Chairman: King-Suen Tsang

2 March, 2011



Independent Auditors' Review Opinion on Affiliation Reports

To : Standard Chartered Bank (Taiwan) Limited

The 2010 Affiliation Reports of Standard Chartered Bank (Taiwan) Limited have been reviewed in conformity with the provisions set forth in the letter of Ref. No. Tai-Tsai-Zheng-VI-04448 (dated 30 November 1999) issued by the Securities and Futures Bureau, Financial Supervisory Commission (formerly known as Securities & Futures Commission, Ministry of Finance). This review opinion is to verify if the 2010 Affiliation Reports of Your Bank are in compliance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and if the information disclosed in Affiliation Reports has material discrepancy corresponding to those in the Notes to Financial Statements audited by KPMG on 31 January 2011.

In our opinion and based on our review, we hereby confirm that the Affiliation Reports have been prepared in compliance with the aforementioned Criteria, and no material discrepancy was found in the subject Reports as compared to the Notes to the 2010 Financial Statements.

KPMG

2 March, 2011

1. Relationship with the Holding Company :

Unit: Share; %

Name of the Controlling Entity	Reason of Control	Controlling Entity's Shareholding and Pledge			Directors, Supervisors or Managers Representing the Controlling Entity	
		No. of Shares ('000)	Shareholding (%)	No. of Pledged Shares ('000)	Title	Name
Standard Chartered Bank	Shareholding 100%	2,910,572	100%	0	Director (Chairman)	Katherine King-Suen Tsang
					Director (President)	Sunil Kaushal
					Director	Cheng Teck Lim
					Director	Kuei-Ling Hu
					Director	Fou Tsong Ling
					Independent Director	Teeh Lin Wang
					Independent Director	Nei-Ping Yin
					Supervisor	Norman Lyle
					Supervisor	Edward Martin Williams

2. The transactions with controlling entity :

(1) Purchase & sale transaction : None.

(2) Property transaction : None.

(3) Working capital financing : Not applicable.

(4) Asset lease : None.

(5) Other significant transactions :

- As of 31st December 2010, derivatives balance engaging with Standard Chartered Bank posted a loss of \$916,704 thousands; financial debenture payable deriving from the issuance of financial debentures to Standard Chartered Bank was \$9,109,628 thousands; administration fees and other expenses for professional technical supports payable to Standard Chartered Bank amounted to \$1,815,937 thousands; share-based payment to Standard Chartered Bank schemes amounted to \$242,967 thousands; royalty payable to Standard Chartered Bank amounted to \$83,715 thousands.

3. Endorsements & guarantees of the Bank to the controlling entity : Not applicable.

4. Other material transactions which were significant to Financial and Business : None.

II. Private Placement of Securities : 【None】

III. Shares Held or Disposed of by the Subsidiaries : 【None】

IV. Other Supplementary Notes : 【None】

Appendix | Directory of Branches and Offices



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Directory of Branches and Offices

