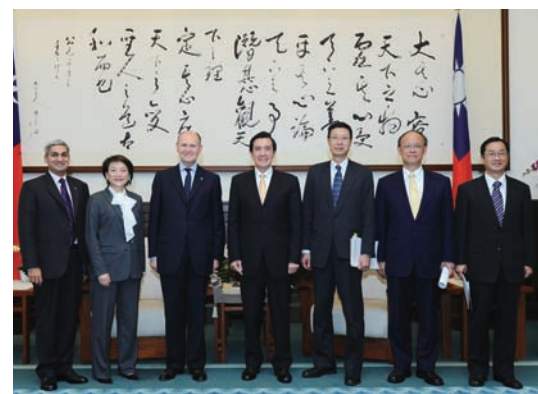


Standard Chartered Bank (Taiwan) Limited



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

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

Date of publication: 2013/05/31



Spokesperson: Ajay Chamanlal Kanwal, President & Chief Executive Officer

Tel. No. : (02) 2716-6261

Deputy spokesperson: Hope Ong, Head of Corporate Affairs

Tel. No. : (02) 2716-6261

Email address : Corporate.Affairs-tw@sc.com

Addresses and phone numbers of the head office and branches :

For detailed information, refer to the "Directory of Branches and Offices" from page 202 to page 204.

Stock registration agent

Stock Administration of Yuanta Securities Co. Ltd.

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) 8175-7600

Taiwan Ratings Corporation

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 : Klynveld Peat Marwick Goerdeler (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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1. Letter to Shareholders



Letter to Shareholders

Taiwan's economic growth eased to 1.3% in 2012 from 4.1% in 2011, as continuing soft global demand crimped exports as well as investment. The introduction of a stock capital gain tax, plus the hikes in local retail fuel, gasoline and electricity prices dented consumer confidence. The economy was also undermined by a weak housing market after the government adopted a series of property cooling measures to dampen speculative activities. On the positive side, the government's on-going efforts to liberalize economic ties with Mainland China have shown substantial results. The total visitor arrivals across the Taiwan Straits reached a record 2.5 million in 2012 from 1.78 million in 2011, boosting sales as well as employment in the local hospitality, and retail trade and services sectors.

Looking ahead we expect Taiwan's economic growth to rebound, albeit only moderately, to 3.9% in 2013 on the back of continuous recovery in the US and Mainland China, and an improving outlook for the high-tech sector. Increased capital spending and hiring in the local manufacturing sector will provide strong support to the economy. However, there are also potential headwinds, including the risk of a credit crunch in Europe and rising volatility in the global equity markets. The local banking sector is expected to be steady in 2013. Overall credit appetite is likely to improve amid signs of economic recovery, steady employment outlook, and improving household income. It is also expected that an offshore Renminbi (RMB) market will build up in fast speed with the opening up of the RMB business to include Domestic Banking Unit (DBU) accounts. This hopefully will lead to better margins and returns for banks.

In 2012, the Bank's net operating income grew by 1% after excluding income from non-core business (gains on disposal of properties and the sale of non-performing loans). This was the result of favorable net interest income and fair value investment being partially offset by lower fee and commission income from weak Wealth Management business. Wealth Management income dropped 27% as a result of lower customer activities and weakened investor sentiment. Net interest income improved 9% benefiting from strong business momentum in personal loan, Transaction Banking, Corporate and Institutional lending plus better returns from ALM investments.

The Bank's operating expenses continued to be well managed in 2012, with overall expenses flat year-on-year.

The Bank's credit portfolio remained sound. A bad debt charge of NTD 2.02 billion was made in 2012. The year-on-year increase was due to the absence of one-off recovery from LI in 2011 and not repeated in 2012, with the higher provision mainly to reflect the growth in unsecured loan business and additional provision taken on the Dynamic Random Access Memory (DRAM) sector to fully comply with regulatory requirements. The Bank's NPL ratio rose from 0.44% a year ago to 0.70% after the recognition of NPL from

loans in the DRAM sector. Loan loss coverage decreased from 274.11% to 218.85% year-on-year.

The Bank's balance sheet remained healthy. Customer loans grew marginally. The increase in corporate lending and non-mortgage loans was offset by slower mortgage origination, which was in line with the industry resulting from regulatory curbs on property prices. The total deposit balance was steady and the Bank's funding profile improved with the issuance of NTD 15 billion senior notes in 2012.

The Bank remained highly liquid and well capitalized, with a liquid asset ratio of 43.77% and a loan-to-deposit ratio of 63.16% as of December 2012. The capital adequacy ratio was 16.01%, and the Tier 1 ratio was 10.57%, well above the industry average as of September 2012.

The Bank's credit rating by Fitch Ratings in March 2012 was AAA (twn) for domestic long-term credit, F1+(twn) for domestic short-term credit, AA- for international long-term credit, F1+ for international short-term credit, with an overall "stable" outlook. In December 2012, Taiwan Ratings Corporation, a local arm of Standard & Poor's, rated the Bank as twAAA for long-term credit, twA-1+ for short-term credit, with an overall "negative" outlook.

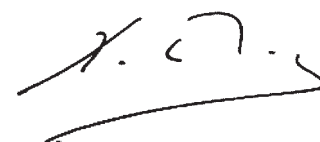
By adopting and implementing prudent business strategies, the Bank is confident to continue to deliver strong financial performance, and maintain good asset quality and adequate capital levels in 2013.

In 2013, the Bank's would focus on:

- ◆ expanding coverage of small and medium enterprise customers, and enhancing its product suites for its wealth management and financial market businesses
- ◆ leveraging on the Group's global network to better support corporate customers in their business expansion abroad
- ◆ growing RMB business in its Domestic Banking Unit (DBU) with the aspiration to become the bank of choice for RMB products and services
- ◆ implementing "service guarantees" to improve customer services improving the quality of the Bank's asset book and customer portfolio while balancing risks and returns
- ◆ enhancing productivity and cost efficiency
- ◆ improving internal control, compliance and regulatory reporting quality
- ◆ strengthening talent management, staff training, and staff engagement.

Our long term commitment to Taiwan, to our customers, to our stakeholders and to our staff is a strong reflection of living up to our brand promise of being "Here for good" in Taiwan.

Chairperson



2. Bank Profile



I. History

Standard Chartered PLC ("the Group") is a leading international banking group. It has operated for over 150 years in some of the world's most dynamic markets and earns more than 90 per cent 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. Standard Chartered PLC is listed on the London and Hong Kong stock exchanges as well as the Bombay and National Stock Exchanges in India.

With 1,700 offices in over 70 markets, the Group offers exciting and challenging international career opportunities for around 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. Standard Chartered's heritage and values are expressed in its brand promise, 'Here for good'.

In Taiwan, Standard Chartered opened its first branch ("the Bank") in 1985. Between 2006 and 2008, the Bank grew with a great leap in this robust market. The acquisition of Hsinchu International Bank in November 2006 marked a milestone in Standard Chartered's course of development in Taiwan. The completion of integration of the two banks in July 2007 made Standard Chartered an international bank with the largest network in Taiwan. 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 Standard Chartered Group's footprint in Taiwan and demonstrated the Bank's strong commitment to the Taiwan market. With nearly 4,000 Mandarin speaking talents, 88 branches across the island, Standard Chartered Taiwan is capable of offering individuals and corporate clients full-scale banking services and innovative products and aspires to become the Bank of Choice in Taiwan.

In recent years, the Bank has been widely recognized for its commitment in Taiwan. The Bank received the "Corporate Citizenship Award" from the Commonwealth magazine for five consecutive years from 2008 to 2012, the Gallup's "Great Workplace Award" in 2011, and the "Financial Elite Award – Best Talent Development" from Taiwan Academy of Banking and Finance in 2012. As for business development, the Bank also won the "Best Sub-Custodian Bank in Taiwan" award by Global Finance magazine in 2011.

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 followings: 100% in Standard Chartered Life Insurance Agency Co, Ltd. and 100% in Taiwan Standard Chartered Insurance Agency Co, Ltd. Please refer to page 196 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]

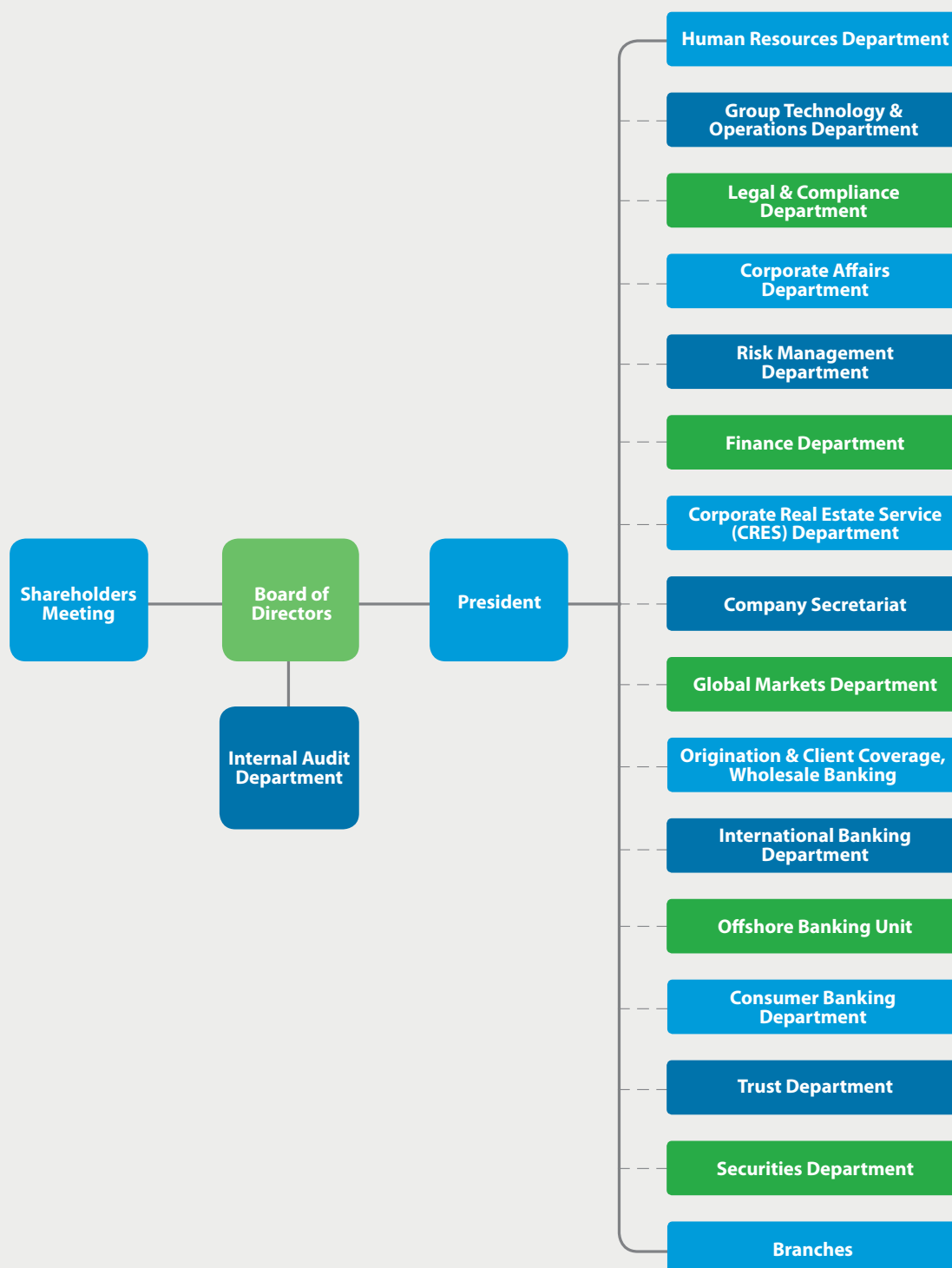
3. Corporate Governance



I. Organization Structure

28 March, 2013

(I) Organizational Chart



(II) Responsibilities of Major Departments

Internal Audit Department	In charge of audits of business, finance, asset management, IT and other functions; any other audit assignment required by Board of Directors and the regulator, etc.
Human Resources Department	Responsible for recruiting and hiring employees; the review and establishment of policies on compensations and benefits; 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; welfare committee management, employees relations, equal employment, management of union relationships and employee grievances, etc.
Group Technology & Operations Department	In charge of consumer banking operations; wholesale banking operations, Global Sourcing, information security & system development, soft and hardware technical supports, etc.
Legal & Compliance Department	In charge of lawsuits, compliance, financial crime risks; legal & regulatory issues regarding new financial products and services; serves as the contact window with local regulators; conduct research on legal matters related to the Bank, etc.
Corporate Affairs Department	In charge of the planning and execution of internal communication, media relations, brand management, government relations, corporate social responsibilities, sponsorship policies and reputation risk management, etc.
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, etc. It is also in charge of credit limits, control of credit documents and the formulation of credit policies & procedures.
Finance Department	Responsible for the forecast and execution of budget planning; tax returns filing and accounting; annual reporting; capital & balance sheet management; consultation, management, evaluation and analysis of operational businesses, etc.
Corporate Real Estate Service (CRES) Department	Responsible for general administration, sales and acquisitions of real estate properties; managing and maintaining the Bank's properties and facilities, risk management including health and safety, security and drills, etc.
Company Secretariat	Provide company secretarial, governance advisory and administrative support services for SCBTL and its directors, etc.
Global Markets Department	Engaging in the treasury management and trading of interest rates, bond and NTD and foreign currencies; sales of FX, fixed income, rates and commodity related derivatives; management of Bank's assets and liabilities; capital market and financial advisory related matters.
Origination & Client Coverage, Wholesale Banking	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 projects execution, etc.
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, etc.
Offshore Banking Unit	In charge of the management and supervision of offshore banking businesses; serve as the contact window with local regulators, etc.
Consumer Banking Department	In charge of developing a long-term sustainable customer-focused strategy in consumer banking and building a high performance culture through robust execution. Responsible for consumer banking segment development in customer value propositions and product 6 developments in wealth management products, retail banking products (including deposits, credit card, personal loan and mortgage) and SME products, etc.
Trust Department	In charge of the planning, management and operation of trust business; and enacting the businesses authorised by the authorities, etc.
Securities Department	Responsible for the planning, management and execution of securities businesses; and enacting the businesses authorised by the authorities.
Branches	Operating the Bank's businesses pursuant to the Banking Act and approved by the competent authorities, etc.

Note : The organizational chart was approved by the Board of Directors on 28 March, 2013.

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

(I) Directors and Supervisors' Information

1. Directors and Supervisors

31 December 2012

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	14/12/2012	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 Chairperson of Standard Chartered Bank (Hong Kong) Limited Director of Shanghai Jiaotong University INED of GAP Inc. Director of Youth Arts Foundation in Hong Kong Director of Sotheby's Asia Advisory Board	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Ajay Chamanlal Kanwal	10/12/2012	3 yrs	31/01/2012	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Regional Head of Consumer Banking, Southeast Asia, Standard Chartered Bank (Singapore) Head of Consumer Banking, Standard Chartered Bank (Singapore) Head of Consumer Banking, Standard Chartered Bank (Thailand) Master in Management Studies, P.L.N.W. Institute of Management Studies and Research (India)	CEO/President of the Bank	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Lim Cheng Teck	10/12/2012	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) Limited Head of Wholesale Banking, Standard Chartered Bank (China) Limited MBA, Brunel University, United Kingdom Bachelor of Arts, National University of Singapore (Singapore)	CEO, Standard Chartered Bank (China) Limited Executive Vice Chairman of the Board of Standard Chartered Bank (China) Limited Chairman of Overseas Financial Service Commission, China Chamber of International Commerce (CCOIC) Member of the Advisory Board of Sim Kee Boon Institute for Financial Economics (SKBI), Singapore Management University (SMU) Member of the Board of Directors of Special Needs Trust Company Limited (SNTC)	N/A	N/A	N/A
Director	Standard Chartered Bank Representative : Yen-Ting Chen	10/12/2012	3 yrs	28/06/2012	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Vice President, Manulife-Sinochem Life, Shanghai (China) Chief Financial Officer, Nanshan Life Insurance Company (Taiwan) MBA, City University Seattle (USA) Bachelor of Science in Accounting, University of Washington (USA) AICPA - CPA (USA)	Chief Financial Officer of the Bank. Chairman of Standard Chartered Life Insurance Agency Co., Ltd. Chairman of Taiwan Standard Chartered Insurance Agency Co Ltd.	N/A	N/A	N/A

(Continued)

31 December 2012

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
Director	Standard Chartered Bank Representative : Woei-Jy Chen	10/12/2012	3 yrs	10/12/2012	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Head of Learning & Talent Development of the Bank General Manager, Shared Distribution and Priority Banking, Standard Chartered Bank (Taiwan) MBA, Lehigh University, Pennsylvania (USA)	Head of Human Resources of the Bank	N/A	N/A	N/A
INED	Standard Chartered Bank Representative : Teeh Lin Wang	10/12/2012	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 Electronics Co., Ltd. EMBA, Business School of National Cheng Chi University (Taiwan)	Supervisor, International Advertising Association Taipei Charter Member of Remuneration Committee, K Way Information Corp. Director, Tian-I Pharmaceutical Co. Ltd.	N/A	N/A	N/A
INED	Standard Chartered Bank Representative : Nei-Ping Yin	10/12/2012	3 yrs	10/12/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Member of Economic Advisory Group, Office of the President, Taiwan Chief of Asia-Pacific Financial Research Center, Business School, National Cheng Chi University (Taiwan) 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 Cheng Chi University Counselor of Executive Yuan, Taiwan	N/A	N/A	N/A
Supervisor	Standard Chartered Bank Representative : Norman Lyle	10/12/2012	3 yrs	13/12/2006	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	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) Limited Chairman of the Audit Committee and INED of Standard Chartered Bank (Hong Kong) Limited Chairman of the Audit Committee and INED of Grosvenor Asia Pacific Limited INED of Lei Shing Hong Ltd, Hong Kong	N/A	N/A	N/A
Supervisor	Standard Chartered Bank Representative : Edward Martin Williams	10/12/2012	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 Group Head of GSAM, 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 Director of Standard Chartered Bank (China) Limited Director of Standard Chartered Bank (Malaysia) Limited Director of Standard Chartered (Korea) Limited Director of Standard Chartered Securities (Korea) Director of Standard Chartered Bank (Korea) Limited Director of Prime Credit Ltd. Director of Principal Financial Holdings Ltd.	N/A	N/A	N/A

INED : Independent Non-Executive Directors

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 2012

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 2012

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 2012

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 banking business needs	Judge, prosecutor, attorney, certified public accountant, or other professionally qualified and technical person who possesses certificates of national examinations as required by banking business needs	Experience in business, law, finance, accounting or other work as required by banking business needs	1	2	3	4	5	6	7	8	9	10	
Name														
Standard Chartered Bank Representative: Katherine King-Suen Tsang			√			√	√		√	√	√	√		
Standard Chartered Bank Representative: Ajay Chamanlal Kanwal			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Lim Cheng Teck			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Yen-Ting Chen		√	√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Woei-Jy Chen			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Teeh Lin Wang			√	√	√	√	√	√	√	√	√	√		

(Continued)

	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: Nei-Ping Yin	√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Norman Lyle		√	√	√		√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Edward Martin Williams			√			√	√		√	√	√	√		

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 3rd 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 counseling services. However, this restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM.
- (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

31 December 2012

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	Ajay Chamanlal Kanwal	15/12/2011	0	0	0	0	0	0	Management Studies in Marketing, P.L.N.W. Institute of Management Studies and Research, Mumbai, India	N/A	N/A	N/A	N/A
Chief Financial Officer	Yen-Ting Chen	26/06/2012	0	0	0	0	0	0	Master of Business Administration, City University of Seattle, USA	Note 1	N/A	N/A	N/A
Head of Origination & Client Coverage, Wholesale Banking	Hui Wai-Choong	01/06/2012	0	0	0	0	0	0	Master of Business Administration (Banking & Finance), Singapore	N/A	N/A	N/A	N/A
Head of Consumer Banking	Tiew Siew Chuen	26/06/2012	0	0	0	0	0	0	Bachelors of Economics, Monash University, Australia	N/A	N/A	N/A	N/A
Head of Corporate Affairs	Hope Ong	21/12/2012	0	0	0	0	0	0	Master of Laws, Soochow University; Master of Computer Science, Georgia Institute of Technology, USA	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, USA	N/A	N/A	N/A	N/A
Chief Information Office	Yuh-Hwa Chyr	01/10/2010	0	0	0	0	0	0	Master of Industrial Management & Engineering, New Jersey Institute of Technology, USA	N/A	N/A	N/A	N/A
Head of Human Resources	Woei-Jy Chen	12/02/2010	0	0	0	0	0	0	MBA, Lehigh University, USA	N/A	N/A	N/A	N/A
Head of Legal & Compliance	Emma Chang	23/07/2012	0	0	0	0	0	0	Master of Law, Washington University, USA	N/A	N/A	N/A	N/A
Chief Risk Officer	Henry Hing Lee Hooi	02/08/2010	0	0	0	0	0	0	Bachelor of Commerce, The University of Western Australia, Australia	N/A	N/A	N/A	N/A
Chief Auditor	Evonne Chen	27/09/2012	0	0	0	0	0	0	Master of Law, Georgetown University, USA	Note 2	N/A	N/A	N/A
Head of Trust, Consumer Banking	Wei-Kai Yang	01/08/2011	0	0	0	0	0	0	MBA, Tunghai University	N/A	N/A	N/A	N/A
Head of Offshore and Offshore Banking Unit	Susan Chen	17/11/2011	0	0	0	0	0	0	MBA, Tulane University, USA	N/A	N/A	N/A	N/A
Head of Securities, Consumer Banking	Kevin Wu	18/02/2009	0	0	0	0	0	0	MA in Finance, Western Michigan University, USA	N/A	N/A	N/A	N/A
Branch Manager, Xingxing Securities Branch	Yu-Ying Liu	19/08/1999	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, Xinshe Securities Branch	Tian-Song Feng	02/01/2004	0	0	0	0	0	0	Dept. of Bank Management, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Xinming Securities Branch	Shao-Kuang Wu	06/07/2007	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	Hung-Jen 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, Zhunan Securities Branch	Xiu-Qiu Peng	23/11/2004	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, Banqiao Securities Branch	Ching Lee	30/11/2012	0	0	0	0	0	0	Dept. of Chemical Engineering, National United University	N/A	N/A	N/A	N/A
Branch Manager, Wenxin Securities Branch	Jim Liu	08/07/2010	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	Liang-Hsing Lai	21/02/2012	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	08/07/2010	0	0	0	0	0	0	Finance (MBA), Oklahoma City University, USA	N/A	N/A	N/A	N/A
Branch Manager, Xihu Securities Branch	Allen Kuo	31/01/2012	0	0	0	0	0	0	Dept. of Chemical Engineering, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Ren'ai Securities Branch	Isaac Peng	08/07/2010	0	0	0	0	0	0	MBA, National Cheng Kung University	N/A	N/A	N/A	N/A
Branch Manager, Business Department	Mei-Hui Chen	01/07/2008	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	Kuo-Hsin Hu	26/11/2009	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, Guangfu Branch	Shou-Hui Chao	15/12/2010	0	0	0	0	0	0	Dept. of Secretary, Shih Chien Junior College	N/A	N/A	N/A	N/A

(Continued)

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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, Zhongzheng Branch	Shu-Hui Wu	27/05/2010	0	0	0	0	0	0	Dept. of Industry Management, Oriental Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, Yanping Branch	Kuo-Hsiung Lin	21/09/2010	0	0	0	0	0	0	Dept. of International Trade, Tunghai University	N/A	N/A	N/A	N/A
Branch Manager, Zhudong Branch	Jar-Fu Day	15/12/2010	0	0	0	0	0	0	Dept. of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Xinpu Branch	Pang-Yuan Liu	29/06/2012	0	0	0	0	0	0	Dept. of Finance Taxation , Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Hukou Branch	Chiu-Ying Hsieh	15/12/2010	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, Zhubei Branch	Nuan Lin	30/10/2012	0	0	0	0	0	0	MA in Insurance, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Guanxi Branch	Chin-Jen Ho	15/12/2010	0	0	0	0	0	0	Dept. of Accounting and Statistics, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Xinfeng Branch	Jr-Lian Li	28/06/2010	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, Xinxing Branch	Pin-Nien Chang	30/03/2010	0	0	0	0	0	0	Dept. of Business Administration, National Chung Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Xinshe Branch	Hui-Chi Cheng	15/12/2010	0	0	0	0	0	0	Graduate School of Business Administration, Chung Hua University	N/A	N/A	N/A	N/A
Branch Manager, Science Park Branch	Chin-Hsing Kuo	02/12/2011	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, North Hsinchu Branch	Jung-Lin Cheng	21/09/2010	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	Tai-Ku Hsieh	23/03/2009	0	0	0	0	0	0	Dept. of Economics, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Daxi Branch	Chun-Te Tu	31/01/2012	0	0	0	0	0	0	Dept. of Business Administration, Minghsin University of Science and Technology	N/A	N/A	N/A	N/A
Branch Manager, Dayuan Branch	Li-Ying Chou	31/08/2011	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, Zhongli Branch	Conny Lee	29/07/2011	0	0	0	0	0	0	Dept. of Finance, National Chung Cheng University	N/A	N/A	N/A	N/A
Branch Manager, Yangmei Branch	Pei-Chin Chung	30/03/2010	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, Xinwu Branch	Cheng-Lung Yu	27/07/2009	0	0	0	0	0	0	Dept. of Economics, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Longtan Branch	Mei-Tsun Chen	27/07/2009	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	Meng-Hua Chen	15/12/2010	0	0	0	0	0	0	Dept. of Business Administration, Chihlee College of Business	N/A	N/A	N/A	N/A
Branch Manager, Neili Branch	Chin-Fu 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, Bade Branch	Kuang-Jung Fan	15/12/2008	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Yong'an Branch	Daisy Tang	02/12/2011	0	0	0	0	0	0	MBA, University of Michigan, USA	N/A	N/A	N/A	N/A
Branch Manager, Xinming Branch	Su-Yueh Kang	29/07/2011	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, Guishan Branch	Cindy Wu	31/05/2012	0	0	0	0	0	0	Dept. of Business Administration, Ging Chung Business College	N/A	N/A	N/A	N/A
Branch Manager, Nankan Branch	Fei-Lung Lin	23/03/2009	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Dashulin Branch	Wen-Fa Yeh	15/12/2010	0	0	0	0	0	0	EMBA, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Longgang Branch	Jason Tsai	24/01/2013	0	0	0	0	0	0	Dept. of Statistics , Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Shanziding Branch	Wei-Lung Tu	21/04/2011	0	0	0	0	0	0	Dept. of Economics, Chinese Culture University	N/A	N/A	N/A	N/A

(Continued)

31 December 2012

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, Puxin Branch	Hsiu-Ju Chiu	30/03/2010	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, Xinzhuang Mini Branch	Joseph Lu	02/12/2011	0	0	0	0	0	0	Dept. of Economics, National Chung Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Kuaiji Branch	Mei-Yu Chung	23/03/2009	0	0	0	0	0	0	Dept. of Business Administration, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Huanbei Branch	Shu-Hsueh Yeh	22/12/2011	0	0	0	0	0	0	Dept. of General Business, Daxing Vocational Senior High School	N/A	N/A	N/A	N/A
Branch Manager, Guanyin Branch	Yu-Fang Chang	14/12/2009	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	Hsiu-Ling Liu	27/07/2009	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, Miaoli Branch	Shih-Ling Lai	12/05/2008	0	0	0	0	0	0	Dept. of Accounting, Ling Tung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Zhunan Branch	Tsang-Yuan Lin	26/02/2010	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	Tai-Yi Liu	26/02/2010	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-Huai Ho	26/02/2010	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, Gongguan Branch	Wen-Chung Su	26/02/2010	0	0	0	0	0	0	Dept. of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Tongxiao Branch	Dylan Chang	02/12/2011	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, Houlong Branch	Hui-O Su	01/03/2011	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, Sanyi Branch	Yi-Hau Liou	09/06/2008	0	0	0	0	0	0	Dept. of Finance, Southern Taiwan University of Technology	N/A	N/A	N/A	N/A
Branch Manager, Dahu Branch	Shu-Ching Chiu	27/07/2009	0	0	0	0	0	0	Dept. of Finance, Yu Da College of Business	N/A	N/A	N/A	N/A
Branch Manager, Tongluo Branch	Kuo-Chi Hsu	26/02/2010	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	Chi-Cheng Huang	29/07/2011	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, Gongxi Branch	Edward Wang	15/12/2010	0	0	0	0	0	0	Dept. of Finance, Ming Chuan University	N/A	N/A	N/A	N/A
Branch Manager, Zhuangjing Branch	Jacky Pan	31/08/2011	0	0	0	0	0	0	Dept. of Sociology, Soochow University	N/A	N/A	N/A	N/A
Branch Manager, Jinling Branch	Yao-Mo Huang	29/07/2011	0	0	0	0	0	0	Dept. of Finance and Tax Administration, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Jianguo Branch	Lolita Lee	29/11/2012	0	0	0	0	0	0	Dept. of Spanish, Providence University	N/A	N/A	N/A	N/A
Branch Manager, Banqiao Branch	Jeff Chang	31/05/2012	0	0	0	0	0	0	Dept. of Mathematics, Soochow University	N/A	N/A	N/A	N/A
Branch Manager, Luzhou Mini Branch	Kalice Wang	21/06/2011	0	0	0	0	0	0	Master of International Business, Wollongong University, Australia	N/A	N/A	N/A	N/A
Branch Manager, Neihu Branch	Rita Tai	21/06/2011	0	0	0	0	0	0	Dept. of Healthcare Management, Yuanpei College	N/A	N/A	N/A	N/A
Branch Manager, Wenxin Branch	James Chien	02/12/2011	0	0	0	0	0	0	Dept. of Chinese Literature, National Cheng Kung University	N/A	N/A	N/A	N/A
Branch Manager, Fengyuan Branch	Lien-Huang Pan	02/12/2011	0	0	0	0	0	0	Dept. of Commerce, Open University	N/A	N/A	N/A	N/A
Branch Manager, Chiayi Branch	George Hsu	29/06/2012	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	Wei-Ming Sun	21/06/2011	0	0	0	0	0	0	Dept. of Accounting, National Taiwan University	N/A	N/A	N/A	N/A
Branch Manager, Jiuru Branch	Simon Chuang	24/10/2011	0	0	0	0	0	0	Graduate School of Business Administration, National Cheng Kung University	N/A	N/A	N/A	N/A

(Continued)

31 December 2012

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, Dongning Branch	Yu-Ren Lin	21/06/2011	0	0	0	0	0	0	Dept. of Banking and Insurance, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Donghai Branch	Chiung-Feng Hung	27/07/2012	0	0	0	0	0	0	Dept. of International Trade, Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Shengang Branch	Po-Nien Su	02/12/2011	0	0	0	0	0	0	Dept. of International Trade, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Nantun Branch	Wen-Feng 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, Zhonghe Branch	Chris Lee	27/07/2011	0	0	0	0	0	0	Dept. of Business Administration, National Taipei University	N/A	N/A	N/A	N/A
Branch Manager, Beitun Branch	Yung-Ping Hu	27/07/2011	0	0	0	0	0	0	Dept. of Electronic Data Processing, Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Xitun Branch	Gavin Liao	27/05/2010	0	0	0	0	0	0	Master of International Economics, National Chung Cheng University	N/A	N/A	N/A	N/A
Branch Manager, Taichung Branch	Rex Wang	21/06/2011	0	0	0	0	0	0	Dept. of Finance, Chaoyang University of Technology	N/A	N/A	N/A	N/A
Branch Manager, Changhua Branch	Leo Chang	26/08/2010	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	Wayne Chuang	21/06/2011	0	0	0	0	0	0	Master of Business Administration, Southern Illinois University at Carbondale, USA	N/A	N/A	N/A	N/A
Branch Manager, Fuxing Branch	Vincent Sha	26/02/2010	0	0	0	0	0	0	Dept. of Tourism Industry, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Sanduo Branch	Sonia Lin	27/07/2012	0	0	0	0	0	0	Dept. of Land Management, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, East Taipei Branch	Linda Wu	21/06/2011	0	0	0	0	0	0	EMBA, National Taiwan University	N/A	N/A	N/A	N/A
Branch Manager, Daya Branch	Monica Chen	27/07/2012	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Taipei Industrial College	N/A	N/A	N/A	N/A
Branch Manager, East Tainan Branch	Ken Lin	26/04/2010	0	0	0	0	0	0	Master of Finance, National Chung Cheng University	N/A	N/A	N/A	N/A
Branch Manager, Wufu Branch	Yu-Cheng Lin	15/12/2010	0	0	0	0	0	0	Dept. of Business Administration, Sun Yat-sen University	N/A	N/A	N/A	N/A
Branch Manager, Xihu Branch	Alex Lin	01/03/2011	0	0	0	0	0	0	Dept. of Economics, Soochow University	N/A	N/A	N/A	N/A
Branch Manager, Dunhua Branch	Chih-Shan Huang	31/05/2012	0	0	0	0	0	0	Dept. of Banking Insurance, Jinwen University of Science and Technology	N/A	N/A	N/A	N/A
Branch Manager, Xinyi Branch	Roger Liao	31/08/2011	0	0	0	0	0	0	Dept. of Mechanical Engineering, National Chin-Yi University of Technology	N/A	N/A	N/A	N/A
Branch Manager, Ren'ai Branch	Chin-Hsiang Chang	21/06/2011	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Tienmu Branch	Michael Lu	27/07/2012	0	0	0	0	0	0	Dept. of Insurance, Ming Chuan University	N/A	N/A	N/A	N/A
Branch Manager, Dunbei Branch	Gary Cheng	21/06/2011	0	0	0	0	0	0	Dept. of Banking and Insurance, Shih Chien University	N/A	N/A	N/A	N/A
Branch Manager, Zhongshan Branch	Derrick Mong	29/06/2012	0	0	0	0	0	0	MBA, Centenary College of New Jersey, USA	N/A	N/A	N/A	N/A
Branch Manager, No.88 Branch	Stanley Tsai	15/12/2010	0	0	0	0	0	0	MBA, National Taiwan University	N/A	N/A	N/A	N/A
Branch Manager, Dazhi Branch	Bill Su	31/05/2012	0	0	0	0	0	0	Dept. of Telecommunications Engineering, National Kaohsiung Institute of Marine Technology	N/A	N/A	N/A	N/A
Branch Manager, Jinshan Branch	Spencer Kuo	02/12/2011	0	0	0	0	0	0	Dept. of Business Administration, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Kaohsiung Branch	Ta-Sung Wang	24/10/2011	0	0	0	0	0	0	MBA, University of Long Island, USA	N/A	N/A	N/A	N/A

Note 1 : Chairman of Standard Chartered Life Insurance Agency Co, Ltd and Chairman of Taiwan Standard Chartered Insurance Agency Co, Ltd.

