Stock Code : 2807

2019 Annual Report

Standard Chartered Bank (Taiwan) Limited

MOPS website : http://mops.twse.com.tw/
Bank website : https://www.sc.com/tw/
Date of publication : 30/04/2020



Spokesperson :

Anthony Lin, Chief Executive Officer

Tel. No. : 02-2716-6261

Deputy spokesperson :

Gillian Chen, Head of Corporate Affairs & Brand and Marketing

Tel. No. : 02-6603-6639

Email address : ir@sc.com

Addresses and phone numbers of the head office and branches

For detailed information, refer to Appendix 2 "Directory of Branches and Offices".

Stock registration agent

Yuanta Securities, Registrar & Transfer Department

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

Tel. No. : 02-2586-5859

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

Credit rating institutions

Fitch Australia Pty Ltd, Taiwan Branch

Address : Unit 3705, 37F, No. 100, Songren Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)

Tel. No. : 02-8175-7600

Taiwan Ratings Corporation

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

Tel. No. : 02-8722-5800

Names of CPAs certifying financial statements of the most recent year

Yung-Sheng Wang (Victor Wang) and Yuan-Sheng Yin (Jason Yin)

Company Name: Klynveld Peat Marwick Goerdeler (KPMG)

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

Website : http://www.kpmg.com.tw/

Tel. No. : 02-8101-6666

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

Standard Chartered **Bank website :** https://www.sc.com/tw/

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Chapter 1

Letter to Shareholders



Standard Chartered kicked off the 2019 FinTech Creative Video Campaign with the objective to provide more creative and mobile financial services for our clients. (Photo from the left) Yu-Ling Chang, Editor in Chief of TechOrange; Anthony Lin, CEO of Standard Chartered Bank; Gillian Chen, Head of Corporate Affairs and Marketing of Standard Chartered Bank; Freya Wu, Director of Startup Development of Taiwan Startup Stadium; and Man-Chun Hung, Business Planning Manager of Standard Chartered Bank

Chief Executive Officer Anthony Lin encouraged the general public to run for charity and promoted the Futuremakers Project that supports 16-35 years old less advantaged youth with visual impairment or from low/ middle income families.



Taiwan Economic Overview

Taiwan's real GDP growth in 2019 remained strong at 2.7%. Taiwan has emerged as among the largest beneficiary of diverted trade flow resulting from the on-going trade dispute between the US and China. The government also undertook several initiatives (i.e. raising minimum wage, subsidies for purchase of energy saving automobile, and higher income tax rebate, etc.) in bids to shore-up domestic demand which partially offset the slowdown in exports growth.

As for 2020, the economy will continue to benefit from reshoring activity and diverted trade flows due to the US-China dispute, setting it apart from most Asian peers. Indeed, total pledged investment from returning Taiwanese enterprises reached NTD 700 billion in 2019, as Taiwanese manufacturers opted to expand capacity in Taiwan to mitigate risks due to the US-China trade tensions.

In addition, we are cautiously upbeat on the local high-tech sector in 2020 than in 2019. Global semiconductor equipment sales registered positive growth for two consecutive months in November 2019, according to industry group SEMI. This suggests global semiconductor sales may bottom out in 2020. Considering that the high-tech sector accounts for more than one-third of Taiwan's manufacturing sales, the improving technology outlook should support business confidence and capex. It also bodes well for manufacturing hiring and consumer spending in 2020.

Taiwan faces several potential risks, however. Despite benefits from reshoring and diverted demand, the economy remains heavily exposed to the global trade cycle. It is also highly dependent on Mainland China, even as the government tries to help local businesses diversify into other growth markets via its "New Southbound Policy". Taiwan is not insulated from the global economy or a potential sharper-than-expected slowdown in China's growth. The current wave of reshoring activity is likely to be short-term in nature and cannot be sustained without an improvement in the global growth outlook in our view.

The novel coronavirus outbreak is potentially a 'black swan' event. A deeper but shorter-lived downturn in global growth is likely in the early months of 2020, in our view. Notably, China's growth matters more for the rest of the world now than in 2003 following the SARS outbreak. However, we believe preventive measures already imposed by Chinese and global authorities should curtail the virus' proliferation period.

Taiwan central bank lowered its benchmark policy rate by 25bps to 1.125% in March 2020. We believe policy makers will remain vigilant to the downside risks of economic growth as well as rising market volatility due to the coronavirus outbreaks. With the central bank's shift to easing bias, we expect Taiwan's central bank to cut interest rates again in Q2 and Q3, respectively, this will take the benchmark policy rate to 0.75% by the end of 2020.

Financial Performance

Standard Chartered Bank Taiwan Limited ("the Bank") delivered a solid performance in 2019, despite the macroeconomic uncertainties and volatile geopolitical climate. Net income before tax grew 16% in 2019, resulting in a compound annual growth rate of 17% since 2015. Net revenue was up 2% in 2019 year-on-year, with strong growth in Retail Banking. Costs were broadly flat to the previous year despite investment in talent development, Fintech and digital capability, due to streamlining of processes, optimisation of the distribution network and strong cost discipline. Driving for cost efficiency produced an improved cost-to-income ratio. The Bank will continue to focus on optimising the branch network and trying to diversify income sources to produce sustainable long term returns.

The Bank's balance sheet remained healthy, liquid and well capitalised in 2019. The liquidity coverage ratio at 187.58% and the capital adequacy ratio at 15.86% are well above regulatory requirements. The Bank continues to optimise deposit mix to improve the efficiency of funding cost and support business growth.

Loan quality and the level of loan and bad debt coverage both remained satisfactory. The non-performing loan ratio improved from 0.23% in 2018 to 0.14% while the loan coverage ratio was up from 734% to 1182% in the same period. Bad debt expense, commitment and guarantee liability provision decreased significantly (by 21%) in 2019. All compliance indicators were above regulatory requirements, further demonstrating our stringent controls over asset quality and bad debts.

Given SCB Taiwan's highly strategic status to the group and factoring in the transferred the ownership under SCBHK in October 2019, Standard & Poor's upgraded the Long-term and Short-term credit rating for the Bank in 2019; Taiwan Ratings upgraded the Long-term credit rating for the Bank in 2019 as well. To reflect the impact on global economic performance due to Coronavirus, Fitch has revised the Outlook for the bank to Negative from Stable on 20 April 2020. The summary is listed as below:

Rating Agency		Outlook	Long-term	Short-term	Date
Standard & Poor's	Counterparty Credit	Stable	A	A-1	22 Oct 2019
Taiwan Ratings	Taiwan National Scale	Stable	twAA+	twA-1+	22 Oct 2019
Fitch Ratings	Foreign currency IDR	Negative	A	F1	20 Apr 2020
	National Rating	Negative	AA+(twn)	F1+(twn)	

The Bank remains confident of executing on its business strategies, growing and developing its business and delivering a strong financial performance while maintaining good asset quality with above-average capitalisation in 2020.

Achievements and Awards

"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 shareholders and clients. We are here for progress, committed to be a responsible company, and devoted to community services. The Bank has been widely recognized for its commitment to enhancing services, brand reputation and corporate social responsibilities and won 24 awards in 2019, they are:

- Best Regional Retail Business in Asia Pacific by The Asian Banker
- Best Digital Bank in Taiwan by Asiamoney
- Best Wealth Management, Best Financial Advisory Team, Best Service, Most Recommended by Client and Best Creative Marketing (Video) by Wealth Management Award
- Best Loan Balance Growth Award and Support Award of Startup Enterprises presented by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan
- Award for supporting innovation-driven industries by Taiwan's regulator Financial Supervisory Commission
- Gold Award of Best Service in International Banks by Commercial Times
- Best Digital Banking Award by Excellence Magazine
- Corporate Comprehensive Performance-International Enterprises, Social Inclusion Award, Creativity in Communication Award and People Development Award from TCSA (Taiwan Corporate Sustainability Awards)
- iSposrts Award and Sports Promoter Award by Ministry of Education
- Taiwan's Best Companies to Work for in Asia by HR Asia
- Golden Torch Awards for Company of the Year and Manager of the Year by Outstanding Enterprise Manager Association
- Best Risk Security Control Awards for individual and company categories by Joint Credit Information Center
- Received Outstanding Contribution from APG Mutual Evaluation (IO4)

Prospects and Strategies

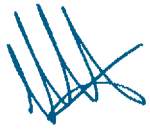
Looking forward in 2020, the Bank will continue to focus on executing our refined strategy to enable franchise growth in the three client businesses and providing clients with complete financial solutions. In 2019, the Bank has delivered strong client income growth and demonstrated our ability to innovate through the various digital implementations and this momentum will continue in 2020. New technologies are rapidly changing the playing field. To stay ahead of the curve, the Bank will focus on driving new opportunities and improving our day-to-day operations through better use of technology. The Bank has also demonstrated our commitment to the Taiwan market through our 5% investment in LINE Bank in 2019. By leveraging our global network, the Bank is well positioned to become clients' most trusted partner to explore opportunities in "New Southbound Policy", supply chain re-configuration in Asia, global technology investment and green energy development in Taiwan.

Retail Banking: The Bank has made good progress in Priority segment and has launched Premium Banking segment in 2019. Our refined strategic direction remains on growing client sub-segment value proposition and digital transformation to drive new business models, better client servicing and also uplifting productivity and efficiency. We will continue to innovate and invest for the future.

Commercial Banking: The Bank will leverage on our network advantage to focus on deepening of client relationships, acquiring new clients by targeted sectors and tailored strategic solutions, and driving digitization opportunities with our partners.

Corporate & Institutional Banking: With China and ASEAN countries being major trading partners of Taiwan and our unique position, the Bank will focus on our strategic priorities to capture network opportunities and capitalise our product edge of Financial Institution.

The banking sector is facing various challenges and undergoing a major transformation with more stringent regulatory and capital requirements as well as increasing competitions from FinTech players. However, opportunities are also significantly greater through adoption of new technologies. With robust capital, more diversified business, embedment of the right culture, deep rooted franchise and largest branch network among foreign banks, we are in a unique position as a lead innovator to provide customer-centric services at all levels. Our long-term commitment to Taiwan, to customers, to shareholders and to employees is a strong reflection of living up to the Bank's mission "Driving Commerce and Prosperity through our Unique Diversity".



Gregory John Powell
Chairman

Chapter 2

Bank Profile



The Bank collaborated with the CommonWealth Magazine and Mandarin Oriental Hotel to promote the Futuremakers Project by organizing a learning workshop led by a six-star executive chief to teach cooking skills for 50 students studying in catering and tourism management school.



In celebration of International Women's Day 2019, Standard Chartered Bank hosted an event to promote a culture of diversity and inclusion and drive a better future together with our clients, partners and local enterprises.

I. History

Standard Chartered PLC ("the Group") is a leading international banking group, with a presence in 60 of the world's most dynamic markets, and serving clients in 85 countries and territories. Our purpose is to drive commerce and prosperity through our unique diversity, and 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 over 3,000 Mandarin speaking talents across Taiwan, Standard Chartered Bank (Taiwan) Limited ("the Bank"), 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 long-term commitment to enhancing services and brand reputation in Taiwan. In 2019, Standard Chartered received grand awards in the areas of banking services, community engagement as well as talent development. The Bank was credited five awards in the International Bank Category from Wealth Magazine, including "Best Wealth Management", "Best Financial Advisory Team", "Best Service", "Most Recommended by Client", and "Best Creative Marketing (Video)"; it also received the "Award of Supporting Startup Enterprises" and "Best Loan Balance Growth Award" by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan; "Gold Medal in International Banks" of The Best Service in Taiwan by Commercial Times; "2019 Taiwan's Best Companies to Work for in Asia" by HR Asia"; "Best Digital Bank in Taiwan" by Asiamoney Magazine; "Best Digital Banking Award" by Excellence Magazine; Golden Torch Awards for "Company of the Year" and "Manager of the Year" by Outstanding Enterprise Manager Association; and crowned as "Best Risk Security Control Awards" for individual and company categories by Joint Credit Information Center.

On the Corporate Social Responsibility front, the Bank is a long-term sponsor of the "Taipei Standard Chartered Charity Marathon". We call for the public's participation to run for the people in need while promoting sports. In 2019, the Bank received the "Sports Promoter Award" from the Sports Administration, Ministry of Education, which is the 5th consecutive time that Standard Chartered won this annual award. In addition, the Bank won four Sustainability Awards of "Corporate Comprehensive Performance – International Enterprises", "Social Inclusion Award", "People Development Award", as well as "Creativity in Communication Award" from Taiwan Corporate Sustainability Awards ("TCSA").

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 : None

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 : Yes

The previous shareholder of the Bank, i.e. Standard Chartered Bank, had transferred all of its holding of the shares of the Bank to Standard Chartered NEA Limited on 1 October 2019 for internal restructure purpose. Standard Chartered NEA Limited has acquired all shares issued by the Bank which are 2,910,571,976 shares.



Standard Charted employees volunteered to raise funds from the public in order for the guide dogs to go to training school.



Chapter 3

Corporate Governance

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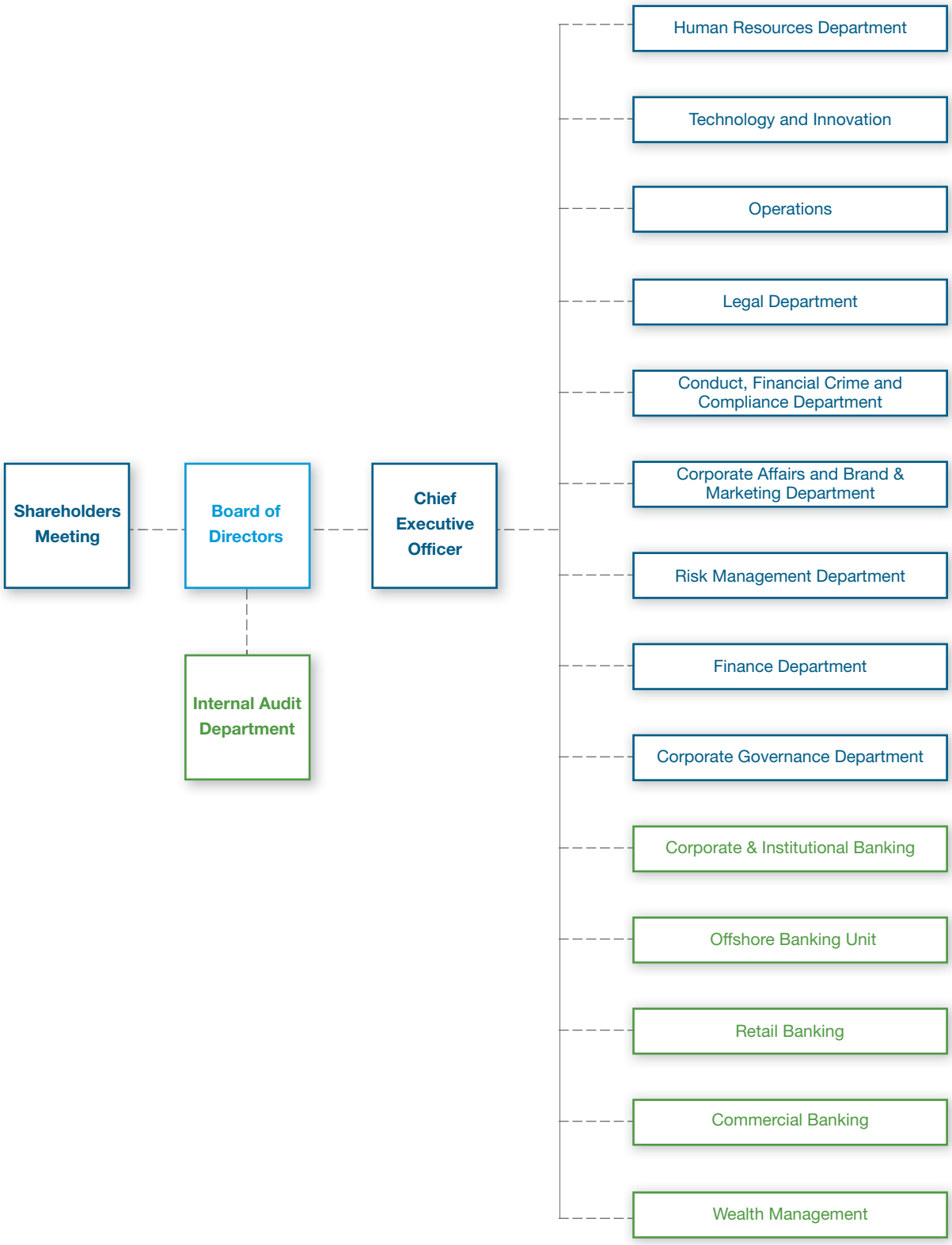
71 The Shares and Consolidated Shareholding Ratios

Acknowledged by its long-term caring for the disadvantaged people and commitment for sustainable communities, the Bank won four sustainability awards of "Corporate Comprehensive Performance-International Enterprises", "Creativity in Communication Award", "Social Inclusion Award", and "People Development Award" by TCSA for three straight years.



I. Organization Structure

(I) Organizational Chart



(II) Responsibilities of Major Departments

Internal Audit Department Responsibilities	Mandated with audit activities across the Company, Internal Audit is an independent function primarily responsible for conducting general/target audits, handling requests of regulators, following up with improvement of issues raised by internal and external audits (i.e. regulatory examinations and reviews by accounting firms), and supervising all units to effectively execute self-assessments.
Human Resources Department Responsibilities	Responsible for establishing, executing and governing human resources policies and procedures in related to, compensations, benefits and rewards, recruiting and hiring, employee development, and employee relations; also ensure gender equality in working environment. Meanwhile, succession plan will be implemented in line with the bank's medium and long-term operational goals.
Technology and Innovation Responsibilities	In charge of information technology planning, technology infrastructure management, system development, production systems operations and support, and data centre management.
Operations Responsibilities	In charge of overall banking operations, re-engineering, information and cyber security, personal information protection, and business resilience.
Legal Department Responsibilities	Responsible for providing legal opinions for banking-related legal matters or litigations; interpreting banking-related laws and regulations; and investigating employee fraud or other materially misconduct acts.
Conduct, Financial Crime and Compliance Department Responsibilities	Responsible for planning, managing, and implementing the compliance framework; issuing compliance opinions and pre-launch sign-off for new products, services, and businesses; communicating with the regulators; interpreting and providing consultation of banking-related laws and regulations; acting as independent channel for compliance risk escalation and managing conduct and financial crime risks.
Corporate Affairs and Brand & Marketing Department Responsibilities	In charge of the planning and execution of internal communication, media relations, government relations, sustainability, community engagement, sponsorship & donation policies, branding, marketing, and reputation risk management, etc.
Risk Management Department Responsibilities	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 review and approval, risk monitoring and the formulation of credit policies & procedures.
Finance Department Responsibilities	Responsible for finance related activities which include but not limited to financial reporting; annual report and tax returns filing; capital & balance sheet management; management reporting (e.g. budget forecast; planning and performance management. In addition, properties related activities (e.g. workplace, security, health and safety) and supply chain management activities (e.g. outsourcing risk governance and vendors related management) are also covered.
Corporate Governance Department Responsibilities	Handle matters relating to board meetings and shareholders meetings according to laws; produce minutes of board meetings and shareholders meetings; assist in onboarding and continuous development of directors; furnish information required for business execution by directors; assist directors in compliance of applicable laws and regulations; provide company secretarial, governance advisory and administrative support services; and deal with other matters set out in the articles of incorporation, internal rules or contracts, etc.
Corporate & Institutional Banking Responsibilities	Engaging in the on-boarding and maintenance of client relationship, credit analysis, client due diligence, integrated client documentation handling, risk management, sales of lending, transaction banking products and service, and financial market products and services (including securities business) to Financial Institutions clients and Global Subsidiaries clients.
Offshore Banking Unit Responsibilities	In charge of the management and supervision of offshore banking businesses; serve as the contact window with local regulators, etc.
Retail Banking Responsibilities	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.
Commercial Banking Responsibilities	In charge of developing a sustainable customer-focused strategy by engaging in the development, promotion, credit analysis, risk management, client on-boarding, integrated client documentation handling, client due diligence, and sale of corporate 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.
Wealth Management Responsibilities	In charge of establishing customer-focused wealth management and trust business through planning and implementation to execute investment and trust business service, and responsible for Taiwan wealth management products and enacting the business authorised by authorities.

II. Information on Directors (Including Independent Non-executive Directors, INEDs), Executive Officers and Branch Managers

(I) Directors (Including INEDs) Information

1. Directors (Including INEDs)

30 April 2020

Title	Nationality	Name	Gender	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	Britain	Standard Chartered NEA Limited Representative: Gregory John Powell	Male	08/10/2019	3 yrs	30/08/2017	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Chief Financial Officer, Standard Chartered Bank (Korea) Limited Group Head, Business Performance, Standard Chartered Bank Chief Financial Officer, Standard Chartered Bank (Taiwan) Limited Associate, Institute of Chartered Accountants in England and Wales (ACA) Bachelor of Science (B.Sc) first class honours, University of Sussex, England	Regional CFO, Greater China and North Asia, Standard Chartered Bank Director, Standard Chartered Private Equity Limited Director, Standard Chartered Bank (Hong Kong) Limited Director, Standard Chartered NEA Limited	N/A	N/A	N/A
Director	Hong Kong	Standard Chartered NEA Limited Representative: Yuen Tung Anthony Lin	Male	01/10/2019	3 yrs	24/03/2017	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	President and Head of Corporate Banking, Bank of America N.A., China Executive Vice President and Head of Corporate Banking Coverage and Head of Trade Finance and Corporate Cash Management, Deutsche Bank (China) Co. Ltd. Head of Transaction Banking, Standard Chartered Bank (China) Ltd. Head of Origination and Client Coverage, East China and General Manager of Shanghai Branch, Standard Chartered Bank (China) Ltd. MBA, Chinese University of Hong Kong	CEO, Standard Chartered Bank (Taiwan) Limited Chairman, British Chamber of Commerce in Taipei Director, Taiwan India Business Association Supervisor, the Bankers Association of the Republic of China Co-Chair, ECCT/AmCham Joint Banking Committee Director, Hong Kong Business Association in Taiwan	N/A	N/A	N/A
Director	Singapore	Standard Chartered NEA Limited Representative: Wea Meng Jerome Chang	Male	01/10/2019	3 yrs	25/06/2019	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Global Head of eXellerator & Data Analytics Enablement, Standard Chartered Bank Global Head, Strategic Information Management, WB, Standard Chartered Bank Head, Global Credit Ops WB, Standard Chartered Bank Manager, Internal Control & Inspection, Banque Paribas Bachelor of Commerce, Accountancy & Economics, University Murdoch, Australia	Head of Geography, Client and Fintech Partnership, SC Ventures, Standard Chartered Bank	N/A	N/A	N/A

Continued

Title	Nationality	Name	Gender	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minors		Shareholding in other's name		Experience / Education	Also serve concurrently as	Other executives, directors or supervisors are spouse or within second-degree relative of consanguinity to each other		
							Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relationship
Director	R.O.C.	Standard Chartered NEA Limited Representative: Su-Chen Lin	Female	01/10/2019	3 yrs	26/06/2019	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Head of Integrated Distribution, Standard Chartered Bank (Taiwan) Limited Head of Segments, Standard Chartered Bank (Taiwan) Limited General Manager of CITICORP FINANCIAL SERVICES LIMITED (Taiwan Office) Chairman of CITICORP Finance Taiwan Incorporation Head of Country Sales and Distribution, Citibank Taiwan Bachelor of Mass Communication, Fu Jen Catholic University	Head of Retail Banking, Standard Chartered Bank (Taiwan) Limited	N/A	N/A	N/A
Director	Singapore	Standard Chartered NEA Limited Representative: Hormusji Noshir Dubash	Male	25/11/2019	2 yrs 10 mths	25/11/2019	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Chief Financial Officer, Standard Chartered Bank (Korea) Limited Chief Financial Officer, Risk and Compliance, Standard Chartered Bank Head of Business Finance, Standard Chartered Bank (Korea) Limited Head of Finance Consumer Banking, Standard Chartered Bank (Taiwan) Limited Membership of the Institute of Chartered Accountants in England and Wales	Chief Financial Officer, Standard Chartered Bank (Taiwan) Limited	N/A	N/A	N/A
INED	R.O.C.	Standard Chartered NEA Limited Representative: Ban-Ren Chen	Male	01/10/2019	3 yrs	25/03/2017	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Fubon Group · Fubon Financial holdings · Group Business Manager, Senior Executive VP Wealth Management Group · Chairman, Fubon Securities Co., Ltd · Taiwan Mobile Company Managing Director Chief Business Officer Chairman, Taipei New Horizon CitiGroup, China Country Business Manager, Consumer Banking Chinatrust Financial Holdings Deputy President, Consumer Banking Citi Group Taiwan Country Business Manager, Investment and Branch Banking SEVP and CFO, McDonald's Taiwan MBA, Southern Illinois University	Nil	N/A	N/A	N/A

Continued

Title	Nationality	Name	Gender	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 NEA Limited Representative: Man-Jung Chan	Female	01/10/2019	3 yrs	01/03/2013	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Legislator-at-Large & Chair of the Judicial Committee, Legislative Yuan, Republic of China Senior Advisor to the President, National Security Council, Republic of China Director General, International Secretariat, Pacific Economic Cooperation Council Director (Research & Analysis), International Secretariat, Asia-Pacific Economic Cooperation Executive Director, Chinese Taipei APEC Study Center Chief of Staff, APEC Business Advisory Associate-in-Research, Harvard Business School Adjunct Associate Professor, International Doctorate on Asian Studies (IDAS) & International Master Program on International Studies Programs (IMPIS), National Cheng-chi University Assistant Professor, Graduate School of American Studies, Tamkang University Ph.D., Political Economy, Boston University, USA	Board Member, Chinese Taipei Pacific Economic Cooperation Council Board Member & Commissioner on Economic Development, National Policy Foundation Advisor, Taiwan Institute of Economic Research Advisor, Taiwan Research Institute Research Committee Member, 21st Century Foundation Executive Board Member, Association of Emerging Market Studies Board Member, Sino-American Cultural & Economic Association Honorable Advisor, Legislative Yuan Advisor, Chinese Cyan Geese Peace Education Foundation Chief Strategy Officer, Healthy Asia Co., Ltd. Associate Professor, International College of Innovation National Chengchi University	N/A	N/A	N/A
INED	Britain	Standard Chartered NEA Limited Representative: Andrew James Hardacre	Male	01/10/2019	3 yrs	26/06/2019	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Consultant to Standard Chartered Bank Group Chief Risk Officer Group Head of Group Special Assets Management, Standard Chartered Bank Group Head of Credit Risk, Standard Chartered Bank Graduated from Exeter University, UK with an honours degree in German	Advisor, LIM Advisors	N/A	N/A	N/A

Note : The Bank is a subsidiary wholly owned by Standard Chartered NEA Limited. All the Directors are appointed as legal representatives by the Bank's parent company. The previous shareholder of the Bank, i.e. Standard Chartered Bank, had transferred all of its holding of the shares of the Bank to Standard Chartered NEA Limited on 1 October 2019 for internal restructure purpose.

2. Major Shareholder of Institutional Shareholders

30 April 2020

Name of Institutional Shareholders	Major Shareholder of Institutional Shareholders
Standard Chartered NEA Limited	Standard Chartered Bank (Hong Kong) Limited (100% shareholding)

3. Major Shareholder of Principal Institutional Shareholders

30 April 2020

Name of Institutional Shareholders	Major Shareholder of Institutional Shareholders
Standard Chartered Bank (Hong Kong) Limited	Standard Chartered PLC (100% shareholding)

4. Professional Knowledge and Independence of Directors (Including INEDs)

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	11	12	
Standard Chartered NEA Limited Representative: Gregory John Powell		√	√		√	√	√		√	√	√	√	√	√		
Standard Chartered NEA Limited Representative: Yuen Tung Anthony Lin			√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered NEA Limited Representative: Wea Meng Jerome Chang			√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered NEA Limited Representative: Su-Chen Lin			√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered NEA Limited Representative: Hormusji Noshir Dubash		√	√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered NEA Limited Representative: Ban-Ren Chen			√	√	√	√	√	√	√	√	√	√	√	√		
Standard Chartered NEA Limited Representative: Man-Jung Chan	√		√	√	√	√	√	√	√	√	√	√	√	√		
Standard Chartered NEA Limited Representative: Andrew James Hardacre			√	√	√	√	√	√	√	√	√	√	√	√		

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

(1) Neither an employee of the Bank, nor an employee of its affiliated enterprises.

(2) Neither a director, supervisor of the Bank, nor a director, supervisor of its affiliated enterprises. However, this restriction does not apply to a bank's independent director who concurrently serves the role in the bank's parent company, or affiliated company or another affiliated company under the same parent company pursuant to the applicable Securities and Exchange Act or local laws and regulations.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent (1%) or more of the total number of issued shares of the Bank or ranking in the top 10 in holdings.

(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, nor employee of an institutional shareholder who directly owns more than 5% of the total number of issued shares of the Bank, or that ranks among the top five in shareholdings or that designates its representative to serve as director or supervisor of the Bank under Article 27, paragraph 1 or 2 of the Company Act. However, this restriction does not apply to a bank's independent director who concurrently serves the role in the bank's parent company, or affiliated company or another affiliated company under the same parent company pursuant to the applicable Securities and Exchange Act or local laws and regulations.

(6) Not a majority of the Bank's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. However, this restriction does not apply to a bank's independent director who concurrently serves the role in the bank's parent company, or affiliated company or another affiliated company under the same parent company pursuant to the applicable Securities and Exchange Act or local laws and regulations.

(7) Not the chairperson, general manager, or person holding an equivalent position of the Bank and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. However, this restriction does not apply to a bank's independent director who concurrently serves the role in the bank's parent company, or affiliated company or another affiliated company under the same parent company pursuant to the applicable Securities and Exchange Act or local laws and regulations.

(8) 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. However, this restriction does not apply to any certain type of company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Bank, and the said company's independent director who concurrently serves the role in the Bank, the Bank's parent company, or affiliated company or another affiliated company under the same parent company pursuant to the applicable Securities and Exchange Act or local laws and regulations.

(9) 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 auditing services, commercial, legal, financial, accounting or counseling services for which the provider in the past 2 years has received cumulative compensation exceeding NTD 500,000, or a spouse thereof; however, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not a spouse or relative within 2nd degree relationship to other directors.

(11) Not a person under the circumstances specified in Article 30 of the Company Act.