Branch Name	Address	Telephone No.	Fax No.
Business Department	No.106, Chungyang Rd., Hsinchu City	03-5243151	03-5230963
Hsinchu Branch	No.35, Fushing Rd., Hsinchu City	03-5266171	03-5236079
Kuangfu Branch	No.270, Sec. 1, Kuangfu Rd., Hsinchu City	03-5775663	03-5781742
Chungcheng Mini Branch	No.326, Chungcheng Rd., Hsinchu City	03-5348939	03-5349865
Yenping Branch	No.50, Lane 214, Sec. 1, Yenping Rd., Hsinchu City	03-5219216	03-5219215
Chutung Branch	No.300, Sec. 1, Changchun Rd., Chutung Town, Hsinchu County	03-5965711	03-5954025
Hsinpu Branch	No.386, Chungcheng Rd., Hsinpu Town, Hsinchu County	03-5883611	03-5883344
Hukou Branch	No.82, Sec. 1, Chungcheng Rd., Hukou Township, Hsinchu County	03-5992614	03-5901627
Chupei Branch	No.59, Sanmin Rd., Chupei City, Hsinchu County	03-5513115	03-5512190
Kuanshi Branch	No.21, Mingteh Rd., Kuanshi Town, Hsinchu County	03-5875151	03-5877927
Hsinfeng Branch	No.155-7, Sec. 1, Chienshing Rd., Hsinfeng Township, Hsinchu County	03-5591113	03-5594636
Hsinshing Branch	No.130, Shi Wei Rd., Hsinchu City	03-5233171	03-5233177
Hsinshey Branch	No.141, Chungcheng W. Rd., Chupei City, Hsinchu County	03-5519456	03-5551783
Science Park Branch	No.11, Science Park 2 nd Rd., Hsinchu Science Park, Hsinchu City	03-5785355	03-5787055
North Hsinchu Branch	No.6, Beida Rd., Hsinchu City	03-5348155	03-5421589
Taoyuan Branch	No.66, Chungcheng Rd., Taoyuan City, Taoyuan County	03-3340176	03-3371647
Dashi Branch	No.253, Kangjhuang Rd., Dashi Township, Taoyuan County	03-3873915	03-3889901
Dayuan Branch	No.44, Chungshan N Rd., Dayuan Township, Taoyuan County	03-3861130	03-3861924
Chungli Branch	No.194, Chungshan Rd., Chungli City, Taoyuan County	03-4252186	03-4256977
Yangmei Branch	No.105, Dacheng Rd., Yangmei City, Taoyuan County	03-4783491	03-4752718
Hsinwu Branch	No.251, Chungshan Rd., Hsinwu Township, Taoyuan County	03-4773226	03-4772052
Lungtan Branch	No.202, Peilung Rd., Lungtan Township, Taoyuan County	03-4793185	03-4708175
Sanmin Branch	No.301, Sec. 3, Sanmin Rd., Taoyuan City	03-3351593	03-3328102
Neili Branch	No.83, Hsinyi Rd., Chungli City, Taoyuan County	03-4553122	03-4524244
Pateh Branch	No.43, Sec. 2, Chiehshou Rd., Pateh City, Taoyuan County	03-3634341	03-3660967
YungAn Branch	No.465, Chungcheng Rd., Taoyuan City	03-3324002	03-3361491
Hsinming Branch	No.56, Minchu Rd., Chungli City, Taoyuan County	03-4918701	03-4918710
Kueishan Branch	No.1077, Sec. 2, Wanshou Rd., Kueishan Township, Taoyuan County	03-3290728	03-3290273
Nankan Branch	No.90, Chungcheng Rd., Luchu Township, Taoyuan County	03-3524148	03-3226443
Dashulin Branch	No.233, Taoying Rd., Taoyuan City	03-3664291	03-3664296

Branch Name	Address	Telephone No.	Fax No.
Lungkang Branch	No.302, Lungtung Rd., Chungli City, Taoyuan County	03-4657779	03-4567704
Shantzuting Branch	No.150, Shanting Sec., Chungfeng Rd., Pinchen City, Taoyuan County	03-4696257	03-4692907
Pushin Branch	No.351, Yungmei Rd., Pushin Li, Yangmei City, Taoyuan County	03-4824984	03-4826073
Sinjhuang Mini Branch	No.879-17, Jhongjheng Rd., Sinjhuang City, Taipei County	02-29082996	02-29082952
Kuaichi Branch	No.862, Chunjih Rd., Taoyuan City, Taoyuan County	03-3553278	03-3553723
Huanpei Branch	No.405, Huanpei Rd., Chungli City, Taoyuan County	03-4511333	03-4513135
Guanyin Branch	No. 833, Sec. 2, Jhongshan Rd., Datong Village, Guanyin Township, Taoyuan County	03-4986401	03-4986404
Pingzhen Branch	No.225, Huannan Rd., Pingzhen City, Taoyuan County	03-4910311	03-4910319
Dachu Mini Branch	No.506-23, Dachu Rd., Luchu Township, Taoyuan County	03-3137633	03-3137626
Miaoli Branch	No.562, Chungcheng Rd., Miaoli City, Miaoli County	037-324671	037-358940
Chunan Branch	No.217, Chungcheng Rd., Chunan Town, Miaoli County	037-476161	037-474882
Toufen Branch	No.106, Hoping Rd., Toufen Town, Miaoli County	037-668281	037-676791
Yuanli Branch	No.19, Weikung Rd., Yuanli Town, Miaoli County	037-862851	037-852609
Kungkuan Branch	No.211, Chunghsiao Rd., Kungkuan Township, Miaoli County	037-228525	037-221245
Tungshiao Branch	No.16, JenAi Rd., Tungshiao Town, Miaoli County	037-757511	037-757514
Houlung Branch	No.20, Chengkung Rd., Houlung Town, Miaoli County	037-724591	037-724980
Sanyi Branch	No.83, Chungcheng Rd., Sanyi Township, Miaoli County	037-875281	037-875242
Tahu Branch	No.79, Minsheng Rd., Tahu Township, Miaoli County	037-995561	037-995564
Tunglo Branch	No.201, Chungcheng Rd., Tunglo Township, Miaoli County	037-985211	037-985214
East Neili Branch	No.47, Jungmin Rd., Chungli City, Taoyuan County	03-4351988	03-4351093
Kungshi Branch	No.237, Fushing 1 st Rd., Kueishan Township, Taoyuan County	03-3972288	03-3972266
Chuangching Branch	No.35, Sec. 2, Dashing W. Rd., Taoyuan City, Taoyuan County	03-3026699	03-3028833
Chinling Branch	No.87, Chinling Rd., Pinchen City, Taoyuan County	03-4579155	03-4579920
Jianguo Branch	No.38, Sec. 1, Jianguo N. Rd., Zhongshan District, Taipei City	02-87723232	02-87723838
Banciao Branch	2F., No.1-1, Xinfu Rd., Banciao City, Taipei County	02-66215700	02-66215799
Luchou Mini Branch	No.308, Chih sien Rd., Luchou City, Taipei County	02-82828266	02-82815941
Neihu Branch	No.69, Tunghu Rd., Neihu District, Taipei City	02-26318888	02-26326910
Wenshin Branch	No.380, Sec. 1, Wenshin Rd., Taichung City	04-23192480	04-23192473
Fengyuan Branch	No.797, Yuanhuan E. Rd., Fengyuan City, Taichung County	04-25234116	04-25240078