Note 2 : Supervisor of Standard Chartered Life Insurance Agency Co, Ltd and Supervisor of Taiwan Standard Chartered Insurance Agency Co, Ltd.

(III) Remuneration Paid to Directors, Supervisors and Executive Officers in 2012

1. Directors' Remuneration and Remuneration Bracket

(1) Directors' Remuneration (including Independent Non-Executive Directors)

Unit: NTD'000

Title	Name	Director's Remuneration								Total of (A, B,C, D) as a percentage (%) 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)		Total No. of restricted stock awards (RSA) obtained				
		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	2,760	2,760								84,126	84,126													
Director	Standard Chartered Bank Representative : Ajay Chamanlal Kanwal																								
Director	Standard Chartered Bank Representative : Lim Cheng Teck																								
Director	Standard Chartered Bank Representative : Woei-Jy Chen																								
Director	Standard Chartered Bank Representative : Yen-Ting Chen																								
INED	Standard Chartered Bank Representative : Teeh Lin Wang																								
INED	Standard Chartered Bank Representative : Nei-Ping Yin																								
Director	Standard Chartered Bank Representative : Sunil Kaushal (removed on 25/05/2012)																								
Director	Standard Chartered Bank Representative : Kuei-Ling Hu (removed on 09/12/2012)																								
Director	Standard Chartered Bank Representative : Fou Tsong Ling (removed on 19/07/2012)																								

INED : Independent Non-Executive Directors

Note : Directors' expense for driver salary totaled NTD 3,968 (thousand) in 2012.

(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 NTD 2,000,000	Teeh Lin Wang, Nei-Ping Yin	Teeh Lin Wang, Nei-Ping Yin		
NTD 2,000,000 (inclusive) – NTD 5,000,000			Yen-Ting Chen	Yen-Ting Chen
NTD 5,000,000 (inclusive) – NTD 10,000,000			Woei-Jy Chen, Fou Tsong Ling, Kuei-Ling Hu	Woei-Jy Chen, Fou Tsong Ling, Kuei-Ling Hu
NTD 10,000,000 (inclusive) – NTD 15,000,000				
NTD 15,000,000 (inclusive) – NTD 30,000,000			Ajay Chamanlal Kanwal, Sunil Kaushal	Ajay Chamanlal Kanwal, Sunil Kaushal
Total	2	2	6	6

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	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	
Supervisor	Standard Chartered Bank Representative : Norman Lyle	820							0.03%	0.03%
Supervisor	Standard Chartered Bank Representative : Edward Martin Williams									

(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 NTD 2,000,000	Norman Lyle	Norman Lyle
NTD 2,000,000 (inclusive) – NTD 5,000,000		
NTD 5,000,000 (inclusive) – NTD 10,000,000		
NTD 10,000,000 (inclusive) – NTD 15,000,000		
NTD 15,000,000 (inclusive) – NTD 30,000,000		
Total	1	1

Note : Only one supervisor is paid remuneration.

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		Total No. of Restricted Stock Awards (RSA) Obtained		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	The Bank	All companies included in consolidated financial statements		
								Cash dividend	Stock dividend	Cash dividend	Stock dividend										
President & Chief Executive Officer	Ajay Chamanlal Kanwal	93,881	93,881			110,117	110,117						6.79%	6.79%							
Chief Financial Officer	Yen-Ting Chen																				
Head of Origination & Client Coverage, Wholesale Banking	Hui Wai-Choong																				
Head of Consumer Banking	Tiew Siew Chuen																				
Head of Corporate Affairs	Hope Ong																				
Head of Global Markets and Head of Sales, Global Markets, Wholesale Banking	David Wu																				
Chief Information Officer	Yuh-Hwa Chyr																				
Head of Human Resources	Woei-Jy Chen																				
Head of Legal & Compliance	Emma Chang																				
Chief Risk Officer	Henry Hing Lee Hooi																				
Chief Auditor	Evonne Chen																				
President & Chief Executive Officer (Note 1)	Sunil Kaushal																				
Chief Financial Officer (Note 2)	Fou Tsong Ling																				
Head of Origination & Client Coverage (Note 3)	Helen S. Hui																				
Head of Consumer Banking (Note 4)	Choon-Hin Tan																				
Head of Corporate Affairs (Note 5)	Ruby Fu																				
Head of Legal & Compliance and Company Secretariat (Note 6)	Kuei-Ling Hu																				
Chief Auditor (Note 7)	Henry Tseng																				

Executive Officers' expense for driver salary totaled NTD 9,149 (thousand) in 2012.

Note 1 : President & Chief Executive Officer, Sunil Kaushal, removed on 19 January, 2012.

Note 2 : Chief Financial Officer, Fou Tsong Ling, removed on 15 April, 2012.

Note 3 : Head of Origination & Client Coverage, Helen S. Hui, removed on 1 June, 2012.

Note 4 : Head of Consumer Banking, Choon-Hin Tan, removed on 21 June, 2012.

Note 5 : Head of Corporate Affairs, Ruby Fu, removed on 1 January, 2013.

Note 6 : Head of Legal & Compliance and Company Secretariat, Kuei-Ling Hu, removed on 1 January, 2013.

Note 7 : Chief Auditor, Henry Tseng, resigned on 1 August, 2012.

(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 NTD 2,000,000	Hope Ong, Evonne Chen	Hope Ong, Evonne Chen
NTD 2,000,000 (inclusive) – NTD 5,000,000	Yen-Ting Chen, Emma Chang, Henry Tseng	Yen-Ting Chen, Emma Chang, Henry Tseng
NTD 5,000,000 (inclusive) – NTD 10,000,000	Hui Wai-Choong, Tiew Siew Chuen, Yuh-Hwa Chyr, Woei-Jy Chen, Foun Tsong Ling, Ruby Fu, Kuei-Ling Hu	Hui Wai-Choong, Tiew Siew Chuen, Yuh-Hwa Chyr, Woei-Jy Chen, Foun Tsong Ling, Ruby Fu, Kuei-Ling Hu
NTD 10,000,000 (inclusive) – NTD 15,000,000	Choon-Hin Tan	Choon-Hin Tan
NTD 15,000,000 (inclusive) – NTD 30,000,000	Ajay Chamanlal Kanwal, David Wu, Henry Hing Lee Hooi, Helen S Hui, Sunil Kaushal	Ajay Chamanlal Kanwal, David Wu, Henry Hing Lee Hooi, Helen S Hui, Sunil Kaushal
Total	18	18

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:

	2012	2011
Director	2.89%	0.61%
Supervisor	0.03%	0.01%
Executive Officers	6.79%	2.01%

(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 as a compensation for achieving agreed goals. The variable reward is distributed to individuals and varies based on the Bank's management performance, levels of profitability, and annual performance review of individual executive officers. The Bank also offers Share Scheme (i.e. incentive stock option plan) of Standard Chartered PLC with deferral mechanism.

III. Corporate Governance Practices

(I) Practices of Board of Directors

12 meetings were convened by the Board of Directors over that past one year. Attendance of directors and supervisors 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	0	100%	
Director	Standard Chartered Bank Representative: Ajay Chamanlal Kanwal	11	1	92%	
Director	Standard Chartered Bank Representative: Lim Cheng Teck	10	2	83%	
Director	Standard Chartered Bank Representative: Yen-Ting Chen	6	1	86%	Took office on 28 June
Director	Standard Chartered Bank Representative: Woei-Jy Chen	1	0	100%	Took office on 10 December
INED	Standard Chartered Bank Representative: Teeh Lin Wang	12	0	100%	
INED	Standard Chartered Bank Representative: Nei-Ping Yin	12	0	100%	
Director	Standard Chartered Bank Representative: Sunil Kaushal	3	1	75%	Removed on 25 May
Director	Standard Chartered Bank Representative: Fou Tsong Ling	6	0	100%	Removed on 19 July
Director	Standard Chartered Bank Representative: Kuei-Ling Hu	10	1	91%	Removed on 9 December
Supervisor	Standard Chartered Bank Representative: Norman Lyle	12	0	100%	
Supervisor	Standard Chartered Bank Representative: Edward Martin Williams	11	0	92%	

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.

Term and Session	Name	Content of Motion	Reasons for Avoidance	Participation in the Voting
14 December 2012, 13 th Term 1 st Session	Nei-Ping Yin	The remuneration of the Independent Non-executive Directors and Supervisors	Serve as an Independent Non-executive Director	The related party did not exercise the voting right to the proposal, and the other Directors unanimously resolved that the proposal be approved.
	Teeh Lin Wang	The remuneration of the Independent Non-executive Directors and Supervisors	Serve as an Independent Non-executive Director	The related party did not exercise the voting right to the proposal, and the other Directors unanimously resolved that the proposal be approved.

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

12 meetings were convened by the Board of Directors in 2012. 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	12	100%	
Supervisor	Standard Chartered Bank Representative: Edward Martin Williams	11	92%	

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 hold 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. 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. Those two independent directors, upon expiration of their term on 9 December 2012, were re-elected on 10 December 2012. 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, donations to political parties, stakeholders and charity groups, 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.		

(Continued)

Item	Execution Status	Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
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 an 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. 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 policies 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. 9. Pursuant to Article 16-1, Chapter 3 of the "Corporate Governance Best-Practice Principles for Banks", our donations to political parties, stakeholders and charity groups required to be disclosed are: 1) National Tsing Hua University - Production of 39 Audio Books for the Visually Impaired 2) Taiwan Digital Talking Book Association - Production of 27 Audio Books for the Visually Impaired 3) EDEN Social Welfare Foundation 4) ORBIS Taiwan 5) Parent's Association for the Visually Impaired		
(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) Organization Structure, Responsibility and Operation of Remuneration Committee Established by the Bank If Any : [None]

(VI) Practices of Corporate Social Responsibility:

Systems, measures and practices of the Bank's social responsibility to environmental protection, community participation, social contribution, social services, public welfare, consumer rights, human rights, safety and hygiene, and other social responsibility related activities

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) Our sustainable business priorities: - Contributing to the real economy - Promoting sustainable finance - Leading the way in communities (2) Seven priority targets: - 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, Ajay Chamanlal Kanwal. Each committee member takes charge of one sustainability agenda: employee volunteering for Chief Risk Officer, Seeing is Believing and Diversity & Inclusion for Head of Human Resources, HSE for Chief Information Officer, 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.

(Continued)

Items	Practices
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 (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	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. 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 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 percent and water consumption by 21 percent, both per full-time employee. We were proud to be included in the FTSE 350 Carbon Disclosure Project (CDP) Leadership Index and the FTSE 350 CDP Strategy Index in 2010. This recognizes our achievements in managing our use of energy and travel. 3. The Bank announced in November 2012 that it closed a deal to partly fund a EUR66.7 million Syndicated Term Facility and a EUR2 million revolving VAT term loan facility for Tongwei Wind Power's 53 megawatt (MW) wind farm project in Miaoli, Taiwan. 4. In 2012, the Bank has continuously adopted several practices to reduce carbon dioxide emissions and save energy through the reduction of paper use at offices. In total, the Bank has saved at least 750,000 kWh of electricity throughout the year. These practices include: - Removal of extra lighting tubes and replacement of traditional lighting with energy-saving ones in major buildings and offices - Reduce signage hours from 12 hours to 6 hours in all branches - Limited hours on air-conditioning in offices - Continual adoption of Victoria Park, Lan-ya Park and Bei-shr-hu Park - On water saving, the Bank has continuously adopted several water-saving practices. We installed recycling pumps in the pond at Science Park Branch, reducing water usage. - On paper saving, the Bank has not only continuously promoted paperless meetings, improvements on related facilities and rigid measures on copying process, but also tracked the paper usage in offices on quarterly basis and held cross-department paper reduction competition to remind staff to save paper.
III. Safeguard Public Welfare (1) Compliance with labor-related acts, paying respect to internationally recognized human rights and fundamental principles at work, protection of employees' legitimate	1. Employee rights protection: The Bank complies with domestic labor laws to guarantee employees' legitimate rights and interests and ensure a human labor's freedom of assembly and association as well as the rights of collective bargaining. We care about the disadvantaged minority, prohibit to hire child labor, and prevent any kind of forced labor. We commit to ensure equal opportunity in employment and

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Items	Practices
rights and interests, exercise of equal treatment in employment, 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 regular communication with employees and the adequate process of notifying changes in operations that may have major impact on employees (4) Establishment of the consumer rights policy with transparent and effective procedures in place for handling customer complaints on products and services of the Bank (5) Collaboration with vendors to reinforce corporate social responsibility (6) 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	prohibit the discrimination against any job applicant or employee on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, or past membership in any labor union. All above are fulfilled in details and practices of the Bank's Collective Bargaining Agreement, HR policies and procedures, as well as Diversity & Inclusion policy. 2. Employee safety and health (1) Pursuant to local Labor Safety and Health Law and policies of the Group, employees are provided with safety and health education below: - New joiners are required to receive a three-hour training of labor safety and health education during the induction course. - 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. - Assist employees in charge of labor safety to obtain related licenses and provide with business related information. (2) Pursuant to Labor Health Protection Regulation, employees are provided with labor health related assistance below: - All employees are regularly implemented the general health check. - Set up nursing room and hire competent nursing personnel to provide health service and consultation to employees. - Set up "Health News" section and update health news to employees. - Invite doctors to hold health seminar for sharing health and hygiene knowledge/ information with staff. - Set up breastfeeding room for female staff who return from maternity. 3. Establishment of regular communication with employees: The Bank conducts regular communication with employees through the following channels: (1) "Inside Taiwan" e-newsletter : A biweekly, bilingual newsletter to all staff to communicate information on administrative matters, policies and procedures, staff benefits, bank-wide events, etc. (2) Intranet (iConnect) : A bilingual intranet site updated every 2-3 days to communicate information on administrative matters, policies and procedures, staff benefits, bank-wide events, etc. (3) CEO Message : A monthly e-mail from the President & CEO to all staff to communicate business directions and corporate vision. (4) Department meeting : Regular weekly meetings within business and support functions to communicate bank-wide affairs, business directions and strategies, and actions required of staff accordingly. The Bank keeps employees informed of business/operational changes that may have major impact on them through the following channels: (1) E-mail "broadcasts" : Need-based e-mail message sent to all staff to communicate significant bank-wide information such as financial performance, senior movement, major incidents and issues, natural disasters announcement, etc.

(Continued)

Items	Practices
	(2) Staff "townhall" : Need-based meeting usually held for business and support function heads to communicate major business directions and strategies through face-to-face communication. (3) Department meeting : Need-based meeting held by business and support function heads to cascade major business directions and strategies through face-to-face communication with employees. 4 . 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. 5. Collaboration with vendors to carry out corporate social responsibility : Our brand promise "Here for good" fully demonstrates our mission as well as over 150 years of business model. The Bank is committed to ensure that we operate with high standards of social, ethical and environmental considerations in all aspects of our business. As a responsible corporate citizen, we expect our suppliers uphold consistent standards as we do in aspects of ethics, human rights, environments, health & safety, labor and environmental protection. The Bank also has an obligation to ensure that our suppliers promote conservation or protection of the environment as part of their business operations. To implement the concept of environmental protection, Standard Chartered built into the selection process to develop specifications and recommendations for environmentally friendly products as the preferred specification, review the provisions of the more environmentally sensitive products and the

(Continued)

Items	Practices
	efforts of supplier corporate social responsibility system. Integrate them into supplier selection process considered as one of the selection criteria, so that sourcing decisions take into account the extent practicable, compliance with environmental specifications using a higher degree of product or service. 6. Regarding employee volunteering services and donation activities, please refer to pages 76 for the section of Corporate Responsibilities and Ethics.
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. Since 2010, we have been listed in the FTSE4Good index, which is 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 practices pertaining to environmental protection, community participation, social contribution, social services, public welfare, consumer rights, human rights, safety and hygiene and other social responsibility related activities): Please refer to pages 76 for the section of Corporate Responsibilities and Ethics.	
VII. Please specify, if appropriate, any banking product or Corporate Social Responsibility Report already met the verification criteria of a certification institution : [None]	

(VII) Information on Ethical Corporate Management and Measures Adopted by the Bank:

Items	Practices
I. Establish Ethical Corporate Management Policies and Programs (1) Stipulation of ethical corporate management policies in internal rules and external documents of the Bank; the implementation status of such policies actively committed by the Board of Directors and senior management (2) Establishment of the Bank's ethical corporate management programs to forestall unethical conduct ("prevention program"), including procedures, guidelines and trainings (3) When establishing the prevention program, the preventative measures to be adopted against business activities within their business scope which may be at a higher risk of being involved in an unethical conduct, including offering and acceptance of bribes, illegal political donations, etc.	1. Promulgation of Legal and Compliance Principles and Prevention of Unethical Conduct : All of the Bank's policies and related to procedures to ethical corporate management are approved by the Executive Committee and Board of Directors, followed by enforcement of each policy by its owners and subject to Board of Directors' review on an annual basis. 2. The Bank has established the "SCBTL Reputational Risk Policy" and "Group Gifts and Entertainment Policy". The relevant training modules are available in the e-Learning system which are mandated to be completed. To avoid the Bank being exposed in risks, all new joiners are required to attend risk related training, which covers AML, compliance and misselling. Refreshing e-learning is required each year. 3. The Bank has established "Sponsorships and Donations Policy" which defines when the activities can be proceeded. Also the "Anti-Bribery Policy" is available to define and avoid the bribery activities.
II. Implement Ethical Corporate Management (1) When engaging in commercial activities, the Bank shall avoid transactions with any counterparty having records of unethical conduct, and shall include provisions demanding ethical corporate management compliance in contracts. (2) Establishment of a dedicated (or sideline) unit for promotion of the ethical corporate management, and its monitoring by the Board of Directors (3) Establishment of the conflict of interest policy and provision of the adequate reporting channel (4) Establishment of effective accounting system and internal control system for the Bank's ethical corporate management; the results of examination conducted by internal auditors	1. The Bank has established the "Group Vendor Management Policy" and "Group/Wholesale Banking/Consumer Banking Personal Account Dealing Policy". In addition, we have set up terms and conditions for ethical conduct in the "Standard Contract-Purchase Contract Non-IT/IT" 2. Avoidance of conflict of interest by directors and supervisors: Where a director or legal representative is the stakeholder of a meeting proposal, and the participation of which may prejudice the Bank's interest, such person is not permitted to join discussion over such proposal or exercise the voting right, nor can he/she exercise the voting on others' behalf, however, providing opinion or responding to the proposal is not restricted. 3. The Bank has established the "Group Conflict Of Interest Procedures" and "Group Transactional Conflicts and Information Walls Procedures" to mitigate the occurred/expected/potential interest conflict. 4. In accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, internal audit conduct a general audit and a target audit on its business, finance, asset custodian and information department at least once a year. The Bank has strict accounting system and related procedures in place for compliance with the "Business Entity Accounting Act", "Regulations Governing the Preparation of Financial Reports by Securities Issuers", "Regulations Governing the Preparation of Financial Statements by Public Banks", generally accepted accounting principles, and by referring to the "Sample of Accounting System for Banking Sector" stipulated

(Continued)

Items	Practices
	by the Bankers' Association. In addition, the Bank's financial statements are duly audited and certified by our CPA firm in accordance with relevant regulations and generally accepted accounting principles to ensure data accuracy.
III. Establish a channel for receiving reports on unethical conduct, as well as a disciplinary and complaint system to handle violation of the ethical corporate management rules	The Bank has established "Speaking Up Policy" for escalating breach behavior which will keep the confidentiality on whom made the speak-up. "Discipline Committee" will be initiated once any staff breach is found. Disciplinary sanction will be made per the discussion of Discipline Committee.
IV. Reinforce Information Disclosure (1) Disclosure of information regarding the enforcement of the Bank's ethical corporate management on its website (2) Other methods of disclosure (e.g. set up English website, assign a designated person to collect corporate information and disclose on the Bank's website, etc.)	1. The Bank has official website to disclose integrity & ethical operation information. 2. The Bank has official website to disclose legally required announcement, including annual reports, important financial information, and financial reports, etc.
V. In the event the Bank has developed its own Ethical Corporate Management Best Practice Principles pursuant to the "Ethical Corporate Management 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 the Bank's ethical corporate management (e.g. ensure the Bank's counterparties understand our resolve to implement ethical corporate management and relevant policies, and invite them to join trainings, review/modify the Bank's ethical corporate management best practices): As part of our 'Here for good' brand promise, we are committed to conducting our dealings with suppliers to the highest standards of quality and integrity. We set out a suppliers charter which includes a number of principles for the behavioral standard that Standard Chartered expects from all its suppliers, and those within a supplier's sphere of influence that assist them in performing their obligations to us. All references to the suppliers in this Charter therefore include the supplier's sphere of influence. One of major principles is that Standard Chartered expects its suppliers to conduct themselves ethically and morally and respect local laws, and strictly prohibits bribery and corruption in any form. Suppliers are encouraged to use our secure Speaking Up web service to report all suspected cases, actual breaches or concealment of any forbidden acts.	

(VIII) 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>.

(IX) Other Material Information

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

(X) Implementation of Internal Control System

1. Statement of Internal Controls

Internal Control Statement to Financial Supervisory Commission

28 March, 2013

On behalf of Standard Chartered Bank (Taiwan) Limited (the "Company"), we hereby certify that, for the fiscal year of 2011, 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 and Corrective Actions for Internal Control System

As of 31 December 2012

Issues for Improvement	Corrective Actions	Target Completion Date
Financial Supervisory Commission ("FSC") ruled that the Company neglected to establish and implement an effective internal control system and audit system for its personal loan business, which violates Paragraph 1 of Article 45-1 of the Banking Act. As a result, a monetary sanction (fine) of NTD 6m was imposed in accordance with Paragraph 7 of Article 129 of the Banking Act. In the meantime, restriction on the Company's personal loan business was imposed in accordance with Subparagraph 5 of Paragraph 1, Article 61-1 of the Banking Act. (FSC Letter No. 10150002810 dated 21 August 2012)	1. To enhance the end-to-end monitoring for personal loan process and customer verification; 2. To enhance customer education and communication as well as sales management, communication and training; 3. To review and modify the incentive scheme for sales and to improve customer data protection management.	Completed
FSC ruled that the Company's Customer Relationship Manager ("CRM") kept customers' pre-signed blank transaction forms and phone-banking token, which indicates the Company's internal control system was not effectively implemented and violates Paragraph 1, Article 45-1 of the Banking Act. As a result, a monetary sanction (fine) of NTD 4m was imposed in accordance with paragraph 7 of Article 129 of the Banking Act. The Company was also requested to dismiss the CRM based on Subparagraph 3 of Paragraph 1, Article 61-1 of the Banking Act. (FSC Letter No. 10150000010 dated 29 February 2012)	1. To strengthen controls over transaction monitoring, including 1) independent confirmation of customer's presence in branch; 2) independent Call Back for high volume or vulnerable customers or transactions accepted outside of a branch; 3) rollout of Project Beacon to reinforce segregation of duties; 2. To notify customers of transactions performed via Short Message Service ("SMS") / mail; 3. To enhance customer education and communication as well as sales management, communication and training; 4. To establish a dedicated disciplinary process based on guidelines by the Trust Association.	Completed
FSC issued a reprimand against the Company for negligence in handling mortgage loans between 1990 and 2007 in accordance with Paragraph 1, Article 61-1 of the Banking Act. (FSC Letter No. 10100178860 dated 10 August 2012)	1. To clean up the legacy cases. 2. To revised procedures. 3. Contract Modification. 4. Delete all remarks regarding joint guarantee and joint borrower in the system record.	Completed
In April 2012, a chargeback staff, XX Chu, was found violating the Company's operational guidelines by transferring money to her personal account or her relatives' accounts, which has resulted in operational loss of the Company. The investigation indicates that Staff Chu has forged and altered payment instructions to transfer money to her or her relatives' account to pay for her credit card payments of other banks.	1. Relevant controls were reviewed to ensure credit card-related accounting process can be strictly implemented according to the internal policies. 2. A thorough review on all finance accounts of credit card will be conducted to detect discrepancy. Any sundry accounts with remaining balances will be reviewed to determine if they are necessary or should be closed. 3. The procedure of email approval is abolished to ensure that the hard copy is used for approval. 4. During daily closing, the Business' manager, branches and the Operations Center will cross check the number of transactions and their amounts to enhance dual control and to prevent fraudulent transactions.	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 28 of the Rules for Enforcement of Financial Holding and 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 31 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.



March 28, 2013

(XI) 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	None
2. Penalty fine imposed by Financial Supervisory Commission (FSC) due to violation of the laws and regulations	1. Ex-CRM Xu of SCBTL's Sanduo branch safekept customers' passbooks/tokens/ passwords and conducted unauthorized transactions on customers' behalves. FSC ruled that the Bank's internal control system was not thoroughly implemented, which violated Paragraph 1 of Article 45-1 of the Banking Act and was imposed a monetary sanction (fine/ penalty) of NTD 2 million in accordance with Subparagraph 7 of Article 129 of the Act. In addition, FSC ordered the Bank to dismiss CRM Xu based on Subparagraph 3, Paragraph 1 of Article 61-1 of the Act (7 Jul. 2011). 2. The CRM of SCBTL kept the blank transaction sheet and the token of the phone-banking of the customers and made the transaction for customers. FSC ruled that the Bank's internal control system was not thoroughly implemented, which violates Paragraph 1 of Article 45-1 of the Banking Act and imposed a monetary sanction (fine/ penalty) of NTD 4 million in accordance with Paragraph 7 of Article 129 of the Act, and requested the Bank to dismiss this CRM based on Subparagraph 3, Paragraph 1 of Article 61-1. (29 Feb. 2012) 3. FSC ruled that the Bank's internal control system was not thoroughly implemented when conducting personal loan, which violates Paragraph 1 of Article 45-1 of the Banking Act and imposed a monetary sanction (fine/ penalty) of NTD 6 million in accordance with Paragraph 7 of Article 129 of the Act, and impose restriction on the Bank's personal loan. (21 Aug. 2012).
3. Penalty imposed by FSC due to violation of Article 61-1 of the Banking Act	1. In accordance with Article 61-1 of the Banking Act, FSC ordered the Bank to dismiss ex-CRM of the Sanduo branch. (7 Jul. 2011) 2. In accordance with Article 61-1 of the Banking Act, FSC ordered the Bank to dismiss the CRM of SCBTL. (29 Feb. 2012). 3. In accordance with Article 61-1 of the Banking Act, the Bank was rectified by FSC regarding the negligence for partial cases of mortgage loan. (10 Aug. 2012) 4. In accordance with Article 61-1 of the Banking Act, FSC imposed restriction on the Bank's personal loan. (21 Aug. 2012).
4. 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
5. Other matters required to be disclosed by FSC	None

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

Date	Type of Meeting	Major Resolution	Execution Status
31/01/2012	Monthly Meeting of Board of Directors	1. Approval of sale of property	1. Executed as per resolution
24/02/2012	Monthly Meeting of Board of Directors	1. Approval of revised 2012 annual budget 2. Approval of delegation of authority	1. Executed as per resolution 2. Executed as per resolution
23/03/2012	Quarterly Meeting of Board of Directors	1. Approval of 2011 annual financial statements, business reports and profit allocation statement of the Bank 2. Approval of 2011 annual report 3. Approval of sale of property	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution
31/05/2012 (Note1)	Monthly Meeting of Board of Directors	1. Approval of sublease and lease of the office space to interested parties 2. Senior executive officer appointment be approved 3. Amendment to Governing Procedure for Board of Directors Meetings of the Bank be approved	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution
29/06/2012	Quarterly Meeting of Board of Directors/ Shareholder Meeting	1. Approval of 2011 annual report 2. Approval of 2011 annual financial statements, business report, and profit allocation statement of the Bank 3. Amendment to delegation of Authority of the Bank be approved 4. Senior executive officer appointment be approved	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution
27/07/2012	Monthly Meeting of Board of Directors	1. Approval for change in frequency of write-off of non-performing loan submission to the Board 2. Approval of outsourcing anti money laundering transaction monitoring operation, Wholesale Banking customer due diligence consulting service, and data processing 3. The application of data processing outsourcing be approved 4. Approval of change to Board of Directors' composition	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution
30/08/2012	Quarterly Meeting of Board of Directors	1. Approval of 2012 first semi-annual audited standalone and consolidated financial statements of the Bank 2. Approval of sales of Consumer Banking non performing loans	1. Executed as per resolution 2. Executed as per resolution
20/09/2012	Monthly Meeting of Board of Directors	1. Approval of amendment to the Internal Capital Adequacy Assessment Process Policy 2. Approval of Group Special Asset Management ("GSAM") settlement proposal 3. Approval of senior executive officer appointment	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution

(Continued)

Date	Type of Meeting	Major Resolution	Execution Status
30/10/2012	Monthly Meeting of Board of Directors	1. Approval of deed of amendment on the advisory and services agreement	1. Executed as per resolution
29/11/2012	Quarterly Meeting of Board of Directors	1. Approval of 2013 annual budget of the Bank 2. Approval of sale of property	1. Executed as per resolution 2. Executed as per resolution
14/12/2012	Monthly Meeting of Board of Directors	1. Approval of domestic bank required information for the supervisory review process over capital adequacy package 2. Approval of related party transaction 3. Approval of disposal of equity investment of the Bank 4. Approval of appointment and removal of senior executive officers 5. 2013 Board Meeting schedule 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

Note 1 : No major resolution was made at the Monthly Board Meeting in April 2012, therefore no information is disclosed in the table above.

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

(XIV) Information on Persons Related to the Financial Statements Who Resigned or Were Removed :

As of 31 December 2012

Title	Name	Date appointed	Date resigned/removed	Reason
President & Chief Executive Officer	Sunil Kaushal	01/07/2008	19/01/2012	Removed
Chief Financial Officer	Fou Tsong Ling	24/11/2008	15/04/2012	Removed
Chief Auditor	Henry Tseng	02/01/2008	01/08/2012	Resigned

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 2012	

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		3,902	3,902
3	4,000,000 (inclusive) - 6,000,000			
4	6,000,000 (inclusive) - 8,000,000			
5	8,000,000 (inclusive) - 10,000,000			
6	Over 10,000,000 (inclusive)	15,123		15,123

(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	15,123				3,902	3,902	01/01/2012 ~ 31/12/2012	Internal control : \$1,958 Tax : \$1,344 CAR : \$600

(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 : [None]

(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 among which are related parties, spouses, or relatives within 2nd degree relationship : [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%			300,000	100%
Taiwan Standard Chartered Insurance Agency Co., Ltd.	300,000	100%			300,000	100%
Taiwan Cooperative Holdings Co., Ltd.	4,822,803	0.06%			4,822,803	0.06%
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.	19,716	0.99%			19,716	0.99%
Universal Venture Fund Co., Ltd.	854,895	4.76%			854,895	4.76%
Financial Information Service Co., Ltd.	5,118,750	1.14%			5,118,750	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%
Taiwan Depository & Clearing Corp.	532,583	0.17%			532,583	0.17%
TSC Bio-Venture Capital Corp.	1,518,750	5%			1,518,750	5%
Sun Asset Management Corp.	84,980	1.42%			84,980	1.42%

4. Fund Raising



I. Capital and Shares

(I) Source of Capital

Date	Issued Price (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (NTD)	Shares	Amount (NTD)	Source of Capital	Other
31/12/2012	10	3,000,000,000	30,000,000,000	2,910,571,976	29,105,719,760	N/A	None

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

(II) Shareholder Structure

As of 31 December 2012

Shareholder Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Domestic Individuals	Foreign Institutions and Individuals	Total
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 Standard Chartered Bank (Taiwan) Limited. It is the only shareholder.

(III) Distribution of Equity Holdings

Par Value NTD 10 As of 31 December 2012

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 2012

Name of Major Shareholders	Shares	Shareholding (%)
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" on pages 137 and 138.
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" on pages 137 and 138.