(12) 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

30 April 2020

Title (Note 1)	Nationality	Name	Gender	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			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chief Executive Officer	Hong Kong	Yuen Tung Anthony Lin	Male	01/03/2017	0	0	0	0	0	0	Master of Business Administration Chinese University of Hong Kong	N/A	N/A	N/A	N/A	N/A
Chief Auditor	R.O.C.	Vicki Yang	Female	08/01/2014	0	0	0	0	0	0	MBA, Syracuse University, USA	N/A	N/A	N/A	N/A	N/A
Head of Commercial Banking	R.O.C.	Connie Chu	Female	25/11/2019	0	0	0	0	0	0	MBA, Yale University	N/A	N/A	N/A	N/A	N/A
Head of Retail Banking	R.O.C.	Kate Lin	Female	31/08/2015	0	0	0	0	0	0	Mass Communication, Fu Jen Catholic University	N/A	N/A	N/A	N/A	N/A
Head of Global Banking	R.O.C.	Josephine Kuan	Female	25/03/2020	0	0	0	0	0	0	MBA, Cheng Chi University	N/A	N/A	N/A	N/A	N/A
Head of Wealth Management	R.O.C.	Tai Ling Chen	Male	21/10/2019	0	0	0	0	0	0	MBA, Cheng Chi University	N/A	N/A	N/A	N/A	N/A
Chief Financial Officer	Singapore	Hormusji Noshir Dubash	Male	01/11/2019	0	0	0	0	0	0	Qualification from the Institute of Chartered Accountants in England and Wales	N/A	N/A	N/A	N/A	N/A
Chief Risk Officer	R.O.C.	Etta Lin	Female	01/12/2015	0	0	0	0	0	0	Master of Business Administration Kellogg School of Management, Northwestern University	N/A	N/A	N/A	N/A	N/A
Chief Operating Officer	R.O.C.	Sandy Chen	Female	16/09/2019	0	0	0	0	0	0	Dept. of Computer Science & Information Engineering, National Taiwan University	N/A	N/A	N/A	N/A	N/A
Chief Information Officer	R.O.C.	George Chu	Male	30/08/2019	0	0	0	0	0	0	Dept. of Information Engineering , Fu Jen Catholic University	N/A	N/A	N/A	N/A	N/A
Head of Human Resources Department	R.O.C.	Vickie Chen	Female	12/02/2010	0	0	0	0	0	0	MBA, Lehigh University, USA	N/A	N/A	N/A	N/A	N/A
Head of Compliance	R.O.C.	Miranda Liaw	Female	15/11/2018	0	0	0	0	0	0	MBA, Carnegie Mellon University	N/A	N/A	N/A	N/A	N/A
Head of Legal	R.O.C.	Erick Chao Yin	Male	02/12/2015	0	0	0	0	0	0	LL.M., New York University	N/A	N/A	N/A	N/A	N/A
Head of Corporate Governance	R.O.C.	Cathy Li	Female	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	N/A
Head of Corporate Affairs and Marketing	R.O.C.	Gillian Chen	Female	02/04/2018	0	0	0	0	0	0	Master of Arts (Asian Studies), St. John's University, N.Y., USA	N/A	N/A	N/A	N/A	N/A
Offshore Banking Unit Manager	R.O.C.	Josephine Kuan	Female	25/11/2019	0	0	0	0	0	0	MBA, Cheng Chi University	N/A	N/A	N/A	N/A	N/A
Head of Securities	R.O.C.	Michelle Lai	Female	28/05/2015	0	0	0	0	0	0	MBA, National Taiwan University	N/A	N/A	N/A	N/A	N/A
Head of WM-Trust Services	R.O.C.	Grace Lin	Female	25/06/2019	0	0	0	0	0	0	Dept. of Economics, Soochow University	N/A	N/A	N/A	N/A	N/A
Head of Bancasurance, WM	R.O.C.	Amos Chao	Male	01/10/2016	0	0	0	0	0	0	MBA, Long Island University, USA	N/A	N/A	N/A	N/A	N/A
Branch Manager, Guangfu Branch	R.O.C.	Jr-Lian Lin	Female	30/08/2019	0	0	0	0	0	0	Dept. of Electronic Engineering, Ta Hwa College of Technology	N/A	N/A	N/A	N/A	N/A
Branch Manager, Zhongzheng Branch	R.O.C.	Jack Shou-Hui Chao	Male	14/11/2018	0	0	0	0	0	0	Dept. of Secretary, Shih Chien College	N/A	N/A	N/A	N/A	N/A
Branch Manager, Zhudong Branch	R.O.C.	Nuan Lin	Female	30/08/2019	0	0	0	0	0	0	MA in Insurance, Feng Chia University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Hukou Branch	R.O.C.	Ginny Guan-Hua Chen	Female	30/08/2019	0	0	0	0	0	0	Dept. of Psychology, Chung Yuan Christian University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Zhubei Branch	R.O.C.	Vilan Shu-Ching Chiu	Female	13/02/2018	0	0	0	0	0	0	Dept. of Finance, Yu Da College of Business	N/A	N/A	N/A	N/A	N/A

Continued

Title (Note 1)	Nationality	Name	Gender	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			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Branch Manager, Xinfeng Branch	R.O.C.	Peter Pin-Nien Chang	Male	28/06/2016	0	0	0	0	0	0	Dept. of Business Administration, National Chung-Hsing University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Xinxing Branch	R.O.C.	Serena Mei-Hui Chen	Female	14/11/2018	0	0	0	0	0	0	Dept. of Information, Open Jr. College under Taichung College of Commerce	N/A	N/A	N/A	N/A	N/A
Branch Manager, Xinshe Branch	R.O.C.	Geoff Kuo-Chi Hsu	Male	14/11/2018	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	N/A
Branch Manager, Science Park Branch	R.O.C.	Claire Hui-Chi Cheng	Female	24/03/2017	0	0	0	0	0	0	Graduate School of Business Administration, Chung Hua University	N/A	N/A	N/A	N/A	N/A
Branch Manager, North Hsinchu Branch	R.O.C.	Rita Shu-Hui Wu	Female	14/11/2018	0	0	0	0	0	0	Dept. of Industry Management, Oriental Institute of Technology	N/A	N/A	N/A	N/A	N/A
Branch Manager, Sanmin Branch	R.O.C.	Lillian Meng-Hua Chen	Female	29/08/2017	0	0	0	0	0	0	Dept. of Business Administration, Chihlee College of Business	N/A	N/A	N/A	N/A	N/A
Branch Manager, Zhongli Branch	R.O.C.	Eric Chi-Cheng Huang	Male	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	N/A
Branch Manager, Yangmei Branch	R.O.C.	Yoyo Liang	Female	28/01/2016	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	N/A
Branch Manager, Xinwu Branch	R.O.C.	Angel Su-Yueh Kang	Female	26/06/2018	0	0	0	0	0	0	Dept. of Accounting, Hsing Wu Junior College of Commerce	N/A	N/A	N/A	N/A	N/A
Branch Manager, Longtan Branch	R.O.C.	Sally Pei-Chin Chung	Female	28/01/2016	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Nan Tai College	N/A	N/A	N/A	N/A	N/A
Branch Manager, Neili Branch	R.O.C.	Tiffany Yu-Fang Chang	Female	14/11/2018	0	0	0	0	0	0	Dept. of Business Administration, Chihlee College of Business	N/A	N/A	N/A	N/A	N/A
Branch Manager, Bade Branch	R.O.C.	Anita Yang	Female	29/08/2016	0	0	0	0	0	0	Associate Degree in Business Management, Taoyuan Innovation Institute of Technology	N/A	N/A	N/A	N/A	N/A
Branch Manager, Xinming Branch	R.O.C.	Bonny Hsiu-Ling Liu	Female	14/11/2018	0	0	0	0	0	0	Dept. of International Trade, Takming Junior College of Commerce	N/A	N/A	N/A	N/A	N/A
Branch Manager, Guishan Branch	R.O.C.	Daisy Tang	Female	31/03/2016	0	0	0	0	0	0	MBA , University of Michigan, USA	N/A	N/A	N/A	N/A	N/A
Branch Manager, Nankan Branch	R.O.C.	Tommy Cheng-Lung Yu	Male	14/11/2018	0	0	0	0	0	0	Dept. of Economics, Fu Jen Catholic University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Dashulin Branch	R.O.C.	Eric Cheng	Male	28/06/2017	0	0	0	0	0	0	Dept. of Statistics, Fu Jen Catholic University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Longgang Branch	R.O.C.	Tony Wei-Lung Tu	Male	26/06/2018	0	0	0	0	0	0	Dept. of Economics, Chinese Culture University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Shanziding Branch	R.O.C.	Marie Mei-Tsun Chen	Female	24/11/2015	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	N/A
Branch Manager, Puxin Branch	R.O.C.	Rita Chih-Fen Yang	Female	29/08/2016	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	N/A
Branch Manager, Huanbei Branch	R.O.C.	Steven Lin	Male	25/03/2019	0	0	0	0	0	0	MAB, Chung Yuan Christian University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Pingzhen Branch	R.O.C.	Leo Yao-Mo Huang	Male	25/03/2020	0	0	0	0	0	0	Dept. of Finance and Tax Administration, Tamsui Oxford College	N/A	N/A	N/A	N/A	N/A
Branch Manager, Miaoli Branch	R.O.C.	Sandy Hui-O Su	Female	24/11/2015	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	N/A
Branch Manager, Zhunan Branch	R.O.C.	Johnson Chin-Jen Ho	Male	30/08/2019	0	0	0	0	0	0	Dept. of Accounting and Statistics, Tamsui Oxford College	N/A	N/A	N/A	N/A	N/A
Branch Manager, Toufen Branch	R.O.C.	Sayuri Chiu-Ying Hsieh	Female	14/11/2018	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	N/A

Continued

Title (Note 1)	Nationality	Name	Gender	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			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Branch Manager, Yuanli Branch	R.O.C.	Jerry Wen-Chung Su	Male	24/03/2017	0	0	0	0	0	0	Dept. of Business Administration , Feng Chia university	N/A	N/A	N/A	N/A	N/A
Branch Manager, Gongguan Branch	R.O.C.	Tom Chun-Te Tu	Male	24/03/2017	0	0	0	0	0	0	Dept. of Business Administration, Minghsin University of Science and Technology	N/A	N/A	N/A	N/A	N/A
Branch Manager, Houlong Branch	R.O.C.	David Tsang-Yuan Lin	Male	24/11/2015	0	0	0	0	0	0	Dept. of International Trade, Takming Junior College of Commerce	N/A	N/A	N/A	N/A	N/A
Branch Manager, East Neili Branch	R.O.C.	Jerdon Chin-Fu Teng	Male	25/03/2020	0	0	0	0	0	0	Dept. of International Trade, Tamsui Oxford College	N/A	N/A	N/A	N/A	N/A
Branch Manager, Gongxi Branch	R.O.C.	Rachel Li-Ying Chou	Female	31/03/2016	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	N/A
Branch Manager, Zhuangjing Branch	R.O.C.	Emily Hsi	Female	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	N/A
Branch Manager, 101 Branch	R.O.C.	Coco Su	Female	15/01/2020	0	0	0	0	0	0	Master of Business Administration, Yuan Ze University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Banqiao Branch	R.O.C.	Jerry Chen	Male	29/08/2016	0	0	0	0	0	0	Master of Banking and Finance, Tamkang University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Neihu Branch	R.O.C.	Linda Wu	Female	15/01/2020	0	0	0	0	0	0	EMBA, Taiwan University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Wenxin Branch	R.O.C.	Gavin Liao	Male	15/01/2020	0	0	0	0	0	0	Master Program in International Economics, National Chung Cheng University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Fengyuan Branch	R.O.C.	James Yi-Hau Liou	Male	29/08/2016	0	0	0	0	0	0	Dept. of Finance, Southern Taiwan University of Science and Technology	N/A	N/A	N/A	N/A	N/A
Branch Manager, Tainan Branch	R.O.C.	Peggy Chang	Female	15/01/2020	0	0	0	0	0	0	Dept. of International Trade Division , National Kaohsiung University of Applied Sciences Specialist	N/A	N/A	N/A	N/A	N/A
Branch Manager, Jiuru Branch	R.O.C.	Lillian Huang	Female	25/06/2019	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	N/A
Branch Manager, Dongning Branch	R.O.C.	Karen Wang	Female	25/11/2019	0	0	0	0	0	0	Dept. of Business Administration, Cheng Kung University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Donghai Branch	R.O.C.	Roger Liao	Male	28/06/2016	0	0	0	0	0	0	Dept. of Technology, Chin-Yi University	N/A	N/A	N/A	N/A	N/A
Branch Manager, East Tainan Branch	R.O.C.	Lawrence Yu-Ren Lin	Male	23/01/2017	0	0	0	0	0	0	Dept. of Banking & Insurance , Feng Chia University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Nantun Branch	R.O.C.	Sunny Hsien-Tsung Kuo	Male	25/11/2019	0	0	0	0	0	0	Dept. of Business Administration, Minghsin Industrial and Commercial Junior College	N/A	N/A	N/A	N/A	N/A
Branch Manager, Tianmu Branch	R.O.C.	Sherry Shu-Hsueh Yeh	Female	14/11/2018	0	0	0	0	0	0	Dept. of General Business, Daxing High School	N/A	N/A	N/A	N/A	N/A
Branch Manager, Beitun Branch	R.O.C.	Jessica Chiu	Female	25/11/2019	0	0	0	0	0	0	Overseas Chinese University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Xitun Branch	R.O.C.	Leo Chang	Male	25/11/2019	0	0	0	0	0	0	Dept. of Finance Management, Chung Hua University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Zhongqing Branch	R.O.C.	James Chien	Male	25/11/2019	0	0	0	0	0	0	Dept. of Chinese Literature, National Cheng Kung University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Changhua Branch	R.O.C.	Gordon Yan	Male	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	N/A
Branch Manager, Sanduo Branch	R.O.C.	Stanley Kuo	Male	26/06/2018	0	0	0	0	0	0	Dept. of Business Administration, Tamkang University	N/A	N/A	N/A	N/A	N/A
Branch Manager, North Kaohsiung Branch	R.O.C.	Irene Chiu	Female	26/06/2018	0	0	0	0	0	0	Master of Science in Finance, University of Leicester	N/A	N/A	N/A	N/A	N/A

Continued

Title (Note 1)	Nationality	Name	Gender	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			Remark (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Branch Manager, Fuxing Branch	R.O.C.	Jamie Chiung-Chen Chiu	Female	07/05/2016	0	0	0	0	0	0	Dept. of Business Administration, Van Nung Institute of Technology & Commerce	N/A	N/A	N/A	N/A	N/A
Branch Manager, East Taipei Branch	R.O.C.	Ivy Huang	Female	25/06/2019	0	0	0	0	0	0	Dept. of Economics, Soochow University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Nanjing Branch	R.O.C.	Mandy Chiu	Female	25/06/2019	0	0	0	0	0	0	Master Degree, Dept. of Finance, Chaoyang University of Technology	N/A	N/A	N/A	N/A	N/A
Branch Manager, Dunhua Branch	R.O.C.	Charles Huang	Male	14/11/2018	0	0	0	0	0	0	Master Degree, Dept. of Finance, National Chengchi University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Xinyi Branch	R.O.C.	Edward Wang	Male	14/11/2018	0	0	0	0	0	0	Bachelors in Finance, Ming Chuang University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Ren'ai Branch	R.O.C.	Harry Hung	Male	25/11/2019	0	0	0	0	0	0	MBA, Soochow University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Main Branch	R.O.C.	Sam Yao	Male	14/11/2018	0	0	0	0	0	0	Dept. of Information Management, Tamkang University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Zhongshan Branch	R.O.C.	Monica Hsieh	Female	14/11/2018	0	0	0	0	0	0	Bachelors in Economics, Shih Hsin University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Guting Branch	R.O.C.	Anita Chen	Female	15/01/2020	0	0	0	0	0	0	Dept. of Agricultural Management , Chiayi University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Dazhi Branch	R.O.C.	Rita Tai	Female	26/06/2018	0	0	0	0	0	0	Dept. of Healthcare Management, Yuanpei College	N/A	N/A	N/A	N/A	N/A
Branch Manager, Jinshan Branch	R.O.C.	Morgan Liu	Male	14/11/2018	0	0	0	0	0	0	Dept. of Finance, Ming Chuan University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Kaohsiung Branch	R.O.C.	Roy Hsu	Male	25/11/2019	0	0	0	0	0	0	Master Degree, Dept. of Finance, National Chengchi University	N/A	N/A	N/A	N/A	N/A
Branch Manager, Taichung Branch	R.O.C.	Robert Lo	Male	15/01/2020	0	0	0	0	0	0	Dept. of Public Health, National Taiwan University	N/A	N/A	N/A	N/A	N/A

Note 1: Information on the executive officers including the President, Vice President, functional heads and branch managers or any personnel assuming equivalent positions are disclosed.

Note 2: Experiences, relevant to the current job positions.

Note 3: Chairman and Chief Executive Officer or officer assuming equivalent position are not the same person, spouses or the first degree relatives. In case of the same person, relevant information including the reason, appropriateness, necessity and counter-measures shall be disclosed.

(III) Chairman and President retired from the Bank or its affiliates have been hired as consultant : None

III. Remuneration Paid to Directors (including INEDs), Supervisors and Executive Officers in 2019

(I) Directors' Remuneration and Remuneration Bracket (including Independent Non-Executive Directors, INEDs)

1. Directors' Remuneration (including INEDs)

Unit : NTD'000

Title	Name	Director's Remuneration								Total of (A, B,C, D) as a percentage (%) of net profit after tax		Relevant Remuneration Received by Directors who Are Also Employees								Total of (A, B,C, D, E, F, G) as a percentage (%) of net profit after tax		Remuneration from investment companies other than subsidiaries
		Remuneration (A)		Separation pay/ Pension (B)		Remuneration appropriated to directors from earnings (C)		Costs incurred from performing duties (D)				Salaries, bonus and special allowance (E)		Separation pay/ Pension (F)		Employees' remuneration (G)						
																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	Cash dividend	Stock dividend	Cash dividend	Stock dividend	The Bank	All companies included in consolidated financial statements	
Chairman	Standard Chartered NEA Limited Representative: Gregory John Powell	8,276	8,276	-	-	-	-	-	-	0.33%	0.33%	69,154	69,154	-	-	-	-	-	-	3.10%	3.10%	-
Director	Standard Chartered NEA Limited Representative: Yuen Tung Anthony Lin																					
Director	Standard Chartered NEA Limited Representative: Wea Meng Jerome Chang (Note 1)																					
Director	Standard Chartered NEA Limited Representative: Su-Chen Lin (Note 2)																					
Director	Standard Chartered NEA Limited Representative: Hormusji Noshir Dubash (Note 3)																					
Independent Director	Standard Chartered NEA Limited Representative: Man-Jung Chan																					
Independent Director	Standard Chartered NEA Limited Representative: Ban-Ren Chen																					
Independent Director	Standard Chartered NEA Limited Representative: Andrew James Hardacre (Note 4)																					
Director	Standard Chartered Bank Representative: Nei-Ping Yin (Note 5)																					
Director	Standard Chartered Bank Representative: Wei-Chih Chen (Note 6)																					
Director	Standard Chartered Bank Representative: Rangus Hok Hoi Tse (Note 7)																					
Director	Standard Chartered Bank Representative: Norman Lyle (Note 8)																					
Independent Director	Standard Chartered Bank Representative: Nei-Ping Yin (Note 9)																					

1. Please describe the policy, system, criteria and structure of the company's remuneration paid to independent directors, and the co-relations thereof against the roles and responsibilities, risks and time devoted by the independent directors:
   The amount of remuneration paid by the company to independent directors is determined according to the role (such as: chairman, members), the number and nature of participating committees, the frequency of meetings of various committees, and the external market data.
2. In addition to the information disclosed above, other remuneration distributed to the directors for provision of services to all companies included in consolidated financial statements (e.g. consulting service) in the most recent year: None.

Note 1 : Wea Meng Jerome Chang took office on 25 June 2019.
Note 2 : Su-Chen Lin took office on 26 June 2019.
Note 3 : Hormusji Noshir Dubash took office on 25 November 2019.
Note 4 : Andrew James Hardacre took office on 26 June 2019.
Note 5 : Nei-Ping Yin took office on 26 June 2019 and resigned on 30 September 2019.
Note 6 : Wei-Chih Chen resigned on 31 August 2019.
Note 7 : Rangus Hok Hoi Tse resigned on 31 August 2019.
Note 8 : Norman Lyle resigned on 31 August 2019.
Note 9 : Nei-Ping Yin resigned on 26 June 2019
Note 10 : In addition to the Directors' remuneration (including INEDs) as shown in the table above, the expense for drivers' salaries of Directors totaled NTD 2,197 (thousand) in 2019.

2. Directors' Remuneration Bracket

Unit: NTD'000

Range of Remuneration Paid to Directors of the Bank	Name & No. of Directors			
	Director's Remuneration Total of (A+B+C+D)		Remuneration Received by Directors who Are Also Employees Total of (A+B+C+D+E+F+G)	
	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements
Less than 1,000				
1,000 (inclusive) – 2,000 (exclusive)	Andrew James Hardacre, Nei-Ping Yin, Norman Lyle	Andrew James Hardacre, Nei-Ping Yin, Norman Lyle	Andrew James Hardacre, Nei-Ping Yin, Norman Lyle	Andrew James Hardacre, Nei-Ping Yin, Norman Lyle
2,000 (inclusive) – 3,500 (exclusive)	Man-jung Chan, Ban-Ren Chen	Man-jung Chan, Ban-Ren Chen	Man-jung Chan, Ban-Ren Chen, Hormusji Noshir Dubash	Man-jung Chan, Ban-Ren Chen, Hormusji Noshir Dubash
3,500 (inclusive) – 5,000 (exclusive)			Su-Chen Lin	Su-Chen Lin
5,000 (inclusive) – 10,000 (exclusive)			Wei-Chih Chen	Wei-Chih Chen
10,000 (inclusive) – 15,000 (exclusive)			Rangus Hok Hoi Tse	Rangus Hok Hoi Tse
15,000 (inclusive) – 30,000 (exclusive)				
30,000 (inclusive) – 50,000 (exclusive)			Yuen Tung Anthony Lin	Yuen Tung Anthony Lin
50,000 (inclusive) – 100,000 (exclusive)				
100,000 above				
Total	5	5	10	10

(II) Supervisors' Remuneration and Remuneration Bracket : Not applicable.

(III) 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 remunerations (D)				Total of (A, B, C, D) as a percentage (%) of net profit after tax		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	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
Chief Executive Officer	Anthony Yuen Tung Lin	74,498	74,498	-	-	66,362	66,362	-	-	-	-	5.63%	5.63%	-
Head of Audit	Vicki Yang													
Head of Commercial Banking	Connie Chu (Note 1)													
Head of Commercial Banking	Irving Yang (Note 5)													
Head of Retail Bank	Kate Lin													
Head of Global Banking	Michael Huang													
Chief Financial Officer	Hormusji Noshir Dubash (Note 2)													
Chief Financial Officer	Rangus Hok Hoi Tse (Note 6)													
Chief Risk Officer	Etta Lin													
Chief Information Office	Wen Shu (Note 7)													
Chief Operating Officer	Sandy Chen (Note 3)													
Chief Information Officer	George Chu (Note 4)													
Head of Human Resources	Wei Chih Chen													
Head of Conduct, Financial Crime & Compliance	Miranda Liaw													

Note 1 : Connie Chu took office as Head of Commercial Banking on 25 November 2019.

Note 2 : Hormusji Noshir Dubash took office as Chief Financial Officer on 1 November 2019.

Note 3 : Sandy Chen took office as Chief Operating Officer on 16 September 2019.

Note 4 : George Chu took office as Chief Information Officer on 30 August 2019.

Note 5 : Irving Yang was discharged from office as Head of Commercial Banking on 28 February 2019.

Note 6 : Rangus Hok Hoi Tse was discharged as Chief Financial Officer on 31 August 2019.

Note 7 : Wen Shu was discharged as Chief Information Office on 15 June 2019.

Note 8 : In addition to the Executive Officers' remuneration as shown in the table above, the expense for drivers' salaries for Executive Officers totaled NTD 4,273 (thousand) in 2019.

2. Executive Officers' Remuneration Bracket

Unit: NTD'000

Range of Remuneration Paid to Directors of the Bank	Name & No. of Directors	
	The Bank	All companies included in consolidated financial statements
Less than 1,000	Irving Yang, Sandy Chen	Irving Yang, Sandy Chen
1,000 (inclusive) – 2,000 (exclusive)	George Chu	George Chu
2,000 (inclusive) – 3,500 (exclusive)	Hormusji Noshir Dubash	Hormusji Noshir Dubash
3,500 (inclusive) – 5,000 (exclusive)		
5,000 (inclusive) – 10,000 (exclusive)	Vicki Yang, Connie Chu, Etta Lin, Wen Shu, Miranda Liaw	Vicki Yang, Connie Chu, Etta Lin, Wen Shu, Miranda Liaw
10,000 (inclusive) – 15,000 (exclusive)	Michael Huang, Rangus Hok Hoi Tse, Wei Chih Chen	Michael Huang, Rangus Hok Hoi Tse, Wei Chih Chen
15,000 (inclusive) – 30,000 (exclusive)	Kate Lin	Kate Lin
30,000 (inclusive) – 50,000 (exclusive)	Anthony Yuen Tung Lin	Anthony Yuen Tung Lin
50,000 (inclusive) – 100,000 (exclusive)		
100,000 above		
Total	14	14

(IV) Executive Officers whose Remuneration Ranks in the Top Five among Other Individual Officers in the Listed Companies : Not applicable

(V) Remuneration Distributed to Managers : None

(VI) 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

	2019	2018
Directors	3.10%	3.00%
Supervisors	-	-
Executive Officers and Chief Auditor	5.63%	5.39%

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

The Bank's approach to performance, reward and benefits is consistent with effective risk management and the delivery of our strategy and values. The elements of the Bank's remuneration are as follows:

Fixed remuneration: refers to base salary, allowances and other benefits. Salaries reflect individual's skills and experience and are reviewed annually against market information and in the context of annual performance assessment and affordability. Benefits are provided to employees in line with relevant regulation and local market practice.

Variable remuneration: rewards and incentivizes the achievement of the Bank and business unit's as well as individual objectives including the adherence to the Bank's Valued Behaviours. All employees are subject to the Bank's deferral mechanism, which applies a graduated level of deferral over a defined threshold. Variable remuneration is subject to the Bank's Ex-post Risk Adjustment of Remuneration Policy, which enables the Bank to suspend payment or vesting of awards, apply in-year adjustments, apply malus to unvested awards, and apply claw-back to vested variable remuneration, in appropriate circumstances.

The proportion of fixed to variable remuneration awarded to employees is carefully monitored.

IV. Corporate Governance Practices

(I) Practices of Board of Directors

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

Title	Name	No. of Attendance in Person (B)	No. of Attendance by Proxy	Actual Attendance Ratio (%) (B/A) (Note)	Remarks
Chairman	Standard Chartered NEA Limited Representative: Gregory John Powell	5	2	71%	
Director	Standard Chartered NEA Limited Representative: Yuen Tung Anthony Lin	7	0	100%	
Director	Standard Chartered NEA Limited Representative: Wea Meng Jerome Chang	5	0	100%	Took office on 25 June 2019
Director	Standard Chartered NEA Limited Representative: Su-Chen Lin	3	1	75%	Took office on 26 June 2019
Director	Standard Chartered NEA Limited Representative: Hormusji Noshir Dubash	1	0	100%	Took office on 25 November 2019
INED	Standard Chartered NEA Limited Representative: Ban-Ren Chen	7	0	100%	
INED	Standard Chartered NEA Limited Representative: Man-Jung Chan	7	0	100%	
INED	Standard Chartered NEA Limited Representative: Andrew James Hardacre	4	0	100%	Took office on 26 June 2019
INED	Standard Chartered Bank Representative: Nei-Ping Yin	3	0	100%	Tendered his resignation on 26 June 2019
Director	Standard Chartered Bank Representative: Nei-Ping Yin	1	0	100%	Took office on 26 June 2019 and tendered his resignation on 30 September 2019
Director	Standard Chartered Bank Representative: Norman Lyle	3	1	75%	Tendered his resignation on 31 August 2019
Director	Standard Chartered Bank Representative: Wei-Chih Chen	4	0	100%	Tendered her resignation on 31 August 2019
Director	Standard Chartered Bank Representative: Rangus Hok Hoi Tse	4	0	100%	Tendered his resignation on 31 August 2019

Other matters to be noted:

1. Please specify the date, term, content of the motion and all independent directors' opinions as the Bank's response if any of the following conditions is met:
   (1) Matters specified in Article 14.3 of the Securities and Exchange Act: None
   (2) Other board resolutions where independent directors have expressed objection or qualified opinions that have been noted in the record or declared in writing: None
2. Avoidance of conflict of interest by directors:

Term and Session	Name	Content of Motion	Reasons for Avoidance	Participation in the Voting
25 March 2019, 14th Term 22nd Session	Yuen Tung Anthony Lin	Ratification of CEO remuneration	For ratification of CEO remuneration, it was proposed that Mr. Yuen Tung Anthony Lin, the CEO of SCBTL to excuse from the discussion on and vote for this item 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.
25 June 2019, 14th Term 23rd Session	Gregory John Powell	Approval for related party transaction of underwriting senior note issuance for group entities	For SCBHK case, it was proposed that Mr. Gregory John Powell, a Director of SCBHK to excuse from the discussion on and vote for this item 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.
30 August 2019, 14th Term 24th Session	Norman Lyle Nei-Ping Yin Ban-Ren Chen Man-Jung Chan Andrew James Hardacre	Review on remuneration of independent non-executive director	For reviewing on remuneration of Independent Non-Executive Director, it was proposed that Mr. Norman Lyle and Mr. Nei-Ping Yin, the Non-Executive Directors and Mr. Ban-Ren Chen, Ms. Man-Jung Chan and Mr. Andrew James Hardacre, the Independent Non-Executive Directors to excuse from the discussion on and vote for this item 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 and evaluation of the execution status in the current and most recent years: With the aim to achieve information transparency, required documentation will be provided to the Board to ensure the directors have sufficient information prior to the Board meeting. The 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. An audit committee was approved by the Board to establish on 24 November 2015. In accordance with the Terms of Reference of Audit Committee, there were 8 Audit Committee meetings which have been held in 2019.

Note 1 : When a board of director or a supervisor is a legal person, the name of institutional shareholder and its representative(s) shall be disclosed.

Note 2 : (1) For Directors (including INEDs) who have left the Board before the end of the year, the resignation date should be specified in the remarks column. The actual (listed) attendance ratio (%) will be calculated based on the number of meetings and the actual number of attendance during their term of office.

(2) For Directors (including INEDs) who have been re-elected before the end of the year, the names of new and old directors (supervisors, INEDs) shall be listed in the table, with election status and date of election specified in the remarks column. The actual (listed) attendance ratio (%) will be calculated based on the number of meetings and the actual number of attendance during their term of office.

(II) Practices of Audit Committee Meetings

8 meetings were convened by the Audit Committee in 2019. Attendance of Independent Non-Executive Directors in the meetings is specified as follows:

Title	Name	No. of Attendance in Person (B)	Actual Attendance Ratio (%) (B/A) (Note)	Remarks
INED	Standard Chartered NEA Limited Representative: Ban-Ren Chen	8	100%	
INED	Standard Chartered NEA Limited Representative: Man-Jung Chan	8	100%	
INED	Standard Chartered NEA Limited Representative: Andrew James Hardacre	4	100%	Took office on 26 June 2019
INED	Standard Chartered Bank Representative: Nei-Ping Yin	4	100%	Tendered his resignation on 26 June 2019

Other matters to be noted :

1. Please specify the date, term, content of the motion, Audit Committee resolutions and the Bank's response to the Audit Committee's opinions if any of the following conditions is met :
   (1) Matters specified in Article 14.5 of the Securities and Exchange Act : None
   (2) Other resolutions not consented by Audit Committee but have been approved by at least two-thirds of the Board : None
2. Avoidance of conflict of interest by independent directors : None
3. Communication with the Chief Auditor and accountants :
   INEDs 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 "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the Bank submitted internal audit reports to the INEDs every two weeks for their review and replied to any questions arising from the reports.

Note : (1) For Independent Directors (INEDs) who have left the Board before the end of the year, the actual attendance ratio (%) will be calculated based on the number of Audit Committee meetings and the actual number of attendance during their term of office.
(2) For Independent Directors (INEDs) who have been re-elected before the end of the year, the names of new and old INEDs shall be listed in the table, with election status and date of election specified in the remarks column. The actual attendance ratio (%) will be calculated based on the number of Audit Committee meetings and the actual number of attendance during their term of office.

Practices of Supervisors Attending the Board of Directors Meetings : Not Applicable

(III) Compulsory Disclosure in Accordance with Corporate Governance Best-Practice Principles for Banks

Please refer to the Bank's website at https://www.sc.com/tw/ and the website of Market Observation Post System ("MOPS") at http://mops.twse.com.tw/.

(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			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 a bank establish internal operating procedures for handling shareholders' recommendations, queries, disputes or litigation issues and are the procedures being followed accordingly?	V		1. The Bank is owned by a sole shareholder-Standard Chartered NEA Limited, 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 and the Chief Executive Officer of the Bank address shareholder's recommendations and queries with prudence. No internal procedure is stipulated for this purpose.	No discrepancy
2. Is a bank the ultimate controller of the major shareholders?	V		2. The Bank is a subsidiary wholly owned by Standard Chartered NEA Limited, whose shareholding is 100% owned by Standard Chartered Bank (Hong Kong) Limited.	No discrepancy
3. Does a bank establish the risk control mechanism and firewalls between the Bank and its affiliated enterprises?	V		3. The Bank establishes the internal operation instruction for the credit and non-credit extension to related parties and affiliates of the Bank pursuant to Article 45-1 of the Banking Act. Also, the restriction of credit lending as well as concentration limits and total credit outstanding are conducted pursuant to Articles 32, 33, 33-1 to 33-5 of the Banking Act along with regulation regarding Article 33 of the same Act. Any credit extension to related parties and affiliates of the Bank will be reported to the ALCO committee on monthly basis.	No discrepancy
(II) Composition and responsibilities of the Board of Directors				
1. Except for the remuneration and audit committee, does a bank set up other functional committees voluntarily?	V		1. 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 Chief Executive Officer, Executive Risk Committee and Asset and Liability Committee for their day-to-day management, operation and control of the Bank's businesses. The Board of Directors may, during the adjournment of the Board meeting, request the 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.	No discrepancy

Continued

Assessment Item	Execution Status			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best Practice Principles for Banks"
	Yes	No	Description	
2. Does a bank have procedures in place to conduct performance assessment of the Board of Directors annually, of which the results are submitted to the Board and used as reference in determining compensation for individual directors, their nomination and additional office term?	V		2. The Bank is a public company. The Board Effectiveness Review ("BER") is conducted annually. The results of BER, including improvement plans are submitted to the Board for discussion and continuous tracking.	No discrepancy
3. Does a bank evaluate independence of its CPA regularly?	V		3. Evaluation on the independence of the CPA is conducted by the Bank on a regular basis.	No discrepancy
(III) Does a bank have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer to be in charge of corporate governance affairs? The governance affairs include but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, and producing minutes of board meetings and shareholders meetings, etc.	V		The Bank has Corporate Governance in place and the appointment of Head of Corporate Governance was approved by the Board on 25 June 2019 to be responsible for corporate governance related matters, including but not limited to furnishing information required for business execution by directors and INEDs; handling matters relating to board meetings and shareholders meetings according to laws; assisting directors and INEDs on compliance; and producing minutes of board meetings and shareholders meetings, etc.	No discrepancy
(IV) Does a bank have communication channel in place with stakeholders (including but not limited to shareholders, employees, customers and supplies), set up a dedicated stakeholders section on the official website, and adequately respond matters relating to corporate social responsibilities?	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, and Environmental Protection.	No discrepancy

Continued

Assessment Item	Execution Status			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best Practice Principles for Banks"
	Yes	No	Description	
(V) Information disclosure				
1. Does a bank establish a website where information regarding financial/business statements and corporate governance is disclosed?	V		1. The Bank's website (including English website) is set up by responsible departments including the Technology & Innovation, 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 spokesman.	No discrepancy
2. Are there any other disclosure channels of a 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)?			2. Same as above.	No discrepancy
3. Does a bank publicly announce and register annual financial reports within the regulated deadlines after the close of each fiscal year according to of the Banking Act and the Securities and Exchange Act and before the regulated deadlines publicly announce and register financial reports of the first, second, and third quarters of each fiscal year and the operating status for the preceding month?			3. The Bank publicly announces and registers annual financial reports within the regulated deadlines after the close of each fiscal year according to the related regulations of the Banking Act and the Securities and Exchange Act. The Q2 financial reports and the Bank's operating status of each month are duly disclosed within the prescribed timelines.	No discrepancy
(VI) Is there other information essential to understand the corporate governance of a Bank (e.g. employee welfare, employee care, investor relations, 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 a Bank for directors and supervisors, donations to political parties, stakeholders and charity groups, etc.)?	V		• The Bank's Directors (including INEDs) regularly participate in internal and external Corporate Governance trainings covering topics related to financial, risk management, business and other courses. The Directors (including INEDs) 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 (including INEDs) and senior management on annual basis. • Pursuant to Article 16-1, Chapter 3 of the "Corporate Governance Best-Practice Principles for Banks", our donation to political parties, stakeholders and charity groups required to be disclosed is as follow: Small & Medium Enterprise Guarantee Fund, Taiwan (SMEG)	No discrepancy

Continued

Assessment Item	Execution Status			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best Practice Principles for Banks"
	Yes	No	Description	
			• The Bank has set up a capital adequacy and risk management section in the official website. The content of this section covers the Bank's capital adequacy management, credit risk management, market risk management, operational risk management, interest rate risk management in the banking book, liquidity risk management and other relevant information. • To protect consumer rights and enhance customer services, the Bank has relevant policy and mechanism in place to conform to the Consumer Protection Act as well as to protect consumer rights in the course of product/service offerings. In addition, the Bank has established processes to immediately handle customer complaints and takes customer opinions into consideration during product/service design. A 24-hour customer hotline is provided to ensure customers' requirements and disputes are effectively taken care of. To provide a smooth customer complaints channel, a customer complaints hotline is posted on the Bank's official website for reference. Furthermore, a customer service email box is published on the website to collect customer feedbacks and respond consumer disputes. Any customer complaint will be responded in line with the Bank's standard process, regardless a complaint is through telephone, teller counter, letter, fax, media and/or official letter from relevant regulator(s). The Bank's business units also develop internal guidelines by embedding the Treating Customer Fairly ("TCF") strategy and ensure full implementation of guidelines in accordance with relevant regulations.	
(VII) Specify the Bank's remediation efforts and action plans for results provided in the most recent year's corporate governance evaluation report issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation. (No need to specify if the Bank is not included in the evaluation.) : Not Applicable				

(V) Organizational Structure, Responsibility and Operation of Remuneration Committee Established by the Bank If Any : None

(VI) Practices of Corporate Social Responsibility :

Assessment Items	Execution Status		
	Yes	No	Description
(I) Does a bank conduct risk-based assessment on environmental, social and corporate governance aspects associated with the bank's business operations, and is there relevant risk management policy or strategy in place?	V		The Bank conducts assessments on the systems, measures, and implementation status of various aspects in the environmental protection, social participation and devotion, social services and charities, consumer right protection, human rights protection, safety and hygiene and other related corporate social responsibility activities. There are also risk management policies established for compliance by the Bank's employees.
(II) Does a 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	"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.
(III) Develop Sustainable environment			
1. Does a bank establish an adequate environmental management system based on characteristics of the industry?	V		1. The Group operates in many countries vulnerable to environmental challenges, including the effects of climate change. Rather than simply continuing current business practices, the Bank works to inspire and encourage our employees and customers to minimize their environmental footprint. This strategy is supported by senior management on the Group EcoNet, our environment coordinators' network.
2. Does a bank strive to improve the utilization rate of various resources and use renewable materials that have minimal impact to the environment?	V		2. 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. In Taiwan, the Bank upholds sustainable development ideals by setting environmental management targets and reducing our carbon footprint through energy savings projects and waste sorting and recycling initiatives. Furthermore, together with supplier partners, we enhance the space efficiency and regularly monitor the lighting, air quality, and indoor greenery to help ensure the health, safety, and comfort of the working environment. In addition, the Bank actively encourages our employees to participate in volunteer services to protect the environment and care for vulnerable groups in society as part of our corporate social responsibility.
3. Does a bank evaluate potential risks and business opportunities in face of climate change, and if corresponding measures are adopted to cope with relevant climate issues?	V		3 & 4. In 2019, 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 CO_2 emissions and save energy both at homes and offices. As a result, the use of energy and water by approximately -8.7% and -8.6% respectively year-on-year. These practices include: • Taskforces to monitor the conventional lighting of branches and main offices and replace them with LED or energy-saving lighting; • Newly renovated branches and offices are equipped with air conditioners, Lighting and Power & Water supply facilities that met the environmental protection standards and energy savings certification; • Implement limited hours on air-conditioning in main offices to lower energy consumption after office hours; • Promote one-hour lights-out campaign during the lunch time of main offices;

Continued

Assessment Items	Execution Status		
	Yes	No	Description
4. Does a Bank investigate greenhouse gas emissions, water consumption and overall waste volumes, and set up strategies for energy saving, emission reduction, greenhouse gas mitigation, water saving or waste disposal management?	V		• Continuously monitor the usage of electricity and water in main offices and look into any abnormality of utility usage and provide countermeasures thereof; • Reduce the operation hours of signage lighting; • Encourage staff to use the stairs instead of taking elevator; • Install water-saving facilities in main branches and offices; • Actively participate in global environment activities such as the "Earth Day" and increase environmental awareness amongst our staff; • The Bank's sponsorship in green field in front of DMR building is a perfect example where we are giving back to the society and enhancing the partnership with local neighbourhood. • On paper saving, the Bank continues to promote paperless meetings, improve related meeting facilities and rigid measures on copying process, as well as track the paper usage in offices on a monthly basis to raise staff awareness on paper saving; • 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, demonstrating our corporate social responsibility in energy saving and carbon reduction. Our computer servers total 428 units in 2009 and gradually reduced to 202 units in 2019, with an actual reduction rate of 52.8%, reduction of 25,594 degrees of electricity per month; it means a reduction of 191,343 kg carbon dioxide emissions per year, which is equivalent to planting 17,474 trees per year in Taiwan.
(IV) Social Issues 1. Does a 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 hiring child labor and preventing 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 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.
2. Does a bank establish and carry out reasonable employee warfare package (including wages, annual leave and other benefits), and ensure payroll decisions adequately reflect the performance results?	V		2. The Bank believes that attracting, retaining and incentivizing high quality employees is essential to delivering on our purpose and executing the strategy. In support of this, the Bank's "Fair Pay Charter" sets out the principles used to determine and deliver pay for all employees. Regarding salary and benefit, the Bank provides an appropriate mix of fixed and variable pay and a core level of benefits to ensure a minimum level of earnings and security to colleagues and to reflect the Bank's commitment to wellbeing. The Bank also participates the banking industry's total reward survey conducted by a 3rd party vendor annually to ensure offering competitive total reward package. Regarding performance and variable compensation, the Bank sets clear expectations for how colleagues are rewarded and the principles guiding decisions, including clear personal objectives and feedback. Also, the Bank ensures pay decisions reflect the performance of the individual, the business they work in and the Bank, and recognize the potential, conduct, behaviours and values demonstrated by each individual. Last but not least, the Bank provides clear communication of pay and performance decisions and seek feedback and input from colleagues on our pay structures and outcomes.

