

Standard Chartered Bank (Taiwan) Limited



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

Bank website: <https://www.sc.com/tw/>

Date of publication: 05/2015

Here for good



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Addresses and phone numbers of the head office and branches

For detailed information, refer to the "Directory of Branches and Offices" from page 250 to page 252.



Stock registration agent

Stock Administration of Yuanta Securities Co. Ltd.

Address : B1, No. 210, Sec. 3, Cheng De Rd., Taipei City, Taiwan (R.O.C.)

Tel. No. : 886-2-2586-5859

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



Credit rating institutions

Fitch Ratings Taiwan

Address : Room 1306, 13F, No. 205, Tunhua North Rd., Taipei City, Taiwan (R.O.C.)

Tel. No. : 886-2-8175-7600

Taiwan Ratings Corporation

Address : 49F, No.7, Sec. 5, Xinyi Rd., Taipei City, Taiwan (R.O.C.)

Tel. No. : 886-2-8722-5800



Names of CPAs certifying financial statements of the recent year

Ming-Zhi Wang and Lin Wu

Company Name : Klynveld Peat Marwick Goerdeler (KPMG)

Address : 68F, No.7, Sec. 5, Xinyi Rd., Taipei City, Taiwan (R.O.C.)

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

Tel. No. : 886-2-8101-6666

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



Bank website : <https://www.sc.com/tw/>

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I



Taipei Standard Chartered Charity Marathon Gong-off



Letter to Shareholders

Letter to Shareholders

Taiwan's real GDP growth rebounded in 2014 to 3.7 percent, up from 2.2 percent in 2013. The economy showed stellar growth despite the government's on-going effort to curb property prices and the growing public concern over food security issues. The government's continued effort to strengthen cross-strait relations, the recovery in global sentiment and growth of export, as well as stable demand for the technology sector have all provided strong support to the economy.

In 2015, we expect Taiwan will benefit from the global economic recovery, including rising demand for high-tech products, falling utility prices, as well as a steady job market outlook. These, coupled with relatively loose monetary policy, will help drive consumer spending in 2015.

There are potential risks too. The divergence in monetary policy among major central banks as well as rising geopolitical tensions could threaten market stability and result in reversal of risk appetite globally. This could be further aggravated by worse-than-expected economic growth in mainland China that would undermine market confidence. Despite the above, Taiwan's economic growth is expected to further rebound to 4.3 percent in 2015.

Taiwan's local banking industry is expected to deliver good growth in 2015. The economic recovery will further improve credit appetite among corporates and individuals. The growth in RMB offshore business and strong equity market performance will also boost demand for wealth management and other financial services. All of these, together with a healthy capital adequacy ratio in the industry, will lift local banks' profitability and improve overall asset quality.

In 2014, Standard Chartered delivered strong performance with net profit growth of 37% year-on-year, which is contributed by the growth of total operating income with lower bad debt charges. Total operating income was up 3 percent, benefited from sound asset portfolio management, good Financial Market trading performance along with strong wealth management fee income, albeit partly offset by lower net interest income as a result of regulatory curbs on mortgages, margin compression and lower investment yield. Overall operating expenses continued to be tightly managed in 2014 and remained broadly flat to 2013 excluding the additional business tax levied from the restoration of business tax from 2% to 5% and project related costs.

The Bank's credit portfolio remained sound, with bad debt charges lowered by 58% compared to 2013. NPL ratio also improved from 0.56% a year ago to 0.29% in 2014, while the loan loss coverage ratio increased substantially from 269.77% to 454.73% over the same period. The Bank's balance sheet remained strong and resilient. Customer loans marginally declined due to lower unsecured and mortgage lending. Corporate loans maintained steady growth with solid asset quality. Total deposits continued to be healthy with steady growth.

The Bank continued to be highly liquid and well capitalized, with a LCY Liquidity Reserve Ratio of 56.47% and a loan-to-deposit ratio of 57.12% as of December 31, 2014. The capital adequacy ratio was 14.15%, and the Tier 1 ratio was 10%, both were well above the regulatory requirements.

The Bank's credit rating by Fitch Ratings in November 2014 was AAA (tw) for domestic long-term credit, F1+(tw) for domestic short-term credit, AA- for international long-term credit, F1+ for international short-term credit, with an overall "stable" outlook. In February 2015, Taiwan Ratings Corporation, a local arm of Standard & Poor's, rated the Bank as twAA+ for long-term credit, twA-1+ for short-term credit, with credit watch "negative". By adopting and implementing prudent business strategies, the Bank is confident to deliver strong financial performance and maintain good asset quality with adequate capital levels in 2015.

Looking forward in 2015, the Bank will continue to focus on our strategic priorities and the principles that would guide us to our goals, including targeted client segments, composition of balance sheet, and our value propositions. The priorities to deliver our franchise growth include:

- **Grow client franchise in three client segment groups** – Corporate and Institutional Clients, Commercial Clients and Retail Clients. The re-organization of the Bank in April 2014 created one business with three client segment groups and this has helped us sharpen our focus on distinct customer segments, enabled us to deploy capital and liquidity more effectively and delivered improvements in both productivity and the quality of the service we offer to customers.
- **Optimize balance sheet** – The Bank has been facing a number of balance sheet headwinds while striving to improve our performance. We will optimize the balance sheet by increasing foreign currency deposit ratio, growing sticky cash and saving account balance, and increasing operating accounts.
- **Build RMB leadership** – Standard Chartered's RMB credentials are recognized globally. Taiwan has the potential to become an offshore RMB centre with its RMB liquidity pool being only second to Hong Kong. We will continue to build RMB leadership by providing a full suite of RMB products and solutions to clients and providing thought leadership to our stakeholders.

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



Benjamin Pi-Cheng Hung
Chairman

II



Standard Chartered Bank (Taiwan) Limited Employee
Townhall Meeting



Bank Profile

I. History

Standard Chartered PLC ("the Group") is a leading international banking group, with more than 90,000 employees and over 150 years of history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise, Here for good.

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 nearly 3,700 Mandarin speaking talents across Taiwan, Standard Chartered 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. Standard Chartered opened its first branch ("the Bank") in Taiwan 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.

The Bank has been widely recognized for its commitment to enhancing services and brand reputation in Taiwan. In 2014, the Bank received awards including "National HRD InnoPrize" from Ministry of Labor, "Golden Merchant Award" from the ROC General Chamber of Commerce, "Best SME Banking Business in Taiwan 2015" and "Best Managed Wealth Management Business in Taiwan 2015" from MILSTE, "2014 Best Consumer Foreign Bank - Outstanding Award" jointly organized by Wealth Magazine and PwC, and sponsored by Taiwan Academy of Banking and Finance."

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

Current shareholding of the Bank in affiliated enterprises includes the following: 100% in Standard Chartered Life Insurance Agency Co, Ltd. and 100% in Taiwan Standard Chartered Insurance Agency Co, Ltd. Please refer to page 244 for details.

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

III



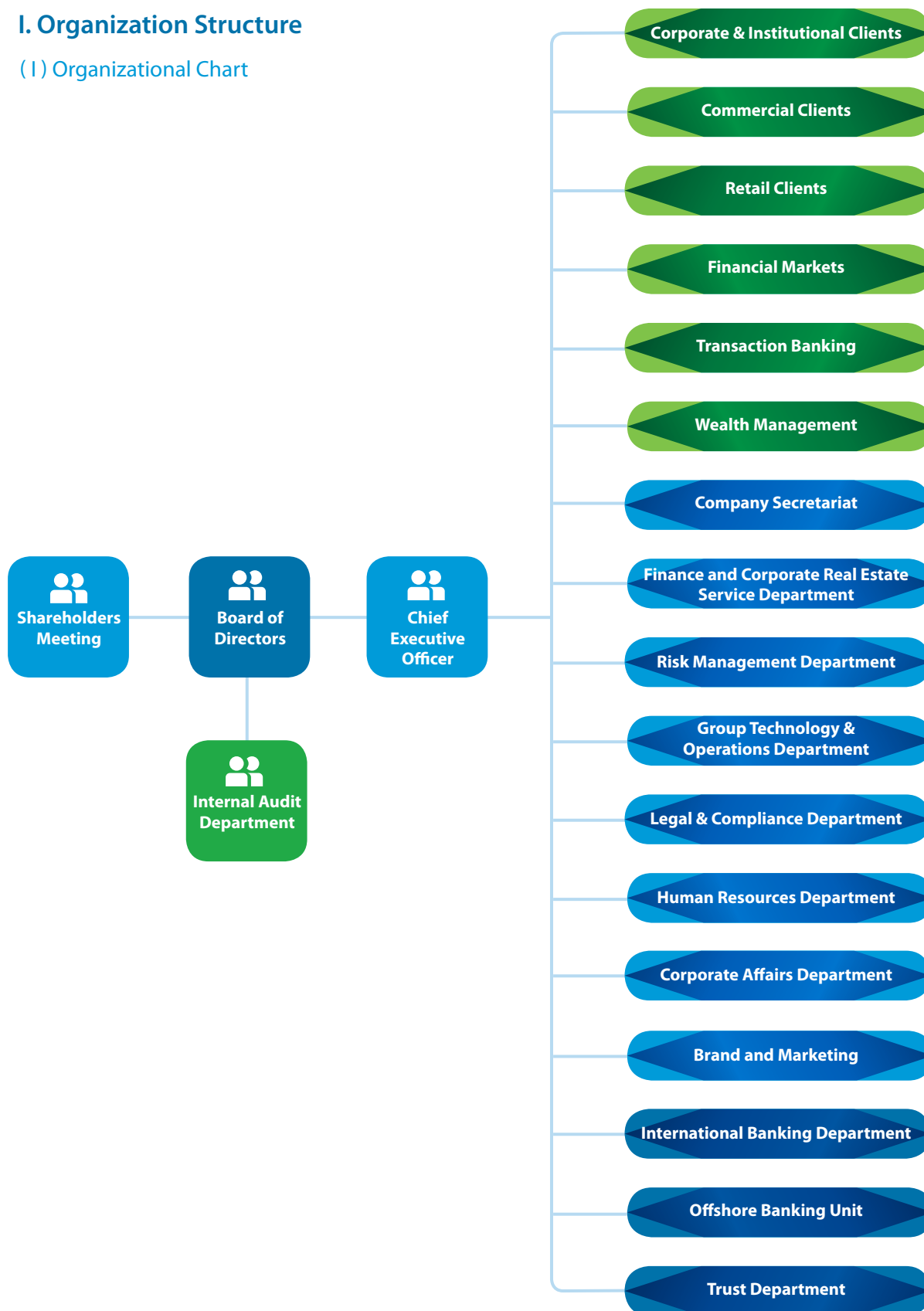
Standard Chartered received the Outstanding Foreign Company Award of the 68th National Golden Merchant Award



Corporate Governance

I. Organization Structure

(I) Organizational Chart



(II) Responsibilities of Major Departments

Internal Audit Department	In charge of audits of business, finance, asset management, IT, operation center and other functions; any other audit assignment required by Board of Directors and the regulator, etc.
Corporate & Institutional Clients	Engaging in the maintenance, promotion, credit analysis, risk management, and sales of lending, transaction banking, financial markets and capital markets products and services to large corporate and institutional clients.
Commercial Clients	In charge of developing a sustainable customer-focused strategy by engaging in the development, promotion, credit analysis, risk management, and sale of commercial clients products and services. Responsible for business development and maintenance, sales channel management, operation process and risk management, enhancement of customer experience and service quality, analysis of business operations, evaluation of product performance, and project execution, etc.
Retail Clients	In charge of developing a long-term sustainable customer-focused strategy and building a high performance culture through robust execution. Responsible for retail clients segment development in customer value propositions, product development, and operating the Bank's businesses pursuant to the Banking Act and approved by the competent authorities, etc.
Financial Markets	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; securities business and financial advisory related matters.
Transaction Banking	Engaging in product development, promotion and risk management of payments, collections, liquidity management, trade services, security services and other transaction banking products and services. Responsible for the product governance, risk management, planning and delivery through physical or virtual channels, service quality enhancement. Conduct operation analysis, performance evaluation and project execution for transaction banking products.
Wealth Management	In charge of establishing customer-focused wealth management business through planning and implementation to execute investment business service, and responsible for Taiwan wealth management products and enacting the business authorized by regulators.
Company Secretariat	Provide company secretarial, governance advisory and administrative support services for the Bank and its directors, etc.
Finance and Corporate Real Estate Service Department	Finance is 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 is responsible for general administration, leasing, sales and acquisitions of real estate properties; managing and maintaining the Bank's properties and facilities, risk management including health and safety, security, business continuity management and drills, etc.
Risk Management Department	Responsible for the Risk Management of the entire Bank. The main areas are credit risk, market risk, and operational risk, etc. It is also in charge of credit limits approval, risk monitoring, control of credit documents and the formulation of credit policies & procedures.
Group Technology & Operations Department	In charge of overall banking operations; re-engineering; global sourcing, information security and system developments, risk control and governance to Technology & Operations, soft and hardware technical supports, etc.
Legal & Compliance Department	Responsible for planning, managing, and implementing the compliance framework; issuing legal and compliance opinions and pre-launch sign-off for new products, services, and businesses; communicating with the regulators; providing legal opinions for banking-related legal matters or litigations; interpreting banking-related laws and regulations; managing financial crime risks, and investigating employee fraud or other materially misconduct acts.
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.
Corporate Affairs Department	In charge of the planning and execution of internal communications, media relations, government relations, sustainability, community investment, sponsorship policies and reputation risk management, etc.
Brand and Marketing	Responsible for business and segment marketing strategies planning, advertisement production, and development of large-scaled client relationship managements' events. Oversee and manage the marketing budget, establish and maintain corporate brand awareness to deliver maximized marketing effectiveness for business to support business strategic agendas, uplift brand awareness and deliver customers satisfaction.
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.
Trust Department	In charge of the planning, management and operation of trust business; and enacting the businesses authorized by local regulators, etc.

Note : The organizational Chart was approved by the board on 27 May 2015

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

(I) Directors and Supervisors' Information

1. Directors and Supervisors

31 March 2015

Title	Nationality	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	Canada	Standard Chartered Bank Representative : Benjamin Pi-Cheng Hung	26/03/2014	1 year 8.5 months	26/03/2014	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Head of Consumer Banking, Standard Chartered Bank (Hong Kong) Limited Chief Operating Officer, Standard Chartered Bank (Hong Kong) Limited Master of Business Administration, University of Toronto, Canada	Chairman of Standard Chartered Bank (Hong Kong) Limited Director of Standard Chartered Bank (China) Limited Director of Hong Kong International Airport Limited Director of the Community Business Limited (Hong Kong) Director of the Hong Kong Institute for Monetary Research Member of the Financial Services Development Council (Hong Kong) Member of the Hong Kong Monetary Authority Council Member of the University of Hong Kong	N/A	N/A	N/A
Director	Canada	Standard Chartered Bank Representative : John Ming Kiu Tan	26/03/2014	1 year 8.5 months	26/03/2014	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Head of Global Markets, Co-Head of Wholesale Banking, Standard Chartered Bank (Hong Kong) Limited Head of Global Markets, Co-Head of Wholesale Banking, Standard Chartered Bank (China) Limited Executive Director & Head of Treasury of Dah Sing Bank, Hong Kong Master of Applied Finance, Macquarie University, Australia	CEO of the Bank (since 01/04/2014)	N/A	N/A	N/A
Director	R.O.C.	Standard Chartered Bank Representative : Yen-Ting Chen	10/12/2012	3 years	28/06/2012	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Executive 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, Washington University, USA AICPA - CPA, USA	Chief Financial Officer, Standard Chartered Bank (Taiwan) Limited Supervisor of Standard Chartered Life Insurance Agency Co., Ltd Supervisor of Taiwan Standard Chartered Insurance Agency Co. Ltd	N/A	N/A	N/A
Director	R.O.C.	Standard Chartered Bank Representative : Wei-Chih Chen	10/12/2012	3 years	10/12/2012	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Head of Learning & Talent Development, Standard Chartered Bank (Taiwan) Limited General Manager, Shared Distribution and Priority Banking, Standard Chartered Bank (Taiwan) MBA, Lehigh University, Pennsylvania, USA	Head of Human Resources, Standard Chartered Bank (Taiwan) Limited	N/A	N/A	N/A

(Continued)

Title	Nationality	Name	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minors		Shareholding in other's name		Experience/Education	Also serve concurrently as	Other executives, directors or supervisors are spouse or within second-degree relative of consanguinity to each other		
						Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relationship
INED	R.O.C.	Standard Chartered Bank Representative : Man-Jung Chan	01/03/2013	3 years	01/03/2013	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Executive Director, Chinese Taipei APEC Study Center Senior Advisor to the President, National Security Council, Republic of China Chief of Staff, APEC Business Advisory Council Director General, International Secretariat, Pacific Economic Cooperation Council Ph.D., Political Economy, Boston University, USA	Director, Emerging Economies Association Director, Prospect Foundation Director, Sino-American Cultural and Economic Association Chairman, Out-of-the Box Consultancy Visiting Professor, Advanced Masters of Business Administration (AMBA) Program, National Cheng Chi University Supervisor of Yu Hong Da International Co., Ltd.	N/A	N/A	N/A
INED	R.O.C.	Standard Chartered Bank Representative : Nei-Ping Yin	10/12/2012	3 years	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 Member of National Stabilization Fund Management Committee 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 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	Ireland	Standard Chartered Bank Representative : Norman Lyle	10/12/2012	3 years	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 INED, Grosvenor Asia Pacific Limited INED, Lei Shing Hong Ltd., Hong Kong INED, Msheireb Properties	N/A	N/A	N/A
Supervisor	Singapore	Standard Chartered Bank Representative : Wen Xie	28/05/2014	1 year 6.5 months	28/05/2014	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	PhD in Industrial and Systems Engineering, National University of Singapore Chief Operating Officer, Consumer Banking Risk, Standard Chartered Bank Chief Risk Officer East Asia, Consumer Banking Group, Standard Chartered Bank Global Head, Credit Origination, Collections and Performance Management, Retail Clients, Standard Chartered Bank	Chief Risk Officer, Standard Chartered Bank (China) Limited Supervisor, Scope International (China) Co., LTD.	N/A	N/A	N/A

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

2. Major Shareholder of Institutional Shareholders

31 March 2015

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 March 2015

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

Qualification	Over five years of experience in related fields and the following professional qualifications			Independence Status (Note)										The number of public companies in which the director or supervisor also serves concurrently as an Independent Director
	At least lecturer of business, law, finance or accounting departments or other relevant business departments/ divisions of public and private colleges/ universities as required by corporate business needs	Judge, prosecutor, attorney, certified public accountant, or other professionally qualified and technical person who possesses certificates of national examinations	Experience in business, law, finance, accounting or other work as required by corporate business needs	1	2	3	4	5	6	7	8	9	10	
Name														
Standard Chartered Bank Representative: Benjamin Pi-Cheng Hung			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: John Ming Kiu Tan			√		√	√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Yen-Ting Chen		√	√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Wei-Chih Chen			√		√	√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Man-Jung Chan	√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Nei-Ping Yin	√		√	√	√	√	√	√	√	√	√	√		

Qualification Name	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: Norman Lyle		√	√	√		√	√	√	√	√	√	√		
Standard Chartered Bank Representative: Wen Xie			√			√	√	√	√	√	√	√		

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's affiliated enterprises (provided that this shall not apply where the director/supervisor is an independent director of the Bank's parent company, or any subsidiary 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 who directly owns more than 5% of the Bank's issued shares, nor a director, supervisor or employee of the top five institutional shareholders who are owners of the Bank's issued shares.
- (6) Neither a director, supervisor, 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 March 2015

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chief Executive Officer	Canada	John Ming Kiu Tan	01/04/2014	0	0	0	0	0	0	Master of Applied Finance, Macquarie University , Australia	N/A	N/A	N/A	N/A
Chief Internal Auditor	R.O.C.	Vicki Yang	08/01/2014	0	0	0	0	0	0	Master of Business Administration, Syracuse University, USA	N/A	N/A	N/A	N/A
Head of Corporate & Institutional Clients	R.O.C.	Sheila Chuang	24/11/2014	0	0	0	0	0	0	Master of Business Administration, Rutgers University, State University of New Jersey, USA	N/A	N/A	N/A	N/A
Head of Commercial Clients	R.O.C.	Betty Yen	01/04/2014	0	0	0	0	0	0	Master of Business Administration in Finance, University of Illinois, USA	N/A	N/A	N/A	N/A
Head of Retail Clients	Singapore	Andrew Jin Ngee Chia	23/12/2013	0	0	0	0	0	0	Masters of Business Administration (Distinction) with major in Finance, Leeds University, UK	Note 3	N/A	N/A	N/A
Head of Financial Markets	R.O.C.	David Wu	26/02/2009	0	0	0	0	0	0	Finance, Southern Illinois University, USA	N/A	N/A	N/A	N/A
Head of Transaction Banking (acting)	R.O.C.	Teresa Wu	01/02/2015	0	0	0	0	0	0	MBA, California State University, USA	N/A	N/A	N/A	N/A
Head of Wealth Management	Hong Kong	Cindy Man Yee Fu	01/04/2014	0	0	0	0	0	0	Arts in Psychology and Economics, The University of Manitoba, Canada	Note 4	N/A	N/A	N/A
Head of Company Secretariat	R.O.C.	Cathy Li	22/05/2008	0	0	0	0	0	0	Banking and Financial Law, LL.M. Boston University, USA	N/A	N/A	N/A	N/A
Chief Financial Officer	R.O.C.	Yen-Ting Chen	26/06/2012	0	0	0	0	0	0	Master of Business Administration, City University of Seattle, USA	Note 5	N/A	N/A	N/A
Chief Risk Officer	Netherlands	Qing Xu	01/07/2013	0	0	0	0	0	0	PhD, Department of Real Estate and Project Management, Delft University of Technology, Delft, The Netherlands	Note 6	N/A	N/A	N/A
Chief Information Officer	R.O.C.	Wen Shu	01/08/2014	0	0	0	0	0	0	Master of Business Administration, University of Florida, USA	N/A	N/A	N/A	N/A
Head of Legal & Compliance	R.O.C.	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
Head of Human Resources	R.O.C.	Wei-Chih Chen	12/02/2010	0	0	0	0	0	0	Master of Business Administration, Lehigh University, Pennsylvania, USA	N/A	N/A	N/A	N/A
Head of Corporate Affairs	R.O.C.	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 Brand & Marketing	R.O.C.	Elizabeth Yun-Han Deng	14/04/2014	0	0	0	0	0	0	Dept. of Management Information System, National Cheng Chi University	N/A	N/A	N/A	N/A
Head of International Banking Department and Offshore Banking Unit	R.O.C.	Susan Chen	17/11/2011	0	0	0	0	0	0	Master of Business Administration, Tulane University, USA	N/A	N/A	N/A	N/A
Head of Trust	R.O.C.	Hubert Wang	26/07/2013	0	0	0	0	0	0	Master of Information Management, Chang Gung University	N/A	N/A	N/A	N/A
Head of Securities (Note 7)	R.O.C.	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, Main Branch	R.O.C.	Michael Jung-Lin Cheng	24/01/2013	0	0	0	0	0	0	Dept. of International Business, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Jinshan Branch	R.O.C.	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, Tianmu Branch	R.O.C.	Jacky Pan	28/05/2014	0	0	0	0	0	0	Dept. of Sociology, Soo Chow University	N/A	N/A	N/A	N/A
Branch Manager, Ren'ai Branch	R.O.C.	Sean 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, No.88 Branch	R.O.C.	Linda Wu	26/09/2013	0	0	0	0	0	0	EMBA, National Taiwan University	N/A	N/A	N/A	N/A

(Continued)

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	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, Dunhua Branch	R.O.C.	Cindy Liao	26/09/2013	0	0	0	0	0	0	Dept. of Banking and Finance, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Zhongshan Branch	R.O.C.	Jeffrey Chen	08/01/2015	0	0	0	0	0	0	Bachelor of Pharmacy, The University of Queensland, Australia (Not graduated)	N/A	N/A	N/A	N/A
Branch Manager, Dazhi Branch	R.O.C.	Kelly Ning	24/07/2014	0	0	0	0	0	0	Dept. of Applied Arts and Technology, Seneca College, Canada	N/A	N/A	N/A	N/A
Branch Manager, East Taipei Branch	R.O.C.	Mandy Chiu	30/01/2015	0	0	0	0	0	0	Master, Dept. of Finance, Chaoyang University of Technology	N/A	N/A	N/A	N/A
Branch Manager, Jianguo Branch	R.O.C.	Eric Hsu	24/07/2014	0	0	0	0	0	0	Dept. of Chemical Engineering, National Taipei College of Technology	N/A	N/A	N/A	N/A
Branch Manager, Fuxing Branch	R.O.C.	Joseph Lu	24/07/2014	0	0	0	0	0	0	Dept. of Economics, National Chung Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Neihu Branch	R.O.C.	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, Nanjing Branch	R.O.C.	Sam Yao	28/05/2014	0	0	0	0	0	0	Dept. of Information Management, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Dunbei Branch	R.O.C.	Vincent Sha	24/07/2014	0	0	0	0	0	0	Dept. of Tourism Industry, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Xinyi Branch	R.O.C.	Roger Liao	31/08/2011	0	0	0	0	0	0	Dept. of Technology, Chin-Yi University	N/A	N/A	N/A	N/A
Branch Manager, Banqiao Branch	R.O.C.	Wendy Kuo	21/11/2014	0	0	0	0	0	0	Master of Business Administration, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Xinzhuang Branch	R.O.C.	Jamie Chiung-Chen Chiu	24/07/2014	0	0	0	0	0	0	Dept. of Business Administration, Van Nung Institute of Technology & Commerce	N/A	N/A	N/A	N/A
Branch Manager, Zhonghe Branch	R.O.C.	Angela Kuo	24/07/2014	0	0	0	0	0	0	Dept. of Industrial Engineering & Business Management, National Taipei University of Technology	N/A	N/A	N/A	N/A
Branch Manager, Zhuangjing Branch	R.O.C.	Emily Hsi	28/05/2014	0	0	0	0	0	0	Dept. of Industrial and Business Management, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Sanmin Branch	R.O.C.	Lillian 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, Taoyuan Branch	R.O.C.	Alex Hsieh	21/01/2014	0	0	0	0	0	0	Dept. of Economics, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Kuaiji Branch	R.O.C.	Paul Huang	24/01/2013	0	0	0	0	0	0	Dept. of International Trade, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Dashulin Branch	R.O.C.	Kenny Kuang-Jung Fan	21/01/2014	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Zhongli Branch	R.O.C.	Eric Chi-Cheng Huang	30/01/2015	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, Xinming Branch	R.O.C.	Tommy Cheng-Lung Yu	30/01/2015	0	0	0	0	0	0	Dept. of Economics, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Neili Branch	R.O.C.	Jerdon 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, East Neili Branch	R.O.C.	Leo Yao-Mo Huang	30/01/2015	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, Longgang Branch	R.O.C.	Angel Su-Yueh Kang	30/01/2015	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, Huanbei Branch	R.O.C.	Sherry Shu-Hsueh Yeh	22/12/2011	0	0	0	0	0	0	Dept. of General Business, Taoyuan County Daxing High School	N/A	N/A	N/A	N/A
Branch Manager, Bade Branch	R.O.C.	Jennifer Chiang	26/07/2013	0	0	0	0	0	0	Master of Business Administration, Yuan Ze University	N/A	N/A	N/A	N/A
Branch Manager, Dayuan Branch	R.O.C.	Rachel 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, Daxi Branch	R.O.C.	Anita Yang	25/09/2013	0	0	0	0	0	0	Le Yu High School	N/A	N/A	N/A	N/A

 (Continued)

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	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, Shanziding Branch	R.O.C.	Tony 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
Branch Manager, Pingzhen Branch	R.O.C.	Bonny 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, Xinwu Branch	R.O.C.	Jason Tsai	30/01/2015	0	0	0	0	0	0	Dept. of Statistics, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Yangmei Branch	R.O.C.	Sally Pei-Chin Chung	3/30/2010	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, Puxin Branch	R.O.C.	Sunny 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, Longtan Branch	R.O.C.	Marie 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, Gongxi Branch	R.O.C.	Yoyo Liang	28/08/2014	0	0	0	0	0	0	Dept. of Banking and Insurance, Hsing Wu Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Guishan Branch	R.O.C.	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	R.O.C.	Steven 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, Guanyin Branch	R.O.C.	Tiffany 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, Zhongzheng Branch	R.O.C.	Cindy Yu-Feng Wu	26/07/2013	0	0	0	0	0	0	Dept. of Technology Management, Chung Hua University	N/A	N/A	N/A	N/A
Branch Manager, Xinxing Branch	R.O.C.	Jack Shou-Hui Chao	24/01/2013	0	0	0	0	0	0	Dept. of Secretary, Shih Chien College of Home Economics	N/A	N/A	N/A	N/A
Branch Manager, North Hsinchu Branch	R.O.C.	Serena Mei-Hui Chen	24/01/2013	0	0	0	0	0	0	Dept. of International Trade, Open Jr. College under Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Guangfu Branch	R.O.C.	Nuan Lin	24/01/2013	0	0	0	0	0	0	MA in Insurance, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Science Park Branch	R.O.C.	Peter Kuo-Hsin Hu	26/07/2013	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, Xinshe Branch	R.O.C.	Claire 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, Zhubei Branch	R.O.C.	Peter Pin-Nien Chang	24/01/2013	0	0	0	0	0	0	Dept. of Business Administration, National Chung-Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Zhudong Branch	R.O.C.	David 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, Hukou Branch	R.O.C.	Sayuri 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, Xinpu Branch	R.O.C.	Ben 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, Xinfeng Branch	R.O.C.	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, Guanxi Branch	R.O.C.	Johnson 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, Sanyi Branch	R.O.C.	Vilan Shu-Ching Chiu	24/01/2013	0	0	0	0	0	0	Dept. of Finance, Yu Da College of Business	N/A	N/A	N/A	N/A
Branch Manager, Gongguan Branch	R.O.C.	Jerry 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, Zhunan Branch	R.O.C.	David 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, Houlong Branch	R.O.C.	Sandy 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, Yuanli Branch	R.O.C.	Tom Chun-Te Tu	28/05/2014	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, Miaoli Branch	R.O.C.	Linda 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, Tongxiao Branch	R.O.C.	Rita Chih-Fen Yang	30/01/2015	0	0	0	0	0	0	Dept. of Applied Business, National Open College of Continuing Education Affiliated to National Taichung University of Science and Technology	N/A	N/A	N/A	N/A

 (Continued)

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	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, Toufen Branch	R.O.C.	Geoff Kuo-Chi Hsu	26/07/2013	0	0	0	0	0	0	General Executive Master's Program of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Taichung Branch	R.O.C.	Oliver Huang	28/08/2014	0	0	0	0	0	0	Master of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Daya Branch	R.O.C.	Sunny Hsien-Tsung Kuo	31/05/2013	0	0	0	0	0	0	Dept. of Business Administration, Minghsin Industrial and Commercial Junior College	N/A	N/A	N/A	N/A
Branch Manager, Beitun Branch	R.O.C.	Terry Wen-Feng Tu	31/05/2013	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, Xitun Branch	R.O.C.	Dylan Chang	30/01/2015	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, Donghai Branch	R.O.C.	Nick Chiung-Feng Hung	27/07/2012	0	0	0	0	0	0	Dept. of International Trade, Taichung Jr. College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Wenxin Branch	R.O.C.	Charlie Lin	30/01/2015	0	0	0	0	0	0	Master of Public Policy, University of Sydney, Australia	N/A	N/A	N/A	N/A
Branch Manager, Nantun Branch	R.O.C.	Leo Chang	31/05/2013	0	0	0	0	0	0	Dept. of Finance Management, Chung Hua University	N/A	N/A	N/A	N/A
Branch Manager, Shengang Branch	R.O.C.	Stephen Huang	30/01/2015	0	0	0	0	0	0	Master of International Business, Cheng Chi University	N/A	N/A	N/A	N/A
Branch Manager, Fengyuan Branch	R.O.C.	Gavin Liao	28/08/2014	0	0	0	0	0	0	Master of International Economics, National Chung Cheng University	N/A	N/A	N/A	N/A
Branch Manager, Changhua Branch	R.O.C.	Gordon Yan	21/11/2014	0	0	0	0	0	0	Dept. of Business Administration, National Taiwan University of Science and Technology	N/A	N/A	N/A	N/A
Branch Manager, Chiayi Branch	R.O.C.	Valerie Wang	21/01/2014	0	0	0	0	0	0	Dept. of French, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, East Tainan Branch	R.O.C.	Kuang Kuang-Huai Ho	28/05/2014	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, Dongning Branch	R.O.C.	Lawrence Yu-Ren Lin	21/06/2011	0	0	0	0	0	0	Dept. of Banking & Insurance, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Tainan Branch	R.O.C.	Lillian Huang	28/08/2014	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, Jiuru Branch	R.O.C.	James Liou	26/03/2014	0	0	0	0	0	0	Dept. of Finance, Southern Taiwan University of Science and Technology	N/A	N/A	N/A	N/A
Branch Manager, Wufu Branch	R.O.C.	Emily Wu	28/05/2014	0	0	0	0	0	0	Dept. of International Trade, China Junior College of Industrial and Commercial Management	N/A	N/A	N/A	N/A
Branch Manager, Sanduo Branch	R.O.C.	Angela Lai	28/08/2014	0	0	0	0	0	0	Dept. of Business Administration, Ming Chuan Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Kaohsiung Branch	R.O.C.	Jennifer Huang	21/01/2014	0	0	0	0	0	0	Dept. of Accounting, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, North Kaohsiung Branch	R.O.C.	Yu-Cheng Lin	28/05/2014	0	0	0	0	0	0	Dept. of Business Administration, Sun Yat-sen University	N/A	N/A	N/A	N/A

Note 1 : Information on the executive officers including the President, Vice Chief Executive Officer, function heads and branch managers or any personnel assuming equivalent positions shall be disclosed.

Note 2 : Experiences relevant to the current job positions : for example, if a person also works in a CPA firm or its affiliate during the appointment period, the title and responsibility in that company shall be specified.

Note 3 : Director of Standard Chartered Life Insurance Agency Co, Ltd and Director of Taiwan Standard Chartered Insurance Agency Co, Ltd.

Note 4 : Chairman of Standard Chartered Life Insurance Agency Co, Ltd and Chairman of Taiwan Standard Chartered Insurance Agency Co, Ltd.

Note 5 : Supervisor of Standard Chartered Life Insurance Agency Co, Ltd and Supervisor of Taiwan Standard Chartered Insurance Agency Co, Ltd.

Note 6 : Director of Standard Chartered Life Insurance Agency Co, Ltd and Director of Taiwan Standard Chartered Insurance Agency Co, Ltd.

Note 7 : Securities business has been incorporated into the Financial Markets on 27 May 2015.

(III) Remuneration Paid to Directors, Supervisors and Executive Officers in 2014

1. Directors' Remuneration and Remuneration Bracket (including Independent Non-Executive Directors, INED)

(1) Directors' Remuneration (including INED)

Unit : NTD'000

Title	Name	Director's Remuneration								Relevant Remuneration Received by Directors who Are Also Employees												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)		Total of (A, B,C, D) as a percentage (%) of net profit after tax		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		Total of (A, B,C,D, E, F, G) as a percentage (%) of net profit after tax		
		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	The Bank	All companies included in consolidated financial statements	The Bank
Cash dividend	Stock dividend																	Cash dividend	Stock dividend								
Chairman	Standard Chartered Bank Representative : Benjamin Pi-Cheng Hung	3,200	3,200							0.10%	0.10%	66,013	66,013														
Director	Standard Chartered Bank Representative : John Ming Kiu Tan																										
Director	Standard Chartered Bank Representative : Yen-Ting Chen																										
Director	Standard Chartered Bank Representative : Wei-Chih Chen																										
INED	Standard Chartered Bank Representative : Man-Jung Chan																										
INED	Standard Chartered Bank Representative : Nei-Ping Yin																										
Chairman	Standard Chartered Bank Representative : Katherine King-Suen Tsang (Note 1)																										
Director	Standard Chartered Bank Representative : Ajay Chamanlal Kanwal (Note 2)																										
Director	Standard Chartered Bank Representative : Cheng Teck Lim (Note 3)																										

Directors' expense for driver salary totaled NTD 2,917 (thousand) in 2014.

Note 1 : Chairman Katherine King-Suen Tsang was discharged from office on 26 March 2014.

Note 2 : Director Ajay Chamanlal Kanwal was discharged from office on 28 May 2014.

Note 3 : Director Cheng Teck Lim was discharged from office on 25 March 2014.

(2) Directors' Remuneration Bracket

Unit: NTD'000

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	Nei-Ping Yin Man-Jung Chan	Nei-Ping Yin Man-Jung Chan	Nei-Ping Yin Man-Jung Chan	Nei-Ping Yin Man-Jung Chan
NTD 2,000,000 (inclusive) – NTD 5,000,000				
NTD 5,000,000 (inclusive) – NTD 10,000,000			Yen-Ting Chen Wei-Chih Chen	Yen-Ting Chen Wei-Chih Chen
NTD 10,000,000 (inclusive) – NTD 15,000,000				
NTD 15,000,000 (inclusive) – NTD 30,000,000			John Ming Kiu Tan Ajay Chamanlal Kanwal	John Ming Kiu Tan Ajay Chamanlal Kanwal
NTD 30,000,000 (inclusive) – NTD 50,000,000				
NTD 50,000,000 (inclusive) – NTD 100,000,000				
NTD 100,000,000 above				
Total	2	2	6	6

Note : Only 2 Directors receive remuneration; only 6 directors who are also employees receive directors' remuneration plus salaries.

2. Supervisors' Remuneration and Remuneration Bracket

(1) Supervisors' Remuneration

Unit: NTD'000

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									
Supervisor	Standard Chartered Bank Representative : Wen Xie	930	930						0.03%	0.03%
Supervisor	Standard Chartered Bank Representative : Ray Brown Duggins Jr. (Note)									

Note : Supervisor Ray Brown Duggins Jr. was discharged from office on 11 April 2014

(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 (E)
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		
NTD 30,000,000 (inclusive) – NTD 50,000,000		
NTD 50,000,000 (inclusive) – NTD 100,000,000		
NTD 100,000,000 above		
Total	1	1

Note : Only 1 supervisor receives 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										
Chief Executive Officer	John Ming Kiu Tan	97,470	97,470			78,435	78,435							5.39%	5.39%						
Chief Internal Auditor	Vicki Yang																				
Head, Corporate & Institutional Clients	Sheila Chuang																				
Head of Commercial Clients	Betty Yen																				
Head of Retail Clients	Andrew Jin Ngee Chia																				
Head of Financial Markets	David Wu																				
Chief Financial Officer	Yen-Ting Chen																				
Chief Risk Officer	Qing Xu																				
Chief Information Officer	Wen Shu																				
Head of Legal & Compliance	Emma Chang																				
Head of Human Resources	Wei-Chih Chen																				
Chief Executive Officer (Note 1)	Ajay Chamanlal Kanwal																				
Chief Internal Auditor (Note 2)	Evonne Chen																				
Head of, Corporate & Institutional Clients (Note 3)	Wai-Choong Hui																				
Chief Information Officer (Note 4)	Yuh-Hwa Chyr																				
Chief Information Officer (Note 5)	Vivian Shyy																				

Executive Officers' expense for driver salary totaled NTD 9,708 (thousand) in 2014.

Note 1 : Chief Executive Officer, Ajay Chamanlal Kanwal was discharged from office on 31 March 2014.

Note 2 : Chief Internal Auditor, Evonne Chen was discharged from office on 7 January 2014.

Note 3 : Head of Corporate & Institutional Clients, Wai-Choong Hui was discharged from office on 23 November 2014

Note 4 : Chief Information Officer, Yuh-Hwa Chyr resigned on 28 January 2014.

Note 5 : Chief Information Officer, Vivian Shyy was discharged from office on 31 July 2014.

(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	Yuh-Hwa Chyr 、 Evonne Chen 、 Sheila Chuang	Yuh-Hwa Chyr 、 Evonne Chen 、 Sheila Chuang
NTD 2,000,000 (inclusive) – NTD 5,000,000	Wen Shu 、 Vivian Shyy 、 Vicki Yang	Wen Shu 、 Vivian Shyy 、 Vicki Yang
NTD 5,000,000 (inclusive) – NTD 10,000,000	Yen Ting Chen 、 Wei Chih Chen 、 Emma Chang 、 Betty Yen	Yen Ting Chen 、 Wei Chih Chen 、 Emma Chang 、 Betty Yen
NTD 10,000,000 (inclusive) – NTD 15,000,000		
NTD 15,000,000 (inclusive) – NTD 30,000,000	John Ming Kiu Tan 、 Wai Choong Hui 、 Andrew Jin Ngee Chia 、 David Wu 、 Qing Xu 、 Ajay Chamanlal Kanwal	John Ming Kiu Tan 、 Wai Choong Hui 、 Andrew Jin Ngee Chia 、 David Wu 、 Qing Xu 、 Ajay Chamanlal Kanwal
NTD 30,000,000 (inclusive) – NTD 50,000,000		
NTD 50,000,000 (inclusive) – NTD 100,000,000		
NTD 100,000,000 above		
Total	16	16

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

	2014	2013
Directors	2.02%	2.41%
Supervisors	0.03%	0.03%
Executive Officers	5.39%	6.68%

(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

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

Title	Name	No. of Attendance in Person	No. of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Chairman	Standard Chartered Bank Representative : Benjamin Pi-Cheng Hung	7	0	100%	Took office on 26 March 2014
Director	Standard Chartered Bank Representative : John Ming Kiu Tan	7	0	100%	Took office on 26 March 2014
Former Chairman	Standard Chartered Bank Representative : Katherine King-Suen Tsang	2	1	67%	discharged from office on 26 March 2014
Former Director	Standard Chartered Bank Representative : Ajay Chamanlal Kanwal	4	0	100%	discharged from office on 28 May 2014
Former Director	Standard Chartered Bank Representative : Cheng Teck Lim	2	0	100%	discharged from office on 25 March 2014
Director	Standard Chartered Bank Representative : Yen-Ting Chen	8	1	89%	
Director	Standard Chartered Bank Representative : Wei-Chih Chen	9	0	100%	
INED	Standard Chartered Bank Representative : Nei-Ping Yin	7	2	78%	
INED	Standard Chartered Bank Representative : Man-Jung Chan	9	0	100%	

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
28 August 2014, 13 th Term 15 th Session	Benjamin Pi-Cheng Hung	Approval of Related Party Transaction	Standard Chartered Bank (China) Limited ("SCBCN") is a 100 percent owned subsidiary of Standard Chartered Bank ("SCB"), and the Bank is also a 100 percent owned subsidiary of SCB. SCB, as the parent company of both SCBCN and the Bank, appoints all directors and supervisors of both subsidiaries. Mr Benjamin Hung, the Director of SCBCN and the Chairman of the Bank, left the meeting to avoid any potential conflict of interest issue.	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. CEO 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. According to Jin-Guan-Zheng-Fa-Zi No. 10200531121 ruling (31 Dec 2013), the Bank will add one more independent non-executive director to the Board by the end of the term of current Board of Directors by December 2015 and establish an audit committee by then.

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

9 meetings were convened by the Board of Directors in 2014. 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	5	56%	
Supervisor	Standard Chartered Bank Representative : Wen Xie	4	67%	Took office on 28 May 2014
Former Supervisor	Standard Chartered Bank Representative : Ray Brown Duggins Jr.	3	100%	discharged from office on 11 April 2014

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. The Bank had conducted 2014 Internal Audit Discussion Forum with Directors and Supervisors on 28 August 2014. At the discussion forum, the Internal Audit personnel provided an update on the status of recent regulatory examinations, significant issues from internal audit, and mitigation plans thereof to the Board members and discussed on questions related to the presentation.

(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 Internal Auditor, to ensure full control of the Bank's business and financial conditions, and hold discussion with accountants over the Bank's financial statements. Based on Article 19 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the Bank submitted internal audit reports to the Supervisors every two weeks for their review and replied to any questions arising from the reports.