(IX) Share Buyback History : [None]

II. Issuance of Financial Debentures

Type of Financial Debenture	1 st Issue (Term) of Financial Debenture in 2009	2 nd Issue (Term) of Financial Debenture in 2009 (Private Placement)	3 rd Issue (Term) of Financial Debenture in 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, Yuanta Securities, Masterlink Securities, Chinatrust 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 full payment on principal 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)

(Continued)

Type of Financial Debenture	1 st Issue (Term) of Financial Debenture in 2009	2 nd Issue (Term) of Financial Debenture in 2009 (Private Placement)	3 rd Issue (Term) of Financial Debenture in 2009 (Private Placement)
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
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 1}	N/A ^{Note 1}
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%	93.67%	93.67%
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

Type of Financial Debenture	1 st Financial Debenture in 2011								
	A Issue	B Issue	C Issue	D Issue	E Issue	F Issue	G Issue	H Issue	I Issue
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-10000122100								
Date of Issuance	19/05/2011								
Par Value	NTD 1,000,000								
Location of Issuance and Trading	Taiwan, R.O.C								
Currency	New Taiwan Dollar								
Issue Price	100								
Total Amount	800,000 (thousand)	100,000 (thousand)	650,000 (thousand)	6,150,000 (thousand)	1,000,000 (thousand)	2,550,000 (thousand)	3,700,000 (thousand)	400,000 (thousand)	4,000,000 (thousand)
Interest Rate	Fixed rate: 1.03%	Fixed rate: 1.17%	Fixed rate: 1.32%	Fixed rate: 1.45%	Fixed rate: 1.51%	Fixed rate: 1.60%	Floating rate: 90 days CP rate	Floating rate: 90 days CP rate	Floating rate: 90 days CP rate
Maturity	2 years (matures on 19 May, 2013)	3 years (matures on 19 May, 2014)	4 years (matures on 19 May, 2015)	5 years (matures on 19 May, 2016)	6 years (matures on 19 May, 2017)	7 years (matures on 19 May, 2018)	2 years (matures on 19 May, 2013)	5 years (matures on 19 May, 2016)	7 years (matures on 19 May, 2018)
Seniority	Primary-Lien								
Guarantor	N/A								
Trustee	N/A								
Underwriter	Institutions with financial advisory license: SCB Taipei Branch, Yuanta Securities, Masterlink Securities, Mega Securities, Polaris Securities								
Certifying Attorney	Baker & McKenzie Attorney: Zhi Liang, Hao-Rui Hu								
Certifying Accountant	N/A								
Certifying Financial Institution	N/A								
Repayment Method	Interest paid quarterly, and full payment on principal upon maturity								

(Continued)

Type of Financial Debenture	1 st Financial Debenture in 2011							
	800,000 (thousand)	100,000 (thousand)	650,000 (thousand)	6,150,000 (thousand)	1,000,000 (thousand)	2,550,000 (thousand)	3,700,000 (thousand)	4,000,000 (thousand)
Balance Outstanding								
Paid-in Capital in Previous Year	29,105,720 (thousand)							
Audited Net Worth in Previous Year	38,289,788 (thousand)							
Repayment Status	Normal							
Terms of Redemption or Early Repayment	N/A							
Terms and Conditions of Conversion and Exchange	N/A							
Restriction Clause	N/A							
Capital Utilization	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline							
Amount of Declared Issuance plus Previous Outstanding Balance as Percentage of Audited Net Worth of the Previous Fiscal Year (%)	121.69%							
Whether Accounted for Equity Capital and Type of Capital	No							
Name of Credit Rating Agency, Date and Credit Rating	Fitch Ratings, AAA(twn), 19 May 2011							

Type of Financial Debenture	2 nd Financial Debenture in 2011	3 rd Financial Debenture in 2011			4 th Financial Debenture in 2011			
		A Issue	B Issue	C Issue	A Issue	B Issue	C Issue	D Issue
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-10000122100	Jin-Guan-Yin-Waizi-10000122100			Jin-Guan-Yin-Waizi-10000122100			
Date of Issuance	08/06/2011	23/06/2011			29/06/2011			
Par Value	NTD 1,000,000	NTD 1,000,000			NTD 1,000,000			
Location of Issuance and Trading	Taiwan, R.O.C	Taiwan, R.O.C			Taiwan, R.O.C			
Currency	New Taiwan Dollar	New Taiwan Dollar			New Taiwan Dollar			
Issue Price	100	100			100			
Total Amount	500,000 (thousand)	950,000 (thousand)	700,000 (thousand)	1,100,000 (thousand)	2,000,000 (thousand)	400,000 (thousand)	1,000,000 (thousand)	2,000,000 (thousand)
Interest Rate	Fixed rate: 1.451%	Fixed rate: 1.04%	Floating rate: 90 days CP rate	Fixed rate: 1.40%	Fixed rate: 1.32%	Floating rate: 90 days CP rate + 0.15%	Floating rate: 90 days CP rate + 0.15%	Floating rate: 90 days CP rate + 0.15%
Maturity	5 years (matures on 8 Jun 2016)	2 years (matures on 23 Jun 2013)	5 years and 3 months (matures on 23 Sep 2016)	2 years (matures on 23 Jun 2013)	3 years (matures on 29 Jun 2014)	2 years (matures on 29 Jun 2014)	3 years (matures on 29 Jun 2014)	10 years (matures on 29 Jun 2021)
Seniority	Primary-Lien	Primary-Lien			Primary-Lien			
Guarantor	N/A	N/A			N/A			
Trustee	N/A	N/A			N/A			
Underwriter	Institutions with financial advisory license : Mega Securities	Institutions with financial advisory license: SCB Taipei Branch, Yunta Securities, Masterlink Securities			Institutions with financial advisory license: SCB Taipei Branch, Grand Cathay Securities, Yunta Securities, Masterlink Securities			
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			

(Continued)

Type of Financial Debenture	2 nd Financial Debenture in 2011		3 rd Financial Debenture in 2011				4 th Financial Debenture in 2011			
			A Issue	B Issue	C Issue		A Issue	B Issue	C Issue	D Issue
Repayment Method	Interest paid quarterly, and full payment on principal upon maturity		Interest paid quarterly, and full payment on principal upon maturity				Interest paid quarterly, and full payment on principal upon maturity			
Balance Outstanding	500,000 (thousand)		950,000 (thousand)	700,000 (thousand)	1,100,000 (thousand)		2,000,000 (thousand)	400,000 (thousand)	1,000,000 (thousand)	2,000,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)		29,105,720 (thousand)				29,105,720 (thousand)			
Audited Net Worth in Previous Year	38,289,788 (thousand)		38,289,788 (thousand)				38,289,788 (thousand)			
Repayment Status	Normal		Normal				Normal			
Terms of Redemption or Early Repayment	N/A		N/A				N/A			
Terms and Conditions of Conversion and Exchange	N/A		N/A				N/A			
Restriction Clause	N/A		N/A				N/A			
Capital Utilization	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline		To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline				To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline			
Amount of Declared Issuance plus Previous Outstanding Balance as Percentage of Audited Net Worth of the Previous Fiscal Year (%)	121.74%		121.74%				121.74%			
Whether Accounted for Equity Capital and Type of Capital	No		No				No			
Name of Credit Rating Agency, Date and Credit Rating	Fitch Ratings, AAA(twn), 8 Jun 2011		Fitch Ratings, AAA(twn), 23 Jun 2011				Fitch Ratings, AAA(twn), 29 Jun 2011			

Type of Financial Debtenture	1 st Financial Debtenture in 2012			2 nd Financial Debtenture in 2012
	A Issue	B Issue	C Issue	
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-1000405600			Jin-Guan-Yin-Waizi-1000405600
Date of Issuance	17/01/2012			24/05/2012
Par Value	NTD 1,000,000			NTD 1,000,000
Location of Issuance and Trading	Taiwan, R.O.C			Taiwan, R.O.C
Currency	New Taiwan Dollar			New Taiwan Dollar
Issue Price	100			100
Total Amount	7,000,000 (thousand)	700,000 (thousand)	600,000 (thousand)	6,700,000 (thousand)
Interest Rate	Fixed rate : 1.05%	Floating rate : 90 days CP rate + 0.25%	Fixed rate : 1.09%	Fixed rate : 1.05%
Maturity	2 years (matures on 17 Jan 2014)	2 years (matures on 17 Jan 2014)	3 years (matures on 17 Jan 2015)	2 years (matures on 24 May 2014)
Seniority	Primary-Lien			Primary-Lien
Guarantor	N/A			N/A
Trustee	N/A			N/A
Underwriter	Institutions with financial advisory license : Yuanta Securities, Grand Cathy Securities, SCB Taipei Branch			Institutions with financial advisory license : Yuanta Securities, KGI Securities, SCB Taipei Branch
Certifying Attorney	Baker & McKenzie Attorney: Zhi Liang, Hao-Rui Hu			Baker & McKenzie Attorney: Zhi Liang, Hao-Rui Hu
Certifying Accountant	N/A			N/A
Certifying Financial Institution	N/A			N/A
Repayment Method	Interest paid quarterly, and full payment on principal upon maturity			Interest paid quarterly, and full payment on principal upon maturity
Balance Outstanding	7,000,000 (thousand)	700,000 (thousand)	600,000 (thousand)	6,700,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)			29,105,720 (thousand)
Audited Net Worth in Previous Year	45,236,038 (thousand)			45,236,038 (thousand)

(Continued)

Type of Financial Debenture	1 st Financial Debenture in 2012			2 nd Financial Debenture in 2012
	A Issue	B Issue	C Issue	
Repayment Status	Normal			Normal
Terms of Redemption or Early Repayment	N/A			N/A
Terms and Conditions of Conversion and Exchange	N/A			N/A
Restriction Clause	N/A			N/A
Capital Utilization	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline			To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline
Amount of declared issuance plus previous outstanding balance as percentage of audited net worth of the previous fiscal year (%)	137.07%			136.75%
Whether accounted for equity capital and type of capital	No			No
Name of credit rating agency, date and credit rating	Fitch Rating, AAA(twn), 16 September, 2011			Fitch Rating, AAA(twn), 16 September, 2011

Note 1 : 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.

Note 2 : The 1st issue (term) of financial debentures in 2002, 2005-1 and 2005-2 were matured, with outstanding balances of 1,000 thousand, 2,400 thousand and 1,500 thousand dollars respectively.

III. Preferred Stocks, Overseas Depository Receipts, Employee Stock Options, Restricted Stock Awards, and Acquisitions or Assignment Involving Other Financial Institutions : [None]

IV. Capital Utilization Plan and Execution Status

(I) Capital Utilization Plan

Financial debentures : The Bank issued NTD 15 billion of senior note in January and May 2012 to enhance the Bank's medium and long term funding stability and to meet liquidity requirements under Basel III guideline.

(II) Execution Status of the Capital Utilization Plan

1. NTD 15 billion of senior notes were fully subscribed on 24 May, 2012. The purpose was to fulfill the liquidity gaps arising from time deposits, which were matured without rollover; the remains were to support our lending business growth.

2. The Bank's medium and long-term loans and capital adequacy ratios :

	31 December 2012	31 December 2011	31 December 2010
Medium and Long Term Loan	290,833,891 (thousand)	306,230,461 (thousand)	308,092,137 (thousand)
Increase / (Decrease)	(15,396,570) (thousand)	(1,861,676) (thousand)	38,115,999 (thousand)
Capital Adequacy Ratio	16.01%	16.54%	14.19%
Increase / (Decrease)	(0.53)%	2.35%	0.43%

5. Operations Overview



I. Scope of Business

(I) Primary Business of Respective Business Division

1. Consumer Banking

The Consumer Banking business serves the needs of Wealth Management, Retail Products and SME banking, 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 2012		31 December 2011		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Savings Deposits	217,057,490	38.55	220,897,236	37.05	(1.74)
Time Deposits	178,958,735	31.78	198,619,187	33.32	(9.90)
Demand Deposits	162,443,255	28.85	171,321,632	28.74	(5.18)
Checking Account	4,538,083	0.81	5,182,659	0.87	(12.44)
Trust Fund_Unappropriated	0	0.00	59,822	0.01	(100.00)
Remittance	74,414	0.01	71,156	0.01	4.58
Sub-total	563,071,977	100.00	596,151,692	100.00	(5.55)

(2) Loans

Unit: NTD'000

	31 December 2012		31 December 2011		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Bill Negotiation/Discount	1,255,554	0.35	4,094,073	1.17	(69.33)
Short-term Loan and Overdraft	56,985,085	16.02	32,721,346	9.34	74.15
Short-term Secured Loan and Overdraft	5,334,209	1.50	6,722,615	1.92	(20.65)
Medium-term Loan	66,481,682	18.70	62,843,278	17.94	5.79
Medium-term Secured Loan	5,197,138	1.46	3,623,958	1.03	43.41
Long-term Loan	5,510,350	1.55	6,687,553	1.91	(17.60)
Long-term Secured Loan	213,644,721	60.08	233,075,672	66.54	(8.34)
Overdue Receivables from Loans	1,204,944	0.34	530,267	0.15	127.23
Sub-total	355,613,683	100.00	350,298,762	100.00	1.52

2. Growth and Changes of Major Businesses

Unit: NTD'000

Item		2012	2011	Increase (Decrease)	Growth Rate (%)
Customer Deposits and Remittance Payable		563,071,977	596,151,692	(33,079,715)	(5.55)
Loan and Bills Discounted		355,613,683	350,298,762	5,314,921	1.52
Guarantees		7,066,722	9,390,534	(2,323,812)	(24.75)
Consumer Banking	No. of Credit Cards Issued	3,077,452	2,987,157	90,295	3.02

Unit: NTD'000

Item		2012	2011	Increase (Decrease)	Growth Rate (%)
Transaction Volume of Securities Brokerage		118,501,951	141,564,433	(23,062,482)	(16.29)
Sales Volume of Non-discretionary Money Trust Investing in Domestic & Foreign Securities		64,093,789	110,473,336	(46,379,547)	(41.98)
Foreign Exchange (USD/Thousand)	International Exchange	199,224,157	185,877,194	13,346,963	7.18
	Negotiation of Import Bills	8,742,193	10,757,462	(2,015,269)	(18.73)
	Negotiation of Export Bills	11,016,284	10,896,375	119,909	1.10
	Total	218,982,634	207,531,031	11,451,603	5.52

(III) Business Plan for 2013

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) Drive continuous improvement in our product processes and reduce turnaround time for better customer experience.
- (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) Drive a balanced growth on secured and unsecured lending to optimize asset quality and portfolio mix.
- (7) Continue to invest in deposits business and explore RMB business opportunity.
- (8) Increase revenue contribution from branch network.
- (9) Continue to increase sales capacity and improve productivity.
- (10) Reinforce credit card market position and continue to invest in Credit Cards business.
- (11) Provide innovative product services, satisfy customer needs for comprehensive financial services, and increase product holding rates.
- (12) Diversify channels - pursue meaningful alliances to support portfolio growth.
- (13) Transform advisory model to provide clients with neutral and balanced portfolio advice.
- (14) Launch new securities campaign to build scale and re-assign inactive accounts to boost activation.
- (15) Enhance securities system functionality and improve branch network efficiency.

2. Wholesale Banking

- (1) Deepen relationship with key clients to become their "Bank of Choice" in Greater China region and our network.
- (2) Continue to expand product capabilities through strategic and value-added solutions as well as leveraging our RMB product leadership.
- (3) Strengthen network connectivity to support Taiwanese clients expansion overseas, particularly in Asia, Africa and the Middle East.
- (4) Multiply leadership capabilities by nurturing Taiwanese talents and leveraging Taiwan as source of talents for our network.

(IV) Market Analysis

1. Domestic Economic and Financial Conditions

Taiwan's economic growth eased to a mere 1.3% in 2012 from 4.1% in 2011, as continuing soft global demand crimped exports as well as investment. The introduction of the stock capital gain tax, and hikes to local retail fuel, gasoline and electricity prices dented consumer confidence. It is also undermined by the weak housing market after the government adopted a series of property cooling measures to dampen speculative activity. On the positive side, the government's on-going efforts to liberalize economic ties with Mainland China have shown substantial results. The total visitor arrivals across the Taiwan Straits reached a record 2.5 million in 2012 from 1.78 million in 2011, boosting sales as well as employment in the local hospitality, dining, department stores, retail trade and services sectors.

Looking forward, we expect economic growth to rebound, albeit only moderately, to 3.9% in 2013 on the back of anticipated recovery in US and Mainland China, as well as improving high-tech sector outlook. Increased capital spending and hiring in the local manufacturing sector will provide strong support to the economy. However, there are also potential headwinds, including risk of a credit crunch in Europe and rising volatility in global equity markets. For the local banking sector, it is expected to remain in good shape in 2013. Overall credit appetite is likely to improve amid signs of economic recovery, steady employment outlook, as well as improving household income. It is also expected that once the local regulators allow the opening up of RMB business to be extended to include Domestic Banking Unit (DBU) accounts, such move will help facilitate the development of an offshore RMB market, leading to improving margins as well as returns for local banks.

The government's efforts to normalize cross-strait ties will also help lift overall growth outlook. Since 2010, overseas visitors from Mainland China have overtaken Japan to be the largest tourist source for Taiwan. Total arrivals from across the Straits are expected to further increase in 2013, which will boost tourist spending as well as hiring in the local tourism and retail services sectors.

The Taiwan Central Bank (CBC) is expected to maintain cautious stance on monetary policy. Policy makers have reiterated on the need for monetary policy to remain supportive of growth as well as ensuring price stability. However, there is rising risk that policy makers may consider shifting to a more neutral stance, amid growing demand to rectify the negative real yields. The CBC may, hence, resume hiking interest rates that could bring the benchmark policy re-discount rate to 2.25% by the end of 2013, from 1.875% in 2012.

2. Market Outlook and Growth Potential

The general outlook to local banking sector is expected to improve in 2013. For consumer banking, a series of property cooling measures adopted by the government to dampen speculative activity in the residential market has weakened mortgage demand as well as negatively impacted on revenue and earnings. However, in 2013, this is likely to be mitigated by economic recovery, steady employment outlook, as well as improving household income.

Also on a positive note, the local banking sector's outlook is expected to receive a boost once local regulators begin to allow the opening up of RMB business to be extended from current OBU to DBU accounts. The move will not only help facilitate the development of an offshore RMB market in Taiwan, many reckon it will likely also help lead to improving margins as well as returns for local banks.

The local banking sector is expected to stay in good shape, even though overall credit quality has slightly deteriorated. In 2012, total amount of bad loan increased for the first time in four years, largely due to tightening measures taken by local banks aiming at limiting exposure to unsecured lending, amidst signs of slowing economic growth and weakening market confidence. However, overall non-performing loan ratio has remained largely stable at 0.5% in 2012, which is significantly below the 1.6% recorded prior to the financial crisis in 2008.

3. Strength, Weakness and Countermeasure of Future Development

Favorable factor

The Bank is widely recognized as a strong and reputable bank in our major footprint markets, especially 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

The Bank'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

The Bank should leverage on existing client 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 :

The Bank's GTO has devoted into the infrastructure reengineering in these two years, along with continuous application systems revamp and information security upgrade. In addition, modern technologies are also applied to develop new products and services. Major projects include server consolidations, firewall strengthening, network standardization, business data completeness for regulatory reporting, digitalization of account opening process, and various upgrade and enhancements on the application systems.

On top of the continuous driving for stability, and leveraging SCB group resources and existing infrastructure to propel the business growth, the offshore CB information systems are required, by the regulation, to be moved back in Taiwan. The on-shoring proposal of CB information system is to be phased, based on the natures and change priority of respective systems. The goal is to strive for a balanced approach which would ensure business sustainability and minimize risks during migration process. The system migration not only aims to meet the regulatory requirements, but also enhances system performances. The Bank will be able to provide local customers with better services and broader arrays of products following the completion of system migration.

Moreover, under the focus of customer centricity, we will further enhance the information systems in order to strengthen customer data protection and the Bank's information assets.

(VI) Short and Long-term Business Development Plans

1. Short-Term Plan

- (1) Continue to invest in deposits and credit card businesses.
- (2) Provide full range of products and services; continuously improve pricing and margin management.
- (3) Continue the productivity improvement and risk management enhancement.
- (4) Strengthen functions of automated channels service and provide full services to further elevate customer satisfaction.
- (5) Boost usage of automated channels service to lower branch operating cost effectively.
- (6) Provide customers with better wealth management services by continuous improvement on advisory model and system deployment.
- (7) Implement process optimization and improvement.
- (8) Enhance the securities trading system to provide customers with a more efficient and safe platform.

- (9) 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.
- (10) Digitize operation process and customer service to enhance the customer service platform for front-line sales, to improve operation efficiency and to relocate off-shore CB information systems so as to strengthening the fundamental infrastructure.

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, foreign currencies, loans, trust) 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		2012	2011	1 Jan – 31 Mar 2013
No. of Employees	Over 50 years old	148	125	146
	Over 40 years old	1,209	1,103	1224
	Over 30 years old	2,193	2,044	2182
	Over 20 years old	607	581	571
	20 years old and under	0	0	0
	Total	4,157	3,853	4,123
Average Age		36.55	36.32	36.72
Average Year of Service		7.31	7.50	7.45
Level of Education (%)	Doctorate	0.05%	0.05%	0.03%
	Master	15.04%	16.07%	15.01%
	University/College	75.87%	75.55%	76.06%
	Senior High School	8.92%	8.25%	8.73%
	Below Senior High School	0.12%	0.08%	0.17%
Certificates and Licenses Held by Employees	Securities Specialist	286	297	279
	Investment-orientated Insurance Product Specialist	694	746	697
	Securities Investment Trust and Consulting Professional	174	172	172
	Basic Proficiency Test for Bank Lending Personnel	364	372	362
	Advanced Proficiency Test for Bank Lending Personnel	15	17	15
	Futures Specialist	326	314	318
	Personal Insurance Agent Registration Certificate	3,247	3,304	3211
	Proficiency Test for Bond Specialist	12	12	12
	Basic Proficiency Test for International Banking Personnel	145	140	147
	Proficiency Test for Financial Planning Personnel	448	469	449
	Proficiency Test for Trust Operations Personnel	1,330	1,351	1331
	Basic Proficiency Test on Bank Internal Controls	1,462	1,475	1466
	Senior Securities Specialist	265	265	262
	Property Insurance Agent Registration Certificate	1,696	1,626	1693
	Securities Dealer	43	40	42
	Certified Internal Auditor Certificate	5	5	5
	Proficiency Test for Stock Affair Personnel	18	20	18
	Business Personnel for Foreign Currency Non-investment Type Insurance Products	805	713	786
	Examination on Investment Trust and Consulting Regulations (including Self-disciplinary Rules)	812	772	814
	Financial Markets and Professional Ethics Examination	1,291	1,216	1277
	Qualification Certificate for Trust Business Professionals – Business Personnel	1,602	1,575	1578
	Qualification Certificate for Trust Business Professionals – Managerial Personnel	441	425	440
	Property Insurance Representative	174	196	172

(II) Employee Education and Training

Year	2012	2011
Total No. of Learners	15,695	13,193
Total Training Hours	13,752	9,291
Total Training Sessions	1,303	770
Total Training Days	1,719	1,161

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 for industry of any kind; 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 2012 :

- ◆ Thousands of our employees devoted themselves to community service, contributing a historical high of 5,290 days of community service with their employee volunteering leaves.
- ◆ The Bank had been sponsoring international sports event "TAIPEI 101 Run Up Race" in Taiwan in the past 3 years. The Bank has outreached nearly 4,000 runners to complete the 2,046 steps challenge and had fundraised NTD 2 million through a series of its activation events to help bring light to VI children in developing countries.
- ◆ Since 2009, the Bank has partnered with Orbis to form the "Action Blue Cycling Team" and fundraise through round-island cycling challenge. 2012 was the first year that the event was open to general public and calling for 200 Riders for Sight to raise fund through on-line pledges. The amount of nearly NTD 4 million was a record-breaking fund raised for SiB in Taiwan and the funds will be used to help restore eye sight of VI children in developing countries. Vice President of Taiwan Den-Yih Wu, VI celebrity Yu-Hsian Huang and representatives from the Department of Health, Sports Affairs Council, and Ministry of the Interiors were all invited to attend the event.
- ◆ 2012 was the third consecutive year that Standard Chartered sponsors the "VI Reading Promotion Program", partnering with National Tsing Hua University Recording Books Service Center for the Blind and Parent's Association for the Visually Impaired. With the promotion of Ministry of Education, the number of participated students and work entries continued to increase. 163 VI students with 428 works entered the competition in 2012. The student who won the first place of Elementary School section read 435 books in the 2-month vacation. Three "Reading for Love" family reading workshops were held in the northern, central and southern parts of the island to help encourage the companionship of parents to their children not only in reading experience but also in life.
- ◆ Consumer Banking business combined corporate social responsibility and customer service, and continued to promote several service improvement programs such as "8-minute Service Pledge" and Credit Card E-statement Project. If a customer's waiting

time exceeded certain timeframe, the Bank showed gratitude for their patience by making a donation. The collective funds were used to produce 57 audio books to promote VI reading and also went to support Eden Foundation's "Happy Breakfast" program in six schools located in remote areas, starting the VI and underprivileged children's day with nutrition and energy.

- ◆ To support the World Earth Day international project "A Billion Acts of Green", the Bank called 2,000 staff volunteers and held a coastal cleaning event simultaneously in Hsinchu, Yilan and Kaohsiung on 5 May. A total of 2.5 tons of costal waste were collected, and made a record of the most employees participated in coastal cleaning from one company. The results were integrated into the database of International Coastal Cleanup as an official record of Taiwan's efforts on environmental protection
- ◆ To emphasize our "Here for good" promise, the Bank cooperated with TEIA (Taiwan Environment Information Association) on a one year program to produce the first Taiwan coastline biodiversity map recording the preserved natural coastline and diversified bio ecology in Taiwan. The map will be completed in 2013, and will be presented on-line and in hardcopy. We plan to develop education tools from the map and share with elementary and junior high schools to educate the public about our environment.
- ◆ Since March, the Bank has started several energy saving programs such as "One Hour Save the Earth", "Saving Water Competition" and "Staff No-passbook Service", to support green acts. All the branches in Taiwan turned off the signage on 20-22 April in support of World Earth Day and saved 3,000 kWh. In addition, the Bank upgraded the lighting to a more energy efficient system in 38 buildings of our footprint. In March, the project of replacing traditional lighting tubes with LED lighting in DMR building was completed and saved at least 30,000kWh of electricity the next month and reduced lighting replacements by 93%.
- ◆ On 30 November, the Bank cooperated with Taiwan CDC (Center of Disease Control) on a World AIDS Day awareness campaign. 1,000 high school students formed the largest human red ribbon ever seen in Taiwan. To further enhance the HIV awareness, all our branch staff wore red ribbons to show their support to AIDS prevention.

Awards in 2012

- ◆ Third place in foreign corporations, CommonWealth Magazine's "CSR Award"
- ◆ The Winner of National HRD InnoPrize, Bureau of Employment and Vocation training, Council of Labor Affairs Executive Yuan
- ◆ The Winner of Elite Award, Taiwan Academy of Banking and Finance
- ◆ The Business Player Award, Global HR
- ◆ Excellent Healthy Workplace Award, Hsinchu City Government

"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".

In September 2011, Standard Chartered announced at the Clinton Global Initiative (CGI) in New York about our new commitment in Seeing is Believing. Standard Chartered is extending its commitment to a total of USD 100 million and tackling preventable blindness in Asia, Africa, and the Middle East. This new target is three times of the amount raised since "Seeing is Believing" launched in 2003. It is a solid promise that Standard Chartered is committing to the social and economic development in developing countries.

Since 2004, staff in Standard Chartered raised over NTD 38 million (staff donated NTD 19 million and Group matched NTD 19 million) to help children in developing countries battle reversible and preventable blindness.

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 sports 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

For three consecutive years, Standard Chartered (Taiwan) had sponsored the "VI Reading Promotion Program" that was organized by Parents' Association for the Visually Impaired and National Tsing Hua University Service Center for the Blind, and supervised by Ministry of Education. The quality and quantity of submitted entries kept improving and new participants spotted every year. The program has helped visually impaired students develop the habit of reading. In 2012, 163 VI students with 428 works entered the competition. Other than "My Reading Moments", "Reading Experts", and "Best Book Review", "My Reading Parents Essay" was a newly added category to the competition this year, in which VI students described how parents accompanied them in reading.

The competition launched in March, continued in summer and the award ceremony was held in November. Elementary and high school students accompanied by their parents and teachers from all around the island felt the honor when receiving the award from Administrative Deputy Minister of Education, Der-Hwa Chen.

Joined hands with Parents' Association for the Visually Impaired, three "Reading for Love" family reading workshops were held in the northern, central and southern parts of the island to help encourage the companionship of parents to their children in reading experience.

2012 Standard Chartered Taipei 101 Run Up Race

It is the third consecutive year that the Bank sponsors "Standard Chartered Taipei 101 Run Up Race". Nearly 4,000 participants completed the challenge of climbing 2,046 steps on 5 June. Also, serial events from the Run Up Race contributed a total of NTD 2 million donation to Orbis to help VI children in developing countries to restore eye sight.

1. 27 May, 2012 – 2,000 people gathered at the Civic Square in front of Taipei City Hall, lining up as an 80-meter TAIPEI 101 building, and challenging aerobic stepping.
2. June, 2012– "2012 Standard Chartered TAIPEI 101 Run Up" VI athletes and Xiao-Wei Zhai, the well-known one-legged dancer from China, also participated the challenge with determination.

Riders for Sight Cycling Challenge to fundraise for visually impaired children in developing countries

Staff of Standard Chartered formed Action Blue Cycling Team in 2009 to raise awareness and fundraise for Seeing is Believing, cycling 1,000 KM around Taiwan for nine days before the World Sight Day. 2012 was the first year that the event was open to general public and to raise fund through on-line pledges. On 27 October, 200 cyclists carrying the blessings and support from Vice President of Taiwan Den-Yih Wu, visually impaired actor Yu-Hsiang Huang, and representatives from Department of Health, Sports Affairs Council, and Ministry of the Interiors, set off on a 100K challenge from Taipei to Hsinchu. The campaign successfully raised NTD 3,900,000 (US\$132,200) for SiB, a record-breaking amount raised and the most participants from the general public. With the Group matching funds, Riders for Sight have brought light to 4000 VI children.

Significant progress on the education of HIV/AIDS prevention

On 30 November, the Bank cooperated with Taiwan CDC (Centre of Disease Control) on a World AIDS Day awareness campaign. 1,000 Kainan High School students formed the largest human red ribbon ever seen in Taiwan to raise public awareness of AIDS prevention and protected sex and hoping to reach the goal of zero AIDS and zero discrimination in Taiwan. Special guests

including the Minister of Department of Health, Wen-Ta Chiu, Director-General of the Centers for Disease Control, Feng-Yee Chang, actor Youning Yang, and 6 former ministers of Department of Health were invited to attend the campaign.

To further enhance the HIV awareness, all our branch staff wore red ribbons to show their support to AIDS prevention.

Environmental Protection

To support the World Earth Day international project "A Billion Acts of Green", the Bank called 2,000 staff volunteers and held a coastal cleaning event simultaneously in Hsinchu, Yilan and Kaohsiung on 5 May. A total of 2.5 tons of coastal waste were collected, and made a record of the most employees participated in coastal cleaning from one company. The results were integrated into the database of International Coastal Cleanup as an official record of Taiwan's efforts on environmental protection.

To emphasize our "Here for good" promise, the Bank has cooperated with TEIA (Taiwan Environment Information Association) on a one year program to produce the first Taiwan coastline biodiversity map recording the preserved natural coastline and diversified bio ecology in Taiwan. The map will be completed in 2013, and will be presented on-line and in hardcopy. We plan to develop education tools from the map and share with elementary and junior high schools to educate the public about our environment.

Since March, the Bank has started several energy saving programs such as "One Hour Save the Earth", "Saving Water Competition" and "Staff No-passbook Service", to support green acts. All the branches in Taiwan turned off the signage on 20-22 April in support of World Earth Day and saved 3,000 kWh. In addition, the Bank upgraded the lighting to a more energy efficient system in 38 buildings of our footprint. In March, the project of replacing traditional lighting tubes with LED lighting in DMR building was completed and saved at least 30,000kWh of electricity the next month and reduced lighting replacements by 93%.

Staff volunteer exceeds 5,290 days in 2012

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 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.

The Bank provides every staff at least three paid employee volunteer leaves a year. In addition to bank-wide volunteering activities, staff can also participate in community services for a cause of their own interest. In 2012, our employees have devoted themselves to various volunteering community services for more than 5,290 days, a perfect demonstration of our brand promise — Here for good.

Diversified Staff Volunteer Service — Positive Drive in Community

Financial Literacy for Underprivileged Children : L&CBA held 34 Financial Literacy workshops for children in the summer of 2012. One of the workshops was focusing on helping high school and college VI students to arrange their finance; three of the workshops were focusing on children in remote area to provide financial literacy and financial skills that might change their life trajectories of poverty.

Environmental Protection : In November, 600 colleagues from Consumer Banking volunteered in seven Tzu Chi recycle stations to help categorize the garbage.

Special Sport Day : 180 colleagues from Risk Management held a "Rinsanity Sports Day and Charity Auction" in July to bring fun and help raise funds for children that were unable to spontaneously breathe. The auction raised NTD 130,000 for the children.

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 :

1. Hardware upgrade of the hosts (including the corresponding disaster recovery site) will be completed within 1 to 2 years.
2. In response to the CB system on-shoring plan, relevant procurement and establishment will be completed as phased approach by end of 2014.

(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. Special cash allowances distributed on 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 Interestss :

To demonstrate our brand promise - "Here for good", the Bank signed the second Collective Bargaining Agreement (CBA) with the SCB Union on 15 May, 2012. Our harmony and trustworthy partnership between labor and management is highly esteemed not only a unique model of leading by example among all the foreign banks in Taiwan, but also a global standard of demonstrating a great collaborative strategy leading to win-wins with all employees benefited. By upholding the spirits of co-existence, co-prosperity, co-benefit, and customer centricity, together we will pursue business sustainability, maintain harmonic labor-management relationship and commit to protect employees' rights and interests.

(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
Data Center Tenancy	Acer e-Enabling Data Center	15/11/2009 – 14/11/2014	Data center management and remote hand service	Subject to the local Personal Information Protection Act and the Intellectual Property Law
Office & Parking Space	Yu Pao Shih Yeh Ltd.	Various start dates ~ 30/6/2016	HT Building office/parking lot rental fee	Office lease contracts: 1. Early termination is not allowed. 2. Penalty will be charged if total leased space is less than 5,135 pings.
Office & Parking Space	Yu Qun Ltd.	Various start dates ~ 30/6/2016	HT Building office/parking lot rental fee	Office lease contracts: 1. Early termination is not allowed. 2. Penalty will be charged if total leased space is less than 5,135 pings.

VII. Information on Financial Assets Securitization

The mortgage-backed beneficiary certificates, which issued in December 2005 through the Deutsche Bank Taipei Branch amounting to NTD 12,005,275 thousand dollars, was sold back on 18 October 2012 with the total amount of NTD 1,874,753 thousand dollars.

Currently, the Bank has no other securitized asset.