Continued

Assessment Items	Execution Status		
	Yes	No	Description
3. Does a bank provide a safe and healthy workplace for employees and conduct periodical health and safety trainings?	V		3. Based on the local health and safety regulations and SCB Group standards, the following health and safety trainings are provided to employees: • New hires are required to receive 3 hours of health and safety training; • All employees are required to receive 3 hours of health and safety refresher training every 3 years; • To assist health and safety personnel to obtain required certificates and receive regular refresher trainings; • Other necessary trainings in relation to emergency response; • 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; 6. Breast feeding room for female employees; 7. Door-to-Door Health Service to all employees.
4. Does a bank establish effective career development plan for employees?	V		4. 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 programs are designed with different training durations. New managers will be scheduled a 3-day workshop, LEaDX, and 1-month post-course coaching session. 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.
5. Does a bank comply with relevant regulations and global standards to offer products and services that cater customers' health and safety, privacy, marketing and terms and conditions, as well as establish relevant policies and procedures for consumer rights protection and customer complaints?	V		5. Prior to providing financial products or services to our customers, the Bank explains to the customers key features of the financial products or services and key contractual terms, and discloses the associated risks pursuant to Financial Consumer Protection Act and other relevant laws and regulations to ensure the Bank complies with the requirements. 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 DOI, reports of disputable cases are compiled and analyzed on weekly and monthly basis.

Continued

Assessment Items	Execution Status		
	Yes	No	Description
6. Prior to engaging with a vendor, does a Bank have the supplier management policy in place to regulate and monitor supplier's compliance status in areas of environmental protection, workplace safety and hygiene, or labour right protection?	V		Disputes with greater recurrence rate are monitored of their corrective actions on continuous effort. Where any inconsiderate service is identified through the customer complaints channel or satisfactory survey, for instance, a product or process design fails to meet customer expectation, a customer is not served by our staff based on standard process, a problem is not adequately addressed and so on, all relevant departments will be informed and corrective actions and precautions will be carried out immediately to protect customers' rights and interests. 6. The Bank's 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 its operate with high standards of social, ethical and environmental considerations in all aspects of its business. As a responsible corporate citizen, the Bank expect its 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. 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, and Environmental Protection.
(V) Does a bank refer to any globally acceptable documentation to produce its corporate sustainability report for disclosing non-financial information of the Bank?		V	Standard Chartered continues to disclose the Bank's sustainability achievements 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.
(VI) 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			
(VII) Other important information that helps to understand the best practices of corporate social responsibility : None			

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

Assessment Item	Execution Status (Note)		
	Yes	No	Description
(I) Establish Ethical Corporate Management Policies and Programs			
1. Does a bank clearly specify its ethical corporate management policies in internal rules and external documents, and if such management policies and commitment are materialized under the supervision of the Board of Directors and senior management?	V		1. Promulgation of Legal and Compliance Principles and Prevention of Unethical Conduct: All of the Bank's policies and procedures related to ethical corporate management are approved by the Executive Risk Committee and Board of Directors, followed by enforcement of each policy by its owners and subject to Board of Directors' review on an annual basis.
2. Does a bank establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention program accordingly? The said prevention program shall at least include those stipulated in Article 7, Subparagraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.	V		2. The Bank has established Code of Conduct to analyze and assess the risk periodically. In addition, the Bank has also in place the "Anti-Bribery and Corruption Policy", the "Sponsorship and Donations Policy" and the "Gifts and Entertainment Standard" with relevant procedures to prevent employees from failing to meet the expected standards.
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		3. In addition to the above-mentioned "Code of Conduct", which mainly encompasses "Speaking Up", "Comply with Laws, Regulations and Standards", "Reject Bribery and Corruption", "Ensure Fair Outcomes for Clients", "Manage Conflicts of Interest", "Do not Engage in or Support Insider Dealing", "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 Standard", "Anti-Bribery and Corruption 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 "Taiwan Disciplinary Standard" and relevant procedures to ensure that a fair, timely, consistent way and in accordance with the "Fair Accountability" Principles. These policy and procedures are in place to handle misbehavior or misconduct of employees. Where appropriate, the Bank may conduct the disciplinary meeting (and any appeal) in writing with the consent of employees. Above-mentioned Policy/Procedure/Standard are reviewed and updated periodically.

Continued

Assessment Item	Execution Status (Note)		
	Yes	No	Description
(II) Implement Ethical Corporate Management			
1. Does a bank evaluate counterparty's records of ethical corporate management and clearly indicate terms of ethical behavior in the contracts?	V		1. The Bank set out a Supplier Charter which includes a number of principles for the behavioral standard that Standard Chartered expects from all its suppliers, and those within a supplier's sphere of influence that assist them in performing their obligations to the Bank. 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 the Bank's secure Speaking Up web service to report all suspected cases, actual breaches or concealment of any forbidden acts. Terms regarding the ethical behavior have also been incorporated into the suppliers' contracts.
2. Does a bank set up a dedicated unit under the Board of Directors to promote the ethical corporate management and report regularly (at least once a year) its ethical management policy, preventative measures against unethical behaviors, as well as implementation status to the Board of Directors?		V	2. Despite there is no dedicated unit in place, the Bank's employees shall follow the plans, policies and procedures associated with Ethical Corporate Management adopted by the bank or approved by the Board of Directors, including "Treating Customer Fairly and Code of Conduct." The Head of Conduct, Financial Crime & Compliance reports the implementation status to the Board of Directors at least once a year.
3. Does a bank establish any conflict of interest policy and provide an adequate reporting channel?	V		3. The Bank has established the "Conflicts of Interest Policy" and relevant procedure, "Transactional Conflicts and Information Walls Procedures", "Personal Account Dealing Procedures", and "Outside Business Interests Standard" for compliance in our daily operations.
4. Does a bank establish effective accounting system and internal control system for implementation of its ethical corporate management, and if such systems are audited based on the assessment results of unethical behaviors by the internal auditor or by external CPA firm on a regular basis?	V		4. Per the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", Internal Audit has been approved to adopt a risk-based internal audit system. An annual audit plan shall be formulated and implemented accordingly, based on risk assessment results and local regulatory requirements on audit frequencies. The Bank has strict accounting system and related procedures in place for compliance with the "Regulations Governing the Preparation of Financial Statements by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", 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 auditing standards to ensure data accuracy.
5. Does a bank conduct regular ethical management trainings held internally and externally?	V		5. The Bank conducts several types of ethical management trainings for the above-mentioned policies and procedures, including regular e-learning courses and face-to-face curriculums.

Continued

Assessment Item	Execution Status (Note)		
	Yes	No	Description
(III) Implement Speak Up System			
1. Does a bank establish a concrete speak-up and reward system and set up a convenient reporting channel with designated personnel for handling speak-up cases?	V		1. The Bank has established the "Speaking Up Policy" and "Speaking Up Procedures" to provide staff with a secure, confidential way to report concern about misconduct when existing escalation process to line management are not appropriate. The Compliance Department is accountable for ensuring that this Policy and its governance and assurance processes have been implemented. The Shared Investigative Services of Legal Department must ensure that adequate processes are in place to enable Staff to Speak Up confidentially and to define how Speaking Up disclosures should be investigated and managed. While the subjects of Shared Investigative Service investigation are directors, supervisors, or whose authority is equal to vice president (in practice this includes all top team members), the investigation report should be submitted to the Supervisors or Audit Committee.
2. Does a bank establish standard operating procedures for the investigation of reported misconduct, and if such completed investigation is adopted with corresponding tracking measures and proper confidentiality?	V		2. Every reasonable effort must be made to maintain the confidentiality of the Staff member raising the concern. Speaking Up disclosures and details of any information and documentation stemming from the disclosure must only be passed to those who 'need to know'.
3. Does a bank establish a process to protect the discloser from unfair treatment for the speak-up?	V		3. Shared Investigative Services must ensure that all Speaking Up disclosures are recorded, reviewed and where appropriate, independent investigated. While the investigation is completed, a formal investigation report will be sent to Operation, Risk, Compliance and other related departments. Each department will take an appropriate action based on the risk severity.
(IV) Reinforce Information Disclosure Does a bank disclose the ethical corporate management on the official website and MOPS and its implementation status?	V		The Bank has adopted the concept of Ethical Corporate Management and incorporated into internal guidelines in order to comply with the relevant regulatory requirements. In addition, the implementation result is revealed in annual report and official website which is deemed to be effective. 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			

(VIII) Corporate Governance Principles and Inquiry of Relevant Regulations

Please refer to the Bank's website at https://www.sc.com/tw/ and the website of Market Observation Post System ("MOPS") at http://mops.twse.com.tw/.

(IX) Other Material Information

Please refer to the Bank's website at https://www.sc.com/tw/ and the website of Market Observation Post System ("MOPS") at http://mops.twse.com.tw/.

(X) Implementation of Internal Control System

1. Internal Control System Statement

Internal Control System Statement
Standard Chartered Bank (Taiwan) Limited

1. On behalf of Standard Chartered Bank (Taiwan) Limited (the "Company"), we hereby certify that, from 1 January to 31 December 2019, the Company has duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing an internal control system and implementing risk management procedures. The Company has been audited by an independent audit department that reports to the Board of Directors and Audit Committee regularly. With respect to the securities business, the Company has conducted an evaluation on the effectiveness of the design and implementation of its internal control system in accordance with the criteria provided 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 the Financial Supervisory Commission ("FSC").
2. With respect to the insurance agent business:
   (1) the Company bases its judgment concerning the design and implementation effectiveness of its internal control system on the criteria provided in the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies ("the Regulations") promulgated by the Financial Supervisory Commission ("FSC"), including control environment, evaluation of risk, control operation, information and communication, and supervision.
   (2) the Company has followed the above criteria to review the design and implementation effectiveness of its internal control system.
   (3) based on the review, the Company takes the view that its internal control system (including soundness of its operations, reliability of its financial reports, and compliance of applicable laws and regulations) is designed and implemented effectively to reasonably assure the achievement of the above mentioned objectives.
3. After prudent evaluation, except for the items listed in the attached schedule, the Company's departments/units have been found to implement effective internal control and compliance systems during the year to which this Statement relates. This Statement shall become a major part of the annual report and prospectus of the Company and be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities & Exchange Act and the Regulations.
4. This Statement has been approved by the Company's Board of Directors on 25 March 2020, in which all of the directors present agreed to the Statement.

This Statement is submitted to the FSC by

Chairman : (Signature)

President : (Signature)

Chief Internal Auditor : Vicki Yang (Signature)

Head of Compliance : Miranda Liao (Signature)

Date: 25 March 2019

Issues and Corrective Actions for the Company's Internal Control System
(As of 31 December 2019)

Issues for Improvement	Corrective Actions	Target Completion Date
Based on sample checks by Retail Risk Management in August 2019, some Personal Loan cases that had been disbursed through an online channel were identified to have violated the regulatory Debt Burden Ratio cap, which requires that all unsecured lending granted by all financial institutions to a borrower (including lending approved but not disbursed yet) shall not exceed 22 times of his/her average monthly income at drawdown.	1. The online Personal Loan drawdown system has been revisited and relevant scenario parameters have been reset before the re-launch of the automatic drawdown service on 7 November 2019. 2. A standard template of test scripts was established to ensure alignment between Business Requirement Documents ("BRDs") and Functional Specification Documents ("FSDs") as well as incorporation of relevant regulatory requirements. Also, controls over User Acceptance Testing ("UAT") and post-launch testing have been enhanced, requiring dedicated test cases or post-launch monitoring reports for regulatory requirements. Meanwhile, the importance to fully retain and file documents that evidence test script review has been re-emphasized. 3. In accordance with the FSC's official letter dated 10 September 2019, the Company will conduct a comprehensive review on the effectiveness of UAT, followed by a target audit by Internal Audit. Audit results are required to be reported to the Board and filed with the FSC.	Action 1 & 2: Completed; Action 3: by the end of June 2020.
A Business Banking Relationship Manager ("RM") collected unauthorized loan facilitation fee from 6 clients. The Financial Supervisory Commission ("FSC") imposed an Order for Correction on the Company on 9 December 2019.	1. The Company fully returned the fee to the clients, dismissed the RM , and filed a litigation against the RM. 2. Controls over the loan underwriting process have been reinforced. For example, to detect such instances, written reminders are added to application forms and facility letters, inquiries are made via phone calls or face-to-face visits during the application review process, and relevant questions on each fee the Company actually charges are included in the client satisfaction survey calls made post loan approval. 3. To enhance compliance awareness and compliance with the Company's Code of Conduct, this incident has been turned into a case study in staff training to prevent reoccurrence.	Action1 to 3: completed; Action 4: by the end of July 2020.

	4. Accounts of Business Banking RMs are targeted to be covered in the existing account monitoring scheme by the end of July 2020.	
A sales was found involved in a mortgage application supported by fraudulent financial supporting documents (i.e. falsified copies of other banks' savings account passbooks).	1. The sales was dismissed , and the Company also filed a litigation against the sales. 2. The overall mechanism to prevent and detect frauds has been enhanced and summarized as follows: (1) All mortgage applications shall be supported by income proofs issued by the Tax Bureau and such income proofs shall be downloaded and handled by independent administrative staff (rather than sales); (2) Telephone verification with each applicant who provides copies of savings account passbooks as supporting documents is enhanced to validate transactions listed on the copies. (3) Credit Initiation of Retail Risk Operations will reinforce the cross check of financial supporting documents that come from identical sources and for the same year. Any irregularities will be further investigated by Fraud Risk Management. 3. To enhance compliance awareness and compliance with the Company's Code of Conduct, this incident is used as a case study in regular/irregular staff training and staff townhalls to prevent reoccurrence.	Completed

Standard Chartered Bank (Taiwan) Limited
Statement on Internal Control for Anti-Money Laundering and Countering the Financing of Terrorism

On behalf of Standard Chartered Bank (Taiwan) Limited (the "Company"), we hereby certify that, from 1 January 2019 to 31 December 2019, the Company has duly complied with relevant regulations governing anti-money laundering ("AML") and countering the financing of terrorism ("CFT") in establishing an internal control system, implementing risk management, designating an independent and objective internal unit to conduct audit, and submitting the audit report periodically to the Company's Board of Directors and Audit Committee. Following prudent evaluation, it is found that each unit of the Company has effectively implemented internal controls for AML and CFT during the year.

TO

Financial Supervisory Commission

Undersigned:

Chairman: (Signature)

President: (Signature)

Chief Auditor: (Signature)

Chief AML/CFT Compliance Officer: (Signature)

Date: 25 March 2020

ITEM NO. X(a) APPENDIX 1

Declaration of Overall Information Security Implementation

On behalf of Standard Chartered Bank (Taiwan) Limited (the "Company"), we hereby certify that, from 1 January 2019 to 31 December 2019, the Company has duly complied with subparagraph 5 of Article 38 and Article 38-1 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", and self-disciplinary regulations of information security established by the Bankers Association. After prudent evaluation, except for the items listed in the attached schedule, it is found that each unit of the Company has effectively implemented overall information security control during the year. Any false representation in this Declaration shall be subjected to legal consequences.

This Statement is submitted to the Financial Supervisory Commission by:

Chairman: (Signature)

President : (Signature)

Chief Internal Auditor : (Signature)

Head of Information Security : (Signature)

Date: 25 March 2020



Issues and Corrective Actions for the Company's overall Information Security
(As of 31 December 2019)

Issues for Improvement	Corrective Actions	Target Completion Date
No material issue found	NA	NA

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

KPMG
安侯建業聯合會計師事務所
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Independent Auditors' Report on Internal Control

Standard Chartered Bank (Taiwan) Limited:

We have performed the procedures agreed with the Standard Chartered Bank (Taiwan) Limited ("the Bank") with respect to the accuracy of the report submitted to the authority, the execution status of internal control and regulatory compliance, and the appropriateness of policies for loan loss reserves for the year ended December 31, 2019. Above procedures are determined by the Bank as a final decision. Therefore, we don't express our opinions on the procedures which are sufficient or not. The service was provided in accordance with Statements on Auditing Standards No. 34 "Engagements to Perform Agree-Upon Procedures Regarding Financial Information". The purpose was to assist the Bank in assessing its compliance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" ("the Regulation") issued by the Financial Supervisory Commission. The aforementioned compliance with the regulation is the responsibility of the management of the Bank. Please refer to the appendix for the procedures applied, period tested, number of samples selected, and audit findings.

The work we performed does not constitute an audit made in accordance with Generally Accepted Auditing Standards in the Republic of China. We do not express any assurance on the accuracy of the report submitted to the authority, the execution status of internal control and regulatory compliance, and the appropriateness of policies for loan loss reserves. Had we performed additional procedures or had we performed an audit made in accordance with Generally Accepted Auditing Standards in the Republic of China, other matters might have come to our attention that would have been reported to you.

The report is intended solely for the information and is used to the purpose mentioned in the first paragraph. It should not be used to any other purpose or by anyone other than these specified parties.

KPMG
March 25, 2020

安侯建業聯合會計師事務所
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Independent Auditors' Report on Internal Control

Standard Chartered Bank (Taiwan) Limited:

We have audited the design and implementation of internal control system (include the financial reports submitted to the competent authority in accordance with the financial reporting internal control system) and compliance system of the insurance agent department of Standard Chartered Bank (Taiwan) Limited for the year end December 31, 2019. Establishing and maintaining an adequate internal control system are the responsibilities of the Bank's management. Our responsibility is to express an opinion on the internal control system mentioned above for the insurance agent department of Standard Chartered Bank (Taiwan) Limited based on our audits.

We conducted our audits in accordance with the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies. The audit procedures include understanding and evaluating the design of the internal control system referred to the first paragraph; testing and evaluating the implementation of the internal control system referred to the first paragraph, as well as other procedures we considered necessary. We believe that our audits provide a reasonable basis for our opinion.

An internal control system is subjected to inherent limitations. Therefore, the internal control system of the insurance agent department of Standard Chartered Bank (Taiwan) Limited referred to the first paragraph may failed to detect any errors or fraud that have occurred. Moreover, the degree of compliance with the internal control system may be reduced due to the uncertainty of external environment in the future. As a result, the effectiveness of internal control system in this period does not mean that it will be effective in the future.

KPMG

In our opinion, the design and implementation of internal control system regarding to financial reporting (include the accuracy of the financial reports submitted to the competent authority in accordance with the financial reporting internal control system) and ensuring securities of assets (means preventing unauthorized acquisition, use, and disposition of assets), in all material respects, are in conformity with the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies. The design and implementation of compliance system is in conformity with related regulations.

KPMG
March 25, 2020

(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	The Bank's ex-employee altered customers' lists of income which had been used as financial statements for applying for the mortgage loans with the Bank in 2018. The Bank found the altered information and filed a criminal claim against the said ex-employee. The Taiwan Taipei District Prosecutors Office conducted an investigation accordingly and indicted the said ex-employee in February 2020.
2. Any fine imposed by the FSC for violation of a law or regulation or any matters in which sanctions were imposed by the FSC pursuant to Article 61-1 of the Banking Act, or any disciplinary action was imposed to employees failing to abide by internal control rules; if the outcome could materially impact shareholders' equity or the prices of the company's securities, or meet the conditions stipulated in Article 2 of Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation, it shall be disclosed with respect to the penalty content, major deficiencies and improvement plan.	None
3. 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 NTD50million, individually or totally, in the respective year.	None
4. Other matters required to be disclosed by FSC	1. The Bank was found that it did not appropriately establish criteria to take into consideration limits granted by other banks when approving clients' derivative lines. This is in violation of Paragraph 1 of Article 61-1 of the Banking Act. (21 February 2018) 2. The former staff of the Bank over reported the amount of loan to the customers, which may cause the deficiency in local overcharge. This is in violation of Paragraph 1 of Article 61-1 of the Banking Act. (9 December 2019) 3. The former staff of the Bank used falsified copies of saving account passbook which was submitted as supporting documents for the mortgage loan applications. This is in violation of Paragraph 1 of Article 61-1 of the Banking Act. (21 April 2020)

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

Date	Type of Meeting	Major Resolution	Execution Status
28/01/2019	Monthly Meeting of Board of Directors	1. MATERIAL INCIDENT REPORT: CHU PEI BRANCH ATM CASH SHORTAGE INCIDENT (REPORTED TO BB ON 13 NOVEMBER 2018)	1. Approve to execute as per resolution
		2. EVALUATION MECHANISM FOR IMPLEMENTATION OF "TREAT CUSTOMER FAIRLY" PRINCIPLES BY FINANCIAL SERVICE INDUSTRY	2. Approve to execute as per resolution
		3. UPDATE ON PERFORMANCE ASSESSMENT OVER TAIWAN PROPERTY SERVICE PROVIDER AND THE RECOMMENDATIONS FOR PROPERTY SERVICE PROVIDER CONTRACT	3. Approve to execute as per resolution
		4. APPROVAL FOR RELATED PARTY TRANSACTION OF UNDERWRITING SENIOR NOTE ISSUANCE WITH SCB GROUP ENTITIES	4. Approve to execute as per resolution
		5. APPROVAL OF 2018 TOTAL VARIABLE COMPENSATION PAYMENT	5. Approve to execute as per resolution
		6. REVIEW ON TERMS OF REFERENCE OF EXECUTIVE COMMITTEE	6. Approve to execute as per resolution
25/03/2019	Quarterly Meeting of Board of Directors	1. 2018 ANNUAL FINANCIAL STATEMENTS, BUSINESS REPORT AND PROFIT ALLOCATION STATEMENT OF THE COMPANY	1. Approve to execute as per resolution
		2. APPROVAL OF COUNTRY RECOVERY PLAN AND RETIREMENT OF EMERGENCY MEASURES FOR OPERATIONAL CRISIS	2. Approve to execute as per resolution
		3. APPROVAL OF 2018 INTERNAL CONTROL STATEMENT OF THE COMPANY (BANKING, SECURITIES, BANCA, & FCC)	3. Approve to execute as per resolution
		4. UPDATE ON IMPLEMENTATION OF "TREAT CUSTOMER FAIRLY" PRINCIPLES BY FINANCIAL SERVICE INDUSTRY	4. Approve to execute as per resolution
		5. AMENDMENT TO DELEGATION OF AUTHORITY OF THE COMPANY	5. Approve to execute as per resolution
		6. APPROVAL OF APPOINTMENT OF HEAD OF ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING	6. Approve to execute as per resolution
		7. REVIEW ON GOVERNANCE FRAMEWORK OF PERFORMANCE EVALUATION AND REMUNERATION STANDARD	7. Approve to execute as per resolution
		8. UPDATE ON BOARD EFFECTIVENESS REVIEW RESULTS	8. Approve to execute as per resolution
25/06/2019	Quarterly Meeting of Board of Directors / Shareholders' Meeting	1. APPROVAL OF 2018 ANNUAL REPORT	1. Approve to execute as per resolution
		2. APPROVAL OF 2018 FINANCIAL STATEMENTS, BUSINESS REPORT, AND PROFIT ALLOCATION STATEMENT OF THE COMPANY	2. Approve to execute as per resolution
		3. UPDATE ON REGULATORY FINE	3. Approve to execute as per resolution
		4. UPDATE ON IMPLEMENTATION OF "TREAT CUSTOMER FAIRLY" PRINCIPLES BY FINANCIAL SERVICE INDUSTRY	4. Approve to execute as per resolution
		5. AMENDMENT TO DELEGATION OF AUTHORITY OF THE COMPANY	5. Approve to execute as per resolution

Continued

Date	Type of Meeting	Major Resolution	Execution Status
		6. APPROVAL OF CARD FRAUD DETECTION FUNCTIONS OUTSOURCED TO GBS KL	6. Approve to execute as per resolution
		7. APPROVAL OF DATA OFFSHORE OUTSOURCED TO ATOS INFORMATION TECHNOLOGY HK LTD FOR DIALLER SYSTEM	7. Approve to execute as per resolution
		8. UPDATE ON THE SALE OF DMR BUILDING	8. Approve to execute as per resolution
		9. APPROVAL OF PROPERTY FACILITIES AND PROJECT MANAGEMENT CONTRACT RENEWAL	9. Approve to execute as per resolution
		10. APPROVAL OF CONTRACT EXTENSION TO GROUP DATA CENTRE AND RELATED SERVICES	10. Approve to execute as per resolution
		11. APPROVAL FOR RELATED PARTY TRANSACTION OF PROVIDING INFORMATION AND ADVISORY SERVICES ON OFFSHORE FINANCIAL DERIVATIVES AND FOREIGN BOND AGENCY	11. Approve to execute as per resolution
		12. APPROVAL OF NEW DERIVATIVE PRODUCT LAUNCH – SYNTHETIC BORROWING UNIT (SBU)	12. Approve to execute as per resolution
		13. APPROVAL FOR RELATED PARTY TRANSACTION OF UNDERWRITING SENIOR NOTE ISSUANCE FOR GROUP ENTITIES	13. Approve to execute as per resolution
		14. APPROVAL OF APPOINTMENT OF HEAD OF CORPORATE GOVERNANCE	14. Approve to execute as per resolution
		15. ADOPTION OF THE REVISED DELEGATED AUTHORITIES MANUAL AND REVIEW OF THE CHIEF EXECUTIVE OFFICER'S FINANCIAL LIMITS	15. Approve to execute as per resolution
		16. UPDATE ON CORPORATE GOVERNANCE STRUCTURE	16. Approve to execute as per resolution
		17. AMENDMENT TO THE BYLAWS OF THE COMPANY	17. Approve to execute as per resolution
		18. AMENDMENT TO THE ARTICLE OF INCORPORATION OF THE COMPANY	18. Approve to execute as per resolution
30/08/2019	Quarterly Meeting of Board of Directors	1. APPROVAL OF 2019 FIRST SEMI-ANNUAL AUDITED FINANCIAL STATEMENTS OF THE COMPANY	1. Approve to execute as per resolution
		2. UPDATE ON IMPLEMENTATION OF "TREAT CUSTOMER FAIRLY" PRINCIPLES BY FINANCIAL SERVICE INDUSTRY	2. Approve to execute as per resolution
		3. AMENDMENT TO THE BYLAWS	3. Approve to execute as per resolution
		4. ADOPTION OF COUNTRY RISK TYPE FRAMEWORK	4. Approve to execute as per resolution
		5. AMENDMENT OF TERMS OF REFERENCES FOR EXECUTIVE RISK COMMITTEE	5. Approve to execute as per resolution
		6. RELATED PARTY TRANSACTIONS	6. Approve to execute as per resolution
		7. APPROVAL OF ONEBANK CDD SYSTEM OUTSOURCED TO SCB UK AND LOGISTIC SUPPORT PROCESS OUTSOURCED TO GBS	7. Approve to execute as per resolution
		8. APPOINTMENT OF COUNTRY CHIEF OPERATING OFFICER	8. Approve to execute as per resolution
		9. APPOINTMENT OF COUNTRY CHIEF INFORMATION OFFICER	9. Approve to execute as per resolution
		10. REVIEW ON AUDIT COMMITTEE TOR	10. Approve to execute as per resolution
		11. REVIEW ON REMUNERATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR	11. Approve to execute as per resolution

Continued

Date	Type of Meeting	Major Resolution	Execution Status
08/10/2019	Ad-hoc Meeting of Board of Directors	1. DIRECTORATE 2. CHAIRMAN ELECTION	1. Approve to execute as per resolution 2. Approve to execute as per resolution
08/10/2019	Ad-hoc Meeting of Board of Directors	1. ACKNOWLEDGEMENT OF TAIWAN MANAGEMENT TEAM 2. APPOINTMENT OF COUNTRY CHIEF FINANCIAL OFFICER 3. APPOINTMENT OF HEAD OF WEALTHY MANAGEMENT	1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution
25/11/2019	Quarterly Meeting of Board of Directors	1. APPROVAL OF 2020 STRATEGY OF THE COMPANY 2. APPROVAL OF 2020 ANNUAL BUDGET OF THE COMPANY 3. APPROVAL OF TERMS OF REFERENCE FOR ASSETS AND LIABILITIES COMMITTEE 4. APPROVAL OF 2019 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP") 5. APPROVAL OF 2019 REMUNERATION OF THE CERTIFIED PUBLIC ACCOUNTANT ("CPA") OF THE COMPANY 6. APPROVAL OF KEY AUDIT MATTERS FOR 2019 FINANCIAL STATEMENTS 7. APPROVAL OF USD1.46M ADVANCED FUND TO LINE BANK PREPARATORY OFFICE 8. UPDATE ON IMPLEMENTATION OF "TREAT CUSTOMER FAIRLY" PRINCIPLES BY FINANCIAL SERVICE INDUSTRY 9. APPROVAL OF RENEWAL OF TFN CONTRACT 10. APPROVAL OF CONTRACT EXTENSION FOR OUTSOURCED TECHNOLOGY SERVICES TO SCB GROUP 11. APPROVAL OF APPOINTMENT OF HEAD OF COMMERCIAL BANKING 12. RENEWAL OF DIRECTORS' AND OFFICERS' LIABILITY INSURANCE	1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution 6. Approve to execute as per resolution 7. Approve to execute as per resolution 8. Approve to execute as per resolution 9. Approve to execute as per resolution 10. Approve to execute as per resolution 11. Approve to execute as per resolution 12. Approve to execute as per resolution
15/01/2020	Monthly Meeting of Board of Directors	1. APPROVAL OF AMENDMENT OF RISK TYPE FRAMEWORK 2. UPDATE ON SIGNIFICANT REGULATORY ISSUE 3. UPDATE ON IMPLEMENTATION OF "TREAT CUSTOMER FAIRLY" PRINCIPLES BY FINANCIAL SERVICE INDUSTRY 4. UPDATE ON LINK BANK STRATEGIC INVESTMENT 5. APPROVAL OF 2019 TOTAL VARIABLE COMPENSATION PAYMENT 6. APPROVAL OF APPOINTMENT AND REMOVAL OF CHIEF ACCOUNTANT 7. APPROVAL FOR RELATED PARTY TRANSACTION OF UNDERWRITING SENIOR NOTE ISSUANCE FOR STANDARD CHARTERED PLC, STANDARD CHARTERED BANK, NEW YORK BRANCH OF STANDARD CHARTERED BANK, STANDARD CHARTERED BANK (SINGAPORE) LIMITED AND STANDARD CHARTERED BANK (HONG KONG) LIMITED 8. AMENDMENT TO THE BYLAWS OF THE COMPANY	1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution 6. Approve to execute as per resolution 7. Approve to execute as per resolution 8. Approve to execute as per resolution

Continued

Date	Type of Meeting	Major Resolution	Execution Status
25/03/2020	Quarterly Meeting of Board of Directors	1. APPROVAL OF COUNTRY RECOVERY PLAN	1. Approve to execute as per resolution
		2. 2019 ANNUAL FINANCIAL STATEMENTS, BUSINESS REPORT AND PROFIT ALLOCATION STATEMENT OF THE COMPANY	2. Approve to execute as per resolution
		3. APPOINTMENT AND DISCHARGE OF THE CERTIFIED PUBLIC ACCOUNTANT OF THE COMPANY	3. Approve to execute as per resolution 4. Approve to execute as per resolution
		4. ANNUAL REVIEW OF ENTERPRISE RISK MANAGEMENT FRAMEWORK	5. Approve to execute as per resolution
		5. ANNUAL REVIEW OF RISK APPETITE STATEMENT	6. Approve to execute as per resolution
		6. ANNUAL REVIEW OF TERMS OF REFERENCES OF EXECUTIVE RISK COMMITTEE	7. Approve to execute as per resolution
		7. AMENDMENT TO DELEGATION OF AUTHORITY OF THE COMPANY	8. Approve to execute as per resolution
		8. APPROVAL OF 2019 INTERNAL CONTROL STATEMENT OF THE COMPANY (BANKING, SECURITIES, BANCA, & FCC)	9. Approve to execute as per resolution
		9. UPDATE ON IMPLEMENTATION OF "TREAT CUSTOMER FAIRLY" PRINCIPLES BY FINANCIAL SERVICE INDUSTRY (including evaluation result for TCF annual self-assessment)	10. Approve to execute as per resolution
		10. AMENDMENT TO INTERNAL AUDIT CHARTER	11. Approve to execute as per resolution
		11. HEAD OFFICE PROJECT	12. Approve to execute as per resolution
		12. APPROVAL OF DIVESTMENT STRATEGY OF NON-CORE PROPERTIES	13. Approve to execute as per resolution
		13. APPOINTMENT OF HEAD OF GLOBAL BANKING	14. Approve to execute as per resolution
		14. UPDATE ON BOARD EFFECTIVENESS REVIEW RESULTS	

(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
Chief Financial Officer	Rangus Hok Hoi Tse	01/03/2016	31/08/2019	Resigned
Chief Accountant	Kim Chang	14/11/2018	01/02/2020	Resigned

Note : Foregoing information on persons refers to the Chairman, Chief Executive Officer, Chief Financial Officer, Head of Accounting, Internal Auditor and Corporate Governance Officer, etc.