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: Please refer to the following items.

(1) The 13th Term 10th Session Board Meeting (21 January 2014)

Item 3 : APPROVAL OF RELATED PARTY TRANSACTION OF SENIOR NOTE ISSUANCE

Supervisor's opinions : Supervisor Mr. Norman Lyle inquired on the impact to the capital adequacy ratio arising from the proposed issuance to SCBHK.

Response : Chief Financial Officer confirmed that there was no material impact to the relevant capital adequacy ratio.

(2) The 13th Term 11th Session Board Meeting (26 March 2014)

Item 4 : CHIEF EXECUTIVE OFFICER'S REPORT

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on the RMB market share of the Bank.

Response : Mr. Kanwal further shared with the Board on the Bank's strategy and focus of RMB business.

Item 5(c) : APPROVAL OF SUBORDINATED DEBT ISSUANCE

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on the potential investors to the sub-debt issuance.

Response : Chief Financial Officer explained that the Bank would explore both the Group entities and external investors and

addressed that the arm's length principles would be applied if our potential investors were from Group entities to ensure the related party transaction regulations being complied with.

Item 7(a) : CHIEF INTERNAL AUDITOR REPORT

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on how IA facilitate a sharing of repeated findings across the Bank.

Response : Mr. Kanwal confirmed that CIA would inform the Country Operational Risk Committee of any systematic issue observed during the audit programs. Mr. John Ming Kiu Tan supplemented that the Bank should focus on addressing repeated issues and to avoid the recurrence.

Item 8 : CONSUMER BANKING REPORT

Supervisor's opinions : Supervisor Mr. Ray Duggins queried on any potential concern in Consumer Banking ("CB") that Head of CB, Mr. Jin Ngee Chia had observed.

Response : Mr. Chia explained that how to diversify revenue stream in consideration of balanced allocation of unsecured and secured assets would be key focus this year while continuing to face challenging in meeting regulatory ratios.

Item 9 : WHOLESALE BANKING REPORT

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on the business outlook in next two to three years in Taiwan.

Response : Mr. Wai-Choong Hui, Head of OCC and Co-Head of WB indicated that it was not expected to see dramatic change to the overall direction but the team would continue to enhance and deepen the relationship with the client to stabilize and grow the business to cope with market volatility.

Item 12 : APPROVAL OF GUIDELINE FOR CONDUCTING FOREIGN CURRENCY TRUST AT OFFSHORE BANKING UNIT ("OBU") OF THE BANK.

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on the staff's readiness to conduct the business.

Response : Mr. Jin Ngee Chia confirmed that proper training had been provided to both the front and middle offices.

(3) The 13th Term 12th Session Board Meeting (28 May 2014)

Item 6 : HEAD OF LEGAL AND COMPLIANCE REPORT

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on the sales' remuneration under the key points.

Response : Ms. Emma Chang, Head of Legal and Compliance confirmed that the remuneration schemes of Commercial Clients and Financial Markets sales have no linkage with sales quota and CEO, Mr. Tan explained the Bank's bonus scheme that non-sales objectives was vital to the staff's bonus as well.

Item 8 : RETAIL CLIENTS REPORT

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on a lesson learnt from recent scandal of mis-selling insurance product in Hong Kong.

Response : Mr. Jin Ngee Chia, Head of Retail Clients confirmed that a tightened sales process had been in place including an independent client suitability review by third party after the implementation of Project Beacon in 2011.

(4) The 13th Term 14th Session Board Meeting (24 July 2014)

Item 3 : CHIEF EXECUTIVE OFFICER'S REPORT

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on the impact to the Bank due to the announcement of revised Guidelines related to Target Redemption Forward ("TRF") business drafted by the Banking Association ("BA").

Response : Mr. John Ming Kiu Tan highlighted that the impact to the Bank would be minimal.

Item 4 : CHIEF INTERNAL AUDITOR REPORT

Supervisor's opinions : Supervisor Ms. Xie Wen queried on KYC and account opening procedures.

Response : Mr. Brandon Chen, Senior Audit Manager, Information Technology & Supporting Function, Corporate & Institutional Clients and Commercial Clients Audit confirmed that an improvement was required for sure and he will discuss with relevant stakeholders on this.

Item 5 : CHIEF RISK OFFICER REPORT

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on actions had been taken by Risk Committee in response to the write-off as a percentage of GIL ANR that was higher than the write-off trigger.

Response : Chief Risk Officer confirmed that the risk team has done a deep dive in the end of 2013, and policy has been tightening including to stop clients from the construction sector in December 2013. Around 50 percent charged off accounts in 2014 should be prevented by applying the new policy. We expected the quality of the portfolio would be improved gradually, but similar charge off ratio would still be seen in the following few months since the lagging effects of portfolio performance such as bad accounts booked before action taken in December 2013.

(5) The 13th Term 15th Session Board Meeting (28 August 2014)

Item 3 : CHIEF EXECUTIVE OFFICER'S REPORT

Supervisor's opinions : Supervisor's Ms. Wen Xie queried on how to achieve significant growth in customer base.

Response : Mr. John Ming Kiu Tan explained that the Bank had hired experienced talents at the middle market segment, who knew the market/potential client base well to achieve the goal.

Item 3 : CHIEF EXECUTIVE OFFICER'S REPORT

Supervisor's opinions : Supervisor Ms. Wen Xie further queried on any potential impact to our cross border business due to economy fluctuation in China.

Response : Mr. John Ming Kiu Tan explained that we had seen some impact particularly in Financial Markets on RMB depreciation, and the Banking Association ("BA") had promulgated a guideline governing how banks would conduct derivatives related business. Furthermore, the government had expressed strong interest to develop other trade corridors, such as Vietnam and Myanmar, in order to minimize the impact arising from volatility in China.

Item 7(a) : CHIEF INTERNAL AUDITOR REPORT

Supervisor's opinions : Supervisor's Ms. Wen Xie queried on the impact arising from the amendment of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries".

Response : Ms. Tzyy-Guan Yang, Chief Internal Auditor elaborated on the major changes related to qualifications and responsibilities of Head of Compliance and Compliance Officers and clearer defined three line defense under risk management mechanism.

Item 8 : UPDATE ON THE MATTERS ARISING

Supervisor's opinions : Supervisor Ms. Wen Xie queried on the possibility to adopt a different sales model to conduct personal loan ("PL") business.

Response : Mr. Jin Ngee Chia, Head of Retail Clients ("RC") indicated that RC would continue to develop a better alternative and shared the "theme oriented" PL marketing strategy to attract more customers.

(6) The 13th Term 16th Session Board Meeting (21 November 2014)

Item 4 : UPDATE ON FIVE YEAR STRATEGY OF THE BANK

Supervisor's opinions : Supervisor Ms. Wen Xie queried on the right proposition of Relationship Manager ("RM") and products diversification to keep pace with the shifted focus on Priority Client segment.

Response : Mr. John Ming Kiu Tan explained that the Bank had good diversification of products and would continue to enhance and build up the brand image of the Bank to attract targeted customers.

Item 5(a) : YEAR TO DATE TRADING PERFORMANCE

Supervisor's opinions : Supervisor Mr. Norman Lyle queried on the LI performance compared to other SCB market.

Response : Chief Financial Officer explained the composition of the LI of the Bank and confirmed that the PL quality of the Bank had been improved.

(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

Assessment Item	Execution Status (Note 1)			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
	Yes	No	Description	
(I) Shareholdings structure and shareholders' equity 1. Does the Bank establish internal operating procedures for handling shareholders' recommendations, queries, disputes or litigation issues and are the procedures being followed accordingly? 2. Is the Bank the ultimate controllers of the major shareholders? 3. Does the Bank establish the risk control mechanism and firewalls between the Bank and its affiliated enterprises?	V V V		1. The Bank is owned by a sole shareholder - Standard Chartered Bank, and there are no disputes or litigation matters with the shareholder. Any recommendation or queries of the shareholder is raised to the Board of Directors for review and consideration. The Chairman, Chief Executive Officer and Executive Committee of the Bank address shareholder's recommendations and queries with prudence. No internal procedure is stipulated for this purpose. 2. The Bank is a subsidiary wholly owned by Standard Chartered Bank, whose shareholding is 100% owned by Standard Chartered Holdings Limited. 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 ALCO Committee on a monthly basis. Any non-credit extension is conducted pursuant to Article 45 of the Financial Holding Company Act.	No discrepancy is found
(II) Composition and responsibilities of the Board of Directors 1. Except for the remuneration and audit committees, does the Bank set up other functional committees voluntarily? 2. Does the Bank evaluate independence of its CPA regularly?	V V		1. According to Jin-Guan-Zheng-Fa-Zi-10200531121 ruling dated 31 December 2013, the Bank will add one more independent non-executive director to the Board by the end of the term (December 2015) of current Board of Directors and establish an audit committee by then. 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-	No discrepancy is found

 (Continued)

Assessment Item	Execution Status (Note 1)			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
	Yes	No	Description	
			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 Chief Executive Officer) 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. 2. Evaluation on the independence of the CPA is conducted by relevant unit(s) of the Bank on a regular basis. The Bank confirms the independence of its CPA.	
(III) Does the bank establish communication channels with stakeholders?	V		The respective departments are fully responsible for dealing with stakeholders' complaints or rights in accordance with the relevant regulations and the Bona Fide Principle. SCB Supplier Charter is stated in tender document to supplier during tender process, SCB Supplier Charter is a formal position statement that details what SCB expects from its suppliers and those within the suppliers' sphere of influence. It outlines SCB values and brand promise and covers 5 areas: Ethics, Human Rights, Environment, Health and Safety Standards, Labour and Protecting the Environment.	No discrepancy is found
(IV) Information disclosure 1. Does the Bank establish a website where information regarding financial/business statements and corporate governance is disclosed?	V		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 Chief Executive Officer also serves as the Bank's spokesperson. With regard to the	No discrepancy is found

 (Continued)

Assessment Item	Execution Status (Note 1)			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
	Yes	No	Description	
2. Are there any other disclosure channels of the Bank (e.g. set up an English website, assign designated personnel to collect and disclose the Bank's information, implement spokesperson system, or publish investors' conference on the website)?	V		disclosure of Corporate Governance related information, please refer to the annual report of the Bank. 2. Same as above.	
(V) Is there 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.) ?	V		The Bank's Directors and Supervisors regularly participate in internal and external Corporate Governance trainings covering topics related to financial, risk management, business and other courses. The Directors and Supervisors are responsible for instructing the employees at all levels to strengthen their professional and legal knowledge. The Bank purchases the liability insurance for the Directors and Supervisors on annual basis. 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 as follows : 1. Orbis Taiwan Foundation 2. Taipei Parent's Association for the Visually Impaired 3. Eden Social Welfare Foundation 4. Technology Development Association for the Disabled 5. Institute for the Blind of Taiwan 6. Hand-in-hand Teen's Service Center 7. Information Society Promotion Association 8. Red Cross R.O.C.	No discrepancy is found

 (Continued)

Assessment Item	Execution Status (Note 1)			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
	Yes	No	Description	
(VI) Does the Bank have corporate governance self-assessment report or result of assessment report made by an external professional institution on a consignment basis? (If yes, please specify the Board opinions, self-assessment or external assessment results, major defects or recommendations, and improvement) (Note 2)		V	The Bank currently has no Corporate Governance Self-Assessment Report or the Corporate Governance Evaluation Report which is commissioned by other professional institutions.	No discrepancy is found

Note 1 : Check "yes" or "no" in the "Execution Status" and provide a brief explanation in the "Description" column.

Note 2 : "Corporate governance self-assessment report" refers to the result of the Bank's self assessment items on corporate governance, in which the Bank's current operations and execution status are provided.

(V) Organizational 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.

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
(I) Implement Corporate Governance 1. Does the Bank have the corporate social responsibility policy or system in place and carry out review of its effectiveness?	V		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. 2014 achievements are outlined below : (1) The Bank initiated the Standard Chartered VI Employment Platform to create jobs for the visually impaired. With the support of major corporate partners, NGOs, and government agencies, 150 visually impaired workers have benefited from the platform as of December 2014. (2) The Bank contributed NTD 15 million (including Group matching) through the Standard Chartered Charity Marathon to support Seeing is Believing, a global program to preventable blindness, and employment for the visually impaired in Taiwan. (3) Built on the Bank's core competence, the SCB Financial Education Academy was kicked off to enhance the financial management knowledge of teachers, students, and the visually impaired through workshops and fun camps. To date, a total of 11,180 people have benefited. (4) Each employee is entitled to 3 paid days of volunteering leave every year; employees are encouraged to join community service activities of their enthusiasm. In 2014, the employees contributed 4,074.5 days in voluntary services.
2. Does the Bank hold corporate social responsibility trainings on a regular basis?	V		2. New Joiners are required to attend "Right Start Live" when on boarding to know about SCB's brand promises – Here for good and core values. They will also be introduced of code of conduct in working environment through case studies and our volunteer activities such as Standard Chartered Marathon and SCB Financial Education Workshop. Also, there will be Labor Health and Safety training for them on the same day. Frontline sales and services employees will have half day compliance training in their Day 1 Readiness training curriculum, which includes topics about anti-money laundering, know your customers and how to prevent mis-selling. All new joiners will also be assigned with e-learning courses including Code of Conduct, Anti-Money Laundering, Counter

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			Terrorist Financing and Sanctions, Living with HIV, Health, Safety & Environment, Labor Safety and Health Training, Gender Equality in Employment Law and so on to assist employees to be aware of social responsibility. Furthermore, the Bank communicates the importance of Sponsorship and Donation Policy internally every year and organizes workshops to ensure compliance with approval process by all departments to minimize reputational risks.
3. Does the bank set up a designated unit supervised by senior management to promote corporate social responsibility of the Bank and report the execution status to the Board of Directors?		V	3. "Here for good" is our core value and brand promise with an aim to be the best international bank. The Bank is committed to human resources development, corporate governance, sustainable products and services, financial crime prevention, risk and crisis management, environmental protection, diversity and inclusion, as well as community participation, etc. The Bank ensures responsible departments will fulfill our corporate social responsibility by following the Group's sustainability guideline and international standards.
4. Does the Bank establish a reasonable remuneration policy that links to employee performance evaluation system and CSR policy, and set up an effective reward and punishment system?		V	4. Under a clearly articulated risk appetite and a One-Bank framework, we apply consistent performance evaluation and remuneration standard ("PERS") to all employees. Such standard supports and drives our business strategy, motivates our employees focusing on business and personal objectives to deliver and sustain outstanding performance in line with the Bank's values. The Bank's overall compensation payout shall appropriately reflect the Bank's performance, the control environment, and any other qualitative factors that it considers appropriate including: the return accorded to investors, the strength of the Bank's forward looking capital position, performance relative to peers, the latest remuneration guidelines, political and investor sentiment on banking compensation and emerging market intelligence on competitor practice. Employees' performance is assessed against balanced sets of objectives including financial and non-financial measures. In addition to performance assessments, all employees are awarded a value rating based on the achievements of objective 'to live the Bank's values in my everyday working life'. The approach puts more focus on risk and control issues. Assessing 'how' an employee has achieved an objective, 'what' has been achieved, as well as 'how' an employee has demonstrated risk and control behaviours are the key components of our performance assessment process and remuneration decision. In assessing the risk and control behaviours of the employees, managers take into account employees' behaviours in the areas

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			including, but not limited to : (1) Adherence to laws and regulations, internal risk and compliance policies and the Group Code of Conduct, e.g. Data Confidentiality, Personal Account Dealing, Client Due Diligence, and Treat Customers Fairly, etc. (2) Demonstration of adherence to the management principles for effective risk and control and the Group's Fair Accountability principles (3) Audit issues and mitigations (4) Events and issues that occurred during the year where an employee is found not to have appropriately discharged their responsibilities
(II) Develop Sustainable environment 1. Does the Bank strive to improve the utilization rate of various resources and use renewable materials that have minimal impact to the environment? 2. Does the Bank establish an adequate environmental management system based on characteristics of the industry? 3. Does the Bank investigate greenhouse gas inventory and set up strategies for energy saving, emission reduction and greenhouse gas mitigation to cope with climate change which would have business impact to the Bank?	V V V		1. Standard Chartered Group's success in managing our environmental impact has been certified by the Leadership in Energy and Environmental Design (LEED) rating, an equivalent green building rating scheme. 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 EcoNet, our environment coordinators' network. We are proud to be included in the Dow Jones Sustainability Index (DJSI) for the fourth consecutive year and the FTSE 350 Climate Disclosure Leadership Index for the second time. This recognizes our achievements in managing our use of energy and travel. 3. In 2014, the Bank has not only continuously adopted several practices to reduce carbon dioxide emissions and save energy, but also took active part in the world-renowned environmental protection activities. Employees were encouraged to reduce CO2 emissions and save energy both at homes and offices. In total, the Bank has saved at least 1,200,000 kWh of electricity throughout the year. These practices include : (1) Ad hoc taskforces to monitor the conventional lighting of branches and major offices and replace them with LED or energy-saving lighting; (2) Ad hoc taskforces to monitor the old energy-consumption air conditioners and replace them with more efficient facilities that meet global environmental standards; (3) Newly renovated branches and offices are equipped with air

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			conditioners, Lighting and Power & Water supply facilities that met the environmental protection standards and energy savings certification. (4) Implement limited hours on air-conditioning in main offices to lower energy consumption after office hours; (5) Promote one-hour lights-out campaign during the lunch time of main offices; (6) Continuously monitor the usage of electricity and water in main offices and look into any abnormality of utility usage and provide countermeasures thereof; (7) Install water-saving facilities in main branches and offices; (8) Actively participate in global environment activities such as the "Earth Hour" and increase environmental awareness amongst our staff; (9) Continue to sponsor public parks, namely Victoria Park, Lanya Park, and Bei-shi Lake Park; (10) 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 to remind staff to save paper; (11) The Bank's IT Department implemented new server whose efficiency and capacity are several times higher than the old equipment. By introducing the server virtualization technology, it has substantially reduced the number of hosts, the volume of power consumption, and the heat generated by machines. Our computer servers were totaled 428 units in 2009 and gradually reduced to 341 units by 2014, with an approximate reduction rate of 20.3%. From the corporate social responsibility perspective, it means a reduction of 11,777KG carbon dioxide emissions per month, which is equivalent to planting 500 trees in Taiwan.
(III) Safeguard Public Welfare 1. Does the Bank establish management policies and procedures in accordance with related laws and international human rights treaties?	V		1. The Bank complies with domestic labor laws to guarantee employees' legitimate rights and interests, treat all employees with fairness, 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 are committed to ensure equal opportunity in employment and 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

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
2. Does the Bank establish an employee grievance system and communication channel for proper handling of related issues?	V		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 Fair Accountability and Diversity & Inclusion policy.
3. Does the Bank provide a safe and healthy workplace for employees and conduct periodical health and safety trainings?	V		2. The Bank sets employee grievance policy and procedure, and announced to all employees. The main purpose is to provide employees with the means to resolve grievances connected directly with their employment. It is aimed at encouraging open and honest communication. This will increase the likelihood that Employee concerns can be resolved quickly and internally, with a view to encouraging high Staff morale and engagement, decreasing staff attrition, and avoiding legal claims. All grievances will be handled fairly and in accordance with the applicable grievance procedure. A decision regarding the grievance will be notified to the employee in writing within a reasonable period.
4. Does the Bank conduct regular communications with employees and have adequate process/method in place to notify changes in operations that may have major impact to employees?	V		3. Based on the local health and safety regulations and SCB Group standards, the following health and safety trainings are provided to employees :
5. Does the Bank establish effective career development plan for employees?	V		(1) New hires are required to receive 3 hours of health and safety training;
6. Does the Bank have relevant policy and procedures in place to protect consumer rights pertaining to product research, procurement, operations and services?	V		(2) All employees are required to receive 3 hours of health and safety refresher training every 3 years;
7. Does the Bank adhere to relevant regulations and international guidelines to promote and label its products and services?	V		(3) To assist health and safety personnel to obtain required certificates and receive regular refresher trainings;
8. Prior to engaging with a vendor, does the Bank conduct an assessment on corporate social responsibility records of the vendor?	V		(4) Other necessary trainings in relation to emergency response;
9. In case the major supplier/vendor involves in violation of the corporate social responsibility policy and has inverse influence to the environment and society, does the Bank's contract cover termination clause with the major supplier/vendor at any time?	V		(5) Based on the Rules for Labor Health Protection, health care rooms are established and professional medical personnel are engaged to provide health care services including: 1) Health education, health promotion and guidance; 2) Prevention of occupational disease and injury, health consultation and first aid; 3) Analysis, management, and storage of physical examination records; 4) Regular provision of health information; 5) Health seminars by medical doctors; 6) Breast feeding room for female employees.
			4. The Bank complies with domestic labor laws to communicate with employees regularly, such as quarterly Labor-Management Meeting and Bi-Weekly Meeting with the Bank union. All meeting minutes are posted on the Bank's intranet site. The Bank and employees both agreed to maintain harmonious employer-employee relationships

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			and promote the rights of all employees through sustainable development in the spirit of "live-and-let-live", share of interests and client-oriented services. The Bank keeps employees informed of major changes in operations that may have major impact to them through reasonable channels, including the channels listed above. 5. We provide different professional trainings for different needs of business or support functions. Frontline sales and services new joiners need to attend Day 1 Readiness training. Based on different job roles, the training is provided with different days. Branch managers will be provided with a one-year Branch Manager certification program, and new managers will receive a nine-month New Manager Program. There are also leadership programs designed for managers from different levels. For those ambitious and high potential talents, the Bank also provides related trainings to help them pursuit and develop their career paths. 6. The Bank has entered into agreement with our vendors for customer disputes resolution, which covers terms and conditions to define the response timeline, handling process and remedy plan. In regards to the consumer rights protection and customer services, 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. 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. 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

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			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. 7. Prior to providing our customers with financial products and services, the Bank has explained to the customers the important aspects of the financial products or services, and of the contract, and disclosed the associated risks pursuant to Financial Consumer Protection Act, Directions for Banks Conducting Financial Derivatives Business, and other related laws and regulations. 8. 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 Bank built into the selection process to develop specifications and recommendations for environmentally friendly products as the preferred specification to review the efforts made by a supplier on the more environmentally sensitive products and the implementation of its corporate social responsibility system. The above has been incorporated as one of the selection criteria of suppliers, so that sourcing decisions will be made, to the extent practicable, to use a more environmentally friendly product or service. 9. SCB Supplier Charter is stated in tender document to supplier during tender process, SCB Supplier Charter is a formal position statement that details what SCB expects from its suppliers and those within the suppliers' sphere of influence. It outlines SCB values and brand promise and covers 5 areas: Ethics, Human Rights, Environment, Health and Safety Standards, Labor and Protecting the Environment
(IV) Reinforce Information Disclosure Does the Bank disclose reliable and relevant corporate social responsibility information on its website and MOPS (market observation post system)?	V		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.

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			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. The Bank's sustainability achievements are provided on continuous basis through the annual reports. In addition, 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 applicable

(VI) Other important information that helps to understand the best practices of corporate social responsibility : [None]

(VII) Please specify, if appropriate, any Corporate Social Responsibility Report already met the verification criteria of a certification institution : [None]

Note 1 : Check "yes" or "no" in the "Execution Status" and provide a brief explanation in the "Description" column.

Note 2 : In the event the Bank has developed its own Corporate Social Responsibility Report ("CSR Report"), it may, instead of providing explanations, simply specify that "refer to the CSR Report with page numbers" in the "Description" column.

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

Assessment Items	Execution Status (Note)		
	Yes	No	Description
(I) Establish Ethical Corporate Management Policies and Programs 1. Does the Bank stipulate its ethical corporate management in internal rules and external documents, and if such management policies are enforced under the supervision of the Board of Directors and senior management? 2. Does the Bank establish the Bank's ethical corporate management programs to forestall unethical conduct ("prevention program"), including procedures, guidelines, penalties applicable for the violation of the policy, disciplinary hearing process, and if these process and procedures are being executed accordingly? 3. Does the Bank adopt any preventative measures against business activities which may be at a higher risk of being involved in an unethical conduct or any other items that are stipulated in Article 7.2 of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies".	V V V		1. Promulgation of Legal and Compliance Principles and Prevention of Unethical Conduct: All of the Bank Legal and Compliance Principles and Prevention of Unethical Conduct (nientation program"), including procedures, guidelines, penalties applicable for the viof each policy by its owners and subject to Board of Directors' review on an annual basis. 2. The Bank has established the "Code of Conduct", which mainly encompasses "Comply with laws, regulations and Group standards", "Reject bribery and corruption", "Treat clients fairly", "Manage conflicts of interest", "Do not take part in insider trading", "Protect confidential information", and "Compete fairly in the market place" to prevent unethical behaviours. In addition, the Bank has in place the "Gifts and Entertainment Policy", "Anti-Bribery Policy", and relevant procedures. All staff of the Bank shall comply with the aforesaid Code and policies, and complete related trainings as required. Also, the Bank requires all staff to re-commit to the "Code of Conduct" annually so as to ensure that the Code is embedded in our day-to-day operations. The Bank has established "Fair Accountability Disciplinary Policy" and relevant procedures to ensure that a fair, timely and consistent approach is in place to handle misbehaviour or misconduct of employees. Where appropriate, the Bank may conduct the disciplinary hearing (and any appeal) in writing with the consent of employees. 3. In addition to the above-mentioned "Code of Conduct", the Bank has in place the "Anti-Bribery Policy", the "Sponsorships and Donations Policy" and the "Gifts and Entertainment Policy" with relevant procedures to prevent employees from failing to meet the expected standards.
(II) Implement Ethical Corporate Management 1. Does the Bank evaluate counterparty's records of ethical corporate management and clearly indicate terms of ethical behaviour in the contracts?	V		1. We set out a Supplier Charter which includes a number of principles for the behavioural 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. 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. Terms regarding the ethical behaviour have also been incorporated into the suppliers' contracts.

 (Continued)

Assessment Items	Execution Status (Note)		
	Yes	No	Description
2. Does the Bank set up a dedicated (or sideline) unit under the Board of Directors to promote the ethical corporate management and report its execution status to the Board of Directors regularly? 3. Does the Bank establish any conflict of interest policy and provide an adequate reporting channel? 4. Does the Bank establish effective accounting system and internal control system for the Bank's ethical corporate management, and if such systems are audited by the internal auditor or by external CPA firm on a regular basis? 5. Does the Bank conduct regular ethical management trainings held internally and externally?	V V V V		2. The Bank does not set up a dedicated unit, but the policies and procedures of Ethical Corporate Management should be guided and reviewed by the Bank's Board of Directors. 3. The Bank has established the "Conflicts of Interest Policy" and relevant procedures for compliance in our daily operations. 4. Internal Audit has followed "the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to formulate the annual audit plan and perform audits in accordance with the plan. 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", IFRSs endorsed by the FSC and the "Sample of Accounting System for Banking Sector" stipulated 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. 5. The Bank provides trainings of the above-mentioned "Code of Conduct" and related policies / procedures to all staff through various training courses including periodic e-Learning.
(III) Implement Speak Up System 1. Does the Bank establish a concrete speak-up and reward system and set up a convenient reporting channel with designated personnel for handling speak-up cases? 2. Does the Bank have standard procedure and confidentiality mechanism in place to handle investigated cases? 3. Does the Bank establish a process to protect the discloser from unfair treatment for the speak-up?	V V V		1. The bank has established the "Speaking Up Policy" and "Speaking Up Procedures" to offer a secure, confidential and reliable way for our staff to report misconduct. The Policy and/or Procedures state that Compliance Investigations under Legal & Compliance is responsible for the overall management and execution of the Speaking Up cases. 2. The Policy and Procedures regulate that to ensure the confidentiality of the discloser's identity, disclosures and details of any information and documentation stemming from the disclosure must only be passed to those who 'need to know'. 3. Compliance Investigations under Legal & Compliance is responsible for reporting the Speaking Up case records, reviewing and conducting independent investigation to ensure the identity of the discloser is kept confidential.

Assessment Items	Execution Status (Note)		
	Yes	No	Description
(IV) Reinforce Information Disclosure Does the Bank disclose the ethical corporate management on the official website and MOPS and its implementation status?	V		The Bank has disclosed regulatory required information on both official website as well as MOPS, including annual report, important financial information and financial statements, 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 Applicable			
VI. Other important information that helps to understand the best practices of the Bank's ethical corporate management (e.g. if the Bank is currently reviewing its own ethical corporate management best practice principles) : [None]			

Note : Check "yes" or "no" in the "Execution Status" and provide a brief explanation in the "Description" column.

(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 System Statement to Financial Supervisory Commission

17 March 2015

On behalf of Standard Chartered Bank (Taiwan) Limited (the "Company"), we hereby certify that, for the fiscal year of 2014, the Company had duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". In 2014, we have in place an internal control system, implemented risk management measures, and have an independent audit department undertake audits and report the results to the board of directors and supervisors regularly.

With respect to the securities business, the Company has conducted an 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 in the attachment, its various units had implemented effective internal control and compliance systems during the year. This statement will be included in the main content of the Company's annual report and prospectus, which would be published. Any falsehood, concealment, or other irregularities in the aforementioned statement will be dealt with in accordance with the legal responsibilities stipulated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

Statement by

Chairman :

(Signature)

Chief Executive Officer :

(Signature)

Chief Internal Auditor :

(Signature)

Head of Compliance :

(Signature)

Standard Chartered Bank (Taiwan) Limited

Standard Chartered Bank (Taiwan) Limited

Issues and Corrective Actions for Internal Control System

As of 31 December 2014

Issues for Improvement	Corrective Actions	Target Completion Date
After discovering that an employee was embezzling the Company's legal fees when executing the designed controls, the Company has proactively investigated and reported the incident and adopted appropriate corrective actions. Hence, in accordance with Paragraph 1, Article 61-1 of the Banking Act, the Financial Supervisory Commission ("FSC") imposed a reprimand letter and requested the Company to dismiss the involved employee. (FSC Letter No.10300305220 dated 11 November 2014)	1. The Company has reviewed all legal fee transactions processed by the involved employee and has dismissed the involved employee in accordance with the Company's Fair Accountability Disciplinary Policy. The Company also has recovered all the embezzled money and taken necessary legal actions against the employee. 2. The Company has revised the relevant Departmental Operating Instruction ("DOI") to enhance controls over the reimbursement of expense and the supporting documents. The Company will also enhance the segregation of duties, implement job rotation and strengthen the execution of self assessment on the first line of defence.	Completed.
The Company's controls over customers' personal data on the production, testing and development platforms of the core system were insufficient. Instances were also found where user accounts of the development platform of the core system were shared by developers, making it difficult to monitor the de-identification of personal data. In addition, the Company did not adequately control employees' permission to send emails to external domains.	1. The Company has reviewed, adjusted and removed all inappropriately granted access rights. A thorough check was performed against all personal data on the testing and development platforms of the core system. Going forward, two checks will be performed annually on the personal data stored on the testing and development platforms and the check result will be reviewed in the semi-annual Personal Data Protection self assessment. 2. The Company has established a de-identification process for personal data. Except for special situations approved by the authorised managers, all personal data for testing purpose shall be de-identified and properly deleted after the testing deadline is due. 3. The Company has strengthened the detection and prevention on emails to external domains and suspicious emails. In addition, employees with permissions to send emails to external domains should be periodically reviewed by their line managers for at least twice per year to ensure the necessity of permission granted.	Completed.

 (Continued)

Issues for Improvement	Corrective Actions	Target Completion Date
Personal data leakage committed by employees was not included in the scope of personal data incidents to be escalated and the Company's procedure did not stipulate the stakeholders and approval level of which the incident should be escalated to. Meanwhile, there was no Standard Operating Procedure ("SOP") for consequence management of personal data leakage incidents, obstructing the escalation and handling of personal data leakage incidents.	The Company has established the Personal Data File Security Maintenance Plan and Disposal of Personal Data Post Business Policy and the Notification and Reaction Procedures for Personal Data Incidents to govern the definition and classification criteria of incidents, corresponding escalation level, and so on, to enhance the protection of personal data and the handling of personal data leakage incidents. The Rules Governing the Handling of Material Incidents has also been revised to include the escalation process for incidents concerning personal data that meets the defined criteria of material incidents.	Completed.
The setup of access rights to the shared folders on shared drives of the Company's offshore outsourcing vendor, Global Shared Service Centers ("GSSC"), was improper. In addition, access rights to the transaction system and image transmission system were excessively granted to GSSC's employees in the name of backup arrangement. Instances were also found where Taiwan customers' data was stored with data of other countries, without any separation. Such practice was not aligned with the requirement regulated in the Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation.	1. The Company has steered GSSC to complete the establishment of internal rules to clearly stipulate that the structure and access rights of shared folders should be separated by countries. GSSC has also conducted a thorough review to remove the unauthorised employees' access rights to the shared folders. 2. The Company and GSSC have already adjusted the ratio of core employees to back-up employees for all units to an acceptable level. Furthermore, the access rights of the unauthorised personnel have been removed after review.	Completed.
The Company and GSSC did not have adequate controls over the setup and review of the access rights to the transaction and data transmission systems.	The Company has requested GSSC to provide the user list with their system access rights for the Company to review and to remove any inappropriate access rights. The Company has also revised the internal DOIs to regulate that GSSC employees' access right requests shall be approved by the Company's authorised employees and all granted access rights are subject to periodic review.	Completed.

 (Continued)

Issues for Improvement	Corrective Actions	Target Completion Date
Because the Company's employees failed to take the volatility of foreign exchange rate into consideration, the aggregated lending amount of a corporate customer has exceeded the unsecured lending limit to a single legal person regulated by the Banking Act.	1. The Company immediately notified the customer after detecting the incident. The customer has paid back part of the loan to reduce the lending amount below the regulatory limit. The Company has also reported this material incident as required to the competent authorities. 2. The Company has established an extra control over temporary increase of lending limit. In addition, to prevent risks arising from volatility in foreign exchange rate, the Company has established an internal limit, lower than the regulatory limit, for better control. Before customers' lending limits are entered into the system, Credit Risk Control will also enhance its manual monitoring on customers' lending limit.	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 Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries (the Rules) issued by the Financial Supervisory Commission (FSC), 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 and is not intended to be and should not be used by anyone other than these specified parties



KPMG

March 30, 2015

(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	1. An ex-employee kept pre-signed transaction documents and manipulated customer accounts, which was a breach of the relevant regulations. The Bank filed a criminal claim against said ex-employee. The Taipei District Prosecutors Office indicted said ex-employee in December 2013 and the Taipei District Court rendered a guilty judgment in March 2015. The ex-employee appealed to the High Court. 2. An ex-employee conducted unauthorized fund transfers, which was a breach of the Bank's internal policy and procedure. The Bank filed a criminal claim against said ex-employee. The Taipei District Prosecutors Office indicted said ex-employee in February 2013, and the Taipei District Court rendered a guilty judgment in October 2013. The ex-employee appealed to the High Court and then to the Supreme Court. In August 2014, the Supreme Court denied the ex-employee's appeal and the original judgment turned to final and binding. 3. The Bank's ex-employees illegally collected and used customers' personal data with the intention to make profit. The Bank filed a criminal claim against said ex-employees. The Taipei District Prosecutors Office indicted said ex-employees in March 2014 and the case is pending at the Taipei District Court.
2. Penalty fine imposed by Financial Supervisory Commission (FSC) due to violation of the laws and regulations	1. The Bank's staff took advantage of the loopholes in credit card processing and defrauded the Bank's funds. This points to the unsoundness in the establishment and implementation of the Bank's internal control and audit systems, the ineffectiveness of the internal control checks, the Bank's failure to sufficiently and comprehensively understand the full picture of the fraud case, and the Bank's inability to identify weaknesses in the internal control system. The Bank is found non-compliant with Paragraph 1, Article 45-1 of the Banking Act. On the basis of Item 7, Article 129 of the same Act, FSC imposed an administrative fine of NTD 5 million against the Bank. In addition, pursuant to Item 3, Paragraph 1, Article 61 of the same Act, FSC required the Bank to terminate the non-compliant staff. (26 February 2013) 2. The Bank has outsourced certain IT operations to SCB Group's IT center in Malaysia, and is found to have lax supervision and management over the outsourcing vendor. This is non-compliant with Paragraph 1, Article 45 and Paragraphs 1 & 3, Article 45-1 of the Banking Act. The Bank is fined NTD 2 million for each non-compliance, for a total of NTD 4 million, on the basis of Item 4, Paragraph 1, Article 129-1, and Item 7, Article 129 of the Banking Act. (26 September 2013)

 (Continued)

Disclosure	Case & Amount
3. Penalty imposed by FSC due to violation of Article 61-1 of the Banking Act	1. The Bank is found to have established, closed, and relocated branches and non-business operating premises without obtaining regulatory approval in advance. FSC issued a reprimand letter against the Bank on the basis of Paragraph 1, Article 61-1 of the Banking Act. (29 April 2013) 2. The Bank's employee leaked customer data, which impedes sound banking operations. FSC issues a reprimand letter against the Bank on the basis of Paragraph 1, Article 61-1 of the Banking Act. (11 December 2013) 3. An employee was found to have fraudulently applied for and embezzled reimbursements of legal expenses, thus giving cause to suspect that the Bank is not properly managed. The Bank received a reprimand letter pursuant to Article 61-1, paragraph 1 of the "Banking Act" from FSC dated 11 November 2014, which required the Bank to terminate said employee. (11 November 2014)
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
09/01/2014	Special Meeting of Board of Directors	1. Appointment of senior executive officer	1. Executed as per resolution
21/01/2014	Monthly Meeting of Board of Directors	1. Amendment to internal control system of the Bank 2. Approval of related party transaction of senior note issuance 3. Approval of outsourcing activities with related parties 4. Approval for disposal strategy of non-core properties	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution
26/03/2014	Quarterly Meeting of Board of Directors	1. Approval of 2014 final budget and year to date trading performance 2. Approval of 2013 annual financial statements, business report, profit allocation statement of the Bank, and remuneration of the certified public accountant 3. Approval of subordinated debt issuance 4. Approval of personal data protection project contract 5. Approval of reorganization of the business and organization structure 6. Appointment of Senior executive officer	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution 5. Executed as per resolution 6. Executed as per resolution
28/05/2014	Quarterly Meeting of Board of Directors/ Shareholder Meeting	1. Approval of 2013 annual report 2. Approval of 2013 annual financial statements, business report, and profit allocation statement of the Bank 3. Approval of application for concurrently engaging in foreign bond as an agent and the internal control system of Securities Department for engaging in foreign bond as an agent 4. Approval of outsourcing vendor contract	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution
18/06/2014	Special Meeting of Board of Directors	1. Sale of securities brokerage business	1. Executed as per resolution
24/07/2014	Monthly Meeting of Board of Directors	1. Approval of outsourcing project of the Real Estate Services 2. Appointment of senior executive officer	1. Executed as per resolution 2. Executed as per resolution
28/08/2014	Quarterly Meeting of Board of Directors	1. Approval of 2014 first semi-annual audited standalone and consolidated financial statements of the Bank 2. Approval of annual review on liquidity policies 3. Approval of simplification of real estate services supply agreement ("SPARTA") 4. Approval of new complex risk product 5. Approval of related party transaction	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

 (Continued)

Date	Type of Meeting	Major Resolution	Execution Status
21/11/2014	Quarterly Meeting of Board of Directors	1. Approval of 2015 annual budget of the Bank 2. Approval of 2014 remuneration of the certified public accountant of the Bank 3. Approval of 2014 domestic bank required information for the supervisory review process over capital adequacy package 4. Approval of related party transaction – subordinated debt issuance 5. Update and approval of disposal strategy of non-core properties 6. Amendment to delegation of authority 7. Approval of disposal of 5,367,779 equity shares of Taiwan Cooperative Financial Holding 8. Approval of application for consolidation of Xinzhuang and Luzhou mini- branches and trust business license for Xinzhuang branch 9. Approval of application of securities underwriting business and internal control system of Securities Department for securities underwriting business 10. Approval of contract renewal of Taiwan Data Center and related services 11. Approval of contract extension of Group data center and related services 12. Appointment and discharge of senior executive 13. Amendment to the Article of Incorporation of the Bank	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution 5. Executed as per resolution 6. Executed as per resolution 7. Executed as per resolution 8. Executed as per resolution 9. Executed as per resolution 10. Executed as per resolution 11. Executed as per resolution 12. Executed as per resolution 13. Executed as per resolution
30/01/2015	Monthly Meeting of Board of Directors	1. Approval of submission of financial product development plan to Financial Supervisory Commission 2. Amendment to the internal control system 3. Approval for sale transaction and divestment strategy of non-core properties 4. Approval of outsourcing activities with related parties 5. Update on retail banking data centre offshoring project	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
26/02/2015	Quarterly Meeting of Board of Directors	1. Approval of closure of Hsinchu branch 2. Amendment to Taiwan governance framework of performance evaluation and remuneration structure and policy	1. Executed as per resolution 2. Executed as per resolution

Date	Type of Meeting	Major Resolution	Execution Status
30/03/2015	Quarterly Meeting of Board of Directors	1. Revision of 2015 budget of the company 2. Approval of 2014 annual financial statements, business report and profit allocation statement 3. Approval of 2014 internal control system statement 4. Amendment to the guideline for operational strategies and practices of derivatives business of the company 5. Approval of new complex high risk products 6. Approval of delegated authority	1. Executed as per resolution 2. Executed as per resolution 3. Executed as per resolution 4. Executed as per resolution 5. Executed as per resolution 6. Executed as per resolution

(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 Discharged

Title	Name	Date appointed	Date resigned	Reason
Chairman	Katherine King-Suen Tsang	10/12/2009	26/03/2014	discharged
Chief Executive Officer	Ajay Chamanlal Kanwal	15/12/2011	31/03/2014	discharged
Chief Internal Auditor	Evonne Chen	27/09/2012	07/01/2014	discharged

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 2014	

Unit: NTD'000

Bracket \ CPA Charge		Audit Fee	Non-audit Fee	Total
1	Less than 2,000,000			
2	2,000,000 (inclusive) - 4,000,000			
3	4,000,000 (inclusive) - 6,000,000		4,468	
4	6,000,000 (inclusive) - 8,000,000			
5	8,000,000 (inclusive) - 10,000,000			
6	Over 10,000,000 (inclusive)	15,883		20,351

(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 Stephen Hsu	15,883				4,468	4,468	01/01/2014– 31/12/2014	Internal control: \$2,458 Transfer pricing report: \$790 CAR: \$600 Others: 620

(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 Removal of CPA

(I) About the former CPA

Date of replacement	27 May, 2015		
Reason & description of replacement	The CPA will be retired in 2016.		
Specify whether the appointment is terminated or declined by the appointer or CPA	Situation	Party concerned	CPA
	Terminate appointment		
	Decline appointment	√	
Opinion and reason for any audit report other than unqualified opinion in the last two years	None		
Any disagreement with the Bank	None		
Other disclosures (In accordance with Item 1-(iii), Paragraph 5, Article 10 of the Regulations)	None		

(II) About the Successive CPA

Name of the CPA firm	KPMG
Name of CPA	Yong-Sheng Wang
Date of appointment	27 May, 2015
Prior to appointment of the CPA, if the Bank inquired such accountant about the accounting treatment method or the applicable accounting principles of any specific transaction and his/her possible opinion on the financial report, it shall disclose the matters it inquired about and the result thereof	None
Written opinion of the successive CPA expressing an dissenting opinion about the former CPA	None

(III) The former CPA's written response to the matters referred to Item (1) and Item (2)-(iii), Paragraph 6, Article 10 of the "Regulations Governing Information to Be Published in Annual Reports of Banks" : [Not Applicable]

VI. Name, title, and service period of the Bank's Chairman, Chief Executive Officer 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. Disclosure of changes in shareholdings (share transfer and pledge) held by directors, supervisors, executive officers, and other individuals pursuant to Article 11 of the Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank : [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	100.00%			300,000	100.00%
Taiwan Standard Chartered Insurance Agency Co., Ltd.	300,000	100.00%			300,000	100.00%
Taiwan Cooperative Financial Holding Co., Ltd.	5,367,779	0.06%			5,367,779	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%
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.	556,814	0.17%			556,814	0.17%
TSC Bio-Venture Capital Corp.	1,063,125	5.00%			1,063,125	5.00%
Sun Asset Management Corp.	84,980	1.42%			84,980	1.42%

IV



The "Road to ASEAN and India" Trade Seminar



Fund Raising

I. Capital and Shares

(I) Source of Capital

As of 31 March 2015

Month & Year	Issuance Price	Authorized Capital		Paid-in Capital		Remarks	
		No. of Shares	Amount	No. of Shares	Amount	Source of Capital	Others
June 2007	-	2,500,000,000	25,000,000,000	1,664,516,726	16,645,167,260	(Note 1)	Approved by the Financial Supervisory Commission on 14 June 2007
June 2007	20	2,500,000,000	25,000,000,000	493,055,250	4,930,552,500	Capital increase by cash Common stock (Note 2)	Refer to the letter from the Investment Commission of MOEA with Ref. No.: Jing-shen-I-zi-09600211280 dated 28 June 2007
December 2008	20	2,500,000,000	25,000,000,000	328,000,000	3,280,000,000	Capital increase by cash Common stock	Refer to the letters from the Investment Commission of MOEA with Ref. No.: Jing-shen-I-zi-09700428790 and Jing-shen-I-zi-09700399430 on 24 November 2008 and 25 November 2008 respectively
December 2009	20	3,000,000,000	30,000,000,000	425,000,000	4,250,000,000	Capital increase by cash Common stock	Refer to the letter from the Investment Commission of MOEA with Ref. No.: Jing-shen-I-zi-09800476140 dated 22 December 2009

Note 1 : Capital after assigned the business of Standard Chartered Bank, Taipei Branch.