6. Financial Highlights



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

(I) Condensed Balance Sheet-TGAAP

Unit : NTD'000

Item		Financial Data for the Past Five Years				
		2012	2011	2010	2009	2008
Cash & cash equivalent, Due from Central Bank and Inter-bank Placement		74,770,966	85,868,076	107,155,919	119,564,299	114,479,587
Financial assets at fair value through profit or loss		29,544,710	40,867,691	28,405,970	28,514,878	39,295,509
Bonds and bills sold under resale agreements		3,402,039	8,456,414	0	0	1,179,467
Net assets held for sale		0	0	0	0	1,794,670
Available-for-sale financial assets		227,027,332	213,257,021	178,338,617	108,235,427	121,529,284
Loans and bills discounted, net (less allowance for bad debts)		350,387,046	346,151,003	344,500,675	313,086,588	310,526,139
Receivables, net (less allowance for bad debts)		37,868,843	34,442,522	26,956,704	27,262,328	27,530,677
Equity investment under equity method		369,417	279,579	76,692	368,502	273,667
Fixed assets, net		5,546,985	6,076,890	7,253,113	7,589,391	7,974,132
Intangible assets, net		3,244,154	3,303,198	3,408,715	3,516,119	3,784,134
Other financial assets, net		580,392	887,031	445,803	340,118	403,869
Other assets, net		3,049,972	4,071,508	5,410,310	7,964,904	7,714,076
Total assets		735,791,856	743,660,933	701,952,518	616,442,554	636,485,211
Due to Central Bank and other banks		9,283,983	18,390,389	10,647,359	49,355,596	21,038,002
Customer deposits and remittances payable		563,071,977	596,151,692	590,618,528	470,195,395	514,039,270
Financial liabilities at fair value through profit or loss		8,357,471	14,863,355	19,801,306	19,961,310	30,594,969
Bonds and bills sold under repurchase agreements		0	0	0	0	412,853
Financing from Central Bank and other banks & bank notes payable		62,014,537	47,512,170	19,224,205	29,500,120	19,725,868
Other liabilities		49,202,900	21,507,289	23,371,332	12,421,088	19,075,249
Total liabilities	Before distribution	691,930,868	698,424,895	663,662,730	581,433,509	604,886,211
	After distribution	Note	698,424,895	663,662,730	581,433,509	604,886,211
Common stock		29,105,720	29,105,720	29,105,720	29,105,720	24,855,720
Capital surplus		5,786,031	5,786,031	5,786,031	10,430,441	6,183,410
Retained earnings	Before distribution	8,023,741	9,386,251	2,922,991	(4,644,410)	17,915
	After distribution	Note	5,020,393	877,102	(4,644,410)	17,915
Unrealized gain or loss on financial instruments		984,720	962,709	439,450	28,128	352,768
Other shareholders' equity		(39,224)	(4,673)	35,596	89,166	189,187
Cumulative translation adjustment		0	0	0	0	0
Total Shareholders' Equity	Before distribution	43,860,988	45,236,038	38,289,788	35,009,045	31,599,000
	After distribution	Note	40,870,180	36,243,899	35,009,045	31,599,000

Note : The Board Meeting is not held.

Condensed Balance Sheet

Unit : NTD'000

Item		Year	1 Jan. - 31 Mar. 2013 (unaudited)
Cash & cash equivalent, Due from Central Bank and Inter-bank Placement			98,737,564
Financial assets at fair value through profit or loss			30,529,055
Available-for-sale financial assets			241,378,983
Derivative financial assets for hedging			336,939
Bonds and bills sold under resale agreements			4,883,574
Receivables, net			29,894,934
Current income tax assets			526,926
Net assets held for sale			0
Loans and bills discounted, net			338,870,767
Financial assets in held-to-maturity			0
Net investment under equity method			446,644
Restricted assets			668,700
Other financial assets, net			152,232
Property and equipment, net			5,877,275
Investment property, net			0
Intangible assets, net			3,160,134
Deferred income tax assets, net			2,506,847
Other assets, net			965,680
Total assets			758,936,254
Due to Central Bank and other banks			39,247,849
Financing from Central Bank and other banks			0
Financial liabilities at fair value through profit or loss			7,798,100
Derivative financial liabilities for hedging			15,841
Bonds and bills sold under repurchase agreements			0
Payables			11,222,796
Current income tax liabilities			321,386
Liabilities directly associated with assets held for sale			0
Customer deposits and remittances payable			556,349,169
Bonds payable			62,205,598
Preferred stock liability			0
Other financial liabilities			34,011,524
Provisions			1,978,005
Deferred income tax liabilities			636,156
Other liabilities			1,850,557
Total liabilities	Before distribution		715,636,981
	After distribution		-
Equity attributable to owners of the parent company			43,299,273
Common stock			29,105,720
Capital surplus			5,786,031
Retained earnings	Before distribution		7,724,659
	After distribution		-
Other equity			682,863
Treasury stock			0
Non-controlling Interests			0
Total equity	Before distribution		43,299,273
	After distribution		-

(II) Condensed Income Statement-TGAAP

Unit : NTD'000

Item \ Year	Financial Data for the Past Five Years				
	2012	2011	2010	2009	2008
Interest income, net	10,035,361	9,183,485	8,911,419	8,539,126	10,313,594
Non-interest income, net	6,099,124	7,960,032	8,039,597	6,549,521	8,096,615
Operating income	16,134,485	17,143,517	16,951,016	15,088,647	18,410,209
Bad debt expenses	2,020,735	(3,154,511)	1,453,276	7,628,170	7,711,246
Operating expense	10,544,151	10,521,913	10,976,520	12,335,065	11,651,107
Income (loss) from continuing operations before tax	3,569,599	9,776,115	4,521,220	(4,874,588)	(952,144)
Income (loss) from continuing operations after tax	3,003,348	8,373,115	2,922,991	(4,662,325)	17,915
Income (loss) from discontinued operations (Net of tax)	0	0	0	0	0
Income (loss) from Extraordinary items (Net of tax)	0	0	0	0	0
Cumulative effect of changes in accounting principles (Net of tax)	0	0	0	0	0
Net income (loss)	3,003,348	8,373,115	2,922,991	(4,662,325)	17,915
EPS (before adjustment)	1.03	2.88	1.00	(1.86)	0.01

Condensed Income Statement

Unit : NTD'000

Item \ Year	1 Jan. - 31 Mar. 2013 (unaudited)	
Interest income		3,613,236
Less: interest expense		1,281,980
Interest income, net		2,331,256
Non-interest income, net		1,385,990
Operating income, net		3,717,246
Bad debt expenses and reserve for guarantee liabilities		513,415
Operating expense		2,559,091
Income before tax from continuing operations		644,739
Income tax (expense) benefit		(139,685)
Next income from continuing operations		505,055
Income (loss) from discontinued operations		0
Net income (loss)		505,055
Other comprehensive income (net of tax)		682,863
Total comprehensive income		1,187,918
Net income attributable to owners of the parent company		505,055
Net income attributable to non-controlling interests		0
Total comprehensive income attributable to owners of the parent company		1,187,918
Total comprehensive income attributable to non-controlling interests		0
Earnings per share		0.17

(III) Name of Independent Auditors and the Audit Opinion

Year Item	2012	2111	2010	2009	2008
Name of CPA	Ming-Zhi Wang, Lin Wu	Ming-Zhi Wang, Lin Wu	Ming-Zhi Wang, Lin Wu	Lin Wu, Ming-Zhi Wang	Ming-Zhi Wang, An-Tian Yu
Audit Opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial Analysis for the Past Five Years

(I) Ratio Analysis-TGAAP

Item		Financial Analysis for the Past Five Years				
		2012	2011	2010	2009	2008
Operating Capability	Ratio of Loans to deposits	63.16	58.77	58.96	67.08	61.13
	Ratio of Non-performing Loans	0.70	0.44	0.69	1.41	2.57
	Ratio of Interest cost to annual average deposits	0.94	0.81	0.61	0.98	1.87
	Ratio of Interest income to annual average loans outstanding	3.97	3.63	3.33	4.03	5.58
	Total assets turnover (time)	0.02	0.02	0.02	0.02	0.03
	Average operating income per employee (thousand dollar)	3,881.00	4,449.00	4,222.00	3,889.00	3,934.00
	Average profit per employee (thousand dollar)	722.00	2,173.00	728.00	(1,202.00)	4.00
Profitability	Return on Tier 1 capital (%)	8.96	26.64	15.31	(20.49)	(4.66)
	Return on assets (%)	0.41	1.16	0.44	(0.74)	0.00
	Return on equity (%)	6.74	20.05	7.98	(14.00)	0.06
	Net income ratio (%)	18.61	48.84	17.24	(30.90)	0.10
	Earnings per share (NTD)	1.03	2.88	1.00	(1.86)	0.01
Financial Structure	Ratio of liabilities to assets	94.04	93.92	94.55	94.32	95.04
	Ratio of fixed assets to equity	12.65	13.43	18.94	21.68	25.24
Growth Rate	Asset growth rate (%)	(1.06)	5.94	13.87	(3.15)	32.45
	Profit growth rate (%)	(63.49)	116.23	192.75	(411.96)	13.83
Cash Flow	Cash flow ratio	132.81	(70.44)	14.49	(1.40)	50.07
	Cash flow adequacy ratio	594.21	586.72	1,126.92	822.82	699.62
	Ratio of cash flow from operations to cash flow from investments	(318.59)	569.39	(6.58)	9.80	(93.43)
Ratio of liquidity reserve		54.96	51.96	37.98	23.56	23.28
Balance of secured loans of related parties (thousand dollar)		2,633,353.00	2,690,500.00	2,137,212.00	1,223,845.00	1,488,132.00
Total secured loans of related parties as a percentage of total loans (%)		0.68	0.70	0.57	0.36	0.44
Operating Scale	Market share of assets (%)	1.84	1.91	1.92	1.79	1.88
	Market share of net worth (%)	1.67	1.88	1.70	1.62	1.56
	Market share of deposits (%)	1.90	2.09	2.20	1.82	1.30
	Market share of loans (%)	1.51	1.54	1.65	1.63	1.62

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

1. Additional bad debt provision for DRAM (Dynamic Random Access Memory) industry was booked as required by the regulator, which is a key factor for the NPL increase from 0.44% in the previous year to 0.70% in 2012.
2. Loan-to-deposit (LTD) ratio increased to 63.16% from 58.77% the previous year, mainly driven by growth in non-mortgage loans in Consumer Banking as well as corporate loans in Wholesale Banking. The overall lending business grew despite being slightly offset by the slowed mortgage loan that was in line with the regulatory measures to curb high property price. Deposits dropped as a result of funds structure adjustment, causing another reason for higher LTD ratio as compared to the previous year.

Note 1 : Financial ratios are computed as follows:

1. Operating capability

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

2. Profitability

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

3. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets
- (2) Ratio of fixed assets to equity = Net fixed assets / Net shareholders' equity

4. Growth rate

- (1) Asset growth rate = (Total assets of the year — Total assets of previous year) / Total assets of previous year
- (2) Profit growth rate = (Net income before tax of the year — Net income before tax of previous year) / Net income before tax of previous year

5. Cash flow

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

6. Ratio of liquidity reserve = Liquid assets defined by the Central Bank / Reserve for liabilities

7. Operating scale

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

Ratio Analysis

Item		Year	1 Jan. - 31 Mar.2013 (unaudited)
Operating Capability	Ratio of loans to deposits		61.89
	Ratio of non-performing loans		0.68
	Ratio of interest cost to annual average deposits		0.20
	Ratio of interest income to annual average loans outstanding		0.74
	Total assets turnover (time)		0.50
	Average operating income per employee		902.00
	Average profit per employee		122.00
Profitability	Return on Tier 1 capital (%)		1.67
	Return on assets (%)		0.07
	Return on equity (%)		1.16
	Net income ratio (%)		13.59
	Earnings per share (NTD)		0.17
Financial Structure	Ratio of liabilities to assets		94.29
	Ratio of property and equipment to equity		13.57
Growth Rate	Asset growth rate		3.15
	Profit growth rate		-
Cash Flow	Cash flow ratio		-
	Cash flow adequacy ratio		-
	Ratio of cash flow from operations to cash flow from investments		-
Ratio of liquidity reserve			58.61
Balance of secured loans of related parties			2,737,294
Total secured loans of related parties as a percentage of total loans			0.73
Operating Scale (Note 1)	Market share of assets		1.83
	Market share of net worth		1.63
	Market share of deposits		1.84
	Market share of loans		1.47

Note 1 : The market share ratios are calculated based on the operating details of banks published by the Banking Bureau in February 2013.

Note 2 : Financial ratios are computed as follows:

1. Operating capability

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

2. Profitability

- (1) Return on Tier 1 capital = Net income before tax / Average net Tier 1 capital
- (2) Return on assets = Net income after tax / Average total assets
- (3) Return on equity = Net income after tax / Average total shareholders' equity
- (4) Net income ratio = Net income after tax / Operating income
- (5) Earnings per share = (Net income attributable to owners of the parent company — Preferred stock dividend) / Weighted average number of shares issued

3. Financial structure

- (1) Ratio of liabilities to total assets = Total liabilities / Total assets
- (2) Ratio of property and equipment to equity = Net property and equipment / Net shareholders' equity

4. Growth rate

- (1) Asset growth rate = (Total assets of the year — Total assets of previous year) / Total assets of previous year
- (2) Profit growth rate = (Net income before tax of the year — Net income before tax of previous year) / Net income before tax of previous year

5. Cash flow

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

6. Ratio of liquidity reserve = Liquid assets defined by the Central Bank / Reserve for liabilities

7. Operating scale

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

(II) Capital Adequacy

Unit : NTD'000

Item		Capital Adequacy Ratio for the Past Five Years				
		2012	2011	2010	2009	2008
Self-owned Capital	Tier 1 Capital					
	Common stock	29,105,720	29,105,720	29,105,720	29,105,720	24,855,720
	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	5,786,031	5,786,031	10,430,441	6,183,410
	Legal reserve	3,388,832	876,897	0	5,374	0
	Special reserve	136,034	136,034	0	0	0
	Accumulated profit or loss	4,498,875	8,373,320	2,922,991	(2,324,893)	17,915
	Minority interest	0	0	0	0	0
	Other shareholders' equity	(340,178)	(271,471)	(877,638)	(1,213,541)	(1,371,671)
	Less: Goodwill	3,156,048	3,156,048	3,156,048	3,156,048	3,384,383
	Less: Unamortized loss from sale of NPL	0	0	0	0	0
	Less: Capital deduction items	280,285	275,784	949,335	6,607,859	4,950,446
	Total Tier 1 capital	39,138,981	40,574,699	32,831,721	26,239,195	21,350,545
	Tier 2 Capital					
	Perpetual cumulative preferred stock	0	0	0	0	0
	Cumulative subordinated debt without maturity date	8,710,584	9,080,871	9,109,629	19,597,407	10,000,000
	Fixed asset revaluation increment surplus	239,413	239,413	363,949	381,303	381,303
	45% of unrealized gain on available-for-sale financial assets	470,818	445,542	444,931	427,289	689,546
	Convertible bonds	0	0	0	0	0
	Operating reserve and provision for bad debts	980,200	136,763	0	0	0
	Long-term subordinated debt	10,000,000	10,000,000	10,000,000	10,000,000	8,762,968
	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	0	0	(2,324,893)	
	Less: Capital deduction item(s)	280,285	275,784	245,108	456,465	452,833
	Total Tier 2 capital (Note 1)	20,120,730	19,626,805	19,673,401	27,624,642	19,380,984
	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	59,259,711	60,201,504	52,505,122	53,863,836	40,731,529

(continued)

Item \ Year			Capital Adequacy Ratio for the Past Five Years				
			2012	2011	2010	2009	2008
Risk-Weighted Assets (Note 2)	Credit Risk	Standardized approach	319,947,000	308,452,918	307,469,370	314,873,303	331,477,325
		Internal-rating based approach	-	-	-	-	-
		Asset securitization	-	-	-	-	-
	Operational Risk	Basic indicator approach	31,379,656	33,554,611	33,762,611	34,866,993	35,774,925
		Standardized approach / Alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
	Market Risk	Standardized approach	18,918,596	22,005,098	28,841,002	31,688,991	37,278,206
		Internal model approach	-	-	-	-	-
	Total risk-weighted assets		370,245,252	364,012,628	370,072,983	381,429,287	404,530,456
Capital adequacy ratio			16.01	16.54	14.19	13.76	10.07
Tier 1 capital to risk assets ratio			10.57	11.15	8.87	6.88	5.28
Tier 2 capital to risk assets ratio (Note 1)			5.43	5.39	5.32	6.88	4.79
Tier 3 capital to risk assets ratio			0	0	0	0	0
Common stock to total assets ratio			3.96	3.91	4.15	4.72	3.91

Please explain reasons for changes (if any) in the capital adequacy ratios for the past two years:
 No analysis is required as the CAR variance is within 20%.

Note 1 : Since the total Tier II capital exceeded total Tier I capital in 2009, the unqualified Tier II capital was about NTD 1,385,447 thousand dollars.

Note 2 : 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 2012 Financial Statements

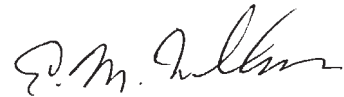
Supervisors' Report

The board of directors have complied and submitted the Bank's 2012 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



30 April, 2013

IV. 2012 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, 2012 and 2011, and the related statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2012 and 2011. 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, 2012 and 2011, 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 Public 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.



March 28, 2013

Standard Chartered Bank (Taiwan) Limited

Balance Sheets

December 31, 2012 and 2011

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

	December 31, 2012	December 31, 2011	Change %		December 31, 2012	December 31, 2011	Change %
Assets				Liabilities and Stockholders' Equity			
11000 Cash and cash equivalents (notes 4(1) and 5)	\$ 6,697,772	11,469,535	(42)	Liabilities :			
11500 Balance at Central Bank and loans and advances to banks (notes 4(2) and 5)	68,073,194	74,398,541	(9)	Deposits by Central Bank and other banks (note 5)	\$ 9,283,983	18,390,389	(50)
12000 Financial assets at fair value through profit or loss (notes 4(3), (20) and 5)	29,544,710	40,867,691	(28)	Financial liabilities at fair value through profit or loss (notes 4(3), (20) and 5)	8,357,471	14,863,355	(44)
12500 Bills and bonds investments under reverse sell agreements (note 4(4))	3,402,039	8,456,414	(60)	Accounts payables (notes 5 and 7)	6,081,872	4,893,190	24
13000 Accounts receivables, net (notes 4(5), (6), (18), 5, 6, and 11)	37,868,843	34,442,522	10	Deposits and remittances (notes 4(12), (20) and 5)	6,012,064	4,284,892	40
13500 Loans and advances to customers, net (notes 4(6), (20), 5 and 11)	350,387,046	346,151,003	1	Financial debentures (notes 4(13), (20) and 5)	563,071,977	596,151,692	(6)
14000 Available-for-sale financial assets, net (notes 4(7), (20), 5 and 6)	227,027,332	213,257,021	6	Other financial liabilities (note 4(20))	62,014,537	47,512,170	31
15000 Investment in associates under equity method, net (notes 4(8) and 11)	369,417	279,579	32	Other liabilities (notes 4(16) and 7)	34,703,759	10,188,173	241
15500 Other financial assets, net (notes 4(8), (20) and 11)	580,392	887,031	(35)	Total liabilities	<u>2,405,204</u>	<u>2,141,004</u>	12
18500 Property and equipment, net (note 4(9))	5,546,985	6,076,890	(9)	Stockholders' Equity (notes 4(7), (16) and (19)):	<u>691,930,867</u>	<u>698,424,865</u>	(1)
19000 Intangible assets (notes 4(10) and (16))	3,244,154	3,303,198	(2)	Common stock, par value \$10, authorized 3,000,000 thousand shares and issued 2,910,572 thousand shares.	29,105,720	29,105,720	-
19500 Other assets (notes 4(11), (18) and 6)	3,049,972	4,071,478	(25)	Capital surplus	5,786,031	5,786,031	-
				Retained earnings:			
				Legal reserve	3,388,832	876,897	286
				Special reserve	136,034	136,034	-
				Accumulated earnings	4,498,875	8,373,320	(46)
				Others to stockholders' equity:	<u>8,023,741</u>	<u>9,386,251</u>	(15)
				Unrealized revaluation increments on property and equipment	239,413	239,413	-
				Unrealized gain on available-for-sale financial assets	851,045	772,342	10
				Unrealized gain on cash flow hedge	133,675	190,367	(30)
				Net loss on unrecognized pension cost	(278,636)	(244,086)	(14)
				Total stockholders' equity	<u>945,497</u>	<u>958,036</u>	(1)
				Commitments and contingent liabilities	43,860,989	45,236,038	(3)
				Total Liabilities and Stockholders' Equity	<u>\$ 735,791,856</u>	<u>743,660,903</u>	(1)
Total Assets	<u>\$ 735,791,856</u>	<u>743,660,903</u>	(1)				

See accompanying notes to the financial statements.

Standard Chartered Bank (Taiwan) Limited

Statements of Income

For the years ended December 31, 2012 and 2011
 (expressed in thousands of New Taiwan dollars, except for earnings per share)

		2012	2011	Change %	
41000	Interest income (notes 4(3), (14) and 5)	\$ 15,295,217	13,906,960	10	
51000	Less: Interest expenses (note 5)	<u>5,259,856</u>	<u>4,723,475</u>	11	
	Net interest income	10,035,361	9,183,485	9	
	Other operating income:				
49100	Fees and commission income, net (note 7)	2,808,275	3,976,302	(29)	
49200	Gain on financial instruments at fair value through profit or loss (notes 4(3), (20) and 5)	1,731,628	941,798	84	
49300	Realized (loss) gain on available-for-sale financial assets (note 4(7))	(6,451)	22,749	(128)	
49500	Investment income from interest in associates under equity method (note 4(8))	299,125	209,288	43	
49600	Foreign exchange gain (loss), net	249,202	862,501	(71)	
49700	Impairment loss on assets, net (notes 4(7), (8) and (11))	(12,832)	(169,782)	92	
49821	Gain on sale of non-performing loans (note 11)	648,300	914,171	(29)	
49863	Net gain on disposal of property (note 11)	232,585	1,065,367	(78)	
49800	Other non-interest income for sundries, net (notes 4(8), (11), (15) and 5)	<u>149,292</u>	<u>137,638</u>	8	
	Operating income	<u>16,134,485</u>	<u>17,143,517</u>	(6)	
51500	Bad debt expenses (gain on reversal) (notes 4(5), (6) and 5)	<u>2,020,735</u>	<u>(3,154,511)</u>	164	
	Operating expenses:				
58500	Staff costs (notes 4(16), (17), 5 and 10(1))	5,719,069	5,647,077	1	
59000	Depreciation and amortization expenses (notes 4(9), (10) and 10(1))	414,562	577,498	(28)	
59500	General and administrative expenses (notes 5 and 7)	<u>4,410,520</u>	<u>4,297,338</u>	3	
		<u>10,544,151</u>	<u>10,521,913</u>	-	
61001	Profit from continuing operations before income tax	3,569,599	9,776,115	(63)	
63003	Income tax expense (note 4(18))	<u>566,251</u>	<u>1,403,000</u>	(60)	
69000	Net income	<u>\$ 3,003,348</u>	<u>8,373,115</u>	(64)	
		Before tax	After tax	Before tax	After tax
69500	Basic earnings per share (note 4(19))	<u>\$ 1.23</u>	<u>1.03</u>	<u>3.36</u>	<u>2.88</u>

Standard Chartered Bank (Taiwan) Limited
Statements of Changes in Stockholders' Equity
For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	Retained earnings					Others				
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated earnings	Unrealized revaluation increments on property and equipment	Unrealized 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, 2011	\$ 29,105,720	5,786,031	-	-	2,922,991	363,949	373,167	66,283	(328,353)	38,289,788
Net gain for the year ended December 31, 2011	-	-	-	-	8,373,115	-	-	-	-	8,373,115
Appropriation of retained earnings:										
Legal reserve (note 4(19))	-	-	876,897	-	(876,897)	-	-	-	-	-
Cash dividends (note 4(19))	-	-	-	-	(2,045,889)	-	-	-	-	(2,045,889)
Conversion from default loss reserve to special reserve	-	-	-	136,034	-	-	-	-	-	136,034
Movement of unrealized revaluation increments on property and equipment	-	-	-	-	-	(124,536)	-	-	-	(124,536)
Movement of unrealized gain on available-for-sale financial assets (note 4(7))	-	-	-	-	-	-	399,175	124,084	-	399,175
Movement of unrealized gain on cash flow hedge (note 4(20))	-	-	-	-	-	-	-	-	-	124,084
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	84,267	84,267
Balance as of December 31, 2011	29,105,720	5,786,031	876,897	136,034	8,373,320	239,413	772,342	190,367	(244,086)	45,236,038
Net gain for the year ended December 31, 2012	-	-	-	-	3,003,348	-	-	-	-	3,003,348
Appropriation of retained earnings (note):										
Legal reserve (note 4(19))	-	-	2,511,935	-	(2,511,935)	-	-	-	-	-
Cash dividends (note 4(19))	-	-	-	-	(4,365,858)	-	-	-	-	(4,365,858)
Movement of unrealized gain on available-for-sale financial assets (note 4(7))	-	-	-	-	-	-	78,703	-	-	78,703
Movement of unrealized gain on cash flow hedge (note 4(20))	-	-	-	-	-	-	-	(56,692)	-	(56,692)
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	(34,550)	(34,550)
Balance as of December 31, 2012	\$ 29,105,720	5,786,031	3,388,832	136,034	4,498,875	239,413	851,045	133,675	(278,636)	43,860,989

Note: The employee bonus was recognized as operating expense—staff costs in statements of income, not as earning distribution.

See accompanying notes to the financial statements.

Standard Chartered Bank (Taiwan) Limited
Statements of Cash Flows
For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	2012	2011
Cash flows from operating activities:		
Net income	\$ 3,003,348	8,373,115
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expenses	389,073	497,062
Amortization expenses	25,489	80,436
Provision (reversal of) for bad debt expenses	2,020,735	(3,154,511)
Reserves	68,640	636
Investment income from interest in associates under equity method	(299,125)	(209,288)
Cash dividends from interest in associates under equity method	209,287	6,401
Investment income from financial assets carried at cost	(1,386)	(12,421)
Impairment loss	12,832	169,782
Gain on disposal of non-performing loans	(648,300)	(914,171)
Gain on disposal and obsolescence of property and equipment, intangible assets and other assets, net	(232,585)	(1,065,367)
Realized deferred revenue	(29,755)	(26,881)
Net increase (decrease) in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	11,322,981	(12,461,721)
Decrease (increase) in bills and bonds investments under reverse sell agreements	5,054,375	(8,456,414)
Increase in accounts receivables	(3,426,321)	(7,485,818)
Decrease in deferred income tax assets	251,949	1,310,163
Decrease in other financial assets	70	201,528
Decrease (increase) in other assets	561,254	(213,063)
Decrease in financial liabilities at fair value through profit or loss	(6,505,884)	(4,937,951)
Increase (decrease) in accounts payables	1,188,682	(1,570,361)
Increase in accounts payables—related parties	1,727,172	2,005,281
Increase (decrease) in other financial liabilities	24,587,958	(1,250,798)
Increase (decrease) in other liabilities	210,054	(775,449)
Net cash provided by (used in) operating activities	39,490,543	(29,889,810)
Cash flows from investing activities:		
Decrease in balance at Central Bank and loans and advances to banks	6,325,347	25,253,717
(Increase) decrease in loans and advances to customers	(6,408,078)	1,249,462
Proceeds from disposal of non-performing loans	773,234	1,248,847
Increase in available-for-sale financial assets	(13,657,044)	(34,770,350)
Proceeds from the capital reduction on financial assets carried at cost	7,979	12,421
Acquisition of property, equipment and intangible assets	(2,937)	(70,093)
Proceeds from disposal of property, equipment and other assets	565,952	1,826,590
Net cash used in investing activities	(12,395,547)	(5,249,406)
Cash flows from financing activities:		
(Decrease) increase in deposits by Central Bank and other banks	(9,106,406)	7,743,030
(Decrease) increase in deposits and remittances	(33,018,107)	5,445,206
Increase in financial debentures payable	14,623,612	27,962,743
Distribute cash dividends	(4,365,858)	(2,045,889)
Net cash (used in) provided by financing activities	(31,866,759)	39,105,090
Net (decrease) increase in cash and cash equivalents	(4,771,763)	3,965,874
Cash and cash equivalents at beginning of period	11,469,535	7,503,661
Cash and cash equivalents at end of period	\$ 6,697,772	11,469,535
Supplemental disclosure of cash flow information:		
Cash payments of interest, except capital interest	\$ 4,994,005	4,374,699
Cash payments of income tax	\$ 10,030	170,577
Investing and financing activities not affecting cash flows:		
Unrealized gain on available-for-sale financial assets	\$ 78,703	399,175

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to Financial Statements

December 31, 2012 and 2011

(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, 2012 and 2011, the numbers of employees employed by the Bank were 4,157 and 3,853, 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 Public 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 the 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 ruling 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 as 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 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 fair value on the date of reclassification, which will become the 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 or loss upon initial recognition which do not meet the preceding criterion may be reclassified out of the fair value through profit or loss category only in rare circumstances and shall be reclassified at their fair value on the date of reclassification, which will become their new cost or amortized cost, as applicable. Any previous gain or loss already recognized in profit or loss shall not be reversed.
- c) Financial assets classified as available-for-sale 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 or 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 or loss, 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. 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. 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.

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, willing parties. The best evidence of fair value is quoted prices in an active market. If a quoted market price is not available, fair value 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 offset 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 sell agreements

Financial instruments sold (purchased) under repurchase or reverse sell 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 less than one year is called short-term credit; credit maturing more than one year but less than seven years is called medium-term credit; and credit maturing 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 Financial Supervisory Commission ("FSC") 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.
- e) Other non-performing loans or non-accrual loans for which it has been ascertained that the efforts of collection have failed.

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 shall be reversed from the allowance for bad debt expense.

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.

The third amendment of SFAS No. 34 was effective January 1, 2011; the carrying value of loans and receivables within applicable scope as of December 31, 2010 should be measured at amortized cost in which SFAS No. 34 was initially applied. Under the definition of loans and receivables in SFAS No. 34, the objective evidence should be identified first to reveal impairment existing for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it should be further included in a set of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment are not required to collectively assess because an impairment is or continued to be recognized.

If there is an objective evidence that an impairment loss on financial assets has been incurred, the amount of the loss is recognized and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate; the amount of the loss should be recognized as bad debt expenses in profit or loss in the current period. When determining the amount of the loss, the estimation of future cash flows includes the recoverable amount of collateral and related insurance, and those cannot be less than the one set by the Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans.

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 or 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 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 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. 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.

13) Property and equipment, and related depreciation

Property and equipment are measured at cost on acquisition. Subsequently, property and equipment is measured at cost plus any revaluation increments. 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. 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) 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 that has indefinite lives or is not yet available for use on an annual basis and recognizes an impairment loss on the carrying value in excess of the recoverable amount.

18) 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.

19) Other liabilities—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".

Effective from January 11, 2011, the Financial Supervisory Commission ("FSC") revoked the rules regarding provision for trading losses reserve, default losses reserve and related deferred tax item for securities firms contained in the RGSF according to FSC Jin-Kuan-Cheng-Chuan No. 09900738571. As of December 31, 2010, the amount of trading losses reserve and default losses reserve which securities firms and future commission merchants had made provision for should be reclassified as special reserve. The special reserve can only be used to offset a deficit or when special reserve reaches 50% of total paid-in capital, of which 50% can be capitalized.

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".

20) 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.

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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.

21) 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.

22) 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-052 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.

23) 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.

24) 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.

25) 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 a 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.

26) Operating segment

The Bank disclosed operating segment information in the consolidated financial statement; therefore, it did not disclose the information in the separate individual financial statement.

(3) Changes in Accounting Principle

Effective January 1, 2011, the Bank has newly adopted the third amended SFAS No. 34" Accounting for the Financial Instruments: Recognition and Measurement." In accordance with the revised SFAS No.34, initial loans and receivables are applied to the statement of recognition, subsequent evaluation and impairments to loans and receivables. In addition, trouble debt restructuring and modification of debt agreements are also accounted for in accordance with revised SFAS No.34 commencing from January 1, 2011. The adoption of this accounting standard didn't have any significantly impact for the year ended December 31, 2011.

Effective January 1, 2011, the Bank has adopted the newly issued SFAS No.41,"Operating Segments." In accordance with SFAS No.41, information is disclosed to enable users of the Bank's financial statements to evaluate the nature and financial effects of the business activities in which the Bank engages, and the economic environment in which it operates. Accordingly, the Bank determines and presents operating segments based on the information that is internally provided to the major operating decision maker. In addition, the Bank disclosed operating segment information in the consolidated financial statement; therefore, it did not disclose the information in the individual financial statement. This new accounting standard superseded SFAS No. 20 "Segment Reporting." The adoption of this accounting standard did not have any cumulative effect for the year ended December 31, 2011.

The comparative information for the initial year of application has been provided.

(4) Disclosures of Significant Accounts

1) Cash and cash equivalents

As of December 31, 2012 and 2011, cash and cash equivalents were as follows:

	December 31, 2012	December 31, 2011
Cash on hand	\$ 5,096,769	5,728,508
Deposits with other banks	447,927	767,217
Deposits with affiliates	1,153,076	4,973,810
	<u><u>\$ 6,697,772</u></u>	<u><u>11,469,535</u></u>

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

As of December 31, 2012 and 2011, the balances at the Central Bank and loans and advances to banks were as follows:

	December 31, 2012	December 31, 2011
Balances at Central Bank:		
Reserve for deposits – checking account	\$ 8,609,988	11,090,163
Reserve for deposits – demand account	17,709,933	18,439,964
Reserve for deposits – foreign currency	174,212	160,429
Reserve for deposits – settlement accounts	<u>1,038,443</u>	<u>704,826</u>
	<u>27,532,576</u>	<u>30,395,382</u>
Loans and advances to other banks	5,451,764	10,502,914
Loans and advances to affiliates	<u>35,088,854</u>	<u>33,500,245</u>
	<u>40,540,618</u>	<u>44,003,159</u>
	<u>\$ 68,073,194</u>	<u>74,398,541</u>

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

No interest is accrued on the checking accounts and the foreign currency accounts. Balances can be withdrawn on demand. Demand accounts accrue interests, other than the monthly adjustments to the account, no withdrawal is allowed.