V. Information on CPA Charges

(I) CPA Charges and Fee Brackets

Name of CPA Firm	Name of CPA		Audit Period
KPMG	Yung-Sheng Wang (Victor Wang)	Yuan-Sheng Yin (Jason Yin)	Fiscal Year 2019

Unit : NTD'000

Bracket	CPA Charge	Audit Fee	Non-audit Fee	Total
1	Less than 2,000			
2	2,000 (inclusive) - 4,000			
3	4,000 (inclusive) - 6,000		5,100	5,100
4	6,000 (inclusive) - 8,000			
5	8,000 (inclusive) - 10,000			
6	Over 10,000 (inclusive)	10,310		10,310
Total		10,310	5,100	15,410

(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 :

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	Yung - Sheng Wang Yuan - Sheng Yin	10,310				5,100	5,100	01/01/2019-31/12/2019	Non-audit Fee : 1. Internal Control 2. Anti Money Laundering and Counter Financing of Terrorism 3. Personal Data Protection 4. Capital Adequacy Ratio

(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 10% less or more below the fee charged for the previous year :

None

VI. Information on Change of CPA :

(I) The former certified public accountant

Date of replacement of the certified public accountant	25 March 2020		
Reason for replacement of the certified public accountant	To cooperate with the group policy and strengthen corporate governance, replace the CPA Firm and the certified public accountant		
Specifying whether it was the certified public accountant that voluntarily ended the enga gement or declined further engagement, or the company that terminated or discontinued the engagement	Party / Status	CPA	The Bank
	Voluntarily ended the engagement		V
	Declined further engagement		
If the former certified public accountant issued an audit report expressing other than an unqualified opinion during the 2 most recent years, furnish the opinion and reason.	None		
Any disagreement between the Bank and the former certified public accountant	Yes		Accounting principles or practices
			Financial report disclosure
			Auditing scope or procedure
			Others
	None	V	
Other items disclosed (pursuant to item 1 to (4) of subsection 6 , Article 10 of the Regulations)	None		

(II) The successor certified public accountant

Name of CPA Firm	Ernst & Young Taiwan
Name of CPA	Bob Chang, James Huang
Date of Engagement	25 March 2020
Prior to the formal engagement of the successor certified public accountant, the consultations and the consultation results regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Bank's financial report	None
Written Opinion from the successor certified public accountant regarding the matters on which the Bank did not agree with the former certified public accountant	None

(III) The reply letter from the former certified public accountant pursuant to item 1 and item 2 to (3) of subsection 6, Article 10 of the Regulations : None

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

VIII. 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 NEA Limited. The directors and executive officers are appointed as legal representatives by the Bank's parent company.

IX. Information on Top 10 shareholders among which are related parties, spouses, or relatives within 2nd degree relationship : None

X. The shares and consolidated shareholding ratios of the same investees directly and indirectly held by the Bank, the Bank's directors, supervisors, executive officers, function heads, branch managers

Unit : Share

Name of Investee Company	The Bank's Investment		Investment by Directors, Supervisors, Executive Officers, Function Heads, Branch Managers and the Entities Directly or Indirectly Controlled by the Bank		Comprehensive Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Taiwan Small and Medium Enterprises Development Co., Ltd.	3,417,440	4.84%	-	-	3,417,440	4.84%
Universal Venture Fund Co., Ltd.	558,255	4.76%	-	-	558,255	4.76%
Financial Information Service Co., Ltd.	5,937,750	1.14%	-	-	5,937,750	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%
TSC Bio-Venture Capital Corp.	850,500	5.00%	-	-	850,500	5.00%
Sun Asset Management Corp.	84,980	1.42%	-	-	84,980	1.42%



As a responsible corporation, the Bank continues its commitment to environmental protection. We launched "EcoLife" campaign on Earth Day, 22 April by advocating employees for less plastic lifestyle.



Chapter 4

Fund Raising

74 Capital and Shares

78 Issuance of Financial Debentures

80 Preferred Stocks, Overseas Depository Receipts, Employee Stock Options, and Restricted Stock Awards

80 Acquisitions or Assignment Involving Other Financial Institutions

81 Capital Utilization Plan and Execution Status

Over 200 runners volunteered as running buddy for the 32 visually impaired, and helped the VI runners and low-income youths to realize their dreams through the "Standard Chartered Taipei Charity Marathon", the largest charitable race event in Taiwan.



I. Capital and Shares

(I) Source of Capital

Unit : Share ; NTD

Month & Year	Issues Price	Authorized Capital		Paid-in Capital		Remark	
		No. of Shares	Amount	No. of Shares	Amount	Source of Capital	Other
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 (Note2)	Refer to the letter from the Investment Commission of MOEA with Ref. No.: Jing-Shen-I-Zi-096002111280 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 : Standard Chartered Bank acquired over 95% common stock of Hsinchu International Bank ("HIB") in 2006. HIB was delisted afterwards. This above is the capital after the acquisition of HIB.

Note 2 : Following the capital increase by cash in June 2007, Standard Chartered Bank Taipei Branch officially merged with HIB on 30 June 2007 and renamed to "Standard Chartered Bank (Taiwan) Limited" on 2 July 2007.

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 30 April 2020

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

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

(III) Distribution of Equity Holdings

As of 30 April 2020

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

Note : Par Value NTD 10

(IV) List of Major Shareholders

As of 30 April 2020

Name of Major Shareholders \ Shares	Number of Shares	Shareholding (%)
Standard Chartered NEA Limited	2,910,571,976	100

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

Item \ Year			As of 31 March 2020 (Note 3)	2019	2018
Market Value Per Share (Note 1)	Highest		-	-	-
	Lowest		-	-	-
	Average		-	-	-
Net Worth Per Share	Before Appropriation		**16.12**	15.75	15.51
	After Appropriation		-	(Note 2)	14.88
Earnings Per Share	Weighted Average Shares (thousand shares)		**2,910,572**	2,910,572	2,910,572
	Earnings Per Share		**0.97**	0.86	0.94
Dividends Per Share	Cash Dividends		-	(Note 2)	0.63
	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 2019 earnings appropriation of the Bank is yet approved by the Shareholders' Meeting.

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

(VI) Dividend Policy and Enforcement

Refer to Earnings Appropriation and Dividend Policy in Financial Statements of Appendix 1 on page 49.

(VII) Impact of Stock Dividends on Business Performance and EPS :

Not Applicable

(VIII) The Remuneration to Employees, Directors, and Supervisors

1. The ratio or range of remuneration to employees, directors, and supervisors as set forth in the Bank's Articles of Association: Refer to Earnings Appropriation and Dividend Policy in Financial Statements of Appendix 1 on page 49.
2. Proposal for the distribution of employees' remuneration resolved by the Board of Directors: Refer to the Employee Benefits Expense in Financial Statements of Appendix 1 on page 56.
3. Earnings in the previous year allocated to the remuneration to employees, directors and supervisors: Refer to Earnings Appropriation and Dividend Policy in Financial Statements of Appendix 1 on page 49.

(IX) Share Buyback History :

None

II. Issuance of Financial Debentures

Type of Financial Debenture	4th Financial Debenture in 2011				2nd Financial Debenture in 2014
	A Issue	B Issue	C Issue	D issue	
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-10000122100				Jin-Guan-Yin-Waizi-10300328080
Date of Issuance	29/06/2011				18/12/2014
Par Value	NTD 1,000,000				USD 1,000,000
Location of Issuance and Trading	Taiwan, R.O.C				Taiwan, R.O.C
Currency	New Taiwan Dollar				US Dollar
Issue Price	100				100
Total Amount	2,000,000 (thousand)	400,000 (thousand)	1,000,000 (thousand)	2,000,000 (thousand)	200,000 (thousand)
Interest Rate	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%	Fixed Rate : 4.5%
Maturity	3 years (maturity on 29 June 2014)	2 years (maturity on 29 June 2013)	3 years (maturity on 29 June 2014)	10 years (maturity on 29 June 2021)	10 years (maturity on 18 December 2024)
Seniority	Primary-Lien				Subordinated
Guarantor	N/A				N/A
Trustee	N/A				N/A
Underwriter	Institutions with financial advisory license : SCB Taipei Branch, Grand Cathy Securities, Yuanta Securities, Masterlink Securities,				Institutions 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 accrued & paid quarterly, and full payment on principal upon maturity				Interest paid semi-annually, and full payment on principal upon maturity
Balance Outstanding	0 (thousand)	0 (thousand)	0 (thousand)	2,000,000 (thousand)	200,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)				29,105,720 (thousand)
Audited Net Worth in Previous Year	38,289,788 (thousand)				41,338,012 (thousand)
Repayment Status	Normal				Normal
Terms of Redemption or Early Repayment	N/A				The issuer shall redeem the financial debenture with full principal upon maturity on 18 December 2024. No early redemption is allowed.

Continued

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 total capital adequacy ratio and 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 (%)	121.74%	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), 29 June 2011	Fitch Ratings, AA+(twn), 18 December 2014

III. Preferred Stocks, Overseas Depository Receipts, Employee Stock Options, and Restricted Stock Awards :

None

IV. Acquisitions or Assignment Involving Other Financial Institutions :

None

V. Capital Utilization Plan and Execution Status

(I) Capital Utilization Plan

There was no new issue of debentures in the year of 2019 and 2018.

(II) Execution Status of the Capital Utilization Plan

1.There was no new issue of debentures in the year of 2019 and 2018.

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

Unit : NTD'000 ; %

	31 December 2019	31 December 2018	31 December 2017
Medium and Long Term Loan	**235,470,175**	231,592,578	214,073,575
Increase / (Decrease)	**3,877,597**	17,519,003	3,185,929
Capital Adequacy Ratio	**15.84 %**	15.80 %	16.19%
Increase / (Decrease)	**0.04%**	(0.39%)	1.08%



Supported by the Bank's senior management, the EcoLife campaign advocated employees to protect the earth by living with low-carbon behaviours.



Chapter 5

Operations Overview

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2020 Standard Chartered Taipei Charity Marathon encouraged people to run "Without Limits" while helped the disadvantaged youth to pursue their dream jobs.



I. Scope of Business

(I) Primary Business of Respective Business Division

1. Retail Banking

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

2. Commercial Banking

Commercial Banking mainly serves corporate clients, particularly companies 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. Corporate & Institutional Banking

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

(II) Ratio of Major Businesses and Changes

1. Ratio of Major Businesses to Total Assets

(1) Deposits and Remittances

Unit : NTD'000

	31 December, 2019		31 December 2018		
	Amount	Ratio (%)	Amount	Ratio (%)	Growth Rate (%)
Savings Deposits	**160,500,102**	**31.21**	157,365,774	30.81	1.99
Time Deposits	**146,135,224**	**28.42**	195,972,625	38.37	(25.43)
Demand Deposits	**204,044,123**	**39.68**	154,934,454	30.33	31.70
Checking Accounts Deposits	**3,382,794**	**0.66**	2,271,306	0.45	48.94
Remittances	**178,108**	**0.03**	224,109	0.04	(20.53)
Total	**514,240,351**	**100.00**	510,768,268	100.00	0.68

(2) Discounts and Loans

Unit : NTD'000

	31 December, 2019		31 December, 2018		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Bills Negotiations/Discounted	**386,206**	**0.13**	1,283,594	0.45	(69.91)
Short-term Loans and Overdrafts	**43,194,303**	**15.06**	42,282,793	14.98	2.16
Short-term Secured Loans	**7,604,525**	**2.65**	6,663,986	2.36	14.11
Medium-term Loans	**45,544,865**	**15.88**	45,726,084	16.20	(0.40)
Medium-term Secured Loans	**2,414,300**	**0.84**	3,360,990	1.19	(28.17)
Long-term Loans	**9,797,523**	**3.42**	8,342,852	2.96	17.44
Long-term Secured Loans	**177,713,487**	**61.96**	174,162,652	61.71	2.04
Non-accrual Loans	**205,511**	**0.07**	429,658	0.15	(52.17)
Total	**286,860,720**	**100.00**	282,252,609	100.00	1.63

2. Growth and Changes of Major Businesses

Unit : NTD'000

Item		31 December 2019	31 December 2018	Increase (Decrease)	Growth Rate (%)
Deposits and Remittance		**514,240,351**	510,768,268	3,472,083	0.68
Discounts and Loans		**286,860,720**	282,252,609	4,608,111	1.63
Guarantees		**3,715,079**	4,350,959	(635,880)	(14.61)
Consumer Banking	No. of Credit Cards Issued	**3,530,344**	3,473,223	57,121	1.64

Unit : NTD'000

Item		2019	2018	Increase (Decrease)	Growth Rate (%)
Sales Volume of Non-discretionary Money Trust Investing in Domestic & Foreign Securities		**61,235,833**	62,338,676	(1,102,843)	(1.77)
Foreign Eaxchange (USD'000)	International Exchange	**255,293,819**	272,711,333	(17,417,514)	(6.39)
	Import	**1,100,272**	1,062,422	37,850	3.56
	Export	**4,547,682**	6,285,821	(1,738,139)	(27.65)
	Total	**260,941,773**	280,059,576	(19,117,803)	(6.83)

(III) Business Plan for 2019

1. Retail Banking

(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.

2. Commercial Banking

(1) Continue to deepen client relationships by providing suitable financial solutions and advisory services that cater customers' needs.
(2) Actively develop supply chain finance to support clients to access funds quickly, in order to enhance our efficiency and expand market share.
(3) Increase cross-border opportunities from international trade by leveraging our strong network and the government's New Southbound Policy.
(4) Continue to promote S2B services to help clients on efficient treasury management.
(5) Optimize client coverage model to centralize resources, reduce cost and improve efficiency.
(6) Fulfill our corporate social responsibilities to meet expectation from regulators.
(7) Maintain disciplined risk management.

3. Corporate & Institutional Banking

(1) Deepen relationships with key clients to become their "Bank of Choice" in Greater China region and our network.
(2) Continue to expand product competitiveness through strategic and value-added solutions as well as leverage our RMB product capabilities and leadership in Formosa Bond.
(3) Strengthen network connectivity to support Taiwanese clients expanding to overseas, particularly in Greater China, ASEAN countries and India.
(4) Multiply leadership capabilities by nurturing mid-level managers and leveraging Taiwan as cradle of talents for our network.

(IV) Market Analysis

1. Domestic Economic and Financial Conditions

Taiwan's real GDP growth in 2019 remained strong at 2.7%. Taiwan has emerged as among the largest beneficiary of diverted trade flow resulting from the on-going trade dispute between the US and China. The government also undertook several initiatives (i.e. raising minimum wage, subsidies for purchase of energy saving automobile, and higher income tax rebate, etc.) in bids to shore-up domestic demand which partially offset the slowdown in exports growth.

As for 2020, the economy will continue to benefit from reshoring activity and diverted trade flows due to the US-China dispute, setting it apart from most Asian peers. Indeed, total pledged investment from returning Taiwanese enterprises reached NTD 700 billion in 2019, as Taiwanese manufacturers opted to expand capacity in Taiwan to mitigate risks due to the US-China trade tensions.

In addition, we are cautiously upbeat on the local high-tech sector in 2020 than in 2019. Global semiconductor equipment sales registered positive growth for two consecutive months in November 2019, according to industry group SEMI. This suggests global semiconductor sales may bottom out in 2020. Considering that the high-tech sector accounts for more than one-third of Taiwan's manufacturing sales, the improving technology outlook should support business confidence and capex. It also bodes well for manufacturing hiring and consumer spending in 2020.

Taiwan faces several potential risks, however. Despite benefits from reshoring and diverted demand, the economy remains heavily exposed to the global trade cycle. It is also highly dependent on Mainland China, even as the government tries to help local businesses diversify into other growth markets via its "New Southbound Policy". Taiwan is not insulated from the global economy or a potential sharper-than-expected slowdown in China's growth. The current wave of reshoring activity is likely to be short-term in nature and cannot be sustained without an improvement in the global growth outlook in our view.

The novel coronavirus outbreak is potentially a 'black swan' event. A deeper but shorter-lived downturn in global growth is likely in the early months of 2020, in our view. Notably, China's growth matters more for the rest of the world now than in 2003 following the SARS outbreak. However, we believe preventive measures already imposed by Chinese and global authorities should curtail the virus' proliferation period.

Taiwan central bank lowered its benchmark policy rate by 25bps to 1.125% in March 2020. We believe policy makers will remain vigilant to the downside risks of economic growth as well as rising market volatility due to the coronavirus outbreaks. With the central bank's shift to easing bias, we expect Taiwan's central bank to cut interest rates again in Q2 and Q3, respectively, this will take the benchmark policy rate to 0.75% by the end of 2020.

2. Market Outlook and Growth Potential

Looking forward in 2020, the Bank will continue to focus on executing our refined strategy to enable franchise growth in the three client businesses and providing clients with complete financial solutions. In 2019, the Bank has delivered strong client income growth and demonstrated our ability to innovate through the various digital implementations and this momentum will continue in 2020. New technologies are rapidly changing the playing field. To stay ahead of the curve, the Bank will focus on driving new opportunities and improving our day-to-day operations through better use of technology. The Bank has also demonstrated our commitment to the Taiwan market through our 5% investment in LINE Bank in 2019. By leveraging our global network, the Bank is well positioned to become clients' most trusted partner to explore opportunities in "New Southbound Policy", supply chain re-configuration in Asia, global technology investment and green energy development in Taiwan.

Retail Banking : The Bank has made good progress in Priority segment and has launched Premium Banking segment in 2019. Our refined strategic direction remains on growing client sub-segment value proposition and digital transformation to drive new business models, better client servicing and also uplifting productivity and efficiency. We will continue to innovate and invest for the future.

Commercial Banking : The Bank will leverage on our network advantage to focus on deepening of client relationships, acquiring new clients by targeted sectors and tailored strategic solutions, and driving digitization opportunities with our partners.

Corporate & Institutional Banking : With China and ASEAN countries being major trading partners of Taiwan and our unique position, the Bank will focus on our strategic priorities to capture network opportunities and capitalise our product edge of Financial Institution.

The banking sector is facing various challenges and undergoing a major transformation with more stringent regulatory and capital requirements as well as increasing competitions from FinTech players. However, opportunities are also significantly greater through adoption of new technologies. With robust capital, more diversified business, embedment of the right culture, deep rooted franchise and largest branch network among foreign banks, we are in a unique position as a lead innovator to provide customer-centric services at all levels. Our long-term commitment to Taiwan, to customers, to shareholders and to employees is a strong reflection of living up to the Bank's mission "Driving Commerce and Prosperity through our Unique Diversity".

3. Strength, Weakness and Countermeasure of Future Development

(1) 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.

(2) 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.

(3) Countermeasure :

The Bank should leverage on its extensive network to seek out ever increasing cross-border opportunities and seek to continue to be the bank of choice for Taiwanese businesses 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

Central Bank of the R.O.C. (Taiwan) approved the Bank's application for Synthetic Borrowing Unit (SBU) linked Non Deliverable Forward and Non Deliverable Cross Currency Swap on 23 October 2019. The Bank plans to start the business in 2020.

Taipei Exchange added the Islamic Fixed Income Securities (Sukuk) on 14 June 2019 as a foreign currency denominated international bonds in Taiwan. The Bank assisted one foreign issuer to issue the first Islamic fixed income securities (Sukuk) listed in Taiwan on 7 February 2020.

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, information security upgrade to keep system resilience and availability. Modern technologies are also applied to develop new products and support business development of the Bank. The major projects include operation system upgrade, mail server upgrade, database integration, process automation, network equipment upgrade, information security health assessment, and cyber attack drill on ATM, DDoS, etc.

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) Continue to develop and select comprehensive suite of wealth management products to fulfill customers' financial needs; provide wealth management ("WM") planning and advisory services as well as strengthen transactional capabilities to maintain customer relationships.
(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.
(10) Establish client and product classification in accordance with the existing regulations and regulatory requirements; combine with WM planning and customer risk review to grow scale and fee income through customer relationship and fidelity enhancement.
(11) Continue to focus on capital-lite income as well as Corporate Finance deals in order to expand cross-sell business.
(12) Seize the business opportunities created by repatriation of offshore fund by Taiwanese corporate and related investment in ASEAN by leveraging our network strength on regional solutioning.

2. Long-Term Plan

(1) Continue to enhance banking systems by adapting Cloud, AI, API technology, and migrate to 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) Through diversified products and convenient transactional platform to provide a full suite of WM services with tailored-made asset allocation plans and comprehensive advisory for customers.
(4) Become the Bank of Choice for Taiwanese Corporate & Institutional Banking customers and expand overseas markets into SCB footprint, by leveraging our extensive Greater China network and international presence in emerging markets, as well as through our comprehensive product services in cross-border solutions in transaction banking, RMB leadership, capital markets and corporate finance.

II. Employee Analysis

(I) Employee Profile

Unit: Number of People

	Year	As of 30 April 2020	2019	2018
Gender	Female	**2,023**	2,037	2,050
	Male	**916**	943	968
	Total	**2,939**	2,980	3,018
Average Age		**41.18**	40.97	40.40
Average Year of Service		**9.91**	9.76	9.51
Level of Education (%)	Doctorate	**0.00%**	0.00%	0.00%
	Master	**17.01%**	17.06%	17.06%
	University/College	**77.65%**	77.14%	77.14%
	Senior High School	**5.04%**	5.40%	5.40%
	Below Senior High School	**0.31%**	0.40%	0.40%
Certificates and Licenses Held by Employees	Securities Investment Trust and Consulting Professional	**119**	116	119
	Proficiency Test for Trust Operations Personnel	**1,046**	1,041	1,061
	Examination on Investment Trust and Consulting Regulations (including Self-disciplinary Rules)	**596**	588	589
	Qualification Certificate for Trust Business Professionals - Business Personnel	**1,073**	1,056	1,081
	Qualification Certificate for Trust Business Professionals - Managerial Personnel	**280**	276	290
	Proficiency Test for Stock Affair Personnel	**10**	9	10
	Securities Specialist	**154**	156	159
	Senior Securities Specialist	**131**	131	129
	Futures Specialist	**131**	133	129
	Proficiency Test for Financial Planning Personnel	**267**	267	273
	Investment-orientated Insurance Product Specialist	**470**	469	470
	Business Personnel for Foreign Currency Non-investment Type Insurance Products	**848**	831	841
	Personal Insurance Agent Registration Certificate	**1,980**	1,970	1,986
	Property Insurance Agent Registration Certificate	**972**	973	994
	Property Insurance Representative	**109**	112	113
	Proficiency Test for Bond Specialist	**5**	5	6
	Basic Proficiency Test for International Banking Personnel	**110**	112	107
	Securities Dealer	**2**	2	1
	Basic Proficiency Test for Bank Lending Personnel	**195**	199	205
	Advanced Proficiency Test for Bank Lending Personnel	**6**	6	6
	Basic Proficiency Test on Bank Internal Controls	**711**	727	757
	Certified Internal Auditor Certificate	**2**	2	2
	Financial Markets and Professional Ethics Examination	**834**	834	863

(II) Employee Education and Training

Year	2019	2018
Total Count of Learners	**91,575**	85,958
Average Learning Days	**6.8**	4.8

Note : Trainings include offline and online courses.

III. Corporate Responsibilities and Ethics

Our Commitment – Here for good



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.

To materialize our brand promise through our behaviours, Standard Chartered revised our sustainability model to encompass 3 pillars: Sustainable Finance, Responsible Company, and Inclusive Communities.

- **Sustainable Finance** is about we use our core business to promote sustainable development in our markets, while managing the environmental and social risks associated with our financing activities.
- **Responsible Company** is about we strive to manage our business sustainably and responsibly, drawing on our purpose, brand promise, valued behaviours and Code of Conduct to enable us to make the right decisions.
- **Inclusive Communities** is about we aim to create more inclusive economies by sharing our skills and expertise and developing community programmes that transform lives.

Our significant achievements of sustainability through investing in communities in 2019

Futuremakers

Since May 2013, the Bank has integrated non-profit organizations, government units to create "Standard Chartered Seeing is Believing (SiB) Visually Impaired (VI) Employment Platform" and titled-sponsored the largest "Standard Chartered Taipei Charity Marathon" in Taiwan for seven consecutive years. As of 2019, the Bank cumulatively donated more than NTD 60 million through the marathon to served more than 800 VI people and successfully placed nearly 550 VI talents into jobs.

Moving forward, Standard Chartered decided to carry the legacy of SiB and launched a global charity initiative "Futuremakers" project in supporting 16-35 years old less advantaged youth with visual impairment or from low/ middle income families, to help them pursue their dreamed careers without worries and inequality.

In June 2019, Standard Chartered together with our long-term partnering NGOs, namely Parents' Association for the Visually Impaired (PAVI), Technology Development Association for Disabled (TWACC) and recruited one new partner - The Garden of Hope Foundation (GOH) to join and provide their experienced adolescent service, offer less advantaged youth a brighter future, care for their quality of education and employment, tackle the issue of inequality and seek to promote greater economic inclusion for young people in our communities.

The Bank promoted this good cause through Standard Chartered Taipei Charity Marathon and encouraged employees, clients, customers and general public to run for charity and donate money to the project. VI people were also encouraged to go outdoors to challenge themselves and around 250 VI people and low-income youths participated the race. The results are as follow:

- Leveraged resources of "Standard Chartered Taipei Charity Marathon" to advocate Futuremakers to all runners and successfully reached more than 6 million people.
- Reinforced charity elements throughout the race. Up to 300 runners volunteered as a running buddy, 22 enterprises joined a full-marathon charity relay event, and nearly 2,000 runners donated for charity, with the raised amount exceeding NTD 2.5 million. In addition, LINE Koki Kaka stickers also drawn attention from younger audience groups. All funds will be managed and allocated by the partnering NGOs.
- The Bank collaborated with CommonWealth Magazine and survey company conducted large-scale survey for finding dreamed careers of less advantaged youth. The Bank also worked with Mandarin Oriental Hotel in Taipei to organize a learning workshop for around 50 students who are studying in catering and tourism management.
- The Bank and partnering NGOs supported VI school in Taichung to provide pre-exam tutoring services for VI students who determined to go to university and pursue their dreamed careers.

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 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. In 2019, we have contributed 2,186 days of employee volunteering days.

The highlights of employee volunteering activities:

- For the second year in a row, more than 340 staff from Taipei, Taoyuan, Hsinchu, and Kaohsiung joined Syin-Lu Foundation "Let's Walk" event and promoted the right for people with disability and their family and improve their life quality.
- Over 300 employees registered Standard Chartered Taipei Charity Marathon as volunteers to serve runners at the finish line, guide the running track, and exchange rewards at the event.
- Organized environmental protection campaign EcoLife on Earth Day, 22 April to advocate less carbon life such as no plastic, using reusable cup, brining lunch box, etc. Around 1,000 employees and customers joined this campaign.
- EcoLife, in collaboration with four staff clubs to launch the garbage pick-up activity in the tourist attractions during the weekends. A total of 122 employees took part in Yilian, Miaoli and Pingtung.
- Long-term participated the Andrew Charity Association with their Food Bank to make an immediate impact on fighting hunger in our community.
- Helped Down Syndrome Foundation with their mooncake and Chinese New Year gift packaging; this is the 3rd year we worked with Syndrome Foundation and wish to help those individuals with Down's syndrome to have a chance to be financially independent.

Sustainable Environment

With the climate change issue getting more concerned by the international community following the COP21 conference, Standard Chartered, as being an international commercial bank, is committed to the implementation of various environmental energy saving and carbon reduction measures in order to achieve the goal of business sustainability. 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, the trend of using of energy water is about -8.7% and -8.6%, respectively. Here are some examples of what we have achieved:

1. Efficient monitoring of energy data

The energy consumption controls in main offices and branches are established, monitored and analyzed to understand various energy data statistics and their impacts to the environment. Such energy monitoring information is also used to set up carbon reduction targets and response measures. The Bank incorporates the environment management system into our day-to-day operations to regularly track and analyse data for reducing energy consumption and minimizing impacts to the environment. The table below illustrates a trend of Standard Chartered's overall energy and water consumption as compared to the same period last year.

	Unit	2019	2018	2019 versus 2018 Annual Comparison
Electricity Usage	KWH	7,497,604	8,208,247	(8.7%)
Water Consumption	M3	39,725	43,486	(8.6%)

2. Replacement of energy-saving facilities

Ad hoc taskforces are established to monitor the conventional air conditioning and lighting in branches and major offices and replace them with energy and water saving facilities. Such conventional facilities will be replaced year by year, if appropriate, with high-efficient and energy-saving certified facilities that meet the global environmental protection standards. A budget is in place to gradually replace old facilities with high-efficient air conditioning and environmental-friendly refrigerants.

3. Green behavior promotion

- In main offices, implement timed usage of air conditioning and lights-out during lunch hours to reduce total electricity usage. Moreover, we continue to promote volunteer monitoring of utility consumption (for electricity and water), proactively looking into any abnormality of utility usage and providing countermeasures.
- Reduce the operation hours of signage lighting.
- Encourage staff to use the stairs instead of taking elevator.

4. Participation of environmental conservation activities

Actively participate in global environment activities, such as Earth Day and increase environmental awareness amongst our staff. We also continue to sponsor the green field in front of DMR building, to help maintain a greener environment.

Awards winning list in 2019

- Standard Chartered Taiwan won 5 grand awards in the category of International Bank, including “Best Wealth Management”, “Best Financial Advisory Team”, “Best Service”, “Most Recommended by Client”, and “Best Creative Marketing (Video)”, a record high for the Bank.
- Standard Chartered Taiwan received two SME awards, which are “Award of Supporting Startup Enterprises” and "Best Loan Balance Growth Award” by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan. Standard Chartered is the first foreign bank to be recognized with “Award of Supporting Startup Enterprises", which demonstrated the Bank’s strong commitment to support Taiwan SME clients by offering diversified financial products.
- Standard Chartered Taiwan was awarded by Taiwan regulator FSC for supporting innovation-driven industries.
- Standard Chartered Taiwan was named “Best Digital Bank in Taiwan” by Asiamoney.
- Standard Chartered Taiwan was awarded as “Best Regional Retail Business in Asia Pacific” by the Asian Banker.
- Standard Chartered Taiwan won the “Gold Medal in International Banks” of 2019 Best Service in Taiwan by Commercial Times, the first-ever foreign bank to win this honour for the second consecutive year.
- Standard Chartered Taiwan was awarded the “2019 Best Digital Banking Award” by Excellence Magazine.
- Standard Chartered Bank Taiwan received Golden Torch Awards for “Company of the Year” and “Manager of the Year” to the Bank’s CEO Yuen Tung Anthony Lin by Outstanding Enterprise Manager Association. We are the only foreign bank winning the Company of the Year, demonstrating our excellency and diversified offering of banking services.
- Standard Chartered Taiwan was awarded “Best Risk Security Control Awards” for individual and company categories by Joint Credit Information Center for recognising its contribution to JCIC’s credit information quality.
- Standard Chartered Taiwan was the only one foreign bank interviewed during the APG Mutual Evaluation (IO4). To applause the Bank’s outstanding performance throughout the evaluation process, the Bank was invited to a ceremony held by Executive Yuan to receive the award from Premier Su Tseng-Chang for outstanding contribution.

On Corporate Social Responsibility and HR perspective :

- Standard Chartered Taiwan received the “2019 Sports Promoter Awards” and “Taiwan iSports Certification” from Ministry of Education which recognized the Bank’s achievement on long-term title sponsoring Standard Chartered Taipei Charity Marathon and enhancing the awareness of friendly VI work environment.
- Standard Chartered Taiwan won “People Development Award”, “Social Inclusion Award”, “Creativity in Communication Award” and the Grand Award of “Corporate Comprehensive Performance-International Enterprises” from TCSA (Taiwan Corporate Sustainability Awards).
- Standard Chartered Taiwan was awarded "Taiwan's Best Companies to Work for in Asia" by HR Asia for recognition of the Bank’s good working environment, sound human resource management, as well as high employee participation and satisfaction.

IV. Non-supervisory Full-time Staff Information

The number of non-supervisory full-time employees, their average wages as well as median wages in 2019 compared to those of in the previous year are provided in the table below:

Item	2019	2018	Increase / (Decrease)
Non-Supervisory Full-time Head Count	**1,024**	1,068	**(44)**
Average Wages of Non-Supervisory Full-time Employees (NTD)	**60,818**	60,309	**508**
Median Wages of Non-Supervisory Full-time Employees (NTD)	**52,618**	51,679	**940**

V. Information Technology

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

Maintenance and Deployment of Hardware and Software for Major IT Systems upgrade have been completed in the first half year of 2018. The host is HPE NonStop Server NS7 whilst the operating system is NonStop Kernel L17.08.

In order to uplift the utilization of information system, the upgrade of core banking back-up system has been completed in the first half year of 2019.

(II) Future Development or Procurement Plan

In response to Microsoft's strategy for product support lifecycle, the Bank continues to upgrade its operating system to the latest version, targeting to complete the upgrade from Win 7 to Win 10 in 2020.