Note 2 : Following the capital increase by cash in June 2007, Standard Chartered Bank Taipei Branch officially merged with the acquired company and renamed to "Standard Chartered Bank (Taiwan) Limited" on 2 July.

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

(II) Shareholder Structure

As of 31 March 2015

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

(III) Distribution of Equity Holdings

Par Value NTD 10

As of 31 March 2015

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 March 2015

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

(V) Market Price Per Share, Net Worth, Earnings, Dividends, and Related Information for the Past Two Years

Item		Year	2013	2014	1 Jan – 31 Mar 2015 (Note 3)
Market Value Per Share (Note 1)	Highest		-	-	-
	Lowest		-	-	-
	Average		-	-	-
Net Worth Per Share	Before Appropriation		14.57	15.39	15.66
	After Appropriation		14.20	(Note 2)	-
Earnings Per Share	Weighted Average Shares (thousand shares)		2,910,572	2,910,572	2,910,572
	Earnings Per Share		0.82	1.12	0.31
Dividends Per Share	Cash Dividends		0.37	(Note 2)	-
	Free-Gratis Dividends	Retained Earnings	-	-	-
		Capital Reserve	-	-	-
	Accumulative Dividends Undistributed		-	-	-
Return Analysis (Note 1)	Price/Earnings Ratio		-	-	-
	Price/Dividend Ratio		-	-	-
	Cash Dividend Yield (%)		-	-	-

Note 1 : The Bank is not a listed or over-the-counter company, and therefore information for market price is not available.

Note 2 : The 2014 earnings appropriation of the Bank is yet approved by the Board of Directors.

Note 3 : Unaudited financial information is provided as of the publication date of the annual report, with earnings per share unannualized.

(VI) Dividend Policy and Enforcement

Refer to the Dividend Policy in "Financial Highlights" on page 164.

(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 page 164.
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 page 164.

(IX) Share Buyback History : [None]

II. Issuance of Financial Debentures

Type of Financial Debenture	2 nd Financial Debenture in 2009 (Private Placement)	3 rd Financial Debenture in 2009 (Private Placement)
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-09800417430	Jin-Guan-Yin-Waizi-09800417430
Date of Issuance	11/12/2009	11/12/2009
Par Value	USD 1,000	USD 1,000
Location of Issuance and Trading	Taiwan, R.O.C	Taiwan, R.O.C
Currency	US Dollar	US Dollar
Issue Price	100	100
Total Amount	150,000 (thousand)	150,000 (thousand)
Interest Rate	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	No maturity date	No maturity date
Seniority	Subordinated	Subordinated
Guarantor	N/A	N/A
Trustee	N/A	N/A
Underwriter	N/A	N/A
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 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	150,000 (thousand)	150,000 (thousand)
Paid-in Capital in Previous Year	24,855,720 (thousand)	24,855,720 (thousand)
Audited Net Worth in Previous Year	31,599,000 (thousand)	31,599,000 (thousand)
Repayment Status	N/A	N/A
Terms of Redemption or Early Repayment	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.

 (Continued)

Terms and Conditions of Conversion and Exchange	N/A ^{Note 1}	N/A ^{Note 1}
Restriction Clause	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
Amount of Declared Issuance plus Previous Outstanding Balance as Percentage of Audited Net Worth of the Previous Fiscal Year (%)	93.67%	93.67%
Whether Accounted for Equity Capital and Type of Capital	Yes, Tier II	Yes, Tier II
Name of Credit Rating Agency, Date and Credit Rating	N/A	N/A

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 financial debenture in 2002, the 1st financial debenture in 2005 and the 2nd financial debenture in 2005 have already matured, with outstanding balance of 1,000 thousand dollars, 2,100 thousand dollars and 500 thousand dollars respectively.

1st Financial Debenture in 2011									
Type of Financial Debenture	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 (maturity on 19 May 2013)	3 years (maturity on 19 May 2014)	4 years (maturity on 19 May 2015)	5 years (maturity on 19 May 2016)	6 years (maturity on 19 May 2017)	7 years (maturity on 19 May 2018)	2 years (maturity on 19 May 2013)	5 years (maturity on 19 May 2016)	7 years (maturity 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 accrued & paid quarterly, and full payment on principal upon maturity								
Balance Outstanding	0 (thousand)	0 (thousand)	650,000 (thousand)	6,150,000 (thousand)	1,000,000 (thousand)	2,550,000 (thousand)	0 (thousand)	400,000 (thousand)	4,000,000 (thousand)

 (Continued)

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 (maturity on 8 Jun 2016)	2 years (maturity on 23 Jun 2013)	2 years (maturity on 23 Jun 2013)	5 years and 3 months (maturity on 23 Sep 2016)	3 years (maturity on 29 Jun 2014)	2 years (maturity on 29 Jun 2013)	3 years (maturity on 29 Jun 2014)	10 years (maturity 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, Yuanta Securities, MasterLink Securities,			Institutions with financial advisory license : SCB Taipei Securities, Yuanta 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			
Repayment Method	Interest accrued & paid quarterly, and full payment on principal upon maturity	Interest accrued & paid quarterly, and full payment on principal upon maturity			Interest accrued & paid quarterly, and full payment on principal upon maturity			

 (Continued)

Balance Outstanding	500,000 (thousand)	0 (thousand)	0 (thousand)	1,100,000 (thousand)	0 (thousand)	0 (thousand)	0 (thousand)	2,000,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)	29,105,720 (thousand)	29,105,720 (thousand)	29,105,720 (thousand)	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)	38,289,788 (thousand)	38,289,788 (thousand)	38,289,788 (thousand)	38,289,788 (thousand)	
Repayment Status	Normal	Normal	Normal	Normal	Normal	Normal	Normal	
Terms of Redemption or Early Repayment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Terms and Conditions of Conversion and Exchange	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Restriction Clause	N/A	N/A	N/A	N/A	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	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	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%	121.74%	121.74%	121.74%	121.74%	
Whether Accounted for Equity Capital and Type of Capital	No	No	No	No	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), 23 Jun 2011	Fitch Ratings, AAA(twn), 23 Jun 2011	Fitch Ratings, AAA(twn), 23 Jun 2011	Fitch Ratings, AAA(twn), 23 Jun 2011	Fitch Ratings, AAA(twn), 23 Jun 2011	

Type of Financial Debenture	1 st Financial Debenture in 2012		
	A Issue	B Issue	C Issue
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-1000405600		
Date of Issuance	17/01/2012		
Par Value	NTD 1,000,000		
Location of Issuance and Trading	Taiwan, R.O.C		
Currency	New Taiwan Dollar		
Issue Price	100		
Total Amount	7,000,000 (thousand)	700,000 (thousand)	600,000 (thousand)
Interest Rate	Fixed Rate : 1.05%	Floating Rate : 90 days CP rate + 0.25%	Fixed Rate : 1.09%
Maturity	2 years (maturity on 17 Jan 2014)	2 years (maturity on 17 Jan 2014)	3 years (maturity on 17 Jan 2015)
Seniority	Primary- Lien		
Guarantor	N/A		
Trustee	N/A		
Underwriter	Institutions with financial advisory license: Yuanta Securities, Grand Cathay Securities, SCB Taipei Branch		
Certifying Attorney	Baker & McKenzie Attorney : Zhi Liang, Hao-Rui Hu		
Certifying Accountant	N/A		
Certifying Financial Institution	N/A		
Repayment Method	Interest accrued & paid quarterly, and full payment on principal upon maturity		
Balance Outstanding	0 (thousand)	0 (thousand)	600,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)		
Audited Net Worth in Previous Year	45,236,038 (thousand)		
Repayment Status	Normal		

 (Continued)

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 (%)	136.77%
Whether Accounted for Equity Capital and Type of Capital	No
Name of Credit Rating Agency, Date and Credit Rating	Fitch Ratings, AAA(twn), 16 Sep 2011

Type of Financial Debenture	1 st Financial Debenture in 2014	2 nd Financial Debenture in 2014
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-1020035670	Jin-Guan-Yin-Waizi-10300328080
Date of Issuance	27/01/2014	18/12/2014
Par Value	USD 100,000	USD 1,000,000
Location of Issuance and Trading	Taiwan, R.O.C	Taiwan, R.O.C
Currency	US Dollar	US Dollar
Issue Price	100	100
Total Amount	580,000 (thousand)	200,000 (thousand)
Interest Rate	Floating rate : USD 3M LIBOR +0.70%	Fixed Rate : 4.5%
Maturity	2 years (maturity on 27 Jan 2016)	10 years (maturity on 18 Dec 2024)
Seniority	Primary- Lien	Subordinated
Guarantor	N/A	N/A
Trustee	N/A	N/A
Underwriter	Institution with financial advisory license: Yuanta Securities	Institution with financial advisory license: Yuanta Securities
Certifying Attorney	Baker & McKenzie Attorney : Zhi Liang, Hao-Rui Hu	Lee and Li Attorneys-at-Law : Robin Chang
Certifying Accountant	N/A	N/A
Certifying Financial Institution	N/A	N/A
Repayment Method	Interest calculated quarterly and paid annually, full payment on principal upon maturity	Interest paid semi-annually, and full payment on principal upon maturity
Balance Outstanding	580,000 (thousand)	200,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)	29,105,720 (thousand)
Audited Net Worth in Previous Year	41,338,012 (thousand)	41,338,012 (thousand)
Repayment Status	Normal	Normal

 (Continued)

Terms of Redemption or Early Repayment	N/A	The issuer shall redeem the financial debenture with full principal upon maturity on 18 Dec 2024. No early redemption allowed
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 the Bank's capital adequacy ratio and to provide fundings for future business growth
Amount of Declared Issuance plus Previous Outstanding Balance as Percentage of Audited Net Worth of the Previous Fiscal Year (%)	136.96%	128.58%
Whether Accounted for Equity Capital and Type of Capital	No	Yes, Tier II
Name of Credit Rating Agency, Date and Credit Rating	Fitch Ratings, AAA(twn), 24 Jan 2014	Fitch Ratings, AA+(twn), 18 Dec 2014

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

IV. Capital Utilization Plan and Execution Status

(I) Capital Utilization Plan

Capital is utilized to enhance the Bank's medium and long term funding stability, to meet liquidity requirements under Basel III guideline, and to provide fundings for future business growth.

(II) Execution Status of the Capital Utilization Plan

1. To fulfill the liquidity gaps arising from time deposits, which were matured but non-rollover; improve the capital position after NTD10 billion Tier II subordinated bank debenture redemption in Oct 2014, and support lending business growth.

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

	31 December 2014	31 December 2013	31 December 2012
Medium and Long Term Loan	259,937,959 (thousand)	278,401,627 (thousand)	290,833,891 (thousand)
Increase / (Decrease)	(18,463,668) (thousand)	(12,432,264) (thousand)	(15,396,570) (thousand)
Capital Adequacy Ratio	14.15%	13.61%	16.01%
Increase / (Decrease)	0.54%	(2.40)%	(0.53)%

V



John Tan, CEO of Standard Chartered Bank (Taiwan) Limited, elaborated the Group's and Taiwan's business strategies



Operations Overview

I. Scope of Business

(I) Primary Business of Respective Business Division

1. Corporate & Institutional Clients

Corporate & Institutional Clients provides large corporate and institutional clients with trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate finance solutions.

2. Commercial Clients

Commercial Clients mainly serves corporate clients, particularly those with needs for trade finance or international cash management. Financial services provided include short-term loans for working capital, mid-term or long-term financing, import and export trade financing, supply chain financing, cash management, foreign exchange services, and corporate internet banking, etc.

3. Retail Clients

Retail Clients is responsible for the acquisition and maintenance of individual and business clients, as well as the provision of deposits, lending and wealth management products and services to these clients.

(II) Ratio of Major Businesses and Changes

1. Ratio of Major Businesses

(1) Deposits

Unit : NTD'000

	31 December 2014		31 December 2013		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Savings Deposits	184,692,228	30.86	199,316,985	34.51	(7.34)
Time Deposits	197,285,428	32.96	204,022,794	35.32	(3.30)
Demand Deposits	211,920,451	35.41	168,989,714	29.26	25.40
Checking Account	4,482,905	0.75	5,135,873	0.89	(12.71)
Trust Fund_Unappropriated	-	-	-	-	-
Remittance	114,706	0.02	120,479	0.02	(4.79)
Sub-total	598,495,718	100.00	577,585,845	100.00	3.62

(2) Loans

Unit: NTD'000

	31 December 2014		31 December 2013		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Bills Negotiation/Discount	985,621	0.29	785,434	0.22	25.49
Short-term Loan and Overdraft	73,106,197	21.39	61,869,729	17.71	18.16
Short-term Secured Loan	7,280,178	2.13	7,165,283	2.05	1.60
Medium-term Loan	46,080,749	13.48	56,867,127	16.28	(18.97)
Medium-term Secured Loan	7,781,008	2.28	6,427,053	1.84	21.07
Long-term Loan	8,201,974	2.40	7,974,787	2.28	2.85
Long-term Secured Loan	197,874,228	57.89	207,132,660	59.29	(4.47)
Overdue Receivables from Loans	525,171	0.15	1,121,421	0.32	(53.17)
Sub-total	341,835,126	100.00	349,343,494	100.00	(2.15)

2. Growth and Changes of Major Businesses

Unit: NTD'000

Item		31 December 2014	31 December 2013	Increase (Decrease)	Growth Rate (%)
Customer Deposits and Remittance Payable		598,495,718	577,585,845	20,909,873	3.62
Loan and Discount		341,835,126	349,343,494	(7,508,368)	(2.15)
Guarantees		6,903,492	7,194,171	(290,679)	(4.04)
Consumer Banking	No. of Credit Cards Issued	3,279,062	3,176,388	102,674	3.23

Unit: NTD'000

Item		2014	2013	Increase (Decrease)	Growth Rate (%)
Transaction Volume of Securities Brokerage (Jan 2014 - Oct 2014)		88,162,194	112,354,465	(24,192,271)	(21.53)
Sales Volume of Non-discretionary Money Trust Investing in Domestic & Foreign Securities		63,243,578	63,905,087	(661,509)	(1.04)
Foreign Exchange (USD/Thousand)	International Exchange	186,594,076	175,638,824	10,955,252	6.24
	Import	4,017,175	8,700,037	(4,682,862)	(53.83)
	Export	11,727,415	10,551,572	1,175,843	11.14
	Total	202,338,666	194,890,433	7,448,233	3.82

(III) Business Plan for 2014

1. Corporate & Institutional Clients

- (1) Deepen relationships 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 mid-level managers and leveraging Taiwan as cradle of talents for our network.

2. Commercial Clients

- (1) Provide Taiwanese corporate clients with comprehensive financial products and services to meet clients' needs for working capital and treasury management.
- (2) Develop high value-added and differentiated financial products, and provide superior services to further enhance clients' satisfaction.
- (3) Assist local corporate clients to enhance their competitive advantage and manage transactional risks arising from international trade by leveraging the Bank's strong global branch network and superior trade financing products and services.
- (4) Promote corporate Internet banking services to help corporate clients obtain better and more efficient treasury management.
- (5) Become the "Bank of Choice" for Taiwanese corporate clients by strengthening to target client marketing, listening to and acting on voices of customers, and providing clients with customized services for managing working capital.
- (6) Understand our clients and fulfill our corporate social responsibilities to meet expectations from regulators.

3. Retail Clients

- (1) Acquire and deepen relationships with High Value Segment clients through superior customer value propositions.
- (2) Strengthen digital capabilities to provide greater convenience to clients.
- (3) Continuously improve processes to provide better client experience and increase cost efficiency.

(IV) Market Analysis

1. Domestic Economic and Financial Conditions

Taiwan's real GDP growth rebounded in 2014 to 3.7 percent, up from 2.2 percent in 2013. The economy showed stellar

growth despite the government's on-going effort to curb property prices and the growing public concern over food security issues. The government's continued effort to strengthen cross-strait relations for deeper economic ties, the recovery in global sentiment and growth of export, as well as stable demand for the technology sector have all provided strong support to the nation's economy.

In 2015, we expect Taiwan will benefit from the global economic recovery, including rising demand for high-tech products, falling utility prices, as well as a steady job market outlook. These, coupled with relatively loose monetary policy, will help drive consumer spending in 2015.

However, this growth could be hampered by the divergence in monetary policy among major central banks, as well as rising geopolitical tensions that could threaten market stability and result in reversal of risk appetite globally. This could be further aggravated by worse-than-expected economic growth in mainland China that would undermine market confidence. Despite the above, Taiwan's economic growth is expected to further rebound to 4.3 percent in 2015 sustained by relatively sound current account surplus.

2. Market Outlook and Growth Potential

Taiwan's local banking industry is expected to deliver good growth in 2015. The economic recovery will further improve credit appetite among corporates and individuals. The growth in RMB offshore business thanks to regulatory relaxation and strong equity market performance will also boost demand for wealth management and other financial services. All of these, together with a healthy capital adequacy ratio in the industry, will lift local banks' profitability and improve overall asset quality.

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 after completing M&A with small and medium-sized banks and aspire to becoming the core business bank for major local clients.

Countermeasure

The Bank should leverage on existing network to seek out ever increasing cross-border business opportunities 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

- (1) The Commercial Clients segment was established on 1 April 2014 aiming at serving corporate clients, whilst large and international corporate clients are served by the Corporate & Institutional Clients of the Bank. By the end of 2014, the net income of the segment was NTD\$0.9 billion.
- (2) The Bank has streamlined operational processes and deployed the "day trading" system for securities accounts to enhance our securities services and satisfy customers' needs. Total turnover of securities brokerage was NTD 88.2 billion during January and October in 2014. The Bank obtained approval from the Financial Supervisory Commission in September 2014 and expects to conduct foreign bond agency business in 2015.
- (3) On 8 February 2014, the Bank's DBU launched a derivative foreign exchange product linked in RMB or China market as the underlying target.
- (4) Effective 2 January 2014, the Bank was approved as primary dealer in central government bonds market categorized under the "Designated Dealer for Open Market Operations" of the Central Bank.

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

The Bank 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. The major projects include server consolidations, firewall strengthening, network standardization, business and financial data integration, digitalization, and various upgrade and enhancements on the application systems.

Under the focus of customer centricity, we will further enhance the information systems in order to strengthen the customer data protection and the bank's information assets. On top of the continuous driving for stability, and leveraging SCB group resources and existing infrastructure to propel the business growth, the Bank will be better poised to provide local customers with better services and broader arrays of products.

(VI) Short and Long-term Business Development Plans

1. Short-Term Plan

- (1) Continuously 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 increase customer

satisfaction.

- (5) Boost usage of automated channels service to lower branch operating cost effectively.
- (6) Implement process optimization and improvement.
- (7) Evaluate market trends, develop and strictly select wealth management products to fulfill customers' financial needs; implement customer segmentation and product classification pursuant to provisions of prevailing regulations; combine products with WM planning and advisory services to strengthen customer relationships and loyalty so as to expand our wealth management portfolios and generate higher fee income.
- (8) Digitize operation process and customer service to enhance the customer service platform for front-line sales and to improve operation efficiency.
- (9) Drive a balanced growth on secured and unsecured lending businesses

2. Long-Term Plan

- (1) Continue to enhance core banking systems by deploying new innovative technologies, and introduce SCB group applications to support business growth and strengthen the control over information security.
- (2) Consolidate automated channel service platforms and provide differentiated service contents and personalized customer relationship management.
- (3) 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		2013	2014	31 March 2015
Gender	Female	2,553	2,460	2,448
	Male	1,320	1,229	1,198
	Total	3,873	3,689	3,646
Average Age		37.31	37.97	38.22
Average Year of Service		8.03	8.23	8.42
Level of Education (%)	Doctorate	0.08%	0.05%	0.05%
	Master	15.36%	15.91%	15.94%
	University/College	76.27%	75.44%	75.86%
	Senior High School	8.13%	8.35%	7.90%
	Below Senior High School	0.16%	0.24%	0.25%
Certificates and Licenses Held by Employees	Securities Investment Trust and Consulting Professional	165	131	123
	Proficiency Test for Trust Operations Personnel	1,244	1,230	1,202
	Examination on Investment Trust and Consulting Regulations (including Self-disciplinary Rules)	775	682	725
	Qualification Certificate for Trust Business Professionals - Business Personnel	1,455	1,374	1,346
	Qualification Certificate for Trust Business Professionals - Managerial Personnel	392	375	376
	Proficiency Test for Stock Affair Personnel	18	10	10
	Securities Specialist	269	201	191
	Senior Securities Specialist	240	167	157
	Futures Specialist	286	183	172
	Proficiency Test for Financial Planning Personnel	414	388	374
	Investment-orientated Insurance Product Specialist	646	590	564
	Business Personnel for Foreign Currency Non-investment Type Insurance Products	1,035	958	919
	Personal Insurance Agent Registration Certificate	2,975	2,479	2,554
	Property Insurance Agent Registration Certificate	1,617	1,432	1,316
	Property Insurance Representative	160	134	129
	Proficiency Test for Bond Specialist	9	9	9
	Basic Proficiency Test for International Banking Personnel	140	134	132
	Securities Dealer	42	3	3
	Basic Proficiency Test for Bank Lending Personnel	350	310	300
	Advanced Proficiency Test for Bank Lending Personnel	15	12	12
	Basic Proficiency Test on Bank Internal Controls	1,141	1,047	1,000
	Certified Internal Auditor Certificate	5	4	4
	Financial Markets and Professional Ethics Examination	1,140	1,045	1,039

(II) Employee Education and Training

Year	2013	2014
Total No. of Learners	12,993	9,848
Total Training Hours	10,284	12,093
Total Training Sessions	1,296	2,017
Total Training Days	1,286	1,512

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.

To materialise our brand promise through our behaviours, Standard Chartered revised our sustainability model to encompass 3 pillars: Contributing to sustainable economic growth, Being a responsible company, and Investing in communities.

- **Contributing to sustainable economic growth** is about how we support our clients and customers through our core business of banking
- **Being a responsible company** is about how we manage our business and operations to deliver long-term value for our shareholders and society.
- **Investing in communities** is about how we work with our local communities to promote social and economic development.



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 sustainability through investing in communities in 2014

Seeing is Believing

The Bank has devoted in the "Seeing is Believing" project to prevent avoidable blindness in the world for over 10 years. Starting May 2013, we called upon Chunghwa Telecom, Jardine's Group, Fubon Culture and Education Foundation, Audi Automobile Taiwan, and HP Computers to form the Standard Chartered Visually Impaired Corporate Advisory Council to provide employment support for the visually impaired, and invited Chunghwa Post to join in 2014. Supported by four NGOs that include the Parent's Association for the Visually Impaired, Institute for the Blind of Taiwan, Eden Social Welfare Foundation, and Technology Development Association for Disabled, "Standard Chartered Seeing is Believing VI Employment Platform" was successfully established to demonstrate the joint efforts among public and private sectors as well as the nonprofits to support job placements of the visually impaired. To date, the project has successfully placed 150 visually impaired workers into jobs as of the end of 2014.

The Bank was the title sponsor of the "2014 Taipei Standard Chartered Charity Marathon" in February. Through the race, the Bank contributed NTD 15 million (including Group matching) to support "Seeing is Believing" global project and visually impaired employment project in Taiwan. Nearly 2,000 Standard Chartered employees participated in the charity marathon either by running or volunteering. There were nearly 200 pairs of visually impaired signed up for the run accompanied by guide runners and 3 guide dogs, which made this event to have the largest participation of visually impaired people. Through the marathon, the visually impaired were able to build confidence by going outdoors, interacting with people, and raising funds for the event. In addition, there were nearly 100 visually-impaired workers providing on-site services for runners in the event which demonstrated their capabilities to do a variety of works.

In an attempt to enhance our quality of customer service and live up to our corporate social responsibility, the Retail Clients designated its 8-minute service pledge program to support the visually impaired employment project.

Standard Chartered Financial Education Academy

To demonstrate leveraging the Bank's core competence in community services, the Bank initiated the Standard Chartered Financial Education Academy to promote financial education targeting at the elementary school teachers and students, college students, as well as visually impaired starting 2013. To date, 11,180 visually impaired people, college students, elementary school teachers and students were benefited by this programme through comprehensive and diversified financial education curriculums.

Employee Volunteering

Employee volunteering has been embedded in the Bank's culture. In 2014, we have contributed 4,074.5 days of employee volunteering service in the local communities through servicing the senior citizens and the disadvantaged, environmental protection and financial education.

Other Community Investment Program

The Bank initiated the Junior Golfer Sponsorship with Golf Association of ROC in 2013, an estimated 150 junior golfers will benefit from this sponsorship.

Sustainable environment

The Bank is dedicated to maintaining a sustainable environment by continuing embedding energy-saving and paper-reduction measures in our daily operations.

Awards

- Golden Merchant Award - Foreign Company Category, 2014, Chamber of Commerce, R.O.C
- Gold Award, Sports Promoter, 2014, Sports Administration, Ministry of Education
- Best Foreign Bank Award – Outstanding Award, 2014, Wealth Magazine
- Best Service in Taiwan, International Banking Category, 2014, Commercial Times
- Best Sub-Custodian Bank – Taiwan, 2011-2014, Global Finance magazine
- The Taiwan International Banking Award – Best SME Banking Business in Taiwan 2015, Best Managed Wealth Management Business in Taiwan 2015, MILSTE
- National HRD InnoPrize, 2014, Ministry of Labor
- Outstanding Organization for Park Adoption, 2014, Environment Protection Administration, Executive Yuan

"Seeing is Believing"— a global campaign to tackle preventable blindness

Initiated in 2003, "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 partnered with the International Agency for the Prevention of Blindness (IAPB) to conduct eye care, vision correction, and professional training for the medical staff in developing countries. To date, Standard Chartered has raised USD 75 million across all markets.

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 extended its commitment to a total of USD 100 million to tackle preventable blindness in Asia, Africa, and the Middle East. This new target is three times the amount raised since "Seeing is Believing" was launched in 2003. It is a solid promise that Standard Chartered is committing to the social and economic development in developing countries.

The Bank also participated in the global fundraising campaign through organizing different sports activities, such as 101 step-up races, surfing, road run, and three-legged race, with the objective to invite the visually impaired to go outdoors, embrace life, and participate in charitable events. Since 2009, the Bank has donated an accumulated amount of over NTD 45 million (Including Group matching) to help the people in developing countries to tackle preventable blindness and restore eye sight. We have also organized the Reading for Love campaign for 4 consecutive years to encourage the visually impaired students to read while working with the NGOs to produce and distribute 127 audio books to enrich the reading resources for the visually impaired.

Devoted to tackling preventable blindness in Taiwan for the long run, the Bank initiated the Visually Impaired Corporate Advisory Council and called upon Chunghwa Telecom, Jardines Group, Fubon Culture and Education Foundation, Audi Automobile Taiwan, and HP Taiwan to support job placement of the visually impaired in May 2013, and invited Chunghwa Post to join in 2014. The goal was to integrate corporate, government, and NGO resources to create jobs for the visually impaired. Supported by the Taipei

Parents' Association for the Visually Impaired, Institute for the Blind of Taiwan, Eden Social Welfare Foundation, and Technology Development Association for the Disabled, "Standard Chartered Seeing is Believing VI Employment Platform" was successfully established to demonstrate the joint efforts among public and private sectors as well as the nonprofits to support job placements of the visually impaired. To date, the project has successfully placed 150 visually impaired workers into jobs, allowing them to demonstrate their capabilities and contribute to the local economy.

In addition, employees proactively participate in a variety of volunteering activities organized by charity groups and the Bank. In 2014, we have contributed employee volunteering service in the local communities through servicing the senior citizens and the disadvantaged, helping promote guide dog and eye care awareness, assisting the visually impaired to join sports events, acting as the VI guide runners, environmental volunteering and financial education.

Standard Chartered Financial Education Academy

To demonstrate leveraging the Bank's core competence in community services, and embed the volunteering spirit, the Bank initiated the Standard Chartered Financial Education Academy to promote financial education targeting at the elementary school teachers and students, college students, as well as visually impaired starting 2013. The program aimed to enhance the comprehension of financial knowledge as well as their personal financial management skills for all sub-groups. To date, 11,180 visually impaired people, college students, elementary school teachers and students were benefited by this program through comprehensive and diversified financial education curriculums. The program is expected to be scaled up in 2015.

Employee Volunteering

Volunteerism is deeply embedded in the Standard Chartered corporate culture. Each employee is entitled to 3 days of volunteering leave every year. As we encourage all staff to join the community service activities of their enthusiasm, department based volunteering activities are also welcome in conjunction with family day to call upon deeper coherence to the Bank's culture and the community. The Bank also conducted employee volunteering award to recognize volunteering activities which demonstrate the creativity, long-term commitment to specific non-profit organization, or the best demonstration of core competence.

The highlights of employee volunteering activities in 2014

- Recruit staff as the line trainers to Standard Chartered Financial Education Academy to demonstrate leveraging the Bank's core competence in community services, aiming to enhance the comprehension of financial knowledge as well as their personal financial management skills for visually impaired people, college students, elementary school teachers and students.
- Clean the environment for Sun-light Park in Hsinchu and the Lin Family Garden in Taipei for 3 consecutive years.
- Collect invoices and donate to Hwashan Social Welfare Foundation, and accompany the elderly during Chinese New Year, Mid-autumn Festival and Dragon Boat Festivals for several years in a row.
- In conjunction with the Bank's family day, over 400 staff and family members were mobilized to conduct a charity carnival and donated funds raised from the event to 6 NGOs.
- 130 staff volunteered our services to help take donations through incoming calls and key in data to support the Red Cross fundraising campaign for Kaohsiung gas explosion.

- Staff volunteers and family members served at a guide dog event organized by the Huikuang Guide Dog Foundation Taiwan to raise funds and awareness for the visually impaired and guide dogs.
- Employees participated in the employee volunteering campaign helping Orbis raise funds for children who suffered from eye disease.

In 2014, we have contributed 4,074.5 days of employee volunteering service in the local communities.

Other Community Investment Program

Junior Golfer Sponsorship: To cultivate athletic talents for the future, the Bank began a 4-year sponsorship program by the Golf Association of ROC. The program aimed to support the junior golfers and prepare them for the 2016 Summer Olympic Games in Brazil. An estimated 150 junior golfers will benefit from this sponsorship.

Sustainable Environment

In Taiwan, the Bank continues to promote various energy-saving and carbon-reduction activities, actively participate in global environmental activities while encouraging staff to embed the energy-saving and carbon-reduction habits into their work as well as daily lives. As a result, an estimate of 1,200,000 kWh electricity was saved in 2014. Here are some examples of what we have done :

- Ad hoc taskforces to monitor the conventional lighting of branches and major offices and replace them with LED or energy-saving lighting; replacing the old energy-consumption air conditioners with more efficient facilities that meet global environmental standards; utilize new and environmentally-certified air conditioners, lighting, power and water facilities in new office premises.
- In major offices, implement timed usage of air conditioning, lights-out during lunch hours, and volunteer monitoring of utility consumption, proactively look into any abnormality of utility usage and provide countermeasures thereof, and install water-saving facilities.
- Capture@Source and eArchive: the Bank began implementing Capture@Source, an account opening automation program, and eArchive at branches since 2013. The programs aimed for simplifying account opening process, improving customer experiences, and saving paper usage. The digitized filing system significantly reduced transferring of paperwork. Since implementation, not only did we save 40% on paper usage, 10.7% on processing manpower, expedite accounting processing time by 44%, and brought down clerical errors from 1.2% to zero.
- Actively participate in global environment activities such as the Earth Hour and increase environmental awareness amongst our staff. We also continue to sponsor public parks, namely Victoria Park, Lanya Park, and Bei-shi Lake Park, to help maintain a greener environment.

IV. Information Technology

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

The host is CLX : HP Non-stop Server NB54004 whilst the operating system is Non-stop kernel J06.15.

(II) Future Development or Procurement Plan

The teller systems will be migrated into an integrated platform within 1~2 years.

(III) Emergency Support and Security Protection Measures

1. In the event of an accident caused by IT infrastructure that leads to injury or death of an employee, the Country Systems Support 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. Construction of a new premise or premise for remote operation : Country Systems Support is responsible for dealing with suppliers, acquiring backup items, and handling the procurement of hardware, software and tangible facilities.

V. Labor Relations

(I) Employee Welfare and Benefits

1. Employee Sharesave Scheme.
2. Labor insurance, national health insurance and group insurance.
3. Periodic health examination.
4. Special cash allowances distributed on major festivals and subsidy for travel allowances.
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, namely the Standard Chartered Bank Taiwan Retirement Plan, the full cost of which 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 Agreements and Measures to Protect Employees' Rights and Interests

To exemplify our brand promise to be "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 labour 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

As of January 2015, no loss was incurred from litigations relating to labor disputes. Since the ruling is given on case by case basis, it is difficult for the Bank to anticipate the ruling result or estimate the potential loss arising from such disputes.

VI. Important Contracts

Nature of Contract	Concerned Party	Contract Term	Main Content	Restriction Clause
Insurance Sales Agreement	PCA Life Assurance Co. Ltd., Standard Chartered Life Insurance Agency Co., Ltd., and Standard Chartered Bank (Taiwan) Limited	20/05/2014 - 20/05/2015 (Note 1)	PCA Life has signed the insurance product promotion tripartite contract with Standard Chartered Life Insurance Agency Co., Ltd. and Standard Chartered Bank (Taiwan) Limited	None
Insurance Distribution Agreement	PCA Life Assurance Co. Ltd., Standard Chartered Life Insurance Agency Co., Ltd., and Standard Chartered Bank (Taiwan) Limited	07/2014 - 07/2029	PCA Life has signed the "Taiwan Cooperation Agreement for the Distribution of Approved Products" with Standard Chartered Life Insurance Agency Co., Ltd. and Standard Chartered Bank (Taiwan) Limited	Unless otherwise provided in this Agreement, the Bank will exclusively sell the insurance products of PCA Life.
Office & Parking Space	YU PAO SHIH YEH LTD	Various Start dates - 30/06/2016	HT Building Office/Parking Space 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-QING LTD	Various Start dates - 30/06/2016	HT Building Office/Parking Space 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.
Security Guards and ATM Patrol Services	ISS SECURITY LTD	01/05/2013 - 30/04/2015	Branches/building security guards and ATM patrol services	None
Telecom (Voice & Data) Integrated Services	Taiwan Fixed Network	08/2013 - 07/2016	Provide the fixed lines of data and voice network, and the operational management services, including 2 onsite support personnel	None
Purchase Contract	Dell Products	20/08/2014 - 28/08/2017	Supply computer equipment and related hardware	None
Host Leasing Service	HP FINANCIAL SERVICES SINGAPORE PTE LTD, TAIWAN BRANCH OFFICE	01/01/2014 - 31/12/2018	Core-banking system (Tandem)	None
Outsourcing Contract	Standard Chartered Bank, London	16/10/2012 - 01/11/2015	1. IT system development, monitoring, and maintenance 2. Back office data process for foreign exchange, derivatives and fixed Income products	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Standard Chartered Bank, Singapore Branch	02/12/2014 - 02/01/2016	1. Credit card fraud detection 2. Back office data process for foreign exchange, derivatives and fixed Income products	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Scope International (M) Sdn Bhd (Note 2)	31/10/2013 - 14/04/2016	1. IT system development, monitoring, and maintenance 2. Back office data process for import & export transactions, loan drawdown, and derivatives	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation

 (Continued)

Nature of Contract	Concerned Party	Contract Term	Main Content	Restriction Clause
Outsourcing Contract	Scope International Private Limited (Note 3)	01/10/2013 - 31/10/2016	1. IT system development, monitoring, and maintenance 2. Back office data process for import & export transactions, retail banking finance, financial reports preparation and analysis, and derivatives	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Atos Information Technology HK Ltd	01/01/2015 - 31/12/2020	Data Center management and maintenance service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Acer CyberCenter Services Inc.	01/01/2015 - 31/05/2021	IT system development, monitoring, and maintenance	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	High Performance Information Co., Ltd.	01/07/2014 - 30/06/2017		
	G4S Secure Solutions (Taiwan) Ltd.	20/09/2013 - 30/09/2015	ATM monitoring	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Xpedite Systems Ltd.	01/11/2014 - 30/10/2015	Bank statements and reports delivery service to global clients	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Lee Bao Security Co., Ltd.	01/07/2013 - 30/09/2015	Delivery services for marketable securities, checks, forms, and cash	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Taiwan Security Co., Ltd.	01/12/2012 - 30/11/2015		
	Transnational Logistics Solutions (Taiwan Branch)	16/11/2013 - 15/11/2015		
	Yuen Foong Paper Co., Ltd.	01/01/2015 - 31/12/2015	Check printing and delivery	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Foongtone Technology Co., Ltd.	01/07/2011 - 30/06/2015	Debit card embossing service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Gemalto Pte Ltd.	30/04/2015 - 30/04/2016	Credit card embossing service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Fuco Technology Co., Ltd.	01/01/2015 - 31/12/2016	Bank statements printing and delivery	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation

 (Continued)

Nature of Contract	Concerned Party	Contract Term	Main Content	Restriction Clause
Outsourcing Contract	Fuji Xerox Document Management Solutions	01/10/2014 - 30/09/2015	Credit card monthly statements printing, packaging, and delivery services	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Hi-Life International Co., Ltd.	01/06/2013 - 30/05/2015	Credit card payment collection	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Taiwan FamilyMart Co., Ltd.	01/06/2013 - 30/05/2015		
	President Chain Store Corp.	01/06/2013 - 30/05/2015		
	Giotto International Inc.	01/01/2014 - 31/12/2015	Bonus points redemption service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	China Credit Information Service, Ltd.	01/03/2011 - 01/03/2016	Credit analysis report for loan customers	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Plenty Asset Management Co. Ltd.	01/04/2015 - 01/04/2016	Debt Collection	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Yu Bon Credit Management & Consultant Co., Ltd.	01/04/2015 - 01/04/2016		
	Lian Li Asset Management Corp.	01/04/2015 - 01/04/2016		
	Gold Partners (Asia) Asset Management Company Limited	01/04/2015 - 01/04/2016		
	Crown Van Lines Co., Ltd.	01/01/2015 - 31/12/2016	Document Storage	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Ipsos Taiwan Limited	01/04/2015 - 31/03/2016	Market Survey	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Mitake Information Corporation	01/07/2013 - 30/06/2016	SMS message delivery	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Other (Note 4)	14/02/2015 - 01/03/2016	Appraisal service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation

Note 1 : The initial term of this agreement shall be one year starting from 20/05/2014. After the expiration of the initial term, this agreement shall be automatically extended on a yearly basis unless terminated in written notice by either party.

Note 2 : Standard Chartered PLC's 100% invested company located in Malaysia.

Note 3 : Standard Chartered PLC's 100% invested company located in India.

Note 4 : The appraisal service is mainly conducted by companies including Hwan Yu Real Estate Appraisers Joint Firm, China Property Appraising Center Co Ltd, and Euro-Asia International Asset.

VII. Information on Financial Assets Securitization

The Bank has no securitization assets.

VI



Standard Chartered Financial Education Academy



Financial Highlights

I. Condensed Balance Sheet and Statement of Profit or Loss and Other Comprehensive Income for the Past Five Years

(I) Condensed Balance Sheet - adopts IFRSs International Financial Reporting Standards - and Its Subsidiaries

Unit : NTD'000

Item \ Year	2014	2013 (Note 2)	2012 (Note 2)	1 Jan - 31 Mar 2015 (unaudited)
Cash and cash equivalent, Due from the Central Bank and call loans to banks	126,851,984	114,413,331	84,520,033	117,804,765
Financial assets at fair value through profit or loss	36,411,714	20,458,887	29,544,710	22,279,701
Available-for-sale financial assets-net	201,168,244	230,156,830	226,363,332	210,770,721
Derivative financial assets for hedging-net	48,199	172,750	428,983	62,836
Securities purchased under resell agreements	2,556,376	1,950,000	3,402,039	3,784,631
Receivable-net	29,855,420	32,531,005	37,536,087	24,650,313
Current tax assets	127,143	111,724	115,818	433,139
Assets held for sale-net	-	-	-	-
Discounts and loans-net	337,544,264	344,157,478	340,637,979	313,929,815
Financial assets held-to-maturity	-	-	-	-
Investment under equity method-net	-	-	-	-
Restricted assets	15,702,585	641,400	675,200	15,406,928
Other financial assets-net	146,039	151,245	151,409	146,039
Property, plant and equipment-net	5,407,192	5,563,504	6,049,665	5,215,938
Investment property-net	-	-	-	-
Intangible assets-net	3,156,075	3,157,050	3,193,435	3,156,048
Deferred tax assets	2,318,677	2,397,891	2,639,983	2,267,243
Other assets-net	8,473,078	2,629,938	927,597	7,894,405
Total assets	769,766,990	758,493,033	736,186,270	727,802,522
Deposits from the Central Bank and banks	25,876,934	45,985,672	9,283,983	34,803,495
Financing from Central Bank and other banks	-	-	-	-
Financial liabilities at fair value through profit or loss	13,462,099	7,533,988	8,357,471	14,010,101
Derivative financial liabilities for hedging	5,065	3,227	13,523	1,630
Bonds and bills sold under repurchase agreements	-	-	-	-
Payables	23,733,188	12,060,209	12,052,748	14,729,686

 (Continued)

Item \ Year		2014	2013 (Note 2)	2012 (Note 2)	1 Jan - 31 Mar 2015 (unaudited)
Current tax liabilities		85,530	35,311	105,362	410,829
Liabilities directly associated with assets held for sale		-	-	-	-
Deposits and remittances		597,519,644	576,902,709	562,430,032	555,459,379
Financial debentures-net		53,202,188	55,559,925	62,014,537	52,262,828
Preferred stock liability		-	-	-	-
Other financial liabilities		3,304,529	13,120,022	34,690,236	2,788,378
Provisions		1,908,858	1,915,124	1,981,028	1,930,967
Deferred tax liabilities		720,274	592,787	665,364	706,505
Other liabilities		5,167,178	2,378,547	1,607,943	5,118,108
Total liabilities	Before distribution	724,985,487	716,087,521	693,202,227	682,221,906
	After distribution	724,985,487	716,087,521	693,202,227	682,221,906
Common stock		29,105,720	29,105,720	29,105,720	29,105,720
Capital surplus		5,786,031	5,786,031	5,786,031	5,794,771
Retained earnings	Before distribution	9,025,881	6,905,319	7,107,572	9,926,420
	After distribution	(Note 1)	5,837,819	4,417,572	-
Other equity interest		863,871	608,442	984,720	753,705
Total equity	Before distribution	44,781,503	42,405,512	42,984,043	45,580,616
	After distribution	(Note 1)	41,338,012	40,294,043	-

Note 1 : The Board Meeting is not held.