Branch Name	Address	Telephone No.	Fax No.
Chiayi Branch	No.345, Minchu Rd., Chiayi City	05-2288855	05-2240800
Tainan Branch	No.429, Sec. 2, Chinhua Rd., Tainan City	06-2648101	06-2648140
Jiuru Branch	No.383, Jiuru 1 st Rd., Kaohsiung City	07-3872296	07-3860532
Tungning Branch	No.88, Dongsing Rd., East District, Tainan City	06-2761561	06-2761565
Tunghai Branch	No.306, Fuko Rd., Shituen District, Taichung City	04-24653500	04-24653501
Shenkang Branch	No.788, Jhongshan Rd., Shengang Township, Taichung County	04-25622731	04-25622801
Nantun Branch	No.302, Sec. 2, Liming Rd., Taichung City	04-22536208	04-22536205
Chungho Mini Branch	No.182, Jian-Yi Rd., Chungho City, Taipei County	02-82271656	02-82271659
Yunggho Mini Branch	No.302, Chungcheng Rd., Yunggho City, Taipei County	02-29452510	02-29451275
Peituen Branch	No.236, Sec. 4, Wenshin Rd., North District, Taichung City	04-22990755	04-22990803
Shituen Branch	No.327, Sec. 2, Honan Rd., Shituen District, Taichung City	04-27081040	04-27081118
Changhua Branch	No.53, Sec. 2, Chungcheng Rd., Changhua City	04-7282999	04-7229958
North Kaohsiung Branch	No.189, Wunsin Rd., Gushan District, Kaohsiung City	07-5501705	07-5502010
Fusing Branch	No.420, Fuxing N. Rd., Zhongshan Dist., Taipei City	02-66027676	02-66027670
Sanduo Branch	No.262, Jhongshan 2 nd Rd., Kaohsiung City	07-9660766	07-5365387
East Taipei Branch	No.128, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City	02-66192900	02-66192999
Daya Branch	No.57, Daya Rd., North District, Taichung City	04-36023300	04-36023399
East Tainan Branch	No.107, Sec. 2, Minzu Rd., West Central District, Tainan City	06-2289777	06-2283722
Cisian Branch	No.301, Cisian 1 st Rd., Kaohsiung City	07-2387791	07-2369832
Sihu Branch	No.66, Sec.1, Neihsu Rd., Neihsu District, Taipei City	02-66023000	02-66023099
Dunhua Branch	No.93, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City	02-66396000	02-66396099
Xinyi Branch	2-3/F, No.97, Songren Road, Xinyi District, Taipei City	02-27206118	02-66397033
Ren Ai Branch	No.1, Sec. 4, Ren-ai Rd., Da-an District, Taipei City	02-66363700	02-66363799
Tienmu Branch	No.48, Sec. 2, Zhongcheng Rd., Shilin Dist., Taipei City	02-66107600	02-66107699
Dunbei Branch	No.168, Dunhua N. Rd., Songshan District, Taipei City	02-27166261	02-25147460
Chungshan Branch	No.136, Sec. 2, Chungshan N. Rd., Zhongshan Dist., Taipei City	02-66197200	02-66197299
No.88 Branch	No.128, Sec. 4, Zhongxiao E. Rd., Da-an Dist., Taipei City	02-66408888	02-27505088
Dazhi Branch	No.676, Mingshui Rd., Zhongshan Dist., Taipei City	02-66107500	02-85021610
Kaohsiung Branch	22F, No.175, Jhongjheng 2 nd Rd., Kaohsiung City	07-2285500	07-2221205
Taichung Branch	No.261, Sec.1, Jhonggang Rd, Taichung City	04-23246800	04-23101118



Standard Chartered Bank (Taiwan) Limited



Chairman