(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, corporate 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.

VI. Labor-Management Relations

(I) Employee Welfare and Benefits

Regarding the employee welfare and benefits, in addition to provide the labor insurance, national health insurance, periodic health examination, as well as to establish the employee welfare committee, the Bank also provides the following benefits:

1. Employee Sharesave Scheme.
2. Group insurance.
3. Flexible working hours and better annual leave program.
4. Preferential interest rate for staff deposits.
5. Preferential interest rate for staff loans.
6. Special offers for financial transactions: preferential transaction fees, special exchange rate and inter-bank transfer fees.
7. Special credit card offers (issued by the Bank): no annual fee, double reward points.

(II) Retirement Policy

Regarding the retirement benefits, the Bank follows the relevant law requirements to either monthly accrue and save the retirement benefit fund into the Bank of Taiwan account for those employees applicable to the retirement benefit under Labor Standard Act (“Old Plan) or monthly accrue 6% of pensionable salary into Labor Insurance Bureau for those employees applicable to the Labor Pension Act ("New Plan").

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

To exemplify our brand promise to be "Here for good”, the Bank continues its harmony and trustworthy partnership between labor and management which 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 coexistence, 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.

The 4th Collective Bargaining Agreement (CBA) singing ceremony was held on 16 September 2019 between the Bank and SCB union, under the witness of Ms. Ming-Chun Hsu, the Minister of Labour, accompanied with 2 Commissioners of Department of Labour of Taipei City Government and Hsin Chu City, that demonstrated Bank’s strong commitment of being a best employer. Through collaboration and fulfillment of our vision, we aspire to stay competitive and stand out among peer banks to deliver outstanding performance with better workplace for our employees.

(IV) Loss resulting from labor disputes in recent years, the amount of estimated potential loss and the Bank's responses

The Department of Labour, Taipei City Government (the competent authority) issued an official letter on 22 March 2019 to notify the Bank's violation of the Labour Standard Act ("LSA"), and a regulatory fine of NTD 20,000 was imposed accordingly. The amended "Work Rules" has been submitted to Department of Labour, Taipei City Government and approved on 2 September 2019.

The Department of Labour, Taipei City Government (the competent authority) issued an official letter on 23 March 2020 to notify the Bank's violation to Article 24.1 of the Labour Standard Act ("LSA"), and a regulatory fine of NTD 100,000 was imposed accordingly. The Bank will file an administrative appeal in accordance with the law.

VII. Important Contracts

Contract Type	Vendor	Contract Start and End Date	Services	Restriction
Insurance Agency and Joint Promotion Agreement	PCA Life Assurance Co., Ltd.	26/12/2017-26/12/2018 (Note 1)	PCA Life has signed the Agency and Joint Promotion Agreement for the Distribution of Insurance Products with Standard Chartered Bank (Taiwan) Limited.	None
Insurance Distribution Agreement	PCA Life Assurance Co., Ltd.	02/2017-07/2029	PCA Life has signed the Taiwan cooperation agreement with Standard Chartered Bank (Taiwan) Limited.	Unless otherwise provided in this Agreement, the Bank will exclusively sell the insurance products of PCA Life.
Facilities Management and Property Project Management Agreement	CBRE Property Services Limited Taiwan Branch	07/2019-06/2024	Facilities Management and Property Project Management Services	None
Telecom (Voice & Data) Integrated Services	Taiwan Fixed Network Co. Ltd.	10/2015-12/2020	Provide Telecom (Voice & Data) Integrated Services	
Media Placement Services	Carat Media Taiwan Ltd.	01/2017-04/2020	Provide media placement services	
IT Equipment Leasing Services	HP Financial Services (Singapore) PTE. LTD. Taiwan Branch	01/04/2018-31/03/2023	Provide IT equipment leasing services	
Security Guards	ISS Security Ltd.	01/08/2018-31/07/2021	Branches/building security guards	
Outsourcing contract	Standard Chartered Bank, London	16/10/2012-31/12/2022	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	15/04/2016-01/11/2020	Back office data process for foreign exchange, derivatives and fixed income products	
	Standard Chartered Global Business Services Sdn. Bhd. (Note 2)	01/04/2016-31/10/2021	1. IT system development, monitoring, and maintenance 2. Back office data process for trade, loan, and derivatives	
	Standard Chartered Global Business Services Private Limited India (Note 3)	01/11/2013-30/11/2021	1. IT system development, monitoring, and maintenance 2. Back office data process for trade, retail banking finance, financial reports preparation and analysis, and derivatives	
	Atos Information Technology HK Ltd	01/01/2018-31/12/2023	Data Center management and maintenance service	
	Acer e-Enabling Data Centre Inc.	01/01/2015-31/05/2021	IT system development, monitoring, and maintenance	
	High Performance Information Co., Ltd.	01/07/2014-31/01/2021	Data entry, processing, and output of information system; IT system development, monitoring, and maintenance	
		01/07/2014-31/01/2021 (Contract Addendum)	Programmer, Information Security Personnel, and operating related business involving data processing and supporting tasks	

Continued

Contract Type	Vendor	Contract Start and End Date	Services	Restriction
Outsourcing Contract	Leebao Security Company Limited	01/10/2016 –30/09/2021	ATM monitoring	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Xpedite Systems Ltd	01/11/2016-31/12/2020	Bank statements and reports delivery service to global clients	
	Leebao Security Company Limited	01/01/2016-31/12/2020	Delivery services for marketable securities, checks, forms, and cash	
	Transnational Logistics Solutions (Taiwan Branch)	16/11/2015-31/03/2022		
	Leebao Security Company Limited	01/01/2016-31/12/2020	ATM refill and related service	
	Yuen Foong Paper Co., Ltd.	01/01/2015-31/12/2020	Check printing and delivery and related process	
	Gemalto Pte Ltd.	30/04/2015-31/10/2020	Credit card embossing service and related process	
	Fuco Tech Co., Ltd.	01/01/2015-31/12/2020	Bank statements printing, packaging, delivery and related process.	
	Hi-Life International Co., Ltd.	01/06/2016-31/05/2020	Credit card payment collection	
	Taiwan Familymart Co., Ltd.	01/06/2016-31/05/2020		
	President Chain Store Corp.	01/06/2016-31/05/2020		
	China Credit Information Service, Ltd.	29/02/2016-01/03/2021	Credit analysis report for lending customers	
	Yu Bon Credit Management and Consultant	01/01/2017-31/12/2020	Debt Collection	
	Justor Collection Management Co Ltd	15/01/2019-31/12/2020		
	Sunrise Consultancy Co Ltd	15/01/2019-31/12/2020		
	Crown Van Lines Co., Ltd.	01/01/2017-31/12/2023	Document Storage	
	Mitake Information Incorporation	01/07/2013-30/06/2020	SMS message delivery	
	CA, Inc	27/09/2017-26/09/2020		
	HONDA Appraisers Joint Firm	01/07/2013-31/12/023	Appraisal services	
	Great Eastern Real Estate Appraisers Joint Firm	01/01/2016-31/12/2023		
	Belle Yeh Real Estate Appraisers Joint Firm	01/01/2016-31/12/2023		
	Euro-Asia Real Estate Appraisers Joint Firm	01/01/2016-31/12/2023		
	DTZ Debenham Tie Leung Real Estate Appraisers Joint Firm	01/01/2016-12/31/2020		
	Hwan Yu Real Estate Appraisers Joint Firm	01/01/2016-31/12/2023		
	China Property Appraising Center Co., Ltd.	01/03/2016-28/12/2023		
	Euro-Asia International Asset Service Co.	15/02/2016-14/02/2023		

Continued

Contract Type	Vendor	Contract Start and End Date	Services	Restriction
Outsourcing Contract	Tata Consultancy Services	01/06/2018-31/05/2020	IT support services on system/ application development	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Asiavista Technology Co., Ltd.	01/10/2018-30/09/2020	IT support services on system/ application development	
	Taiwan Fixed Network	01/01/2016-31/12/2021	Tape Recording Service	
	Robo Webtech Co., Ltd.	09/05/2018-08/08/2020	Facilitating personal loan application process	

Note 1 : 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 : SCB's 100% invested company located in Malaysia.

Note 3 : SCB's 100% invested company located in India.

VIII. Information on Financial Assets Securitization

The Bank has no securitized asset or offers mortgage-backed securitization product.


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Runners of the 7th Standard Chartered Taipei Charity Marathon took off at the Presidential Office on January 19. Nearly 30,000 runners signed up for this charitable race.



Chapter 6

Financial Highlights

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113 Any Financial Crunch Confronted by the Bank and Its Affiliates and the Related Impacts

Chief Executive Officer Anthony Lin made a speech at the Taichung Special Education School for The Visually Impaired by encouraging students to pursue dreams. He also practiced running with the school's track and field team.



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

(I) Condensed Balance Sheet

Unit : NTD'000

Item \ Year	2019	2018	2017	2016	2015
Cash and cash equivalent, Due from the Central Bank and call loans to banks	**111,050,902**	105,265,604	141,654,121	116,277,971	96,710,310
Financial assets at fair value through profit or loss	**16,521,008**	16,331,428	15,915,189	26,530,679	29,014,134
Financial assets at fair value through other comprehensive profit or loss	**150,617,928**	162,495,083	-	-	-
Debt instrument investment measured by amortized cost	**1,929,246**	1,937,067	-	-	-
Available-for-sale financial assets-net	**-**	-	185,135,013	157,879,248	182,784,483
Derivative financial assets for hedging	**173,117**	247,374	9,784	140,667	81,431
Securities purchased under resell agreements	**6,393,794**	11,738,716	3,356,185	3,196,000	2,499,824
Receivable-net	**23,479,450**	24,576,560	20,975,429	18,603,886	21,890,528
Current tax assets	**352,623**	448,497	289,519	284,209	239,692
Discounts and loans-net	**282,220,611**	277,484,777	262,812,237	267,281,457	303,239,940
Financial assets held-to-maturity	**-**	-	-	-	-
Investment under equity method-net	**-**	-	-	-	-
Restricted assets	**16,089,692**	15,145,361	7,460,090	14,284,345	10,372,019
Other financial assets-net	**54,790**	-	127,362	127,362	130,089
Property, plant and equipment-net	**3,707,099**	4,351,057	4,422,756	4,687,179	4,925,588
Investment property-net	**-**	-	-	-	-
Right-of-use assets-net	**1,939,425**	-	-	-	-
Intangible assets-net	**3,275,479**	3,258,021	3,156,048	3,156,048	3,156,048
Deferred tax assets-net	**967,376**	1,596,681	1,489,054	1,767,016	2,238,372
Other assets-net	**2,899,408**	1,696,566	1,113,604	1,307,968	9,942,704
Total assets	**621,671,948**	**626,572,792**	**647,916,391**	**615,524,035**	**667,225,162**
Deposits from the Central Bank and banks	**22,768,336**	36,496,273	59,092,527	31,412,055	27,979,736
Financing from Central Bank and other banks	**-**	-	-	-	-
Financial liabilities at fair value through profit or loss	**8,611,500**	8,105,768	7,384,904	14,882,839	17,058,968
Derivative financial liabilities for hedging	**289,328**	8,518	43,768	40,185	32,480
Bonds and bills sold under repurchase agreements	**-**	-	-	-	-
Payables	**12,720,925**	11,021,871	12,029,637	13,880,847	20,816,563

Continued

Item \ Year		2019	2018	2017	2016	2015
Current tax liabilities		**149,083**	18,611	20,583	17,998	99,875
Liabilities directly associated with assets held for sale		**-**	-	-	-	-
Deposits and remittances		**514,240,351**	510,768,268	505,410,260	492,606,933	497,589,001
Bank notes payable-net		**8,023,443**	8,149,671	14,530,780	16,037,802	53,341,063
Preferred stock liability		**-**	-	-	-	-
Other financial liabilities		**152,574**	329,190	1,264,386	1,033,273	1,158,492
Provisions		**1,466,595**	1,601,731	1,587,395	1,482,568	1,791,407
Lease liabilities		**1,937,022**	-	-	-	-
Deferred tax liabilities		**818,811**	851,943	682,519	645,744	672,273
Other liabilities		**4,649,707**	4,075,166	2,032,233	1,754,631	3,405,545
Total liabilities	**Before distribution**	**575,827,675**	**581,427,010**	**604,078,992**	**573,794,875**	**623,945,403**
	After distribution	**575,827,675**	**581,427,010**	**604,078,992**	**573,794,875**	**623,945,403**
Equity attributable to owners of the parent company		**45,844,273**	45,145,782	43,837,399	41,729,160	43,279,759
Common stock	Before distribution	**29,105,720**	29,105,720	29,105,720	29,105,720	29,105,720
	After distribution	**29,105,720**	29,105,720	29,105,720	29,105,720	29,105,720
Capital surplus		**5,794,771**	5,794,771	5,794,771	5,794,771	5,794,771
Retained earnings	Before distribution	**10,861,492**	10,201,167	8,883,263	6,990,412	7,763,677
	After distribution	**Note 1**	8,353,700	7,444,470	6,774,952	6,729,496
Other equity interest		**82,290**	44,124	53,645	(161,743)	615,591
Treasury stock		**-**	-	-	-	-
Non-controlling interest		**-**	-	-	-	-
Total equity	**Before distribution**	**45,844,273**	**45,145,782**	**43,837,399**	**41,729,160**	**43,279,759**
	After distribution	**Note 1**	**43,298,315**	**42,398,606**	**41,513,700**	**42,245,578**

Note 1 : The Annual General Meeting is not held yet.

Condensed Balance Sheet - Standalone : Not Applicable

(II) Condensed Statements of Profit or Loss and Other Comprehensive Income

Unit : NTD'000

Item \ Year	2019	2018	2017	2016	2015
Interest income	**10,965,555**	10,320,477	9,605,338	9,725,689	12,236,352
Less: interest expense	**6,664,349**	6,264,170	4,275,089	3,567,771	5,104,577
Net interest income	**4,301,206**	4,056,307	5,330,249	6,157,918	7,131,775
Net non-interest income	**9,364,854**	9,300,407	8,131,998	6,071,276	6,589,565
Net revenue	**13,666,060**	13,356,714	13,462,247	12,229,194	13,721,340
Bad debts expense and guarantee liability provision	**498,272**	630,050	768,347	1,469,813	1,085,551
Operating expenses	**9,915,545**	9,918,502	10,103,208	9,981,995	10,878,869
Income from continuing operation before tax	**3,252,243**	2,808,162	2,590,692	777,386	1,756,920
Income tax expense	**752,383**	84,743	395,552	610,368	317,938
Net income from continuing operation	**2,499,860**	2,723,419	2,195,140	167,018	1,438,982
Income (loss) from discontinued operation	**-**	-	-	-	-
Net income	**2,499,860**	2,723,419	2,195,140	167,018	1,438,982
Other comprehensive income (loss) (net of tax)	**46,098**	3,812	128,559	(683,436)	(221,386)
Total comprehensive income (loss)	**2,545,958**	2,727,231	2,323,699	(516,418)	1,217,596
Net income attributable to owners of the parent company	**2,499,860**	2,723,419	2,195,140	167,018	1,438,982
Net income attributable to non-controlling interest	**-**	-	-	-	-
Total comprehensive income (loss) attributable to owners of the parent company	**2,545,958**	2,727,231	2,323,699	(516,418)	1,217,596
Total comprehensive income (loss) attributable to non-controlling interest	**-**	-	-	-	-
Earnings per share	**0.86**	0.94	0.75	0.06	0.49

Condensed Statements of Profit or Loss and Other Comprehensive Income - Standalone : Not Applicable

(III) Name of Independent Auditors and the Audit Opinion

Item \ Year	2019	2018	2017	2016	2015
Name of CPA	Yung-Sheng Wang, Yuan-Sheng Yin	Yung-Sheng Wang, Yuan-Sheng Yin	Yung-Sheng Wang, Yuan-Sheng Yin	Yung-Sheng Wang, Yuan-Sheng Yin	Lin Wu, Yung-Sheng Wang
Audit Opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial Analysis for the Past Five Years

(I) Ratio Analysis

Item		Year 2019	2018	2017	2016	2015
Operating Capability	Ratio of loans to deposits (%)	**55.80**	55.28	52.95	55.32	61.92
	Ratio of non-performing loans (%)	**0.14**	0.23	0.37	0.63	0.35
	Ratio of interest cost to annual average deposits (%)	**1.16**	0.98	0.71	0.57	0.66
	Ratio of interest income to annual average loans outstanding (%)	**2.46**	2.51	2.48	2.61	2.73
	Total assets turnover (time)	**0.02**	0.02	0.02	0.02	0.02
	Average operating income per employee (thousand dollar)	**4,586**	4,426	4,387	3,859	4,069
	Average profit per employee (thousand dollar)	**839**	902	715	53	427
Profitability	Return on Tier 1 capital (%)	**7.82**	6.98	6.71	2.05	4.50
	Return on assets (%)	**0.40**	0.43	0.35	0.03	0.20
	Return on equity (%)	**5.49**	6.12	5.13	0.39	3.27
	Net income ratio (%)	**18.29**	20.39	16.31	1.37	10.49
	Earnings per share (NTD)	**0.86**	0.94	0.75	0.06	0.49
Financial Structure	Ratio of liabilities to assets (%)	**92.63**	92.79	93.23	93.22	93.51
	Ratio of property and equipment to equity (%)	**8.09**	9.64	10.09	11.23	11.38
Growth Rate	Asset growth rate (%)	**(0.78)**	(3.29)	5.26	(7.75)	(13.32)
	Profit growth rate (%)	**15.81**	8.39	233.26	(55.75)	(53.98)
Cash Flow	Cash flow ratio (%)	**(3.48)**	(29.69)	26.78	117.09	(41.15)
	Cash flow adequacy ratio (%)	**581.21**	653.70	1,485.48	1,158.64	330.19
	Ratio of cash flow from operations to cash flow from investments (%)	**226.89**	1,812.12	4,892.31	815.72	2,367.74
Ratio of liquidity reserve (%)		**55.59**	69.29	75.58	59.57	58.92
Balance of secured loans of related parties (thousand dollar)		**1,652,982**	1,857,501	2,054,036	2,388,696	2,570,261
Total secured loans of related parties as a percentage of total loans (%)		**0.54**	0.61	0.73	0.84	0.79
Operating Scale	Market share of assets (%)	**1.09**	1.15	1.24	1.23	1.36
	Market share of net worth (%)	**1.10**	1.17	1.21	1.20	1.31
	Market share of deposits (%)	**1.21**	1.27	1.30	1.32	1.39
	Market share of loans (%)	**0.90**	0.93	0.93	0.98	1.14

Reasons for changes (if any) in the financial ratios for the past two years :

1. Non-performing loans (NPL) ratio significantly improved to 0.14% from 0.23% in 2018 on account of proactive NPL management and improvement in the quality of lending portfolio. Bad debt expense, commitment and guarantee liability provision decreased significantly by 21% in 2019.
2. 2019 total asset was impacted by lower financial asset position held by Treasury Market in response to unfavorable market condition. Total customer loans grew moderately and mitigated the total asset contraction. The Bank continues to optimize deposit mix to improve the efficiency of funding cost.
3. Net revenue was up 2% in 2019 year-on-year, with strong growth in Retail Banking. Net income before tax grew 16% in 2019, resulting in a compound annual growth rate of 17% since 2015. Overall operating expense was broadly flat to the previous year due to streamlining of processes, optimization of the distribution network and strong cost discipline. Driving for cost efficiency produced an improved cost-to-income ratio.

4. Cash flow ratio and cash flow from operations to cash flow from investments ratio increased against last year as a result of net cash outflow of operating activities decreased, mainly due to the significant balance drop of Due to Banks at year-end.

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 - Standalone : Not Applicable.

(II) Capital Adequacy

Unit : NTD'000

Item			Year	5-Year Capital Adequacy Ratio ("CAR")				
				2019	2018	2017	2016	2015
Self-owned capital			Common Equity Tier 1 Capital	**42,467,978**	40,752,246	39,686,736	37,530,261	38,369,729
			Other Non-Common Equity Tier 1 Capital	**-**	-	-	-	-
			Tier 2 Capital	**8,208,048**	9,600,646	9,433,517	10,119,637	10,861,100
			Total Self-Owned Capital	**50,676,026**	50,352,892	49,120,252	47,649,898	49,230,829
RWA	Credit Risk		Standardized Approach	**271,707,039**	274,205,939	261,584,019	273,014,017	300,942,295
			Internal Ratings-Based Approach	**-**	-	-	-	-
			Securitization	**-**	-	-	-	-
	Operational Risk		Basic Indicator Approach	**25,183,422**	24,373,762	24,233,455	25,574,978	28,135,608
			Standardized Approach / Alternative Standardized Approach	**-**	-	-	-	-
			Advanced Measurement Approaches	**-**	-	-	-	-
	Market Risk		Standardized Approach	**23,058,163**	20,198,732	17,487,767	16,826,701	13,447,757
			Internal Models-Based Approach	**-**	-	-	-	-
			Total Risk-Weighted Assets	**319,948,624**	318,778,433	303,305,241	315,415,696	342,525,660
Capital Adequacy Ratio				**15.84%**	15.80%	16.19%	15.11%	14.37%
Tier 1 Capital Ratio				**13.27%**	12.78%	13.08%	11.90%	11.20%
Common Equity Tier 1 Capital Ratio				**13.27%**	12.78%	13.08%	11.90%	11.20%
Leverage Ratio				**6.51%**	6.19%	5.90%	5.41%	4.77%

No analysis is required as the variance is less than 20%.

Note : The ratios are calculated as follows :

1. Total Self-owned 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 Self-owned 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 - Standalone : Not Applicable

III. Audit Committee's Report for 2019 Financial Statements

渣打國際商業銀行股份有限公司

審計委員會審查報告書

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Audit Committee's Report

本公司董事會所編造呈送民國一〇八年年度財務報告暨會計師查核報告，業經安侯建業聯合會計師事務所尹元聖、王勇勝會計師查核竣事，經本審計委員會審查完竣，認無不符，爰依證券交易法第十四條之四、第十四條之五、第三十六條及公司法第二一九條之規定繕具報告。

The board of directors have compiled and submitted the Company's 2019 audited financial statements, audited by Jason Yin and Victor Wang of KPMG. We are satisfied that they have been correctly compiled with the books and accounts of the Company and comply with applicable regulations. The Audit Committee's Report is issued in accordance with Article 14-4, Article 14-5 and Article 36 of Securities and Exchange Act as well as Article 219 of Company Act.

渣打國際商業銀行股份有限公司
STANDARD CHARTERED BANK (TAIWAN) LIMITED

審計委員會召集人：
Audit Committee Convener：

簽　名：
Signed：

陳邦仁
Ban-Ren Chen

中華民國 109 年 3 月 24 日
24 March 2020

渣打國際商業銀行股份有限公司
審計委員會審查報告書

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Audit Committee's Report

本公司董事會所編造民國一〇八年度營業報告書及盈餘分配表，復經本審計委員會審查完竣，經核尚無不符，爰依證券交易法第十四條之四及公司法第二一九條之規定繕具審查報告。

The Board of directors has compiled the Company's 2019 business report and profit allocation statement. The Audit Committee has reviewed said business report and profit allocation statement and believed these statements comply with applicable regulations. The Audit Committee's Report is duly issued in accordance with Article 14-4 of Securities and Exchange Act as well as Article 219 of Company Act.

渣打國際商業銀行股份有限公司
STANDARD CHARTERED BANK (TAIWAN) LIMITED

審計委員會召集人：
Audit Committee Convener：

簽　名：
Signed：_____

陳邦仁
Ban-Ren Chen

中華民國 109 年 3 月 24 日
24 March 2020

IV. 2019 CPA Audited Financial Statements of the Bank :

Refer to Appendix1 - 2019 Financial Statements.

V. 2019 Standalone Financial Statements and Independent Auditors' Report :

Not Applicable.

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



Partnered with leading industry peer Mandarin Oriental Hotel, the Bank organized a learning workshop and invited a six-star executive chief to teach cooking skills for around 50 less advantaged students studying in catering and tourism management school.



Chapter 7

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

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Students had pre-job experience by making appetizer under the guidance of the executive chief.

I. Analysis of Financial Conditions

Unit : NTD'000

Item \ Year	2019	2018	Increase / (Decrease) Variance	
			Amount	%
Cash and cash equivalent, Due from the Central Bank and call loans to banks	**111,050,902**	105,265,604	5,785,298	5.50
Financial assets at fair value through profit or loss	**16,521,008**	16,331,428	189,580	1.16
Financial assets at fair value through other comprehensive profit or loss	**150,617,928**	162,495,083	(11,877,155)	(7.31)
Debt instrument investment measured by amortized cost	**1,929,246**	1,937,067	(7,821)	(0.40)
Available-for-sale financial assets-net	**-**	-	-	-
Derivative financial assets for hedging-net	**173,117**	247,374	(74,257)	(30.02)
Securities purchased under resell agreements	**6,393,794**	11,738,716	(5,344,922)	(45.53)
Receivable-net	**23,479,450**	24,576,560	(1,097,110)	(4.46)
Current tax assets	**352,623**	448,497	(95,874)	(21.38)
Assets held for sale-net	**-**	-	-	-
Discounts and loans-net	**282,220,611**	277,484,777	4,735,834	1.71
Financial assets held-to-maturity	**-**	-	-	-
Investment under equity method-net	**-**	-	-	-
Restricted assets	**16,089,692**	15,145,361	944,341	6.24
Other financial assets-net	**54,790**	-	54,790	-
Property, plant and equipmen-net	**3,707,099**	4,351,057	(643,958)	(14.80)
Investment property-net	**-**	-	-	-
Right-of-use assets - net	**1,939,425**	-	1,939,425	-
Intangible assets-net	**3,275,479**	3,258,021	17,458	0.54
Deferred tax assets-net	**967,376**	1,596,681	(629,305)	(39.41)
Other assets	**2,899,408**	1,696,566	1,202,842	70.90
Total assets	**621,671,948**	**626,572,792**	**(4,900,844)**	**(0.78)**
Deposits from the Central Bank and banks	**22,768,336**	36,496,273	(13,727,937)	(37.61)
Financing from Central Bank and other banks	**-**	-	-	-
Financial liabilities at fair value through profit or loss	**8,611,500**	8,105,768	505,732	6.24
Derivative financial liabilities for hedging	**289,328**	8,518	280,810	3,296.67
Bonds and bills sold under repurchase agreements	**-**	-	-	-
Payables	**12,720,925**	11,021,871	1,699,054	15.42
Current tax liabilities	**149,083**	18,611	130,472	701.05
Liabilities directly associated with assets held for sale	**-**	-	-	-

Continued

tem \ Year		2019	2018	Increase / (Decrease) Variance	
				Amount	%
Deposits and remittances		**514,240,351**	510,768,268	3,472,083	0.68
Bank notes payable-net		**8,023,443**	8,149,671	(126,228)	(1.55)
Preferred stock liability		**-**	-	-	-
Other financial liabilities		**152,574**	329,190	(176,616)	(53.65)
Provisions		**1,466,595**	1,601,731	(135,136)	(8.44)
Lease liabilities		**1,937,022**	-	1,937,022	-
Deferred tax liabilities		**818,811**	851,943	(33,132)	(3.89)
Other liabilities		**4,649,707**	4,075,166	574,541	14.10
Total liabilities	**Before distribution**	**575,827,675**	**581,427,010**	**(5,599,335)**	**(0.96)**
	After distribution	**575,827,675**	**581,427,010**	**(5,599,335)**	**(0.96)**
Equity attributable to owners of the parent company		**45,844,273**	45,145,782	698,491	1.55
Common stock	Before distribution	**29,105,720**	29,105,720	-	-
	After distribution	**29,105,720**	29,105,720	-	-
Capital surplus		**5,794,771**	5,794,771	-	-
Retained earnings	Before distribution	**10,861,492**	10,201,167	660,325	6.47
	After distribution	**Note 1**	8,353,700	-	-
Other equity interest		**82,290**	44,124	38,166	86.50
Treasury stock		**-**	-	-	-
Non-controlling interest		**-**	-	-	-
Total equity	**Before distribution**	**45,844,273**	**45,145,782**	**698,491**	**1.55**
	After distribution	**Note**	**43,298,315**	**-**	**-**

Note : The Shareholders' Meeting is not held yet.

Reasons and impacts for the material changes (if any) in assets, liabilities and equities for the past two years:

The Bank's balance sheet remained healthy, liquid and well capitalised. The liquidity coverage ratio at 187.58% and the capital adequacy ratio at 15.86% are well above regulatory requirements. The Bank continues to optimize deposit mix to improve the efficiency of funding cost.

Analysis of Financial Conditions - Standalone : Not Applicable.

II. Analysis of Financial Results

Unit : NTD'000

Item \ Year	2019	2018	Increase / (Decrease) Variance	
			Amount	%
Interest income	**10,965,555**	10,320,477	645,078	6.25
Less: interest expense	**6,664,349**	6,264,170	400,179	6.39
Net interest income	**4,301,206**	4,056,307	244,899	6.04
Net non-interest income	**9,364,854**	9,300,407	64,447	0.69
Net revenue	**13,666,060**	13,356,714	309,346	2.32
Bad debts expense and guarantee liability provision	**498,272**	630,050	(131,778)	(20.92)
Operating expenses	**9,915,545**	9,918,502	(2,957)	(0.03)
Income from continuing operation before tax	**3,252,243**	2,808,162	444,081	15.81
Income tax expense	**752,383**	84,743	667,640	787.84
Net income from continuing operation	**2,499,860**	2,723,419	(223,559)	(8.21)
Income (loss) from discontinued operation	**-**	-	-	-
Net income	**2,499,860**	2,723,419	(223,559)	(8.21)
Other comprehensive income (net of tax)	**46,098**	3,812	42,286	1,109.29
Total comprehensive income	**2,545,958**	2,727,231	(181,273)	(6.65)
Net income attributable to owners of the parent company	**2,499,860**	2,723,419	(223,559)	(8.21)
Net income attributable to non-controlling interest	**-**	-	-	-
Total comprehensive income (loss) attributable to owners of the parent company	**2,545,958**	2,727,231	(181,273)	(6.65)
Total comprehensive income (loss) attributable to owners of the parent company	**-**	-	-	-
Earnings per share	**0.86**	0.94	(0.08)	(8.51)

Reasons for the material changes (if any) in financial results for the past two years and anticipated business goals with the rationale and financial impact:

Net income before tax grew 16% in 2019, resulting in a compound annual growth rate of 17% since 2015. Net revenue was up 2% in 2019 year-on-year, with strong growth in Retail Banking. Costs were broadly flat to the previous year despite investment in talent development, Fintech and digital capability, due to streamlining of processes, optimization of the distribution network and strong cost discipline. Driving for cost efficiency produced an improved cost-to-income ratio.

Analysis of Financial Results - Standalone : Not Applicable.

III. Cash Flows

(I) Liquidity Analysis for the Past Two Years

Item \ Year	2019	2018	Increase / (Decrease) Variance	
			Amount	%
Cash flow ratio (%)	**(3.48)**	(29.69)	26.21	(88.28)
Net Cash flow adequacy ratio (%)	**581.21**	653.70	(72.49)	(11.09)
Ratio of cash flow from operations to cash flow from investments (%)	**226.89**	1,812.12	(1,585.23)	(87.48)

Reasons for the Material Changes in Liquidity : Please refer to Financial Analysis for the Past Five Years from Chapter VI – Financial Highlights.

Liquidity Analysis for the Past Two Years - Standalone : Not Applicable.

(II) Liquidity Analysis for the Next Year

Unit : NTD'000

Cash Balance at the Start of the Period (1)	Net Operating Cash Flow for the Whole Year (2)	Net Investing and Financing Cash Flow for the Whole Year (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Remedy plan in case of Cash Deficiency	
				Investment Plan	Financing Plan
22,466,040	(10,195,408)	9,105,764	21,376,396	None	None

IV. Impact on the Bank's Financial Structure and Business from Substantial Capital Expenditure in the Most Recent Year

(I) Major Capital Expenditures in the Most Recent Year

Through optimization and renovation of the office environments, the Bank has increase the flexibility and the amount of collaborative spaces in our workplace to enhance management efficiencies and synergy across departments since 2016. In 2019, the Bank renovated the Xinxing and Zhongzhen Buildings in Hsinchu to increase morale and pride in the workplace environment. The Bank also aims to provide a more diversified and inclusive working environment through these projects. In addition to refurbishing the office and collaborative spaces, a canteen area was added to further improve the staff experience.

Unit : NTD'000

Project Item		Capital Expenditures
Working Environment Optimization	Xinxing Building	29,439
	Zhongzhen Building	30,403

(II) The foregoing major capital expenditures do not have significant financial or business impacts to the Bank.

V. Reinvestment Policy for 2019, 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 2019, net realized gain from investee companies totaled NTD 16,492 thousand, which was primarily contributed by cash dividends from 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

Year 2019 Description	Disclosure
1. Credit risk strategy, goal, policy and procedure	The management of risk lies at the heart of the Bank'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 enterprise risk management framework ("ERMF") we manage enterprise-wide risks, with the objective of optimizing risk-adjusted returns while remaining within our risk appetite. Under the ERMF, 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 reviewed 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 are established. These are consistent with the Group-wide credit policies and procedures, but are more detailed and adapted to reflect the different risk environments and portfolio characteristics.
2. Credit risk management organization and structure	Ultimate responsibility for the effective management of risk rests with the Bank's Board. The Executive Risk Committee, through its authority delegated by the Board, 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.

Year 2019 Description	Disclosure
	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 receives 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.
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. 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 Committee, containing information on key environmental, political and economic trends across major portfolios and countries; portfolio delinquency and loan impairment performance.
4. Policies for credit risk hedge and mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge and mitigation tools	Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of 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 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.

Year 2019 Description	Disclosure
	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 counterparty credit risk. Counterparty credit exposures are generally netted using bilateral netting documentation in legally approved jurisdictions, Delivery vs. Payment or Payment vs. Payment systems.
5. Method used for regulatory capital calculation	Standardized Approach

(2) Required Capital for Credit Risk under Standardized Approach

31 March 2019 Unit : NTD'000

Exposure Type	Exposure after Risk Mitigation	Required Capital (Note)
Sovereign	213,526,392	143,994
Non-central government public sector entities	-	-
Banks (including multilateral development banks)	165,825,787	4,425,147
Corporations (including security and insurance companies)	96,045,317	6,441,986
Retail	56,885,707	3,352,094
Residential mortgage	155,026,171	6,781,642
Equity security investment	847,360	67,747
Other assets	12,103,952	732,879
Total	700,260,686	21,945,488

Note : Required capital equals exposure after risk mitigation multiplied by risk weight and minimum regulatory capital adequacy ratio.

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

Not applicable.

The Bank has no securitization assets nor offers mortgage-backed securitization product.