Note 2 : Financials have been reclassified by moving the accounting item of "trade finance advances to banks" from the "loans" item to "due from the Central Bank and call loans to banks" and by adding "restricted assets" as a new item to conform to the 2014 presentation.

Condensed Balance Sheet - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year	2014	2013 (Note 2)	2012 (Note 2)	1 Jan - 31 Mar 2015 (unaudited)
Cash and cash equivalent, Due from the Central Bank and call loans to banks	126,851,984	114,413,331	84,520,033	117,804,765
Financial assets at fair value through profit or loss	36,411,714	20,458,887	29,544,710	22,279,701
Available-for-sale financial assets-net	201,168,244	230,156,830	226,363,332	210,770,721
Derivative financial assets for hedging-net	48,199	172,750	428,983	62,836
Securities purchased under resell agreements	2,556,376	1,950,000	3,402,039	3,784,631
Receivable-net	29,952,621	32,759,448	37,741,825	24,990,770
Current tax assets	127,143	111,724	115,818	433,099
Assets held for sale-net	-	-	-	-
Discounts and loans-net	337,544,264	344,157,478	340,637,979	313,929,815
Financial assets held-to-maturity	-	-	-	-
Investment under equity method-net	718,381	393,511	369,417	765,884
Restricted assets	15,702,585	641,400	675,200	15,406,928
Other financial assets-net	146,039	151,245	151,409	146,039
Property, plant and equipment-net	5,406,891	5,563,295	6,049,665	5,215,658
Investment property-net	-	-	-	-
Intangible assets-net	3,156,075	3,157,050	3,193,435	3,156,048
Deferred tax assets	2,318,677	2,397,891	2,639,983	2,267,243
Other assets-net	8,469,361	2,625,854	924,902	7,890,714
Total assets	770,578,554	759,110,694	736,758,730	728,904,852
Deposits from the Central Bank and banks	25,876,934	45,985,672	9,283,983	34,803,495
Financing from Central Bank and other banks	-	-	-	-
Financial liabilities at fair value through profit or loss	13,462,099	7,533,988	8,357,471	14,010,101
Derivative financial liabilities for hedging	5,065	3,227	13,523	1,630
Bonds and bills sold under repurchase agreements	-	-	-	-
Payables	23,700,403	12,036,904	12,028,156	14,688,828
Current tax liabilities	-	-	65,780	315,570
Liabilities directly associated with assets held for sale	-	-	-	-
Deposits and remittances	598,495,557	577,585,845	563,071,977	556,738,415

 (Continued)

Item \ Year		2014	2013 (Note 2)	2012 (Note 2)	1 Jan - 31 Mar 2015 (unaudited)
Financial debentures-net		53,202,188	55,559,925	62,014,537	52,262,828
Preferred stock liability		-	-	-	-
Other financial liabilities		3,304,529	13,120,022	34,690,236	2,788,378
Provisions		1,908,858	1,915,124	1,981,028	1,930,967
Deferred tax liabilities		706,371	592,787	665,364	692,602
Other liabilities		5,135,047	2,371,688	1,602,632	5,091,422
Total liabilities	Before distribution	725,797,051	716,705,182	693,774,687	683,324,236
	After distribution	725,797,051	716,705,182	693,774,687	683,324,236
Common stock		29,105,720	29,105,720	29,105,720	29,105,720
Capital surplus		5,786,031	5,786,031	5,786,031	5,794,771
Retained earnings	Before distribution	9,025,881	6,905,319	7,107,572	9,926,420
	After distribution	(Note1)	5,837,819	4,417,572	-
Other equity interest		863,871	608,442	984,720	753,705
Total equity	Before distribution	44,781,503	42,405,512	42,984,043	45,580,616
	After distribution	(Note1)	41,338,012	40,294,043	-

Note 1 : The Board Meeting is not held.

Note 2 : Financials have been reclassified by moving the accounting item of "trade finance advances to banks" from the "loans" item to "due from the Central Bank and call loans to banks" and by adding "restricted assets" as a new item to conform to the 2014 presentation.

Condensed Balance Sheet- adopts ROC Generally Accepted Accounting Principles

Unit : NTD'000

Item		Year	2011	2010
Cash and cash equivalent, Balance at Central Bank and loans and call loans to banks			85,868,076	107,155,919
Financial assets at fair value through profit or loss			40,867,691	28,405,970
Securities purchased under resell agreements			8,456,414	-
Available-for-sale financial assets			213,257,021	178,338,617
Discounts and loans			346,151,003	344,500,675
Receivables			34,442,522	26,956,704
Financial assets held-to-maturity			-	-
Investment under equity method			279,579	76,692
Fixed assets			6,076,890	7,253,113
Intangible assets			3,303,198	3,408,715
Other financial assets			887,031	445,803
Other assets			4,071,478	5,410,310
Total assets			743,660,903	701,952,518
Deposits from the Central Bank and banks			18,390,389	10,647,359
Deposits and remittances			596,151,692	590,618,528
Financial liabilities at fair value through profit or loss			14,863,355	19,801,306
Bonds and bills sold under repurchase agreements			-	-
Financing from the Central Bank and other banks , financial debentures payable			47,512,170	19,224,205
Preferred stock liability			-	-
Accrued pension liabilities			733,450	746,576
Other financial liabilities			10,188,173	11,460,148
Other liabilities			10,585,636	11,164,608
Total liabilities	Before distribution		698,424,865	663,662,730
	After distribution		698,424,865	663,662,730
Common stock			29,105,720	29,105,720
Capital surplus			5,786,031	5,786,031
Retained earnings	Before distribution		9,386,251	2,922,991
	After distribution		5,020,393	877,102
Unrealized gain or loss on financial instruments			962,709	439,450
Other shareholders' equity			(4,673)	35,596
Cumulative translation adjustment			-	-
Total Shareholders' Equity	Before distribution		45,236,038	38,289,788
	After distribution		40,870,180	36,243,899

(II) Condensed Statements of Profit or Loss and Other Comprehensive Income - adopts IFRSs International Financial Reporting Standards - and Its Subsidiaries

Unit : NTD'000

Item \ Year	2014	2013	2012	1 Jan - 31 Mar 2015 (unaudited)
Interest income	14,060,064	14,391,931	15,074,936	3,248,196
Less : interest expense	5,331,658	5,043,953	5,257,563	1,323,707
Net interest income	8,728,406	9,347,978	9,817,373	1,924,489
Net non-interest income	7,116,829	5,758,690	6,850,433	1,973,909
Net revenue	15,845,235	15,106,668	16,667,806	3,898,398
Bad debts expense and guarantee liability provision	682,630	1,632,146	2,020,735	162,938
Operating expenses	11,344,913	10,629,392	10,944,479	2,686,282
Income from continuing operations before tax	3,817,692	2,845,130	3,702,592	1,049,178
Less : Income tax expense	551,273	454,071	639,797	148,639
Net income from continuing operations	3,266,419	2,391,059	3,062,795	900,539
Net income	3,266,419	2,391,059	3,062,795	900,539
Other comprehensive income (net of tax)	177,072	(279,590)	(90,022)	(110,166)
Total comprehensive income	3,443,491	2,111,469	2,972,773	790,373
Earnings per share	1.12	0.82	1.05	0.31

Condensed Statements of Profit or Loss and Other Comprehensive Income - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year	2014	2013	2012	1 Jan - 31 Mar 2015 (unaudited)
Interest income	14,060,064	14,391,931	15,074,936	3,248,196
Less : interest expense	5,333,749	5,046,491	5,259,856	1,324,133
Net interest income	8,726,315	9,345,440	9,815,080	1,924,063
Net non-interest income	6,269,769	5,197,081	6,319,405	1,790,557
Net revenue	14,996,084	14,542,521	16,134,485	3,714,620
Bad debts expense and guarantee liability provision	682,630	1,632,146	2,020,735	162,938
Operating expenses	10,628,503	10,131,450	10,472,528	2,512,234
Income from continuing operations before tax	3,684,951	2,778,925	3,641,222	1,039,448
Less : Income tax expense	418,532	387,866	578,427	138,909
Net income from continuing operations	3,266,419	2,391,059	3,062,795	900,539
Net income	3,266,419	2,391,059	3,062,795	900,539
Other comprehensive income (net of tax)	177,072	(279,590)	(90,022)	(110,166)
Total comprehensive income	3,443,491	2,111,469	2,972,773	790,373
Earnings per share	1.12	0.82	1.05	0.31

Condensed Income Statement - adopts ROC Generally Accepted Accounting Principles

Unit : NTD'000

Item \ Year	2011	2010
Net interest income	9,183,485	8,911,419
Net non-interest income	7,960,032	8,039,597
Operating income	17,143,517	16,951,016
Bad debt expenses	(3,154,511)	1,453,276
Operating expenses	10,521,913	10,976,520
Profit (loss) from continuing operations before tax	9,776,115	4,521,220
Profit (loss) from continuing operations after income tax	8,373,115	2,922,991
Profit (loss) from Extraordinary items (net of tax)	-	-
Cumulative effect of changes in accounting principles (net of tax)	-	-
Net income	8,373,115	2,922,991
Earnings per share (after tax)	2.88	1.00

(III) Name of Independent Auditors and the Audit Opinion

Item \ Year	2014	2013	2012	2011	2010
Name of CPA	Ming-Zhi Wang Lin Wu	Ming-Zhi Wang Lin Wu	Ming-Zhi Wang Lin Wu	Ming-Zhi Wang Lin Wu	Lin Wu Ming-Zhi Wang
Audit Opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial Analysis for the Past Five Years

(I) Ratio Analysis- adopts IFRSs International Financial Reporting Standards - and Its Subsidiaries

Item \ Year		2014	2013	2012	1 Jan - 31 Mar 2015 (unaudited)
Operating Capability	Ratio of loans to deposits (%)	57.22	60.57	63.24	57.29
	Ratio of non-performing loans (%)	0.29	0.56	0.70	0.31
	Ratio of interest cost to annual average deposits (%)	0.66	0.64	0.69	0.64
	Ratio of interest income to annual average loans outstanding (%)	2.73	2.97	3.19	2.64
	Total assets turnover (time)	0.02	0.02	0.02	0.02
	Average operating income per employee (thousand dollar)	4,129	3,901	4,010	4,257
	Average profit per employee (thousand dollar)	851	617	737	983
Profitability	Return on Tier 1 capital (%)	9.84	7.43	9.33	10.47
	Return on assets (%)	0.43	0.32	0.41	0.48
	Return on equity (%)	7.49	5.60	7.01	7.97
	Net income ratio (%)	20.61	15.83	18.38	23.10
	Earnings per share (NTD)	1.12	0.82	1.05	0.31
Financial Structure	Ratio of liabilities to assets (%)	94.18	94.41	94.16	93.74
	Ratio of property and equipment to equity (%)	12.07	13.12	14.07	11.44
Growth Rate	Asset growth rate (%)	1.49	3.03	(1.07)	(5.45)
	Profit growth rate (%)	34.18	(23.16)	(62.29)	-
Cash Flow	Cash flow ratio (%)	(1.54)	95.34	(122.77)	-
	Cash flow adequacy ratio (%)	7.72	8.14	(319.91)	-
	Ratio of cash flow from operations to cash flow from investments (%)	16.29	(4,166.46)	(1,938.63)	-
Ratio of liquidity reserve (%)		56.47	53.70	54.96	56.41
Secured loans of related parties (thousand dollar)		2,710,970	2,691,498	2,633,353	2,676,720
Total secured loans of related parties as a percentage of total loans (%)		0.73	0.68	0.68	0.79

 (Continued)

Item		Year	2014	2013	2012	1 Jan - 31 Mar 2015 (unaudited)
Operating Scale	Market share of assets (%)		1.63	1.75	1.87	1.52
	Market share of net worth (%)		1.48	1.56	1.71	1.48
	Market share of deposits (%)		1.78	1.83	1.90	1.64
	Market share of loans (%)		1.29	1.47	1.51	1.20

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

1. Compared with last year, non-performing loans (NPL) ratio decreased was mainly benefited from the overall asset management and control properly and quality of loan assets improved in 2014.
2. Increased return on tier 1 capital due to higher profit generation power.
3. Return on assets (%), return on equity (%), earnings per share, and profit growth rate (%) increased year-on-year:
Such increase was mainly driven by upper net income after tax of 37%, with elaboration below:
 - (1) Net operating income was up 3 percent from good income growth in WM, Bancassurance in particular, good Financial Market trading performance and strong wealth management fee income
 - (2) Sound asset portfolio management
4. Compared with last year, decreased asset growth rate mainly due to adjusted deployment on available for sale financial assets.
5. Compare to last year, good cash flow management was mainly due to
 - 1) The excess liquidity of RMB in the previous year no longer existed in 2014
 - 2) Higher performance on USD funding was caused by Asset liability management enhancements and proper trading strategy, cash flow management significant growth over last year.

Ratio Analysis - adopts IFRSs International Financial Reporting Standards

Item \ Year		2014	2013	2012	1 Jan - 31 Mar 2015 (unaudited)
Operating Capability	Ratio of loans to deposits (%)	57.13	60.50	63.16	57.16
	Ratio of non-performing loans (%)	0.29	0.56	0.70	0.31
	Ratio of interest cost to annual average deposits (%)	0.66	0.64	0.69	0.65
	Ratio of interest income to annual average loans outstanding (%)	2.73	2.97	3.19	2.66
	Total assets turnover (time)	0.02	0.02	0.02	0.02
	Average operating income per employee (thousand dollar)	3,907	3,755	3,881	4,067
	Average profit per employee (thousand dollar)	851	617	737	986
Profitability	Return on Tier 1 capital (%)	9.56	7.29	9.19	10.47
	Return on assets (%)	0.43	0.32	0.41	0.48
	Return on equity (%)	7.49	5.60	7.01	7.97
	Net income ratio (%)	21.78	16.44	18.98	24.24
	Earnings per share (NTD)	1.12	0.82	1.05	0.31
Financial Structure	Ratio of liabilities to assets (%)	94.19	94.41	94.17	93.75
	Ratio of property and equipment to equity (%)	12.07	13.12	14.07	11.44
Growth Rate	Asset growth rate (%)	1.51	3.03	(1.05)	(5.49)
	Profit growth rate (%)	32.60	(23.68)	(62.75)	-
Cash Flow	Cash flow ratio (%)	(1.54)	95.37	(122.87)	-
	Cash flow adequacy ratio (%)	8.06	7.74	(352.13)	-
	Ratio of cash flow from operations to cash flow from investments (%)	16.29	(4,170.83)	(1,938.99)	-
Ratio of liquidity reserve (%)		56.47	53.70	54.96	56.41
Secured loans of related parties (thousand dollar)		2,710,970	2,691,498	2,633,353	2,676,720
Total secured loans of related parties as a percentage of total loans (%)		0.73	0.68	0.68	0.79
Operating Scale	Market share of assets (%)	1.64	1.75	1.87	1.52
	Market share of net worth (%)	1.48	1.56	1.71	1.48
	Market share of deposits (%)	1.78	1.83	1.90	1.65
	Market share of loans (%)	1.29	1.47	1.51	1.20

 (Continued)

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

1. Compared with last year, non-performing loans (NPL) ratio decreased was mainly benefited from the overall asset management and control properly and quality of loan assets improved in 2014.
2. Increased return on tier 1 capital due to higher profit generation power.
3. Return on assets (%), return on equity (%), earnings per share, and profit growth rate (%) increased year-on-year:
Such increase was mainly driven by upper net income after tax of 37%, with elaboration below:
 - (1) Net operating income was up 3 percent from good income growth in WM, Bancassurance in particular, good Financial Market trading performance and strong wealth management fee income
 - (2) Sound asset portfolio management
4. Compared with last year, decreased asset growth rate mainly due to adjusted deployment on available for sale financial assets.
5. Compare to last year, good cash flow management was mainly due to
 - 1) The excess liquidity of RMB in the previous year no longer existed in 2014
 - 2) Higher performance on USD funding was caused by Asset liability management enhancements and proper trading strategy, cash flow management significant growth over last year.

Note : 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 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 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 - adopts ROC Generally Accepted Accounting Principles

Item		Year	2011	2010
Operating Capability	Ratio of Loans to deposits (%)		58.77	58.96
	Ratio of Non-performing Loans (%)		0.44	0.69
	Ratio of Interest cost to annual average deposits (%)		0.81	0.61
	Ratio of Interest income to annual average loans outstanding (%)		3.63	3.33
	Total assets turnover (time)		0.02	0.02
	Average operating income per employee (thousand dollar)		4,449	4,222
	Average profit per employee (thousand dollar)		2,173	728
Profitability	Return on Tier 1 capital (%)		26.64	15.31
	Return on assets (%)		1.16	0.44
	Return on equity (%)		20.05	7.98
	Net income ratio (%)		48.84	17.24
	Earnings per share (NTD)		2.88	1.00
Financial Structure	Ratio of liabilities to assets (%)		93.92	94.55
	Ratio of fixed assets to equity (%)		13.43	18.94
Growth Rate	Asset growth rate (%)		5.94	13.87
	Profit growth rate (%)		116.23	192.75
Cash Flow	Cash flow ratio (%)		(70.44)	14.49
	Cash flow adequacy ratio (%)		586.72	1,126.92
	Ratio of cash flow from operations to cash flow from investments (%)		569.39	(6.58)
Ratio of liquidity reserve (%)			51.96	37.98
Balance of secured loans of related parties (thousand dollar)			2,690,500	2,137,212
Total secured loans of related parties as a percentage of total loans (%)			0.70	0.57
Operating Scale	Market share of assets (%)		1.91	1.92
	Market share of net worth (%)		1.88	1.70
	Market share of deposits (%)		2.09	2.20
	Market share of loans (%)		1.54	1.65

Note : 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 / 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 / Required 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 financial institutions
- (3) Market share of deposits = Total deposits / Total deposits of all authorized deposit-taking and loan financial institutions
- (4) Market share of loans = Total loans / Total loans of all authorized deposit-taking and loan financial institutions

(II) Capital Adequacy - adopts IFRSs International Financial Reporting Standards - and Its Subsidiaries

Unit : NTD'000

Item \ Year			5-year CAR			1 Jan - 31 Mar 2015 (unaudited)
			2012	2013	2014	
Regulatory capital	Common Equity Tier 1 Capital		38,686,157	37,901,116	39,718,971	40,467,079
	Other Non-Common Equity Tier 1 Capital		-	-	-	-
	Tier 2 Capital		20,066,025	18,733,607	16,734,827	16,864,069
	Total Regulatory Capital		58,752,182	56,634,723	56,453,798	57,331,148
RWA	Credit Risk	Standardised Approach	320,869,531	363,987,158	345,690,769	311,233,740
		Internal Ratings-Based Approach	-	-	-	-
		Securitisation	-	-	-	-
	Operational Risk	Basic Indicator Approach	31,816,384	31,138,609	30,051,647	30,051,647
		Standardised Approach / Alternative Standardised Approach	-	-	-	-
		Advanced Measurement Approaches	-	-	-	-
	Market Risk	Standardised Approach	18,918,596	19,217,874	19,491,065	17,764,061
		Internal Models-Based Approach	-	-	-	-
	Total Risk-Weighted Assets		371,604,511	414,343,642	395,233,481	359,049,449
	Capital Adequacy Ratio			15.81%	13.67%	14.28%
Tier 1 Capital Ratio			10.41%	9.15%	10.05%	11.27%
Common Equity Tier 1 Capital Ratio			10.41%	9.15%	10.05%	11.27%
Leverage Ratio			-	-	-	4.46%

Capital Adequacy - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year			5-year CAR			1 Jan - 31 Mar 2015 (unaudited)
			2012	2013	2014	
Regulatory capital	Common Equity Tier 1 Capital		38,501,448	37,704,360	39,359,781	40,084,137
	Other Non-Common Equity Tier 1 Capital		-	-	-	
	Tier 2 Capital		19,881,317	18,536,851	16,375,636	16,481,127
	Total Regulatory Capital		58,382,765	56,241,211	55,735,417	56,565,264
RWA	Credit Risk	Standardised Approach	320,675,692	363,779,689	345,468,200	311,106,993
		Internal Ratings-Based Approach	-	-	-	-
		Securitisation	-	-	-	-
	Operational Risk	Basic Indicator Approach	31,379,656	30,296,999	28,835,011	28,835,011
		Standardised Approach / Alternative Standardised Approach	-	-	-	-
		Advanced Measurement Approaches	-	-	-	-
	Market Risk	Standardised Approach	18,918,596	19,217,874	19,491,065	17,764,061
		Internal Models-Based Approach	-	-	-	-
	Total Risk-Weighted Assets		370,973,944	413,294,562	393,794,276	357,706,064
Capital Adequacy Ratio			15.74%	13.61%	14.15%	15.81%
Tier 1 Capital Ratio			10.38%	9.12%	10.00%	11.21%
Common Equity Tier 1 Capital Ratio			10.38%	9.12%	10.00%	11.21%
Leverage Ratio			-	-	-	4.46%

Note : The ratios are computed as follows :

1. Total Regulatory capital = Common Equity Tier 1 + Additional Tier 1 + Tier 2 capital
2. Total risk-weighted assets = Credit risk-weighted assets + Capital charge of (Operational risk + Market risk)×12.5
3. Capital adequacy ratio = Total Regulatory capital / Total risk-weighted assets
4. Tier 1 capital ratio = (Common Equity Tier 1 + Additional Tier 1) / Total risk-weighted assets
5. Common Equity Tier 1 ratio = Common Equity Tier 1 / Total risk-weighted assets
6. Leverage ratio = Net of Tier 1 capital / Total exposures
7. Leverage ratio is disclosed from 2015 onwards.

Capital Adequacy - adopts ROC Generally Accepted Accounting Principles

Unit : NTD'000

Item		Year	2011	2010
Regulatory Capital	Tier 1 Capital	Common stock	29,105,720	29,105,720
		Perpetual non-cumulative preferred stock	-	-
		Non-cumulative subordinated debt without maturity date	-	-
		Capital collected in advance	-	-
		Capital surplus (except the value appreciation of fixed assets)	5,786,031	5,786,031
		Legal reserve	876,897	-
		Special reserve	136,034	-
		Accumulated profit or loss	8,373,320	2,922,991
		Minority interest	-	-
		Other shareholders' equity	(271,471)	(877,638)
		Less: Goodwill	3,156,048	3,156,048
		Less: Unamortized loss from sale of NPL	-	-
		Less: Capital deduction items	275,784	949,335
		Total Tier 1 capital	40,574,699	32,831,721
	Tier 2 Capital	Perpetual cumulative preferred stock	-	-
		Cumulative subordinated debt without maturity date	9,080,871	9,109,629
		Fixed asset revaluation increment surplus	239,413	363,949
		45% of unrealized gain on available-for-sale financial assets	445,542	444,931
		Convertible bonds	-	-
		Operating reserve and provision for bad debts	136,763	-
		Long-term subordinated debt	10,000,000	10,000,000
		Non-perpetual preferred stock	-	-
		The sum of perpetual non-cumulative preferred stocks and non-cumulative subordinated debt without maturity date exceeding 15% of total Tier 1 Capital	-	-
		Accumulated profit or loss	-	-
		Less: Capital deduction item(s)	275,784	245,108
		Total Tier 2 capital	19,626,805	19,673,401
	Tier 3 Capital	Short-term subordinated debt	-	-
		Non-perpetual preferred stock	-	-
		Total Tier 3 capital	-	-
	Total Regulatory Capital		60,201,504	52,505,122

 (Continued)

Item			Year	2011	2010
Risk-Weighted Assets	Credit Risk	Standardised approach		308,452,918	307,469,370
		Internal-rating based approach		-	-
		Asset securitisation		-	-
	Operational Risk	Basic indicator approach		33,554,611	33,762,611
		Standardized approach / Alternative standardised approach		-	-
		Advanced measurement approach		-	-
	Market Risk	Standardised approach		22,005,098	28,841,002
		Internal model approach		-	-
	Total risk-weighted assets				364,012,628
Capital adequacy ratio				16.54	14.19
Tier 1 capital ratio (%)				11.15	8.87
Tier 2 capital ratio (%)				5.39	5.32
Tier 3 capital ratio (%)				-	-
Common stock to total assets ratio (%)				3.91	4.15

Note : The ratios are computed as follows :

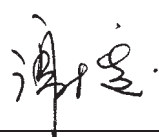
1. Total Regulatory capital = Tier 1 capital + Tier 2 capital + Tier 3 capital
2. Total risk weighted assets = Credit risk weighted assets + Capital charge of (Operational risk + Market risk)×12.5
3. Capital adequacy ratio = Total Regulatory capital / Total risk-weighted assets
4. Tier 1 capital ratio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

III. Supervisors' Report for 2014 Financial Statements

Supervisors' Report

The board of directors have compiled and submitted the Company's 2014 financial statements and consolidated financial reports, audited by JJ Wang and Lin Wu of KPMG, business report and profit allocation statement . We are satisfied that they have been correctly compiled with the books and accounts of the Company. The Supervisor's Report is issued in accordance with Clause 1, Item 1, Article 36 of Stock Exchange Law and Article 219 of Company Act.

Supervisor : 
Norman Lyle


Wen Xie

IV. 2014 Consolidated Financial Statements of the Bank and Its Subsidiaries Audited by the CPAs

Independent Auditors' Report

The Board of Directors

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries:

We have audited the accompanying consolidated balance sheets of Standard Chartered Bank (Taiwan) Limited and its subsidiaries as of December 31, 2014 and 2013, and January 1, 2013, and the related consolidated statements of profit or loss and other comprehensive income, statements of changes in stockholders' equity and statements of cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Regulations Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants and Republic of China generally accepted auditing standards. 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 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, 2014 and 2013, and January 1, 2013, and the results and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial statements by Public Banks, the related International Financial Reporting Standards accepted by the financial supervisory commissions, International Accounting Standards, interpretations and other related regulations.

Standard Chartered Bank (Taiwan) Limited has prepared its individual financial statements for the Bank as of the year ended December 31, 2014 and 2013, on which we have expressed a standard unqualified audit opinion.



March 30, 2015

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Statements of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan Dollars)

	2014		2013		Change %
	Amount	%	Amount	%	
41000 Interest income (notes 6(26) and 7)	\$ 14,060,064	89	14,391,931	95	(2)
51000 Less : Interest expense (notes 6(26) and 7)	<u>5,331,658</u>	<u>34</u>	<u>5,043,953</u>	<u>33</u>	6
Net income of interest	8,728,406	55	9,347,978	62	(7)
Net non-interest income					
49100 Net service fee income (notes 6(27) and 9(3))	4,344,523	27	3,802,015	25	14
49200 Gain on financial assets or liabilities at fair value through profit or loss (note 6(28))	1,823,851	12	1,172,009	8	56
49300 Realized gain on available-for-sale financial assets (note 6(29))	18,491	-	(1,085)	-	1,804
49600 Foreign exchange gain	681,369	4	695,480	4	(2)
49800 Net other non-interest income (notes 6(9), (30) and 7)	251,757	2	94,909	1	165
55000 Impairment losses on assets (notes 6(9) and (31))	<u>(3,162)</u>	<u>-</u>	<u>(4,638)</u>	<u>-</u>	32
Net revenue	<u>15,845,235</u>	<u>100</u>	<u>15,106,668</u>	<u>100</u>	5
58200 Bad debts expense and guarantee liability provision (note 6(31))	<u>682,630</u>	<u>4</u>	<u>1,632,146</u>	<u>11</u>	(58)
Operating expenses:					
58500 Employee benefits expense (notes 6(20), (24), (33) and 7)	5,720,629	36	5,471,372	36	5
59000 Depreciation and amortization expenses (notes 6(10), (11), and (34))	266,028	2	335,980	2	(21)
59500 Other general and administrative expenses (notes 6(35) and 7)	<u>5,358,256</u>	<u>34</u>	<u>4,822,040</u>	<u>32</u>	11
Total operating expenses	<u>11,344,913</u>	<u>72</u>	<u>10,629,392</u>	<u>70</u>	7
Income from continuing operations before tax	3,817,692	24	2,845,130	19	34
61003 Less: income tax expense (note 6(21))	<u>551,273</u>	<u>3</u>	<u>454,071</u>	<u>3</u>	21
Net income	<u>3,266,419</u>	<u>21</u>	<u>2,391,059</u>	<u>16</u>	37
65000 Other comprehensive income:					
65011 Change in fair value of available-for-sale financial assets recognized	(9,396)	-	(154,801)	(1)	94
65021 Change in fair value of cash flow hedges recognized	307,766	2	(305,944)	(2)	201
65031 Defined benefit plan actuarial (losses) gains	(94,406)	(1)	116,493	1	(181)
65091 Less: tax on other comprehensive income (note 6 (21))	<u>26,892</u>	<u>-</u>	<u>(64,662)</u>	<u>-</u>	142
65000 Other comprehensive income— net of tax	<u>177,072</u>	<u>1</u>	<u>(279,590)</u>	<u>(2)</u>	163
Total comprehensive income for the period	<u>\$ 3,443,491</u>	<u>22</u>	<u>2,111,469</u>	<u>14</u>	63
67500 Basic earnings per share (NTD) (note 6(25))	<u>\$ 1.12</u>		<u>0.82</u>		

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Statements of Changes in Stockholders' Equity
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan Dollars)

	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Total equity
Balance as of January 1, 2013								
Appropriation and distribution of retained earnings:								
Legal reserve appropriated(note 6(23))	-	-	901,004	-	(901,004)	-	-	-
Special reserve appropriated (note 6(23))	-	-	-	239,413	(239,413)	-	-	-
Reversal of special reserve appropriated (note 6(23))	-	-	-	(27,741)	27,741	-	-	-
Cash dividends of ordinary share (note 6(23))	-	-	-	-	(2,690,000)	-	-	(2,690,000)
Net income	-	-	-	-	2,391,059	-	-	2,391,059
Other comprehensive income	-	-	-	-	96,688	(122,344)	(253,934)	(279,590)
Total comprehensive income for the period	-	-	-	-	2,487,747	(122,344)	(253,934)	2,111,469
Balance as of December 31, 2013	29,105,720	5,786,031	4,289,836	347,706	2,267,777	728,701	(120,259)	42,405,512
Appropriation and distribution of retained earnings:								
Legal reserve appropriated(note 6(23))	-	-	680,333	-	(680,333)	-	-	-
Cash dividends of ordinary share(note 6(23))	-	-	-	-	(1,067,500)	-	-	(1,067,500)
Net income	-	-	-	-	3,266,419	-	-	3,266,419
Other comprehensive income	-	-	-	-	(78,357)	(17)	255,446	177,072
Total comprehensive income for the period	-	-	-	-	3,188,062	(17)	255,446	3,443,491
Balance as of December 31, 2014	29,105,720	5,786,031	4,970,169	347,706	3,708,006	728,684	135,187	44,781,503

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(expressed in thousands of New Taiwan Dollars)

	2014	2013 (Reclassified)
Cash flow from operating activities:		
Profit before tax	\$ 3,817,692	2,845,130
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	265,053	299,595
Amortization expense	975	36,385
Bad debt expense and guarantee liability provision, net	682,630	1,632,146
Interest expense	5,331,658	5,043,953
Interest income	(14,060,064)	(14,391,931)
Net change in other provisions	(101,296)	11,115
Loss (gain) on disposal of property and equipment	4,231	(19,553)
Impairment on buildings and other financial assets	3,162	4,638
Total adjustments to reconcile profit (loss)	(7,873,651)	(7,383,652)
Change in operating assets and liabilities :		
Change in operating assets :		
Due from the Central Bank and call loans to banks	(22,964,544)	23,352,701
Financial assets at fair value through profit or loss	(15,952,827)	9,085,823
Receivables	2,624,396	4,946,987
Discounts and loans	5,931,208	(5,112,171)
Available-for-sale financial assets	13,849,209	(3,950,652)
Other financial assets	4,556	-
Total changes in operating assets	(16,508,002)	28,322,688
Changes in operating liabilities :		
Deposits from the Central Bank and banks	(20,108,738)	36,701,689
Financial liabilities at fair value through profit or loss	5,928,111	(823,483)
Payables	11,929,651	424,789
Deposits and remittances	20,616,774	14,501,678
Other financial liabilities	(9,815,493)	(21,570,214)
Other liabilities	2,790,121	770,604
Total changes in operating liabilities	11,340,426	30,005,063
Total changes in operating assets and liabilities	(5,167,576)	58,327,751
Total adjustments	(13,041,227)	50,944,099
Cash inflow generated (used in) from operations	(9,223,535)	53,789,229
Interest received	14,179,153	14,483,826
Interest paid	(5,589,820)	(5,461,281)
Income taxes paid	(336,664)	(285,851)
Net cash flows (used in) from operating activities	(970,866)	62,525,923
Cash flows used in investing activities:		
Proceeds from disposal of property, plant and equipment	-	471,733
Acquisition of property, plant and equipment	(115,484)	(270,088)
Increase in other assets	(5,843,140)	(1,702,341)
Net cash flows from investing activities	(5,958,624)	(1,500,696)
Cash flows used in financing activities :		
Increase (decrease) in derivative financial instruments for hedging	538,673	(235,755)
Decrease in bank notes payable	(2,461,198)	(6,305,512)
Cash dividends paid	(1,067,500)	(2,690,000)
Net cash flows used in financing activities	(2,990,025)	(9,231,267)
Net (decrease) increase in cash and cash equivalents	(9,919,515)	51,793,960
Cash and cash equivalents at beginning of period	96,586,525	44,792,565
Cash and cash equivalents at end of period	\$ 86,667,010	96,586,525
Components of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	\$ 22,434,439	49,979,231
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7 endorsed by the FSC	61,676,195	44,657,294
Securities purchased under resell agreements and debt instruments qualifying for cash and cash equivalents under the definition of IAS 7 endorsed by the FSC	2,556,376	1,950,000
Cash and cash equivalents at end of period	\$ 86,667,010	96,586,525

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Notes to the Financial Statements
December 31, 2014 and 2013
(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Organization

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries (the "Company") was established on September 15, 1948, in the Taoyuan, Hsinchu, and Miaoli areas. The original name of the Company 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 Company 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 Company 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 Company's shares were authorized to be publicly traded beginning March 22, 1983. Additionally, pursuant to approval granted by the Ministry of Finance ("MOF"), the Company established a Trust Department in January 1989 and an International Business Department in March 1993. In July 1992, the Company established the securities trading business and the securities broker business, respectively, and both were approved by the MOF. On January 16, 1995, the Company established an Offshore Banking Unit ("OBU"), which began operations immediately.

The Company 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 Company 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.

The Company sold the securities brokerage services on October 9, 2014, terminated trading of securities in the stock exchange market, trading of securities at the business establishment, margin purchase and short sale of securities, trading of futures and dissolved the securities branch.

Standard Chartered Life Insurance Agency Co., Ltd., formerly Hsinchu Insurance Agency Co., Ltd. was incorporated in October 1999 under the ROC Company Act and was renamed in November 2007. It primarily acts as an agent for life insurance products.

Taiwan Standard Chartered Insurance Agency Co., Ltd., formerly Chuchian Insurance Agency Co., Ltd., was incorporated in October 1999 under the ROC Company Act and was renamed in November 2007. It primarily acts as an agent for property insurance products.

(2) Approval date and Procedures of the Consolidated Financial Statements

The financial statements were authorized for issue by the Board of Directors on March 30, 2015.

(3) New Standards and Interpretations Not yet Adopted

- 1) Effect on non-application of 2013 version of International Financial Reporting Standards and interpretations endorsed by the financial supervisory commissions R.O.C. ("FSC")

According to FSC Jin-Kuan-Cheng-Shen No. 1030010325 on April 3, 2014, the Company should prepare the financial statements adopted 2013 version of International Financial Reporting Standards and interpretations endorsed by the FSC (excluding IFRS 9 "Financial Instruments") started from 2015. The summary below shows related amendments of standards and interpretations relate to the Company:

Amendments of standards and interpretations	Effective date per IASB
Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards—Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendments to IFRS 7 "Disclosures—Transferring Financial Assets"	July 1, 2011
Amendments to IFRS 7 "Disclosures—Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendments to IFRS 10 "Consolidated Financial Statements"	January 1, 2013
Amendments to IFRS 11 "Joint Arrangements"	January 1, 2013
Amendments to IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"	July 1, 2012
Amendments to IAS 12 "Income Taxes—Deferred Taxes:Recovery of Underlying Assets"	January 1, 2012
Amendments to IAS 19 "Employee Benefits"	January 1, 2013
Amendments to IAS 27 "Separate Financial Statements"	January 1, 2013
Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014

The adoption of 2013 version of International Financial Reporting Standards and interpretations would not have material impacts on the consolidated financial statements of the Company, except for the following:

- (a) IAS 1 "presentation of financial statements"

The Standard revised the disclosure method of other comprehensive income statements ("OCI"); separate the items in OCI into "items that will not be reclassified subsequently to profit or loss" and "items that will be reclassified subsequently to profit or loss when specific conditions are met." The revision also mentioned that the items in OCI presented as pre-tax, the tax amount should also present separately based on the requirement shows above. The Company will change the disclosure method of comprehensive income statements ruled by the standard.

(b) IFRS 13 "fair value measurement"

The standard defined fair value, established the structure of fair value, and planned the disclosure of fair value. The Company has begun to assess and evaluate the possible impact of the financial statements, and will enlarge the disclosure of fair value ruled by the standard.

(c) IFRS 7 "disclosures—offsetting financial assets and financial liabilities" and IAS 32 "Offsetting financial assets and financial liabilities"

The Standards clarify the meaning of “currently has a legally enforceable right to set off” and “entity to intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously”. The Company has begun to assess and evaluate the possible impact of the financial statements adopted 2013 version of International Financial Reporting Standards and interpretations, and will enlarge the disclosure of net settlement ruled by the Standards.

2) Effect of newly issued International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") that has not been endorsed by the FSC.

The summary below shows the new issuances and amendments of new International Financial Reporting Standards and interpretations related to the Company that issued by the IASB that has not been endorsed by the FSC in the 2013 version.

New issuances and amendments of standards and interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an investor and its Associate or Joint Venture"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendments to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contribution"	July 1, 2014
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Currently, the Company has began to assess and evaluate the possible impact of the financial statement, and will disclose the influence when the access finished.

(4) Summary of Significant Accounting Policies

Significant accounting policies adopted in the individual financial statements are summarized as below:

1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial statements by Public Banks, the related International Financial Reporting Standards accepted by the financial supervisory commissions, International Accounting Standards, interpretations and other related regulations.

2) Basis of preparation

The financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

- (a) Financial instruments at fair value through profit or loss are measured at fair value;
- (b) Available-for-sale financial assets are measured at fair value;
- (c) Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- (d) The defined benefit asset is recognized as plan assets, plus unrecognized past service costs and unrecognized actuarial loss, less the unrecognized actuarial gain and the present value of the defined benefit obligation.

3) Basis of consolidation

- (a) Basis of preparation of consolidated financial statements

The subjects of the consolidated financial statements include Standard Chartered Bank (Taiwan) Limited (SCBTL) and subsidiaries that SCBTL has significant control on them (the "Company"). All intra-office balances and transactions as well as unrealized gain or losses generated from such transactions have been eliminated in the consolidated financial statements.

- (b) Subsidiaries included in the consolidated financial statements.

Investing Company	Subsidiary	Main Business	Shareholding (%)			Description
			December 31, 2014	December 31, 2013	January 1, 2013	
SCBTL	Standard Chartered Life Insurance Agency Co., Ltd.	Life insurance agent	100.00 %	100.00 %	100.00 %	SCBTL owned the majority of the subsidiary's voting rights (>50%).
SCBTL	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Property insurance agent	100.00 %	100.00 %	100.00 %	SCBTL owned the majority of the subsidiary's voting rights (>50%).

4) Foreign currency transactions

Except for accounts in the OBU of the Company 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. The Company's consolidated financial statements are presented in New Taiwan Dollar, the functional currency of the Company. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars, unless otherwise specified. Foreign currency differences arising on the translation of a foreign currency transaction are recognized in current profit or loss.

5) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques for clearing, and due from banks, but cash that is either restricted to be used only for specified purposes or by regulation or contracts is excluded. According to the statement of cash flow prepared under the definition of IAS 7, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition and include due from the Central Bank and call loans to banks and securities purchased under resell agreements and debt instruments.

6) 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 account and foreign currency account, 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.

7) Financial instruments

(a) Financial assets

Financial assets held by the Company are recorded on the trading date. Except for financial instruments classified as held for trading, other financial instruments are initially recognized at acquiring or issuing cost plus transaction costs.

i. Financial assets at fair value through profit or loss

Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling or repurchasing in the near term. The derivative financial instruments held by the Company, except for those designated and effective hedging instruments, are classified under these accounts. At each balance sheet date, the fair value is remeasured, and the resulting gain or loss from such remeasurement is recognized in current profit or loss.

ii. Available-for-sale financial assets — net

At each balance sheet date, the fair value is remeasured, and the resulting gain or loss from such remeasurement is recognized directly in other comprehensive income. Interest on a debt instrument classified as available-for-sale is accrued; the relevant premium/discount is amortized by using the effective-interest-rate method. If there is objective evidence that an available-for-sale financial asset is impaired, the carrying amount of the asset is reduced, and impairment loss is recognized. If, in a subsequent period, the amount of the impairment loss of the available-for-sale equity securities decreases, the impairment loss recognized in profit or loss shall not be reversed through profit or loss. If, in a subsequent period, the amount of the impairment loss of the available-for-sale debt securities decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized. A gain or loss on available-for-sale financial assets is recognized directly in other comprehensive income, except for impairment losses and foreign exchange gains or losses arising from monetary financial assets, until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in other comprehensive income is charged to profit or loss.

iii. Securities under repurchase/resell agreements and debt instruments

Securities sold/purchased with a commitment to repurchase/resell at predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resell price is treated as interest expenses/revenue and recognized over the term of the agreement. On the selling/purchasing date, these agreements are recognized as securities sold under repurchase agreements or securities purchased under resell agreements.

iv. Loans, receivables and allowance for bad debts

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 Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans approved by FSC, 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:

- i) 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;
- ii) 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 Company might collect from the debtors where there is no financial benefit in execution;
- iii) 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 Company's taking possession of such collateral;
- iv) 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;
- v) 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 non-performing loan. Accrued interest on a non-performing loan will only be calculated and booked into memo accounts.

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 be collectively assessed because 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, which cannot be less than the one set by the Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans approved by FSC.

v. Financial assets carried at cost

Equity instruments with no quoted market price are initially recognized at whose fair value plus transaction costs. At each balance sheet date, fair value can be reliably measured if either of the below conditions are met. 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:

- i) The variability in the range of reasonable fair value estimates is not significant for that instrument or;
- ii) The probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, it is not permissible to measure the instrument at fair value; instead, the instrument shall be carried at cost.

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 only treated as increases in the number of shares held.

vi. Financial assets initially classified as measured at fair value through profit or loss (other than derivative financial assets and those designated as assets measured at fair value through profit or loss) may be reclassified into other categories if those financial assets are no longer held for the purpose of selling and meet the criteria listed below; financial assets initially classified as available-for-sale that would have met the definition of loans and receivables may be reclassified out of the available-for-sale category to the loans and receivables. The accounting treatments on the date of reclassification are summarized as follows:

- i) When financial assets initially classified as measured at fair value through profit or loss have met the definition of loans and receivables and the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity, they shall be reclassified at their 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.
- ii) Financial assets initially classified as measured at fair value through profit or loss 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.