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

As of December 31, 2012 and 2011, financial assets and liabilities at fair value through profit or loss were as follows:

	December 31, 2012	December 31, 2011
Trading financial assets:		
Debt instruments	\$ 21,512,425	25,458,794
Derivatives	<u>8,032,285</u>	<u>15,408,897</u>
	<u>\$ 29,544,710</u>	<u>40,867,691</u>
Trading financial liabilities:		
Derivatives	<u>\$ 8,357,471</u>	<u>14,863,355</u>

For the years ended December 31, 2012 and 2011, net gain on financial assets and liabilities at fair value through profit or loss recognized by the Bank were as follows:

	2012	2011
Net gain on both valuation and disposal of trading financial assets and liabilities:		
Debt instruments	\$ 82,065	52,919
Derivatives	<u>1,649,563</u>	<u>923,704</u>
	<u>\$ 1,731,628</u>	<u>976,623</u>
Interest income	<u>\$ 220,281</u>	<u>128,263</u>

4) Bills and bonds investments under reverse sell agreements

As of December 31, 2012 and 2011, the book values of bills and bonds investments under reverse sell agreements were as follows:

	December 31, 2012	December 31, 2011
Bills and bonds investments under reverse sell agreements	<u>\$ 3,402,039</u>	<u>8,456,414</u>

As of December 31, 2012 and 2011, the settlement date for bills and bonds investments under reverse sell agreements were January 10, 2013 and January 6, 2012; interest rates of the aforementioned reverse sell agreements were 0.77% and 0.73%~0.76%, respectively. The contracted prices for the aforementioned reverse sell agreements were \$3,402,775 thousand and \$8,457,410 thousand, respectively.

5) Accounts receivables, net

As of December 31, 2012 and 2011, details of accounts receivables were as follows:

	December 31, 2012	December 31, 2011
Factoring loan receivables, without recourse	\$ 26,424,694	25,387,750
Credit card receivables	5,762,258	5,772,545
Accounts receivables	2,378,579	432,549
Interest receivables	1,712,587	1,634,132
Acceptance receivables	986,121	613,647
Accounts receivables — related parties	583,071	357,035
Tax refund receivables	115,818	224,890
Others	<u>129,100</u>	<u>489,049</u>
Subtotal	38,092,228	34,911,597
Less: allowance for doubtful accounts — accounts receivables	<u>223,385</u>	<u>469,075</u>
Total	<u>\$ 37,868,843</u>	<u>34,442,522</u>

6) Loans and advances to customers

As of December 31, 2012 and 2011, details of loans and advances to customers were as follows:

	December 31, 2012	December 31, 2011
Negotiations and discounts	\$ 1,255,554	4,094,073
Short-term unsecured loans and overdrafts	56,985,085	32,721,346
Short-term secured loans	5,334,209	6,722,615
Medium-term unsecured loans	66,481,682	62,843,278
Medium-term secured loans	5,197,138	3,623,958
Long-term unsecured loans	5,510,350	6,687,553
Long-term secured loans	213,644,721	233,075,672
Non-accrual loans	<u>1,204,944</u>	<u>530,267</u>
Subtotal	355,613,683	350,298,762
Adjustment loan of discount/premium	221,704	85,739
Less: allowance for doubtful accounts	<u>5,448,341</u>	<u>4,233,498</u>
Total	<u>\$ 350,387,046</u>	<u>346,151,003</u>

As of December 31, 2012 and 2011, 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 non-recovery of specific outstanding loans, and the risk of non-recovery is assessed by the probability of default.

For the years ended December 31, 2012 and 2011, the movements of allowance for doubtful accounts were as follows:

	2012		
	Specific provision	General provision	Total
Beginning balance	\$ 2,338,688	2,363,885	4,702,573
Add: provision for doubtful accounts	1,957,413	89,688	2,047,101
recovery from written-off loans	957,854	-	957,854
Less: write-off	1,785,614	-	1,785,614
exchange rate movements and others	<u>266,523</u>	<u>(16,335)</u>	<u>250,188</u>
Ending balance	<u>\$ 3,201,818</u>	<u>2,469,908</u>	<u>5,671,726</u>

	2011		
	Specific provision	General provision	Total
Beginning balance	\$ 6,353,546	3,170,518	9,524,064
Add: reversal of provision for doubtful accounts	(3,088,066)	(146,400)	(3,234,466)
recovery from written-off loans	1,306,095	-	1,306,095
Less: write-off	2,500,391	-	2,500,391
exchange rate movements and others	192,685	202,751	395,436
Transfer from provision for guarantees	2,707	-	2,707
Transfer in and transfer out	457,482	(457,482)	-
Ending balance	<u>\$ 2,338,688</u>	<u>2,363,885</u>	<u>4,702,573</u>

Loans and advances and account receivables should be included in the total amounts of assessment of impairment to be determined its allowance for credit losses, which were as follows:

		December 31, 2012	
Items		Loans and advances and account receivables	Provision
With the objective evidence of impairment	Individual assessment of impairment	\$ 13,278,911	3,201,818
Without the objective evidence of impairment	Portfolio assessment of impairment	380,427,000	2,469,908
		<u>\$ 393,705,911</u>	<u>5,671,726</u>

		December 31, 2011	
Items		Loans and advances and account receivables	Provision
With the objective evidence of impairment	Individual assessment of impairment	\$ 13,243,638	2,338,688
Without the objective evidence of impairment	Portfolio assessment of impairment	371,966,721	2,363,885
		<u>\$ 385,210,359</u>	<u>4,702,573</u>

As of December 31, 2012, the allowance for doubtful accounts was \$5,671,726 thousand. This amount consists of loans and advances to customers of \$5,448,341 thousand and accounts receivables of \$223,385 thousand. As of December 31, 2011, the allowance for doubtful accounts was \$4,702,573 thousand. This amount consisted of loans and advances to customers of \$4,233,498 thousand and accounts receivables (including compensation receivable) of \$469,075 thousand.

For the year ended December 31, 2012, bad debt expense was \$2,020,735 thousand. This amount consists of provision for bad debt expense for accounts receivables, loans and advances to customers of \$2,047,101 thousand and reversal of provision for guarantee amounting to \$26,366 thousand. For the year ended December 31, 2011, the Bank's gain on reversal of bad debt expense was \$3,154,511 thousand. This amount consists of reversal of provisions for accounts receivables and the reversal of loans and advances to customers of \$3,234,466 thousand, and the reversal of provision for guarantee amounting to \$79,955 thousand.

For the year ended December 31, 2011, the Bank made an additional provision of allowance for doubtful account for mortgage loan and home renovation to up to 0.6%, amounted \$858,478 thousand, in accordance with the rule set by FSC Jin-Kuan-Yin-Guo No. 10020003841 on June 27, 2011.

As of December 31, 2012 and 2011, the amounts of outstanding loans with interest charges suspended amounted to \$1,204,944 thousand and \$530,267 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were \$4,213 thousand and \$2,203 thousand, respectively.

As of December 31, 2012 and 2011, the amounts of loans and advances to customers, which were classified by geographical region were as follows:

	December 31, 2012	December 31, 2011
Domestic	\$ 310,708,028	326,336,975
Overseas	44,905,655	23,961,787
Total	<u>\$ 355,613,683</u>	<u>350,298,762</u>

As of December 31, 2012 and 2011, information regarding asset quality of loans and advances to customers was as follows:

Period			December 31, 2012				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Product	Secured		122,083	21,716,460	0.56 %	1,071,623	877.78 %
	Unsecured		990,716	69,585,547	1.42 %	916,151	92.47 %
Consumer Banking	Mortgage		834,357	201,380,086	0.41 %	1,367,330	163.88 %
	Personal loan		542,323	57,544,132	0.94 %	2,089,812	385.34 %
	Others	Secured	-	750,352	- %	-	- %
		Unsecured	-	4,637,106	- %	3,425	- %
Total			2,489,479	355,613,683	0.70 %	5,448,341	218.85 %
			Overdue	Accounts receivables	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			41,280	5,762,258	0.72 %	220,298	533.67 %
Factoring loan receivable without recourse			-	26,424,694	- %	-	- %

Period			December 31, 2011				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		113,017	24,030,880	0.47 %	389,248	344.42 %
	Unsecured		76,784	47,986,593	0.16 %	898,533	1,170.21 %
Consumer Banking	Mortgage		995,509	218,760,987	0.46 %	1,216,694	122.22 %
	Personal loan		359,158	56,415,663	0.64 %	1,725,771	480.50 %
	Others	Secured	-	847,704	- %	-	- %
		Unsecured	-	2,256,935	- %	3,252	- %
Total			1,544,468	350,298,762	0.44 %	4,233,498	274.11 %
			Overdue	Accounts receivables	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			19,375	5,772,545	0.34 %	464,752	2,398.72 %
Factoring loan receivable without recourse			-	25,387,750	- %	-	- %

As of December 31, 2012 and 2011, the information of loans and accounts receivables which need not be reported as non-performing loans or as overdue accounts receivables were as follows:

	December 31, 2012		December 31, 2011	
	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	\$ 20,895	75,306	27,145	99,544
The amount not required to be reported as debts under debt discharge program and rehabilitation program without default by debtors	475,817	-	429,271	-
	<u>\$ 496,712</u>	<u>75,306</u>	<u>456,416</u>	<u>99,544</u>

7) Available-for-sale financial assets

As of December 31, 2012 and 2011, available-for-sale financial assets were as follows:

	December 31, 2012	December 31, 2011
Debt instruments:		
Negotiable certificates of deposits	\$ 177,952,550	178,915,781
Treasury bills	23,434,770	11,360,269
Government bonds	19,454,877	15,135,188
Financial debentures	5,549,175	5,092,553
Corporate bonds	557,107	917,053
Subtotal	226,948,479	211,420,844
Beneficiary certificates	-	1,800,791
Equity instruments	93,322	98,064
Less: accumulated impairments	14,469	62,678
Total	<u>\$ 227,027,332</u>	<u>213,257,021</u>
Mark-to-market adjustments for hedged assets included in the above balance	<u>\$ 3,088</u>	<u>26,641</u>

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

For the years ended December 31, 2012 and 2011, the movements of unrealized gain on available-for-sale financial assets were as follows:

	2012	2011
Beginning balance	\$ 772,342	373,167
Add: unrealized gain recognized during the period	72,252	421,924
Less: realized (loss) gain on disposal during the period	(6,451)	22,749
Ending balance	<u>\$ 851,045</u>	<u>772,342</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.

The Bank evaluated the Seller Certificates on hand in accordance with the securitization agreement regarding the redemption of these certificates. Indication of impairment exists; therefore, the Bank recognized \$168,762 thousand impairment loss of the first and second certificates for the year ended December 31, 2011. The Bank reversed \$48,209 thousand impairment loss for the year ended December 31, 2012. The Bank redeemed the first and second issuance of the mortgage loan on October 9, 2012 and December 19, 2011, respectively.

A. As of December 31, 2011, key assumptions used in measuring retained interests were as follows:

	December 31, 2011	
	First issuance	Second issuance
Prepayment rate (annualized rate) — assumption 1	30.00 %	- %
Weighted-average life	0.73 years	- years
Expected credit loss rate (annualized rate) — assumption 2	1.50 %	- %
Discounted rate for residual cash flows	2.60 %	- %

B. Sensitivity analysis

As of December 31, 2011, 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:

	December 31, 2011	
	First issuance	Second issuance
Carrying amount of retained interest	\$ 1,742,076	-
Assumption 1 — impact on fair value of 10% adverse change	(176)	-
Assumption 2 — impact on fair value of 10% adverse change	(175)	-

C. As of December 31, 2011, 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, 2012 and 2011, were summarized as follows:

	2012	
	First issuance	Second issuance
Other cash flows received on retained interests	\$ 28,438	-
Service fee received	5,000	-
Cash received for prepayment of services	434	-
Prepayment of services	(171)	-

	2011	
	First issuance	Second issuance
Other cash flows received on retained interests	\$ 36,696	50,524
Service fee received	5,000	5,632
Cash received for prepayment of services	33	197
Prepayment of services	(29)	(140)

8) Equity accounted and financial assets carried at cost

	December 31, 2012			December 31, 2011		
	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	345,887	100.00	21	258,244
Taiwan Standard Chartered Insurance Agency Co., Ltd.	100.00	368	23,528	100.00	368	21,335
		<u>\$ 389</u>	<u>369,415</u>		<u>389</u>	<u>279,579</u>
Financial assets carried at cost:						
Fuji Enterprise Management Consulting Co., Ltd	0.99	\$ -	-	0.99	-	-
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	15,188	15,188	5.00	20,250	20,250
Liyu Venture Investment, Inc.	4.76	8,549	8,549	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	-	-	-	3.35	2,468	2,468
Taiwan Depository and Clearing Corporation	0.17	9,277	9,277	0.17	9,277	9,277
Subtotal		<u>353,536</u>	<u>353,536</u>		<u>362,597</u>	<u>362,597</u>
Less: accumulated impairment		<u>-</u>	<u>202,127</u>		<u>-</u>	<u>204,595</u>
		<u>\$ 353,536</u>	<u>151,409</u>		<u>362,597</u>	<u>158,002</u>

For the years ended December 31, 2012 and 2011, the Bank recognized investment income from investment in associates under the equity method of \$299,125 thousand and \$209,288 thousand, respectively. For the years ended December 31, 2012 and 2011, the cash dividends from associates under the equity method were \$209,287 thousand and \$6,401 thousand, respectively, which reduced the book value of the investment.

For the years ended December 31, 2012 and 2011, the dividend revenue recognized from financial assets carried at cost were \$16,757 thousand and \$11,778 thousand, respectively, recorded as other non-interest income, net.

Due to corporate restructuring of Taiwan Cooperative Bills Finance Corporation on December 1, 2011, 13,346 thousand shares held by the company were converted into 4,593 thousand shares in the company named Taiwan Cooperative Financial Holdings. The investment is classified as available-for-sale financial assets carried at cost.

The investment in Fuji Enterprise Management Consulting Co., Ltd is carried at cost. The company increased its capital by 12700% on April 30, 2011. A further buyback on June 30, 2011 resulted in a capital reduction of 98.44% shares and bought back \$12,421 thousand at \$10 per share. The cost of the investment is at \$0, the full amount is recognized as investment income from associates under non interest income for sundries.

Taiwanpay Corporation began the process of liquidation on March 30, 2012 and paid back \$987 thousand for the company's investment in its shares. On June 13, 2012, Taiwanpay Corporation wound up and completed the liquidation process. The distribution of remaining assets amounts to \$421 thousand. The cost of the investment is at \$0, the full amount is recognized as investment income from associates under non interest income for sundries. TSC Bio Venture Management Inc. bought back capital on July 31, 2012 with a capital reduction rate of 25% and paid the company \$5,062 thousand for the company's investment in its shares at \$10 per share. Liyu Venture Investment Inc. bought back capital on July 31, 2012 with a capital reduction rate of 15.19% and paid the company \$1,509 thousand for the company's investment in its shares, and a loss on investment of \$22 thousand was recognized.

As of December 31, 2012, and 2011, the Bank recognized impairment loss of \$0 thousand and \$1,020 thousand under accumulated impairment.

9) Property and equipment

As of December 31, 2012 and 2011, details of property and equipment were as follows:

	December 31, 2012	December 31, 2011
Cost:		
Land	\$ 3,126,362	3,136,106
Buildings	2,738,907	2,939,399
Office equipment	723,825	755,261
Leasehold improvements	582,680	821,300
Other equipment	1,315,226	1,491,822
Subtotal	8,487,000	9,143,888
Less: accumulated depreciation	2,923,493	3,066,998
accumulated impairment	16,522	-
Total	<u>\$ 5,546,985</u>	<u>6,076,890</u>

For the years ended December 31, 2012 and 2011, movements of accumulated depreciation were as follows:

	2012	2011
Beginning balance	\$ 3,066,998	3,151,683
Add: depreciation	382,120	487,093
reclassification	18,697	-
Less: disposal and obsolescence	544,322	548,608
reclassification	-	23,170
Ending balance	<u><u>\$ 2,923,493</u></u>	<u><u>3,066,998</u></u>

10) Intangible assets

	December 31, 2012	December 31, 2011
Goodwill	\$ 3,156,048	3,156,048
Deferred pension costs	50,719	85,257
Software	37,387	61,893
	<u><u>\$ 3,244,154</u></u>	<u><u>3,303,198</u></u>

For the years ended December 31, 2012 and 2011, the recognized amortization expenses from computer software were \$25,489 thousand and \$80,436 thousand, respectively, recognized as operating expenses – depreciation and amortization expenses.

11) Other assets

As of December 31, 2012 and 2011, details of other assets were as follows:

	December 31, 2012	December 31, 2011
Deferred income tax assets, net	\$ 1,940,302	2,190,547
Idle assets, net (Accumulated impairment of \$64,775 thousand and \$96,525 thousand as of December 31, 2012 and 2011, respectively)	131,666	368,929
Assets leased to others, net (Accumulated impairment of \$2,695 thousand and \$0 thousand as of December 31, 2012 and 2011, respectively)	342,003	321,824
Refundable deposits	461,413	527,012
Derivatives collateral	-	488,599
Others	174,588	174,567
	<u><u>\$ 3,049,972</u></u>	<u><u>4,071,478</u></u>

The Bank leased out its office buildings under operating leases with lease terms ranging from one to five years. As of December 31, 2012, future lease payments to be received were as follows:

Period	Amount
2013	\$ 15,786
2014	10,631
2015	5,558
2016	3,651
2017	3,730
	<u>\$ 39,356</u>

12) Deposits and remittances

As of December 31, 2012 and 2011, deposits and remittances were as follows:

	December 31, 2012	December 31, 2011
Checking deposits	\$ 4,538,083	5,182,659
Demand deposits	162,443,255	171,321,632
Time deposits	178,958,735	198,619,187
Savings deposits	127,267,949	126,998,272
Time savings deposits	89,789,541	93,898,964
Trust fund with designated purpose	-	59,822
Remittances	74,414	71,156
Total	<u>\$ 563,071,977</u>	<u>596,151,692</u>
Mark-to-market adjustments for the hedged liabilities included in the above balance	<u>\$ 29,001</u>	<u>90,609</u>

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

13) Financial debentures

As of December 31, 2012 and 2011, details of financial debentures issued by the Bank were as follows:

Bond	Conditions for issuance	December 31, 2012	December 31, 2011
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	\$ 1,000	1,000
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%	2,400	4,100
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%	1,500	5,900
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	4,355,292	4,540,436
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	4,355,292	4,540,436
100-1A	2-year term, interest payable quarterly, annual interest rate is 1.03%; maturity date: May 19, 2013	800,000	800,000
100-1B	3-year term, interest payable quarterly, annual interest rate is 1.17%; maturity date: May 19, 2014	100,000	100,000
100-1C	4-year term, interest payable quarterly, annual interest rate is 1.32%; maturity date: May 19, 2015	650,000	650,000
100-1D	5-year term, interest payable quarterly, annual interest rate is 1.45%; maturity date: May 19, 2016	6,150,000	6,150,000
100-1E	6-year term, interest payable quarterly, annual interest rate is 1.51%; maturity date: May 19, 2017	1,000,000	1,000,000
100-1F	7-year term, interest payable quarterly, annual interest rate is 1.60%; maturity date: May 19, 2018	2,550,000	2,550,000
100-1G	2-year term, interest payable quarterly, TWD 90-day CP interest rate; maturity date: May 19, 2013	3,700,000	3,700,000
100-1H	5-year term, interest payable quarterly, TWD 90-day CP interest rate; maturity date: May 19, 2016	400,000	400,000
100-1I	7-year term, interest payable quarterly, TWD 90-day CP interest rate; maturity date: May 19, 2018	4,000,000	4,000,000
100-2	5-year term, interest payable quarterly, annual interest rate is 1.451%; maturity date: June 8, 2016	500,000	500,000
100-3A	2-year term, interest payable quarterly, annual interest rate is 1.04%; maturity date: June 23, 2013	950,000	950,000
100-3B	2-year term, interest payable quarterly, TWD 90-day CP interest rate; maturity date: June 23, 2013	700,000	700,000
100-3C	5-year term, interest payable quarterly, annual interest rate is 1.40%; maturity date: September 23, 2016	1,100,000	1,100,000

Bond	Conditions for issuance	December 31, 2012	December 31, 2011
100-4A	3-year term, interest payable quarterly, annual interest rate is 1.32%; maturity date: June 29, 2014	\$ 2,000,000	2,000,000
100-4B	2-year term, interest payable quarterly, TWD 90-day CP interest rate plus 0.15% interest rate; maturity date: June 29, 2013	400,000	400,000
100-4C	3-year term, interest payable quarterly, TWD 90-day CP interest rate plus 0.15% interest rate; maturity date: June 29, 2014	1,000,000	1,000,000
100-4D	10-year term, interest payable quarterly, TWD 90-day CP interest rate plus 0.15% interest rate; maturity date: June 29, 2021	2,000,000	2,000,000
101-1A	2-year term, interest payable quarterly, annual interest rate is 1.05%; maturity date: January 17, 2014	7,000,000	-
101-1B	2-year term, interest payable quarterly, TWD 90-day CP interest rate plus 0.25% interest rate; maturity date: January 17, 2014	700,000	-
101-1C	3-year term interest payable quarterly, annual interest is 1.09%; maturity date: January 17, 2015	600,000	-
101-2	2-year term, interest payable annually, annual interest rate is 1.05%; maturity date: May 24, 2014	6,700,000	-
		61,715,484	47,091,872
Mark-to-market adjustment on hedged items		299,053	420,298
Total		<u>\$ 62,014,537</u>	<u>47,512,170</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.

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 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 USD300,000 thousand on March 25, 2009. The FSC approved the issuance on September 15, 2009. These debentures began to be traded on the over-the-counter market on December 11, 2009.

The board of directors approved the issuance of the 100-1, 100-2, 100-3 and 100-4 senior unsecured debentures at a total amount of \$28,000,000 thousand on December 15, 2010; the FSC subsequently approved this issuance on April 18, 2011. These senior unsecured debentures traded on the over-the-counter market on May 19, June 8, June 23 and June 29, 2011, respectively.

The board of directors approved the issuance of the 101-1 and 101-2 senior unsecured debentures at an amount of \$15,000,000 thousand on June 21, 2011; the FSC subsequently approved the issuance on November 28, 2011. These senior unsecured debentures began to be traded on the over-the-counter market on January 17, 2012 and May 24, 2012, respectively.

14) Interest income

For the years ended December 31, 2012 and 2011, details of interest income were as follows:

	2012	2011
Interbank transactions	\$ 406,417	335,690
Financial assets at fair value through profit or loss	220,281	128,263
Credit cards (revolving)	416,958	389,100
Loans and advances to customers	11,178,294	10,473,714
Available-for-sale financial assets	2,131,823	1,921,969
Accounts receivable without recourse	485,147	273,344
Others	456,297	384,880
Total	\$ 15,295,217	13,906,960

15) Other non-interest income (loss), net

For the years ended December 31, 2012 and 2011, details of non-interest income (loss), net were as follows:

	2012	2011
Securities brokerage commissions, net	\$ 90,229	134,127
Rental income	18,551	21,251
Net loss on fair value hedge	(26,770)	(48,679)
Investment income from financial assets carried at cost	18,143	24,199
Others	49,139	6,740
Total	\$ 149,292	137,638

16) Pension

For the years ended December 31, 2012 and 2011, the related pension assets, costs, and accrued liabilities of the Bank were as follows:

	2012	2011
Fair value of pension assets at end of period	\$ 1,567,871	1,576,523
Pension cost:		
Defined benefit pension scheme	255,507	273,365
Defined contribution pension scheme	161,125	160,366
Accrued pension liabilities	870,161	733,450

The Bank also adopted the defined benefit plan, in which employees' pension is calculated based on the employees' years of service under the Labor Standards Act and the employees' base salary at the time of retirement. Currently, the Bank contributes 2.2% of eligible employees' base salary to the retirement reserve trust account at Bank of Taiwan. The Bank adopted the defined contribution plan pursuant to the Labor Pension Act. Currently, the Bank contributes, monthly, 6% of eligible employees' salary to each employee's individual pension account at the Bureau of Labor Insurance. The measurement dates of the actuarial reports were December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011, the reconciliation of the funded status and accrued pension liabilities were as follows:

	December 31, 2012	December 31, 2011
Benefit obligation:		
Vested benefit obligation	\$ (1,897,209)	(1,720,978)
Non-vested benefit obligation	(540,823)	(588,995)
Accumulated benefit obligation	(2,438,032)	(2,309,973)
Additional benefits based on future compensation	(966,008)	(917,883)
Projected benefit obligation	(3,404,040)	(3,227,856)
Fair value of plan assets	1,567,871	1,576,523
Funded status	(1,836,169)	(1,651,333)
Unrecognized net transition obligation	48,871	80,321
Unrecognized prior service cost	1,848	4,936
Unrecognized pension loss	1,294,637	1,211,962
Additional minimum pension liabilities	(379,348)	(379,336)
Accrued pension liabilities	\$ (870,161)	(733,450)
Vested benefit	\$ (1,940,044)	(1,941,142)

For the years ended December 31, 2012 and 2011, the components of net pension cost were as follows:

	2012	2011
Service cost	\$ 148,527	160,770
Interest cost	43,758	44,827
Expected return on pension plan assets	(23,620)	(23,952)
Amortization	86,842	91,720
Net pension cost	\$ 255,507	273,365

Actuarial assumptions for the years ended December 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	1.20 %	1.40 %
Rate of increase in future compensation	3.50 %	3.50 %
Rate of projected return on plan assets	1.50 %	1.50 %

For the years ended December 31, 2012 and 2011, payments for retirement and severance were \$118,808 thousand and \$150,426 thousand, respectively.

For the years ended December 31, 2012 and 2011, net pension costs for employees rotated from foreign affiliate companies were \$5,680 thousand and \$8,496 thousand, respectively.

17) 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, 2012 and 2011, 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:

	December 31, 2012	December 31, 2011
Beginning balance	576,342	580,649
Add: granted	182,838	215,079
Less: exercised	144,161	123,871
lapsed	85,485	95,515
Ending balance	529,534	576,342

For the years ended December 31, 2012 and 2011, the costs of the ISS charged to profits or losses were \$27,936 thousand and \$36,247 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:

	2012	
	October 11	October 1
Grant date		
Share price at grant date	£ 13.95	£ 14.35
Exercise price	£ 11.40	£ 11.40
Vesting period (years)	3	3
Expected volatility (%)	29.80	30.00
Expected option life (years)	3.33	3.33
Risk free rate (%)	0.40	0.40
Expected dividends (yield) (%)	3.10	3.10
Fair value	£ 3.28	£ 3.53

	2011	
	October 11	October 4
Grant date		
Share price at grant date	£ 14.11	£ 11.70
Exercise price	£ 10.65	£ 10.65
Vesting period (years)	3/5	3/5
Expected volatility (%)	53.80/45.80	53.30/45.50
Expected option life (years)	3.33/5.33	3.33/5.33
Risk free rate (%)	0.90/1.40	0.70/1.20
Expected dividends (yield) (%)	3.90/3.50	3.90/3.50
Fair value	£ 5.46/5.39	£ 3.87/3.87

B. Restricted share award (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. 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:

	December 31, 2012	December 31, 2011
Beginning balance	254,648	248,673
Add: granted	1,454	48,049
Less: exercised	95,518	25,612
lapsed	32,880	16,462
Ending balance	127,704	254,648

For the years ended December 31, 2012 and 2011, the costs of the RSS charged to profits or losses were \$45,304 thousand and \$59,369 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.

	2011
	March 10
Grant date	
Share price at grant date	£ 16.82
Vesting period (years)	1/2/3
Expected dividends (yield) (%)	4.10
Fair value	£ 16.82/15.22

This scheme has been granted and set out under the new RSA plan, effective May 5, 2011.

2012

Grant date	December 21	September 19	June 20	March 13
Share price at grant date	£ 15.84	£ 14.82	£ 14.17	£ 15.65
Vesting period (years)	2/3 1/2/3/4	2/3	2/3	2/3
Expected dividends (yield) (%)	3.70	3.00	3.80	3.80
Fair value	£ 14.46	£ 13.76	£ 12.91	£ 14.26

2011

Grant date	December 14	September 20	June 22
Share price at grant date	£ 14.35	£ 13.52	£ 15.75
Vesting period (years)	2/3	2/3	2/3
Expected dividends (yield) (%)	2.90	2.90	4.10
Fair value	£ 13.36	£ 12.59	£ 14.25

C. Executive share option scheme

The Executive Share Option Scheme ("ESOS") is designed to improve the Bank's international competitiveness and reward senior management teams for delivering long-term performance. A vesting Earnings Per Share ("EPS") performance condition must be achieved before any exercise of 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:

	December 31, 2012	December 31, 2011
Beginning balance	6,233	6,233
Less: lapsed	6,233	-
Ending balance	-	6,233

There were no costs of the ESOS charged to profit or loss recognized for the years ended December 31, 2012 and 2011.

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, 2012 and 2011.

D. Performance share award (performance share plan)

The Performance Share Award ("PSA") and 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. Share options are exercisable 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 PSA (PSP) were as follows:

	December 31, 2012	December 31, 2011
Beginning balance	77,608	105,055
Less: exercised	44,109	12,523
lapsed	18,495	14,924
Ending balance	15,004	77,608

For the years ended December 31, 2012 and 2011, the costs of the PSA (PSP) charged to profit or loss were \$5,372 thousand and \$9,023 thousand, respectively, recorded as operating expenses – staff costs.

Under the PSA (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.

This scheme has been granted and set out under the new PSA plan, effective May 5, 2011.

2012

	December 21	September 19	June 20	March 13
Grant date				
Share price at grant date	£ 15.84	£ 14.82	£ 14.17	£ 15.65
Vesting period (years)	3	3	3	3
Expected dividends (yield) (%)	3.73	3.15	3.50	3.50
Fair value (EPS)	£ 4.73	£ 4.50	£ 4.26	£ 4.71
Fair value (TSR)	£ 1.86	£ 1.77	£ 1.68	£ 1.85

2011

	December 14	September 20	June 22	May 6
Grant date				
Share price at grant date	£ 14.35	£ 13.52	£ 15.75	£ 16.31
Vesting period (years)	3	3	3	3
Expected dividends (yield) (%)	4.00	4.00	3.70	3.70
Fair value (EPS)	£ 4.26	£ 4.01	£ 4.70	£ 4.87
Fair value (TSR)	£ 1.67	£ 1.58	£ 1.85	£ 1.91

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 award (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. 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 eight years after the grant date.

The option movements of the SRSS were as follows:

	December 31, 2012	December 31, 2011
Beginning balance	32,457	42,165
Less: exercised	11,515	9,640
lapsed	491	68
Ending balance	20,451	32,457

For the years ended December 31, 2012 and 2011, the costs of the SRSS charged to profit or loss were \$1,024 thousand and \$3,999 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.

	2011
Grant date	March 10
Share price at grant date	£ 16.82
Vesting period (years)	2/3
Expected dividends (yield) (%)	4.10
Fair value	£ 15.22

This scheme has been granted and set out under the new SRSA plan, effective May 5, 2011.

	2012			
	December 21	September 19	June 20	March 13
Grant date				
Share price at grant date	£ 15.84	£ 14.82	£ 14.17	£ 15.65
Vesting period (years)	2/3 1/2/3/4	2/3	2/3	2/3
Expected dividends (yield) (%)	3.70	3.00	3.80	3.80
Fair value	£ 14.46	£ 13.76	£ 12.91	£ 14.26

2011

Grant date	December 14	September 20	June 22
Share price at grant date	£ 14.35	£ 13.52	£ 15.75
Vesting period (years)	2/3	2/3	2/3
Expected dividends (yield) (%)	2.90	2.90	4.10
Fair value	£ 13.36	£ 12.59	£ 14.25

18) Income tax

The Bank's basic statutory tax rate is 17%. Based on the R.O.C. "Basic Income Tax Act", the income tax expense for the years ended December 31, 2012 and 2011 were as follows:

	2012	2011
Current income tax (benefit) expense	\$ (7,084)	1,811
Deferred income tax expense	251,949	1,310,163
10% surtax on undistributed earnings	149,532	20
Basic income tax	<u>171,854</u>	<u>91,006</u>
Income tax expense	<u>\$ 566,251</u>	<u>1,403,000</u>

The differences between the expected income tax at statutory income tax rates and the income tax expense as reported in the accompanying financial statements for the years ended December 31, 2012 and 2011 were as follows:

	2012	2011
Income tax at statutory rates	\$ 606,832	1,661,940
Adjustment:		
Permanent difference	(395,265)	(345,174)
Prior-year income tax adjustments	(7,084)	1,811
10% surtax on undistributed earnings	149,532	20
Basic income tax	171,854	91,006
Other adjustments for tax regulation	<u>40,382</u>	<u>(6,603)</u>
Income tax expense	<u>\$ 566,251</u>	<u>1,403,000</u>

For the years ended December 31, 2012 and 2011, the components of deferred income tax expense were as follows:

	2012	2011
Expenses from share-based payments	\$ (1,836)	(10,210)
Unrealized interest income from financial assets	40,911	36,492
Allowance for doubtful accounts	(224,820)	789,727
Deferred revenue	47,539	38,993
Reserve for various loss	(11,720)	(108)
Pension cost	(23,237)	(20,900)
Unrealized gain on inter-affiliate transactions	-	991
Depreciation of property and equipment	(1,017)	6,439
Impairment loss on assets	3,366	(7,264)
Amortization of goodwill	53,652	53,653
Loss carryforwards	369,111	422,350
Deferred income tax expense	<u>\$ 251,949</u>	<u>1,310,163</u>

As of December 31, 2012 and 2011, details of the temporary differences, loss carryforwards and tax credits, and their respective income tax effect were as follows:

	December 31, 2012		December 31, 2011	
	Amount	Income tax effect	Amount	Income tax effect
Expenses from share-based payments	\$ 226,677	38,535	215,877	36,699
Unrealized interest income from financial assets	1,775,832	301,891	2,016,480	342,802
Allowance for doubtful accounts	2,551,427	433,743	1,228,959	208,923
Deferred revenue	(269,914)	(45,886)	9,722	1,653
Reserve for various loss	69,886	11,881	946	161
Pension cost	887,296	150,840	750,605	127,603
Depreciation of property and equipment	44,245	7,522	38,265	6,505
Impairment loss on assets	260,380	44,264	280,173	47,630
Amortization of goodwill	(1,262,419)	(214,611)	(946,814)	(160,959)
Loss carryforwards	8,287,052	1,408,800	10,458,302	1,777,911
Unrealized gain on available-for-sale financial assets	(995,873)	(169,298)	(937,589)	(159,390)
Unrealized gain on cash flow hedge	(161,054)	(27,379)	(229,358)	(38,991)
	<u>\$ 1,940,302</u>		<u>2,190,547</u>	

As of December 31, 2012 and 2011, the components of tax refund receivables (income tax payables) for current year were as follows:

	December 31, 2012	December 31, 2011
Current income tax benefits (expenses)	\$ 7,084	(1,811)
Withheld income tax	266,767	170,577
Prior-year income tax adjustments	(7,084)	1,811
10% surtax on undistributed earnings	(149,532)	(20)
Basic income tax	<u>(171,854)</u>	<u>(91,006)</u>
	<u>\$ (54,619)</u>	<u>79,551</u>

As of December 31, 2012, the Bank's income tax receivables from prior years was \$115,818 thousand, and the income tax payables from prior years was \$11,161 thousand. As of December 31, 2011, the Bank's income tax receivables from prior years was \$145,339 thousand, and the income tax payables from prior year was \$21,191 thousand.