3. Operational Risk Management Structure and Capital Requirement

(1) Operational Risk Management Structure

Year 2019 Description	Disclosure
1. Strategy and procedure of operational risk management	The Bank has set up and follows the Operational Risk Type Framework ("ORTF") for operational risk management. The ORTF builds on Enterprise Risk Management Framework and covers the OR related to inadequate or failed internal processes, and systems, human error, or from the impact of external events (including legal risks). According to ORTF, operational risks are managed through risk identification, assessment, control, acceptance, monitoring, and reporting. Responsibility for the management of operational risk rests with businesses and functions. The ORTF 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 ("ERC") 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 ERC oversees the management of operational risks at the country level and ensures that an appropriate and robust risk management framework is in place to monitor and manage operational risk. Its scope includes all client segments, products and functions. 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	According to ORTF, the First line of Defense ("1LoD") is required to comply with the applicable laws and regulatory expectations, and manage the risk that arises from first line activities, and comply with policies set by the Second Line of Defense ("2LoD"). The 2LoD is responsible to provide challenge, guidance, and oversight over the 1LoD, set policies that the 1LoD must adhere to, assess the overall risk levels relating to non-PRTs, and to confirm the effectiveness of their policies to the Country Head of OR. The operational risk subtypes include transaction processing, product management, people management, client service resilience, system availability, data quality, vendor service, change management, internal fraud, external fraud, corporate governance and authorities, exchange listing rules, financial books and records, tax obligations, model, safety and security, and legal enforceability. The First Line of Defense reports operational risk and measures the effectiveness of controls via Key Control Indicators, Control Sample Test, and Key Risk Indicators. Additionally, the Third Line of Defense comprises the independent assurance provided by the Group Internal Audit (GIA) function. GIA provides independent assurance of the effectiveness of management's control of the First Line and the Second Line. As a result, GIA provides assurance that the overall system of control effectiveness is working as required within the Risk Management Framework.

Year 2019 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 Bank conducts its risk identification and assessment (including loss incidents and self-assessment) in accordance with the ORTF. The identified risk shall be escalated to the authority defined in ORTF for risk monitoring by the management. Risk management information shall at least include: detailed information of operational risk exposure, risk ratings (including impact and likelihood ratings), risk and mitigation action ownership, target date for reducing risk exposure within appetite, operational loss and trends. Risk management information must also ensure data quality by verified and monitored data source.
5. Method used for regulatory capital calculation	Basic Indicator Approach.

(2) Required Capital for Operational Risk

Unit : NTD'000

Year	Gross Operating Profit	Required Capital
2017	13,329,121	
2018	13,469,474	
2019	**13,494,880**	
Total	40,293,474	2,014,674

Note : Operational risk is calculated by following the instructions given in Appendix 1 Calculation of Annual Gross Income, Part 4 Operational Risk of the "Banks' Self-owned Capital to Risk-weighted Assets". The Bank has made minor adjustment on the definitions for sale of property gain/loss and outsourced service fees after reviewing the components of annual gross income. The new definition has been adopted by the Bank in computing its operational risk since 2017.

4. Market Risk Management Structure and Capital Requirement

(1) Market Risk Management Structure

Year 2019 Description	Disclosure
1. Strategy and procedure of market risk management	The Bank recognizes market risk as 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 processes is to obtain the best balance of risk and return while meeting customers' requirements.
2. Market risk management organization and structure	Market and Treasury Risk Taiwan followed the regulatory requirement of the Taiwan Financial Supervisory Commission to develop the market risk management policies and procedures, which include the banking books and trading books. The market risk policies, procedures and limits are annually reviewed by Market and Treasury Risk Taiwan and are in line with Group Market Risk Committee guidance. Market risk limits are proposed by the business within the terms of the agreed policy. Limits are presented to the Executive Risk Committee or delegated manager for approval with its authority delegated by the Board. Market risk appetite requires approval from the Board. Market and Treasury 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 produced by Market and Treasury Risk Taiwan covers market 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 risk exposures relating to commodities price risk or 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 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 (such as exchange rate or interest rate) of financial instruments of the Bank. Market risk represents potential losses that the Bank may suffer in one day when unfavorable changes occur on the Bank's position at a 97.5% confidence interval under a certain price probability distribution.

Unit : NTD'000

	2019			2018		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange VaR	**2,999**	**10,356**	**791**	3,621	7,479	1,228
Interest rate VaR	**43,477**	**59,503**	**30,432**	44,401	50,330	39,553
Total VaR	**43,603**	**59,662**	**30,534**	44,561	50,376	39,649

Year 2019 Description	Disclosure
	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. The Bank 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.
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 and Treasury Risk Taiwan with approval by the head of authority. The Traded Risk Type Framework is presented to the 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 2020 Unit : NTD'000

Item	Required Capital
Interest Rate Risk	2,052,215
Equity Position Risk	-
Foreign Exchange Risk	362,400
Commodities Risk	-
Total	2,414,615

5. Liquidity risk

(1) Maturity analysis of assets and liabilities

Structure Analysis of Maturity Date – New Taiwan Dollars

31 March 2020 Unit : NTD'000

	Remaining period to expiration						
	Total	1~10 days	11~30 days	31~90 days	91~180 days	181days~1 year	Over 1 year
Capital Provided	733,274,846	113,392,335	80,267,118	120,485,101	82,134,067	107,219,370	229,776,855
Capital Used	784,881,221	55,712,041	127,042,536	169,827,909	111,318,479	68,297,518	252,682,738
Gap	(51,606,375)	57,680,294	(46,775,418)	(49,342,808)	(29,184,412)	38,921,852	(22,905,883)

Structure Analysis of Maturity Date – US Dollars

31 March 2020 Unit : USD'000

	Remaining period to expiration					
	Total	1~30 days	31~90 days	91~180 days	181days~1 year	Over 1 year
Capital Provided	20,674,184	7,840,546	5,524,527	3,868,112	2,640,995	800,004
Capital Used	22,980,797	9,730,454	7,422,980	2,414,246	1,783,748	1,629,369
Gap	(2,306,613)	(1,889,908)	(1,898,453)	1,453,866	857,247	(829,365)

(2) Measures for liquidity management of assets and capital gap

Refer to the Financial Statements of Appendix 1 from page 78 to Page 82.

(II) Impact of Changes in Domestic/Foreign Major Policies and Laws on the Bank's Financial Structure and Business and Responsive Actions Thereof

FSC amended 1) "Regulations Governing the Preparation of Financial Reports by Public issued Banks", 2) "Regulations Governing the Capital Adequacy and Capital Category of Banks", and 3) "Eligible Assets Maintenance Requirements for a Local Subsidiary Bank of a Foreign Financial Institution" in 2019, and 4) "Regulations Governing information to be published in Annual Reports of Banks" in March 2020. The purpose is to strengthen the corporate governance and data transparency while the Bank has adopted and complied with the regulatory requirements. The Bank has set up Compliance Department to cope with compliance matters, and will adapt to any updates in new or amended laws and regulations while disseminate to internal relevant parties in a timely matter to mitigate impact of changes on the Bank's financial structure and business.

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

In response to the age of digital banking, the Bank upholds its long-term belief of "customer centricity" to keep introducing financial services that are adaptive to users' behaviors. Under vigorous market competitions in Taiwan, the Bank has launched digital services, including mobile payment that supports Apply Pay, Google Pay, and Samsung Pay, and the introduction of "Scan and Pay" to provide more comprehensive financial service to our customers. In 2019, we are the first bank to launch "SC Keyboard Banking" service, enabling customers to enjoy financial services while simultaneously chatting via social media applications. Customers can conduct money transfer, send lucky money, or check foreign exchange rates and account status by just pressing one dedicated button (SC logo) embedded in the keyboard of social media applications. This brings great convenience for the young generation to enjoy the Bank's services just at their fingertips. In December 2019, the Bank also introduced the Official SC LINE Account with Chatbot and Premium Banking to acquire new customer segments. Customers can chat with chatbot via LINE or communicate with Stacy, the AI customer service, to understand our financial products and services, as well as to check their credit card statements or cash rebate/point reward status. The Bank will continue to innovate and develop digital banking to offer comprehensive and convenient services for younger generation customers.

(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 risk policy and procedure, 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.

The Bank delivers strong performance across its footprints in Asia, Africa, and Middle East, through focusing on its core businesses, and strong risk management mechanisms. Taiwan is one of the key growth markets for the Bank in Greater China and North Asia region. The Bank remains prudent and is devoted to bolstering its service quality and risk management by regular employee trainings, reinforcing the Bank's brand image and protecting consumers' rights. Such practice is closely integrated with ensuring a sustainable business, executing responsible selling and marketing, combating financial crimes, enhancing 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 anti-money laundering, 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

As of 30 April 2019, the printing date of the Annual Report, the Bank has no adjustment of branch locations.

(VII) Business Concentration Risk and Responsive Actions Thereof

To be in compliance with Article 33.3 of the Banking Act, the Bank regularly discloses and reports the credit extensions 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 appetite targets, have been clearly set in the Portfolio Standards ("PS") of the Bank. The PS is established according to the business strategies and within acceptable appetite targets 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 previous shareholder of the Bank, i.e. Standard Chartered Bank, had transferred all of its holding of the shares of the Bank to Standard Chartered NEA Limited on 1 October 2019 for internal restructure purpose. Standard Chartered NEA Limited has acquired all shares issued by the Bank. 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 and the case was concluded. As to the litigation initiated by the personal guarantor, the Supreme Court dismissed the appeal filed by the personal guarantor in June 2019. The personal guarantor has petitioned for retrial. The appeal is still pending in the Supreme Court without any judgment granted and the Bank cannot predict the outcome. Except for the above, the Bank is not involved in other material litigations within 2019 and as of the printing date 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 Centre" 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 Centre will base upon the decision to manage the emergency response actions to mitigate the impact on the business operation.

The Country Business Continuity Plan ("BCP") Strategy and departmental Business Continuity Plans are reviewed and updated, and BCP drills are conducted annually. IT Disaster Recovery Plan is developed 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 and Brand & Marketing Department is the designated unit for media inquiries if necessary.

VIII. Other Important Matters :

None



Standard Chartered has newly launched Premium Banking for the Millennials that caters their needs for assets growth. Customers can use our digital WM service easily and conveniently via their Line accounts.





Bill Winders, Group Chief Executive Officer of Standard Chartered visited Mr. Chien-Jen Chen, Vice President of R.O.C. in mid-February and presented him with the Standard Chartered Marathon T-shirt

Chapter 8

Special Notes

136 Information on Affiliated Enterprises

139 Private Placement of Securities and Bank Debentures

139 Shares Held or Disposed of by the Subsidiaries

139 Other Supplementary Notes

I. Information on Affiliated Enterprises

(I) Organizational Chart, Basic Information and Business Overview of Affiliated Enterprises :

Not applicable.

(II) Consolidated Financial Statements of Affiliated Enterprises :

Not applicable.

(III) Affiliation Reports

Declaration

The 2019 Affiliation Reports of Standard Chartered Bank (Taiwan) Limited for the period between 1 January 2019 and 31 December 2019 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 : Gregory John Powell



25 March 2020

安侯建業聯合會計師事務所
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Independent Auditors' Review of the Affiliation Report

Standard Chartered Bank (Taiwan) Limited

We have conducted the review of the 2019 Affiliation Report of Standard Chartered Bank (Taiwan) Limited (the 'Bank') in accordance with articles promulgated on dated November 30, 1999 in the letter of Ref. No. (88)-Tai-Tsai-Zheng-(VI)-04448 issued by the Securities and Futures Bureau, Financial Supervisory Commission R.O.C (formerly known as Securities and Exchange Commission, Ministry of Finance). This review opinion is to verity if the 2019 Affiliation Report of the Bank are in compliance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and if the information disclosed in the 2019 Affiliation Report has material inconsistency corresponding to those in the Notes to the Financial Statements audited by KPMG dated March 25, 2020. Based on our review, we are not aware of any violations of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" regarding the preparation of the Affiliation Report mentioned above; furthermore, neither material inconsistency found between the information disclosed in the Affiliation Report and those in the Notes to the audited Financial Statements.

KPMG
Taipei, Taiwan (Republic of China)
March 25, 2020

Notes to Readers

The Affiliation Report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language Affiliation Report, the Chinese version shall prevail.

1. Relationship with the Holding Company

Unit : Share ; %

Name of the Controlling Entity	Reason of Control	Controlling Entity's Shareholding and Pledged			Directors, Supervisors or Managers Representing the Controlling Entity	
		Number of Shares ('000)	Shareholding	Number of Pledged Shares	Title	Name
Standard Chartered PLC ("SC PLC")	With 100% shareholding in SCB HK					
Standard Chartered Bank (Hong Kong) Limited ("SCB HK")	With 100% shareholding in SC NEA					
Standard Chartered NEA Limited ("SC NEA")	Shareholding 100 percent	2,910,572	100 percent	None	Chairman Director Director Director Director INED (Note) INED (Note) INED (Note)	Gregory John Powell Yuen Tung Anthony Lin Wea Meng Jerome Chang Kate Lin Hormusji Noshir Dubash Ban-Ren Chen Man-Jung Chan Andrew James Hardacre

Note : INED, Independent Non-Executive Director

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 :

For the year ended 31 December 2019, the 'Bank's transactions with Standard Chartered Bank (Hong Kong) Limited ("SCB HK") were as follows :

a) The financial assets or liabilities at fair value through profit or loss was NTD 279,271 thousand and NTD 82,250 thousand respectively, and the valuation gain on financial assets or liabilities at fair value through profit or loss was NTD 197,650 thousand.

b) The deposit with banks was NTD 197,953 thousand.

c) The call loans to banks was NTD 10,446,030 thousand, the interest income from call loans to banks was NTD 114,920 thousand and the interest receivables resulting from the call loans to banks was NTD 371 thousand.

d) The interest expense for overdrafts on banks was NTD 745 thousand.

e) The call loans from banks was NTD 12,571,999 thousand, the Interest expense from call loans from banks was NTD 62,117 thousand and the interest payables resulting from the call loans from banks was NTD 1,385 thousand.

f) The technical support service fees was NTD 15,398 thousand and the technical support service fees payable was NTD 23,932 thousand.

g) The consultant service income, origination income, and trading income was NTD 102,574 thousand. The consultant service income, origination income and trading income receivables was NTD 105,475 thousand.

h) The consultant service fees, origination fees, and trading fee was NTD 5,782 thousand. The consultant service fees, origination fees, and trading fees payable was NTD 5,517 thousand.

3. Endorsements & guarantees of the Company to the controlling entity : Not Applicable.

4. Other material transactions which were significant to Financial and Business :

The SCB Group established a Greater China & North Asia ("GCNA") hub in Hong Kong to operate SCB Korea, China and Taiwan. Under this regional hub structure, SC NEA becomes a direct subsidiary of SC HK and Standard Chartered Bank Taiwan Limited ("the Bank") becomes a direct subsidiary of SC NEA. The creation of a regional hub in Hong Kong optimizes the Bank's legal entity structure so that we have more flexibility to deploy capital and liquidity within the region and be in a stronger position to support our clients across the GCNA markets. It further consolidates the GCNA's position as a key engine for the Group and the Bank to expand business and generate profits through stronger collaboration and support from the regional hub.

II. Private Placement of Securities and Bank Debentures : None.

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

IV. Other Supplementary Notes : None.





Standard Chartered Taipei Charity Marathon, the largest event with the most VI runners in Taiwan, made its debut of a "full-marathon charity relay" that attracted 22 enterprises joined the race.



Employees joined beach cleaning activity through the EcoLife campaign that took place in A-Lang-Yi historical trail.

Chapter 9

Appendix

142 Appendix 1 : 2019 CPA Audited Financial Statements of the Bank

308 Appendix 2 : Directory of Branches and Offices

Appendix 1 : 2019 CPA Audited Financial Statements of the Bank

Stock Code:2807

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

KPMG
安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Standard Chartered Bank (Taiwan) Limited,

Opinion

We have audited the financial statements of Standard Chartered Bank (Taiwan) Limited (“the Bank”), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IASs"), International Financial Reporting Interpretations Committee ("IFRICs"), and the Standing Interpretations Committee ("SICs") endorsed by the FSC (hereinafter referred to as "the IFRSs and endorsed by the FSC").

Basis for Opinion

We conducted our audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-(Fa)-Zi No. 10802731571 and Generally Accepted Auditing Standards in the Republic of China for the year ended December 31, 2019; we conducted our audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards in the Republic of China for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of loans and receivables

   Refer to note 4(e) "Financial instruments" for the accounting policies of impairment. Refer to note 5(a) "Impairment evaluation of loans and receivables" for the uncertainty of accounting estimates and assumptions for loans and advances impairment. Refer to notes 6(h), (i) and (al) "Information on financial risk" for the description of loans and advances loss provision and impairment assessment.

1) Risk and descriptions of the key audit matter:

Loans and advances refer to financial assets measured at amortized cost where quoted market prices are not available. The risk is that the estimation of the provision for allowance of bad debt may be misstated due to the application of estimation which often involve the exercise of judgment, the use of assumptions, and the estimated recoverability. Wholesale banking clients are evaluated and monitored individually, based on the knowledge of financial and non-financial information of each individual. However, the consumer banking clients comprise much smaller value loans to a much greater number of customers. Accordingly, loans and receivables are grouped and monitored by product into homogeneous exposures, which also drive the assessment of loan loss provisions.

Wholesale banking clients have struggled for revenue and profitability against heating up China-US trade friction, increase in global trade and economic uncertainty, and intense industry competition. These factors bring uncertainty to the recoverability on loans and advances; residential mortgage is one of the major components of loans. Due to the correction of property market in recent years, causing the values of the collaterals to drop which increased the probability of insufficient guarantee. This matter requires significant attention of our audit for the financial statements.

2) Procedures performed:

- Testing the key control over the credit grading and monitoring processes to assess if the risk grades allocated to the counterparties which follow the Bank's policy and loans were identified, on a timely basis, into early alert or higher credit grades.
- Performing credit assessments by sampling of all loans with a significant carrying value and high-risk loans that are on the Early Alert Report. For these selected loans, we assessed the reasonableness of the forecast of recoverable cash flows, realization of collateral and other possible sources of repayment.
- For expected credit loss, our procedures included:
  - — Assessing the appropriateness of the models used for calculating the Expected Credit Loss.
  - — Testing the appropriateness of the inputs into the model.
- Assessing whether the loan loss provision is in line with the minimum requirement of the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and Regulation Governing Institutions Engaging In Credit Card Business.

2. Valuation of financial instruments

Refer to note 4(e) "Financial instruments" for the accounting policy of financial instruments valuation. Refer to note 5(b)" Valuation of financial instruments" for the uncertainty of accounting estimates and assumption for the financial instruments valuation. Refer to note 6(al) for the fair value hierarchy information of financial instruments.

1) Risk and descriptions of the key audit matter:

The risk is that the valuation of financial instruments may be misstated due to the application of valuation techniques which often involve the exercise of judgment and the use of assumptions and estimates. Of the financial instruments that are held at fair value through profit and loss or at fair value through other comprehensive income in the Bank's balance sheet, majority were qualified as being measured using level 1 or 2 inputs in the fair value hierarchy as of December 31, 2019. This means they were valued using prices that were observable in the market place or through models with market observable inputs, including those inputs that can be observed directly (quoted prices) or indirectly (derived from quoted prices) from active markets, resulting in the valuation risk being low. The measurement of the fair value of the input parameters of Level 3 are not based on observable market data, therefore, during the valuation process, those related to the modeling assumptions used by the Bank in measuring expected exposures of derivatives and the appropriateness of the proxies used (for estimating loss rates) for counterparties may cause differences in calculation.

2) Procedures performed:

Testing of the controls over the identification, measurement and management of valuation risk including independent price verification control, the governance over valuation models and model validations, and the management reporting of valuation risk.

- Understanding and assessing the Bank's valuation models and valuation methodology for financial instruments.
- Testing, for a selection of pricing inputs used, whether they were externally sourced and were correctly input into pricing models.
- Verifying the fair value of the selected samples for debt securities, equity investments and derivative instruments positions, and comparing their valuation to the Bank's valuation.
- We also performed a range of additional procedures on the credit and funding valuations adjustments which included:
  - — Assessing the appropriateness of the methodology and the key underlying models used.
  - — Checked the samplings of counterparties' exposures and assessed whether these were appropriately netted in arriving at the final exposures.
  - — Assessed the appropriateness of the Bank's credit risk valuation adjustment.

3. Goodwill impairment

Refer to note 4(h) "Intangible assets" for the accounting policy of goodwill impairment. Refer to note 5(c) " Goodwill impairment" for the uncertainty of accounting estimates and assumption for the goodwill impairment. Refer to note 6(m) for further description of disclosures on goodwill.

1) Risk and descriptions of the key audit matter:

The Bank's goodwill, $3,156,048 thousand, as stated on the balance sheet, were arose through the acquisition of Asia Trust Investment Company Limited ("ATIC") in 2008. The main audit risk lies in the assessment of impairment of goodwill which requires the management to make subjective judgments to estimate the recoverable amount of relevant cash-generating units, which may not fully represent the recoverability of the goodwill.

2) Procedures performed:

- Assessing the consistency of key assumptions used by management in impairment test and assessing the appropriateness of valuation methodology used by management for measuring recoverable amount.
- Taking into account the quality of profit forecast, comparing the inputs used in impairment test with external sources, and performing sensitivity test.

4. Disclosures on related party transactions

Refer to note 7 for further description of disclosures on related party transactions.

1) Risk and descriptions of the key audit matter:

The Bank is one of the subsidiaries under Standard Chartered PLC. The Bank has service agreements with multiple individuals under the Group, with significant amount. Main services include interbank fund transferring, trading of derivatives, service income and cost, etc. There are potential undisclosed related party transactions.

2) Procedures performed:

- Understanding of the Bank's related party recognition process.
- Cross checking the balance of related party transactions with the Bank's financial statements to ensure the consistency. Otherwise, the balance is being reconciled.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and the "IFRSs" endorsed by the FSC, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those who charged with governance (including the audit committee) are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Generally Accepted Auditing Standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those who charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

From the matters communicated with those who charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yuan-Sheng Yin and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2020

Notes to Readers

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Balance Sheets

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
11000	Cash and cash equivalents (notes 6(a) and 7)	$ 22,466,040	4	23,637,632	4
11500	Due from the Central Bank and call loans to banks (notes 6(a), (b) and 7)	88,584,862	14	81,627,972	13
12000	Financial assets at fair value through profit or loss (notes 6(c) and 7)	16,521,008	3	16,331,428	3
12100	Financial assets at fair value through other comprehensive income (notes 6(d) and (f))	150,617,928	24	162,495,083	26
12200	Debt instrument investment measured at amortized cost (note 6(e))	1,929,246	-	1,937,067	-
12300	Financial assets for hedging (note 6(f))	173,117	-	247,374	-
12500	Securities and bonds purchased under resell agreements (notes 6(a), (g) and 7)	6,393,794	1	11,738,716	2
13000	Receivables－net (notes 6(h), (i) and 7)	23,479,450	4	24,576,560	4
13200	Current tax assets (note 6(x))	352,623	-	448,497	-
13500	Discounts and loans－net (notes 6(f), (i) and 7)	282,220,611	45	277,484,777	44
15500	Other financial assets－net (notes 6(j) and 8)	16,144,482	3	15,145,361	2
18500	Property and equipment－net (note 6(k))	3,707,099	1	4,351,057	1
18600	Right-of-use assets-net (note 6(l))	1,939,425	-	-	-
19000	Intangible assets－net (note 6(m))	3,275,479	1	3,258,021	1
19300	Deferred tax assets (note 6(x))	967,376	-	1,596,681	-
19500	Other assets－net (notes 6(n), 7 and 8)	2,899,408	-	1,696,566	-
	Total assets	**$ 621,671,948**	**100**	**626,572,792**	**100**

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Liabilities:				
21000	Deposits from the Central Bank and banks (notes 6(o) and 7)	$ 22,768,336	4	36,496,273	6
22000	Financial liabilities at fair value through profit or loss (notes 6(c) and 7)	8,611,500	1	8,105,768	1
22300	Financial liabilities for hedging (note 6(f))	289,328	-	8,518	-
23000	Payables (note 6(p))	5,581,086	1	4,790,749	1
23100	Related parties payable (note 7)	7,139,839	1	6,231,122	1
23200	Current tax liabilities (note 6(x))	149,083	-	18,611	-
23500	Deposits and remittances (notes 6(q) and 7)	514,240,351	84	510,768,268	82
24000	Financial debentures (notes 6(r) and 7)	8,023,443	1	8,149,671	1
25500	Other financial liabilities (note 6(s))	152,574	-	329,190	-
25600	Provisions (notes 6(t) and (w))	1,466,595	-	1,601,731	-
26000	Lease liabilities (note 6(u))	1,937,022	-	-	-
29300	Deferred tax liabilities (note 6(x))	818,811	-	851,943	-
29500	Other liabilities (notes 6(v) and 7)	4,649,707	1	4,075,166	1
	Total liabilities	575,827,675	93	581,427,010	93
	Equity:				
31101	Common stock (note 6(y))	29,105,720	5	29,105,720	5
31500	Capital surplus (note 6(y))	5,794,771	1	5,794,771	1
	Retained earnings:				
32001	Legal reserve (note 6(y))	7,907,463	1	7,090,437	1
32003	Special reserve (note 6(y))	288,953	-	354,033	-
32005	Unappropriated earnings (note 6(y))	2,665,076	-	2,756,697	-
		10,861,492	1	10,201,167	1
32500	Other equity interest (note 6(y))	82,290	-	44,124	-
	Total equity	45,844,273	7	45,145,782	7
	Total liabilities and equity	**$ 621,671,948**	**100**	**626,572,792**	**100**

See accompanying notes to financial statements.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2019		2018		Change
		Amount	%	Amount	%	%
41000	**Interest income (notes 6(ab) and 7)**	$10,965,555	80	10,320,477	77	6
51000	**Less：Interest expense (notes 6(ab) and 7)**	6,664,349	49	6,264,170	47	6
	Net interest income	4,301,206	31	4,056,307	30	6
	Net non-interest income					
49100	Net service fee income (notes 6(ac) and 7)	4,863,336	36	4,474,787	34	9
49200	Gain on financial assets or liabilities at fair value through profit or loss (notes 6(ad) and 7)	3,885,932	29	3,280,060	25	18
49310	Realized gain on financial assets at fair value through other comprehensive income (notes 6(d) and (ae))	29,605	-	28,053	-	6
49600	Foreign exchange gain	432,727	3	1,640,157	12	(74)
49700	Impairment losses on assets (note 6(ag))	(28,818)	-	(124,377)	(1)	77
49800	Net other non-interest income (notes 6(f), (af) and 7)	182,072	1	1,727	-	10,443
	Net revenue	13,666,060	100	13,356,714	100	2
58200	Bad debt expense, commitment and guarantee liability provision (note 6(ah))	498,272	4	630,050	5	(21)
	Operating expenses:					
58500	Employee benefits expenses (notes 6(w), (z), (ai) and 7)	5,189,078	38	5,197,854	39	-
59000	Depreciation and amortization expenses (notes 6(k), (l), (m) and (aj))	584,352	4	172,722	1	238
59500	Other general and administrative expenses (notes 6(ak) and 7)	4,142,115	30	4,547,926	34	(9)
	Total operating expenses	9,915,545	72	9,918,502	74	-
	Profit from continuing operations before tax	3,252,243	24	2,808,162	21	16
61003	Less: Income tax expenses (note 6(x))	752,383	6	84,743	1	788
	Profit	2,499,860	18	2,723,419	20	(8)
65000	**Other comprehensive income:**					
65200	**Components of other comprehensive income that will not be reclassified to profit or loss**					
65201	Gains (losses) on remeasurements of defined benefit plans	9,915	-	(59,336)	-	117
65204	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(39,681)	-	120,844	1	(133)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(x))	(1,983)	-	14,026	-	(114)
		(31,749)	-	75,534	1	(142)
65300	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**					
65305	Gains on hedging instrument (note 6(y))	23,194	-	3,032	-	665
65309	Revaluation gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	64,379	-	(76,971)	(1)	184
65310	Provision (Reversal) of impairment loss from investments in debt instruments measured at fair value through other comprehensive income	1,275	-	(1,017)	-	225
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(x))	(11,001)	-	3,234	-	(440)
	Components of other comprehensive income that will be reclassified to profit or loss	77,847	-	(71,722)	(1)	209
65000	**Other comprehensive income**	46,098	-	3,812	-	1,109
	Total comprehensive income	**$ 2,545,958**	**18**	**2,727,231**	**20**	(7)
	Basic earnings per share (NTD) (note 6(aa))	**$ 0.86**		**0.94**		

See accompanying notes to financial statements.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other items in stockholders' equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total equity
Balance at January 1, 2018	$ 29,105,720	5,794,771	6,431,895	343,057	2,108,311	-	64,612	(10,967)	-	43,837,399
Effects of retrospective application	-	-	-	-	78,588	5,969	(64,612)	10,967	(10,967)	19,945
Equity at beginning of period after adjustments	29,105,720	5,794,771	6,431,895	343,057	2,186,899	5,969	-	-	(10,967)	43,857,344
Appropriation and distribution of retained earnings:										
Legal reserve appropriated (note 6(y))	-	-	658,542	-	(658,542)	-	-	-	-	-
Special reserve appropriated (note 6(y))	-	-	-	10,976	(10,976)	-	-	-	-	-
Cash dividends of ordinary share (note 6(y))	-	-	-	-	(1,438,793)	-	-	-	-	(1,438,793)
Net income	-	-	-	-	2,723,419	-	-	-	-	2,723,419
Other comprehensive income	-	-	-	-	(45,310)	46,300	-	-	2,822	3,812
Total comprehensive income	-	-	-	-	2,678,109	46,300	-	-	2,822	2,727,231
Balance at December 31, 2018	29,105,720	5,794,771	7,090,437	354,033	2,756,697	52,269	-	-	(8,145)	45,145,782
Appropriation and distribution of retained earnings:										
Legal reserve appropriated (note 6(y))	-	-	817,026	-	(817,026)	-	-	-	-	-
Special reserve appropriated (note 6(y))	-	-	-	13,617	(13,617)	-	-	-	-	-
Cash dividends of ordinary share (note 6(y))	-	-	-	-	(1,847,467)	-	-	-	-	(1,847,467)
Reversal of special reserve (note 6(y))	-	-	-	(78,697)	78,697	-	-	-	-	-
Net income	-	-	-	-	2,499,860	-	-	-	-	2,499,860
Other comprehensive income	-	-	-	-	7,932	19,611	-	-	18,555	46,098
Total comprehensive income	-	-	-	-	2,507,792	19,611	-	-	18,555	2,545,958
Balance at December 31, 2019	**$ 29,105,720**	**5,794,771**	**7,907,463**	**288,953**	**2,665,076**	**71,880**	**-**	**-**	**10,410**	**45,844,273**

See accompanying notes to financial statements.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	$ 3,252,243	2,808,162
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	564,833	166,216
Amortization expense	19,519	6,506
Bad debt expense, commitment and guarantee liability provision	498,272	630,050
Interest expense	6,664,349	6,264,170
Interest income	(10,965,555)	(10,320,477)
Net change in other provisions	(92,997)	(157,891)
Gain on disposal of property and equipment	(186,885)	-
Impairment losses on assets	28,818	124,377
Total adjustments to reconcile profit (loss)	(3,469,646)	(3,287,049)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Due from the Central Bank and call loans to banks	(4,607,970)	2,493,530
Financial assets at fair value through profit or loss	(189,580)	(416,325)
Financial assets at fair value through other comprehensive income	11,896,325	22,945,035
Debt instrument investment measured at amortized cost	7,704	(1,937,067)
Receivables	757,999	(3,720,576)
Discounts and loans	(5,242,677)	(15,117,967)
Other financial assets	(976,315)	(7,665,326)
Total changes in operating assets	1,645,486	(3,418,696)
Changes in operating liabilities:		
Deposits from the Central Bank and banks	(13,727,937)	(22,596,254)
Financial liabilities at fair value through profit or loss	505,732	720,864
Payables	2,147,150	(1,350,386)
Deposits and remittances	3,472,083	5,358,008
Other financial liabilities	(176,616)	(935,196)
Other liabilities	574,541	2,042,933
Total changes in operating liabilities	(7,205,047)	(16,760,031)
Total changes in operating assets and liabilities	(5,559,561)	(20,178,727)
Total adjustments	(9,029,207)	(23,465,776)
Cash outflow generated from operations	(5,776,964)	(20,657,614)
Interest received	11,258,207	10,241,090
Interest paid	(7,073,900)	(5,921,550)
Income taxes refunded (paid)	57,483	(178,468)
Net cash flows from (used in) operating activities	(1,535,174)	(16,516,542)
Cash flows used in investing activities:		
Acquisition of property and equipment	(133,267)	(217,362)
Acquisition of intangible assets	739,647	-
Increase in derivatives collateral	(1,085,605)	(472,255)
Acquisition of intangible assets	(36,977)	(108,479)
Increase in other assets	(160,402)	(113,354)
Net cash flows used in investing activities	(676,604)	(911,450)
Cash flows used in financing activities:		
Decrease (increase) in financial instruments for hedging	383,453	(272,380)
Decrease in financial debentures	-	(6,551,000)
Payment of lease liabilities	(365,574)	-
Cash dividends paid	(1,847,467)	(1,438,793)
Net cash flows used in financing activities	(1,829,588)	(8,262,173)
Change in foreign exchange rate	(126,228)	177,914
Net increase (decrease) in cash and cash equivalents	(4,167,594)	(25,512,251)
Cash and cash equivalents at beginning of period	90,713,130	116,225,381
Cash and cash equivalents at end of period	**$ 86,545,536**	**90,713,130**
Composition of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	$ 22,466,040	23,637,632
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	57,685,702	55,336,782
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	6,393,794	11,738,716
Cash and cash equivalents at end of period	**$ 86,545,536**	**90,713,130**

See accompanying notes to financial statements.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

Pursuant to an approval granted by the Securities and Futures Commission ("SFC"), which subsequently changed its name to the Securities and Futures Bureau ("SFB") on July 1, 2004, the Bank's shares were authorized to be publicly issued beginning March 1982 and publicly traded beginning March 22, 1983. Additionally, pursuant to approval granted by the Ministry of Finance ("MOF"), the Bank established a Trust Department in January 1989, pursuant to approval granted by the SFC, the Bank established the securities trading business in October 1989 and established the securities broker business in July 1992. In March 1993, pursuant to approval granted by the MOF, the Bank established the International Business Department to operate the foreign exchange business, which was formally operated in August at the same year. In September 1994, pursuant to approval granted by the Taiwan provincial government MOF, the Bank started cross-regional operations. On January 16, 1995, the Bank established an Offshore Banking Unit ("OBU"), which began operations immediately.

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

During 2006, Standard Chartered Bank provided a tender offer to acquire the outstanding shares of Hsinchu International Bank Co., Ltd. Accordingly, Standard Chartered Bank acquired over 95% of the outstanding. After completion of the acquisition of shares, Hsinchu International Bank Co., Ltd. immediately submitted the delisting application, which was approved by the related authorities on January 18, 2007. On June 30, 2007, the operations of Standard Chartered Bank, Taipei Branch were transferred to Hsinchu International Bank Co., Ltd.; subsequently, Hsinchu International Bank Co., Ltd. was renamed Standard Chartered Bank (Taiwan) Limited on July 2, 2007. As of December 31, 2019, the Bank comprises 65 branches, a business department, a trust department, and an offshore banking unit.