- iii) When financial assets initially classified as available-for-sale have met the definition of loans and receivables and the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity, they shall be reclassified at their value on the date of reclassification, which will become their new cost or amortized cost, as applicable.
- iv) For any previous gain or loss on a financial asset that has been recognized directly under owners' equity, if the financial asset has a fixed maturity, the gain or loss shall be amortized to current profit or loss over the remaining life of the financial asset; if not, the gain or loss remains under owners' equity.

vii. Financial asset impairment

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 shall be recognized in profit or loss in the current period. The estimation of future cash flows includes the recoverable amount of collateral and related insurance when determining the amount of the loss.

The aforesaid objective evidence includes:

- i) Significant financial difficulty of the issuer or obligor;
- ii) A breach of contract, such as a default or delinquency in interest or principal payments;
- iii) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- iv) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- v) The disappearance of an active market for that financial asset because of the issuer's financial difficulties;
- vi) Adverse changes in the payment status of the borrower; and
- vii) Changes in national or local economic conditions that correlate with defaults on the assets.

viii. Derecognition of financial assets

The Company shall derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire or transfers substantially all the risks and rewards of ownership of the financial assets.

(b) Financial liabilities

The financial liabilities held by the Company include a financial liability measured at fair value through profit or loss (including the instruments designated at fair value through profit or loss), financial liability at amortized cost and hedge derivatives.

i. Financial liabilities measured at fair value through profit or loss

A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as instrument held for trading as well. Financial liabilities held for trading include obligations to deliver financial assets borrowed by a short seller.

ii. Financial liabilities at amortized cost

Financial liabilities are classified at amortized cost of a financial liability, except for financial liabilities measured at fair value through profit or loss, hedged derivatives financial liability, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

iii. 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.

iv. Derecognition of a financial liability

The Company shall remove a financial liability from its balance sheets when, and only when, it is extinguished.

(c) Derivatives and hedging accounting

Derivatives instruments is initially recognized at fair value on contract date and subsequently measured at fair value. Fair value includes quoted price in an active market, occurring market transaction prices or model valuation technique. All derivatives instruments are recognized as assets with positive fair value and as liability with negative fair value.

The Company should accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the entire hybrid contract is not designated as at fair value through profit or loss. In addition, the embedded derivative is recognized as financial asset or liability as measured at fair value through profit or loss.

When a fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation are in conformity with all the conditions for applying hedge accounting, the affected profit or loss is recognized by offsetting the changes in the fair value of hedging instruments and hedged items. The related accounting treatments are as follows:

- i. Fair value hedge: Changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments against the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment are recognized through profit or loss in the current period.
- ii. Cash flow hedge: Where a derivative financial instrument is designated as a hedge of the volatility in cash flow of a recognized asset or liability or a highly foreseeable forecast transaction, the effective hedged portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognized directly under other comprehensive income. When the hedged transaction actually affects the profit or loss, the gain or loss previously recognized under other comprehensive income shall be recognized through current profit or loss. Any gain or loss from the change in fair value relating to an ineffective hedged portion of the hedge transaction is recognized immediately through profit or loss in the current period.

8) Non-financial asset impairment

In terms of International Accounting Standard No. 36, the Company, at each balance sheet date, the recoverable amount of an asset is estimated and compared with the carrying amount whenever there is an indication that the non-financial asset may be impaired. An impairment loss is recognized when the recoverable amount is less than the carrying amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

9) Lease classification

Lease contracts in accordance with the International Accounting Standards No. 17 and the FSC interpretation note No. 4 are divided into financial leases and operating leases.

The Company classifies all its leases as operating leases.

The Company's lease fees, which categorized under operating leases, are calculated using the straight-line method over the lease period where fees paid or received are recognized under income as "Other operating and administrative expenses" and "Other non-interest income".

10) Property, plant and equipment

Property, plant and equipment are measured at cost on acquisition. Subsequently, property, plant and equipment are 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 Company evaluates the estimated useful lives, depreciation method, and residual value on a regular basis. Changes in the estimated useful lives, depreciation method, and residual value are accounted for as changes in accounting estimates.

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 recognized as other non-interest income or losses.

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

Buildings	5 to 50 years
Office equipment	3 to 6 years
Leasehold improvement	Not exceed the shorter of 10 years or lease term
Other equipment	3 to 5 years

11) Intangible assets

(a) Computer software

Computer software system expenses, which are recorded on the basis of the actual cost of acquisition, are amortized using a straight-line method. Its amortization method, useful life and residual value are referred to the regulation of properties and equipment. The Company use cost model to proceed subsequently measurement.

(b) Goodwill

The acquirer shall measure the identifiable assets acquired from business combination and the liabilities or contingent liabilities assumed at their acquisition-date fair values without considering non-controlling interest. The acquirer shall recognize goodwill as of the acquisition date measured as the excess of the consideration transferred over the fair value of net identifiable assets held according to holding proportion. Adversely, the difference may result in directly recognizing a gain on a purchase. Goodwill is carried out cost less accumulated impairment.

Goodwill relating to cash-generating units is tested for impairment periodically each year. An impairment loss is recognized when the recoverable amount is less than the carrying amount. Impairment losses cannot be reversed once an impairment loss has been recognized.

12) Assets held-for-sale and liabilities directly related with assets held-for-sale

Disposal group held for sale are classified as "Assets held-for-sale" when all of the following criteria are met: a decision has been made to sell, the assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and it must be highly probable that the sale will be completed within one year. Disposal groups held for sale that is classified as "Assets held-for-sale" are measured at the lower of their book value or fair value less costs to sell. In addition, no amortization or depreciation expense shall be recognized. The net value of "Assets held-for-sale" is listed as an individual item in the balance sheet. Interest expense and other expenses incurred in a disposal group held for sale shall continue to be recognized in the current period profit or loss.

13) Provisions

The Company recognizes provisions only if all of the following conditions are met:

- (a) An entity has a present obligation, legal or constructive, as a result of a past event;
- (b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) A reliable estimate can be made of the amount of the obligation.

The Company shall not recognize provisions for future operating losses.

Where there are a number of similar obligations the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

The amount of a provision is measured subsequently as the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The deficiency is recognized as profit or loss of the current period.

14) Revenue and expense recognition

Interest income and expense on available-for-sale assets, financial assets or liabilities at amortized cost and financial assets and liabilities at fair value through profit or loss excluding derivatives is recognized in the current profit or loss 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.

Service fees are generally recognized on an accrual basis when the service has been provided or significant act performed.

15) Employee benefit

- (a) Short-term employee benefit (including employee bonus, remuneration of directors and supervisors): The Company charges the short-term and non-discounted benefit to be paid in the near future to current expenses in the periods during which services are rendered by employees.

(b) Post-employment benefit: The Company pension plan comprises defined contribution plan and defined benefit plan.

- i. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.
- ii. A defined benefit plan is a post-employment benefit plan under which benefit is paid to an employee on the basis of their ages, service periods and compensated salaries at the date of retirement. The Company recognizes actuarial gains and losses which are incurred by the change of actual experience and actuarial assumption in other comprehensive income, and recognize pension asset or liability in balance sheets in which asset or liability is the amount of actuarial present value of defined benefit obligation deducting fair value of plan assets. The calculation of defined benefit obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefit obligation is calculated by discounting future cash flow at the yield rate on AA credit rated bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid.

16) Share-based payment transactions

Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, and the corresponding increase in owners' equity is recognized. The recognized compensation cost is expected to meet with the service conditions and the non-market vesting conditions of the reward adjustments. The final amounts recognized after meeting the service conditions and non-market vesting conditions are based on the reward measured.

Regarding the non-vesting conditions of share-based payments, the difference between the expected and actual results without adjustments are measured by the fair value determined at the grant date of the payment.

Employees are paid stock appreciation rights, which are based on the fair value measurement taken after cash settlement. For employee payments within the period, the increase in relative cost will be recognized under liabilities. The associated liability is recognized at its current fair value determined at each balance sheets date and at the date of settlement, with any changes in the fair value recognized in profit or loss of the period under employee benefit expense.

17) 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 that 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 and amended and became effective on January 1, 2013. The calculation of the Company'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 Company is the amount of basic income as calculated in accordance with the preceding rules, and then multiplied by the tax rate prescribed by the Executive Yuan. The greater of income basic tax expense or income tax expense is the current tax expense actually paid by the Company.

18) 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.

19) Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Its operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources being allocated to the segment; in addition, they also assess its performance and for which discrete financial information is available.

(5) Primary Sources of Significant Accounting Judgments, Estimates and Assumptions Uncertainty

When preparing the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, IFRSs approved by FSC and other related regulations, management requires to make judgments, estimates, and assumptions that affect the adoption of accounting policies, reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates.

Management keeps testing the assumptions and estimations. The impacts of changes in accounting estimations will be recognized in the period when changes applied and the future periods that will be affected.

Below shows accounting policies and management judgments for certain account items that have significant impacts on financial statements of the Company.

1) Impairment loss on loans

When the Company decides whether to recognize impairment loss, they mainly decide if there are any observable evidence indicating possible impairment. The evidence may include observable information indicating unfavorable changes in debtor payment status, or sovereign or local economic situation related to debt payment in arrears. When analyzing expected cash flow, the estimates by the management are based on past losses experience on assets of similar credit risk characteristics. The Company periodically reviews methods and assumptions behind the amount and schedule of expected cash flow, to reduce the difference between expected and actual loss. Please refer to note 6(7) for impairment loss on loans.

2) Valuation of financial instruments

Fair value of financial instruments is determined using valuation techniques when there is no active market or quoted price. Under this circumstance, fair value is assessed through relevant observable information or model. If there is no observable market parameters, fair value of financial instruments can be evaluated based on appropriate assumptions. When valuation technique is used to determine fair value, all models shall be calibrated to ensure that all outputs reflect the actual data and the market price. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs. The valuation techniques are adopted as much as possible from observable data. However, for credit risk (risk between itself and counterparty), management shall estimate volatility and correlation.

(6) Disclosures of Significant Accounts

1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand	\$ 4,422,868	4,373,127
Deposits with other banks	4,993,807	19,796,089
Deposits with other banks — affiliates	13,017,764	25,810,015
Total	<u>\$ 22,434,439</u>	<u>49,979,231</u>

Statement of cash flows was prepared under the definition of IAS7, cash and cash equivalents was consolidated by part of components of the items listed below:

	December 31, 2014	December 31, 2013
Cash and cash equivalents reported in the statement of financial position	\$ 22,434,439	49,979,231
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	61,676,195	44,657,294
Securities purchased under resell agreements and debt instruments qualifying for cash and cash equivalents under the definition of IAS 7	2,556,376	1,950,000
Cash and cash equivalents reported in the Statement of Cash Flows	<u>\$ 86,667,010</u>	<u>96,586,525</u>

2) Due from the Central Bank and call loans to banks

	December 31, 2014	December 31, 2013
Required reserve — checking account	\$ 6,832,382	9,253,599
Required reserve — demand account	14,449,298	15,961,327
Required reserve — foreign currency	253,349	179,121
Required reserve — settlement account	800,002	822,571
Call loans to banks	18,466,166	-
Call loans to banks — affiliates	43,948,162	21,612,356
Trade finance receivables	19,668,186	16,605,126
Total	<u>\$ 104,417,545</u>	<u>64,434,100</u>

Pursuant to the Banking Law, the "required reserves" are deposited with the Central Bank. These reserves are for deposits and for interbank settlements.

"Required reserve" is calculated at prescribed rates on a monthly basis on the average balances of various deposit accounts and no interest is accrued on the checking account and the foreign currency account. Balances can be withdrawn on demand. Demand account accrues interests, other than the monthly adjustments to the account, no withdrawal is allowed.

3) Financial instruments at fair value through profit or loss

The financial assets measured at fair value through profit or loss of the Company were as follows:

	December 31, 2014	December 31, 2013
Interest-rate instruments	\$ 18,629,118	12,655,284
Derivative financial assets	17,782,596	7,803,603
Total	\$ 36,411,714	20,458,887

The financial liabilities measured at fair value through profit or loss of the Company were as follows:

	December 31, 2014	December 31, 2013
Derivative financial liabilities	\$ 13,462,099	7,533,988

4) Derivative financial instruments for hedging

Derivative financial assets for hedging were as follows:

	December 31, 2014	December 31, 2013
Fair value hedge:		
Interest rate swap	\$ 47,490	164,262
Cash flow hedge:		
Interest rate swap	709	8,488
Total	\$ 48,199	172,750

Derivative financial liabilities for hedging were as follows:

	December 31, 2014	December 31, 2013
Fair value hedge:		
Interest rate swap	\$ 161	1,527
Cash flow hedge:		
Interest rate swap	4,904	1,700
Total	\$ 5,065	3,227

(a) Fair value hedge

A fair value hedge is the hedging of the hedged items exposure to change in fair value of recognized assets or liabilities that are attributable to particular hedged risks that could affect profit or loss. As of December 31, 2014 and 2013, marked-to-market adjustments of hedged items and the corresponding hedging instruments accounted as fair value hedge were as follows:

Hedged item		Hedging instruments	
Underlying instruments	December 31, 2014	Contract type	December 31, 2014
Available-for-sale financial assets:			
Government bonds	\$ (161)	Interest rate swaps	\$ 163
Time deposits	161	Interest rate swaps	(161)
Financial debentures	(46,492)	Interest rate swaps	47,327
	<u>\$ (46,492)</u>		<u>\$ 47,329</u>

Hedged item		Hedging instruments	
Underlying instruments	December 31, 2013	Contract type	December 31, 2013
Available-for-sale financial assets:			
Government bonds	\$ 735	Interest rate swaps	\$ (261)
Financial debentures	(149,953)	Interest rate swaps	162,996
	<u>\$ (149,218)</u>		<u>\$ 162,735</u>

For the years ended December 31, 2014 and 2013, net losses on the hedging derivative financial instruments listed above amounted to \$69,231 thousand and \$179,202 thousand, respectively, and net gains from the hedged risk of the hedged items amounted to \$72,336 thousand and \$157,182 thousand, respectively.

(b) Cash flow hedge

The Company currently holds long-term floating rate loans with interest rate risks and hedging interest rate swap contracts. The future cash flows arising from the hedging of these financial derivative instruments are caused by the changes in the interest rate from cash flow risk.

Hedged items	Financial instruments designated as hedging instruments	Fair value	
		December 31, 2014	December 31, 2013
Discounts and loans—floating interest rate	Interest rate swap	\$ (4,195)	6,788

5) Securities purchased under resell agreements and debt instruments

	December 31, 2014	December 31, 2013
Securities purchased under resell agreements	<u>\$ 2,556,376</u>	<u>1,950,000</u>
Face value of debt instruments	<u>\$ 2,558,000</u>	<u>1,950,000</u>

6) Receivables — net

	December 31, 2014	December 31, 2013
Accounts receivable factoring	\$ 21,548,111	23,878,092
Credit cards accounts receivable	5,352,873	5,798,567
Accounts receivable	1,006,531	697,433
Interest receivable	1,501,603	1,620,692
Acceptances receivable	374,066	473,983
Accounts receivable—related parties	238,835	181,868
Other	156,396	206,599
Subtotal	30,178,415	32,857,234
Less: allowance for bad debts—accounts receivable	322,995	326,229
Total	<u><u>\$ 29,855,420</u></u>	<u><u>32,531,005</u></u>

Please refer to note 6(7) for changes in allowance for bad debts of receivables listed above.

7) Discounts and loans — net

	December 31, 2014	December 31, 2013
Bills negotiations and bills and notes discounted	\$ 985,621	785,434
Short-term loans and overdrafts	73,106,197	61,869,729
Short-term secured loans	7,280,178	7,165,283
Medium-term loans	46,080,749	56,867,127
Medium-term secured loans	7,781,008	6,427,053
Long-term loans	8,201,974	7,974,787
Long-term secured loans	197,874,228	207,132,660
Non-accrual loans	525,171	1,121,421
Subtotal	341,835,126	349,343,494
Premium adjustments on discount and loans	159,725	88,600
Less: allowance for bad debts	4,450,587	5,274,616
Total	<u><u>\$ 337,544,264</u></u>	<u><u>344,157,478</u></u>

As of December 31, 2014 and 2013, the Company'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 bad debt 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.

The movements of allowance for bad debts were as follows:

December 31, 2014			
	Individual assessment of impairment	Portfolio assessment of impairment	Total
Beginning balance at January 1, 2014	\$ 3,168,510	2,432,335	5,600,845
Add: provision for bad debts	425,621	256,385	682,006
recovery from written-off loans	720,179	-	720,179
Less: charge-off and temporary payments	1,962,123	-	1,962,123
exchange rate movements and other	267,692	(367)	267,325
Ending balance at December 31, 2014	<u>\$ 2,084,495</u>	<u>2,689,087</u>	<u>4,773,582</u>

December 31, 2013			
	Individual assessment of impairment	Portfolio assessment of impairment	Total
Beginning balance at January 1, 2013	\$ 3,201,818	2,469,908	5,671,726
Add: provision for bad debts (reversal)	1,630,227	(37,555)	1,592,672
recovery from written-off loans	779,522	-	779,522
Less: charge-off and temporary payments	2,180,164	-	2,180,164
exchange rate movements and others	262,893	18	262,911
Ending balance at December 31, 2013	<u>\$ 3,168,510</u>	<u>2,432,335</u>	<u>5,600,845</u>

Discounts and loans and receivables included in the total amounts of impairment assessment to determine the allowance for bad debts were as follows:

December 31, 2014			
Item		Discounts and loans and receivables	Allowance for bad debts
With objective evidence of impairment	Individual assessment of impairment	\$ 3,728,700	2,084,495
	Portfolio assessment of impairment	4,528,036	43,793
Without objective evidence of impairment	Portfolio assessment of impairment	363,756,805	2,645,294
Total		<u>\$ 372,013,541</u>	<u>4,773,582</u>

December 31, 2013			
Item		Discounts and loans and receivables	Allowance for bad debts
With objective evidence of impairment	Individual assessment of impairment	\$ 5,457,382	3,168,510
	Portfolio assessment of impairment	4,933,163	75,875
Without objective evidence of impairment	Portfolio assessment of impairment	371,810,183	2,356,460
Total		<u>\$ 382,200,728</u>	<u>5,600,845</u>

As of December 31, 2014 and 2013, the amounts of outstanding loans with interest charges suspended amounted to \$525,171 thousand and \$1,121,421 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were \$7,969 thousand and \$5,500 thousand, respectively.

8) Available-for-sale financial assets — net

	December 31, 2014	December 31, 2013
Negotiable certificates of deposit	\$ 164,140,930	186,508,439
Treasury bills	5,991,739	14,666,665
Government bonds	24,896,209	23,406,290
Financial debentures	6,051,871	5,492,108
Equity instruments	101,964	97,797
Less: accumulated impairment	<u>14,469</u>	<u>14,469</u>
Total	<u><u>\$ 201,168,244</u></u>	<u><u>230,156,830</u></u>
Marked-to-market adjustments for hedged assets included in the above balance	<u><u>\$ (161)</u></u>	<u><u>735</u></u>

9) Other financial assets — net

	December 31, 2014			December 31, 2013		
	Percentage of ownership %	Investment cost	Book value	Percentage of ownership %	Investment cost	Book value
Other financial assets:						
Financial assets carried at cost:						
Fuji Enterprise Management Consulting Co., Ltd.	-	\$ -	-	-	-	-
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	10,632	10,632	5.00	15,188	15,188
Liyu Venture Investment, Inc.	4.76	8,549	8,549	4.76	8,549	8,549
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
Taiwan Depository and Clearing Corporation	0.17	9,277	9,277	0.17	9,277	9,277
Subtotal		<u>348,980</u>	<u>348,980</u>		<u>353,536</u>	<u>353,536</u>
Less: accumulated impairment		<u>-</u>	<u>202,941</u>		<u>-</u>	<u>202,291</u>
		<u>348,980</u>	<u>146,039</u>		<u>353,536</u>	<u>151,245</u>
Restricted assets — bond and security investments			<u>15,702,585</u>			<u>641,400</u>
			<u><u>\$ 15,848,624</u></u>			<u><u>792,645</u></u>

For the years ended December 31, 2014 and 2013, the cash dividends from financial assets carried at cost under net other non-interest income were \$18,207 thousand and \$16,548 thousand, respectively.

Fuji Enterprise Management Consulting Co., Ltd. completed the liquidation process on April 24, 2013. The distribution of remaining assets amount to \$1,090 thousand. The cost of the investment is at \$0 thousand, the full amount is recognized as gain on investment under net other non-interest income.

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, and paid back \$23 thousand for the Bank's investment in its shares in 2013 as the third-time paid back. The cost of the investment is at \$0 thousand, the full amount is recognized as gain on investment under net other non-interest income. On October 31, 2014, TSC Bio Venture Management Inc. bought back \$4,556 thousand. In 2014 and 2013, the Company recognized impairment losses of \$650 thousand and \$164 thousand, respectively, from Liyu Venture Investment Inc..

In 2014 and 2013, the Company recognized impairment losses of \$650 thousand and \$164 thousand, respectively, recorded under impairment losses on assets.

10) Property, plant and equipment—net

December 31, 2014	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	\$ 3,161,179	-	25,600	3,135,579
Buildings	3,126,077	1,129,583	1,169	1,995,325
Office equipment	611,538	554,346	-	57,192
Leasehold improvements	629,179	534,490	-	94,689
Other equipment	643,845	519,438	-	124,407
Total	\$ 8,171,818	2,737,857	26,769	5,407,192
December 31, 2013	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	\$ 3,161,179	-	19,218	3,141,961
Buildings	3,111,411	1,033,122	5,039	2,073,250
Office equipment	652,615	576,561	-	76,054
Leasehold improvements	667,604	525,251	-	142,353
Other equipment	935,291	820,558	-	114,733
Work in process	15,153	-	-	15,153
Total	\$ 8,543,253	2,955,492	24,257	5,563,504

Change in cost movement:

	December 31, 2013	Increase	Decrease	Reclassify	December 31, 2014
Land	\$ 3,161,179	-	-	-	3,161,179
Buildings	3,111,411	2,517	2,180	14,329	3,126,077
Office equipment	652,615	17,643	64,232	5,512	611,538
Leasehold improvements	667,604	16,174	63,779	9,180	629,179
Other equipment	935,291	65,282	356,728	-	643,845
Work in process	15,153	13,868	-	(29,021)	-
Total	\$ 8,543,253	115,484	486,919	-	8,171,818

	January 1, 2013	Increase	Decrease	Reclassify	December 31, 2013
Land	\$ 3,487,245	-	326,066	-	3,161,179
Buildings	3,346,861	803	300,760	64,507	3,111,411
Office equipment	725,336	11,645	132,836	48,470	652,615
Leasehold improvements	658,602	8,145	18,105	18,962	667,604
Other equipment	980,566	102,403	147,678	-	935,291
Work in process	-	147,092	-	(131,939)	15,153
Total	\$ 9,198,610	270,088	925,445	-	8,543,253

Change in accumulated depreciation:

	December 31, 2013	Increase	Decrease	Reclassify	December 31, 2014
Buildings	\$ 1,033,122	98,641	2,180	-	1,129,583
Office equipment	576,561	41,208	63,423	-	554,346
Leasehold improvements	525,251	69,620	60,381	-	534,490
Other equipment	820,558	55,584	356,704	-	519,438
Total	\$ 2,955,492	265,053	482,688	-	2,737,857

	January 1, 2013	Increase	Decrease	Reclassify	December 31, 2013
Buildings	\$ 1,052,968	93,045	112,891	-	1,033,122
Office equipment	649,964	57,500	130,903	-	576,561
Leasehold improvements	448,894	94,135	17,778	-	525,251
Other equipment	913,127	54,915	147,484	-	820,558
Total	\$ 3,064,953	299,595	409,056	-	2,955,492

Change in accumulated impairment:

	December 31, 2013	Increase	Decrease	December 31, 2014
Land	\$ 19,218	6,382	-	25,600
Buildings	5,039	105	3,975	1,169
Total	\$ 24,257	6,487	3,975	26,769

	January 1, 2013	Increase	Decrease	December 31, 2013
Land	\$ 53,745	-	34,527	19,218
Buildings	30,247	4,474	29,682	5,039
Total	\$ 83,992	4,474	64,209	24,257

11) Intangible assets — net

	December 31, 2014	December 31, 2013
Goodwill	\$ 3,156,048	3,156,048
Computer software	27	1,002
Total	\$ 3,156,075	3,157,050

Change in intangible assets:

	December 31, 2013	Increase	Decrease	December 31, 2014
Goodwill	\$ 3,156,048	-	-	3,156,048
Computer software	1,002	-	975	27
Total	<u>\$ 3,157,050</u>	<u>-</u>	<u>975</u>	<u>3,156,075</u>

	January 1, 2013	Increase	Decrease	December 31, 2013
Goodwill	\$ 3,156,048	-	-	3,156,048
Computer software	37,387	-	36,385	1,002
Total	<u>\$ 3,193,435</u>	<u>-</u>	<u>36,385</u>	<u>3,157,050</u>

12) Other assets — net

	December 31, 2014	December 31, 2013
Refundable deposits	\$ 454,770	487,358
Derivatives collateral	7,625,451	1,956,834
Prepaid fee	152,780	164,134
Other	240,077	21,612
	<u>\$ 8,473,078</u>	<u>2,629,938</u>

13) Deposits from the Central Bank and banks

	December 31, 2014	December 31, 2013
Deposits from banks	\$ 1,102,881	1,144,345
Deposits from banks — affiliates	2,241,325	828,609
Overdrafts on banks	46,068	36,712
Overdrafts on banks — affiliates	2,324,840	-
Call loans from banks	3,229,425	20,054,226
Call loans from banks — affiliates	16,932,395	23,921,780
Total	<u>\$ 25,876,934</u>	<u>45,985,672</u>

14) Payables

	December 31, 2014	December 31, 2013
Accounts payable	\$ 19,997	36,014
Accrued interest	531,542	789,704
Accrued expenses	1,807,996	1,541,867
Collection payable	73,602	132,546
Acceptance payable	374,066	473,983
After hours trading payable	128,831	504,019
Inter-branch check clearing payable	174,787	228,130
Temporary receipts in advance	8,923	216,404
Unsettled trade payable	10,000,000	-
Other	549,939	639,574
Total	<u>\$ 13,669,683</u>	<u>4,562,241</u>

15) Deposits and remittances

	December 31, 2014	December 31, 2013
Checking accounts deposits	\$ 4,482,905	5,135,868
Demand deposits:		
Demand deposits	211,304,338	168,852,273
Saving account deposits	129,274,558	129,327,292
Subtotal of demand deposits	340,578,896	298,179,565
Time deposits:		
Time deposits	196,925,628	203,477,104
Time savings deposits	55,417,670	69,989,693
Subtotal of time deposits	252,343,298	273,466,797
Remittances	114,706	120,479
Marked-to-market adjustments on hedged items	(161)	-
Total	\$ 597,519,644	576,902,709

16) Financial debentures — net

As of December 31, 2014 and 2013, details of financial debentures issued by the Company were as follows:

Bond	Conditions for issuance	December 31, 2014	December 31, 2013
91-1A	5 year term, interest payable and paid 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 and paid semi annually, based on the average one year regular floating rate of the nine largest banks plus 1.493%	2,100	2,400
94-2	No maturity date, interest payable and paid semi annually, based on the average one year regular floating rate of the nine largest banks plus 1.493%	500	500
98-1	10 year term, interest payable and paid 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
98-2	No maturity date, USD based, interest payable and paid 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	4,750,291	4,478,036
98-3	No maturity date, USD based, interest payable and paid 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	4,750,291	4,478,036
100-1B	3 year term, interest payable and paid quarterly, annual interest rate is 1.17%; maturity date: May 19, 2014	-	100,000
100-1C	4 year term, interest payable and paid quarterly, annual interest rate is 1.32%; maturity date: May 19, 2015	650,000	650,000
100-1D	5 year term, interest payable and paid 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 and paid quarterly, annual interest rate is 1.51%; maturity date: May 19, 2017	1,000,000	1,000,000

Bond	Conditions for issuance	December 31, 2014	December 31, 2013
100-1F	7 year term, interest payable and paid quarterly, annual interest rate is 1.60%; maturity date: May 19, 2018	\$ 2,550,000	2,550,000
100-1H	5 year term, interest payable and paid quarterly, TWD 90 day CP interest rate; maturity date: May 19, 2016	400,000	400,000
100-1I	7 year term, interest payable and paid 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 and paid quarterly, annual interest rate is 1.451%; maturity date: June 8, 2016	500,000	500,000
100-3C	5 year term, interest payable and paid quarterly, annual interest rate is 1.40%; maturity date: September 23, 2016	1,100,000	1,100,000
100-4A	3 year term, interest payable and paid quarterly, annual interest rate is 1.32%; maturity date: June 29, 2014	-	2,000,000
100-4C	3 year term, interest payable and paid quarterly, TWD 90 day CP interest rate plus 0.15% interest rate; maturity date: June 29, 2014	-	1,000,000
100-4D	10 year term, interest payable and paid 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 and paid quarterly, annual interest rate is 1.05%; maturity date: January 17, 2014	-	7,000,000
101-1B	2 year term, interest payable and paid 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 and paid quarterly, annual interest is 1.09%; maturity date: January 17, 2015	600,000	600,000
101-2	2 year term, interest payable and paid annually, annual interest rate is 1.05%; maturity date: May 24, 2014	-	6,700,000
103-1	2 year term, USD based, interest payable quarterly, interest paid annually, annual interest rate is USD 3m LIBOR plus 0.70%; maturity date: January 27, 2016	18,367,792	-
103-2	10 year term, USD based, interest payable and paid semiannually, annual rate is 4.50%; maturity date: December 18, 2024	6,333,722	-
		53,155,696	55,409,972
Marked-to-market adjustment on hedged items		46,492	149,953
Total		\$ 53,202,188	55,559,925

17) Other financial liabilities

	December 31, 2014	December 31, 2013
Structured deposits	\$ 3,304,529	13,120,022

18) Provisions

	December 31, 2014	December 31, 2013
Provision for guarantee liabilities	\$ 109,035	108,411
Provision for employee benefits	1,705,507	1,724,645
Other miscellaneous provisions	94,316	82,068
Total	\$ 1,908,858	1,915,124

19) Other liabilities

	December 31, 2014	December 31, 2013
Advance received from customers	\$ 78,624	281,196
Deferred income	58,378	70,028
Guarantee deposits received	37,547	49,251
Tax payable	611,074	442,400
Derivatives collateral	3,931,816	1,518,323
Other	449,739	17,349
	<u>\$ 5,167,178</u>	<u>2,378,547</u>

20) Employee benefits

(a) Defined contribution plan

The Company's defined contribution plan follows the Labor Pension Act of the R.O.C. and makes monthly cash contributions to the employees' individual pension accounts at the Bureau of Labor Insurance at the rate of 6% of the employees' monthly salary. Under this plan, the Company has no legal or constructive obligation to make other payments after the Company makes the fixed amount of contribution to the Bureau of Labor Insurance.

For the years ended December 31, 2014 and 2013, the pension expense under defined contribution plan of the Company amounted to \$161,592 thousand and \$166,993 thousand, respectively.

(b) Employee benefits provision

	December 31, 2014	December 31, 2013
Defined benefits plan	<u>\$ 1,705,507</u>	<u>1,724,645</u>

The reconciliation between present value of the Company's defined benefits obligation and fair value of defined benefits plan assets were as follows:

	December 31, 2014	December 31, 2013
Present value of defined benefits obligation	\$ 3,213,605	3,221,111
Less: fair value of defined benefits plan assets	1,508,098	1,496,466
Liability recognized in balance sheets	<u>\$ 1,705,507</u>	<u>1,724,645</u>

The Company adopted the defined benefit plan, which contributes 3% of eligible employees' monthly salary to the retirement reserve trust account at Company of Taiwan. Employees' pension is calculated based on the employees' years of service under the Labor Standard Act and the employees' final average monthly salary at the time of retirement. Final average monthly salary refers to the average 6-month monthly salary preceding retirement including basic monthly salary, meal allowance, car allowance, shift allowance, transportation allowance, sales incentives, and overtime payment.

- i) The percentage of pension assets were as follows:

	Unit: %	
	December 31, 2014	December 31, 2013
Cash	19.12	23.39
Stocks	52.52	39.03
Short-term notes	1.98	10.45
Bonds	26.38	27.06
Government bonds	-	0.07
Total	<u>100.00</u>	<u>100.00</u>

- ii) Change in defined benefit obligation

The change in defined benefit obligation for the years 2014 and 2013 were as follows:

	2014	2013
DBO at January 1	\$ 3,221,111	3,404,040
Benefit paid from plan assets	(73,593)	(115,617)
Current service cost and interest cost	190,994	193,464
Actuarial loss (gain)	100,484	(120,294)
Benefits paid directly	(94,656)	(140,482)
Settlements	(130,735)	-
DBO at December 31	<u>\$ 3,213,605</u>	<u>3,221,111</u>

- iii) Change in plan assets

The change in plan assets for the years 2014 and 2013 were as follows:

	2014	2013
Fair value of plan assets at January 1	\$ 1,496,466	1,567,871
Adjustment to beginning balance of plan assets	(11,260)	-
Contributions	107,706	24,623
Asset gain (loss)	17,338	(3,801)
Expected return on plan assets	18,349	23,390
Plan of benefit payments	(73,593)	(115,617)
Settlements	(46,908)	-
Fair value of plan assets at December 31	<u>\$ 1,508,098</u>	<u>1,496,466</u>

- iv) Recognized as profit and loss cost

The recognized as profit and loss cost for the years 2014 and 2013 were as follows:

	2014	2013
Current service cost	\$ 138,059	153,865
Interest cost	52,935	39,599
Actual return on plan assets	(18,349)	(23,390)
Settlement gain	(15,764)	-
	<u>\$ 156,881</u>	<u>170,074</u>

v) Recognized as other comprehensive income of actuarial gain and loss

The recognized as other comprehensive income of actuarial gain and loss for the years 2014 and 2013 were as follows:

	2014	2013
Cumulated surplus at January 1	\$ 18,486	134,979
The experience adjustment for fair value of defined benefits plan	69,649	42,929
The experience adjustment for fair value of plan assets	(6,078)	3,801
The change of actuarial assume for plan obligations	30,835	(163,223)
Cumulated surplus at December 31	<u><u>\$ 112,892</u></u>	<u><u>18,486</u></u>

vi) Primary actuarial assumptions

	2014	2013
Defined benefits plan discount rate	1.60 %	1.70 %
Expected rate of return on plan assets	1.25 %	2.00 %
Incremental rate of future compensation levels	3.50 %	3.50 %

vii) The experience adjustment of historical information

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Defined benefit obligation	\$ (3,213,605)	(3,221,111)	(3,404,040)	(3,227,856)
Fair value of plan assets	1,508,098	1,496,466	1,567,871	1,576,523
Fair value of plan obligation, net	<u><u>\$ (1,705,507)</u></u>	<u><u>(1,724,645)</u></u>	<u><u>(1,836,169)</u></u>	<u><u>(1,651,333)</u></u>
The experience adjustment for fair value of defined benefits plan	<u><u>\$ 69,649</u></u>	<u><u>42,929</u></u>	<u><u>(2,708)</u></u>	<u><u>95,728</u></u>
The experience adjustment for fair value of plan assets	<u><u>\$ (6,078)</u></u>	<u><u>3,801</u></u>	<u><u>8,588</u></u>	<u><u>21,872</u></u>
The change of actuarial assume for plan obligations	<u><u>\$ 30,835</u></u>	<u><u>(163,223)</u></u>	<u><u>107,227</u></u>	<u><u>(29,971)</u></u>

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2014, the Company's defined benefit obligation was \$3,213,605 thousand. If the discount rate had increased or decreased by 0.50%, the Company's accrued pension liabilities would have decreased by \$148,378 thousand or increased by \$159,169 thousand, respectively.

21) Income tax

The Company adopts a 17% statutory tax rate and calculates the basic income tax based on the Income Basic Tax Act.

In 2014 and 2013, the income tax expense and related accounts were as follows:

	2014	2013
Current income tax expense	\$ 116,737	65,665
10% surtax on undistributed earnings	73,991	-
Deferred income tax expense	179,809	249,373
Basic income tax	180,736	139,033
Income tax expense	\$ 551,273	454,071

As of December 31, 2014 and 2013, the current tax assets of the Company amounted to \$127,143 thousand and \$111,724 thousand, respectively.

The differences between the expected income tax at statutory rates and the income tax expense were as follows:

	2014	2013
Income tax from profit before tax at statutory rate	\$ 649,008	483,672
Permanent difference	(385,855)	(202,667)
10% surtax on undistributed earnings	73,991	-
Prior-year income tax adjustments	(2,101)	(8,701)
Basic income tax	180,736	139,033
Other adjustments per tax regulation	35,494	42,734
Income tax expense	\$ 551,273	454,071

The components of deferred income tax (benefits) expenses recognized as other comprehensive income were as follows:

	2014	2013
Unrealized fair value losses on available-for-sale financial assets	\$ (9,379)	(32,457)
Fair value losses on effective portion of cash flow hedges	52,320	(52,010)
Defined benefits plan actuarial gains and losses	(16,049)	19,805
Total	\$ 26,892	(64,662)

The components of deferred income tax expenses (benefits) were as follows:

	2014	2013
Unrealized interest income from financial assets	\$ 16,990	(26,567)
Bad debt expense and guarantee liability provision	100,359	28,996
Depreciation expense	(2,738)	(1,733)
Amortization of goodwill	53,653	53,653
Impairment loss on assets	547	4,503
Expenses from share-based payments	2,333	8,029
Employee benefits	19,303	16,564
Provisions	(8,902)	1,257
Deferred income	124,725	67,128
Unrealized exclusivity fee income	13,903	-
Loss carryforwards	(140,364)	97,543
	\$ 179,809	249,373

The Company's temporary difference of deferred tax asset components, based on the 17% tax rate for December 31, 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
Deferred tax assets:		
Bad debt expense and guarantee liability provision	\$ 304,388	404,747
Depreciation expense	19,968	17,230
Impairment loss on assets	37,159	37,706
Expenses from share-based payments	28,173	30,506
Employee benefits	289,934	293,188
Provisions	21,581	12,679
Deferred income	165,853	290,578
Loss carryforwards	1,451,621	1,311,257
Total	\$ 2,318,677	2,397,891
Deferred tax liabilities:		
Unrealized interest revenue on financial assets	\$ 92,124	75,134
Amortization of goodwill	321,917	268,264
Land value increment tax	137,179	137,179
Unrealized gain on available-for-sale financial assets	127,462	136,841
Unrealized (loss) gain on cash flow hedge	27,689	(24,631)
Unrealized exclusivity fee income	13,903	-
Total	\$ 720,274	592,787

The movements of deferred tax items were as follows:

	2014	2013
Beginning balance	\$ 1,805,104	1,974,619
Recognized in current period profit and loss	(179,809)	(249,373)
Land value increment tax	-	15,196
Recognized in other comprehensive income	(26,892)	64,662
Ending balance	<u>\$ 1,598,403</u>	<u>1,805,104</u>

The income tax returns of the prior years of Standard Chartered Bank (Taiwan) Limited, Standrad Chartered Life Insurance Agency Co., Ltd., and Taiwan Standard Chartered Insurance Agency Co., Ltd., have been assessed up to the year 2011, 2012 and 2012, respectively.

22) Information of imputation credit account

The balances of the imputation credit account (ICA) were as follows:

	December 31, 2014	December 31, 2013
Standard Chartered Bank (Taiwan) Limited	\$ 233,843	163,464
Standard Chartered Life Insurance Agency Co., Ltd.	58,786	56,648
Taiwan Standard Chartered Insurance Agency Co., Ltd.	3,196	2,911
	<u>\$ 295,825</u>	<u>223,023</u>

The accumulated earnings were all generated after 1998, which is according to Regulations Governing the Preparation of Financial Reports and the IFRSs as endorsed by the FSC.

	2014 (estimated)	2013 (actual)
Tax creditable ratios of distribution of retained earnings to R.O.C. residents		
Standard Chartered Bank (Taiwan) Limited	<u>20.48 %</u>	<u>11.30 %</u>
Standard Chartered Life Insurance Agency Co., Ltd.	<u>20.48 %</u>	<u>20.48 %</u>
Taiwan Standard Chartered Insurance Agency Co., Ltd.	<u>20.48 %</u>	<u>20.48 %</u>

Preceding information of imputation credit account is according with the Treasury Department in October 17, 2013 Tai Tsai Shui No.10204562810 amount of processing requirements.

23) Stockholders' equity

(a) Capital

As of December 31, 2014, the Company's authorized capital was \$30,000,000 thousand, representing 3,000,000 thousand shares with par value of NTD10 per share, and issued capital \$29,105,720 thousand, representing 2,910,572 thousand common shares.

(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 as realized capital surplus or distribution of cash dividends. The aforementioned realized capital surplus includes the proceeds received in excess of the par value of common stock issued and any amounts donated to the Company. In accordance with "Regulations Governing the Offering and Issuance of Securities", the amount of capital surplus capitalized each year may not exceed 10 percent (10%) of the Company's issued share capital.

(c) Legal reserve

Whenever the Company generates a profit in accordance with "The Banking Act of The Republic of China". A Company, 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, until the legal reserve equals to the capital. However, unless and until the accumulated legal reserve equals the Company's paid in capital, the maximum cash profits which may be distributed shall not exceed fifteen percent (15%) of the Company'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 2013 and 2012 earnings on May 28, 2014 and May 31, 2013, and appropriated legal reserve of \$680,333 thousand and \$901,004 thousand, respectively.

(d) Special reserve

In terms of the Financial Supervisory Commission, Executive Yuan, Jin Guan Zheng Fa No. 1010012865 dated April 6, 2012, the first time a public company adopts International Financial Reporting Standards ("IFRS"), it must set aside special reserves equal in amounts to those portions of unrealized revaluation gains and cumulative translation adjustments (both of which are sub accounts under booked shareholder equity) that is shifted to retained earnings as a result of the claiming of an IFRS 1 exemption. However, if the increment of retained earnings resulted from first time adoption of IFRS is not sufficient at the date of transition; the company could recognize that incremental amount only. When a company subsequently uses, disposes of, or reclassifies the assets in question, a proportional amount of its originally set aside special reserve may be shifted back to distributable earnings. In accordance with that regulation, under the situation of not having sufficient increment of retained earnings resulted from first time adoption of IFRS, the Company can shift that incremental amount \$239,413 thousand to special reserves.

As result from the disposal of the related asset in 2013, an amount of \$27,741 thousands was released from the special reserve recognized on the first time adoption of the International Financial Reporting Standards and transferred to unappropriated retained earnings.

(e) Other item in stockholders' equity

Changes in the Company's other items in stockholders' equity were as follows:

	Unrealized gains and (losses) on available-for-sale financial assets	Unrealized gains and (losses) on cash flow hedge	Total
January 1, 2014	\$ 728,701	(120,259)	608,442
Available-for-sale financial assets — net			
— Valuation adjustment	(17)	-	(17)
Cash flow hedge			
— Unrealized gain	-	255,446	255,446
December 31, 2014	<u>\$ 728,684</u>	<u>135,187</u>	<u>863,871</u>
	Unrealized gains and (losses) on available-for-sale financial assets	Unrealized gains and (losses) on cash flow hedge	Total
January 1, 2013	\$ 851,045	133,675	984,720
Available-for-sale financial assets — net			
— Valuation adjustment	(142,625)	-	(142,625)
— Realized amount	20,281	-	20,281
Cash flow hedge			
— Unrealized loss	-	(253,934)	(253,934)
December 31, 2013	<u>\$ 728,701</u>	<u>(120,259)</u>	<u>608,442</u>

(f) Dividend policy and appropriation of earnings

Whenever the Company 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 Company's ongoing operations. The remaining balance, if any, is distributed as follows:

- i. Shareholders' dividends and bonus: 99.99%
- ii. 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 May 28, 2014 and May 31 2013, the board of directors, representing shareholders, approved the distribution of retained earnings and distributed cash dividends for 2013 and 2012 were as follows:

	2013	2012
Legal reserve appropriated	\$ 680,333	901,004
Cash dividends of ordinary share	1,067,500	2,690,000
Total	<u>\$ 1,747,833</u>	<u>3,591,004</u>

The estimated amount of staff bonus accrued was based on the possibility of bonus distribution and estimated bonus distribution and resolution approved by 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 2013 earnings on May 28, 2014 and distributed bonus to employees for \$167 thousand; the difference between the actual and estimated distributed bonus shall be treated as changes in accounting estimate and recognized as profit or loss in 2014. Furthermore, the board of directors approved the distribution of 2012 earnings on May 31, 2013, and distributed bonus to employees for \$210 thousand; the difference between the actual and estimated distributed bonus shall be treated as changes in accounting estimate and recognized as profit or loss in 2013.