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, 2012, the amount of loss carryforwards and the year of expiry were as follows:

Year loss incurred	December 31, 2012	Year of expiry
2008 (assessed)	\$ 4,937,601	2018
2009 (assessed)	<u>3,349,451</u>	2019
	<u>\$ 8,287,052</u>	

The Bank's income tax returns have been assessed by the tax authority for all years through to 2009.

The balances of the imputation credit account (ICA) as of December 31, 2012 and 2011 were as follows:

	December 31, 2012	December 31, 2011
ICA	\$ 28,169	15,842
	2012 (estimated)	2011 (actual)
Tax creditable ratios of distribution of retained earnings to R.O.C. residents	<u>1.88 %</u>	<u>20.48 %</u>

The accumulated earnings as of December 31, 2012 and 2011 were all generated after 1998.

19) Stockholders' equity

A. Common stock

As of December 31, 2012, the Bank's authorized and issued capital were \$30,000,000 thousand and \$29,105,720 thousand, respectively.

B. Capital surplus

The R.O.C. Company Act as amended in January 2012 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. In accordance with "Regulations Governing the Offering and Issuance of Securities", the amount of capital surplus capitalized each year may not exceed 10 percentage of the Bank's issued share capital.

C. Legal reserve and appropriated special reserve

Whenever the Bank generates a profit in accordance with "The Banking Act of The Republic of China". A bank, at the time of distributing its earnings for each fiscal year, shall set aside thirty percent (30%) of its after-tax earnings as a legal reserve. However, unless and until the accumulated legal reserve equals the Bank's paid-in capital, the maximum cash profits which may be distributed shall not exceed fifteen percent (15%) of the Bank's paid-in capital. 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 2011 and 2010 earnings on June 29, 2012 and June 21, 2011, and appropriated legal reserve of \$2,511,935 thousand and \$876,897 thousand, respectively.

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 bonus: 99.99%
- b. Employee bonus: 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 bonus for distribution if necessary.

On June 29, 2012 and June 21, 2011, the board of directors, representing shareholders, approved the distribution of retained earnings and distributed cash dividends for 2011 and 2010 of \$4,365,858 thousand and \$2,045,889 thousand, respectively.

The estimated amount of bonus distributed to employees 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, this difference shall be identified as changes in accounting estimate and recognized as profit or loss for the current period.

The board of directors approved the distribution of 2010 earnings on June 21, 2011, and distributed bonus to employees for \$205 thousand. This difference shall be identified as changes in accounting estimate and recognized as profit or loss in 2011. Furthermore, the board of directors approved the distribution of 2011 earnings on June 29, 2012 and distributed bonus to employees for \$586 thousand. The estimated employee bonus was \$589 thousand; this difference of \$3 thousand shall be treated as changes in accounting estimate and recognized as profit or loss in 2012.

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

E. Weighted-average outstanding shares of common stock

As of December 31, 2012 and 2011, the weighted-average number of common shares outstanding were both 2,910,572 thousand shares. Furthermore, there is no dilutive potential common share as of December 31, 2012 and 2011.

20) 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 as 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 investments under reverse sell 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. For deposits and remittances with maturity less than one year, their book values will be equal to their fair values. The fair values of deposits with maturity over than one year are the net present value of future cash flows.
- f. Financial debentures are financial liabilities with mainly 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, 2012 and 2011, the fair values of the Bank's financial assets and liabilities evaluated using valuation techniques were as listed below:

Accounts	December 31, 2012	December 31, 2011
Financial assets at fair value through profit or loss — debt instruments	\$ 21,512,425	25,458,794
Financial assets at fair value through profit or loss — derivatives	8,032,285	15,408,897
Available-for-sale financial assets — debt instruments	226,948,479	211,420,844
Available-for-sale financial assets — beneficiary certificates	-	1,752,582
Available-for-sale financial assets — equity securities	78,853	83,595
Financial liabilities at fair value through profit or loss — derivatives	8,357,471	14,863,355

For the years ended December 31, 2012 and 2011, the Bank recognized gain amounting to \$1,170,969 thousand and \$59,127 thousand, respectively, and the differences were caused by their fair value of financial instruments that were evaluated using valuation techniques.

- B. As of December 31, 2012 and 2011, outstanding derivative contracts held by the Bank were as listed below:

	December 31, 2012		
	Notional amount	Fair value	
		Gain (assets)	Loss (liabilities)
Interest rate swaps	\$ 1,125,438,066	4,687,570	4,062,267
Interest rate option contracts	76,268,998	379,105	342,588
Forward contracts	406,792,774	1,940,777	2,576,715
Cross-currency swaps	49,101,587	811,690	745,182
Foreign exchange option contracts	102,604,481	557,384	559,500
Commodity swaps	1,855,622	83,370	83,370
Commodity option contracts	1,237,542	1,372	1,372
	\$ 1,763,299,070	8,461,268	8,370,994

	December 31, 2011		
	Notional amount	Fair value	
		Gain (assets)	Loss (liabilities)
Interest rate swaps	\$ 1,253,545,029	7,954,488	7,690,979
Interest rate option contracts	97,397,841	665,870	628,723
Forward contracts	508,895,192	4,725,797	3,580,035
Cross-currency swaps	76,947,143	2,177,960	2,443,187
Foreign exchange option contracts	135,253,814	557,455	556,586
Commodity swaps	933,114	29,286	29,286
Commodity option contracts	7,360,167	27,000	27,000
	\$ 2,080,332,300	16,137,856	14,955,796

Note: The above derivative contracts includes hedging instruments.

C. Financial risk management and risk information

a. Market risk

The Bank mainly applies 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, 2012 and 2011. 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	2012			2011		
	Annual average	Maximum	Minimum	Annual average	Maximum	Minimum
Exchange rate	\$ 6,213	12,847	2,233	4,182	12,420	814
Interest rate	14,695	25,317	8,270	20,433	44,971	12,865

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, 2012 and 2011, the percentages of loans with collateral were 62.95% and 69.55%, 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 mitigates the credit risk. However, when disclosing the amount of maximum credit risk exposure, the fair value of collateral is ignored. No additional disclosure is 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, 2012 and 2011, 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	December 31, 2012	December 31, 2011
Manufacturing	\$ 43,306,915	36,758,508
Commercial	15,019,866	7,932,603
Construction	1,455,281	6,142,979
Individual	267,830,077	285,470,139
Financial	12,947,258	3,104,060
Others	15,054,286	10,890,473
	\$ 355,613,683	350,298,762

The amount of the above mentioned 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, 2012 and 2011, the industry classifications of the 10 group enterprises with the largest outstanding credits were as follows:

December 31, 2012			
Rank	Industry Classification of Group Enterprise	Outstanding credit	% of net assets
1	Petrochemical manufacturing	3,187,547	7.27 %
2	Other computer peripheral manufacturing industry	3,048,214	6.95 %
3	Cement manufacturing	2,846,157	6.49 %
4	Sheet glass and glass made products manufacturing	2,605,617	5.94 %
5	Cement manufacturing	2,445,178	5.58 %
6	Semiconductors packaging and testing	1,923,089	4.38 %
7	Banking	1,914,763	4.37 %
8	Banking	1,859,884	4.24 %
9	Banking	1,806,378	4.12 %
10	Tires manufacturing	1,742,134	3.97 %

December 31, 2011			
Rank	Industry Classification of Group Enterprise	Outstanding credit	% of net assets
1	Audio and video electronic products manufacturing	4,540,436	10.04 %
2	Other computer peripheral manufacturing industry	2,539,332	5.61 %
3	Semi-conductors packaging and testing	2,048,904	4.53 %
4	Cement manufacturing	1,944,819	4.30 %
5	Tires manufacturing	1,816,174	4.01 %
6	Drugs and medicines manufacturing	1,774,955	3.92 %
7	Integrated circuit manufacturing	1,696,163	3.75 %
8	Sheet glass and sheet glass products manufacturing	1,572,072	3.48 %
9	Monitors and terminals manufacturing industry	1,503,064	3.32 %
10	Cement manufacturing industry	1,422,670	3.14 %

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 to equal to the contractual amounts when the counterparties are unable to perform their contractual obligations and the related collateral is significantly devalued.

c. Liquidity risk

As of December 31, 2012 and 2011, the liquidity reserve ratios were 54.96% and 51.96%, 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; therefore, this can cause considerable profit or loss. As of December 31, 2012 and 2011, the liquidity of the Bank was assessed by grouping of assets and liabilities over various duration periods from the balance sheet date to an individual financial instruments contractual maturity.

Financial Assets	December 31, 2012				
	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Cash and cash equivalents	\$ 6,697,772	-	-	-	6,697,772
Balance at Central Bank and loans and advances to banks	44,761,072	5,602,189	-	17,709,933	68,073,194
Financial assets at fair value through profit or loss	29,544,710	-	-	-	29,544,710
Bills and bonds investments under reverse sell agreements	3,402,039	-	-	-	3,402,039
Loans and advances to customers, net	41,526,564	18,892,737	42,314,966	247,652,779	350,387,046
Available-for-sale financial assets, net	34,098,421	174,647,837	18,197,055	84,019	227,027,332
Other financial assets, net	3,162	41,582	330,163	205,485	580,392
Total	\$ 160,033,740	199,184,345	60,842,184	265,652,216	685,712,485
Financial Liabilities					
Deposits by Central Bank and other banks	\$ 8,220,944	1,063,039	-	-	9,283,983
Financial liabilities at fair value through profit or loss	8,357,471	-	-	-	8,357,471
Deposits and remittances	397,093,200	162,292,496	3,686,281	-	563,071,977
Financial debentures	4,900	6,550,805	28,026,644	27,432,188	62,014,537
Other financial liabilities	3,157,766	2,004,601	28,541,392	1,000,000	34,703,759
Total	\$ 416,834,281	171,910,941	60,254,317	28,432,188	677,431,727
Gap	\$ (256,800,541)	27,273,404	587,867	237,220,028	8,280,758
Financial Assets	December 31, 2011				
	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Cash and cash equivalents	\$ 11,469,535	-	-	-	11,469,535
Balance at Central Bank and loans and advances to banks	52,931,620	3,026,957	-	18,439,964	74,398,541
Financial assets at fair value through profit or loss	40,867,691	-	-	-	40,867,691
Bills and bonds investments under reverse sell agreements	8,456,414	-	-	-	8,456,414
Loans and advances to customers, net	32,847,183	10,651,845	36,948,350	265,703,625	346,151,003
Available-for-sale financial assets, net	62,200,932	132,057,362	12,064,722	6,934,005	213,257,021
Other financial assets, net	28,268	3,820	488,876	366,067	887,031
Total	\$ 208,801,643	145,739,984	49,501,948	291,443,661	695,487,236
Financial Liabilities					
Deposits by Central Bank and other banks	\$ 17,243,476	1,146,913	-	-	18,390,389
Financial liabilities at fair value through profit or loss	14,863,355	-	-	-	14,863,355
Deposits and remittances	420,055,136	147,055,447	29,041,109	-	596,151,692
Financial debentures	-	-	18,600,092	28,912,078	47,512,170
Other financial liabilities	5,958,368	100,020	1,227,166	2,902,619	10,188,173
Total	\$ 458,120,335	148,302,380	48,868,367	31,814,697	687,105,779
Gap	\$ (249,318,692)	(2,562,396)	633,581	259,628,964	8,381,457

If the assets or liabilities have no contractual maturity date, they are classified to the "over 5 years" category.

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, 2012

	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	\$ 796,223,830	190,823,333	56,801,342	101,985,455	176,682,452	269,931,248
Capital used	796,639,425	144,584,908	90,529,993	124,157,229	92,979,710	344,387,585
Gap	(415,595)	46,238,425	(33,728,651)	(22,171,774)	83,702,742	(74,456,337)

Structure Analysis of Maturity Date U.S. Dollars
December 31, 2012

(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	\$ 11,924,036	4,903,564	3,166,560	1,575,848	1,303,847	974,217
Capital used	11,955,176	4,559,336	3,356,929	959,154	1,338,252	1,741,505
Gap	(31,140)	344,228	(190,369)	616,694	(34,405)	(767,288)

Structure Analysis of Maturity Date New Taiwan Dollars
December 31, 2011

	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	\$ 828,288,527	179,777,567	120,082,839	72,244,490	174,627,253	281,556,378
Capital used	845,379,289	121,583,216	184,292,171	108,323,178	89,799,803	341,380,921
Gap	(17,090,762)	58,194,351	(64,209,332)	(36,078,688)	84,827,450	(59,824,543)

Structure Analysis of Maturity Date U.S. Dollars
December 31, 2011

(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	\$ 12,475,547	4,363,809	5,017,542	1,509,401	1,199,636	385,159
Capital used	12,618,871	4,209,749	4,914,597	1,108,572	1,508,339	877,614
Gap	(143,324)	154,060	102,945	400,829	(308,703)	(492,455)

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, 2012 and 2011, 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, 2012										
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	\$ -	-	-	-	-	-	-	-	6,697,772	6,697,772
Balance at Central Bank and loans and advances to banks	48,438,343	4,210,019	5,602,189	-	-	-	-	-	9,822,643	68,073,194
Financial assets at fair value through profit or loss	26,150,117	-	-	-	-	-	-	-	3,394,593	29,544,710
Bills and bonds investments under reverse sell agreements	3,402,039	-	-	-	-	-	-	-	-	3,402,039
Loans and advances to customers, net	87,673,119	243,564,165	16,733,684	125,095	272,595	1,652,429	357,722	4,029,930	(4,021,693)	350,387,046
Available-for-sale financial assets, net	24,802,045	9,296,376	174,647,837	4,696,248	3,159,005	5,093,966	5,247,836	5,166	78,853	227,027,332
Other financial assets, net	458	2,704	41,582	182,749	7,757	122,511	17,146	54,076	151,409	580,392
Total	\$ 190,466,121	257,073,264	197,025,292	5,004,092	3,439,357	6,868,906	5,622,704	4,089,172	16,123,577	685,712,485
Financial Liabilities										
Deposits by Central Bank and other banks	\$ 5,678,976	3,600,375	-	-	-	-	-	-	4,632	9,283,983
Financial liabilities at fair value through profit or loss	4,391,333	-	-	-	-	-	-	-	3,966,138	8,357,471
Deposits and remittances	364,492,669	47,628,042	143,426,565	2,792,612	194,006	-	-	-	4,538,083	563,071,977
Financial debentures	10,119,343	47,190,294	-	4,700,000	-	-	-	-	4,900	62,014,537
Other financial liabilities	12,554,704	22,135,532	4,601	5,098	-	82	3,742	-	-	34,703,759
Total	\$ 397,237,025	120,554,243	143,431,166	7,497,710	194,006	82	3,742	-	8,513,753	677,431,727
Sensitivity gap	\$ (206,770,904)	136,519,021	53,594,126	(2,493,618)	3,245,351	6,868,824	5,618,962	4,089,172	7,609,824	8,280,758
December 31, 2011										
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	\$ -	-	-	-	-	-	-	-	11,469,535	11,469,535
Balance at Central Bank and loans and advances to banks	48,129,918	11,286,248	3,026,957	-	-	-	-	-	11,955,418	74,398,541
Financial assets at fair value through profit or loss	33,377,868	-	-	-	-	-	-	-	7,489,823	40,867,691
Bills and bonds investments under reverse sell agreements	8,456,414	-	-	-	-	-	-	-	-	8,456,414
Loans and advances to customers, net	18,908,803	302,495,944	22,582,738	393,416	204,509	308,364	2,160,886	3,226,179	(4,129,836)	346,151,003
Available-for-sale financial assets, net	27,326,906	34,874,026	132,057,362	3,707,146	683,456	663,557	7,010,563	6,934,005	-	213,257,021
Other financial assets, net	267	28,001	3,820	5,892	163,644	311,936	7,404	208,065	158,002	887,031
Total	\$ 136,200,176	348,684,219	157,670,877	4,106,454	1,051,609	1,283,857	9,178,853	10,368,249	26,942,942	695,487,236
Financial Liabilities										
Deposits by Central Bank and other banks	\$ 14,779,184	3,611,205	-	-	-	-	-	-	-	18,390,389
Financial liabilities at fair value through profit or loss	8,300,681	-	-	-	-	-	-	-	6,562,674	14,863,355
Deposits and remittances	357,345,659	71,584,185	134,118,723	27,100,312	1,195,353	-	-	-	4,807,460	596,151,692
Financial debentures	10,420,299	37,080,871	-	-	-	-	-	-	11,000	47,512,170
Other financial liabilities	5,274,243	4,894,908	20	-	11,071	5,313	-	2,618	-	10,188,173
Total	\$ 396,120,066	117,171,169	134,118,743	27,100,312	1,206,424	5,313	-	2,618	11,381,134	687,105,779
Sensitivity gap	\$ (259,919,890)	231,513,050	23,552,134	(22,993,858)	(154,815)	1,278,544	9,178,853	10,365,631	15,561,808	8,381,457

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, 2012

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 402,400,674	71,950,273	119,455,103	20,110,449	613,916,499
Interest-rate-sensitive liabilities	412,576,436	78,419,804	47,247,334	7,444,461	545,688,035
Interest-rate-sensitive spread	(10,175,762)	(6,469,531)	72,207,769	12,665,988	68,228,464
Net worth					41,261,858
Ratio of interest-rate-sensitive assets to liabilities (%)					112.50
Ratio of interest-rate-sensitive spread to net worth (%)					165.35

Interest-Rate Sensitivity Analysis U.S. Dollars
December 31, 2012

(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	\$ 3,152,544	33,294	195,110	181,567	3,562,515
Interest-rate-sensitive liabilities	4,032,098	141,171	316,698	8,648	4,498,615
Interest-rate-sensitive spread	(879,554)	(107,877)	(121,588)	172,919	(936,100)
Net worth					89,328
Ratio of interest-rate-sensitive assets to liabilities (%)					79.19
Ratio of interest-rate-sensitive spread to net worth (%)					(1,047.94)

Interest-Rate Sensitivity Analysis New Taiwan Dollars
December 31, 2011

Item	Day 1 to day 90	Day 91 to day 180	Day 181 to 1 year	Over 1 year	Total
Interest-rate-sensitive assets	\$ 136,218,810	53,000,506	137,180,524	264,370,952	590,770,792
Interest-rate-sensitive liabilities	95,550,677	81,358,934	57,808,390	271,510,009	506,228,010
Interest-rate-sensitive spread	40,668,133	(28,358,428)	79,372,134	(7,139,057)	84,542,782
Net worth					43,632,073
Ratio of interest-rate-sensitive assets to liabilities (%)					116.70
Ratio of interest-rate-sensitive spread to net worth (%)					193.76

Interest-Rate Sensitivity Analysis U.S. Dollars
December 31, 2011

(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	\$ 2,214,959	408,411	106,828	290,153	3,020,351
Interest-rate-sensitive liabilities	3,607,752	174,587	195,446	644,190	4,621,975
Interest-rate-sensitive spread	(1,392,793)	233,824	(88,618)	(354,037)	(1,601,624)
Net worth					57,159
Ratio of interest-rate-sensitive assets to liabilities (%)					65.35
Ratio of interest-rate-sensitive spread to net worth (%)					(2,802.05)

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

2012		
	Average amount	Average interest rate %
Assets:		
Balance at Central Bank - Demand account	\$ 17,303,941	0.48
Loans and advances to banks (including deposits with affiliate companies and advances to affiliate companies)	50,009,448	0.65
Loans and advances to customers	352,506,144	3.17
Financial assets at fair value through profit or loss	22,531,811	0.98
Available-for-sale financial assets	209,841,833	1.02
Liabilities:		
Deposits by Central Bank and loans from other banks (including deposits from affiliate companies)	28,878,149	0.65
Demand deposits (including local currency and foreign currency)	295,695,458	0.23
Time deposits (including local currency and foreign currency)	244,561,379	1.23
Negotiable certificates of deposits	13,484,320	1.04
Financial debentures	58,880,459	1.86
2011		
	Average amount	Average interest rate %
Assets:		
Balance at Central Bank - Demand account	\$ 19,649,932	0.46
Loans and advances to banks (including deposits with affiliate companies and advances to affiliate companies)	45,330,406	0.54
Loans and advances to customers	359,501,373	2.91
Financial assets at fair value through profit or loss	13,450,852	0.95
Available-for-sale financial assets	206,924,996	0.93
Liabilities:		
Deposits by Central Bank and loans from other banks (including deposits from affiliate companies)	17,258,359	0.67
Demand deposits (including local currency and foreign currency)	294,554,178	0.17
Time deposits (including local currency and foreign currency)	275,592,427	1.12
Negotiable certificates of deposits	10,438,980	1.01
Financial debentures	35,178,978	2.23

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 or loss. As of December 31, 2012 and 2011, 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	December 31, 2012	Contract type	December 31, 2012
Available-for-sale financial assets:			
Government bonds	\$ 3,088	Interest rate swaps	\$ (3,209)
Time deposits—NTD	(29,001)	Interest rate swaps	26,942
Financial debentures	(299,053)	Interest rate swaps	300,723
	<u>\$ (324,966)</u>		<u>\$ 324,456</u>
Hedged item		Hedging instruments	
Underlying instruments	December 31, 2011	Contract type	December 31, 2011
Available-for-sale financial assets:			
Government bonds	\$ 16,185	Interest rate swaps	\$ (14,882)
Government bonds	10,456	Cross-currency swaps	(10,750)
Time deposits—NTD	(90,609)	Interest rate swaps	92,330
Financial debentures	(420,298)	Interest rate swaps	424,480
	<u>\$ (484,266)</u>		<u>\$ 491,178</u>

(Continued)

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, 2012 and 2011, details of hedged items and designated hedging instruments (recorded under other financial assets or liabilities, net) were summarized as follows:

December 31, 2012					
Hedged items	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
		Notional	Fair value		
Long-term floating rate loans	Interest rate swap contracts	\$ 43,238,932	161,054	2010-2017	2010-2017

December 31, 2011					
Hedged items	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
		Notional	Fair value		
Long-term floating rate loans	Interest rate swap contracts	\$ 59,225,000	229,358	2010-2016	2010-2016

The detail of unrealized gains or losses on cash flow hedge for the years ended December 31, 2012 and 2011 were as below:

	2012	2011
Adjustments to stockholders' equity	\$ <u>(56,692)</u>	<u>124,084</u>

F. Fair value hierarchy information of financial instruments and the statements of changes in fair value of Level 3

a. Fair value hierarchy information of financial instruments

A fair value measurement for a financial instrument	December 31, 2012			
	Total	Level 1 (note 1)	Level 2 (note 2)	Level 3 (note 3)
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Investment in bonds	\$ 21,512,425	4,366,153	17,146,272	-
Available-for-sale financial assets				
Investment in bonds	226,948,479	19,457,576	207,490,903	-
Equity securities	78,853	78,853	-	-
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	8,032,285	2,631	8,029,654	-
Other financial assets				
Hedging derivative financial assets	428,983	-	428,983	-
Liabilities:				
Financial liabilities at fair value through profit or loss	8,357,471	3,935	8,353,536	-
Other financial liabilities				
Hedging derivative financial liabilities	13,523	-	13,523	-

A fair value measurement for a financial instrument	December 31, 2011			
	Total	Level 1 (note 1)	Level 2 (note 2)	Level 3 (note 3)
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Investment in bonds	\$ 25,458,794	6,386,879	19,071,915	-
Available-for-sale financial assets				
Investment in bonds	211,420,844	26,478,144	184,942,700	-
Beneficiary certificates	1,752,582	-	-	1,752,582
Equity securities	83,595	83,595	-	-
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	15,408,897	3,403	15,042,539	362,955
Other financial assets				
Hedging derivative financial assets	728,959	-	728,959	-
Liabilities:				
Financial liabilities at fair value through profit or loss	14,863,355	1,955	14,585,681	275,719
Other financial liabilities				
Hedging derivative financial liabilities	92,441	-	92,441	-

b. Statements of changes in financial assets which were classified to Level 3 based on fair value measurement

December 31, 2012									
Items	Beginning balance	The amount recognized in current net gains (losses) or stockholders' equity	Purchase or issue	Transfer in of level 3 and out of other levels	Transfer in of level 3 of financial assets and out of level 3 of financial liabilities	Sale, disposal, or settlement	Transfer in of other levels and out of level 3	Transfer in of level 3 of financial liabilities and out of level 3 of financial assets	Ending balance
Non-derivative financial instruments									
Available-for-sale financial assets:									
Beneficiary certificates	\$ 1,752,582	-	-	-	-	(1,752,582)	-	-	-
Derivative financial instruments									
Financial assets at fair value through profit or loss	362,955	-	-	-	-	(362,955)	-	-	-
	<u>\$ 2,115,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,115,537)</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2011									
Items	Beginning balance	The amount recognized in current net gains (losses) or stockholders' equity	Purchase or issue	Transfer in of level 3 and out of other levels	Transfer in of level 3 of financial assets and out of level 3 of financial liabilities	Sale, disposal, or settlement	Transfer in of other levels and out of level 3	Transfer in of level 3 of financial liabilities and out of level 3 of financial assets	Ending balance
Non-derivative financial instruments									
Available-for-sale financial assets:									
Beneficiary certificates	\$ 4,951,442	(3,198,860)	-	-	-	-	-	-	1,752,582
Derivative financial instruments									
Financial assets at fair value through profit or loss	598,304	(235,349)	-	-	-	-	-	-	362,955
	<u>\$ 5,549,746</u>	<u>(3,434,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,115,537</u>

c. Statements of changes in financial liabilities which were classified to level 3 based on fair value measurement

December 31, 2012									
Items	Beginning balance	The amount recognized in current net gains (losses) or stockholders' equity	Purchase or issue	Transfer in of level 3 and out of other levels	Transfer in of level 3 of financial assets and out of level 3 of financial liabilities	Sale, disposal, or settlement	Transfer in of other levels and out of level 3	Transfer in of level 3 of financial liabilities and out of level 3 of financial assets	Ending balance
Derivative financial instruments									
Financial liabilities at fair value through profit or loss	\$ 275,719	-	-	-	-	(275,719)	-	-	-
December 31, 2011									
Items	Beginning balance	The amount recognized in current net gains (losses) or stockholders' equity	Purchase or issue	Transfer in of level 3 and out of other levels	Transfer in of level 3 of financial assets and out of level 3 of financial liabilities	Sale, disposal, or settlement	Transfer in of other levels and out of level 3	Transfer in of level 3 of financial liabilities and out of level 3 of financial assets	Ending balance
Derivative financial instruments									
Financial liabilities at fair value through profit or loss	\$ 500,037	(224,318)	-	-	-	-	-	-	275,719

Note 1: Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. In accordance with the fifth paragraph of SFAS No. 34 "Financial Instruments: Recognition and Measurement", the definition of active market fulfills all of the following conditions: (1) the products traded in the market are homogeneous, (2) willing parties are available anytime in the market, and (3) price information is available for the public.

Note 2: Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The examples of observable price are as follows:

- (1) The quoted price for an identical financial instrument in an active market means the fair value from the occurring market transaction prices for an identical financial instrument. An identical financial instrument should be determined by its characteristics and terms of transaction. The fair value of financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices does not represent fair value at the measurement date), difference of transaction terms for financial instruments, transaction prices involved in related parties, and correlation between the observable transaction prices of identical financial instruments and the market price of held financial instruments.
- (2) The quoted market price of the same or identical financial instruments in an inactive market.
- (3) The fair value is estimated on the basis of the results of a valuation technique and the market inputs (i.e., interest rate, yield curve, and fluctuation rate) used were based on obtainable data from market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs were used in evaluating the prices of financial instruments).
- (4) A majority of inputs derived from observable market data, or the input correlation can be tested based on observable market data.

Note 3: Input for a fair value measurement for a financial instrument classified in level 3 is not based on obtainable data from market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility).

(5) Related-party transactions

1) Name and relationship of related parties

Name	Relationship
Standard Chartered Bank ("SCB")	The Bank's parent company
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 Singapore ("SCB Singapore")	Affiliate
Standard Chartered Bank Germany ("SCB Germany")	Affiliate
Standard Chartered Bank Malaysia ("SCB Malaysia")	Affiliate
Standard Chartered Bank India ("SCB India")	Affiliate
Scope International Private Limited	Affiliate
Scope International (M) Sdn Bhd	Affiliate
Standard Chartered Bank Hong Kong Limited ("SCB HK")	Affiliate
Standard Chartered First Bank Korea Limited ("SCFB Korea")	Affiliate
Standard Chartered Bank China Limited ("SCB China")	Affiliate
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
Directors, Supervisors, President and Vice Presidents	The senior management of the Bank
Others	Families, spouses of the senior management of the Bank

2) Significant transactions with related parties

A. Deposits

As of December 31, 2012 and 2011, deposits provided by related parties were summarized below:

December 31, 2012			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u><u>790,139</u></u>	<u><u>0.14</u></u>	0.00~5.28
December 31, 2011			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u><u>603,637</u></u>	<u><u>0.10</u></u>	0.00~5.31

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.

For the years ended December 31, 2012 and 2011, interest expenses on the above deposits were \$4,191 thousand and \$3,446 thousand, respectively, and the interest payables on the above transaction were \$252 thousand and \$339 thousand, respectively.

B. Loans

As of December 31, 2012 and 2011, loans to related parties were as below:

December 31, 2012							
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	8	5,950	3,188	3,188	-	Unsecured lending	None
Mortgage	17	170,970	160,719	160,719	-	House	None
Others	2	6,994	6,610	6,610	-	Overdraft on the comprehensive deposits	None

December 31, 2011							
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	7,623	6,437	6,437	-	Unsecured lending	None
Mortgage	16	146,679	129,714	129,714	-	House	None
Others	1	10,091	2,724	2,724	-	Overdraft on the comprehensive deposits	None

For the years ended December 31, 2012 and 2011, interest income on the above loans were \$2,205 thousand and \$1,971 thousand, respectively, and the interest receivables on the above transaction were \$142 thousand and \$104 thousand, respectively.

C. Deposits with affiliates

For the years ended December 31, 2012 and 2011, deposits with affiliates and related interest income were as follows:

	2012		
	Balance	Interest rate %	Interest income
SCB New York	\$ 531,282	0.08~1.28	1,537
SCB China	498,620	-	-
SCB HK	60,487	-	-
SCB Singapore	28,641	-	-
Others	34,046	-	-
	<u>\$ 1,153,076</u>		<u>1,537</u>

	2011		
	Balance	Interest rate %	Interest income
SCB Germany	\$ 3,422,811	-	-
SCB HK	1,114,127	-	-
Others	436,872	0.00~0.55	882
	\$ 4,973,810		882

As of December 31, 2012 and 2011, the interest receivables resulting from the above deposits with affiliates were both \$0 thousand.

D. Loans and advances to affiliates

For the years ended December 31, 2012 and 2011, loans and advances to affiliates and related interest income were as follows:

	2012		
	Balance	Interest rate %	Interest income
SCB Taipei	\$ 35,088,854	0.10~1.93	232,387

	2011		
	Balance	Interest rate %	Interest income
SCB Taipei	\$ 33,500,245	0.03~1.45	149,883

As of December 31, 2012 and 2011, the interest receivables resulting from the above loans and advances to affiliates were \$101,489 thousand and \$12,182 thousand, respectively.

E. Deposits from affiliates

For the years ended December 31, 2012 and 2011, deposits from affiliates and related interest expenses were as follows:

	2012		
	Balance	Interest rate %	Interest expense
SCB Taipei	\$ 489	0.01	7

	2011		
	Balance	Interest rate %	Interest expense
SCB Taipei	\$ 58,737	0.01	38

As of December 31, 2012 and 2011, the interest payables resulting from the above deposits by affiliates from affiliates were \$0 thousand.

F. Overdrafts to affiliates

For the years ended December 31, 2012 and 2011, overdrafts to affiliates and related interest expenses were as follows:

	2012		
	Balance	Interest rate %	Interest expense
SCB Germany	\$ 89,885	-	-
SCB HK	33,844	0.01	52
Others	45	-	-
	<u>\$ 123,774</u>		<u>52</u>
	2011		
	Balance	Interest rate %	Interest expense
SCB New York	<u>\$ 790,183</u>	-	<u>-</u>

G. Loans from affiliates

For the years ended December 31, 2012 and 2011, loans from affiliates and related interest expenses were as follows:

	2012		
	Balance	Interest rate %	Interest expense
SCB Tokyo	\$ 303,496	0.01	14
SCB HK	235,366	0.07~3.00	25,127
	<u>\$ 538,862</u>		<u>25,141</u>
	2011		
	Balance	Interest rate %	Interest expense
SCB HK	\$ 6,053,914	0.01~1.32	39,959
SCB Taipei	3,026,957	0.44~1.38	11,378
	<u>\$ 9,080,871</u>		<u>51,337</u>

As of December 31, 2012 and 2011, the interest payables resulting from the above loans from affiliates were \$494 thousand and \$17,805 thousand, respectively.