The Bank acquired the outstanding assets, liabilities and operations of American Express Bank, Taipei Branch ("AEB") and Asia Trust Investment Co., Ltd. ("ATIC") on August 1 and December 27, 2008, respectively.

On October 9, 2014, the Bank 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.

On May 6, 2015, the Bank was approved to start engaging in underwriting of bonds and marketable securities (limited to fixed income securities).

(Continued)

Approved by the board of directors in June 2016 and by the Insurance Bureau in July 2016, Standard Chartered Life Insurance Agency Co. Ltd. ("SCLIA") and Taiwan Standard Chartered Insurance Agency Co. Ltd. ("TSCIA"), which were 100 percent owned subsidiaries, were merged into the Bank through absorption on October 1, 2016. The Bank's stockholders' equity was not affected by the mergers. After the mergers, the assets, liabilities, rights and obligations of these two subsidiaries, as of the date of mergers, were generally assumed by the Bank. Since the Bank no longer has other subsidiaries, therefore, the Bank only issues individual financial statements as of the fourth quarter of 2016.

The Bank was approved by the Financial Supervisory Commissions R.O.C. (" FSC") to dissolve the International Business Department on October 21, 2016.

(2) Approval date and procedures of the financial statements:

The financial statements were authorized for issuance by the Board of Directors on March 25, 2020.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015- 2017 Cycle	January 1, 2019

Except for the following items, the Bank believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Bank applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below:

(i) Definition of a lease

Previously, the Bank determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Bank assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(i).

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

On transition to IFRS 16, the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Bank applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(ii) As a lessee

As a lessee, the Bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under IFRS 16, the Bank recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Bank decided to apply recognition exemptions to short-term leases.

Leases classified as operating under IAS 17. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank' s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Bank used the following practical expedients when applying IFRS 16 to leases.

1) Applied a single discount rate to a portfolio of leases with similar characteristics.

2) Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

3) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

4) Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

5) Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(iii) As a lessor

No adjustment to lessor accounting has been made when the Bank transited to IFRS 16. The adoption of lease accounting complied with IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

(iv) Impacts on financial statements

On transition to IFRS 16, the Bank recognized additional $1,980,143 thousands of right-of-use assets and $1,963,536 thousands of lease liabilities. There was no impact on retained earnings when measuring lease liabilities, the Bank discounted lease payments using its incremental borrowing rate at January 1, 2019. The range of weighted-average rate applied is 2.12%.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Bank's financial statements	$	905,878
Recognition exemption for:		
short-term leases		(39,723)
leases of low-value assets		(1,026)
Extension options reasonably certain to be exercised		1,074,470
Reassessments of lease contracts which were service contracts in origin		256,867
Other		(3,578)
	$	**2,192,888**
Discounted using the incremental borrowing rate at January 1, 2019	$	1,963,536
Finance lease liabilities recognized as at December 31, 2018		-
Lease liabilities recognized at January 1, 2019	**$**	**1,963,536**

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Bank assessed that the adoption of the abovementioned standards may not be relevant to the Bank on its financial statements.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

The Bank is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Bank completes its evaluation.

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

The financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), International Financial Reporting Interpretations Committee ("IFRICs"), and the Standing Interpretations Committee ("SICs") endorsed by the FSC (hereinafter referred to as "the IFRSs endorsed by the FSC").

(b) Basis of preparation

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

(i) Financial instruments at fair value through profit or loss (including derivative financial instruments);

(ii) Financial instruments at fair value through other comprehensive income;

(iii) Financial instruments for hedging at fair value;

(iv) Liabilities for cash-settled share-based payment arrangements at fair value; and

(v) Net defined benefit liability represents the difference between the Funds and the present value of the defined benefit obligation.

(c) Foreign currency transactions

Except for accounts in the OBU of the Bank that are denominated in US Dollars, accounts in all entities are denominated in New Taiwan Dollars. For those transactions denominated in foreign currencies, assets and liabilities are recorded in their original foreign currencies, while all income and expense accounts are denominated in original foreign currencies and translated into New Taiwan Dollars at the daily closing exchange rates. At the report date, the financial statements amount in all foreign currencies are translated into New Taiwan Dollars at ruling exchange rates assigned on that date. The Bank's financial statements are presented in New Taiwan Dollars, the functional currency of the Bank. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars, unless otherwise specified. Foreign exchange differences arising from the conversion of currency are recognized in current period profit or loss.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, checks 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 statements 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, due from the Central Bank and call loans to banks, and securities purchased under resell agreements and bond investments.

(e) Financial instruments

(i) Financial assets

Financial assets held by the Bank are recorded on the trading date.

Financial assets are recognized when the Bank becomes the party of a financial instrument contract. Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The Bank shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

a) Debt investments measured at amortized cost

When a financial asset meets both of the following conditions and is not designated as at FVTPL, it is measured at amortized cost;

-it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

b) Securities and bonds under repurchase/resell agreements

Securities and bonds 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.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

c) Loans and receivables

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

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, qualified guarantees and other legally guaranteed objects 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 and interest receivable). Any non-performing loans or non-accrual loans shall be written off after subtracting the estimated recoverable portion.

However, when requested by the competent authority or any financial examination agency (organization), loans must be immediately written off, and a report must be made to the subsequent board meeting. Collections after written 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.

Loans and receivables should be evaluated at every reporting date whether or not the credit risks have increased significantly after initial recognition. One estimate is by comparing the default risk at reporting date and initial recognition date and considering the reasonableness and verifiable information of the increase in credit risk since initial recognition as the estimate basis for default risk and expected loss rate to calculate the expected credit loss. Another estimate follows Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans issued by the FSC and other related regulations. Final provision will be based on the higher of the two estimates.

Reserves for guarantees and financing commitments are appropriately provided, based on the possibilities of bad debts arising from off balance sheet loan commitments and financial guarantee contracts.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

-it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at fair value through other comprehensive income should be valued at fair value on the reporting date, and the changes in value shall be listed in other comprehensive income as adjustment items. It should also use the effective rate to amortize the discount premium and calculate the interest receivable on an accrual basis, as well as recognize the credit impairment loss. If the impairment loss related to the events after impairment recognition is reduced in the subsequent period, it is reversed and recognized as profit or loss in the current period. The reversal is limited by the fact that other comprehensive income recognized as impairment adjustment items cannot be negative. Prior to derecognition, the changes in the remaining book values of financial assets, other than foreign currency related financial asset exchange losses, interest income calculated according to effective interest rate, and impairment losses recognized in income, should be recognized in other comprehensive income and accumulated under equity in " Unrealized profit or loss on financial assets at fair value through other comprehensive income." Upon derecognition, the accumulated profit or loss under equity should be reclassified as profit or loss in the current period.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Dividends deriving from equity investments are recognized as income in profit or loss, and other net gains and losses of financial assets measured at FVOCI are recognized in OCI. Upon derecognition, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Bank may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, which take into account any dividend and interest income, and recognized in profit or loss.

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

4) Impairment of financial assets

The Bank measures loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, due from the Central Bank and call loan to banks, securities and bonds purchased under resell agreements, receivables, discounts and loans, financial assets measured at amortized cost and other assets), debt investments measured at FVOCI, and contract assets.

The Bank takes into consideration the reasonable information supported by evidence that can be obtained without excessive cost or input, which includes qualitative and quantitative information, an analysis based on the Bank's past experience, credit evaluation, and prospective information, when determining whether there is a significant increase in the credit risk of financial assets since initial recognition. If a financial asset or portfolio of financial assets does not experience a significant increase in credit risk since initial recognition, the loss allowances are measured at 12-month ECL; and such assets are classified as stage 1 assets. However, if a financial asset, or portfolio of financial assets, experiences a significant increase in credit risk since initial recognition, an ECL allowance should be recognized for default events that may occur over the lifetime of the asset; and such assets are classified as stage 2 assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses during the expected lifetime of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Bank assesses whether financial assets at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Please refer to note 6(al) for information on financial risks for the Bank's judgment on whether the credit risk has significantly increased after initial recognition and prospective adjustments.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Bank transfers substantially all the risks and rewards of ownership of the financial assets.

If majority of the risks and rewards are not kept nor transferred, while the Bank still possess the ownership of the financial assets, then the Bank shall continuously recognize it as assets according to the extent of its own involvement.

6) Reclassification of financial assets

Only when the business model of financial assets management is changed does the Bank reclassifies the affected financial assets according to regulations.

(ii) Financial liabilities

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

1) Financial liabilities 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.

2) 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.

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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.

3) Derecognition of a financial liability

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

4) Mutual offset of financial assets and liabilities

Financial assets and financial liabilities shall be offset only when the Bank currently has legally enforceable rights to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities at the same time.

(iii) 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 Bank should account 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.

For derivatives embedded in non-derivative host contracts that are financial assets within the scope of IFRS 9, the whole hybrid contracts shall be measured as one and the classification is determined by the entire hybrid contract and initially recognized at fair value through profit or loss, at fair value through other comprehensive income, or at amortized cost.

When a fair value hedge and cash flow hedge 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:

1) 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.

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2) 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.

(f) Non-financial asset impairment

In terms of International Accounting Standard No. 36, the Bank, at each report 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.

(g) Property and equipment

Property and equipment are measured at cost on acquisition. Subsequently, property and equipment are measured at cost plus any revaluation increments (land revaluation based on the announcement of the adjustment in current land value). Interest expense incurred directly attributable to bringing an asset to the condition necessary for it to be capable of operating should be capitalized. Major additions, improvements, and renewals are treated as capital expenditure and capitalized, while maintenance and repair costs are expensed when incurred.

The Bank evaluates the estimated remaining useful lives, depreciation method, and residual value on a yearly basis. Changes in the estimated remaining 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 at cost. Gains or losses on disposals of property and equipment are recognized as net other non-interest income. Useful lives of property and equipment held by the Bank 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

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(h) Intangible assets

(i) 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 Bank use cost model to proceed subsequently measurement.

(ii) Goodwill

Goodwill under the purchasing method is the portion in excess of the identifiable net assets measured using fair value. Goodwill is carried at 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.

(iii) Research and development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

2) The intention to complete the intangible asset and use or sell it.

3) The ability to use or sell the intangible asset.

4) How the intangible asset will generate probable future economic benefits.

5) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.

6) The ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount of the expenditure exceeds USD $500 thousand.

Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

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(i) Leases ((i), (ii), (iii) Applicable after January 1, 2019)

(i) Identifying a lease

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a leasee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including substantial fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change of assessment on the lease term if a change in the Bank's estimate of exercising the extension or termination option happens; or

— there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Bank accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Bank presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
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The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Bank acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(iv) Lease classification (adopted before January 1, 2019)

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 Bank classifies all its leases as operating leases.

The Bank'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 general and administrative expenses" and "Net other non-interest income".

(j) Provisions

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

(i) An entity has a present obligation, legal or constructive, as a result of a past event;

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation.

The Bank 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 in the current period.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
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(k) Revenue and expense recognition

Other than those classified as financial assets at fair value through profit or loss, all the interests and expenses resulting from the interest accrual financial instruments are required to be calculated using the effective interest rate method according to the related policies, and recognized in the income statement under "Interest income" and "Income expense".

Service fee income and expenses can only be recognized after the completion of loans and other services; if the service fee is earned from performing major projects, it should only be recognized after completion of the major projects. For example, service fee resulting from syndication loans, the service fee income and expenses are related to subsequent loans, it should amortize according to the materiality within the service period or included in the calculation of the effective rates of loans and receivables.

(l) Employee benefit

(i) Short-term employee benefit (including employee bonus, remuneration of directors and supervisors): The Bank 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.

(ii) Post-employment benefit: The Bank pension plan comprises defined contribution plan and defined benefit plan.

1) A defined contribution plan is a post-employment benefit plan under which the Bank 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 benefits 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.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
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2) 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 Bank 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. Pension cost for the period is calculated on a year-to-date basis by using actuarially determined pension cost rate at the end of the previous fiscal year. In terms of the amendment of Article 12 of Regulations Governing the Preparation of Financial Reports by Public Banks according to Jin-Guan-Yin-(Fa)-Zi No. 10310006010 as announced by FSC on October 21, 2014, the Bank elected to recognize the remeasurements of defined benefit plans in retained earnings and will not reclassify amounts into profit or loss in the subsequent period.

(m) Share-based compensation

IFRS 2 "Share-based payment" requires that all share-based payments are accounted for using a fair value method and the fair value of the employee services received in exchange for the grant of the options is recognized as an expense. For deferred share awards that are part of the annual performance bonus, the expense is recognized over the period from the start of the performance period to the vesting date.

For equity-settled awards, the total amount to be expensed over the vesting period is determined by reference to the fair value of the options at the date of grant, which excludes the impact of any non-market vesting conditions (for example, profitability and growth targets). The fair value of equity instruments granted is based on market prices, if available, at the date of grant. In the absence of market prices, the fair value of the instruments is estimated using an appropriate valuation technique, such as a binomial option pricing model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Bank revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Forfeitures prior to vesting attributable to factors other than the failure to satisfy a non-market vesting condition are treated as a cancellation and the remaining unamortized charge is debited to the income statement at the time of cancellation. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled awards are revalued at each reporting date and all unpaid amounts are recognized as liabilities, with any changes in fair value charged or credited to staff costs in the statements of comprehensive income until the awards are exercised. Where forfeitures occur prior to vesting that are attributable to factors other than a failure to satisfy market-based performance conditions, the cumulative charge incurred up to the date of forfeiture is credited to the statements of comprehensive income.

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(n) Income tax

Income tax expense include both current taxes and deferred taxes. Except for expenses recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profits or losses. Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years. Deferred taxes arise due to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on statutory tax rate on the reporting date or the actual legislative tax rate.

A deferred tax asset should be recognized for the carryforward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be reassessed on each reporting date and adjusted based on the probability that future taxable profit will be available for use.

In accordance with the Income Tax Act, a surtax of 5 percent on undistributed earnings is recognized as current income tax expense in the year of the resolution of earnings distribution proposal by its board of directors on behalf of the shareholders' meeting.

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 Bank's basic income is the sum of the taxable income as defined in accordance with the Income Tax Act and the provisions or tax benefits that are included in the Income Tax Act and other laws. The amount of basic tax of the Bank is the amount of basic income as calculated in accordance with the preceding rules, 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 liable by the Bank.

(o) 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 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 report 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.

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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

When preparing financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs endorsed by the FSC, the Bank is required to make judgments, estimates, and assumptions on valuation of below assets that may causes differences between actual results and estimates. Subsequently, it affects the adoption of accounting policies, reported amounts of assets, liabilities, revenues, and expenses.

The Bank keeps testing applicable judgments, estimates and assumptions. Adjustment will be done due to any impacts of changes in the uncertainty mentioned above; and changes will be recognized in the period when they applied.

Below shows the management judgments, estimates, and assumptions that contain risk, and may cause adjustments in the current and future accounting period due to uncertainty:

(a) Impairment evaluation of loans and receivables

The Bank' s financial asset impairment losses are measured using the 12-months and lifetime expected credit loss value based on whether the credit risks after initial recognition has significant increase or not. To measure expected credit loss, the Bank considers the default rate of the financial assets, issuer, or the counterparty, and multiply by the default exposure value after including in the default loss rate as well as taking into the consideration the impact of time value of money, to estimate the 12-months and lifetime expected credit losses. The Bank' s assumption is based on historical experiences, current market conditions and prospective information. The impairment valuation inputs are then determined subsequently. Please refer to note 6(al) for detailed information of primary assumption and inputs.

(b) Valuation of financial instruments

Fair value of financial instruments in 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 are no observable market parameters, the 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. The valuation techniques are adopted, as much as possible, from observable data. However, for credit risk (risk between itself and counterparty), the management shall estimate volatility and correlation.

(c) Goodwill impairment

The assessment of goodwill impairment requires the Bank to make subjective judgments to identify cash-generating units and estimate the recoverable amount of relevant cash-generating units. Please refer to note 6(m) for further disclosure of goodwill.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 4,320,690	3,464,926
Checks for clearing	473,720	109,863
Deposits with other banks	8,665,917	4,452,856
Deposits with other banks－affiliates	9,006,081	15,610,062
Subtotal	22,466,408	23,637,707
Less: allowance for bad debts	368	75
Total	**$ 22,466,040**	**23,637,632**

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

	December 31, 2019	December 31, 2018
Cash and cash equivalents reported in the statement of balance sheets	$ 22,466,040	23,637,632
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	57,685,702	55,336,782
Securities purchased under resell agreements and debt instruments qualifying for cash and cash equivalents under the definition of IAS 7	6,393,794	11,738,716
Cash and cash equivalents reported in the statement of cash flows	**$ 86,545,536**	**90,713,130**

Changes in the allowance for bad debts of cash and cash equivalents were as below:

	2019							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 75	-	-	-	-	75	-	75
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(75)	-	-	-	-	(75)	-	(75)
New financial assets originated or purchased	368	-	-	-	-	368	-	368
Ending balance	**$ 368**	-	-	-	-	**368**	-	**368**

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	2018							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 285	6	-	-	-	291		291
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(285)	(6)	-	-	-	(291)	-	(291)
New financial assets originated or purchased	75	-	-	-	-	75	-	75
Ending balance	$ 75	-	-	-	-	75	-	75

(b) Due from the Central Bank and call loans to banks

	December 31, 2019	December 31, 2018
Required reserve－checking account	$ 3,538,520	6,198,363
Required reserve－demand account	11,271,426	11,111,655
Required reserve－foreign currency	240,850	245,899
Required reserve－settlement account	2,000,816	1,506,088
Call loans to banks	19,165,673	22,443,194
Call loans to banks－affiliates	52,367,577	40,122,773
Total	**$ 88,584,862**	**81,627,972**

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.

The required reserve－settlement account is placed with the CBC for interbank settlement.

(c) Financial instruments at fair value through profit or loss

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

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss:		
Government bonds	$ 9,607,164	6,975,343
Corporate bonds	551,864	1,559,691
Interest rate swap	2,677,718	1,825,915
Interest rate option	99,124	103,898
Spot/forward/swap	3,353,470	5,460,247
Cross currency swap	92,924	150,972
Foreign exchange option	137,696	255,362
Commodity option	1,048	-
Total	**$ 16,521,008**	**16,331,428**

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

	December 31, 2019	December 31, 2018
Derivative financial liabilities:		
Interest rate swap	$ 2,688,694	1,797,086
Interest rate option	20,345	4,108
Spot/forward/swap	5,602,567	5,845,608
Cross currency swap	161,411	204,826
Foreign exchange option	137,458	254,140
Commodity option	1,025	-
Total	**$ 8,611,500**	**8,105,768**

(d) Financial assets at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Debt instrument:		
Negotiable certificates of deposit	$ 103,736,462	97,513,252
Treasury Bills	3,822,365	999,728
Government bonds	42,711,740	63,595,061
Subtotal	150,270,567	162,108,041
Equity instrument:		
Non-listed stock	347,361	387,042
Total	**$ 150,617,928**	**162,495,083**
The total calculation above includes the revaluation adjustment of hedge items	**$ 5,192**	**6,396**

Please refer to note 6(al) for credit risk and market risk information.

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As of December 31, 2019 and 2018, the Bank's financial assets at fair value through other comprehensive income mentioned above have adopted interest rate swaps as instruments for fair value hedging in order to reduce the impacts of fluctuations in interest rates on the fair values.

For the years ended December 31, 2019 and 2018, dividend income of the above equity instrument investments were $16,492 thousand and $16,435 thousand, respectively, recorded under realized gain on financial assets at fair value through other comprehensive income.

As of December 31, 2019 and 2018, the Bank's allowance for impairments of the above financial assets at fair value through other comprehensive income were $4,905 thousand and $3,961 thousand, respectively.

Changes in the allowance for impairments of the above debt instrument investments were as follows:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 3,961	-	-	-	3,961
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(2,856)	-	-	-	(2,856)
New financial assets originated or purchased	4,731	-	-	-	4,731
Foreign currency exchange and other changes	(931)	-	-	-	(931)
Ending Balance	**$ 4,905**	**-**	**-**	**-**	**4,905**

	2018				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 4,978	-	-	-	4,978
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(2,119)	-	-	-	(2,119)
New financial assets originated or purchased	2,230	-	-	-	2,230
Foreign currency exchange and other changes	(1,128)	-	-	-	(1,128)
Ending Balance	**$ 3,961**	**-**	**-**	**-**	**3,961**

(Continued)

Changes in the book value of the financial assets at fair value through other comprehensive income-debt instruments mentioned above were as follow:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 162,108,041	-	-	-	162,108,041
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(148,159,517)	-	-	-	(148,159,517)
New financial assets originated or purchased	136,436,673	-	-	-	136,436,673
Foreign currency exchange and other changes	(114,630)	-	-	-	(114,630)
Ending Balance	**$ 150,270,567**	**-**	**-**	**-**	**150,270,567**

	2018				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 185,135,013	-	-	-	185,135,013
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(172,067,509)	-	-	-	(172,067,509)
New financial assets originated or purchased	149,095,391	-	-	-	149,095,391
Foreign currency exchange and other changes	(54,854)	-	-	-	(54,854)
Ending Balance	**$ 162,108,041**	**-**	**-**	**-**	**162,108,041**

(e) Amortized cost financial assets

	December 31, 2019	December 31, 2018
Government bonds	**$ 1,929,246**	**1,937,067**

As of December 31, 2019 and 2018, allowance for impairments of the above bonds were $117 thousand and $0 thousand, respectively.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Changes in the allowance for impairments of the above debt instrument investments were as follows:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ -	-	-	-	-
New financial assets originated or purchased	117	-	-	-	117
Ending Balance	**$ 117**	-	-	-	**117**

(f) Financial instruments for hedging

Financial assets for hedging were as follows:

	December 31, 2019	December 31, 2018
Cash flow hedge:		
Cross currency swap	**$ 173,117**	**247,374**

Financial liabilities for hedging were as follows:

	December 31, 2019	December 31, 2018
Fair value hedge:		
Interest rate swap	$ 7,328	8,518
Cash flow hedge:		
Cross currency swap	282,000	-
Total	**$ 289,328**	**8,518**

(i) 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, 2019 and 2018, mark-to-market adjustments of hedged items and the corresponding hedging instruments accounted as fair value hedge were as follows:

Hedged items		Hedging instruments	
Underlying instruments	December 31, 2019	Contract type	December 31, 2019
Financial assets at fair value through other comprehensive income:			
Government bonds－revaluation adjustment	**$ 5,192**	Interest rate swap	**$ (7,328)**

(Continued)

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Notes to the Financial Statements

Hedged items		Hedging instruments	
Underlying instruments	December 31, 2018	Contract type	December 31, 2018
Financial assets at fair value through other comprehensive income:			
Government bonds－revaluation adjustment	$ 6,396	Interest rate swap	$ (8,518)

For the years ended December 31, 2019 and 2018, net gains (losses) on the hedging financial instruments listed above amounted to $864 thousand and $(12,971) thousand, respectively. For the years ended December 31, 2019 and 2018, net (losses) gains from the hedged risk of the hedged items amounted to $(2,500) thousand and $15,240 thousand, respectively.

(ii) Cash flow hedge

The Bank currently holds floating rate loans and foreign currency time deposits with fixed rate, which are exposed to cash flow risk arising from the fluctuation of interest rate and foreign exchange rate. Cross currency swap is designated as hedging instruments to reduce the cash flow risk resulting from the changes in interest rate and foreign exchange rate.

		Fair value	
Hedged items	Financial instruments designated as hedging instruments	December 31, 2019	December 31, 2018
Discounts and loans－floating interest rate	Cross currency swap	$ -	247,374
Deposits and remittances－fixed interest rate	Cross currency swap	(108,883)	-
Total		$ (108,883)	247,374

(g) Securities and bonds purchased under resell agreements

	December 31, 2019	December 31, 2018
Securities and bonds purchased under resell agreements	$ 6,393,794	11,738,716
Face value of debt instruments	$ 6,423,623	11,848,111
Interest rate	0.48%~1.90%	0.40%~2.65%
Last settlement date	2020.1.15	2019.1.22
Resell price	$ 6,396,155	11,741,474

As of December 31, 2019 and 2018, allowance for impairments of the above securities and bonds purchased under resell agreements were $38 thousand and $63 thousand, respectively.

(Continued)

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Notes to the Financial Statements

Changes in the allowance for impairment of the above securities and bonds purchased under resell agreements were as below:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$ 63	-	-	-	63
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(63)	-	-	-	(63)
New financial assets originated or purchased	38	-	-	-	38
Ending balance	**$ 38**	**-**	**-**	**-**	**38**

	2018				
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)
Beginning balance	$ 10	-	-	-	10
Changes due to financial instrument recognition：					
Financial assets derecognized during the period	(10)	-	-	-	(10)
New financial assets originated or purchased	63	-	-	-	63
Ending balance	**$ 63**	**-**	**-**	**-**	**63**

(h) Receivables—net

	December 31, 2019	December 31, 2018
Accounts receivable factoring	$ 13,681,368	15,315,482
Credit cards accounts receivable	5,350,341	4,740,800
Accounts receivable	808,479	670,803
Interest receivable	1,667,701	1,854,547
Acceptances receivable	749,138	1,048,000
Accounts receivable－related parties	922,118	882,854
Unsettled trades receivable	511,990	315,940
Other	240,174	238,515
Subtotal	23,931,309	25,066,941
Less: allowance for bad debts	451,859	490,381
Total	**$ 23,479,450**	**24,576,560**

Please refer to note 6(al) for relating information on credit risk and market risk.

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Changes in the allowance for bad debts of receivables listed above were as below:

	2019							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 63,350	6,757	-	245,345	-	315,452	174,929	490,381
Changes due to financial instrument recognition：								
Transferred to lifetime expected credit losses	(177)	179	-	(2)	-	-	-	-
Transferred to credit impaired financial asset	(132)	(197)	-	329	-	-	-	-
Transferred to 12-months expected credit losses	17	(17)	-	-	-	-	-	-
Financial assets derecognized during the period	(14,880)	(5,693)	-	(32,672)	-	(53,245)	-	(53,245)
New financial assets originated or purchased	20,879	3,975	-	136,934	-	161,788	-	161,788
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(25,473)	(25,473)
Bad-Debt Write offs	(304)	(2,198)	-	(95,389)	-	(97,891)	-	(97,891)
Foreign currency exchange and other changes	(8,778)	3,875	-	(18,798)	-	(23,701)	-	(23,701)
Ending balance	**$ 59,975**	**6,681**	**-**	**235,747**	**-**	**302,403**	**149,456**	**451,859**

	2018							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 50,962	7,984	-	277,922	-	336,868	129,242	466,110
Changes due to financial instrument recognition：								
Transferred to lifetime expected credit losses	(230)	257	-	(27)	-	-	-	-
Transferred to credit impaired financial asset	(3,822)	(270)	-	4,092	-	-	-	-
Transferred to 12-months expected credit losses	343	(339)	-	(4)	-	-	-	-
Financial assets derecognized during the period	(11,662)	(6,290)	-	(46,028)	-	(63,980)	-	(63,980)
New financial assets originated or purchased	35,332	4,924	-	129,831	-	170,087	-	170,087
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	45,687	45,687
Bad-Debt Write offs	(965)	(3,574)	-	(112,143)	-	(116,682)	-	(116,682)
Foreign currency exchange and other changes	(6,608)	4,065	-	(8,298)	-	(10,841)	-	(10,841)
Ending balance	**$ 63,350**	**6,757**	**-**	**245,345**	**-**	**315,452**	**174,929**	**490,381**

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Changes in the book value of receivables were as below:

	2019					
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 22,970,937	1,529,162	-	566,842	-	25,066,941
Changes due to financial instrument recognition：						
Transferred to lifetime expected credit losses	(20,595)	20,610	-	(15)	-	-
Transferred to credit impaired financial asset	(33,035)	(13,926)	-	46,961	-	-
Transferred to 12-months expected credit losses	1,849	(1,780)	-	(69)	-	-
Financial assets derecognized during the period	(20,167,924)	(446,608)	-	(126,715)	-	(20,741,247)
New financial assets originated or purchased	16,060,958	1,610,275	-	92,278	-	17,763,511
Bad-Debt Write offs	(304)	(2,198)	-	(95,389)	-	(97,891)
Foreign currency exchange and other changes	1,684,743	214,174	-	41,078	-	1,939,995
Ending balance	**$ 20,496,629**	**2,909,709**	**-**	**524,971**	**-**	**23,931,309**

	2018					
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 18,682,376	2,553,730	-	86,382	-	21,322,488
Changes due to financial instrument recognition：						
Transferred to lifetime expected credit losses	(19,332)	19,412	-	(80)	-	-
Transferred to credit impaired financial asset	(489,918)	(15,299)	-	505,217	-	-
Transferred to 12-months expected credit losses	21,740	(21,661)	-	(79)	-	-
Financial assets derecognized during the period	(16,525,538)	(2,513,933)	-	(24,265)	-	(19,063,736)
New financial assets originated or purchased	20,543,634	1,500,946	-	61,975	-	22,106,555
Bad-Debt Write offs	(965)	(3,574)	-	(112,143)	-	(116,682)
Foreign currency exchange and other changes	758,940	9,541	-	49,835	-	818,316
Ending balance	**$ 22,970,937**	**1,529,162**	**-**	**566,842**	**-**	**25,066,941**

(i) Discounts and loans—net

	December 31, 2019	December 31, 2018
Bills negotiations and bills and notes discounted	$ 386,206	1,283,594
Short-term loans and overdrafts	43,194,303	42,282,793
Short-term secured loans	7,604,525	6,663,986
Medium-term loans	45,544,865	45,726,084
Medium-term secured loans	2,414,300	3,360,990
Long-term loans	9,797,523	8,342,852
Long-term secured loans	177,713,487	174,162,652
Overdue loans	205,511	429,658
Subtotal	286,860,720	282,252,609
Add: premium adjustments on discounts and loans	78,570	53,559
Less: allowance for bad debts	4,718,679	4,821,391
Total	**$ 282,220,611**	**277,484,777**

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Please refer to note 6(al) for relating information on credit risk and market risk.

As of December 31, 2018, the Bank's loan with floating rate mentioned above has adopted cross currency swap as the instrument for cash flow hedging 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.

As of December 31, 2019 and 2018, the amounts of outstanding loans with interest charges suspended amounted to $205,511 thousand and $429,658 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were $2,801 thousand and $8,102 thousand, respectively.