The relevant information about earnings distribution or deficit compensation can be accessed through Market Observation Post System or other sites.

24) Share-based payments

Standard Chartered PLC Group (the SC PLC Group) has established four main share-based payment schemes for its directors and employees. For the years ended December 31, 2014 and 2013, the share-based payment schemes adopted by the Company were as follows:

(a) All Employee Sharesave Plan (Original: International Sharesave Schemes "ISS")

Under the Sharesave plans, employees have the choice of opening a savings contract. Within a period of six months after the third or fifth anniversary, as appropriate, employees may purchase ordinary shares in the Group at a discount of up to 20 percent on the share price at the date of invitation. There are no performance conditions attached to options granted under the Sharesave plans.

The option movements of the AESP were as follows:

	2014 Units	2013 Units
Beginning balance	503,367	529,534
Add: granted	150,581	118,208
Less: exercised	5,708	63,334
lapsed	181,760	81,041
Ending balance	466,480	503,367

For the years ended December 31, 2014 and 2013, the costs of the AESP charged to profits or losses were \$24,945 thousand and \$27,377 thousand, respectively, recognized as operating expenses — employees' benefit costs.

Options under the Sharesave plans are valued using a binominal option-pricing model. The same fair value is applied to all employees including directors. The fair value per option granted and the assumptions used in the calculation are as follows:

	2014	
	October 8	
Granted date	£	11.12
Share price at granted date	£	9.85
Execution price	£	9.85
Vesting period (years)		3
Expected volatility (%)		25.10
Expected option life (years)		3.33
Risk free rate (%)		1.19
Expected dividend yield (%)		5.80
Fair value	£	1.61

	2013	
	October 9	
Granted date	£	14.36
Share price at granted date	£	11.78
Execution price	£	11.78
Vesting period (years)		3
Expected volatility (%)		26.80
Expected option life (years)		3.33
Risk free rate (%)		0.80
Expected dividend yield (%)		4.30
Fair value	£	3.30

The expected volatility is based on historical volatility over the last three years, or three years prior to grant. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life. The expected dividend yield is based on historical dividend for three years prior to grant.

(b) Restricted Share Award (Original: Restricted Share Scheme)

Restricted share awards which are made outside of the annual performance process, as additional incentive or retention mechanisms. These awards typically vest in equal installments on the second and the third anniversaries of the award date. In line with similar plans operated by our competitors, restricted share awards are not subject to an annual limit and do not have any performance conditions.

The option movements of the RSA were as follows:

	2014 Units	2013 Units
Beginning balance	123,112	183,108
Add: granted	32,704	32,900
dividend	2,047	1,845
Less: exercised	32,764	77,297
lapsed	3,715	17,444
Ending balance	121,384	123,112

For the years ended December 31, 2014 and 2013, the costs of the RSA charged to profits or losses were \$16,010 thousand and \$21,486 thousand, respectively, recognized as operating expenses — employee's benefit.

The expected dividend yield assumption is based on a historical average over a period commensurate with this 'average' period until vesting, or over one year if the average period until vesting is less than one year.

	2014			
	<u>December 10</u>	<u>September 17</u>	<u>June 18</u>	<u>March 13</u>
Granted date				
Share price at granted date	£ 9.34	£ 12.28	£ 12.83	£ 11.92
Vesting period (years)	2/3 1/2/3/4	2/3 1/2/3/4	2/3 1/2/3/4	2/3
Expected dividend yield (%)	5.50	5.70	6.10	5.80
Fair value	£ 8.17	£ 10.69	£ 11.08	£ 10.37

	2013			
	<u>December 17</u>	<u>September 18</u>	<u>June 19</u>	<u>March 11</u>
Granted date				
Share price at granted date	£ 13.04	£ 15.14	£ 14.62	£ 18.22
Vesting period (years)	2/3	2/3	2/3 1/2/3/4	2/3 1/2/3/4
Expected dividend yield (%)	4.90	4.60	4.60	4.60
Fair value	£ 11.59	£ 13.54	£ 13.05	£ 16.27

(c) Performance Share Award (Original: Performance Share Plan)

Performance shares are subject to a combination of three performance measures, Total Shareholder Return (TSR), Earnings Per Share (EPS) and Return on Risk Weighted Assets (RoRWA). The weighting between the three elements is split equally, one third of the award depending on each measure, assessed independently. Performance share awards form part of the variable compensation awarded to executive directors. In line with regulatory requirements, discretionary variable compensation for executive directors will not exceed 200 per cent of fixed pay.

The option movements of the PSA (PSP) were as follows:

	2014	2013
	Units	Units
Beginning balance	83,291	73,868
Add: granted	38,043	22,854
Less: exercised	2,246	12,282
lapsed	18,906	1,149
Ending balance	100,182	83,291

For the years ended December 31, 2014 and 2013, the costs of the PSA (PSP) charged to profit or loss were \$3,396 thousand and \$5,126 thousand, respectively, recognized as operating expenses — employees' benefits.

The fair value of the TSR component is derived by discounting one-third of the award by the loss of expected dividends over the vesting period together with the probability of meeting the TSR condition, which is calculated by the area under the TSR vesting schedule curve. The EPS fair value is derived by discounting one third of the award respectively by the loss of expected dividends over the vesting period. The same approach is applied to calculate the RoRWA fair value for one-third of the award. In respect of the EPS and RoRWA components, the number of shares expected to vest is adjusted for actual performance when calculating the share-based payment charge for the year. The same fair value applies to all employees including executive directors.

	2014			
Granted date	December 10	September 17	June 18	March 13
Share price at granted date	£ 9.34	£ 12.28	£ 12.83	£ 11.92
Vesting period (years)	3	3	3	3
Expected dividend yield (%)	5.70	5.80	5.60	5.30
Fair value (EPS)	£ 2.64	£ 3.45	£ 3.63	£ 3.40
Fair value (RoRWA)	£ 2.64	£ 3.45	£ 3.63	£ 3.40
Fair value (TSR)	£ 1.07	£ 1.41	£ 1.48	£ 1.38

	2013		
Granted date	September 18	June 19	March 11
Share price at granted date	£ 15.14	£ 14.62	£ 18.22
Vesting period (years)	3	3	3
Expected dividend yield (%)	4.60	4.10	4.10
Fair value (EPS)	£ 4.43	£ 4.32	£ 5.38
Fair value (RoRWA)	£ 4.43	£ 4.32	£ 5.38
Fair value (TSR)	£ 1.80	£ 1.76	£ 2.19

The expected dividend yield assumption is based on a historical average over a period commensurate with this period until vesting or over one year if the period until vesting is less than one year.

(d) Supplementary Restricted Share Award (Original: Supplementary Restricted Share Scheme)

The Supplementary Restricted Share Scheme (SRSS) is now replaced by the Restricted Share Award. There are vested awards outstanding under this plan. Awards were generally in the form of nil cost options and do not have any performance conditions. For this award half vests two years after the date of grant and the balance after three years.

	2014 Units	2013 Units
Beginning balance	16,999	20,451
Less: exercised	202	2,043
lapsed	-	1,409
Ending balance	16,797	16,999

For the years ended December 31, 2014 and 2013, the costs of the SRSS reversed and charged to profit or loss were \$981 thousand and \$154 thousand, respectively, recognized as operating expenses — employees' benefits.

The expected dividend yield assumption is based on a historical average over a period commensurate with this 'average' period until vesting, or over one year if the average period until vesting is less than one year.

	2014			
	December 10	September 17	June 18	March 13
Granted date				
Share price at granted date	£ 9.34	£ 12.28	£ 12.83	£ 11.92
Vesting period (years)	2/3 1/2/3/4	2/3 1/2/3/4	2/3 1/2/3/4	2/3
Expected dividend yield (%)	5.50	5.70	6.10	5.80
Fair value	£ 8.17	£ 10.69	£ 11.08	£ 10.37

	2013			
	December 17	September 18	June 19	March 11
Granted date				
Share price at granted date	£ 13.04	£ 15.14	£ 14.62	£ 18.22
Vesting period (years)	2/3	2/3	2/3 1/2/3/4	2/3 1/2/3/4
Expected dividend yield (%)	4.90	4.60	4.60	4.60
Fair value	£ 11.59	£ 13.54	£ 13.05	£ 16.27

25) Earnings per share

	2014	2013
Net income attributable to common stockholders	\$ 3,266,419	\$ 2,391,059
Common stock (in thousands)	\$ 2,910,572	\$ 2,910,572
Basic EPS (in dollars)	\$ 1.12	\$ 0.82

Since the Company's implementation of share-based payment transactions would proceed by cash settlement, there is no impact on the Company's weighted-average shares of common stock outstanding during the period.

26) Net interest income

	2014	2013
Interest income		
Interest income, discounts and loans	\$ 9,425,014	10,237,028
Interest income, accounts receivable factoring	250,182	294,778
Interest income, due from banks	1,740,450	896,272
Interest income, available-for-sale financial assets	1,656,073	1,948,396
Interest income, credit card recurrence	405,144	451,149
Interest income import financing	311,722	308,616
Interest income, other	271,479	255,692
Subtotal	14,060,064	14,391,931
Interest expense		
Interest expense, deposits	3,861,580	3,665,321
Interest expense, due to banks	414,602	329,477
Interest expense, bank notes	980,643	1,001,426
Interest expense, other	74,833	47,729
Subtotal	5,331,658	5,043,953
Total	<u>\$ 8,728,406</u>	<u>9,347,978</u>

27) Net service fee income

	2014	2013
Service fee		
Service fee, loan	\$ 317,169	282,621
Service fee, agency	1,385,723	1,015,204
Service fee, remittance and interbank	105,520	94,411
Service fee, guarantee, import, export and acceptance payable	103,589	98,991
Service fee, credit card	359,612	345,008
Service fee, trust	2,142,543	2,215,237
Service fee, factoring	83,620	67,777
Service fee, other	369,102	118,163
Subtotal	4,866,878	4,237,412
Service charge		
Service charge, interbank	209,315	132,831
Service charge, agency	180,830	114,002
Service charge, custodian	97,140	98,783
Service charge, other	35,070	89,781
Subtotal	522,355	435,397
Total	<u>\$ 4,344,523</u>	<u>3,802,015</u>

28) Gain (loss) on financial assets or liabilities measured at fair value through profit or loss

	2014	2013
Gain on disposal		
Interest-rate instruments	\$ 60,733	29,663
Derivative financial instruments	<u>688,084</u>	<u>361,514</u>
Subtotal	748,817	391,177
Gain (loss) on valuation		
Interest-rate instruments	22,092	(2,479)
Derivative financial instruments	<u>909,797</u>	<u>603,563</u>
Subtotal	931,889	601,084
Interest income	<u>143,145</u>	<u>179,748</u>
Total	<u>\$ 1,823,851</u>	<u>1,172,009</u>

29) Realized gain (loss) on available-for-sale financial assets

	2014	2013
Profit on sale—bond and security investments	\$ 15,935	(3,014)
Dividend income—equity investments	<u>2,556</u>	<u>1,929</u>
Total	<u>\$ 18,491</u>	<u>(1,085)</u>

30) Net other non-interest income

	2014	2013
Net gain on disposal of asset	\$ 113,069	19,553
Net gain on securities brokering income	84,862	54,867
Gains on financial assets carried at cost	18,207	17,661
Rental income	14,838	16,060
Net gain (loss) on fair value hedge	3,105	(22,020)
Other	<u>17,676</u>	<u>8,788</u>
Total	<u>\$ 251,757</u>	<u>94,909</u>

31) Impairment losses on assets

	2014	2013
Impairment loss—buildings	\$ 2,512	4,474
Impairment loss—other financial assets	<u>650</u>	<u>164</u>
Total	<u>\$ 3,162</u>	<u>4,638</u>

32) Bad debt expense and provision for guarantee liabilities

	2014	2013
Bad debt expenses	\$ 682,006	1,592,672
Provision for guarantee liabilities	<u>624</u>	<u>39,474</u>
Total	<u>\$ 682,630</u>	<u>1,632,146</u>

33) Employee benefits expense

	2014	2013
Salary expenses	\$ 4,572,274	4,506,749
Employee insurance	339,386	345,180
Pension		
Deferred contribution plan	161,592	166,993
Deferred benefits plan	156,881	170,074
Other	490,496	282,376
Total	<u>\$ 5,720,629</u>	<u>5,471,372</u>

34) Depreciation and amortization expenses

	2014	2013
Depreciation expenses		
Buildings	\$ 98,641	93,045
Office equipment	41,208	57,500
Leasehold improvements	69,620	94,135
Other equipment	55,584	54,915
Subtotal of depreciation	265,053	299,595
Computer software amortization	975	36,385
Total	<u>\$ 266,028</u>	<u>335,980</u>

35) Other general and administrative expenses

	2014	2013
Rental expense	\$ 550,285	570,288
Office supplies	125,333	117,511
Postage	228,053	243,173
Repairs and maintenance	184,152	166,643
Advertising expense	113,421	246,807
Utilities fee	118,524	112,831
Taxes	714,846	502,907
Professional service fee	160,739	121,751
Operational and advisory service fee	989,414	903,989
Consulting and technical support service fee	489,164	507,753
Wholesale banking business service fee	326,206	263,198
Building management fee	140,959	138,300
Computer management fee	284,129	281,477
Other	933,031	645,412
Total	<u>\$ 5,358,256</u>	<u>4,822,040</u>

36) Disclosure of financial instruments

(a) Fair value of financial instruments

Financial assets	December 31, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Non-derivative financial instruments				
Cash and cash equivalents	\$ 22,434,439	22,434,439	49,979,231	49,979,231
Due from the Central Bank and call loans to banks	104,417,545	104,417,545	64,434,100	64,434,100
Financial assets at fair value through profit or loss — interest-rate instruments	18,629,118	18,629,118	12,655,284	12,655,284
Securities purchased under resell agreements and debt instruments	2,556,376	2,556,376	1,950,000	1,950,000
Receivables — net	29,855,420	29,855,420	32,531,005	32,531,005
Discounts and loans — net	337,544,264	337,544,264	344,157,478	344,157,478
Available-for-sale financial assets, net	201,168,244	201,168,244	230,156,830	230,156,830
Other financial assets — net	15,848,624	15,848,624	792,645	792,645
Derivative financial instruments				
Financial assets at fair value through profit or loss — derivative financial assets	17,782,596	17,782,596	7,803,603	7,803,603
Derivative financial assets for hedging — net	48,199	48,199	172,750	172,750
Financial liabilities	December 31, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Non-derivative financial instruments				
Deposits from the Central Bank and banks	\$ 25,876,934	25,876,934	45,985,672	45,985,672
Payables	13,669,683	13,669,683	4,562,241	4,562,241
Related parties payable	10,063,505	10,063,505	7,497,968	7,497,968
Deposits and remittances	597,519,644	597,519,644	576,902,709	576,902,709
Bank notes payable — net	53,202,188	53,202,188	55,559,925	55,559,925
Other financial liabilities	3,304,529	3,304,529	13,120,022	13,120,002
Derivative financial instruments				
Financial liabilities at fair value through profit or loss — derivative financial liabilities	13,462,099	13,462,099	7,533,988	7,533,988
Derivative financial liabilities for hedging — net	5,065	5,065	3,227	3,227

- (b) The following methods and assumptions were used by The Company's management to estimate the fair value of financial instruments:
- i. Non-derivative short-term financial assets include cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements and debt instruments and receivables; other short-term financial liabilities include due to the Central Bank and other banks and account payable. The fair values of these financial instruments are estimated to be the carrying amounts because of the short maturities of these financial instruments.
 - ii. Financial assets and liabilities at fair value through profit or loss, available for sale financial assets, derivative financial assets and liabilities for hedging, and hedging derivative financial assets and liabilities: if there is a quoted price in an active market for the financial asset, then use this market price as the fair value; if there is no quoted price in an active market for the financial asset, the fair value is estimated using the evaluation methods.
 - iii. The interest on discounts and loans to customers is mainly based on floating rates. Therefore, the book value approximates the fair value.
 - iv. Other financial assets and liabilities: other financial assets include the stocks held which is not listed on an exchange or OTC and equity instruments measured at cost, and restricted assets with fair value measurement as described under (ii); other financial liabilities as required by legislation to disclose the principle amounts of the structured deposits, thus liabilities are presented in its book value.
 - v. Based on the characteristics of the financial industry, most deposits and remittances have maturities of less than one year, so the book value should be reasonable based on estimated fair value.
 - vi. Bank notes payable is mainly a financial liability with floating rate, so its fair value equals its book value.
 - vii. If there are no active market prices available pertaining to derivative financial instruments (including structured notes), the options trading contracts will use the Black-Scholes model to assess. The exchange rate for forward foreign exchange contracts are quoted by the FBS program. Meanwhile the forward foreign exchange contracts individual maturity date and exchange rates are individually calculated at fair value. The fair value of interest rate swaps and cross currency swap contracts quotation are based on Reuters program information system with each individual contracts estimated at fair value, except some are quoted based on the information from counterparties.

(c) Levels of fair value of financial instruments

i. Fair value hierarchy information of financial instruments

		December 31, 2014			
Financial instruments at fair value		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					
Bond and security investments	\$	18,629,118	9,381,630	9,247,488	-
Available-for-sale financial assets—net					
Bond and security investments		201,080,749	24,896,209	176,184,540	-
Stock investments		87,495	87,495	-	-
Restricted assets—bond and security investments					
Bond and security investments		15,702,585	614,629	15,087,956	-
Derivative financial instruments					
Assets:					
Financial assets at fair value through profit or loss					
		17,782,596	3,396	17,779,200	-
Derivative financial assets for hedging		48,199	-	48,199	-
Liabilities:					
Financial liabilities at fair value through profit or loss					
		13,462,099	6,379	13,455,720	-
Derivative financial liabilities for hedging		5,065	-	5,065	-
		December 31, 2013			
Financial instruments at fair value		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					
Bond and security investments	\$	12,655,284	4,773,205	7,882,079	-
Available-for-sale financial assets—net					
Bond and security investments		230,073,502	23,406,290	206,667,212	-
Stock investments		83,328	83,328	-	-
Restricted assets—bond and security investments					
Bond and security investments		641,400	541,400	100,000	-
Derivative financial instruments					
Assets:					
Financial assets at fair value through profit or loss					
		7,803,603	5,401	7,798,202	-
Derivative financial assets for hedging		172,750	-	172,750	-
Liabilities:					
Financial liabilities at fair value through profit or loss					
		7,533,988	10,838	7,523,150	-
Derivative financial liabilities for hedging		3,227	-	3,227	-

Note 1: Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets are defined as markets that meet the following criteria: (1) the asset or liability traded in the market have similar attributes; (2) there is a willing buyer and seller for the asset or liability in the market at any given time; (3) price information on the asset or liability can be accessed by the general public.

Note 2: Level 2 inputs are inputs other than quoted prices in active markets that are observable, including those inputs that can be observed directly (quoted prices) or indirectly (derived from quoted prices) from active markets. For example:

- i) The quoted price in similar financial instruments' active market was referred to the fair value of financial instruments held by and based on similar financial instruments' recent quoted prices; the judgment of similar financial instruments should follow the characteristics of the financial instruments and trading conditions. The factors that require the fair value of financial instruments to be adjusted with compatible similar financial instruments which have observable trading prices might include recent financial instruments trading price already have time gap (i.e. has been a while since last trading time), the difference between the financial instruments trading conditions, transaction prices involved with a related party, and the correlation between observable transaction price of similar financial instruments and the price of financial instruments held.
- ii) Quoted prices for identical or similar assets or liabilities in markets those are not active.
- iii) Fair value determined based on a valuation model. Inputs for the model (for example, interest rates, yield curves, volatilities, etc.) can be observed from the market (these observable inputs are obtained from market information, and when they are being used in the model, the resulting valuation for the asset or liability shall represent prices anticipated by the market participants).
- iv) Inputs are derived principally from or corroborated by observable market data by correlation or other means.

Note 3: Level 3 means to measure the fair value of the input parameters are not based on observable market data (inputs are unobservable for example, using historical volatilities in a model that determines option value represent using unobservable inputs, since historical volatilities do not reflect future volatilities as anticipated by the overall market participants).

(d) Information on financial risk

The Company's risk management framework encompasses servicing client interests and fulfilling long term operation goals while keeping overall risk tolerance and compliance to local regulations. This framework serves to diversify or transfer risk in an effective manner, benefiting not only our customers and shareholders but ourselves as well. The Company encounters credit risk, operational risk, market risk, (interest rate swaps, exchange rate swaps, equity, and commodity) and liquidity risk both on and off the balance sheets in our day-to-day operations.

The Company has formulated both the risk management policy and operation procedures into structured operation manuals, which have been approved by the Board of Directors. These manuals set out a clear guidance on distinguishing, measuring, monitoring, and managing credit risk, operation risk, market risk, and liquidity risk.

i. Market risk

i) Strategy and procedure of market risk management

The Company recognizes 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.

ii) Market risk management organization and structure

Market and Liquidity Risk Taiwan followed the regulatory of the Taiwan Financial Supervisory Commission to develop the market risk management policies and procedures which include the banking books and trading books. The objective of the companies limits are annually reviewed by Market and Liquidity Risk 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.

Market and Liquidity Risk 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.

iii) 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.

The table below lists the market risk of financial instruments of the Company as of December 31, 2014 and 2013. Market risk represents potential losses that the Company may suffer in one day when unfavorable changes occur on the Company's position at a 97.5% confidence interval under a certain price probability distribution.

	2014			2013		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange VaR \$	4,714	11,365	1,722	4,538	8,024	2,064
Interest rate VaR	29,859	44,919	16,847	18,675	24,441	9,652
Risk rate VaR	30,286	45,121	17,728	19,287	25,184	10,311

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. Market and Liquidity Risk 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 banking books respectively.

- iv) 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 Market and Liquidity Risk 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.

- v) Method used for regulatory capital calculation
Standardized Approach / Delta-Plus for Options

vi) Exchange rate risk exposure information

The significant exposure to foreign currency exchange rates are as follows:

	December 31, 2014			December 31, 2013		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Long position						
USD	\$11,065,261	31.669	350,421,408	10,225,833	29.854	305,277,629
EUR	617,019	38.495	23,752,142	534,312	41.126	21,974,314
JPY	74,479,113	0.265	19,709,328	81,964,343	0.284	23,291,441
HKD	1,581,835	4.084	6,460,350	640,604	3.850	2,466,535
CNY	7,436,890	5.170	38,448,442	6,675,183	4.895	32,673,890
Short position						
USD	11,057,614	31.669	350,179,239	10,218,704	29.854	305,064,795
EUR	618,044	38.495	23,791,577	534,990	41.126	22,002,203
JPY	74,518,950	0.265	19,719,870	82,009,159	0.284	23,304,176
HKD	1,580,067	4.084	6,453,126	639,421	3.850	2,461,978
CNY	7,401,332	5.170	38,264,612	6,662,804	4.895	32,613,298

i) Interest rate sensitivity information for Standard Chartered Bank (Taiwan) Limited

A. Interest rate sensitivity analysis (for assets and liabilities denominated in NTD)

December 31, 2014

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	\$ 372,771,828	38,915,157	79,830,987	51,260,523	542,778,495
Interest rate sensitive liabilities	311,243,380	43,265,215	33,804,685	4,680,204	392,993,484
Interest rate sensitive gap	61,528,448	(4,350,058)	46,026,302	46,580,319	149,785,011
Net worth					41,793,166
Ratio of interest rate sensitive assets to liabilities (%)					138.11
Ratio of interest rate sensitive gap to net worth (%)					358.40

December 31, 2013

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	\$ 369,023,064	45,744,023	106,455,433	33,649,750	554,872,270
Interest rate sensitive liabilities	374,933,626	61,552,417	46,178,536	4,075,520	486,740,099
Interest rate sensitive gap	(5,910,562)	(15,808,394)	60,276,897	29,574,230	68,132,171
Net worth					40,463,980
Ratio of interest rate sensitive assets to liabilities (%)					114.00
Ratio of interest rate sensitive gap to net worth (%)					168.38

B. Interest rate sensitivity analysis (for assets and liabilities denominated in thousands of USD)

December 31, 2014

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	\$ 4,683,334	72,594	100,083	191,100	5,047,111
Interest rate sensitive liabilities	6,941,770	695,583	426,242	5,555	8,069,150
Interest rate sensitive gap	(2,258,436)	(622,989)	(326,159)	185,545	(3,022,039)
Net worth					95,171
Ratio of interest rate sensitive assets to liabilities (%)					62.55
Ratio of interest rate sensitive gap to net worth (%)					(3,175.38)

December 31, 2013

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	\$ 3,730,366	153,794	115,269	183,968	4,183,397
Interest rate sensitive liabilities	4,201,222	407,914	255,616	57	4,864,809
Interest rate sensitive gap	(470,856)	(254,120)	(140,347)	183,911	(681,412)
Net worth					65,035
Ratio of interest rate sensitive assets to liabilities (%)					85.99
Ratio of interest rate sensitive gap to net worth (%)					(1,047.76)

ii. Operational risk

i) Strategy and procedure of operational risk management

Operational risk is defined as the potential for loss resulting from failure of processes, people, or technology or external events.

Operational risk management approach serves to continually improve the Company's ability to anticipate all material risks and to increase our ability to demonstrate, with a high degree of confidence, that those material risks are well controlled. According to Operational risk frameworks, operational risks are managed through risk identification, assessment, control, acceptance, and monitoring approaches.

Responsibility for the management of operational risk rests with businesses and functions. The Framework sets out the respective responsibilities of the 3 Lines of Defence.

ii) Operational risk management organization and structure

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

The Risk committee is designed to oversee and to challenge the effectiveness of risk management and control. They may also be authorised to take certain risk acceptance and control decisions which are outside the authority of individual managers. The Risk committee has delegated country operational risk management to Country Operational Risk Committee ("CORC"), according to the Framework.

The Country Operational Risk Committee ("CORC") oversees the management of operational risks at the country (or entity) level. Their scope cuts across functional and business boundaries. CORC ensures 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..

iii) The scope and characteristics of operational risk report and evaluation system

The following risk control areas fall within the scope of operational risk, including people management, technology management, vendor management, property management, security management, regulatory compliance, legal process, accounting & financial control, tax management, corporate authorities & structure.

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.

iv) 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 risk identification, assessment, control, acceptance, and monitoring. This process is performed at all levels across the Bank and is the foundation of the management approach. Once identified risks are assessed against operational risk matrices 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 operational risk forum(s) and/or CORC.

v) Method used for regulatory capital calculation

Basic Indicator Approach.

iii. 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 Company is responsible for providing professional legal consulting and review services for internal regulations and all counterparty's contracts, and making sure that the Company follows the financial regulations and operational regulations.

iv. Credit risk management

i) 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.

A. Strategy and 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.

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

- a. 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;
- b. 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;
- c. 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;
- d. Anticipation: We seek to anticipate future risks and maximize awareness of all risks; and
- e. Competitive advantage: We seek competitive advantage through efficient and effective risk management and control

B. 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.

ii) Credit risk management organization and structure

Ultimate responsibility for the effective management of risk rests with the Company 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 are 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 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.

iii) 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.

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.

- iv) 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 agreements are used to reduce settlement counterparty risk. Settlement exposures are generally netted using bilateral netting documentation in legally approved jurisdictions, Delivery vs. Payment or Payment vs. Payment systems.

- v) Method used for regulatory capital calculation

Standardized Approach.

vi) Maximum exposure to credit risk

Without taking collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance-sheet financial assets is equal to their carrying values. Maximum exposures of financial instruments (without taking collateral or other credit enhancement, and irrevocable maximum exposure) were as follows:

Off-balance-sheet items	Maximum exposure to credit risk	
	December 31, 2014	December 31, 2013
Unused amount of irrevocable credit commitments	\$ 1,970,603	3,927,407
Unused amount of irrevocable letters of credit	2,401,702	2,166,243
Other guarantees	6,903,492	7,194,171
Total	\$ 11,275,797	13,287,821

Due to the Company's use of a more strict selection process for credit risk followed by subsequent periodic review, the Company's management assessed a more sustainable control to minimize the Company's off-balance-sheet items for credit risk.

vii) Concentrations of credit risk

Financial instruments counterparties are significantly concentrated onto one person or multiple persons. Concentration of credit risk exists if a number of counterparties are engaged in similar activities or activities in the same region, or have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Company's concentration of credit risk are derived from assets, liabilities or off-balance sheet items, compliance or enforcement by transactions (regardless of the product or service), or arises from a combination of categories including credit, due from banks and call loans to banks, portfolio investments, and other receivables and derivatives. The Company currently has no concentration of transaction to a single counterparty nor a single transaction with a counterparty for the Company's discount and loans, and non-performing loans that are significant. The following table illustrates the diversification of the loan portfolio among industry sectors, geographical regions and collateral types of the Company:

A. By industry

	December 31, 2014	December 31, 2013
Individual	\$ 223,318,953	247,122,625
Manufacturing	49,962,231	55,128,497
Financial industry	6,626,660	6,126,021
Commercial	16,638,314	14,609,759
Transportation and warehousing	15,767,796	7,883,966
Other	29,521,172	18,472,626
Total	<u>\$ 341,835,126</u>	<u>349,343,494</u>

B. By area

	December 31, 2014	December 31, 2013
Domestic	\$ 298,571,583	322,728,955
Overseas	43,263,543	26,614,539
Total	<u>\$ 341,835,126</u>	<u>349,343,494</u>

C. By collateral

	December 31, 2014	December 31, 2013
Unsecured	\$ 111,651,700	115,729,793
Secured		
— Real estate	195,106,107	210,701,761
— Movable asset	22,049,186	11,285,205
— Debt instrument	9,983,311	6,413,012
— Other	3,044,822	5,213,723
Total	<u>\$ 341,835,126</u>	<u>349,343,494</u>

viii) Credit quality and impairment analysis on financial asset

Some of the financial assets held by the Company, such as cash and equivalent cash due from the Central Bank and call loans to banks financial assets at fair value through profit or loss, derivative financial assets for hedging and securities purchased under resell agreements and debt instruments are excluded from this analysis since the counterparty is normally with good credit quality and can be considered as low credit risk. Below tables provide the credit quality analysis for other financial assets.

A. Credit quality analysis

December 31, 2014						
	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for bad debts		Total
				Individually impaired	Collectively impaired	
Receivables						
Credit cards accounts receivable	\$ 4,355,987	112,216	884,670	274,711	47,669	5,030,493
Accounts receivable factoring	21,548,111	-	-	-	-	21,548,111
Discounts and loans						
Consumer banking	214,837,268	3,903,373	5,252,909	1,313,807	2,522,925	220,156,818
Wholesale banking	115,644,419	78,000	2,119,157	495,977	117,878	117,227,721
Available-for-sale financial assets	201,080,749	-	101,964	14,469	-	201,168,244
	<u>\$ 557,466,534</u>	<u>4,093,589</u>	<u>8,358,700</u>	<u>2,098,964</u>	<u>2,688,472</u>	<u>565,131,387</u>
December 31, 2013						
	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for bad debts		Total
				Individually impaired	Collectively impaired	
Receivables						
Credit cards accounts receivable	\$ 4,671,389	152,554	974,624	269,605	54,773	5,474,189
Accounts receivable factoring	23,878,092	-	-	-	-	23,878,092
Discounts and loans						
Consumer banking	236,199,822	5,290,014	5,633,581	1,374,640	2,164,642	243,584,135
Wholesale banking	98,302,522	135,215	3,782,340	1,524,265	211,069	100,484,743
Available-for-sale financial assets	230,073,502	-	97,797	14,469	-	230,156,830
	<u>\$ 593,125,327</u>	<u>5,577,783</u>	<u>10,488,342</u>	<u>3,182,979</u>	<u>2,430,484</u>	<u>603,577,989</u>

- B. Credit quality analysis on neither past due nor impaired loans and advances.
The credit quality categorization based on the Company's internal risk rating which is defined in internal master scale.

December 31, 2014				
	Investment grade	Sub-investment grade	High risk grade	Total
Receivables				
Credit cards accounts receivable \$	95,699	4,252,931	7,357	4,355,987
Accounts receivable factoring	17,567,870	3,980,241	-	21,548,111
Discounts and loans				
Consumer banking	178,419,365	36,327,671	90,232	214,837,268
Wholesale banking	56,082,466	59,533,544	28,409	115,644,419
Total	<u>\$ 252,165,400</u>	<u>104,094,387</u>	<u>125,998</u>	<u>356,385,785</u>

December 31, 2013				
	Investment grade	Sub-investment grade	High risk grade	Total
Receivables				
Credit cards				
accounts receivable \$	-	4,671,389	-	4,671,389
Accounts receivable factoring	18,934,482	4,943,610	-	23,878,092
Discounts and loans				
Consumer banking	2,290,839	233,885,906	23,077	236,199,822
Wholesale banking	44,278,651	53,979,373	44,498	98,302,522
Total	<u>\$ 65,503,972</u>	<u>297,480,278</u>	<u>67,575</u>	<u>363,051,825</u>

C. Credit quality analysis on past due but not impaired loans and receivables. The credit quality categorization based on the Company's internal risk rating which is defined in internal master scale.

December 31, 2014				
	Investment grade	Sub-investment grade	High risk grade	Total
Receivables				
Credit cards				
accounts receivable \$	2,101	23,754	86,361	112,216
Discounts and loans				
Consumer banking	1,649	1,970,947	1,930,777	3,903,373
Wholesale banking	-	59,244	18,756	78,000
Total	<u>\$ 3,750</u>	<u>2,053,945</u>	<u>2,035,894</u>	<u>4,093,589</u>

December 31, 2013				
	Investment grade	Sub-investment grade	High risk grade	Total
Receivables				
Credit cards				
accounts receivable \$	1,849	40,650	110,055	152,554
Discounts and loans				
Consumer banking	50	1,824,675	3,465,289	5,290,014
Wholesale banking	-	119,453	15,762	135,215
Total	<u>\$ 1,899</u>	<u>1,984,778</u>	<u>3,591,106</u>	<u>5,577,783</u>

- D. Credit quality analysis on neither past due nor impaired financial assets. The credit quality categorization based on the issuer's internal risk rating which is defined in internal master scale.

December 31, 2014				
	Investment grade	Sub-investment grade	High risk grade	Total
Available-for-sale financial assets				
Bonds	\$ <u>200,879,319</u>	<u>201,430</u>	<u>-</u>	<u>201,080,749</u>
December 31, 2013				
	Investment grade	Sub-investment grade	High risk grade	Total
Available-for-sale financial assets				
Bonds	\$ <u>230,073,502</u>	<u>-</u>	<u>-</u>	<u>230,073,502</u>

- ix) Aging analysis on past due but not impaired financial assets

Customer in the early stage of delinquency due to some temporary delay or other administration reasons can result in past due but not impairment. According to the internal credit risk assets impairment evaluation guideline, a less than 90-day past due loan is typically not to be treated as impairment unless there is other objective evidence showing the potential loss.

December 31, 2014					
	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Receivables					
Credit cards accounts receivable \$	48,291	23,639	17,936	22,350	112,216
Discounts and loans					
Consumer banking	2,632,528	804,480	247,373	218,992	3,903,373
Wholesale banking	29,842	26,159	14,629	7,370	78,000
Total	\$ <u>2,710,661</u>	<u>854,278</u>	<u>279,938</u>	<u>248,712</u>	<u>4,093,589</u>
December 31, 2013					
	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Receivables					
Credit cards accounts receivable \$	70,647	29,360	22,933	29,614	152,554
Discounts and loans					
Consumer banking	3,623,839	1,000,478	398,815	266,882	5,290,014
Wholesale banking	99,503	19,488	3,733	12,491	135,215
Total	\$ <u>3,793,989</u>	<u>1,049,326</u>	<u>425,481</u>	<u>308,987</u>	<u>5,577,783</u>

x) Asset quality of non-performing loans and overdue receivables

A. Asset quality of the Company

Unit: in thousands of New Taiwan Dollars, %

Period			December 31, 2014				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		3,008	27,339,491	0.01 %	428,535	14,246.51 %
	Unsecured		425,977	90,502,085	0.47 %	185,320	43.50 %
Consumer Banking	Mortgage		207,916	158,720,469	0.13 %	2,086,131	1,003.35 %
	Personal loan		300,560	36,605,486	0.82 %	1,658,351	551.75 %
	Others	Secured	17,801	27,066,478	0.07 %	81,892	460.04 %
		Unsecured	23,470	1,601,117	1.47 %	10,358	44.13 %
Total			978,732	341,835,126	0.29 %	4,450,587	454.73 %
			Overdue	Accounts receivables	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			25,064	5,352,873	0.47 %	322,380	1,286.23 %
Factoring loan receivable without recourse			-	21,548,111	- %	-	- %

Period			December 31, 2013				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		-	20,017,594	- %	48,025	- %
	Unsecured		949,597	82,202,483	1.16 %	1,687,309	177.69 %
Consumer Banking	Mortgage		520,018	167,941,810	0.31 %	1,387,712	266.86 %
	Personal loan		403,937	43,919,391	0.92 %	2,036,386	504.13 %
	Others	Secured	45,023	31,906,500	0.14 %	77,280	171.65 %
		Unsecured	36,619	3,355,716	1.09 %	37,904	103.51 %
Total			1,955,194	349,343,494	0.56 %	5,274,616	269.77 %
			Overdue	Accounts receivables	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			37,939	5,798,567	0.65 %	324,378	855.00 %
Factoring loan receivable without recourse			-	23,878,092	- %	-	- %

The information below shows that may be exempted from reporting as overdue loans and overdue receivables, respectively.

Unit: in thousands of New Taiwan Dollars

	December 31, 2014		December 31, 2013	
	Loans that may be exempted from reporting as overdue loan	Receivables that may be exempted from reporting as overdue receivables	Loans that may be exempted from reporting as overdue loan	Receivables that may be exempted from reporting as overdue receivables
The amount under inter-bank debt relief program without default by debtors	\$ 11,653	41,633	15,678	57,287
The amount under debt discharge program and rehabilitation program without default by debtors	479,170	68,561	553,150	55,447
	<u>\$ 490,823</u>	<u>110,194</u>	<u>568,828</u>	<u>112,734</u>

B. Concentration of corporate credit risk for the Company

Units: in thousands of New Taiwan Dollars, %

December 31, 2014			
Rank	Industry classification of group enterprise	Outstanding credit	% of net assets
1	A Company Copper metallurgy industry	5,858,692	13.08 %
2	B Group Other weaving industry	4,688,347	10.47 %
3	C Group Petrochemicals Manufacturing	3,831,409	8.56 %
4	D Group Semiconductors packaging and testing	3,705,322	8.27 %
5	E Group Aviation transportation	2,855,542	6.38 %
6	F Group Shoes industry	2,576,290	5.75 %
7	G Group Industrial Plastic Products Manufacturing	2,431,133	5.43 %
8	H Group Computers Manufacturing	2,281,836	5.10 %
9	I Group Ocean freight industry	2,243,326	5.01 %
10	J Company Wholesale of Electronic Materials	2,153,465	4.81 %

December 31, 2013				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	K Group	Other computer peripheral manufacturing industry	4,925,019	11.61 %
2	C Group	Petrochemical manufacturing	3,595,451	8.48 %
3	L Group	Other computer peripheral manufacturing industry	3,403,307	8.03 %
4	B Group	Other weaving industry	3,143,766	7.41 %
5	M Group	Sheet glass and glass manufacturing products manufacturing	3,027,298	7.14 %
6	D Group	Semiconductors packaging and testing	2,790,026	6.58 %
7	F Group	Shoes industry	2,391,620	5.64 %
8	N Company	Other chemical manufacturing	2,386,828	5.63 %
9	O Group	Aviation transportation	2,032,068	4.79 %
10	P Group	Other computer peripheral manufacturing industry	2,015,117	4.75 %

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.

v. Liquidity risk management mechanism

i) Definition and sources of liquidity risk

Liquidity risk is the potential that the Company either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost.

ii) Management procedure of liquidity risk

The Liquidity Risk Framework governs liquidity risk and is managed by Asset and Liability Committee. The Company maintains a liquid portfolio of marketable securities as a liquidity buffer as required by local regulation. In total, it maintains a liquidity buffer of TWD2,204bn, which is equivalent to 28.6% of the Company's total assets. The level of the Company's aggregate liquid reserves is in accordance with local regulatory minimum liquidity requirements.

The asset side of the balance sheet is of equal importance to the Company's balance sheet as the liability side. The Company's balance sheet is fluid as evidenced by the majority of WB lending and fixed income assets are contractually less than one year in tenor.

The Company is of the view that capital is not a mitigant for liquidity risk; liquid reserves and a short tenured book are the appropriate mitigant. Accordingly, the Company does not hold capital in respect of liquidity risk.

iii) Financial assets held for liquidity risk management

The Company holds cash and high quality liquid interest earning assets to support the repay liability and the potential urgency for cash demand emerges from market environment. The assets held for liquidity risk management include cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, and held-to-maturity financial assets.

iv) Maturity analysis of non-derivatives liabilities

The table below shows the analysis of cash outflows of non-derivatives liabilities based on time remaining until the contractual maturity date. The amount disclosed is based on contractual cash flows and may be different from that included in the balance sheets.

December 31, 2014					
	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and the banks	\$ 20,276,493	5,600,441	-	-	25,876,934
Payables	13,669,683	-	-	-	13,669,683
Related parties payable	10,063,505	-	-	-	10,063,505
Deposits and remittances	460,241,954	129,975,253	7,302,437	-	597,519,644
Bank notes payable	10,150,675	650,000	34,067,792	8,333,721	53,202,188
Other financial liabilities	1,160,984	562,065	1,581,480	-	3,304,529
Total	<u>\$ 515,563,294</u>	<u>136,787,759</u>	<u>42,951,709</u>	<u>8,333,721</u>	<u>703,636,483</u>

December 31, 2013					
	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and the banks	\$ 37,668,206	8,317,466	-	-	45,985,672
Payables	4,562,241	-	-	-	4,562,241
Related parties payable	7,497,968	-	-	-	7,497,968
Deposits and remittances	406,362,470	165,213,594	5,326,645	-	576,902,709
Bank notes payable	16,660,044	9,803,015	17,039,669	12,057,197	55,559,925
Other financial liabilities	1,577,657	10,263,786	1,278,579	-	13,120,022
Total	<u>\$ 474,328,586</u>	<u>193,597,861</u>	<u>23,644,893</u>	<u>12,057,197</u>	<u>703,628,537</u>

v) Maturity analysis of derivative financial liabilities

The Company evaluates the maturity of the derivative financial liabilities listed on the balance sheets to analyze their basic elements. The amount disclosed is based on contractual cash flows and may be different from those included in the balance sheets. The maturity analysis of net settled derivative liabilities is as follows:

A. Maturity analysis of net settled derivatives

December 31, 2014						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
— Foreign exchange derivative instruments	\$ 5,616	48,114	197,682	1,616,995	3,533,498	5,401,905
— Interest rate derivative instruments	4,724	17,282	73,439	118,200	1,141,342	1,354,987
Derivative financial instruments — hedging						
— Interest rate derivative instruments	161	-	-	-	4,904	5,065
	<u>\$ 10,501</u>	<u>65,396</u>	<u>271,121</u>	<u>1,735,195</u>	<u>4,679,744</u>	<u>6,761,957</u>
December 31, 2013						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
— Foreign exchange derivative instruments	\$ 31,053	38,684	231,769	516,577	289,284	1,107,367
— Interest rate derivative instruments	15,998	16,015	55,239	245,992	2,345,484	2,678,728
Derivative financial instruments — hedging						
— Interest rate derivative instruments	18	-	890	49	2,270	3,227
	<u>\$ 47,069</u>	<u>54,699</u>	<u>287,898</u>	<u>762,618</u>	<u>2,637,038</u>	<u>3,789,322</u>

B. Maturity analysis of gross settled derivatives

December 31, 2014						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
— Foreign exchange derivative instruments						
— Cash outflow	\$ 124,434,729	34,493,065	28,344,017	48,203,631	4,059,715	239,535,157
— Cash inflow	121,752,092	32,987,782	26,789,724	46,254,599	3,447,660	231,231,857
Net cash flow	<u>\$ (2,682,637)</u>	<u>(1,505,283)</u>	<u>(1,554,293)</u>	<u>(1,949,032)</u>	<u>(612,055)</u>	<u>(8,303,300)</u>
December 31, 2013						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
— Foreign exchange derivative instruments						
— Cash outflow	\$ 139,928,194	94,186,357	30,984,588	38,087,214	14,456,070	317,642,423
— Cash inflow	138,684,190	93,646,354	30,653,576	37,433,299	14,345,527	314,762,946
Net cash flow	<u>\$ (1,244,004)</u>	<u>(540,003)</u>	<u>(331,012)</u>	<u>(653,915)</u>	<u>(110,543)</u>	<u>(2,879,477)</u>

vi) Maturity analysis of off-balance-sheet items

Table below shows the maturity analysis of off-balance-sheet items for the Company. The amount of the guarantee and committed credit lines will be allocated to the earliest period when such obligation can be exercised anytime by clients. The amount disclosed is based on contractual cash flow and may be different from that included in the consolidated balance sheets.