H. Derivative transactions

For the years ended December 31, 2012 and 2011, derivative transactions engaged with affiliated parties were as follows:

Name	Contracts	Contract duration period	December 31, 2012		Balance sheet	
			Notional	Net valuation adjustment	Account	Balance
SCB	Interest rate swap	2013.1.9~ 2017.10.11	\$ 18,842,156	(181,650)	Financial assets at fair value through profit or loss	137,400
					Financial liabilities at fair value through profit or loss	(319,050)
	Interest rate option contract	2013.1.2~ 2017.8.22	2,286,528	2,129	Financial assets at fair value through profit or loss	2,601
					Financial liabilities at fair value through profit or loss	(472)
	Forward contract	2013.1.2~ 2013.11.6	57,122,853	217,649	Financial assets at fair value through profit or loss	655,146
					Financial liabilities at fair value through profit or loss	(437,497)
	Cross currency swap	2013.10.1	29,035	2,859	Financial assets at fair value through profit or loss	2,859
	Foreign exchange option contract	2013.1.1~ 2014.12.3	51,302,241	(497,729)	Financial assets at fair value through profit or loss	30,776
					Financial liabilities at fair value through profit or loss	(528,505)
	Commodity swap	2013.1.3~ 2013.6.4	687,614	392	Financial assets at fair value through profit or loss	41,881
					Financial liabilities at fair value through profit or loss	(41,489)
	Commodity option contract	2013.1.14~ 2013.7.2	618,771	(1,372)	Financial liabilities at fair value through profit or loss	(1,372)
	Interest rate swap (Hedge)	2013.5.2~ 2017.9.18	7,955,215	7,969	Financial assets at fair value through profit or loss	8,225
					Financial liabilities at fair value through profit or loss	(256)
SCB Singapore	Forward contract	2013.1.3~ 2013.8.22	13,965,608	(92,140)	Financial assets at fair value through profit or loss	75,228
					Financial liabilities at fair value through profit or loss	(167,368)
SCB HK	Forward contract	2013.1.4~ 2013.12.18	23,463,139	(107,356)	Financial assets at fair value through profit or loss	108,520
					Financial liabilities at fair value through profit or loss	(215,876)

Name	Contracts	Contract duration period	December 31, 2011		Balance sheet	
			Notional	Net valuation adjustment	Account	Balance
SCB	Interest rate swap	2012.1.10~ 2016.12.1	\$ 46,343,512	(763,358)	Financial assets at fair value through profit or loss	453,627
					Financial liabilities at fair value through profit or loss	(1,216,985)
	Interest rate option contract	2012.1.3~ 2016.8.29	8,406,594	(32,539)	Financial assets at fair value through profit or loss	2
					Financial liabilities at fair value through profit or loss	(32,541)
	Forward contract	2012.1.3~ 2013.4.24	51,385,246	1,013,273	Financial assets at fair value through profit or loss	1,206,737
					Financial liabilities at fair value through profit or loss	(193,464)
	Cross currency swap	2012.2.22~ 2012.10.12	14,036,427	100,590	Financial assets at fair value through profit or loss	644,326
					Financial liabilities at fair value through profit or loss	(543,736)
	Foreign exchange option contract	2012.1.2~ 2013.11.28	67,626,906	(362,349)	Financial assets at fair value through profit or loss	97,118
					Financial liabilities at fair value through profit or loss	(459,467)
SCB Singapore	Commodity swap	2012.1.9~ 2012.4.20	696,813	20,954	Financial assets at fair value through profit or loss	25,120
					Financial liabilities at fair value through profit or loss	(4,166)
	Commodity option contract	2012.1.9~ 2012.9.10	3,680,084	(3,671)	Financial assets at fair value through profit or loss	13,879
					Financial liabilities at fair value through profit or loss	(17,550)
SCB HK	Forward contract	2012.1.3~ 2012.12.13	33,382,351	86,153	Financial assets at fair value through profit or loss	292,913
					Financial liabilities at fair value through profit or loss	(206,760)
SCB HK	Forward contract	2012.1.5	243,531	(307)	Financial assets at fair value through profit or loss	
					Financial liabilities at fair value through profit or loss	(307)

- I. As of December 31, 2012 and 2011, the fair values of financial debentures acquired from affiliates, which were recognized as available-for-sale financial assets were as follows:

Name	Fair value	
	December 31, 2012	December 31, 2011
SCB HK	\$ 5,247,836	5,092,553

- J. As of December 31, 2012 and 2011, financial debenture payables deriving from the issuance of financial debentures to affiliates were as follows:

Name	Bond (note)	December 31, 2012	December 31, 2011
SCB	98-2	\$ 4,355,292	4,540,436
SCB	98-3	4,355,292	4,540,436

Note: The issuance conditions and details of financial debentures are stated in note 4(13).

For the years ended December 31, 2012 and 2011, the interest expense on the above transaction were \$341,765 thousand and \$326,144 thousand, respectively, and the interest payables on the above transaction were \$18,493 thousand and \$19,524 thousand, respectively.

- K. 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. On December 21, 2011, Standard Chartered Life Insurance Agency Co., Ltd. sold the above land and buildings.
- L. For the year ended December 31, 2012, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$1,052,814 thousand, \$535,044 thousand, and \$277,831 thousand, respectively. For the year ended December 31, 2011, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$964,306 thousand, \$653,122 thousand, and \$278,306 thousand, respectively. As of December 31, 2012 and 2011, fees payables to SCB were \$5,465,118 thousand and \$3,761,788 thousand, respectively, recorded under accounts payables – related parties. Moreover, for the years ended December 31, 2012 and 2011, the royalty expenses for obtaining the right to use intellectual property of SC PLC Group amounted to \$44,794 thousand and \$49,880 thousand, respectively. As of December 31, 2012 and 2011, the royalty expenses payable to SCB were \$48,663 thousand and \$53,284 thousand, respectively, recorded under accounts payables – related parties.
- M. For the years ended December 31, 2012 and 2011, the related cost of the Executive Share Option Scheme amounted to \$79,636 thousand and \$108,638 thousand, respectively. As of December 31, 2012 and 2011, accounts payable to SCB for the share-based payment scheme costs amounted to \$473,700 thousand and \$408,262 thousand, respectively, recorded under accounts payables – related parties.
- N. For the year ended December 31, 2011, the Bank received USD141,000 thousand from SCB for the recovery on the structured notes payments made previously.
- O. For the years ended December 31, 2012 and 2011, expenses resulting from operating activities with affiliates were as follows:

	2012	2011
Technical support mandate service:		
SCB	\$ 62,667	62,537
Other	-	1,480
Total	<u>\$ 62,667</u>	<u>64,017</u>
Information technology service fees:		
Scope International Private Ltd.	\$ 67,629	56,023
Scope International (M) Sdn. Bhd	70,914	68,189
Other	-	6,329
Total	<u>\$ 138,543</u>	<u>130,541</u>

- P. As of December 31, 2012 and 2011, the deposits of Standard Chartered Life Insurance Agency Co., Ltd. were \$608,503 thousand and \$383,227 thousand, respectively, the interest expenses were \$2,126 thousand and \$1,458 thousand, respectively, and the interest payables \$48 thousand and \$67 thousand, respectively. The deposits of Taiwan Standard Chartered Insurance Agency Co., Ltd. were \$33,442 thousand and \$33,071 thousand, respectively, the interest expenses were \$173 thousand and \$138 thousand, respectively, and the interest payables \$1 thousand and \$6 thousand, respectively.
- Q. For the year ended December 31, 2012, the Bank signed rental contracts with Standard Chartered Life Insurance Agency Co., Ltd. Rental amount was \$15 thousand.
- R. As of December 31, 2012 and 2011, the accounts receivable that the Bank supported Standard Chartered Life Insurance Agency Co., Ltd. for its sales were \$387,140 thousand and \$185,400 thousand, respectively, and the related service income were \$394,233 thousand and \$187,880 thousand, respectively. The accounts receivable that the Bank supported Taiwan Standard Chartered Insurance Agency Co., Ltd. for its sales were \$9,720 thousand and \$12,600 thousand, respectively, and the related service income were \$10,767 thousand and \$11,702 thousand, respectively.
- S. For the year ended December 31, 2012, the Bank has signed rental contracts with SCB Taipei. Rental amount was \$4,278 thousand.

3) The salary and remuneration of major management.

The salary and remuneration of the directors, supervisors, president, vice presidents and major management for the years ended December 31, 2012 and 2011, were as below:

	2012	2011
Salary	\$ 93,881	78,512
Rewards, special allowance and remuneration	113,697	93,034

(6) Pledged Assets

Pledged assets	Pledged for	Amount	
		December 31, 2012	December 31, 2011
Bonds (recorded as available-for-sale financial assets)	Provisional seizure	\$ 154,000	198,000
	Securitization of mortgage loans	-	700,000
Bonds (recorded as accounts receivables)	Provisional seizure	11,200	11,200
Total		<u>\$ 165,200</u>	<u>909,200</u>

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

Security deposits	Purpose	Amount	
		December 31, 2012	December 31, 2011
Negotiable Certificates of Deposits and Bonds (recorded as available-for-sale financial assets)	Reserve for trust funds	\$ -	25,000
	Reserve for indemnity obligations	150,000	150,000
	Security deposits for futures trading	35,000	35,000
	Security deposits for security brokerage	225,000	225,000
	Bid for bonds	100,000	50,000
		<u>510,000</u>	<u>485,000</u>
Certificates of deposits (recorded as refundable deposits)	Clearing account reserve	100,000	100,000
	Security deposits for bond proprietary trading and underwriting	10,000	10,000
		<u>110,000</u>	<u>110,000</u>
Total		<u>\$ 620,000</u>	<u>595,000</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 trust indemnity obligations are provided by deposits placed in the Central Bank of China for conducting a trust business.
- 3) Assets pledged for provisional seizure are provided by collateral placed with the court in order to execute the Bank's right over debtors' properties.
- 4) Security deposits for bill trading are provided by deposits placed in the Central Bank of China for the Bank's bill trading business.
- 5) 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.
- 6) The cash deposited in the clearing account reserve were both \$40,000 thousand as of December 31, 2012 and 2011.
- 7) 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.
- 8) 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.
- 9) Bid for 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, 2012 and 2011, and the remaining amount was recorded as other liabilities—unearned receipts.

2) Significant purchase agreements

As of December 31, 2012 and 2011, the Bank had construction agreements for expansion and renovation of buildings amounting to \$31,614 thousand and \$31,614 thousand, respectively. The unpaid amounts of the aforementioned agreements were \$944 thousand and \$1,118 thousand, respectively (recorded as accounts payables).

3) Operating leases

The Bank has entered into certain operating leases for its branches. As of December 31, 2012, estimated minimum future lease payments were as follows:

Fiscal year	Amount
2013	\$ 518,034
2014	448,073
2015	308,511
2016	123,845
2017	3,698
	<u>\$ 1,402,161</u>

4) Others

	December 31, 2012	December 31, 2011
Consignment collection for others	\$ 9,176,863	10,448,433
Traveler's checks held on consignment for sale	85,584	123,009
Securities, consignments and goods in custody	1,642,020,829	1,374,512,602
Trust assets	112,727,231	131,948,904
	<u>\$ 1,764,010,507</u>	<u>1,517,032,948</u>
Unused lines of credit	<u>\$ 2,177,170</u>	<u>1,169,610</u>
Other guarantees	<u>\$ 7,066,722</u>	<u>9,390,534</u>
Letters of credit issued	<u>\$ 1,878,599</u>	<u>2,291,150</u>

- 5) 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, 2012

Trust assets		Trust liabilities	
Bank deposits	\$ 18,069	Accounts payables	\$ 14
Short-term investments	108,235,720	Taxes payables	1
Structured notes	2,565,637	Payables for securities under	
Securities under custody	1,907,799	custody	1,907,799
Other assets	6	Trust capital	110,819,417
Total trust assets	\$ 112,727,231	Total trust liabilities and capital	\$ 112,727,231

Trust Balance Sheet

December 31, 2011

Trust assets		Trust liabilities	
Bank deposits	\$ 20,840	Accounts payables	\$ 15
Short-term investments	123,343,564	Taxes payables	2
Structured notes	6,037,371	Payables for securities under	
Securities under custody	2,547,111	custody	2,547,111
Other assets	18	Trust capital	129,401,776
Total trust assets	\$ 131,948,904	Total trust liabilities and capital	\$ 131,948,904

Trust Income Statements

	2012	2011
Trust revenue:		
Interest revenue	\$ 113	135
Common stock cash dividends	799	16,253
Realized gain on investments	52	-
Unrealized gain on investments	1,992	-
Gain on trading of assets	-	555
	<u>2,956</u>	<u>16,943</u>
Trust expenses:		
Management expenses	178	195
Service charges	1	390
Realized loss on investments	-	268
Unrealized loss on investments	-	811
Net loss on trading of assets	468	-
	<u>647</u>	<u>1,664</u>
Net income before income tax	2,309	15,279
Income tax expense	12	13
Net income after income tax	<u>\$ 2,297</u>	<u>15,266</u>

Schedules of investment for trust business

Investment items	December 31, 2012	December 31, 2011
Bank deposits	\$ 18,069	20,840
Short-term investments:		
Bonds	8,789,054	2,830,507
Common stock	2,475,194	3,047,643
Funds	96,971,472	117,465,414
Structured notes	2,565,637	6,037,371
Securities under custody	1,907,799	2,547,111
Other assets	6	18
	<u>\$ 112,727,231</u>	<u>131,948,904</u>

Foreign currency trust business engaged by the Offshore Banking Unit (OBU) as of December 31, 2012 and 2011 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, depreciation and amortization expenses for the years ended December 31, 2012 and 2011, were as follows:

Account	Function	2012			2011		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Staff costs:							
Salaries		-	4,637,855	4,637,855	-	4,589,075	4,589,075
Labor and health insurance		-	324,230	324,230	-	319,948	319,948
Pension		-	422,312	422,312	-	442,227	442,227
Other		-	334,672	334,672	-	295,827	295,827
Depreciation		-	389,073	389,073	-	497,062	497,062
Amortization		-	25,489	25,489	-	80,436	80,436

2) Reclassification

For the year ended December 31, 2011, certain amounts have been reclassified and presented to conform to the financial statements for the year ended December 31, 2012. The financial statements are not significantly affected by such reclassifications.

3) Disclosures in accordance with SFAS No. 28 were as follows:

A. Major foreign currency positions

December 31, 2012			December 31, 2011		
Currency	Original currency	NTD equivalent	Currency	Original currency	NTD equivalent
ZAR	11,239	\$ 38,457	EUR	79,569	\$ 3,111,005
CNY	5,652	26,607	AUD	739	22,712
AUD	678	20,428	NZD	751	17,562
SGD	673	15,995	CNY	(49,752)	(239,774)
USD	(6,880)	(199,765)	USD	(123,563)	(3,740,196)

B. Profitability

Unit: %

Items		2012	2011
Return on assets (note 1)	Before income tax	0.48	1.35
	After income tax	0.41	1.16
Return on equity (note 2)	Before income tax	8.01	23.41
	After income tax	6.74	20.05
Net profit ratio (note 3)		18.61	48.84

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

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

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

4) Capital adequacy

Capital adequacy ratios of the Bank are disclosed below:

Item			Period-end December 31, 2012	December 31, 2011
Self-owned capital	Tier 1 Capital		39,138,981	40,574,699
	Tier 2 Capital		20,120,730	19,626,805
	Tier 3 Capital		-	-
	Total Self-owned Capital		59,259,711	60,201,504
Risk-weighted assets	Credit risk	Standardized approach	319,947,000	308,452,918
		Internal-rating-based approach	-	-
		Securitizations	-	-
	Operational risk	Basic indicator approach	31,379,656	33,554,611
		Standardized approach / alternative approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	18,918,596	22,005,098
		Internal model approach	-	-
	Risk-weighted assets		370,245,252	364,012,628
Capital adequacy ratio			16.01 %	16.54 %
Tier 1 capital / risk-weighted assets			10.57 %	11.15 %
Tier 2 capital / risk-weighted assets			5.43 %	5.39 %
Tier 3 capital / risk-weighted assets			- %	- %
Common stock / total assets			3.96 %	3.91 %
Leverage ratio			5.32 %	5.64 %

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

Item			Period-end December 31, 2012	December 31, 2011
Self-owned capital	Tier 1 Capital		39,323,690	40,714,489
	Tier 2 Capital		20,305,439	19,766,595
	Tier 3 Capital		-	-
	Total Self-owned Capital		59,629,129	60,481,084
Risk- weighted assets	Credit risk	Standardized approach	320,140,839	308,549,573
		Internal-rating-based approach	-	-
		Securitizations	-	-
	Operational risk	Basic indicator approach	31,816,384	33,361,767
		Standardized approach / alternative approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	18,918,596	22,005,098
		Internal model approach	-	-
	Risk-weighted assets		370,875,819	363,916,439
Capital adequacy ratio			16.08 %	16.62 %
Tier 1 capital / risk-weighted assets			10.60 %	11.19 %
Tier 2 capital / risk-weighted assets			5.47 %	5.43 %
Tier 3 capital / risk-weighted assets			- %	- %
Common stock / total assets			3.96 %	3.91 %
Leverage ratio			5.34 %	5.66 %

5) Foreign currency financial assets and liabilities

As of December 31, 2012 and 2011, the foreign currency financial assets and liabilities as follows:

	December 31, 2012			December 31, 2011		
	Foreign currency	Exchange rate	New Taiwan dollars	Foreign currency	Exchange rate	New Taiwan dollars
Financial assets						
Monetary items						
USD	4,266,372	29.04	\$123,875,289	3,698,639	30.27	111,956,229
Non-monetary items						
USD	851,470	29.04	24,722,682	487,534	30.27	14,757,435
Financial liabilities						
Monetary items						
USD	4,641,574	29.04	134,769,406	4,906,216	30.27	148,509,061
Non-monetary items						
USD	953,020	29.04	27,671,201	543,230	30.27	16,443,353

6) IFRS transition disclosure requirements

Please refer to the consolidated financial statements for the Company for the year ended December 31, 2012.

(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	\$ 272,084	\$ 530,000	Payment Received	\$ 232,625	Pei Qian Co., Ltd..	None	To avoid future violation of the Banking Law regarding bank's investment of real estate	Referring to the appraisal report	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 table for sale of non-performing loans

Transaction date	Counterparty	Content	Book value	Price	Gain from sale	Attachment clause	Relationship
2012.5.25	Taiwan Cooperative Asset Management Co., Ltd.	Mortgage & corporate finance	37,062	139,397	99,045	Repurchase agreement	Non-related party
2012.5.31	Taiwan Cooperative Asset Management Co., Ltd.	Credit card, credit loan & corporate finance	-	266,026	258,105	Repurchase agreement	Non-related party
2012.11.28	Taiwan Cooperative Asset Management Co., Ltd.	Mortgage & corporate finance	67,481	150,933	80,915	Repurchase agreement	Non-related party
2012.11.28	Liang Jing Industrial Co., Ltd	Credit card & credit loan & corporate finance	-	216,878	210,235	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				Remarks
						Number of shares	Pro forma number of shares	Total		
								Shares	Percentage	
Standard Chartered Life Insurance Agency Co., Ltd.	No. 106, Chung-Yeng Road, Hsinchu, Taiwan	Life insurance agent	100.00 %	345,889	283,328	300	-	300	100.00 %	-
Taiwan Standard Chartered Insurance Agency Co., Ltd.	No. 106, Chung-Yeng Road, Hsinchu, Taiwan	Property insurance agent	100.00 %	23,528	15,797	300	-	300	100.00 %	-
Fuji Enterprise Management Consulting Co., Ltd.	6-7F., No.258, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 10687, Taiwan	Financial securities services	0.99 %	-	-	20	-	20	0.99 %	-

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	
Taiwan Small and Medium Enterprises Development Corp.	8F., No.181, Fushing N. Rd., Songshan District, Taipei City 10596, Taiwan	Small and medium enterprises improvement services	4.84 %	29,000	-	3,417	-	3,417	4.84 %	-
Financial Information Service Co., Ltd.	No.81, Sec. 3, Kangning Rd., Neihu District, Taipei City 11485, Taiwan	Information technology services	1.14 %	45,500	-	5,119	-	5,119	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., Xinyi District, Taipei City 11070, Taiwan	Venture capital services	5.00 %	15,188	-	1,519	-	1,519	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 %	8,549	-	855	-	855	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., Jhongjheng District, Taipei City 10062, Taiwan	Asset auction notarization	2.94 %	50,000	-	5,000	-	5,000	2.94 %	-
Yang Guang Asset Management Company	15F., No.218, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 10669, Taiwan	NPL acquisition services	1.42 %	849	-	85	-	85	1.42 %	-
Taiwanpay Corporation	9F., No.333, Fushing N. Rd., Songshan District, Taipei City 10544, Taiwan	Information technology services	-	-	-	-	-	-	-	Note 1
Taiwan Depository and Clearing Corporation	11F., No.363, Fushing N. Rd., Songshan District, Taipei City 10542, Taiwan	Securities custodian	0.17 %	9,277	-	533	-	533	0.17 %	-
Taiwan Cooperative Financial Holdings	14F., No. 85, Sec. 2, Nan Jing Dong Rd., Zhongshan District, Taipei City, Taiwan	Financial securities services	0.06 %	78,853	-	4,823	-	4,823	0.06 %	Note 2

Note 1: Taiwanpay Corporation completed the process of winding up on June 13, 2012.

Note 2: Former Taiwan Cooperative Bills Finance Corporation was restructured into Taiwan Cooperative Financial Holdings Co., Ltd. on December 1, 2011.

- B. Lending to other parties: none.
- C. Guarantees and endorsements for other parties: none.
- D. Information regarding securities held: 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) Operating Segment Financial Information

Please refer to the consolidated financial statements for the Company for the year ended December 31, 2012.

V. 2012 Consolidated Financial Statements of the Bank and Its Subsidiaries Audited by the CPAs

Declaration

The companies included in the consolidated financial statements of affiliated enterprises prepared by Standard Chartered Bank (Taiwan) Limited for FY 2012 (from 1 January 2012 to 31 December 2012) 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

23 March, 2012



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, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2012 and 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit 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 audit 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 and its Subsidiaries as of December 31, 2012 and 2011, 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 Public 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.


March 28, 2013

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries

Consolidated Balance Sheet

December 31, 2012 and 2011

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

	December 31, 2012	December 31, 2011	Change %		December 31, 2012	December 31, 2011	Change %
Assets				Liabilities and Stockholders' Equity			
11000 Cash and cash equivalents (notes 4(1) and 5)	\$ 6,697,772	11,469,535	(42)	Liabilities :	\$ 9,283,983	18,390,389	(50)
11500 Balance at Central Bank and loans and advances to banks (notes 4(2) and 5)	68,073,194	74,398,541	(9)	Deposits by Central Bank and other banks (note 5)	8,357,471	14,863,355	(44)
12000 Financial assets at fair value through profit or loss (notes 4(3), (20) and 5)	29,544,710	40,867,691	(28)	Financial liabilities at fair value through profit or loss (notes 4(3), (20) and 5)	6,146,046	4,925,444	25
12500 Bills and bonds investments under reverse sell agreements (note 4(4))	3,402,039	8,456,414	(60)	Accounts payables (notes 5 and 7)	6,012,064	4,284,892	40
13000 Accounts receivables, net (notes 4(5), (6), (18), 5, 6 and 11)	37,663,105	34,337,317	10	Deposits and remittances (notes 4(12), (20) and 5)	562,430,032	595,735,394	(6)
13500 Loans and advances to customers, net (notes 4(6), (20), 5 and 11)	350,387,046	346,151,003	1	Financial debentures (notes 4(13) and (20) and 5)	62,014,537	47,512,170	31
14000 Available-for-sale financial assets, net (notes 4(7), (20), 5 and 6)	227,027,332	213,257,021	6	Other financial liabilities (note 4(20))	34,703,759	10,188,173	241
15000 Other financial assets, net (notes 4(8) and (20) and 11)	580,392	887,031	(35)	Other liabilities (notes 4(16) and 7)	2,410,515	2,144,655	12
18500 Property and equipment, net (note 4(9))	5,546,985	6,076,943	(9)	Total liabilities	691,358,407	698,044,472	(1)
19000 Intangible assets (notes 4(10) and (16))	3,244,154	3,304,470	(2)	Stockholders' Equity (notes 4(7), (16) and (19)):			
19500 Other assets (notes 4(11), (18) and 6)	3,052,667	4,074,544	(25)	Common stock, par value \$10, authorized 3,000,000 thousand shares and issued 2,910,572 thousand shares	29,105,720	29,105,720	-
				Capital surplus	5,786,031	5,786,031	-
				Retained earnings:			
				Legal reserve	3,388,832	876,897	286
				Special reserve	136,034	136,034	-
				Accumulated earnings	4,498,875	8,373,320	(46)
					8,023,741	9,386,251	(15)
				Others to stockholders' equity:			
				Unrealized revaluation increments on property and equipment	239,413	239,413	-
				Unrealized gain on available-for-sale financial assets	851,045	772,342	10
				Unrealized gain on cash flow hedge	133,675	190,367	(30)
				Net loss on unrecognized pension cost	(278,636)	(244,086)	(14)
					945,497	958,036	(1)
				Total stockholders' equity	43,860,989	45,236,038	(3)
Total Assets	\$ 735,219,396	743,280,510	(1)	Commitments and contingent liabilities (notes 4(11) and (20), 6 and 7)			
				Total Liabilities and Stockholders' Equity	\$ 735,219,396	743,280,510	(1)

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Consolidated Statement of Income
For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars, except for earnings per share)

		2012	2011	Change %	
41000	Interest income (notes 4(3) and (14) and 5)	\$ 15,295,217	13,906,960	10	
51000	Less: Interest expenses (note 5)	<u>5,257,563</u>	<u>4,721,879</u>	11	
	Net interest income	10,037,654	9,185,081	9	
	Other operating income:				
49100	Fees and commission income, net (note 7)	3,638,428	4,435,729	(18)	
49200	Gain on financial instruments at fair value through profit or loss (notes 4(3), (20) and 5)	1,731,628	976,623	77	
49300	Realized (loss) gain on available-for-sale financial assets (note 4(7))	(6,451)	22,749	(128)	
49600	Foreign exchange gain, net	249,202	827,676	(70)	
49700	Impairment loss on assets (notes 4(7), (8) and (11))	(12,832)	(169,782)	92	
49821	Gain on sale of non-performing loans (note 11)	648,300	914,171	(29)	
49863	Net gain on disposal of property (note 11)	232,585	1,062,432	(78)	
49800	Other non-interest income for sundries, net (notes 4(8), (11), (15) and 5)	<u>149,292</u>	<u>137,946</u>	8	
	Operating income	<u>16,667,806</u>	<u>17,392,625</u>	(4)	
51500	Bad debt expenses (gain on reversal) (notes 4(5), (6) and 5)	<u>2,020,735</u>	<u>(3,154,511)</u>	164	
	Operating expenses:				
58500	Staff costs (notes 4(16), (17), 5 and 10(1))	5,723,916	5,649,693	1	
59000	Depreciation and amortization expenses (notes 4(9), (10) and 10(1))	415,888	578,573	(28)	
59500	General and administrative expenses (notes 5 and 7)	<u>4,876,298</u>	<u>4,499,980</u>	8	
		<u>11,016,102</u>	<u>10,728,246</u>	3	
61001	Profit from continuing operations before income tax	3,630,969	9,818,890	(63)	
63003	Income tax expense (note 4(18))	<u>627,621</u>	<u>1,445,775</u>	(57)	
69000	Consolidated net income	<u>\$ 3,003,348</u>	<u>8,373,115</u>	(64)	
	Attributable to:				
	Parent company	<u>\$ 3,003,348</u>	<u>8,373,115</u>	(65)	
		Before tax	After tax	Before tax	After tax
69500	Basic earnings per share (note 4(19))	<u>\$ 1.25</u>	<u>1.03</u>	<u>3.37</u>	<u>2.88</u>

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Consolidated Statement of Changes in Stockholders' Equity
For the years ended December 31, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	Retained earnings				Others				Total	
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated earnings	Unrealized revaluation increments on property and equipment	Unrealized gain on available-for-sale financial assets	Unrealized gain on cash flow hedge		Net loss on unrecognized pension cost
Balance as of January 1, 2011	\$ 29,105,720	5,786,031	-	-	2,922,991	363,949	373,167	66,283	(328,353)	38,289,788
Net gain for the year ended December 31, 2011	-	-	-	-	8,373,115	-	-	-	-	8,373,115
Appropriation of retained earnings (note):	-	-	876,897	-	(876,897)	-	-	-	-	-
Legal reserve (note 4(19))	-	-	-	-	(2,045,889)	-	-	-	-	(2,045,889)
Cash dividends (note 4(19))	-	-	-	-	-	-	-	-	-	136,034
Conversion from default losses reserve to special reserve	-	-	-	136,034	-	-	-	-	-	136,034
Movement of unrealized revaluation increments on property and equipment	-	-	-	-	-	(124,536)	-	-	-	(124,536)
Movement of unrealized gain on available-for-sale financial assets (note 4(7))	-	-	-	-	-	-	399,175	-	-	399,175
Movement of unrealized gain on cash flow hedge (note 4(20))	-	-	-	-	-	-	-	124,084	-	124,084
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	84,267	84,267
Balance as of December 31, 2011	29,105,720	5,786,031	876,897	136,034	8,373,320	239,413	772,342	190,367	(244,086)	45,236,038
Net gain for the year ended December 31, 2012	-	-	-	-	3,003,348	-	-	-	-	3,003,348
Appropriation of retained earnings (note):	-	-	2,511,935	-	(2,511,935)	-	-	-	-	-
Legal reserve (note 4(19))	-	-	-	-	(4,365,858)	-	-	-	-	(4,365,858)
Cash dividends (note 4(19))	-	-	-	-	-	-	78,703	-	-	78,703
Movement of unrealized gain on available-for-sale financial assets (note 4(7))	-	-	-	-	-	-	-	-	-	-
Movement of unrealized gain on cash flow hedge (note 4(20))	-	-	-	-	-	-	-	(56,692)	-	(56,692)
Net loss on unrecognized pension cost	-	-	-	-	-	-	-	-	(34,550)	(34,550)
Balance as of December 31, 2012	\$ 29,105,720	5,786,031	3,388,832	136,034	4,498,875	239,413	851,045	133,675	(278,636)	43,860,989

Note: The employee bonus was recognized as operating expense—staff costs in statement of income, not as earning distribution.

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2012 and 2011
 (expressed in thousands of New Taiwan dollars)

	2012	2011
Cash flows from operating activities:		
Net income	\$ 3,003,348	8,373,115
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expenses	389,127	497,492
Amortization expenses	26,761	81,081
Provision (reversal of) for bad debt expenses	2,020,735	(3,154,511)
Reserves	68,640	636
Investment income from financial asset carried at cost	(1,386)	(12,421)
Net impairment losses	12,832	169,782
Gain on disposal of non-performing loans	(648,300)	(914,171)
Gain on asset related transactions	(232,585)	(1,062,432)
Realized deferred revenue	(29,755)	(26,881)
Net increase (decrease) in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	11,322,981	(12,461,721)
Decrease (increase) in bills and bonds investments under reverse sell agreements	5,054,375	(8,456,414)
Increase in accounts receivables	(3,325,788)	(7,532,354)
Decrease in deferred income tax assets	251,949	1,310,163
Decrease in other financial assets	70	201,528
Decrease (increase) in other assets	561,624	(212,840)
Decrease in financial liabilities at fair value through profit or loss	(6,505,884)	(4,937,951)
Increase (decrease) in accounts payables	1,220,602	(1,552,131)
Increase in accounts payables – related parties	1,727,172	2,005,281
Increase (decrease) in other financial liabilities	24,587,958	(1,250,798)
Increase (decrease) in other liabilities	211,714	(776,325)
Net cash provided by (used in) operating activities	39,716,190	(29,711,872)
Cash flows from investing activities:		
Decrease in balance at Central Bank and loans and advances to banks	6,325,347	25,253,717
(Increase) decrease in loans and advances to customers	(6,408,078)	1,249,462
Proceeds from disposal of non-performing loans	773,234	1,248,847
Increase in available-for-sale financial assets	(13,657,044)	(34,770,350)
Proceeds from disposal of financial assets carried at cost	7,979	12,421
Acquisition of property, equipment and intangible assets	(2,937)	(70,093)
Proceeds from disposal of property, equipment, and other assets	565,952	1,865,670
Net cash used in investing activities	(12,395,547)	(5,210,326)
Cash flows from financing activities:		
(Decrease) increase in deposits by Central Bank and other banks	(9,106,406)	7,743,030
(Decrease) increase in deposits and remittances	(33,243,754)	5,228,188
Increase in financial debentures payable	14,623,612	27,962,743
Distribute cash dividends	(4,365,858)	(2,045,889)
Net cash (used in) provided by financing activities	(32,092,406)	38,888,072
Net (decrease) increase in cash and cash equivalents	(4,771,763)	3,965,874
Cash and cash equivalents at beginning of period	11,469,535	7,503,661
Cash and cash equivalents at end of period	\$ 6,697,772	11,469,535
Supplemental disclosure of cash flow information:		
Cash payments of interest, except capital interest	\$ 4,991,687	4,373,176
Cash payments of income tax	\$ 288,468	187,670
Investing and financing activities not affecting cash flows:		
Unrealized gain on available-for-sale financial assets	\$ 78,703	399,175

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

7. Review and Analysis of Financial Conditions, Financial Results and Risk Management



I. Analysis of Financial Conditions

Unit : NTD'000

Item	Year	2012	2011	Increase / (Decrease) Variance	
				Amount	%
Cash & cash equivalent		6,697,772	11,469,535	(4,771,763)	(41.60)
Due from Central Bank and Inter-bank Placement		68,073,194	74,398,541	(6,325,347)	(8.50)
Financial assets at fair value through profit or loss		29,544,710	40,867,691	(11,322,981)	(27.71)
Bonds and bills sold under resale agreements		3,402,039	8,456,414	(5,054,375)	(59.77)
Receivables, net		37,868,843	34,442,522	3,426,321	9.95
Assets held for sale, net		0	0	0	0.00
Loans and bills discounted, net		350,387,046	346,151,003	4,236,043	1.22
Available-for-sale financial assets, net		227,027,332	213,257,021	13,770,311	6.46
Equity investment under equity method, net		369,417	279,579	89,838	32.13
Other financial assets, net		580,392	887,031	(306,639)	(34.57)
Fixed assets, net		5,546,985	6,076,890	(529,905)	(8.72)
Intangible assets		3,244,154	3,303,198	(59,044)	(1.79)
Other assets		3,049,972	4,071,508	(1,021,536)	(25.09)
Total assets		735,791,856	743,660,933	(7,869,077)	(1.06)
Due to Central Bank and other banks		9,283,983	18,390,389	(9,106,406)	(49.52)
Financial liabilities at fair value through profit or loss		8,357,471	14,863,355	(6,505,884)	(43.77)
Bonds and bills sold under repurchase agreements		0	0	0	0.00
Accounts Payable		12,093,936	9,178,082	2,915,854	31.77
Deposits and remittances payable		563,071,977	596,151,692	(33,079,715)	(5.55)
Bank notes payable		62,014,537	47,512,170	14,502,367	30.52
Other financial liabilities		34,703,759	10,188,173	24,515,586	240.63
Other liabilities		2,405,205	2,141,034	264,171	12.34
Total liabilities	Before distribution	691,930,868	698,424,895	(6,494,027)	(0.93)
	After distribution	Note	698,424,895	-	-
Common stock		29,105,720	29,105,720	0	0.00
Capital surplus		5,786,031	5,786,031	0	0.00
Retained earnings	Before distribution	8,023,741	9,386,251	(1,362,510)	(14.52)
	After distribution	Note	5,020,393	-	-
Other shareholders' equity		945,496	958,036	(12,540)	(1.31)
Total Shareholders' Equity	Before distribution	43,860,988	45,236,038	(1,375,050)	(3.04)
	After distribution	Note	40,870,180	-	-

Note : The Board Meeting is not held.

II. Analysis of Financial Results

Unit : NTD'000

Item \ Year	2012	2011	Increase / (Decrease) Variance	
			Amount	%
Interest Income, net	10,035,361	9,183,485	851,876	9.28
Non-interest income, net	6,099,124	7,960,032	(1,860,908)	(23.38)
Provision for loan loss	2,020,735	(3,154,511)	5,175,246	(164.06)
Operating expense	10,544,151	10,521,913	22,238	0.21
Income (loss) from continuing operations before tax	3,569,599	9,776,115	(6,206,516)	(63.49)
Income (loss) from continuing operations after tax	3,003,348	8,373,115	(5,369,767)	(64.13)
Income (Loss) from discontinued operations (Net of tax)	0	0	0	0.00
Income (loss) from Extraordinary items (Net of tax)	0	0	0	0.00
Cumulative effect of changes in accounting principles (Net of tax)	0	0	0	0.00
Net income (loss)	3,003,348	8,373,115	(5,369,767)	(64.13)
EPS (Net of tax)	1.03	2.88	(1.85)	(64.24)

III. Cash Flows

(I) Liquidity Analysis for the Past Two Years :

Item \ Year	2012	2011	Increase (Decrease) %
Cash flow ratio (%)	132.81	(70.44)	203.25
Cash flow adequacy ratio, net (%)	594.21	586.72	7.48
Ratio of cash flow from operations to cash flow from investments (%)	(318.59)	569.39	(887.98)

(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
6,697,772	36,884,574	35,182,204	8,400,142	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				
				2008	2009	2010	2011	2012
Branch Remodeling	Self-owned capital	2008	354,896	354,896				
Branch Remodeling	Self-owned capital	2009	252,864		252,864			
Branch Remodeling	Self-owned capital	2010	224,054			224,054		
Branch Remodeling	Self-owned capital	2011	41,566				41,566	
Branch Remodeling	Self-owned capital	2012	71,988					71,988

(II) Expected Benefits from Capital Expenditures:

Through branch remodeling and facilities upgrade, the Bank can provide customers with higher quality environment and services, expand our market shares, as well as to strengthen competitiveness.

V. Reinvestment Policy for 2012, 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 2012, net realized gain from investee companies totaled NTD 319,564 thousand dollars, which was primarily contributed by the Standard Chartered Life Insurance Agency Co., Ltd., Taiwan Standard Chartered Insurance Agency 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

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 Company.

Strategy & Goal

Through our risk management framework we manage enterprise-wide risks, with the objective of optimizing 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 maximize awareness of all risks; and
- ◆ Competitive advantage: We seek competitive advantage through efficient and effective risk management and control

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.

Credit risk management organization and structure

Ultimate responsibility for the effective management of risk rests with the Company's Board. The Risk Committee, through its authority delegated by the Board via the Executive Committee, is directly responsible for the management of credit risk.

The management of credit risk includes approving standards (and policies) for the measurement and management of credit risk, approval of delegated approval authority framework and responsibilities to sub-committees and to Risk Officers. The Risk function is independent of the origination, trading and sales functions to ensure that the necessary balance in risk/return decisions is not compromised. The Board and Executive Committee receive regular reports on risk management and is authorized

to investigate or seek any information relating to an activity within its term of reference.

Internal Audit is an independent function that reports to the Board. It provides assurance that the Company's standards, policies and procedures are being complied with. The findings and recommended corrective actions from the audits are reported to all relevant management and governance bodies.

To ensure the effectiveness of risk management processes in maintaining the risk profile of the Company, it maintains three lines of defence. The First Line of Defence requires that all employees ensure the effective management of all risks within the scope of their direct organisational responsibilities. The Second Line of Defence comprises Risk Control Owners, supported by their respective control and assurance functions. The Third Line of Defence is the independent assurance provided by Internal Audit of the effectiveness of the First and Second Lines of Defence.

The scope and characteristics of credit risk report and evaluation system

Risk measurement plays a central role, along with judgment 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 the Risk function 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) on a transaction, counterparty and portfolio basis.

A number of internal risk management reports are produced on a regular basis, providing information such as; 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 Company 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.

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 mitigates is carefully assessed in light of potential 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 Company 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 the CRM, 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, e.g. non-recourse receivable service, are mitigated using credit default insurance.

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

Method used for regulatory capital calculation

Standardized Approach

(2) Required Capital for Credit Risk under Standardized Approach

31 December 2012

Unit : NTD'000

Exposure Type	Exposure after Risk Mitigation	Required Capital
Sovereign	250,921,552	14,817
Non-central government public sector entities (PSEs)	-	-
Banks (including multilateral development banks – MDBs)	72,267,590	2,089,533
Corporations (including security and insurance companies)	104,560,349	7,915,164
Retail	153,064,407	9,954,397
Residential mortgage	132,879,687	4,799,998
Equity security investment	39,108	12,515
Other assets	15,213,472	809,336
Total	728,946,165	25,595,760

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

(1) Asset-backed Securitization Management Structure

Description / Disclosure

Strategy and procedure of asset securitization management

Currently, the Bank has no other securitized asset.

Asset securitization management organization and structure

Not applicable.

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

Not applicable.

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

Currently, the Bank has no other securitized asset.

Method used for regulatory capital calculation

Not applicable.

The general qualitative disclosure requirement, including a discussion of:

1. the bank's objectives in relation to securitization activities, as well as the types of risks assumed and retained with resecuritization activity;
2. the nature of other risks (e.g. liquidity risk) inherent in securitized assets;
3. the various roles played by the bank in the securitization process and an indication of the extent of the Bank's involvement on each of them;
4. a description of the processes in place to monitor changes in the credit and market risk of securitization exposures;
5. a description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization and resecuritization exposures.

Not applicable.

Summary of the bank's accounting policies for securitization activities

Not applicable.

The name of external credit assessment institution (ECAI) used for asset securitization and the exposures for which ECAI is used in the banking book

Not applicable.

An explanation of significant changes to any of the quantitative information (e.g. movement of assets between banking book and trading book) since the last reporting period

Not applicable.

(2) Asset Securitization : [None]

3. Operational Risk Management Structure and Capital Requirement

(1) Operational Risk Management Structure

Description / Disclosure

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 arises as a result of business activities. It is the Company's objective to minimize exposure to operational risk, subject to cost tradeoffs. Operational risk exposures are managed through a framework of policies and procedures that drive risk identification, assessment, control, and monitoring.

Responsibility for the management of operational risk rests with businesses and functions as an integral component of their first line risk management responsibility.

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 Committee ("CORG"), headed by the Chief Executive Officer, is responsible for the direct management of operational risks across the Company, and for ensuring that an appropriate and robust risk management framework is in place to monitor and manage operational risk.

The Company also receives strong support from SCB regional and group business and operational risk management functions based outside of Taiwan.

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, Corporate Real Estate Services (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 through control sample testing performed on controls embedded within critical processes.

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 Company 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.

Method used for regulatory capital calculation

Basic Indicator Approach

(2) Required Capital for Operational Risk

31 December 2012

Unit : NTD'000

Year	Gross Operating Income	Required Capital
2009	15,496,990	
2010	17,209,694	
2011	17,500,766	
Total	50,207,450	2,510,373

4. Market Risk Management Structure and Capital Requirement

(1) Market Risk Management Structure

Description / Disclosure

Strategy and procedure of market risk management

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

Market risk management organization and structure

Market Risk ("GMR") Taiwan implements and manages market risk, in accordance with FSC regulatory requirements, and market risk policies and procedures which cover both banking and trading book. The market risk policies, procedures and limits are annually reviewed by GMR Taiwan and are in line with Group Market Risk Committee guidance. The policies and procedures are presented to the Board for approval.

Market risk limits are proposed by the business within the terms of the agreed policy. Limits are presented to the Risk Committee for approval with its authority delegated by the Board. Limits for derivatives require approval from the Board.

GMR Taiwan monitors exposures against these limits on a daily basis. Related market risk management results are reported to the Risk Committee at a minimum on a quarterly basis.

The Company also receives strong support from SCB regional and group business and market risk management functions based outside of Taiwan.

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. The primary categories of market risk for the Company are interest rate risk and currency exchange rate risk linked to trading products in financial markets, as the Company has not held any positions relating to commodities price risk and equity price risk.

The Company measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a Value at Risk (VaR) methodology. VaR, in general, is a quantitative measure of market risk which applies recent historical 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.

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. GMR Taiwan complements the VaR measurement by stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. Stress testing is applied to trading and non-trading books respectively.

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 Company's standard process as risk is measured, monitored, reported and controlled on a portfolio basis.

Market risk policies, procedures and limits are annually reviewed by GMR Taiwan. The policies and procedures cover both trading and non-trading books and are presented to Board for approval

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.

Method used for regulatory capital calculation

Standardized Approach / Delta-Plus for Options

(2) Required Capital for Market Risk

31 December 2012

Unit : NTD'000

Item	Required Capital
Interest Rate Risk	1,420,091
Foreign Exchange Risk	93,397
Equity Position Risk	0
Commodities Risk	0
Total	1,513,488

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 142 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 :

1. RMB Developments in Taiwan

After Taiwan's Central Bank (CBC) and People's Bank of China (PBOC) signed a Memorandum of Understanding (MOU) on Cross-strait Currency Settlement on August 31, 2012, Bank of Taiwan's Shanghai Branch was appointed by CBC as the NTD clearing bank in China on September 17, 2012, and Bank of China's Taipei Branch was appointed as RMB clearing bank in Taiwan on December 11, 2012. Once the clearing platform is established for operations, banks' domestic banking units (DBU) will be able to engage in RMB deposits, loans, remittances and trades without prior approval from FSC and CBC. The regulators' plan is to further extend the scope of RMB products/services in DBU at a later stage. For example, DBU clients will be allowed to invest in RMB structured products and corporate will be able to issue onshore RMB bonds. Although the prior approval is not required for banks engaging in DBU RMB business, for supervisory purposes, FSC and CBC will issue relevant regulations governing RMB business accordingly (e.g. regulatory reporting).

2. Personal Information Protection Act (PIPA)

Except for Articles 6 and 54, the new Personal Information Protection Act ("PIPA") was effective on October 1, 2012 to replace the Computer-Processed Personal Data Protection Act. In order to fulfill the new requirement under PIPA, actions completed by the Bank include:

- (1) The personal data collection notice ("Notice") has been produced according to the new requirements under the PIPA and was implemented on 1 October.
- (2) Relevant customer agreements/application forms, and terms and conditions pertinent to personal information have been amended in this regard.
- (3) On-line application function has been updated by adding the Notice and the applicant has to tick confirming his/her understanding before sending out the application request.

3. Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institutions Operation

Pursuant to Article 18 of the Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institutions Operation which came into force on February 8, 2012, the Bank is required to move back its offshore Consumer Banking ("CB") information systems within four years. The on-shoring proposal of CB information systems is to be phased, based on the natures and change priorities of respective systems. The goal is to strive for a balanced approach which would ensure business sustainability and minimize risks during migration process. The system migration not only aims to meet the regulatory requirements, but also enhances system performances. The Bank will be able to provide local customers with better services and broader arrays of products following the completion of system migration.

4. Regulatory requirements on the loan provision coverage ratio

To increase operational capabilities of the banking institutions in preparation for economic downturns/upturns, the regulators require local banks to aim for raising loan provision coverage ratio (bad debt provision/total loan) to 1% and above. The regulators will take the ratio into consideration when reviewing applications for conducting cross-strait financial businesses, re-investments, and establishing onshore/offshore branches.

Currently, the Bank's loan provision coverage ratio has reached the required level; the ratio will be maintained to meet regulators' requirements.

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

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. 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;

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

Brand image and reputation are significant intangible assets for a bank. Protecting a bank's goodwill is vital. The Bank has specific reputation and risk policies and procedures, in particular, the local and group level mechanisms of reputational risk management: from identifying, monitoring, managing, reporting, that are thorough and comprehensive, to minimize the risks of reputational loss.

While the world was affected by the global financial crisis in 2008 and 2009, the Bank still delivered a sound performance because of its footprints in Asia, Africa, and Middle East, its focus on core businesses, and its strong risk management framework. Facing the European sovereign debt crisis and the uncertainty of global recovery in 2011 and 2012, 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, preventing 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 our employee's daily routine.

The Bank's education efforts in risk management and money-laundry prevention have earned significant results and has been acknowledged by the regulator and the government. In June 2010, the Bank helped the government expose the biggest fraud group across the Taiwan Straits and deterred an out-bound remittance of NTD 3 million. The Bank was honoured by the officials of the Financial Supervisory Commission and Executive Yuan with an award. In September 2012, the Bank received a letter from the Anti-Money Laundering Department of the Investigation Bureau, Ministry of Justice, in recognition of our contribution to maintaining financial order by actively monitoring irregular transactions and providing timely updates to the regulator, successfully helping to prevent an illegal transaction by a former government official.

(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 : [None]

(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 of the credit portfolios, including credit decentralization and levels of tolerance, have been clearly set in the Country Portfolio Standards ("CPS") of the Bank. The CPS is established according to the Wholesale Banking ("WB") business strategies and within acceptable risk appetite and principally includes measurable quantitative portfolio parameters, covering concentration caps of major industry sectors, credit grade distribution, concentration risk to single customer group, and tenor profile.

As to the management of concentration to single corporate entity and customer groups, it is aligned with the Credit Risk Management Guidelines of Concentration to Single Corporate Entity and Customer Groups as approved by the Risk Committee. The concentration risk limits for single corporate entity, affiliated counterparties or customer groups are established on the basis

of internal credit grades 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) Impact, Risks to the Bank and Responsive Actions Thereof due to a Major Transfer or Change in Ownership of Shares belonging to Directors, Supervisors or Major Shareholder with over 1% of Shareholding

The Bank is owned by a sole shareholder, Standard Chartered Bank ("SCB"), and all directors and supervisors are appointed by SCB. During last year and until the date of publication of this annual report, there has been no major transfer of shares or shareholding change of the Bank. As a result, there is no significant impact or risk against the operation of the Bank.

(X) Litigation and Non-litigation Matters :

For a corporate lending between the Bank (previously Hsinchu International Bank) and a corporate client, it was repaid in full by the corporate guarantor. However, the corporate guarantor and another individual guarantor brought litigations against the Bank in Taipei District Court in June 2012, alleging the guarantees were not in existence as the original loan was flawed and potentially void. The corporate guarantors also claimed a refund of NTD 115,437 thousand dollars. The above proceedings are not concluded yet and the Bank cannot predict the outcome. Except for the above, the Bank is not involved in other material litigations within 2012 and as at the date of publication of the annual report.

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

VII. Emergency Response Mechanism

To ensure that the Bank is capable of continuing critical business operations in the event of a disaster, thereby reducing the risk of severe disruption to business, financial and reputational damage, the Bank institutes "Crisis Management Team" and "Recovery Control Centre" with dedicated assignment of responsibilities whilst facing a disaster.

Crisis Management Committee (CMC) convened by Chief Executive Officer collectively formulate response strategies & procedures with high-ranking managers to address critical incidents, which may bring severe impact on Taiwan SCB business operations. Business Continuity Manager (BCM) is the Recovery Control Centre (RCC) convener, also known as RCC commander, to set up an operating team to run the RCC. Whilst facing critical incidents, RCC Commander will convene RCC team members to promptly take emergency response measures to reduce the impact on business operations.

The BCM is responsible for coordination of bank-wide crisis management & response procedures and dedicated to update, maintain and test run business continuity plans. IT department heads or managers are RCC team members responsible for IT Disaster Recovery Plans to ensure that system recovery capabilities are sufficient enough to facilitate the implementation of all business continuity plans.

Corporate Affairs is a dedicated unit for media contact. In addition, "Critical Incident Escalation Operating Procedures" are formulated to notify stakeholders concerned of critical incidents.

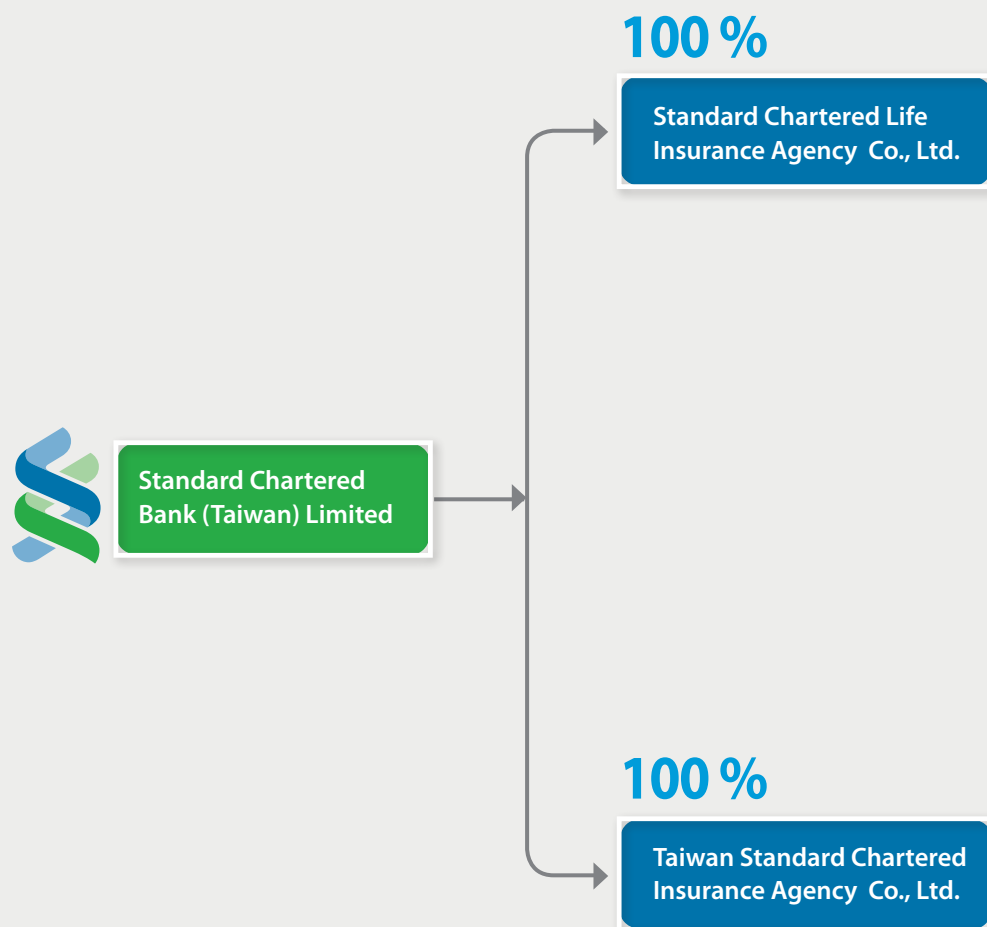
VIII. Other Important Matters : [None]

8. Special Notes



I. Information on Affiliated Enterprises

(I) Organizational Chart of Affiliated Enterprises



(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	7F, No. 106, Zhongyang Road, Zhongzheng Village, Hsinchu City	3,000	Life insurance agent
Taiwan Standard Chartered Insurance Agency Co., Ltd.	30/09/1999	7F, No. 106, Zhongyang 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 Director Director Supervisor	SCBTL representative : Yen-Ting Chen SCBTL representative : Vivian Shyy SCBTL representative : Katherine Yang SCBTL representative : Evonne Chen	300,000	100.00%
Taiwan Standard Chartered Insurance Agency Co., Ltd.	Chairman Director Director Supervisor	SCBTL representative : Yen-Ting Chen SCBTL representative : Vivian Shyy SCBTL representative : Katherine Yang SCBTL representative : Evonne Chen	300,000	100.00%

(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	799,755	453,866	345,889	797,222	339,329	283,328	944.43
Taiwan Standard Chartered Insurance Agency Co., Ltd.	3,000	36,080	12,553	23,528	32,931	18,858	15,797	52.66

(VI) Consolidated Financial Statements of Affiliated Enterprises : Refer to the "Financial Highlights" section from page 172 to page 177.

(VII) Affiliation Reports :

Declaration

The 2012 Affiliation Reports of Standard Chartered Bank (Taiwan) Limited for the period between 1 January 2012 and 31 December 2012 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

28 March 2013



Independent Auditors' Review Opinion on Affiliation Reports

To: Standard Chartered Bank (Taiwan) Limited

The 2012 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 2012 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 28 March 2013.

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 2012 Financial Statements.

KPMG Certified Public Accountants

Accountants :

SFC's Approval No. : (88)Tai-Tsai-Zheng-VI-18311

Jin-Guan-Zheng-(6) Zi-0980002150

28 March 2013

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)	Ajay Chamanlal Kanwal
					Director	Lim Cheng Teck
					Director	Woei-Jy Chen
					Director	Yen-Ting Chen
					INED	Teeh Lin Wang
					INED	Nei-Ping Yin
					Supervisor	Norman Lyle
					Supervisor	Edward Martin Williams

INED : Independent Non-Executive Directors

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 31 December 2012, derivatives balance engaging with Standard Chartered Bank posted a loss of NTD 449,753 thousands; financial debenture payable deriving from the issuance of financial debentures to Standard Chartered Bank was NTD 8,710,584 thousands; interest expense incurred from the above transactions was NTD 341,765 thousands and interest payable totaled NTD 18,493 thousands; other expenses payable to Standard Chartered Bank amounted to NTD 5,465,118 thousands; share-based payment to Standard Chartered Bank schemes amounted to NTD 473,700 thousands; royalty payable to Standard Chartered Bank amounted to NTD 48,663 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



Jinshan Branch

Directory of Branches and Offices

Branch Name	Address	Telephone No.	Fax No.
Business Department	No.106, Zhongyang Rd., East Dist., Hsinchu City	03-5243151	03-5230963
Hsinchu Branch	No.35, Fuxing Rd., East Dist., Hsinchu City	03-5266171	03-5236079
Guangfu Branch	No.270, Guangfu Rd., Sec.1, East Dist., Hsinchu City	03-5775663	03-5781742
Zhongzheng Branch	No.326, Zhongzheng Rd., North Dist., Hsinchu City	03-5348939	03-5349865
Yanping Branch	No.50, Ln.214, Sec.1, Yanping Rd., North Dist., Hsinchu City	03-5219216	03-5219215
Zhudong Branch	No.300, Sec.1, Changchun Rd., Zhudong Township, Hsinchu County	03-5965711	03-5954025
Xinpu Branch	No.386, Zhongzheng Rd., Xinpu Township, Hsinchu County	03-5883611	03-5883344
Hukou Branch	No.82, Sec.1, Zhongzheng Rd., Hukou Township, Hsinchu County	03-5992614	03-5901627
Zhubei Branch	No.59, Sanmin Rd., Zhubei City, Hsinchu County	03-5513115	03-5512190
Guanxi Branch	No.21, Mingde Rd., Guanxi Township, Hsinchu County	03-5875151	03-5877927
Xinfeng Branch	No.155-7, Sec.1, Jianxing Rd., Xinfeng Township, Hsinchu County	03-5591113	03-5594636
Xinxing Branch	No.130, Siwei Rd., North Dist., Hsinchu City	03-5233171	03-5233177
Xinshe Branch	No.141, Zhongzheng W. Rd., Zhubei City, Hsinchu County	03-5519456	03-5551783
Science Park Branch	No.11, Yuanqu 2 nd Rd., Hsinchu Science Park, East Dist., Hsinchu City	03-5785355	03-5787055
North Hsinchu Branch	No.6, Beida Rd., East Dist., Hsinchu City	03-5348155	03-5421589
Taoyuan Branch	No.66, Zhongzheng Rd., Taoyuan City, Taoyuan County	03-3340176	03-3371647
Daxi Branch	No.253, Kangzhuang Rd., Daxi Township, Taoyuan County	03-3873915	03-3889901
Dayuan Branch	No.44, Zhongshan N. Rd., Dayuan Township, Taoyuan County	03-3861130	03-3861924
Zhongli Branch	No.194, Zhongshan Rd., Zhongli City, Taoyuan County	03-4252186	03-4256977
Yangmei Branch	No.105, Dacheng Rd., Yangmei City, Taoyuan County	03-4783491	03-4752718
Xinwu Branch	No.251, Zhongshan Rd., Xinwu Township, Taoyuan County	03-4773226	03-4772052
Longtan Branch	No.202, Beilong Rd., Longtan Township, Taoyuan County	03-4793185	03-4708175
Sanmin Branch	No.301, Sec.3, Sanmin Rd., Taoyuan City, Taoyuan County	03-3351593	03-3328102
Neili Branch	No.83, Xinyi Rd., Zhongli City, Taoyuan County	03-4553122	03-4524244
Bade Branch	No.43, Sec.2, Jieshou Rd., Bade City, Taoyuan County	03-3634341	03-3660967
Yong'an Branch	No.465, Zhongzheng Rd., Taoyuan City, Taoyuan County	03-3324002	03-3361491
Xinming Branch	No.56, Minzu Rd., Zhongli City, Taoyuan County	03-4918701	03-4918710
Guishan Branch	No.1077, Sec.2, Wanshou Rd., Guishan Township, Taoyuan County	03-3290728	03-3290273
Nankan Branch	No.90, Zhongzheng Rd., Luzhu Township, Taoyuan County	03-3524148	03-3226443
Dashulin Branch	No.233, Taoying Rd., Taoyuan City, Taoyuan County	03-3664291	03-3664296
Longgang Branch	No.302, Longdong Rd., Zhongli City, Taoyuan County	03-4657779	03-4567704
Shanziding Branch	No.150, Shanding Sec., Zhongfeng Rd., Pingzhen City, Taoyuan County	03-4696257	03-4692907
Puxin Branch	No.351, Yongmei Rd., Yangmei City, Taoyuan County	03-4824984	03-4826073

Branch Name	Address	Telephone No.	Fax No.
Xinzhuang Mini Branch	No.879-17, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	02-29082996	02-29082952
Kuaiji Branch	No.862, Chunri Rd., Taoyuan City, Taoyuan County	03-3553278	03-3553723
Huanbei Branch	No.405, Huanbei Rd., Zhongli City, Taoyuan County	03-4511333	03-4513135
Guanyin Branch	No.833, Sec.2, Zhongshan Rd., Guanyin Township, Taoyuan County	03-4986401	03-4986404
Pingzhen Branch	No.225, Huannan Rd., Pingzhen City, Taoyuan County	03-4910311	03-4910319
Miaoli Branch	No.562, Zhongzheng Rd., Miaoli City, Miaoli County	037-324671	037-358940
Zhunan Branch	No.217, Zhongzheng Rd., Zhunan Township, Miaoli County	037-476161	037-474882
Toufen Branch	No.106, Heping Rd., Toufen Township, Miaoli County	037-668281	037-676791
Yuanli Branch	No.19, Weigong Rd., Yuanli Township, Miaoli County	037-862851	037-852609
Gongguan Branch	No.211, Zhongxiao Rd., Gongguan Township, Miaoli County	037-228525	037-221245
Tongxiao Branch	No.16, Ren'ai Rd., Tongxiao Township, Miaoli County	037-757511	037-757514
Houlong Branch	No.20, Chenggong Rd., Houlong Township, Miaoli County	037-724591	037-724980
Sanyi Branch	No.83, Zhongzheng Rd., Sanyi Township, Miaoli County	037-875281	037-875242
Dahu Branch	No.79, Minsheng Rd., Dahu Township, Miaoli County	037-995561	037-995564
Tongluo Branch	No.201, Zhongzheng Rd., Tongluo Township, Miaoli County	037-985211	037-985214
East Neili Branch	No.47, Rongmin Rd., Zhongli City, Taoyuan County	03-4351988	03-4351093
Gongxi Branch	No.237, Fuxing 1 st Rd., Guishan Township, Taoyuan County	03-3972288	03-3972266
Zhuangjing Branch	No.35, Sec.2, Daxing W. Rd., Taoyuan City, Taoyuan County	03-3026699	03-3028833
Jinling Branch	No.87, Jinling Rd., Pingzhen City, Taoyuan County	03-4579155	03-4579920
Jianguo Branch	No.38, Sec.1, Jianguo N. Rd., Zhongshan Dist., Taipei City	02-87723232	02-87723838
Banqiao Branch	2F, No.1-1, Xinfu Rd., Banqiao Dist., New Taipei City	02-66215700	02-66215799
Luzhou Mini Branch	No.308, Jixian Rd., Luzhou Dist., New Taipei City	02-82828266	02-82815941
Neihu Branch	No.69, Donghu Rd., Neihu Dist., Taipei City	02-26318888	02-26326910
Wenxin Branch	No.380, Wenxin 1 st Rd., Nantun Dist., Taichung City	04-23192480	04-23192473
Fengyuan Branch	No.797, Yuanhuan E. Rd., Fengyuan Dist., Taichung City	04-25234116	04-25240078
Chiayi Branch	No.345, Minzu Rd., East Dist., Chiayi City	05-2288855	05-2240800
Tainan Branch	No.429, Sec.2, Jinhua Rd., South Dist., Tainan City	06-2648101	06-2648140
Jiuru Branch	No.383, Jiuru 1 st Rd., Sanmin Dist., Kaohsiung City	07-3872296	07-3860532
Dongning Branch	No.88, Dongxing Rd., East Dist., Tainan City	06-2761561	06-2761565
Donghai Branch	No.306, Fuke Rd., Xitun Dist., Taichung City	04-24653500	04-24653501
Shengang Branch	No.788, Zhongshan Rd., Shengang Dist., Taichung City	04-25622731	04-25617982
Nantun Branch	No.302, Sec.2, Liming Rd., Nantun Dist., Taichung City	04-22536208	04-22536205
Zhonghe Branch	No.182, Jian 1 st Rd., Zhonghe Dist., New Taipei City	02-82271656	02-82271659

Branch Name	Address	Telephone No.	Fax No.
Beitun Branch	No.236, Sec.4, Wenxin Rd., North Dist., Taichung City	04-22990755	04-22990803
Xitun Branch	No.327, Sec.2, Henan Rd., Xitun Dist., Taichung City	04-36062088	04-27081118
Taichung Branch	No.261, Sec.1, Taichung Port Rd., West Dist., Taichung City	04-36013800	04-23101118
Changhua Branch	No.53, Sec.2, Zhongzheng Rd., Changhua City, Changhua County	04-7282999	04-7229958
North Kaohsiung Branch	No.189, Wenxin Rd., Gushan Dist., Kaohsiung City	07-5501705	07-5502010
Fuxing Branch	1F, No.420, Fuxing N. Rd., Zhongshan Dist., Taipei City	02-66027676	02-66083068
Sanduo Branch	No.262, Zhongshan 2 nd Rd., Qianzhen Dist., Kaohsiung City	07-9660766	07-5368033
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 Dist., Taichung City	04-36023300	04-36023399
East Tainan Branch	No.107, Sec.2, Minzu Rd., West Central District., Tainan City	06-2289777	06-2283722
Wufu Branch	3F, No.59, Wufu 3 rd Rd., Qianjin Dist., Kaohsiung City	07-9652900	07-2110007
Xihu Branch	No.66, Sec.1, Neihu Rd., Neihu Dist., Taipei City	02-66023000	02-66023099
Dunhua Branch	No.93, Sec.2, Dunhua S. Rd., Da'an Dist., Taipei City	02-66396000	02-66396099
Xinyi Branch	2-3F, No.97, Songren Rd., Xinyi Dist., Taipei City	02-27206118	02-66397033
Ren'ai Branch	No.1, Sec.4, Ren'ai Rd., Da'an Dist., 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 Dist., Taipei City	02-66037168	02-66035058
Zhongshan Branch	No.136, Sec.2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	02-66197200	02-66197299
No.88 Branch	1-2F, 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
Jinshan Branch	No.151, Sec. 2, Xinyi Rd., Zhongzheng Dist., Taipei City	02-66010700	02-23218766
Kaohsiung Branch	22F, No.175, Zhongzheng 2 nd Rd., Lingya Dist., Kaohsiung City	07-9685100	07-2221205
Xinxing Securities Branch	3F-1, No.130, Siwei Rd., North Dist., Hsinchu City	03-5226000	03-5254277
Xinshe Securities Branch	2F, No.141, Zhongzheng W. Rd., Zhubei City, Hsinchu County	03-5538366	03-5539088
Xinming Securities Branch	B1/2F, No.56, Minzu Rd., Zhongli City, Taoyuan County	03-4910736	03-4910745
Taoyuan Securities Branch	3F/4F, No.465, Zhongzheng Rd., Taoyuan City, Taoyuan County	03-3347111	03-3355711 03-3347107
Nankan Securities Branch	3F, No.90, Zhongzheng Rd., Luzhu Township, Taoyuan County	03-2125700	03-2128143
Zhunan Securities Branch	2F, No.217, Zhongzheng Rd., Zhunan Township, Miaoli County	037-480666	037-480714
Xihu Securities Branch	1F, No.70, Sec.1, Neihu Rd., Neihu Dist., Taipei City	02-66023080	02-66023093
Sanduo Securities Branch	1F, No.262, Zhongshan 2 nd Rd., Qianzhen Dist., Kaohsiung City	07-9666480	07-9666471
Ren'ai Securities Branch	2F, No.1, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City	02-66363780	02-66363739
Wenxin Securities Branch	2F, No. 380, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City	04-36012180	04-36012169
Banqiao Securities Branch	2F, No.1-1, Xinfu Rd., Banqiao Dist., New Taipei City	02-66265280	02-66265288
Express Banking Center	1F, No.270, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City	N/A	N/A

Standard Chartered Bank (Taiwan) Limited



Chairman