December 31, 2014					
	0-30 days	31-90 Days	91 days-1 year	Over 1 year	Total
Other guarantees	\$ 230,173	514,645	2,631,975	3,526,699	6,903,492
Unused amount of irrevocable loan commitment	-	-	1,013,395	957,208	1,970,603
Unused amount of irrevocable letter of credit	722,707	983,410	695,585	-	2,401,702
	<u>\$ 952,880</u>	<u>1,498,055</u>	<u>4,340,955</u>	<u>4,483,907</u>	<u>11,275,797</u>
December 31, 2013					
	0-30 days	31-90 Days	91 days-1 year	Over 1 year	Total
Other guarantees	\$ 293,288	731,379	2,640,670	3,528,834	7,194,171
Unused amount of irrevocable loan commitment	150,000	-	2,609,090	1,168,317	3,927,407
Unused amount of irrevocable letter of credit	517,559	1,428,833	219,851	-	2,166,243
	<u>\$ 960,847</u>	<u>2,160,212</u>	<u>5,469,611</u>	<u>4,697,151</u>	<u>13,287,821</u>

vii) Structure Analysis of Maturity Date New Taiwan Dollars

December 31, 2014

	Total	Remaining period to expiration					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~ Over 1 year	Over 1 year
Capital provided	\$ 692,304,927	109,823,508	50,465,201	67,833,527	69,943,169	142,294,744	251,944,778
Capital used	809,564,922	67,167,514	78,007,743	154,950,514	110,968,332	114,719,496	283,751,323
Gap	(117,259,995)	42,655,994	(27,542,542)	(87,116,987)	(41,025,163)	27,575,248	(31,806,545)

December 31, 2013

	Total	Remaining period to expiration					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~ Over 1 year	Over 1 year
Capital provided	\$ 764,150,784	103,922,050	53,989,266	92,366,834	78,450,819	174,376,893	261,044,922
Capital used	764,508,329	36,224,072	94,775,117	132,265,008	114,039,394	102,079,450	285,125,288
Gap	(357,545)	67,697,978	(40,785,851)	(39,898,174)	(35,588,575)	72,297,443	(24,080,366)

viii) Structure Analysis of Maturity Date US Dollars

December 31, 2014

Units: in thousands of US Dollars

	Total	Remaining period to expiration				
		0~30 days	31~90 days	91~180 days	181 days~ Over 1 year	Over 1 year
Capital provided	\$ 15,224,115	6,884,536	2,934,710	2,113,311	2,244,099	1,047,459
Capital used	16,042,765	6,290,022	3,516,479	1,294,392	1,981,272	2,960,600
Gap	(818,650)	594,514	(581,769)	818,919	262,827	(1,913,141)

December 31, 2013

	Total	Remaining period to expiration				
		0~30 days	31~90 days	91~180 days	181 days~ Over 1 year	Over 1 year
Capital provided	\$ 14,636,005	6,430,950	3,863,505	1,901,014	1,291,366	1,149,170
Capital used	14,747,801	5,962,576	3,438,741	1,439,953	1,956,107	1,950,424
Gap	(111,796)	468,374	424,764	461,061	(664,741)	(801,254)

(e) Capital management

i. Summary

The goal of the Company's capital management is shown below:

- i) Meeting the regulatory capital requirement and the minimum capital adequacy ratio is the Company's basic goal for capital management. The Company calculates qualified capital and regulatory capital requirement in accordance with rules issued by the regulator.
- ii) To ensure keeping adequate capital to support all the risks surrounding its business, the Company should take the risk combination and the characters of risk into consideration when measuring the Company's required capital. At the meanwhile, the Company should maximize resource allocation through risk management by means of capital allocation.

ii. Capital management procedure

The Company maintains the capital adequacy ratio in line with the requirement made by the regulator, and report to the regulator on a quarterly basis. The Company's capital is managed by the Asset and Liability Committee. The Company's capital is divided into Tier 1 Capital and Tier 2 Capital following the "Regulations Governing the Capital Adequacy and Capital Category of Banks":

- i) Tier 1 Capital: The aggregate amount of Common Equity and additional Tier 1 Capital.
 - A. Common equity Tier 1 capital: Consists of the common equity deducting intangible assets, the deferred tax assets due to losses from previous years, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, unamortized losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

The common equity Tier 1 capital shall mean the sum of the following items:

- a. Common stock and additional paid-in capital in excess of par-common stock
- b. Capital collected in advance
- c. Capital reserves
- d. Statutory surplus reserves

- e. Special reserves
 - f. Accumulated profit or loss
 - g. Non-controlling interests
 - h. Other items of interest
- B. Additional Tier 1 capital: Consists of the aggregate amount of non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative and non-perpetual subordinated debts, etc.
- ii) Tier 2 capital: Consists of the aggregate amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium, etc.
- iii. Capital adequacy

Item			Period-end	December 31, 2014	December 31, 2013
Self-owned capital	Common stock capital			39,718,971	37,901,116
	Other Tier 1 capital			-	-
	Tier 2 capital			16,734,827	18,733,607
	Total self-owned capital			56,453,798	56,634,723
Risk-weighted assets	Credit risk	Standard approach (SA)		345,690,769	363,987,158
		Internal ratings-based approach (IRB)		-	-
		Securitization		-	-
	Operational risk	Basic indicator approach (BIA)		30,051,647	31,138,609
		Standardized approach (SA)		-	-
		Advanced measurement approach (AMA)		-	-
	Market risk	Standardized approach/alternative approach		19,491,065	19,217,874
		Internal model-based approach (IMA)		-	-
Total risk-weighted assets				395,233,481	414,343,642
Total risk-based capital				14.28 %	13.67 %
Ratio of common stock to total risk-based assets				10.05 %	9.15 %
Ratio of Tier 1 capital to risk-based assets				10.05 %	9.15 %
Leverage ratio				4.49 %	4.23 %

Note: The amount as of December 31, 2014 is prepared endorsed by the amendments of Regulations Governing the Capital Adequacy and Capital Category of Banks announced on January 9, 2014.

(7) Related-Party Transactions

1) Name and relationship of related parties

Name	Relationship
Standard Chartered Bank ("SCB")	The Company's parent company
Standard Chartered Bank Taipei Branch ("SCB Taipei")	Affiliate
Standard Chartered Bank New York ("SCB New York")	Affiliate
Standard Chartered Bank Japan ("SCB Japan")	Affiliate
Standard Chartered Bank Singapore ("SCB Singapore")	Affiliate
Standard Chartered Bank Germany ("SCB Germany")	Affiliate
Scope International Private Limited	Affiliate
Scope International (M) Sdn Bhd	Affiliate
Standard Chartered Bank Hong Kong Limited ("SCB HK")	Affiliate
Standard Chartered Bank China Limited ("SCB China")	Affiliate
Standard Chartered Bank Thailand Limited ("SCB Thailand")	Affiliate
Standard Chartered Bank Korea Limited ("SCB Korea")	Affiliate
Standard Chartered Bank India Limited ("SCB India")	Affiliate
Standard Chartered Bank Vietnam Limited ("SCB Vietnam")	Affiliate
Standard Chartered Bank Qatar Limited ("SCB Qatar")	Affiliate
Standard Chartered Bank Philippines Limited ("SCB Philippines")	Affiliate
Standard Chartered Bank South Africa Limited ("SCB South Africa ")	Affiliate
Standard Chartered Bank Macau Limited ("SCB Macau ")	Affiliate
Ying Ji Li Asset Management Company Limited ("YJL ")	Affiliate
Directors, Supervisors, President and Vice Presidents	The senior management of the Company
Others	According to IAS No.24, "Related-Party Disclosure", related party should include: 1)Families, spouses or close relatives within the second degree of relationship with senior management. 2)Senior mangement and entities with people listed above as their directors, supervisors and presidents.

2) Significant transactions with related parties

(a) Deposits

December 31, 2014			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u>434,224</u>	<u>0.07</u>	0.00~6.55
December 31, 2013			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u>828,546</u>	<u>0.14</u>	0.00~5.84

The interest rate applied to the related parties are based on the board rate for all significant impacts, and the deposit conditions are the same as those for general deposits. 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%.

For the years ended December 31, 2014 and 2013, interest expenses on the above deposits were \$4,746 thousand and \$6,042 thousand, respectively, and the interest payables on the above transaction were \$317 thousand and \$604 thousand, respectively.

(b) Loans

2014							
Type of loan	Maximum during the period	Number of accounts or name of related party	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On-schedule	Overdue		
Employee consumer loans	12,881	18	9,871	9,871	-	Unsecured lending	None
Mortgage	153,600	27	124,744	124,744	-	House	None
Other	6,068	Other individual	5,514	5,514	-	Overdraft on the comprehensive deposits	None

2013							
Type of loan	Maximum during the period	Number of accounts or name of related party	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On-schedule	Overdue		
Employee consumer loans	4,287	10	3,527	3,527	-	Unsecured lending	None
Mortgage	197,509	33	190,627	190,627	-	House	None
Other	6,610	Other individual	6,068	6,068	-	Overdraft on the comprehensive deposits	None

For the years ended December 31, 2014 and 2013, interest income on the above loans were \$3,363 thousand and \$2,926 thousand, respectively, and the interest receivables on the above transaction were \$148 thousand and \$180 thousand, respectively.

(c) Foreign exchange and derivative transactions

Name	Contracts	Contract duration period	December 31, 2014		Balance sheet	
			Notional	Net valuation adjustment	Account	Balance
SCB	Interest rate swap	2015.5.13~ 2017.10.11	\$ 17,210,047	(34,058)	Financial assets at fair value through profit or loss	61,106
					Financial liabilities at fair value through profit or loss	(95,164)
	Interest rate option contract	2017.5.15~ 2017.5.18	1,266,744	(7,213)	Financial liabilities at fair value through profit or loss	(7,213)
	Forward contract	2015.1.2~ 2015.11.23	87,841,090	(761,610)	Financial assets at fair value through profit or loss	283,450
					Financial liabilities at fair value through profit or loss	(1,045,060)
	Foreign exchange option contract	2015.1.1~ 2016.12.22	98,772,795	(5,157,174)	Financial assets at fair value through profit or loss	380,049
	Commodity swap	2015.1.5~ 2015.12.2	824,060	19,249	Financial liabilities at fair value through profit or loss	(5,537,223)
	Cross currency swap	2015.6.8~ 2016.10.11	2,849,235	(85,836)	Financial assets at fair value through profit or loss	34,600
					Financial liabilities at fair value through profit or loss	(15,351)
	Commodity option contract	2015.1.5~ 2015.12.7	3,434,491	(143,944)	Financial liabilities at fair value through profit or loss	(85,836)
					Financial assets at fair value through profit or loss	277
SCB Singapore	Interest rate swap (Hedge)	2015.1.5~ 2019.2.12	11,453,762	(4,356)	Financial liabilities at fair value through profit or loss	(144,221)
					Derivative financial assets for hedging	709
	Forward contract	2015.1.2~ 2015.12.22	\$ 28,060,930	212,964	Derivative financial liabilities for hedging	(5,065)
					Financial assets at fair value through profit or loss	314,792
SCB New York	Forward contract	2015.1.2~ 2015.6.9	218,443	(21,520)	Financial liabilities at fair value through profit or loss	(101,828)
					Financial assets at fair value through profit or loss	26
					Financial liabilities at fair value through profit or loss	(21,546)

Name	Contracts	Contract duration period	December 31, 2013		Balance sheet	
			Notional	Net valuation adjustment	Account	Balance
SCB	Interest rate swap	2014.1.17~ 2017.10.11	\$ 25,105,084	(59,195)	Financial assets at fair value through profit or loss	98,387
					Financial liabilities at fair value through profit or loss	(157,582)
	Interest rate option contract	2017.5.15~ 2017.8.22	1,194,143	(10,760)	Financial liabilities at fair value through profit or loss	(10,760)
					Financial assets at fair value through profit or loss	343,306
	Forward contract	2014.1.2~ 2014.11.20	100,319,785	(532,298)	Financial liabilities at fair value through profit or loss	(875,604)
					Financial assets at fair value through profit or loss	186,696
	Foreign exchange option contract	2014.1.2~ 2016.3.24	51,785,359	(827,474)	Financial liabilities at fair value through profit or loss	(1,014,170)
					Financial assets at fair value through profit or loss	8,637
	Commodity swap	2014.1.3~ 2014.8.4	362,610	(5,979)	Financial liabilities at fair value through profit or loss	(14,616)
					Financial assets at fair value through profit or loss	120
SCB Singapore	Interest rate swap (Hedge)	2014.10.16~ 2015.4.22	4,352,420	(2,199)	Derivative financial assets for hedging	(2,319)
					Derivative financial liabilities for hedging	102,013
	Forward contract	2014.1.2~ 2014.12.17	32,370,238	(368,086)	Financial assets at fair value through profit or loss	(470,099)
					Financial liabilities at fair value through profit or loss	152,974
SCB HK	Forward contract	2014.1.6~ 2014.9.17	7,775,282	34,072	Financial assets at fair value through profit or loss	(118,902)
					Financial liabilities at fair value through profit or loss	1,807
SCB Japan	Forward contract	2014.1.16	795,663	1,807	Financial assets at fair value through profit or loss	

(d) Deposits with banks — affiliates

	2014		
	Balance	Interest rate %	Interest income
SCB China	\$ 11,923,812	2.53	839,665
SCB Germany	397,333	-	-
SCB HK	385,100	-	-
SCB Japan	116,764	-	-
Other	194,755	0.25	3,667
	<u>\$ 13,017,764</u>		<u>843,332</u>
	2013		
	Balance	Interest rate %	Interest income
SCB HK	\$ 1,959,535	-	-
SCB China	22,182,067	3.50~8.00	296,781
SCB New York	846,312	2.00	931
SCB	482,100	-	-
Other	340,001	-	-
	<u>\$ 25,810,015</u>		<u>297,712</u>

As of December 31, 2014 and 2013, the interest receivables resulting from the above deposits with banks to affiliates were \$32,855 thousand and \$57,706 thousand, respectively.

(e) Call loans to banks – affiliates

2014			
	Balance	Interest rate %	Interest income
SCB	\$ 20,901,281	0.09~0.10	2,591
SCB Taipei	23,046,881	0.00~0.30	65,183
Other	-	0.03~3.50	4,256
	\$ 43,948,162		72,030
2013			
	Balance	Interest rate %	Interest income
SCB New York	\$ 13,135,571	0.25	5,508
SCB Taipei	8,476,785	0.06~1.38	84,510
Other	-	0.03~0.15	761
	\$ 21,612,356		90,779

As of December 31, 2014 and 2013, the interest receivables resulting from the above loans and advances to affiliates were \$32,821 thousand and \$4,424 thousand, respectively.

(f) Deposits from banks – affiliates

2014			
	Balance	Interest rate %	Interest expense
SCB Taipei	\$ 2,241,325	0.01	122
2013			
	Balance	Interest rate %	Interest expense
SCB Taipei	\$ 828,609	0.01	24

As of December 31, 2014 and 2013, the interest payables resulting from the above deposits and advances to affiliates were \$7 thousand and \$3 thousand, respectively.

(g) Overdrafts on banks – affiliates

2014			
	Balance	Interest rate %	Interest expense
SCB New York	\$ 2,324,840	0.25	185
SCB HK	-	6.25	211
SCB China	-	2.53	872
Other	-	1.00~5.75	118
	\$ 2,324,840		1,386

	2013		
	Balance	Interest rate %	Interest expense
SCB New York	\$ -	0.60	277
SCB HK	-	6.25	185
SCB Germany	-	1.50	54
Other	-	1.50	5
	\$ -		521

As of December 31, 2014 and 2013, the interest payables resulting from the above overdrafts and advances to affiliates were both \$0 thousand.

(h) Call loans from banks — affiliates

	2014		
	Balance	Interest rate %	Interest expense
SCB Japan	\$ 7,917,152	0.11~0.75	110,063
SCB HK	7,166,408	0.05~5.40	50,824
SCB Macau	1,848,835	0.09~2.70	1,608
SCB Singapore	-	0.67~0.75	16,549
SCB Thailand	-	0.33~0.80	15,721
SCB Taipei	-	0.75~0.82	8,143
SCB Korea	-	0.63~0.70	6,162
Other	-	0.20~0.40	1,991
	\$ 16,932,395		211,061

	2013		
	Balance	Interest rate %	Interest expense
SCB Japan	\$ 10,448,750	0.20~0.67	50,554
SCB HK	6,102,316	0.10~6.25	102,730
SCB Thailand	4,478,036	0.65~0.75	17,342
SCB Singapore	1,492,678	0.67	1,597
SCB Taipei	1,400,000	0.45~0.82	2,908
Other	-	0.22~0.24	145
	\$ 23,921,780		175,276

As of December 31, 2014 and 2013, the interest payables resulting from the above loans from affiliates were \$22,779 thousand and \$24,070 thousand, respectively.

(i) The fair values of financial debentures acquired from affiliates, which were recognized as available for sale financial assets were as follows:

	Fair value	
Name	December 31, 2014	December 31, 2013
SCB HK	\$ 6,051,871	5,492,108

For the years ended December 31, 2014 and 2013, the interest income resulting from the above transaction were \$314,282 thousand and \$271,755 thousand, respectively.

- (j) Bank notes payables deriving from the issuance of financial debentures to affiliates were as follows:

<u>Name</u>	<u>Bond (note)</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
SCB	98-2	\$ 4,750,291	4,478,036
SCB	98-3	4,750,291	4,478,036
SCB HK	103-1	18,367,792	-
SCB	103-2	6,333,722	-

Note: The issuance conditions and details of financial debentures are stated in note 6(16).

For the years ended December 31, 2014 and 2013, the interest expense on the above transactions were \$494,741 thousand and \$325,801 thousand, respectively. As of December 31, 2014 and 2013, the interest payable on the above transactions were \$192,253 thousand and \$18,665 thousand, respectively.

- (k) For the years ended December 31, 2014, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$989,414 thousand, \$489,164 thousand, and \$326,206 thousand, respectively. For the years ended December 31, 2013, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$903,989 thousand, \$507,753 thousand, and \$263,198 thousand, respectively. As of December 31, 2014 and 2013, fees payables to SCB were \$9,630,604 thousand and \$7,302,507 thousand, respectively, recorded under related parties payable. Moreover, for the years ended December 31, 2014 and 2013, the royalty expenses for obtaining the right to use intellectual property of SC PLC Group amounted to \$45,092 thousand and \$40,786 thousand, respectively. As of December 31, 2014 and 2013, the royalty expenses payable to SCB were \$140,532 thousand and \$90,156 thousand, respectively, recorded under related parties payable.
- (l) For the years ended December 31 2014 and 2013, the related cost of the Executive Share Option Scheme amounted to \$43,370 thousand and \$54,143 thousand, respectively. As of December 31, 2014 and 2013, accounts payable to SCB for the share-based payment scheme costs amounted to \$43,133 thousand and \$55,079 thousand, respectively, recorded under related parties payable.

- (m) For the years ended December 31, 2014 and 2013, expenses resulting from operating and other business related activities with affiliates were as follows:

Name	2014	2013
Consultant service revenue:		
SCB HK	\$ 38,109	-
Technical support service fees:		
SCB	49,246	55,097
SCB India	1,390	-
SCB China	249	-
Total	\$ 50,885	55,097
Information technology service fees:		
Scope International Private Ltd.	\$ 73,433	70,302
Scope International (M) Sdn Bhd	99,123	84,550
Total	\$ 172,556	154,852
Origination fees:		
SCB Qatar	\$ 7,315	4,695
SCB Philippines	1,516	-
SCB South Africa	6,853	5,482
SCB Vietnam	1,724	3,376
Total	\$ 17,408	13,553

For the company, as of December 31, 2014 and 2013, consultant service revenue receivables were \$38,109 thousand and \$0 thousand, recorded as receivables—net. As of December 31, 2014 and 2013, technical support service fees, information technology service fees and origination fees were \$31,841 thousand and \$17,981 thousand, respectively, recorded under related parties payables.

- (n) For the years ended December 31, 2014 and 2013, SCBTL signed a rental contracts with SCB Taipei. Related rental were \$4,460 thousand and \$4,358 thousand, respectively.

3) The salary and remuneration of directors and supervisors

	2014	2013
Salary and other short term benefits	\$ 272,344	218,228
Post employment benefit	1,518	1,003
Total	\$ 273,862	219,231

(8) Pledged Assets

Unit: in thousands of New Taiwan dollars

Pledged assets	Pledged for	Amount	
		December 31, 2014	December 31, 2013
Bonds (recognized as other financial assets)	Provision seizure	\$ 63,500	131,400
	USD overdraft clearing deposits	15,000,000	-
Total		\$ 15,063,500	131,400

Refundable security deposits set as pledged assets made in accordance with the relevant regulations governing bank operations:

Pledged assets	Pledged for	Amount	
		December 31, 2014	December 31, 2013
Negotiable certificates of deposit, government bonds (recognized as other financial assets)	Trust indemnity reserve	\$ 300,000	150,000
	Security deposits for futures trading	-	35,000
	Security deposits for security brokerage	250,000	225,000
	Bid for bonds	100,000	100,000
		<u>650,000</u>	<u>510,000</u>
Guarantee deposits paid (recorded as other assets)	Operating deposits and security deposits for bond proprietary trading	<u>150,300</u>	<u>173,638</u>
Total		<u>\$ 800,300</u>	<u>683,638</u>

- 1) Trust indemnity reserve and depository of trust fund reserve are deposits that the Company placed in the Central Bank of China for its trust custodian business. (Trust indemnity reserve in accordance with relevant regulations was \$150,000 thousand.)
- 2) Provision seizures are collateral placed with the court in order to execute the Company's right over debtors' properties.
- 3) Bid for bonds are deposits placed in the Central Bank of China for the Company's bill trading business. .
- 4) Security deposits for futures trading are operating deposits placed in the special account with the financial institution designated by the Securities and Futures Commission, FSC.
- 5) Security deposits for security brokerage are operating deposits placed for operating business of securities commission agency, brokerage, agency, and other relevant businesses approved by the competent authority. (Security deposits in accordance with relevant regulations for security brokerage was \$50,000 thousand.)
- 6) USD overdraft clearing deposits are security deposits for the overdraft facility of the Company.

(9) Significant Contingent Liabilities and Unrecognized Contract Commitments

- 1) Commitments and contingent liabilities

	December 31, 2014	December 31, 2013
Consignment collection for others	\$ 7,825,767	8,216,760
Traveler's checks held on consignment for sale	-	20,933
Securities, consignments and goods in custody	1,658,282,223	1,341,049,361
Trust assets	<u>100,062,167</u>	<u>101,938,709</u>
	<u>\$ 1,766,170,157</u>	<u>1,451,225,763</u>
Other guarantees	<u>\$ 6,903,492</u>	<u>7,194,171</u>
Unused amount of irrevocable loan commitment	<u>\$ 1,970,603</u>	<u>3,927,407</u>
Unused amount of irrevocable letters	<u>\$ 2,401,702</u>	<u>2,166,243</u>

2) Operating leases

Estimated irrevocable operating lease of minimum future lease payments were as follows:

	December 31, 2014	December 31, 2013
Not later than one year	\$ 425,380	474,496
Later than one year and not later than five years	460,787	522,501
Total	<u><u>\$ 886,167</u></u>	<u><u>996,997</u></u>

3) Significant service agreements

The Company entered into a bancassurance agreement with PCA Life Assurance Co., Ltd. ("PCA") to promote and sell approved insurance policies in October 2007. The Company 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. For the years ended December 31, 2014 and 2013, the amounts of \$205,204 thousand and \$123,122 thousand were both recognized as net service fee income. Standard Chartered Bank (Taiwan) Limited entered into a new agreement with PCA and Standard Chartered Life Insurance Agency on July 4, 2014 to continue the tripartite partnership.

4) 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, 2014**

Trust assets		Trust liabilities	
Bank deposits	\$ 15,104	Accounts payables	\$ 10
Short-term investments	94,170,965	Tax payables	1
Structured notes	4,826,918	Payables for securities under custody	1,049,176
Securities under custody	1,049,176	Trust capital and accumulated	
Other assets	4	earnings	99,012,980
Total trust assets	<u><u>\$ 100,062,167</u></u>	Total trust liabilities and capital	<u><u>\$ 100,062,167</u></u>

**Trust balance sheet
December 31, 2013**

Trust assets		Trust liabilities	
Bank deposits	\$ 14,633	Accounts payables	\$ 10
Short-term investments	96,455,237	Tax payables	1
Structured notes	3,981,298	Payables for securities under custody	1,487,537
Securities under custody	1,487,537	Trust capital and accumulated	
Other assets	4	earnings	100,451,161
Total trust assets	<u><u>\$ 101,938,709</u></u>	Total trust liabilities and capital	<u><u>\$ 101,938,709</u></u>

Trust income statements

	2014	2013
Trust revenue:		
Interest revenue	\$ 3,163,835	2,875,434
Common stock cash dividends	552	652
Realized gain on investments	2,174,739	2,574,414
Unrealized gain on investments	162,286	72,425
Net gain on trading of assets	36	17
	<u>5,501,448</u>	<u>5,522,942</u>
Trust expenses:		
Management expenses	126	135
Service charges	1	1
Realized loss on investments	2,752,076	4,105,346
Unrealized loss on investments	1,710,701	331,852
	<u>4,462,904</u>	<u>4,437,334</u>
Net income before income tax	1,038,544	1,085,608
Income tax expense	5	5
Net income after income tax	<u>\$ 1,038,539</u>	<u>1,085,603</u>

Schedules of investment for trust business

Investment items	December 31, 2014	December 31, 2013
Bank deposits	\$ 15,104	14,633
Short-term investments:		
Bonds	11,210,758	9,651,219
Common stock	2,958,857	2,696,351
Funds	80,001,350	84,107,667
Structured notes	4,826,918	3,981,298
Securities under custody	1,049,176	1,487,537
Other assets	4	4
	<u>\$ 100,062,167</u>	<u>101,938,709</u>

Foreign currency trust business engaged by the Offshore Banking Unit (OBU) as of December 31, 2014 and 2013 were included in the trust balance sheets and schedules of investment for trust business.

(10) Significant Disaster Loss: None.

(11) Significant Subsequent Events: None.

(12) Others

1) Profitability

Unit: %

Items		December 31, 2014	December 31, 2013
Return on assets	Before income tax	0.50	0.38
	After income tax	0.43	0.32
Return on equity	Before income tax	8.76	6.66
	After income tax	7.49	5.60
Net profit ratio		20.61	15.83

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

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

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

- 2) According to Jin-Guan-Yin-(Fa)-zi No. 10310002640 announced by FSC on May 7, 2014, receivables from transactions on import finance to banks should be recorded under "due from central bank and call loans to banks"; further, restricted assets should be recorded under "other financial assets" due to the nature of the transaction. To align the presentation of balance sheet as of December 31, 2014, the balance sheets as of December 31, and January 1, 2013, have been reclassified, and the statements are summarized as below:

Balance sheet	December 31, 2013		January 1, 2013	
	Before reclassification	After reclassification	Before reclassification	After reclassification
Due from the Central Bank and call loans to banks	\$ 47,828,974	64,434,100	68,073,194	77,822,261
Discounts and loans—net	360,762,604	344,157,478	350,387,046	340,637,979
Other financial assets	151,245	792,645	151,409	826,609
Other assets	3,271,338	2,629,938	1,602,797	927,597

(13) Other Disclosures Items

1) Related information on significant transaction

- (a) Lending to other parties: None.
- (b) Guarantees and endorsements for other parties: None.
- (c) Information regarding securities held: None.
- (d) Information regarding securities for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Company's paid in capital: None.
- (e) Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Company's paid in capital: None.
- (f) Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Company's paid in capital: None.

- (g) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: None.
- (h) Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Company's paid in capital: None.
- (i) Information regarding trading in derivative financial instruments: please refer to Note 6(3), (4) and (36).
- (j) Information regarding selling non performing loans:
- i. Summary table of NPL disposal: None.
 - ii Disposal of a single batch of NPL up to 1 billion and information on each transactions: None.
- (k) Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Investment Trusts: None.
- (l) Business relationship and material transaction between the parent party and subsidiaries:

Number (note1)	Name of transaction party	Name of trade counterpart	Relationship with transaction party (note 2)	Material transaction between the parent and subsidiaries			
				Account	Amount	Terms of transactions	Percentage of consolidated net revenue or total assets (note 3)
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Deposits and remittances / Related parties payable	942,039	No different to non- related parties	0.12 %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Receivable-net	566,146	No different to non- related parties	0.07 %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Other assets-net	3	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Net other non-interest income	15	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Interest expense	1,989	No different to non- related parties	0.01 %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Net service fee income	567,417	No different to non- related parties	3.58 %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Deposits and remittances / Related parties payable	33,994	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Receivable-net	7,016	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Interest expense	102	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Net service fee income	6,923	No different to non- related parties	0.04 %

Note 1: Business relationship and transactions between the parent and subsidiaries should be inserted in the number column using the code as below:

- i. Insert 0 for parent.
- ii. Sequentially from 1 for the subsidiaries.

Note 2: Three types of transactions between parent and subsidiaries

- i. Parent to subsidiaries.
- ii. Subsidiaries to parent.
- iii. Subsidiaries to subsidiaries.

Note 3: When calculating the percentage of net revenue or total assets that the transaction contributes to, for balance sheet items, period end balance over total consolidated assets are used; for income statement items, cumulative amounts over consolidated revenue are used.

- (m) 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:

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	
Taiwan Small and Medium Enterprise Development Corp.	8F., No.181, Fushing N. Rd., Songshan District, Taipei City 10596, Taiwan	Small and medium enterprise improvement services	4.84 %	29,000	-	3,417	-	3,417	4.84 %	Note 1
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 %	Note 1
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 %	Note 1
TSC Bio Venture Management, Inc.	11F.-1, No.176, Sec. 1, Keelung Rd., Xinyi District, Taipei City 11070, Taiwan	Venture capital services	5.00 %	10,632	-	1,063	-	1,063	5.00 %	Note 1
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 %	Note 1
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 %	Note 1
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 %	Note 1
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 %	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	-	557	-	557	0.17 %	Note 1

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	
Taiwan Cooperative Financial Holdings	14F., No. 85, Sec 2, Nan Jing Dong Rd., Zhongshan District, Taipei City, Taiwan	Financial securities services	0.06 %	87,495	-	5,368	-	5,368	0.06 %	Note 1

Note 1: Shares held by the Bank kept the same.

3) Related information on investments in Mainland China:

- (a) Name, main operating item and other information of the invested company in Mainland China: None.
- (a) Amount limitation of investments in Mainland China: None.

(14) Operating Segment Financial Information

The Company presents the following segment information for the decision makers of the company to allocate resources and evaluate each segment's performance. The information focuses on the results from the operations of the relevant segments and their respective profits before tax. Reported segments in accordance with IFRS No. 8 are as follows:

- 1) **Retail Clients:** In charge of developing a long-term sustainable customer-focused strategy and building a high performance culture through robust execution of plans. Promote and develop products in line with the customer value propositions of retail clients segment.
- 2) **Corporate & Institutional Clients:** Corporate & Institutional Clients provides corporate and institutional clients with trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate finance solutions.
- 3) **Commercial Clients:** The Commercial Clients segment mainly targets at serving corporate clients, particularly those clients with trade finance or international cash management needs. The professional financial services we provide include short-term loans for working capital, mid-term or long-term financing, import and export trade financing, supply chain financing, cash management, foreign exchange services and corporate internet banking, etc.
- 4) **Other Banking services:** Including assets, liabilities, income, and expense that cannot be classified under a specific department.

Management monitors each segment's performance in order to allocate the required resources and to evaluate its performance. Segments' performance is evaluated according to its operating gain or loss. The disclosures of assets, liabilities, and profit or loss are in accordance with the accounting policies of the SCB group specified under note 4. Segmental gains and losses includes inter department transfer pricing expenses as well as head office allocated expenses. Income tax expense (income) are not allocated to the reportable segments for disclosure purposes.

More than 90% of the Company's business is located domestically and there is no income from one single client that represents more than 10% of the consolidated income of the Company.

The disclosures of assets, liabilities, and profit or loss are in accordance with the accounting policies of SCB Group. The Company's information and reconciliation of operating segment were as follows:

2014					
	Retail Clients	Corporate and Institutional Clients	Commercial Clients	Other Banking services	Total
Interest income	\$ 8,219,117	5,145,711	319,454	375,782	14,060,064
Interest expense	(631,602)	(4,310,751)	97,888	(487,193)	(5,331,658)
Net interest income	7,587,515	834,960	417,342	(111,411)	8,728,406
Net service fee income	3,602,386	611,329	131,181	(373)	4,344,523
Other miscellaneous income	508,734	1,888,449	356,648	18,475	2,772,306
Net income	11,698,635	3,334,738	905,171	(93,309)	15,845,235
Bad debt expense and provision for guarantee liabilities	(1,283,227)	539,958	59,402	1,237	(682,630)
Operating expense	(8,608,868)	(1,781,504)	(962,673)	8,132	(11,344,913)
Segment profit or loss	\$ 1,806,540	2,093,192	1,900	(83,940)	3,817,692
Segment assets	\$ 243,798,606	494,034,199	19,556,720	12,377,465	769,766,990
Segment liabilities	\$ 316,671,451	271,030,688	106,055,766	31,227,582	724,985,487
2013					
	Retail Clients	Corporate and Institutional Clients	Commercial clients	Other Banking services	Total
Interest income	\$ 9,519,097	4,282,314	248,169	342,351	14,391,931
Interest expense	(1,131,886)	(3,454,262)	62,604	(520,409)	(5,043,953)
Net interest income	8,387,211	828,052	310,773	(178,058)	9,347,978
Net service fee income	3,041,500	569,672	191,174	(331)	3,802,015
Other miscellaneous income (loss)	439,333	1,111,879	338,576	66,887	1,956,675
Net income	11,868,044	2,509,603	840,523	(111,502)	15,106,668
Bad debt expense and provision for guarantee liabilities	(1,598,566)	(22,775)	(12,041)	1,236	(1,632,146)
Operating expense	(7,889,537)	(1,668,986)	(948,470)	(122,399)	(10,629,392)
Segment profit or loss	\$ 2,379,941	817,842	(119,988)	(232,665)	2,845,130
Segment assets	\$ 267,845,709	461,389,818	19,438,308	9,819,198	758,493,033
Segment liabilities	\$ 330,398,243	233,068,919	123,091,356	29,529,003	716,087,521

V. 2014 Standalone 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, 2014 and 2013, and January 1, 2013, and the related statements of profit or loss and other comprehensive income, statements of changes in stockholders' equity, and statements of cash flows for the period ended December 31, 2014 and 2013. 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 the Regulations Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants and Republic of China generally accepted auditing standards. 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, 2014 and 2013, and January 1, 2013, and the results of its performances and its cash flows for the period ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Statements by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and other related regulations.



March 30, 2015

Standard Chartered Bank (Taiwan) Limited

Balance Sheets

December 31, 2014 and 2013 and January 1, 2013
(Expressed in thousands of New Taiwan Dollars)

	December 31, 2014			December 31, 2013			January 1, 2013		
	Amount	%	(Reclassified)	Amount	%	(Reclassified)	Amount	%	(Reclassified)
Assets									
Cash and cash equivalents (notes 6(1) and 7)	\$ 22,434,439	3	49,979,231	7	6,697,772	1			
Due from the Central Bank and call loans to banks (notes 6(2), 7 and 12(2))	104,417,545	14	64,434,100	9	77,822,261	11			
Financial assets at fair value through profit or loss (notes 6(3) and 7)	36,411,714	5	20,458,887	4	29,544,710	4			
Derivative financial assets for hedging – net (notes 6(4) and 7)	48,199	-	172,750	-	428,983	-			
Securities purchased under resell agreements and debt instruments (note 6(5))	2,556,376	-	1,950,000	-	3,402,039	-			
Receivable – net (notes 6(6), (7) and 7)	29,952,621	4	32,759,448	4	37,741,825	6			
Current tax assets (note 6(21))	127,143	-	111,724	-	115,818	-			
Discounts and loans – net (notes 6(4), (7), 7 and 12(2))	337,344,264	44	344,157,478	45	340,637,979	46			
Available-for-sale financial assets – net (notes 6(4), (8) and 7)	201,168,244	26	230,156,830	30	226,363,332	31			
Investments measured by equity method – net (note 6(9))	718,381	-	393,511	-	369,417	-			
Other financial assets (notes 6(9) and 12(2))	15,848,624	2	792,645	-	826,609	-			
Property, plant and equipment – net (note 6(10))	5,406,891	1	5,563,295	1	6,049,665	1			
Intangible assets – net (note 6(11))	3,156,075	-	3,157,050	-	3,193,435	-			
Deferred tax assets (note 6(21))	2,318,677	-	2,397,891	-	2,639,983	-			
Other assets – net (notes 6(12), 8 and 12(2))	8,469,361	1	2,625,854	-	924,902	-			
Total assets	\$ 770,578,554	100	759,110,694	100	736,758,730	100			
Liabilities and stockholders' equity									
Deposits from the Central Bank and banks (notes 6(13) and 7)	\$ 25,876,934	3	45,985,672	6	9,283,983	1			
Financial liabilities at fair value through profit or loss (notes 6(3) and 7)	13,462,099	2	7,533,988	1	8,357,471	1			
Derivative financial liabilities for hedging – net (notes 6(4) and 7)	5,065	-	3,227	-	13,523	-			
Payables (note 6(14))	13,636,779	2	4,538,856	1	6,016,092	1			
Related parties payable (note 7)	10,063,624	1	7,498,048	1	6,012,064	1			
Current tax liabilities	-	-	-	-	65,780	-			
Deposits and remittances (notes 6(4), (15) and 7)	598,495,557	78	577,585,845	76	563,071,977	78			
Bank notes payable – net (notes 6(4), (16) and 7)	53,202,188	7	55,559,925	7	62,014,537	8			
Other financial liabilities (note 6(17))	3,304,529	-	13,120,022	2	34,690,236	5			
Provisions (notes 6(18) and (20))	1,908,858	-	1,915,124	-	1,981,028	-			
Deferred tax liabilities (note 6(21))	706,371	-	592,787	-	665,364	-			
Other liabilities (note 6(19))	5,135,047	1	2,371,688	-	1,602,632	-			
Total liabilities	725,797,051	94	716,705,182	94	693,774,687	95			
Stockholders' equity:									
Common stock (note 6(23))	29,105,720	4	29,105,720	4	29,105,720	4			
Capital surplus (note 6(23))	5,786,031	1	5,786,031	1	5,786,031	1			
Retained earnings:									
Legal reserve (note 6(23))	4,970,169	1	4,289,836	1	3,388,832	-			
Special reserve (note 6(23))	347,706	-	347,706	-	136,034	-			
Unappropriated earnings (note 6(23))	3,708,006	-	2,267,777	-	3,582,706	-			
Other equity interest (note 6(23))	9,025,881	1	6,905,319	1	7,107,572	-			
	863,871	-	608,442	-	984,720	-			
Total stockholders' equity	44,781,503	6	42,405,512	6	42,984,043	5			
Total liabilities and stockholders' equity	\$ 770,578,554	100	759,110,694	100	736,758,730	100			

Standard Chartered Bank (Taiwan) Limited
Statements of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan Dollars)

		2014		2013		Change %
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
41000	Interest income (notes 6(26) and 7)	\$ 14,060,064	94	14,391,931	99	(2)
51000	Less : Interest expense (notes 6(26) and 7)	<u>5,333,749</u>	<u>36</u>	<u>5,046,491</u>	<u>35</u>	6
	Net interest income	8,726,315	58	9,345,440	64	(7)
	Net non-interest income					
49100	Net service fee income (notes 6(27) and 9(3))	2,849,359	19	2,917,173	20	(2)
49200	Gain on financial assets or liabilities at fair value through profit or loss (note 6(28))	1,823,851	12	1,172,009	8	56
49300	Realized gain on available-for-sale financial assets (note 6(29))	18,491	-	(1,085)	-	1,804
49600	Foreign exchange gain	681,369	5	695,480	5	(2)
49750	Share of profit of associates and joint ventures accounted for using equity method (note 6(9))	648,089	4	323,219	2	101
49800	Net other non-interest income (notes 6(9), (30) and 7)	251,772	2	94,923	1	165
55000	Impairment losses on assets (notes 6(9) and (31))	<u>(3,162)</u>	<u>-</u>	<u>(4,638)</u>	<u>-</u>	32
	Net revenue	<u>14,996,084</u>	<u>100</u>	<u>14,542,521</u>	<u>100</u>	3
58200	Bad debt expense and guarantee liability provision (note 6(32))	<u>682,630</u>	<u>5</u>	<u>1,632,146</u>	<u>11</u>	(58)
	Operating expenses:					
58500	Employee benefits expense (notes 6(20), (24), (33) and 7)	5,709,753	38	5,461,436	38	5
59000	Depreciation and amortization expenses (notes 6(10), (11), and (34))	265,970	2	335,969	2	(21)
59500	Other general and administrative expenses (notes 6(35) and 7)	<u>4,652,780</u>	<u>31</u>	<u>4,334,045</u>	<u>30</u>	7
	Total operating expenses	<u>10,628,503</u>	<u>71</u>	<u>10,131,450</u>	<u>70</u>	5
	Income from continuing operations before tax	3,684,951	24	2,778,925	19	33
61003	Less: Income tax expense (note 6(21))	<u>418,532</u>	<u>3</u>	<u>387,866</u>	<u>3</u>	8
	Net income	<u>3,266,419</u>	<u>21</u>	<u>2,391,059</u>	<u>16</u>	37
65000	Other comprehensive income:					
65011	Change in fair value of available-for-sale financial assets recognized	(9,396)	-	(154,801)	(1)	94
65021	Change in fair value of cash flow hedges recognized	307,766	2	(305,944)	(2)	201
65031	Defined benefit plan actuarial (losses) gains	(94,406)	(1)	116,493	1	(181)
65091	Less: tax on other comprehensive income (note 6(21))	<u>26,892</u>	<u>-</u>	<u>(64,662)</u>	<u>-</u>	142
65000	Other comprehensive income—net of tax	<u>177,072</u>	<u>1</u>	<u>(279,590)</u>	<u>(2)</u>	163
	Total comprehensive income for the period	<u>\$ 3,443,491</u>	<u>22</u>	<u>2,111,469</u>	<u>14</u>	63
67500	Basic earnings per share (NTD) (note 6(25))	<u>\$ 1.12</u>		<u>0.82</u>		

Standard Chartered Bank (Taiwan) Limited
Statements of Changes in Stockholders' Equity
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan Dollars)

	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized (losses) gains on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Total equity
Balance as of January 1, 2013	\$ 29,105,720	5,786,031	3,388,832	136,034	3,582,706	851,045	133,675	42,984,043
Appropriation and distribution of retained earnings (Note 1):								
Legal reserve appropriated (note 6(23))	-	-	901,004	-	(901,004)	-	-	-
Special reserve appropriated (note 6(23))	-	-	-	239,413	(239,413)	-	-	-
Reversal of special reserve appropriated (note 6(23))	-	-	-	(27,741)	27,741	-	-	-
Cash dividends of ordinary share (note 6(23))	-	-	-	-	(2,690,000)	-	-	(2,690,000)
Net income	-	-	-	-	2,391,059	-	-	2,391,059
Other comprehensive income	-	-	-	-	96,688	(122,344)	(253,934)	(279,590)
Total comprehensive income for the period	-	-	-	-	2,487,747	(122,344)	(253,934)	2,111,469
Balance as of December 31, 2013	29,105,720	5,786,031	4,289,836	347,706	2,267,777	728,701	(120,259)	42,405,512
Appropriation and distribution of retained earnings (Note 2):								
Legal reserve appropriated (note 6(23))	-	-	680,333	-	(680,333)	-	-	-
Cash dividends of ordinary share (note 6(23))	-	-	-	-	(1,067,500)	-	-	(1,067,500)
Net income	-	-	-	-	3,266,419	-	-	3,266,419
Other comprehensive income	-	-	-	-	(78,357)	(17)	255,446	177,072
Total comprehensive income for the period	-	-	-	-	3,188,062	(17)	255,446	3,443,491
Balance as of December 31, 2014	\$ 29,105,720	5,786,031	4,970,169	347,706	3,708,006	728,684	135,187	44,781,503

Note 1 : Directors and supervisors reward 4,443 thousand and bonus to employees 167 thousand were deducted from statement of profit or loss and other comprehensive income.

Note 2 : Directors and supervisors reward 4,130 thousand and bonus to employees 229 thousand were deducted from statement of profit or loss and other comprehensive income.

Standard Chartered Bank (Taiwan) Limited
Statements of Cash Flows
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan Dollars)

	<u>2014</u>	<u>2013 (Reclassified)</u>
Cash flow from operating activities:		
Profit before tax	\$ 3,684,951	2,778,925
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	264,995	299,584
Amortization expense	975	36,385
Bad debt expense and guarantee liability provision — net	682,630	1,632,146
Interest expense	5,333,749	5,046,491
Interest income	(14,060,064)	(14,391,931)
Net change in other provisions	(101,296)	11,115
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(648,089)	(323,219)
Loss (gain) on disposal of property and equipment	4,231	(19,553)
Impairment loss on buildings and other financial assets	3,162	4,638
Total adjustments to reconcile profit (loss)	<u>(8,519,707)</u>	<u>(7,704,344)</u>
Change in operating assets and liabilities:		
Change in operating assets:		
Due from the Central Bank and call loans to banks	(22,964,544)	23,352,701
Financial assets at fair value through profit or loss	(15,952,827)	9,085,823
Receivables	2,755,638	4,924,282
Discounts and loans	5,931,208	(5,112,171)
Available-for-sale financial assets	13,849,209	(3,950,652)
Other financial assets	4,556	-
Total changes in operating assets	<u>(16,376,760)</u>	<u>28,299,983</u>
Changes in operating liabilities :		
Deposits from the Central Bank and banks	(20,108,738)	36,701,689
Financial liabilities at fair value through profit or loss	5,928,111	(823,483)
Payables	11,921,661	426,029
Deposits and remittances	20,909,551	14,542,869
Other financial liabilities	(9,815,493)	(21,570,214)
Other liabilities	2,763,359	769,056
Total changes in operating liabilities	<u>11,598,451</u>	<u>30,045,946</u>
Total changes in operating assets and liabilities	<u>(4,778,309)</u>	<u>58,345,929</u>
Total adjustments	<u>(13,298,016)</u>	<u>50,641,585</u>
Cash inflow generated from operations	(9,613,065)	53,420,510
Interest received	14,179,153	14,483,826
Dividend received	323,219	299,125
Interest paid	(5,591,911)	(5,463,772)
Income taxes paid	(268,045)	(215,375)
Net cash flows from operating activities	<u>(970,649)</u>	<u>62,524,314</u>
Cash flows used in investing activities:		
Proceeds from disposal of property, plant and equipment	-	471,733
Acquisition of property, plant and equipment	(115,334)	(269,868)
Increase in other assets	(5,843,507)	(1,700,952)
Net cash flows used in investing activities	<u>(5,958,841)</u>	<u>(1,499,087)</u>
Cash flows used in financing activities:		
Increase (decrease) in derivative financial instruments for hedging	538,673	(235,755)
Decrease in bank notes payable	(2,461,198)	(6,305,512)
Cash dividends paid	(1,067,500)	(2,690,000)
Net cash flows used in financing activities	<u>(2,990,025)</u>	<u>(9,231,267)</u>
Net (decrease) increase in cash and cash equivalents	(9,191,515)	51,793,960
Cash and cash equivalents at beginning of period	96,586,525	44,792,565
Cash and cash equivalents at end of period	<u>\$ 86,667,010</u>	<u>96,586,525</u>
Components of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	\$ 22,434,439	49,979,231
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7 endorsed by the FSC	61,676,195	44,657,294
Securities purchased under resell agreements and debt instruments qualifying for cash and cash equivalents under the definition of IAS 7 endorsed by the FSC	2,556,376	1,950,000
Cash and cash equivalents at end of period	<u>\$ 86,667,010</u>	<u>96,586,525</u>

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

VII



Financial Times-Standard Chartered
Taiwan Economic Summit and Taiwan
Business Awards Presentation



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

I. Analysis of Financial Conditions - adopts IFRSs International Financial Reporting Standards and Its Subsidiaries

Unit : NTD'000

Item	Year	2014	2013	Increase / (Decrease) Variance	
				Amount	%
Cash and cash equivalent, Due from the Central Bank and call loans to banks		126,851,984	114,413,331	12,438,653	10.87
Financial assets at fair value through profit or loss		36,411,714	20,458,887	15,952,827	77.98
Available-for-sale financial assets-net		201,168,244	230,156,830	(28,988,586)	(12.60)
Derivative financial assets for hedging-net		48,199	172,750	(124,551)	(72.10)
Securities purchased under resell agreements		2,556,376	1,950,000	606,376	31.10
Receivable-net		29,855,420	32,531,005	(2,675,585)	(8.22)
Current tax assets		127,143	111,724	15,419	13.80
Assets held for sale-net		-	-	-	-
Discounts and loans-net		337,544,264	344,157,478	(6,613,214)	(1.92)
Financial assets held-to-maturity		-	-	-	-
Investment under equity method-net		-	-	-	-
Restricted assets		15,702,585	641,400	15,061,185	2,348.17
Other financial assets-net		146,039	151,245	(5,206)	(3.44)
Property, plant and equipment-net		5,407,192	5,563,504	(156,312)	(2.81)
Investment property-net		-	-	-	-
Intangible assets-net		3,156,075	3,157,050	(975)	(0.03)
Deferred tax assets		2,318,677	2,397,891	(79,214)	(3.30)
Other assets-net		8,473,078	2,629,938	5,843,140	222.18
Total assets		769,766,990	758,493,033	11,273,957	1.49
Deposits from the Central Bank and banks		25,876,934	45,985,672	(20,108,738)	(43.73)
Financing from Central Bank and other banks		-	-	-	-
Financial liabilities at fair value through profit or loss		13,462,099	7,533,988	5,928,111	78.68
Derivative financial liabilities for hedging		5,065	3,227	1,838	56.96
Bonds and bills sold under repurchase agreements		-	-	-	-
Payables		23,733,188	12,060,209	11,672,979	96.79
Current tax liabilities		85,530	35,311	50,219	142.22
Liabilities directly associated with assets held for sale		-	-	-	-

 (Continued)

Item	Year	2014	2013	Increase / (Decrease) Variance	
				Amount	%
Deposits and remittances		597,519,644	576,902,709	20,616,935	3.57
Financial debentures-net		53,202,188	55,559,925	(2,357,737)	(4.24)
Preferred stock liability		-	-	-	-
Other financial liabilities		3,304,529	13,120,022	(9,815,493)	(74.81)
Provisions		1,908,858	1,915,124	(6,266)	(0.33)
Deferred tax liabilities		720,274	592,787	127,487	21.51
Other liabilities		5,167,178	2,378,547	2,788,631	117.24
Total liabilities	Before distribution	724,985,487	716,087,521	8,897,966	1.24
	After distribution	724,985,487	716,087,521	8,897,966	1.24
Common stock		29,105,720	29,105,720	-	-
Capital surplus		5,786,031	5,786,031	-	-
Retained earnings	Before distribution	9,025,881	6,905,319	2,120,562	30.71
	After distribution	(Note)	5,837,819	-	-
Other equity interest		863,871	608,442	255,429	41.98
Total equity	Before distribution	44,781,503	42,405,512	2,375,991	5.60
	After distribution	(Note)	41,338,012	-	-

The growth in total assets was mainly due to higher fluctuations of RMB exchange rates in 2014 and relatively strong US dollar, financial assets/liabilities at fair value through profit or loss were higher than the previous year.

In addition, Customer loans marginally declined due to lower unsecured and mortgage lending. Corporate loans maintained steady growth with solid asset quality. Total deposits continued to be healthy with steady growth.

Note : The Board Meeting is not held.

Analysis of Financial Conditions - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year	2014	2013	Increase / (Decrease) Variance	
			Amount	%
Cash and cash equivalent, Due from the Central Bank and call loans to banks	126,851,984	114,413,331	12,438,653	10.87
Financial assets at fair value through profit or loss	36,411,714	20,458,887	15,952,827	77.98
Available-for-sale financial assets-net	201,168,244	230,156,830	(28,988,586)	(12.60)
Derivative financial assets for hedging-net	48,199	172,750	(124,551)	(72.10)
Securities purchased under resell agreements	2,556,376	1,950,000	606,376	31.10
Receivable-net	29,952,621	32,759,448	(2,806,827)	(8.57)
Current tax assets	127,143	111,724	15,419	13.80
Assets held for sale-net	-	-	-	-
Discounts and loans-net	337,544,264	344,157,478	(6,613,214)	(1.92)
Financial assets held-to-maturity	-	-	-	-
Investment under equity method-net	718,381	393,511	324,870.00	82.56
Restricted assets	15,702,585	641,400	15,061,185	2,348.17
Other financial assets-net	146,039	151,245	(5,206)	(3.44)
Property, plant and equipment-net	5,406,891	5,563,295	(156,404)	(2.81)
Investment property-net	-	-	-	-
Intangible assets-net	3,156,075	3,157,050	(975)	(0.03)
Deferred tax assets	2,318,677	2,397,891	(79,214)	(3.30)
Other assets-net	8,469,361	2,625,854	5,843,507	222.54
Total assets	770,578,554	759,110,694	11,467,860	1.51
Deposits from the Central Bank and banks	25,876,934	45,985,672	(20,108,738)	(43.73)
Financing from Central Bank and other banks	-	-	-	-
Financial liabilities at fair value through profit or loss	13,462,099	7,533,988	5,928,111	78.68
Derivative financial liabilities for hedging	5,065	3,227	1,838	56.96
Bonds and bills sold under repurchase agreements	-	-	-	-
Payables	23,700,403	12,036,904	11,663,499	96.90
Current tax liabilities	-	-	-	-
Liabilities directly associated with assets held for sale	-	-	-	-

Item	Year	2014	2013	Increase / (Decrease) Variance	
				Amount	%
Deposits and remittances		598,495,557	577,585,845	20,909,712	3.62
Financial debentures-net		53,202,188	55,559,925	(2,357,737)	(4.24)
Preferred stock liability		-	-	-	-
Other financial liabilities		3,304,529	13,120,022	(9,815,493)	(74.81)
Provisions		1,908,858	1,915,124	(6,266)	(0.33)
Deferred tax liabilities		706,371	592,787	113,584	19.16
Other liabilities		5,135,047	2,371,688	2,763,359	116.51
Total liabilities	Before distribution	725,797,051	716,705,182	9,091,869	1.27
	After distribution	725,797,051	716,705,182	9,091,869	1.27
Common stock		29,105,720	29,105,720	-	-
Capital surplus		5,786,031	5,786,031	-	-
Retained earnings	Before distribution	9,025,881	6,905,319	2,120,562	30.71
	After distribution	(Note)	5,837,819	-	-
Other equity interest		863,871	608,442	255,429	41.98
Total equity	Before distribution	44,781,503	42,405,512	2,375,991	5.60
	After distribution	(Note)	41,338,012	-	-

Same as consolidation report.

Note : The Board Meeting is not held.

II. Analysis of Financial Results - adopts IFRSs International Financial Reporting Standards and Its Subsidiaries

Unit : NTD'000

Item \ Year	2014	2013	Increase / (Decrease) Variance	
			Amount	%
Interest income	14,060,064	14,391,931	(331,867)	(2.31)
Less: interest expense	5,331,658	5,043,953	287,705	5.70
Net interest income	8,728,406	9,347,978	(619,572)	(6.63)
Net non-interest income	7,116,829	5,758,690	1,358,139	23.58
Net revenue	15,845,235	15,106,668	738,567	4.89
Bad debts expense and guarantee liability provision	682,630	1,632,146	(949,516)	(58.18)
Operating expenses	11,344,913	10,629,392	715,521	6.73
Income from continuing operations before tax	3,817,692	2,845,130	972,562	34.18
Less: Income tax expense	551,273	454,071	97,202	21.41
Net income from continuing operations	3,266,419	2,391,059	875,360	36.61
Net income	3,266,419	2,391,059	875,360	36.61
Other comprehensive income (net of tax)	177,072	(279,590)	456,662	163.33
Total comprehensive income	3,443,491	2,111,469	1,332,022	63.09
Earnings per share	1.12	0.82	0.30	36.59

In 2014, Standard Chartered with consolidation entities in Taiwan delivered strong performance with net profit growth of 36.59% year-on-year, mainly contributed by the growth of total operating income and improved asset quality. Total operating income was up 4.89%, benefited from sound asset portfolio management, good Financial Market trading performance along with strong wealth management fee income, albeit partly offset by lower net interest income as a result of regulatory curbs on mortgages, margin compression and lower investment yield. Total operating income enjoyed a steady and positive growth as a whole. Overall operating expenses continued to be tightly managed in 2014 and remained broadly flat compared to 2013 excluding the additional business tax levied from the restoration of business tax from 2% to 5% and project related costs.

Analysis of Financial Results - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year	2014	2013	Increase / (Decrease) Variance	
			Amount	%
Interest income	14,060,064	14,391,931	(331,867)	(2.31)
Less: interest expense	5,333,749	5,046,491	287,258	5.69
Net interest income	8,726,315	9,345,440	(619,125)	(6.62)
Net non-interest income	6,269,769	5,197,081	1,072,688	20.64
Net revenue	14,996,084	14,542,521	453,563	3.12
Bad debts expense and guarantee liability provision	682,630	1,632,146	(949,516)	(58.18)
Operating expenses	10,628,503	10,131,450	497,053	4.91
Income from continuing operations before tax	3,684,951	2,778,925	906,026	32.60
Less: Income tax expense	418,532	387,866	30,666	7.91
Net income from continuing operations	3,266,419	2,391,059	875,360	36.61
Net income	3,266,419	2,391,059	875,360	36.61
Other comprehensive income (net of tax)	177,072	(279,590)	456,662	163.33
Total comprehensive income	3,443,491	2,111,469	1,332,022	63.09
Earnings per share	1.12	0.82	0.30	36.59

In 2014, Standard Chartered delivered strong performance with net profit growth of 36.59% year-on-year, mainly contributed by the growth of total operating income and improved asset quality. Total operating income was up 3.12%, benefited from sound asset portfolio management, good Financial Market trading performance along with strong wealth management fee income, albeit partly offset by lower net interest income as a result of regulatory curbs on mortgages, margin compression and lower investment yield. Total operating income enjoyed a steady and positive growth as a whole. Overall operating expenses continued to be tightly managed in 2014 and remained broadly flat compared to 2013 excluding the additional business tax levied from the restoration of business tax from 2% to 5% and project related costs.

III. Cash Flows

(I) Liquidity Analysis for the Past Two Years - adopts IFRSs International Financial Reporting Standards and Its Subsidiaries

Item \ Year	2014	2013	Increase (Decrease) %
Cash flow ratio	(1.54)	95.34	(96.88)
Net Cash flow adequacy ratio	69.12	74.86	(5.74)
Ratio of cash flow from operations to cash flow from investments	16.29	(4,166.46)	4,182.75

Liquidity Analysis for the Past Two Years- adopts IFRSs International Financial Reporting Standards

Item \ Year	2014	2013	Increase (Decrease) %
Cash flow ratio	(1.54)	95.37	(96.91)
Net Cash flow adequacy ratio	69.46	76.46	(7.00)
Ratio of cash flow from operations to cash flow from investments	16.29	(4,170.83)	4,187.12

(II) Liquidity Analysis for the Next Year

Unit : NTD'000

Cash Balance at the Beginning 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)	Remedy plan in case of Cash Deficiency	
				Investment Plan	Financing Plan
22,434,439	6,571,033	7,428,919	21,576,553	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				
				2010	2011	2012	2013	2014
Branch Remodeling	Owned capital	2010	224,054	224,054				
Branch Remodeling	Owned capital	2011	41,566		41,566			
Branch Remodeling	Owned capital	2012	71,988			71,988		
Branch Remodeling	Owned capital	2013	157,822				157,822	
Branch relocation and optimization	Owned capital	2014	34,882					34,882

(II) Expected Benefits from Capital Expenditures

Through branch optimization and renovation, the Bank can uplift operation efficiency and provide customers with higher quality environment and convenient services through facilities upgrade and branch remodeling.

V. Reinvestment Policy for 2014, 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 2014, net realized gain from investee companies totaled NTD 668,852 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

1. Credit risk strategy, goal, policy and procedure

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

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

Strategy & Goal

Through our risk management framework we manage enterprise-wide risks, with the objective of 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 Board, which also oversees the delegation of credit approval and loan impairment provisioning authorities. Policies and procedures that are specific to each business have been established. These are consistent with the Group-wide credit policies, but are more detailed and adapted to reflect the different risk environment and portfolio characteristics.

2. Credit risk management organization and structure

Ultimate responsibility for the effective management of risk rests with the Bank's Board. The Executive 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 are 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 Bank's standards, policies and procedures are being complied with. The findings and recommended corrective actions from these audits are reported to all relevant management and governance bodies.

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

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

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these 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 ship, aircraft, plant and machinery; marketable securities; commodities; bank guarantees and letters of credit. The Bank 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 policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired loans is maintained at fair value.

Certain credit exposures, 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 versus Payments or Payment versus Payments systems.

5. Method used for regulatory capital calculation

Standardized approach / Delta-Plus for Options

(2) Required Capital for Credit Risk under Standardized Approach

31 March 2015 (Note 1)

Unit : NTD'000

Exposure Type	Exposure after Risk Mitigation	Required Capital (Note 2)
Sovereign	260,252,205	9,530
Non-central government public sector entities	-	-
Banks (including multilateral development banks)	116,240,471	3,391,437
Corporations (including security and insurance companies)	100,371,868	7,508,319
Retail	137,140,700	9,353,535
Residential mortgage	98,428,515	3,546,798
Equity security investment	33,739	10,796
Other assets	12,757,062	760,599
Total	725,224,560	24,581,014

Note 1: Provide information as at the previous quarter of the publication date of the annual report.

Note 2: Required capital equals risk weighted asset multiplied by minimum regulatory capital adequacy ratio.

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

(1) Asset-backed Securitization Management Structure

Description / Disclosure

1. Strategy and procedure of asset securitization management

Currently, the Bank has no securitized asset.

2. Asset securitization management organization and structure

Not applicable

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

Not applicable

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

Currently, the Bank has no securitized asset.

5. Method used for regulatory capital calculation

Not applicable.

6. 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.

7. Summary of the Bank's accounting policies for securitization activities

Not applicable.

8. 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.

9. 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

1. Strategy and procedure of operational risk management

Operational risk is defined as the potential for loss resulting from failure of processes, people, or technology or external events.

Operational risk management approach serves to continually improve the Bank's ability to anticipate all material risks and to increase our ability to demonstrate, with a high degree of confidence, that those material risks are well controlled. According to Operational risk frameworks, operational risks are managed through risk identification, assessment, control, acceptance, and monitoring approaches.

Responsibility for the management of operational risk rests with businesses and functions. The Framework sets out the respective responsibilities of the 3 Lines of Defense.

2. Operational risk management organization and structure

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

The Executive Risk Committee is designed to oversee and to challenge the effectiveness of risk management and control. They may also be authorized to take certain risk acceptance and control decisions which are outside the authority of individual managers. The Executive Risk Committee has delegated country operational risk management to Country Operational Risk Committee ("CORC"), according to the Framework.

The Country Operational Risk Committee ("CORC") oversees the management of operational risks at the country (or entity) level. Their scope cuts across functional and business boundaries. CORC ensures that an appropriate and robust risk management framework is in place to monitor and manage operational risk.

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

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

The following risk control areas fall within the scope of operational risk, including people management, technology management, vendor management, property management, security management, regulatory compliance, legal process, accounting & financial control, tax management, corporate authorities & structure.

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.

Description / Disclosure

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

The operational risk management procedures and processes are integral components of the broader Risk Management Framework. Operational risks are managed through an end to end process of risk identification, assessment, control, acceptance, and monitoring. This process is performed at all levels across the Bank and is the foundation of the management approach. Once identified risks are assessed against operational risk matrices 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 operational risk forum(s) and/or CORC.

5. Method used for regulatory capital calculation

Basic Indicator Approach

(2) Required Capital for Operational Risk

31 March 2015

Unit : NTD'000

Year	Gross Operating Profit	Required Capital
2012	16,312,187	
2013	14,662,246	
2014	15,161,584	
Total	46,136,017	2,306,801

4. Market Risk Management Structure and Capital Requirement

(1) Market Risk Management Structure

Description / Disclosure

1. Strategy and procedure of market risk management

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

2. Market risk management organization and structure

Market Risk 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 Market Risk 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 Executive Risk Committee for approval with its authority delegated by the Board. Limits for derivatives require approval from the Board.

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

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

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

The scope of market risk report covers market risk exposures in both trading book and banking book. The primary categories of market risk for the Bank are interest rate risk and currency exchange rate risk linked to trading products in financial markets, as the Bank has not held any positions relating to commodity price risk and equity price risk.

The Bank 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 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.

Market Risk 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.

Description / Disclosure

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

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

Market risk policies, procedures and limits are annually reviewed by Market Risk 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.

5. Method used for regulatory capital calculation

Standardized Approach / Delta-Plus for Options

(2) Required Capital for Market Risk

31 March 2015

Unit : NTD'000

Item		Required Capital
Standardized Approach	Interest Rate Risk	1,265,431
	Foreign Exchange Risk	155,694
	Equity Position Risk	-
	Commodities Risk	-
Internal Model-Based Approach		-
Total		1,421,125

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.

(1) Maturity analysis

Structure Analysis of Maturity Date New Taiwan Dollars

31 March 2015

Unit : NTD'000

	Remaining period to expiration						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days~ Over 1 year	Over 1 year
Capital provided	674,668,343	102,756,505	38,527,003	74,357,698	65,540,325	150,854,130	242,632,682
Capital used	792,649,179	47,097,109	82,636,042	143,353,927	126,958,781	107,894,148	284,709,172
Gap	(117,980,836)	55,659,396	(44,109,039)	(68,996,229)	(61,418,456)	42,959,982	(42,076,490)

Structure Analysis of Maturity Date US Dollars

31 March 2015

Unit : USD'000

	Remaining period to expiration					
	Total	0~30 days	31~90 days	91~180 days	181 days~ Over 1 year	Over 1 year
Capital provided	15,226,297	5,758,964	3,173,622	2,837,823	2,387,845	1,068,043
Capital used	16,182,934	5,822,642	3,574,596	1,815,170	2,733,456	2,237,070
Gap	(956,637)	(63,678)	(400,974)	1,022,653	(345,611)	(1,169,027)

(2) Measures for liquidity management of assets and capital gap : Refer to the "Financial Highlights" section from page 192 to page 196 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

In order to strengthen banks' liquidity risk management and to align with global standards issued by the Basel Committee on Banking Supervision ("BCBS"), after collaborating with the Central Bank of the Republic of China ("CBC"), FSC announced on 29 December 2014 the "Implementation Standards on Liquidity Coverage Ratio for Banks", which is effective from 1 January 2015. The key points include, among others: (1) The definition of liquidity coverage ratio ("LCR"); (2) Setting the minimum LCR requirement at 60 percent for 1 January 2015, which will increase by 10 percentage points each year to reach 100% by 1 January 2019; (3) Requiring banks to measure and report LCR data each month; if LCR falls below the required minimum, banks shall immediately report to FSC and CBC. To ensure compliance with the minimum ratio requirements for each year and to further optimize the Bank's balance sheet, the LCR is calculated and submitted monthly according to the Implementation Standards.

(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 investing resources to strengthen the security over systems with high-level standards.

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

Brand image and reputation are the most significant intangible assets for a bank. The protection of the Bank's reputation will take priority over all activities including revenue generation activities at all times. The Bank has specific reputational and risk policies and procedures, in particular, the local and group level mechanisms of reputational risk management: from anticipation, monitoring, reporting, fast tracking, to supervision, that are thorough and comprehensive, as guarantees to ensure the least likelihood of the incident of reputational risks.

While the world was affected by the global financial crisis in 2008 and 2009, the Bank still delivered strong performance because of its footprints in Asia, Africa, and Middle East, its focus on core businesses, and its strong risk management mechanisms. Facing the EU sovereign debt crisis and the uncertainty of global recovery from 2011 to 2014, the Bank remained prudent and is devoted to bolstering its service quality and risk management by regular employee trainings, maintaining the Bank's image and protecting consumers' rights. Such practice is closely integrated with ensuring a sustainable business, executing responsible selling and marketing, battling financial crimes, completing banking service network, and participating in environmental protection and community services. The Bank is committed to its brand promise — Here for good — embedded in every employee's daily routine, known among all stakeholders, and deemed as the best brand image among clients. The Bank continues its education efforts in risk management and money-laundering prevention, as well as increases its investment on control and compliance efforts.

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

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

In order to provide customers with higher quality environment and services, grow market shares, as well as to strengthen the bank's competitiveness, Dunhua branch and Nanjing branch (renamed from Xihu branch) were relocated in 2014. Hsinchu branch also tentatively relocated due to risk concerns of the branch building structural issue.

The Bank sent separate customer notifications to the branch customers, posted announcement in all three branches, and added top news in the bank's official website prior to relocation to minimize the inconvenience to customers. Cautious actions were taken to properly deal with the rights and obligations of existing customers, or alternative services were provided to ensure customers' interests are protected in the course of branch relocation.

(VII) Business Concentration Risk and Responsive Actions Thereof

To be in compliant with Article 33.3 of the Banking Act, the Bank regularly discloses and reports the credit exposures 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 Corporate Portfolio Standards ("CPS") of the Bank. The CPS is established according to the Corporate 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 Executive 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 the 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. In respect of the litigation initiated by the corporate guarantor, the Bank obtained favorable judgments in the first and second instances. The corporate guarantor filed an appeal with the Taiwan Supreme Court. As to the litigation initiated by the personal guarantor, the Bank obtained favorable judgment in the first instance but the personal guarantor appealed the case. The above proceedings are pending and have not concluded yet. The Bank cannot predict the outcome. Except for the above, the Bank is not involved in other material litigations within 2014 and as of 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 to reduce any potential risks of severe disruption to business, financial and reputational damage, the Bank has instituted the "Crisis Management Team" and "Recovery Control Center" with dedicated assignment of responsibilities to carry out Crisis Management Plan whilst facing an unexpected disaster.

Crisis Management Team convened by Chief Executive Officer collectively formulate response strategies & actions with Executive Management team to address critical incidents, which may bring severe impact on the business operation of the Bank. Recovery Control Center will base upon the decision to manage the emergency response actions to mitigate the impact on the business operation.

All departmental Business Continuity Plan ("BCP") are reviewed and updated and BCP drills are conducted periodically. IT Disaster Recovery Plan are planned and tested by IT to ensure that system recovery capabilities are sufficient to facilitate the implementation of all BCPs.

The significant incidents will be notified to concerned key stakeholders based on the "Standard Chartered Bank Taiwan Limited Rules Governing the Handling of Material Incidents". Corporate Affairs is a dedicated unit for media contact if required.

VIII. Other Important Matters : [None]

VIII



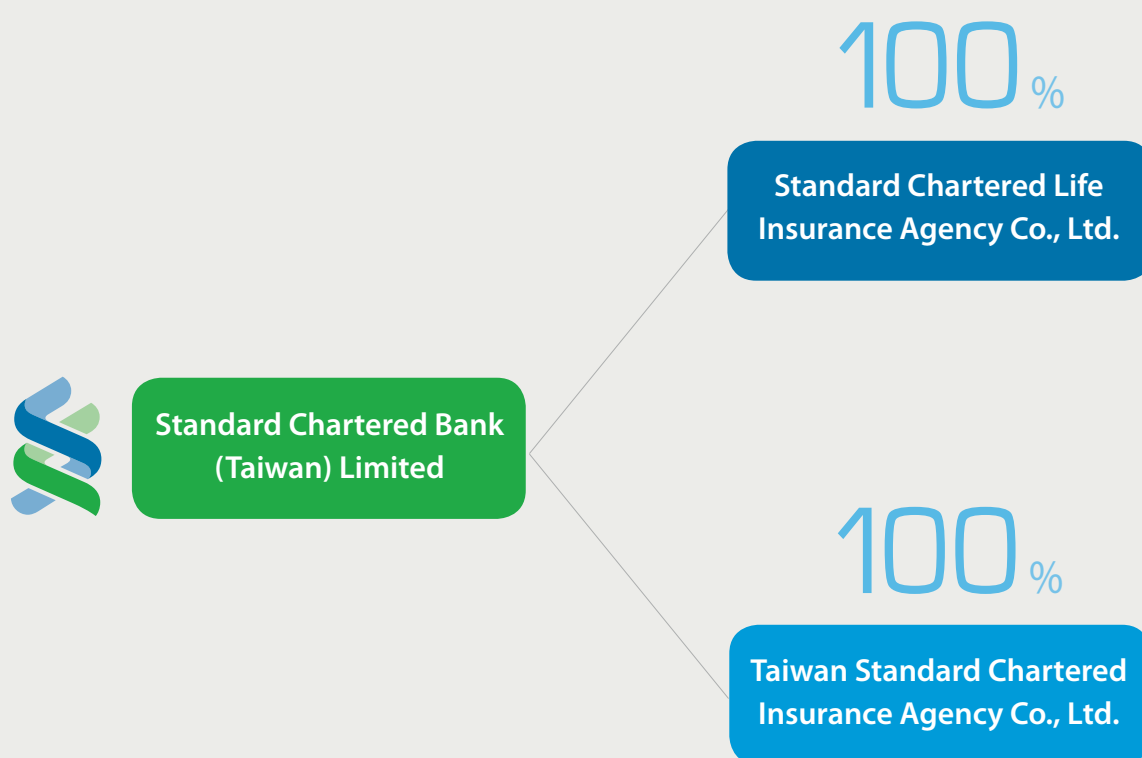
Launch of Standard Chartered
Seeing is Believing VI Employment Platform



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 agent and broker
2. Taiwan Standard Chartered Insurance Agency Co., Ltd. : Insurance agent and broker

(IV) Information on Directors and Supervisors of Affiliated Enterprises

31 March 2015

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 : Jin Ngee Chia SCBTL Representative : Man-Yee Fu SCBTL Representative : Qing Xu SCBTL Representative : Yen-Ting Chen	300,000	100.00%
Taiwan Standard Chartered Insurance Agency Co., Ltd.	Chairman Director Director Supervisor	SCBTL Representative : Jin Ngee Chia SCBTL Representative : Man-Yee Fu SCBTL Representative : Qing Xu SCBTL Representative : Yen-Ting 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	1,419,479	727,204	692,275	1,461,700	756,703	629,714	2,099.05
Taiwan Standard Chartered Insurance Agency Co., Ltd.	3,000	36,535	10,429	26,106	33,464	22,036	18,375	61.25

(VI) Consolidated Financial Statements of Affiliated Enterprises : Refer to the "Financial Highlights" section from page 126 to page 129.

(VII) Affiliation Reports :**Declaration**

The 2014 Affiliation Reports of Standard Chartered Bank (Taiwan) Limited for the period between 1 January 2014 and 31 December 2014 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: Benjamin Pi-Cheng Hung

30 March 2015

**Independent Auditors' Review Opinion on Affiliation Reports**

To : Standard Chartered Bank (Taiwan) Limited

The 2014 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 2014 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 30 March 2015.

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 2014 Financial Statements.

KPMG Certified Public Accountants

Accountants :

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

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

30 March 2015

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%	-	Chairman	Benjamin Pi-Cheng Hung
					Director	John Ming Kiu Tan
					Director	Yen-Ting Chen
					Director	Wei-Chih Chen
					INED	Nei-Ping Yin
					INED	Man-Jung Chan
					Supervisor	Norman Lyle
					Supervisor	Wen Xie

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 2014, the derivative transactions fair value with Standard Chartered Bank ("SCB") recorded a loss of NTD 6,174,942 thousand; the issuance of financial debentures payable to SCB was NTD 15,834,304 thousand, the interest expense incurred from the above transactions was NTD 339,950 thousand and interest payable totaled NTD 30,741 thousand; the other expenses payable to SCB amounted to NTD 9,632,785 thousand; the account payable to SCB for share-based payment scheme costs amounted to NTD 43,133 thousand and the royalty expenses payable to SCB amounted to NTD 140,532 thousand.

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 and Bank Debentures : [None]

III. Shares Held or Disposed of by the Subsidiaries : [None]

IV. Other Supplementary Notes : [None]

A ppendix



Standard Chartered Bank Dunbei Branch



Directory of Branches and Offices

Directory of Branches and Offices

Branch Name	Address	Telephone No.	Fax No.
Head Office	1F, 6F, 7F, No.106, Zhongyang Rd., Hsinchu City B1, 4F, 5F, No.110, Zhongzheng Rd., Hsinchu City	40580088	-
Jinshan Branch	No.151, Sec. 2, Xinyi Road, Zhongzheng Dist., Taipei City	02-66010700	02-23218766
Tianmu Branch	No.48, Sec. 2, Zhongcheng Rd., Shilin Dist., Taipei City	02-66107600	02-66107699
Ren'ai Branch	No.1, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City	02-66363700	02-66363799
No.88 Branch	No.128, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City	02-66408888	02-27505088
Dunhua Branch	No.39, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	02-66396000	02-23257588
Zhongshan Branch	No.136, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	02-66197200	02-66197299
Dazhi Branch	No.676, Mingshui Rd., Zhongshan Dist., Taipei City	02-66107500	02-85021610
East Taipei Branch	No.128, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City	02-66192900	02-66192999
Jianguo Branch	No.38, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City	02-87723232	02-87723838
Fuxing Branch	No.420, Fuxing N. Rd., Zhongshan Dist., Taipei City	02-66027676	02-66083068
Neihu Branch	No.69, Donghu Rd., Neihu Dist., Taipei City	02-26318888	02-26326910
Nanjing Branch	No.161, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City	02-66023000	02-87127885
Dunbei Branch	No.168, Dunhua N. Rd., Songshan Dist., Taipei City	02-66037168	02-66035058
Xinyi Branch	2F, No.97, Songren Road, Xinyi Dist., Taipei City	02-27206118	02-66397033
Banqiao Branch	2F, No.1-1, Xinfu Rd., Banqiao Dist., New Taipei City	02-66215700	02-66215799
Xinzhuang Branch	No.879-17, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	02-29082996	02-29082952
Zhonghe Branch	No.182, Jian 1 st Rd., Zhonghe Dist., New Taipei City	02-82271656	02-82271659
Zhuangjing Branch	No.35, Sec. 2, Daxing W. Rd., Taoyuan Dist., Taoyuan City	03-3026699	03-3028833
Sanmin Branch	No.301, Sec. 3, Sanmin Rd., Taoyuan Dist., Taoyuan City	03-3351593	03-3328102
Taoyuan Branch	No.66, Zhongzheng Rd., Taoyuan Dist., Taoyuan City	03-3340176	03-3379312
Kuaiji Branch	No.862, Chunri Rd., Taoyuan Dist., Taoyuan City	03-3553278	03-3553723
Dashulin Branch	No.233, Taoying Rd., Taoyuan Dist., Taoyuan City	03-3664291	03-3664296
Zhongli Branch	No.194, Zhongshan Rd., Zhongli Dist., Taoyuan City	03-4252186	03-4256977
Xinming Branch	No.56, Minzu Rd., Zhongli Dist., Taoyuan City	03-4918701	03-4918710
Neili Branch	No.83, Xinyi Rd., Zhongli Dist., Taoyuan City	03-4553122	03-4524244
East Neili Branch	No.47, Rongmin Rd., Zhongli Dist., Taoyuan City	03-4351988	03-4351093

Branch Name	Address	Telephone No.	Fax No.
Longgang Branch	No.302, Longdong Rd., Zhongli Dist., Taoyuan City	03-4657779	03-4567704
Huanbei Branch	No.405, Huanbei Rd., Zhongli Dist., Taoyuan City	03-4511333	03-4513135
Bade Branch	No.43, Sec. 2, Jieshou Rd., Bade Dist., Taoyuan City	03-3634341	03-3660967
Dayuan Branch	No.44, Zhongshan N. Rd., Dayuan Dist., Taoyuan City	03-3861130	03-3861924
Daxi Branch	No.253, Kangzhuang Rd., Daxi Dist., Taoyuan City	03-3873915	03-3889901
Shanziding Branch	No.150-3, Shanding Sec., Zhongfeng Rd., Pingzhen Dist., Taoyuan City	03-4696257	03-4692907
Pingzhen Branch	No.225, Huannan Rd., Pingzhen Dist., Taoyuan City	03-4910311	03-4910317
Xinwu Branch	No.251, Zhongshan Rd., Xinwu Dist., Taoyuan City	03-4773226	03-4772052
Yangmei Branch	No.105, Dacheng Rd., Yangmei Dist., Taoyuan City	03-4783491	03-4752718
Puxin Branch	No.351, Yongmei Rd., Yangmei Dist., Taoyuan City	03-4824984	03-4826073
Longtan Branch	No.202, Beilong Rd., Longtan Dist., Taoyuan City	03-4793185	03-4708175
Gongxi Branch	No.237, Fuxing 1 st Rd., Guishan Dist., Taoyuan City	03-3972288	03-3972266
Guishan Branch	No.1077, Sec. 2, Wanshou Rd., Guishan Dist., Taoyuan City	03-3290728	03-3290273
Nankan Branch	No.90, Zhongzheng Rd., Luzhu Dist., Taoyuan City	03-3524148	03-3226443
Guanyin Branch	No.837, Sec. 2, Zhongshan Rd., Datong Village, Guanyin Dist., Taoyuan City	03-4986401	03-4986404
Zhongzheng Branch	No.326, Zhongzheng Rd., North Dist., Hsinchu City	03-5348939	03-5349865
Xinxing Branch	No.130, Siwei Rd., North Dist., Hsinchu City	03-5233171	03-5233177
Main Branch	No.106, Zhongyang Rd., East Dist., Hsinchu City	03-5243151	03-5230963
North Hsinchu Branch	No.6, Beida Rd., East Dist., Hsinchu City	03-5348155	03-5421589
Guangfu Branch	No.270, Sec. 1, Guangfu Rd., East Dist., Hsinchu City	03-5775663	03-5781742
Science Park Branch	No.11, Yuanqu 2 nd Rd., East Dist., Hsinchu City	03-5785355	03-5787055
Xinshe Branch	No.141, Zhongzheng W. Rd., Zhubei City, Hsinchu County	03-5519456	03-5551783
Zhubei Branch	No.8, Ziqiang S. Rd., Zhubei City, Hsinchu County	03- 6125100	03- 6576187
Zhudong Branch	No.300, Sec. 1, Changchun Rd., Zhudong Township, Hsinchu County	03-5965711	03-5954025
Hukou Branch	No.82, Sec. 1, Zhongzheng Rd., Hukou Township, Hsinchu County	03-5992614	03-5901627
Xinpu Branch	No.386, Zhongzheng Rd., Xinpu Township, Hsinchu County	03-5883611	03-5883344
Xinfeng Branch	No.155-7, Sec. 1, Jianxing Rd., Xinfeng Township, Hsinchu County	03-5591113	03-5594636

Branch Name	Address	Telephone No.	Fax No.
Guanxi Branch	No.21, Mingde Rd., Guanxi Township, Hsinchu County	03-5875151	03-5877927
Sanyi Branch	No.83, Zhongzheng Rd., Sanyi Township, Miaoli County	037-875281	037-875242
Gongguan Branch	No.211, Zhongxiao Rd., Gongguan Township, Miaoli County	037-228525	037-221245
Zhunan Branch	No.217, Zhongzheng Rd., Zhunan Township, Miaoli County	037-476161	037-474881
Houlong Branch	No.20, Chenggong Rd., Houlong Township, Miaoli County	037-724591	037-724980
Yuanli Branch	No.19, Weigong Rd., Yuanli Township, Miaoli County	037-862851	037-852609
Miaoli Branch	No.562, Zhongzheng Rd., Miaoli City, Miaoli County	037-324671	037-358940
Tongxiao Branch	No.16, Ren'ai Rd., Tongxiao Township, Miaoli County	037-757511	037-757514
Toufen Branch	No.106, Heping Rd., Toufen Township, Miaoli County	037-668281	037-676791
Taichung Branch	No.401, Sec. 2, Taiwan Blvd., West Dist., Taichung City	04-36013800	04-23101118
Daya Branch	No.89, Sec. 1, Zhongqing Rd., North Dist., Taichung City	04-36023300	04-36023399
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
Donghai Branch	No.306, Fuke Rd., Xitun Dist., Taichung City	04-24653500	04-24653501
Wenxin Branch	No.380, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City	04-23192480	04-23192473
Nantun Branch	No. 302, Sec. 2, Liming Rd., Nantun Dist., Taichung City	04-22536208	04-22536205
Shengang Branch	No.788, Zhongshan Rd., Shengang Dist., Taichung City	04-25622731	04-25617982
Fengyuan Branch	No.797, Yuanhuan E. Rd., Fengyuan Dist., Taichung City	04-25234116	04-25240078
Changhua Branch	No.53, Sec. 2, Zhongzheng Rd., Changhua City, Changhua County	04-7282999	04-7229958
Chiayi Branch	No.345, Minzu Rd., East Dist., Chiayi City	05-2288855	05-2240800
East Tainan Branch	No.107, Sec. 2, Minzu Rd., West Central Dist., Tainan City	06-2289777	06-2283722
Dongning Branch	No.88, Dongxing Rd., East Dist., Tainan City	06-2761561	06-2761565
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
Wufu Branch	3F, No.59, Wufu 3 rd Rd., Qianjin Dist., Kaohsiung City (3F of the TALEES Department Store)	07-9652900	07-2110007
Sanduo Branch	No.262, Zhongshan 2 nd Rd., Qianzhen Dist., Kaohsiung City	07-9660766	07-5368033
Kaohsiung Branch	22F, No.175, Zhongzheng 2 nd Rd., Lingya Dist., Kaohsiung City	07-9685100	07-2221205
North Kaohsiung Branch	No.189, Wenxin Rd., Gushan Dist., Kaohsiung City	07-5501705	07-5502010

Standard Chartered Bank (Taiwan) Limited



Chairman
Benjamin Pi-Cheng Hung