Changes in the allowance for bad debts of discounts and loans were as below:

	2019							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 607,739	254,192	-	1,522,134	-	2,384,065	2,437,326	4,821,391
Changes due to financial instrument recognition：								
Transferred to lifetime expected credit losses	(25,025)	25,457	-	(432)	-	-	-	-
Transferred to credit impaired financial asset	(2,282)	(7,448)	-	9,730	-	-	-	-
Transferred to 12-months expected credit losses	5,092	(5,046)	-	(46)	-	-	-	-
Financial assets derecognized during the period	(208,789)	(133,243)	-	(361,038)	-	(703,070)	-	(703,070)
New financial assets originated or purchased	337,950	142,832	-	490,458	-	971,240	-	971,240
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	434,375	434,375
Bad-Debt Write offs	(177)	(1,529)	-	(856,426)	-	(858,132)	-	(858,132)
Foreign currency exchange and other changes	(115,598)	88,779	-	79,694	-	52,875	-	52,875
Ending balance	**$ 598,910**	**363,994**	**-**	**884,074**	**-**	**1,846,978**	**2,871,701**	**4,718,679**

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	2018							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 535,352	344,806	-	1,773,319	-	2,653,477	1,915,345	4,568,822
Changes due to financial instrument recognition：								
Transferred to lifetime expected credit losses	(15,809)	16,472	-	(663)	-	-	-	-
Transferred to credit impaired financial asset	(7,300)	(12,237)	-	19,537	-	-	-	-
Transferred to 12-months expected credit losses	84,775	(84,749)	-	(26)	-	-	-	-
Financial assets derecognized during the period	(135,449)	(127,736)	-	(132,221)	-	(395,406)	-	(395,406)
New financial assets originated or purchased	338,917	67,518	-	524,019	-	930,454	-	930,454
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	521,981	521,981
Bad-Debt Write offs	(6)	(2,460)	-	(602,508)	-	(604,974)	-	(604,974)
Foreign currency exchange and other changes	(192,741)	52,578	-	(59,323)	-	(199,486)	-	(199,486)
Ending balance	**$ 607,739**	**254,192**	**-**	**1,522,134**	**-**	**2,384,065**	**2,437,326**	**4,821,391**

Changes in the book values of discounts and loans were as below:

	2019					
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 270,739,494	6,130,072	-	5,383,043	-	282,252,609
Changes due to financial instrument recognition：						
Transferred to lifetime expected credit losses	(2,475,220)	2,480,954	-	(5,734)	-	-
Transferred to credit impaired financial asset	(462,126)	(175,209)	-	642,152	-	4,817
Transferred to 12-months expected credit losses	725,903	(681,373)	-	(44,530)	-	-
Financial assets derecognized during the period	(96,259,403)	(2,491,047)	-	(1,569,058)	-	(100,319,508)
New financial assets originated or purchased	103,129,480	2,216,440	-	396,084	-	105,742,004
Bad-Debt Write offs	(177)	(1,529)	-	(856,426)	-	(858,132)
Foreign currency exchange and other changes	7,698	3	-	31,229	-	38,930
Ending balance	**$ 275,405,649**	**7,478,311**	**-**	**3,976,760**	**-**	**286,860,720**

	2018					
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 253,090,680	8,363,644	-	6,054,347	-	267,508,671
Changes due to financial instrument recognition：						
Transferred to lifetime expected credit losses	(2,772,053)	2,775,364	-	(3,311)	-	-
Transferred to credit impaired financial asset	(323,518)	(247,121)	-	570,639	-	-
Transferred to 12-months expected credit losses	3,200,876	(3,188,669)	-	(12,207)	-	-
Financial assets derecognized during the period	(96,739,780)	(4,290,307)	-	(1,098,801)	-	(102,128,888)
New financial assets originated or purchased	114,242,026	2,719,614	-	417,292	-	117,378,932
Bad-Debt Write offs	(6)	(2,460)	-	(602,508)	-	(604,974)
Foreign currency exchange and other changes	41,269	7	-	57,592	-	98,868
Ending balance	**$ 270,739,494**	**6,130,072**	**-**	**5,383,043**	**-**	**282,252,609**

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(j) Other financial assets

	December 31, 2019	December 31, 2018
Restricted assets-debt instruments	$ 16,089,692	15,145,361
Short-term advance	54,790	-
Non-accrual loans other than those reclassified from loans	7,521	30,327
Less: allowance for bad debts-non-accrual loans other than those reclassified from loans	7,521	30,327
Total	**$ 16,144,482**	**15,145,361**

Changes in the allowance for bad debts of non-accrual loans other than those reclassified from loans were as below:

	2019							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ -	-	-	22,879	-	22,879	7,448	30,327
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	24	24
Bad-Debt Write offs	-	-	-	(22,830)	-	(22,830)	-	(22,830)
Ending balance	**$ -**	**-**	**-**	**49**	**-**	**49**	**7,472**	**7,521**

	2018							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ -	-	-	45,213	-	45,213	5,059	50,272
Changes due to financial instrument recognition：								
Financial assets derecognized during the period	-	-	-	(134)	-	(134)	-	(134)
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	2,389	2,389
Bad-Debt Write offs	-	-	-	(20,691)	-	(20,691)	-	(20,691)
Foreign currency exchange and other changes	-	-	-	(1,509)	-	(1,509)	-	(1,509)
Ending balance	**$ -**	**-**	**-**	**22,879**	**-**	**22,879**	**7,448**	**30,327**

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
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Changes in the book values of non-accrual loans other than those reclassified from loans were as below:

	2019					
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$ -	-	-	30,327	-	30,327
Bad-Debt Write offs	-	-	-	(22,830)	-	(22,830)
Foreign currency exchange and other changes	-	-	-	24	-	24
Ending balance	$ -	-	-	7,521	-	7,521

	2018					
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Total
Beginning balance	$ -	-	-	50,272	-	50,272
Bad-Debt Write offs	-	-	-	(20,691)	-	(20,691)
Foreign currency exchange and other changes	-	-	-	746	-	746
Ending balance	$ -	-	-	30,327	-	30,327

(k) Property and equipment—net

	December 31, 2019			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	$ 2,308,603	-	18,073	2,290,530
Buildings	2,405,477	1,213,478	97,052	1,094,947
Office equipment	323,201	316,451	-	6,750
Leasehold improvements	624,604	507,946	-	116,658
Other equipment	492,849	342,903	-	149,946
Work in progress	48,268	-	-	48,268
Total	**$ 6,203,002**	**2,380,778**	**115,125**	**3,707,099**

	December 31, 2018			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	$ 2,653,772	-	83,975	2,569,797
Buildings	2,774,228	1,280,823	59,502	1,433,903
Office equipment	355,850	350,323	-	5,527
Leasehold improvements	607,366	479,402	-	127,964
Other equipment	525,748	347,323	-	178,425
Work in progress	35,441	-	-	35,441
Total	**$ 6,952,405**	**2,457,871**	**143,477**	**4,351,057**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Changes in cost movement:

	January 1, 2019	Increase	Decrease	Reclassify	December 31, 2019
Land	$ 2,653,772	-	345,169	-	2,308,603
Buildings	2,774,228	-	398,190	29,439	2,405,477
Office equipment	355,850	4,600	37,249	-	323,201
Leasehold improvements	607,366	43,024	25,786	-	624,604
Other equipment	525,748	35,490	76,276	7,887	492,849
Work in progress	35,441	50,153	-	(37,326)	48,268
Total	**$ 6,952,405**	**133,267**	**882,670**	**-**	**6,203,002**

	January 1, 2018	Increase	Decrease	Reclassify	December 31, 2018
Land	$ 2,653,772	-	-	-	2,653,772
Buildings	2,776,918	1,595	16,965	12,680	2,774,228
Office equipment	453,445	4,507	102,102	-	355,850
Leasehold improvements	640,675	39,127	72,436	-	607,366
Other equipment	449,012	124,012	47,276	-	525,748
Work in process	-	48,121	-	(12,680)	35,441
Total	**$ 6,973,822**	**217,362**	**238,779**	**-**	**6,952,405**

Changes in accumulated depreciation:

	January 1, 2019	Increase	Decrease	Reclassify	December 31, 2019
Buildings	$ 1,280,823	67,490	134,835	-	1,213,478
Office equipment	350,323	3,377	37,249	-	316,451
Leasehold improvements	479,402	54,330	25,786	-	507,946
Other equipment	347,323	71,856	76,276	-	342,903
Total	**$ 2,457,871**	**197,053**	**274,146**	**-**	**2,380,778**

	January 1, 2018	Increase	Decrease	Reclassify	December 31, 2018
Buildings	$ 1,214,261	83,527	16,965	-	1,280,823
Office equipment	450,650	1,775	102,102	-	350,323
Leasehold improvements	525,350	26,488	72,436	-	479,402
Other equipment	340,173	54,426	47,276	-	347,323
Total	**$ 2,530,434**	**166,216**	**238,779**	**-**	**2,457,871**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Changes in accumulated impairment:

	January 1, 2019	Increase	Decrease	December 31, 2019
Land	$ 83,975	(12,990)	52,912	18,073
Buildings	59,502	40,400	2,850	97,052
Total	**$ 143,477**	**27,410**	**55,762**	**115,125**

	December 31, 2018	Increase	Decrease	December 31, 2018
Land	$ 20,632	63,343	-	83,975
Buildings	-	59,502	-	59,502
Total	**$ 20,632**	**122,845**	**-**	**143,477**

(l) Right-of-use assets—net

	December 31, 2019			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Buildings	$ 2,033,541	302,490	-	1,731,051
Transportation	6,450	2,040	-	4,410
Other equipment	267,016	63,052	-	203,964
Total	**$ 2,307,007**	**367,582**	**-**	**1,939,425**

Changes in cost movement:

	January 1, 2019	Increase	Decrease	Other	December 31, 2019
Buildings	$ 1,710,391	323,972	822	-	2,033,541
Transportation	2,736	4,275	561	-	6,450
Other equipment	267,016	-	-	-	267,016
Total	**$ 1,980,143**	**328,247**	**1,383**	**-**	**2,307,007**

Changes in accumulated depreciation:

	January 1, 2019	Increase	Decrease	Other	December 31, 2019
Buildings	$ -	302,490	-	-	302,490
Transportation	-	2,238	198	-	2,040
Other equipment	-	63,052	-	-	63,052
Total	**$ -**	**367,780**	**198**	**-**	**367,582**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(m) Intangible assets—net

	December 31, 2019	December 31, 2018
Goodwill	$ 3,156,048	3,156,048
Other	119,431	101,973
Total	**$ 3,275,479**	**3,258,021**

Changes in intangible assets:

	January 1, 2019	Increase	Decrease	December 31, 2019
Goodwill	$ 3,156,048	-	-	3,156,048
Other	101,973	36,977	19,519	119,431
Total	**$ 3,258,021**	**36,977**	**19,519**	**3,275,479**

	January 1, 2018	Increase	Decrease	December 31, 2018
Goodwill	$ 3,156,048	-	-	3,156,048
Other	-	108,479	6,506	101,973
Total	**$ 3,156,048**	**108,479**	**6,506**	**3,258,021**

(n) Other assets—net

	December 31, 2019	December 31, 2018
Refundable deposits	$ 274,533	260,504
Refundable deposits－derivative financial instruments	2,266,393	1,180,788
Prepaid fees	253,304	245,768
Prepayments for investments	100,000	-
Other	5,178	9,506
Total	**$ 2,899,408**	**1,696,566**

As of December 31, 2019 and 2018, allowance for impairments of the above other assets were $44 thousand and $9 thousand, respectively, recorded under refundable deposits.

The aforementioned prepayments for investments was the Bank's investment in LINE Bank. The Bank's percentage of ownership is 5%. LINE Bank was established on July 30, 2019, under approval granted by the FSC, and it is expected to start operations in the third quarter of 2020.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Changes in the allowance for impairments of other assets were as below:

	2019							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 9	-	-	-	-	9	-	9
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(9)	-	-	-	-	(9)	-	(9)
New financial assets originated or purchased	45	-	-	-	-	45	-	45
Foreign currency exchange and other changes	(1)	-	-	-	-	(1)	-	(1)
Ending balance	$ 44	-	-	-	-	44	-	44

	2018							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 12	-	-	-	-	12	-	12
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(12)	-	-	-	-	(12)	-	(12)
New financial assets originated or purchased	8	-	-	-	-	8	-	8
Foreign currency exchange and other changes	1	-	-	-	-	1	-	1
Ending balance	$ 9	-	-	-	-	9	-	9

(o) Deposits from the Central Bank and banks

	December 31, 2019	December 31, 2018
Deposits from banks	$ 97,589	109,675
Deposits from banks－affiliates	918,066	211,519
Overdrafts on banks	3,458	6,902
Overdrafts on banks－affiliates	1,048,022	45,561
Call loans from banks－affiliates	20,701,201	36,122,616
Total	**$ 22,768,336**	**36,496,273**

As of December 31, 2019, the Bank's foreign currency time deposits with fixed rate mentioned above has adopted cross currency swap of cash flow hedge in order to reduce the impact of cash flow that was affected by interest rate and foreign exchange rate fluctuation.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(p) Payables

	December 31, 2019	December 31, 2018
Accounts payable	$ 13,109	17,918
Accrued interest	362,202	605,832
Accrued expenses	1,997,736	1,890,062
Collection payable	57,928	63,374
Unsettled bonds payable	1,297,533	364,726
Acceptances payable	749,138	1,048,000
Temporary receipts in advance	55,986	27,318
Other	1,047,454	773,519
Total	**$ 5,581,086**	**4,790,749**

(q) Deposits and remittances

	December 31, 2019	December 31, 2018
Checking accounts deposits	$ 3,382,794	2,271,306
Demand deposits:		
Demand deposits	204,044,123	154,934,454
Saving account deposits	132,011,192	126,343,265
Subtotal of demand deposits	336,055,315	281,277,719
Time deposits:		
Time deposits	146,135,224	195,972,625
Time savings deposits	28,488,910	31,022,509
Subtotal of time deposits	174,624,134	226,995,134
Remittances	178,108	224,109
Total	**$ 514,240,351**	**510,768,268**

As of December 31, 2019, the Bank's foreign currency time deposits with fixed rate mentioned above has adopted cross currency swap of cash flow hedge in order to reduce the impact of cash flow that was affected by interest rate and foreign exchange rate fluctuation.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(r) Financial debentures

As of December 31, 2019 and 2018, details of financial debentures issued by the Bank were as follows:

Bond	Conditions for issuance	December 31, 2019	December 31, 2018
91-1A	5-year term, interest accrued and paid semiannually, 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 accrued and paid semiannually, interest rate was based on the average one year regular floating rate of the nine largest banks plus 1.493%	1,100	1,100
94-2	No maturity date, interest accrued and paid semiannually, interest rate was based on the average one-year regular floating rate of the nine largest banks plus 1.493%	100	100
100-4D	10-year term, interest accrued and paid quarterly, interest rate was based on TWD 90-day CP interest rate plus 0.15% and TWD 90-day TIBOR interest rate plus 0.15% from March 29, 2015; maturity date: June 29, 2021	2,000,000	2,000,000
103-2	10-year term, USD based, interest accrued and paid semiannually, annual interest rate is 4.50%; maturity date: December 18, 2024	6,021,243	6,147,471
Total		**$ 8,023,443**	**8,149,671**

(s) Other financial liabilities

	December 31, 2019	December 31, 2018
Structured deposits	**$ 152,574**	**329,190**

(t) Provisions

	December 31, 2019	December 31, 2018
Provision for employee benefits	$ 1,228,875	1,347,503
Provision for decommission, restoration and rehabilitation cost	164,799	149,273
Provision for guarantee liability	41,935	48,392
Provision for loan commitment	22,874	48,549
Other miscellaneous provisions	216	118
Other	7,896	7,896
Total	**$ 1,466,595**	**1,601,731**

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Changes in the book values of guarantee liability, loan commitment and other miscellaneous provisions were as below:

	2019							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 48,721	558	-	-	-	49,279	47,780	97,059
Changes due to financial instrument recognition：								
Transferred to lifetime expected credit losses	(77)	77	-	-	-	-	-	-
Transferred to 12-months expected credit losses	421	(421)	-	-	-	-	-	-
Financial assets derecognized during the period	(35,178)	(136)	-	-	-	(35,314)	-	(35,314)
New financial assets originated or purchased	12,724	1,010	-	-	-	13,734	-	13,734
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(7,351)	(7,351)
Foreign currency exchange and other changes	(3,531)	428	-	-	-	(3,103)	-	(3,103)
Ending balance	**$ 23,080**	**1,516**	**-**	**-**	**-**	**24,596**	**40,429**	**65,025**

	2018							
	12-months expected credit losses	Lifetime expected credit losses (group evaluation)	Lifetime expected credit losses (individual evaluation)	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets)	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment losses according to IFRS 9 (total)	Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	Total
Beginning balance	$ 50,078	49,751	-	-	-	99,829	60,915	160,744
Changes due to financial instrument recognition：								
Transferred to lifetime expected credit losses	(21)	21	-	-	-	-	-	-
Transferred to 12-months expected credit losses	49,226	(49,226)	-	-	-	-	-	-
Financial assets derecognized during the period	(20,993)	(311)	-	-	-	(21,304)	-	(21,304)
New financial assets originated or purchased	33,302	62	-	-	-	33,364	-	33,364
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(13,135)	(13,135)
Foreign currency exchange and other changes	(62,871)	261	-	-	-	(62,610)	-	(62,610)
Ending balance	**$ 48,721**	**558**	**-**	**-**	**-**	**49,279**	**47,780**	**97,059**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(u) Lease liabilities

The followings were lease liabilities of the Bank:

	Description	Lease term	Discount rate	Ending balance
Buildings	Leases	2015.02.15~2034.12.31	1.54%~2.49%	1,743,306
Transportations	Car rental	2018.06.08~2022.02.26	1.54%	4,440
Other equipment	IT and Generator	2016.07.01~2023.03.31	1.54%~1.80%	189,276
Total				$ 1,937,022

For the maturity analysis, please refer to note 6(al).

The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2019
Interest on lease liabilities	$ 38,545
Income from sub-leasing right-of-use assets	$ 3,106
Expenses relating to short-term leases	$ 40,196
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 480

The amount recognized in the statement of cash flows was as follows:

	For the year ended December 31, 2019
Total cash outflow for leases	$ 444,795

(i) Real estate leases

For the year ended December 31, 2019, the Bank leased buildings for its office spaces and branches. The leases of office space and branches typically run for a period of 5 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Bank leased other equipment and parking spaces, with lease terms of 1 to 5 years. These leases are short-term and low-value items. The Bank has elected not to recognize right-of-use assets and lease liabilities for these leases.

(iii) As of December 31, 2018, the Bank's operating lease information please refer to note 9(b).

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(v) Other liabilities

	December 31, 2019	December 31, 2018
Advance received from customers	$ 1,597,000	1,820,623
Refundable deposits－derivatives financial instruments	1,490,397	1,317,955
Tax payable	484,060	451,572
Deferred income	197,741	185,449
Guarantee deposits received	3,064	24,775
Other	877,445	274,792
Total	**$ 4,649,707**	**4,075,166**

(w) Employee benefits

(i) Defined contribution plan

The Bank'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 Bank has no legal or constructive obligation to make other payments after the making the fixed amount of contribution to the Bureau of Labor Insurance.

For the years ended December 31, 2019 and 2018, the pension expense under defined contribution plan of the Bank amounted to $168,441 thousand and $161,765 thousand, respectively, recorded under operating expenses－employee benefits expense.

(ii) Provision for employee benefits

1) Defined benefit plan

	December 31, 2019	December 31, 2018
Defined benefit plan	**$ 1,228,875**	**1,347,503**

The reconciliation between present value of defined benefits obligation and fair value of defined benefits plan assets was disclosed below:

	December 31, 2019	December 31, 2018
Present value of defined benefits obligation	$ 2,455,284	2,567,446
Less: fair value of defined benefits plan assets	1,226,409	1,219,943
Liability recognized in balance sheets	**$ 1,228,875**	**1,347,503**

The Bank adopted the defined benefit plan, which contributes 5% of eligible employees' monthly salary to the retirement reserve trust account at the Bank 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, sales incentives, and overtime payment.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

2) Composition of plan asset

The Bank allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Bank of Taiwan labor pension reserve account balance amounted to $1,143,873 as of December 31, 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

3) Changes in present value of defined benefit obligation

The changes in present value of defined benefit obligation were as follows:

		2019	2018
DBO at beginning of period	$	2,567,446	2,550,155
Current service cost and interest cost		76,924	87,796
Remeasurements of the net defined benefit liabilities			
Actuarial (gain) loss- experience changes		(8,497)	75,183
Actuarial loss- financial assumption changes		41,182	22,539
Benefits paid from plan assets		(166,122)	(111,381)
Benefits paid directly by the Bank		(55,649)	(56,846)
DBO at end of period	**$**	**2,455,284**	**2,567,446**

4) Changes in fair value of plan assets

The changes in fair value of defined benefit plan assets were as follows:

		2019	2018
Fair value of plan assets at beginning of period	$	1,219,943	1,161,290
Interest income		10,898	11,197
Remeasurements of the net defined benefit assets			
Actuarial loss-return on plan assets (exclude interest)		42,600	37,344
Employer contributions		119,090	121,493
Benefit paid from plan assets		(166,122)	(111,381)
Fair value of plan assets at end of period	**$**	**1,226,409**	**1,219,943**

5) Changes in asset ceiling

The Bank has an unconditional right to the surplus of the plan. As a result, the asset ceiling does not apply to the defined benefit plan.

(Continued)

6) Cost recognized as profit or loss

The cost recognized as profit or loss were as follows:

	2019	2018
Current service cost	$ 54,702	63,260
Net interest on the net defined benefit liabilities	11,324	13,339
	$ 66,026	**76,599**

7) Remeasurements of defined benefit plan recognized in other comprehensive income

Remeasurements of defined benefit plan recognized in other comprehensive income were as follows:

	2019	2018
Cumulated surplus at beginning of period	$ 133,237	73,901
Recognized in current period	(9,915)	59,336
Cumulated surplus at end of period	**$ 123,322**	**133,237**

8) Primary actuarial assumptions

	2019	2018
Defined benefit plan discount rate	0.70 %	0.90 %
Incremental rate of future compensation levels	3.00 %	3.00 %

The Bank expected to contribute to its defined benefit plan $120,413 thousand within one year as of December 31, 2019.

Weighted average duration of the defined benefit obligation is 8.5 years.

9) The sensitivity analysis

When calculating the present value of defined benefits obligation, the Bank must make judgments and estimates to determine the actuarial assumptions, including changes in discount rate and future salaries. Any changes in the actuarial assumptions may materially affect the amount of defined benefit obligation of the Bank.

As of December 31, 2019 and 2018 the effects of changes in actuarial assumptions on the present value of defined benefit obligation were as follows:

	Effect on DBO	
	0.50% Increase	0.50% Decrease
December 31, 2019		
Discount rate	(100,320)	107,193
Salary increase rate	105,936	(100,131)
December 31,2018		
Discount rate	(107,197)	114,760
Salary increase rate	113,526	(107,098)

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Except significant assumptions independently used for the aforementioned sensitivity analysis, the other assumptions were kept unchanged to estimate the effect of the change of single assumption. In real case, changes of several assumptions might be connected together. Sensitivity analysis was performed under the same approach as that adopted to calculate the defined benefit obligation in balance sheets.

The approach adopted to perform the sensitivity analysis during this period remained the same as previous period.

(x) Income tax

The Bank adopts a 20% statutory tax rate and calculates the basic income tax based on the Income Basic Tax Act.

The income tax expense and related accounts were as follows:

	2019	2018
Current income tax expense	$ 123,028	17,518
Deferred income tax expense	629,355	67,225
Income tax expense	**$ 752,383**	**84,743**

As of December 31, 2019 and 2018, the current tax assets of the Bank amounted to $352,623 thousand and $448,497 thousand, respectively, and the current tax liabilities of the Bank amounted to $149,083 thousand and $18,611 thousand, respectively.

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

	2019	2018
Income tax from profit before tax at statutory rate	$ 650,449	561,632
Permanent difference	(313,642)	(21,360)
Prior-year income tax adjustments	(183)	(1,093)
Undistributed earnings additional tax	3,929	-
Basic income tax	145,154	18,611
Other adjustments per tax regulation	266,676	(473,047)
Income tax expense	**$ 752,383**	**84,743**

The components of tax expense (benefit) recognized as other comprehensive income were as follows:

	2019	2018
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	**$ 1,983**	**(14,026)**
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		
Investments in debt instruments measured at fair value through other comprehensive income	6,362	(3,444)
Hedging instrument	4,639	210
Total	**$ 11,001**	**(3,234)**

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Notes to the Financial Statements

The components of deferred income tax expense (benefit) were as follows:

		2019	2018
Bad debt expense and guarantee liability provision	$	(24,038)	(103,580)
Depreciation expense		(5,961)	(6,539)
Impairment loss on assets		(7,510)	22,599
Expenses from share-based payments		(1,816)	(5,990)
Employee benefits		21,743	(19,367)
Rental expense		(18,781)	-
Provisions		5,485	(2,887)
Loss carryforwards		653,046	12,312
Unrealized interest income on financial assets		7,187	34,967
Amortization of goodwill		-	135,710
	$	**629,355**	**67,225**

The Bank's temporary difference of deferred tax components, based on the income tax rate for December 31, 2019 and 2018 were as follows:

		December 31, 2019	December 31, 2018
Deferred tax assets:			
Bad debt expense and guarantee liability provision	$	465,846	441,808
Depreciation expense		41,492	35,531
Impairment loss on assets		19,411	11,901
Expenses from share-based payments		47,629	45,813
Employee benefits		245,772	269,498
Rental expense		18,781	-
Provisions		13,133	18,618
Loss carryforwards		113,822	766,868
Unrealized loss on financial assets measured at fair value through other comprehensive income		1,490	4,608
Loss on hedging instruments		-	2,036
Total	**$**	**967,376**	**1,596,681**
Deferred tax liabilities:			
Unrealized interest income on financial assets	$	119,258	112,071
Amortization of goodwill		618,585	618,585
Land value increment tax		74,633	120,468
Unrealized gain on financial assets measured at fair value through other comprehensive income		3,732	819
Gain on hedging instruments		2,603	-
Total	**$**	**818,811**	**851,943**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

The movements of deferred tax items were as follows:

		2019	2018
Beginning balance	$	744,738	806,535
The adjustment of beginning balance due to IFRS 9		-	(11,832)
Land value increment tax		45,835	-
Recognized in current period profit and loss		(629,355)	(67,225)
Recognized in other comprehensive income		(12,984)	17,260
Ending balance	**$**	**148,234**	**744,738**

The income tax returns of the prior years have been assessed up to the year 2017.

(y) Stockholders' equity

(i) Capital

As of December 31, 2019, the Bank's authorized capital was $30,000,000 thousand, representing 3,000,000 thousand shares with par value of NTD 10 per share; paid-in capital is $29,105,720 thousand and $2,910,572 thousand of shares issued.

(ii) 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 Bank. 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 Bank's issued share capital.

(iii) Legal reserve

Whenever the Bank generates a profit in accordance with "The Banking Act of The Republic of China". The Bank, at the time of distributing its earnings for each fiscal year, shall set aside thirty percent (30%) of its after tax earnings as legal reserve, until the legal reserve equals its paid-in capital. Otherwise, the maximum cash profits, which may be distributed, shall not exceed fifteen percent (15%) of the Bank's paid in capital. In addition to the legal reserve, a special reserve can be appropriated after being approved during the stockholders' meeting.

(Continued)

(iv) 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 Bank could recognize that incremental amount only. When the Bank subsequently uses, disposes of, or reclassifies the assets in question, a proportional amount of the special reserve set aside previously may be reversed 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 Bank can shift that incremental amount $239,413 thousand to special reserves.

In 2019, due to a disposal of assets mentioned above by the Bank, the proportional amount of the special reserve resulted from the first-time adoption of IFRS was reversed and increased unappropriated retained earnings amounted to $78,697 thousand.

In accordance with Jin Guan Yin Fa Zhi No. 10510001510 issued by the Financial Supervisory Commission dated May 25, 2016, public banks shall appropriate special reserves between 0.5%~1% of their net profit after tax while distributing the earnings for the fiscal years 2016-2018 in response to the development of financial technology in order to protect the rights and interests of bank practitioners. The board of directors, representing the shareholders, approved the appropriation of special reserves amounted to $13,617 thousands and $10,976 thousands at 0.5% of the net profit after tax on June 25, 2019 and June 26, 2018, respectively.

(v) Other equity interest

Changes in the Bank's other equity interest were as follows:

	Unrealized gains from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2019	$ 52,269	(8,145)	44,124
Gains on hedging instruments	-	18,555	18,555
Financial assets at fair value through other comprehensive income — Valuation adjustment	19,611	-	19,611
December 31, 2019	**$ 71,880**	**10,410**	**82,290**

	Unrealized gains (losses) on available-for-sale financial assets	Gains (loss) on effective portion of cash flow hedges	Unrealized gains from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2018	$ 64,612	(10,967)	-	-	53,645
Effects of retrospective application	(64,612)	10,967	5,969	(10,967)	(58,643)
Balance at January 1, 2018 after adjustment	-	-	5,969	(10,967)	(4,998)
Gains on hedging instruments	-	-	-	2,822	2,822
Financial assets at fair value through other comprehensive income — Valuation adjustment	-	-	46,300	-	46,300
December 31, 2018	**$ -**	**-**	**52,269**	**(8,145)**	**44,124**

(Continued)

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(vi) Dividend policy and appropriation of earnings

The Articles of Incorporation approved by the board of directors on June 25, 2019, from the profit earned by the Bank as shown in the final annual account after tax, 30% of the profit shall be first set aside for the legal reserve, then an amount shall be set aside for the special reserve. The remaining profits, if any, shall be distributed to shareholders as dividend and bonus in accordance with the shareholders' resolution.

On June 25, 2019 and June 26, 2018, the board of directors, representing shareholders, approved the distribution of retained earnings and distributed cash dividends for 2018 and 2017 were as follows:

	2018	2017
Legal reserve appropriated	$ 817,026	658,542
Special reserve appropriated	13,617	10,976
Cash dividends of ordinary share	1,847,467	1,438,793
Total	**$ 2,678,110**	**2,108,311**

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

(z) Share-based payments

The SC PLC Group operates a number of share-based arrangements for its executive directors and employees. For the years ended December 31, 2019 and 2018, the share-based payment schemes adopted by the Bank were as follows:

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

Under the All Employee Sharesave Plans ("AESP"), employees may open a savings contract. Within a period of six months after the third anniversary, if appropriate, employees may purchase ordinary shares in the SC PLC Group at a discount of up to 20 percent on the share price at the date of invitation (this is known as the "option exercise price"). There are no performance measures attached to options granted under the AESP.

The option movements of the AESP were as follows:

	2019 Units	2018 Units
Beginning balance	347,025	324,523
Add: granted	107,558	147,189
Less: exercised	126,458	40,184
lapsed	49,893	84,503
Ending balance	**278,232**	**347,025**

For the years ended December 31, 2019 and 2018, the costs of the AESP charged to profits or losses were $4,158 thousand and $4,999 thousand, respectively, recorded under operating expenses－employee benefits expense.

(Continued)

Options under the AESP are valued using a binomial option-pricing model. The same fair value is applied to all employees including executive directors.

The fair value per option granted and the assumptions used in the calculation are as follows:

	2019	
Grant date	October 1	
Share price at grant date	£	6.84
Exercise price	£	4.98
Vesting period (years)		3
Expected volatility (%)		25.30
Expected option life (years)		3.33
Risk-free rate (%)		0.26
Expected dividend yield (%)		4.20
Fair value	£	1.62

	2018	
Grant date	October 2	
Share price at grant date	£	6.16
Exercise price	£	5.13
Vesting period (years)		3
Expected volatility (%)		33.80
Expected option life (years)		3.33
Risk-free rate (%)		0.87
Expected dividend yield (%)		5.00
Fair value	£	1.39

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.

(ii) Restricted Share Award (Original: Restricted Share Scheme "RSS")

Restricted Share Awards ("RSA") are used to deliver 2 types of awards, buy-out awards and deferred awards.

Buy-out awards are made outside of the annual performance process as compensation to new joiners who forfeit granted-but-unvested variable remuneration awards on leaving their previous employers, vest in instalments on the anniversaries of the award date specified at the time of grant. This enables the Bank to meet regulatory requirements relating to buyouts, and is in line with market practices. In line with similar plans operated by the competitors of the Bank, RSA is not subject to an annual limit and does not have any performance measures.

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Deferred awards are used to deliver the deferred portion of variable remuneration, in line with both market practices and regulatory requirements. These awards vest in instalments on anniversaries of the award date specified at the time of grant. Deferred awards are not subject to any plan limit. This enables the Bank to meet regulatory requirements relating to deferral levels and is in line with market practices.

The option movements of the RSA were as follows:

	2019 Units	2018 Units
Beginning balance	105,959	141,483
Add: granted	61,861	37,505
dividend	1,332	890
Less: exercised	56,604	56,836
lapsed	3,665	17,083
Ending balance	**108,883**	**105,959**

For the years ended December 31, 2019 and 2018, the costs of the RSA charged to profits or losses were $14,078 thousand and $22,674 thousand, respectively, recorded under operating expenses－employee benefits expense.

	2019					
Grant date	November 28		October 2		June 18	
Share price at grant date	£ 7.04		£ 6.84		£ 7.03	
Vesting period (years)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
1	4.20	6.75	4.20	6.57	4.20	6.74
2	4.20	6.48	4.20	6.30	4.20	6.74
3	4.20	6.22	4.20	6.05	4.20	6.21
4	-	-	4.20	5.80	4.20	5.96
5	-	-	4.20	5.57	4.20	5.72

	2019	
Grant date	March 11	
Share price at grant date	£ 6.11	
Vesting period (years)	Expected dividend yield (%)	Fair value (£)
1	4.20	5.86, 5.62, 5.74
2	4.20	5.62, 5.40
3	4.20	5.40
4	4.20	5.18

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

	2018					
Grant date	November 28		October 2		June 18	
Share price at grant date	£ 6.11		£ 6.16		£ 7.12	
Vesting period (years)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
1	5.00	5.82	5.00	5.86	5.00	6.78, 6.45
2	5.00	5.54	5.00	5.58	5.00	6.45, 6.15
2/3	5.00	5.41	-	-	-	-
3	5.00	5.28	5.00	5.32	5.00	6.15, 5.85
4	-	-	5.00	5.06	5.00	5.57
5	-	-	5.00	4.82	-	-

	2018	
Grant date	March 9	
Share price at grant date	£ 7.78	
Vesting period (years)	Expected dividend yield (%)	Fair value (£)
1	5.00	7.41
2	5.00	7.06
3	5.00	6.72
4	5.00	6.40
5	5.00	6.10

(iii) Performance Share Award (Original: Performance Share Plan "PSP")

The Bank's previous plan for delivering performance shares is now closed to new grants; however, under the plan, outstanding vested awards still remain. Under the PSA, half the award was dependent upon total shareholder return ("TSR") performance and the other was subject to a target of defined Earnings Per Share ("EPS") growth. Both measures used the same three-year period and were assessed independently.

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

	2019 Units	2018 Units
Beginning balance	836	4,580
Less: exercised	-	2,859
lapsed	-	885
Ending balance	**836**	**836**

For the years ended December 31, 2019 and 2018, the costs of the PSA (PSP) charged to profits or losses were $84 thousand and $272 thousand, respectively, recorded under operating expenses－employee benefits expense.

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Notes to the Financial Statements

(iv) Long-term Incentive Plan Awards

Long-term Incentive Plan Awards ("LTIP") are granted with vesting subject to performance measures. Before 2016, performance measures attached to awards granted previously include: total shareholder return ("TSR"); return on equity ("RoE") with a Common Equity Tier 1 ("CET1") underpin; strategic measures; earnings per share ("EPS") growth; and return on risk-weighted assets ("RoRWA"). Each measure is assessed independently over a three-year period. Awards granted from 2016 have an individual conduct gateway requirement that results in the award lapsing if not met.

The option movements of the LTIP were as follows:

	2019 Units	2018 Units
Beginning balance	52,090	51,263
Add: granted	486	827
Less: exercised	14,326	-
lapsed	3,903	-
Ending balance	**34,347**	**52,090**

For the years ended December 31, 2019 and 2018, no related cost of stock warrants was recorded.

	2019	
Grant date	March 11	March 11
Share price at grant date	£ 6.11	£ 6.11
Vesting period (years)	3/4/5/6/7	3/4/5/6/7
Expected dividend yield (%)	4.20	4.20
Fair value (RoE)	£ 2.02	£ 2.02
Fair value (TSR)	£ 0.97	£ 0.91
Fair value (Strategic)	£ 2.02	£ 2.02

	2018	
Grant date	March 9	March 9
Share price at grant date	£ 7.78	£ 7.78
Vesting period (years)	3/4/5/6/7	3/4/5/6/7
Expected dividend yield (%)	£ 5.00	£ 5.00
Fair value (RoE)	£ 2.59	£ 2.59
Fair value (TSR)	£ 1.14	£ 1.11
Fair value (Strategic)	£ 2.59	£ 2.59

For the years ended December 31, 2019 and 2018, the vesting of awards granted is subject to the satisfaction of RoE (subject to a capital underpin) and relative TSR performance measures and achievement of a strategic scorecard. The fair value of the TSR component is calculated using the probability of meeting the measures over a three year performance period, using a Monte Carlo simulation model. The number of shares expected to vest is evaluated at each reporting date, based on the expected performance against the RoE and strategic measures in the scorecard, to determine the accounting charge.

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(v) Upfront Shares Awards (UFSA)

Upfront Shares are awards to the Material Risk Takers (MRTs) who are met specific criteria after assessment and identification process as part of their non-deferred variable compensation for that performance year. Typically, upfront shares are ordinary Standard Chartered PLC shares that are purchased with beneficial ownership transferred to the individual (after any relevant tax deductions or withholdings) through a specified nominee arrangement. Upfront shares awarded to MRTs are subject to a minimum retention period of twelve months from the award date. During this holding period, the upfront shares cannot be sold or transferred.

For the years ended December 31, 2019 and 2018, the cost of the UFSA reversed and charged to profits or losses were $4,566 thousand and $1,192 thousand, respectively, recorded under operating expenses－employee benefits expense.

(aa) Earnings per share

	2019	2018
Net income attributable to common stockholders (after tax)	**$ 2,499,860**	**2,723,419**
Common stock (in thousands)	**$ 2,910,572**	**2,910,572**
Basic EPS (in dollars)	**$ 0.86**	**0.94**

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

(ab) Net interest income

	2019	2018
Interest income		
Interest income, discounts and loans	$ 7,121,155	6,947,986
Interest income, accounts receivable factoring	285,426	223,866
Interest income, due from banks	1,563,857	1,695,940
Interest income, investment securities	926,531	870,384
Interest income, credit card recurrence	198,014	220,544
Interest income, other	870,572	361,757
Subtotal	10,965,555	10,320,477
Interest expense		
Interest expense, deposits	6,048,561	4,738,792
Interest expense, due to banks	235,646	1,189,680
Interest expense, financial debentures	298,571	308,847
Lease liabilities	38,545	-
Interest expense, other	43,026	26,851
Subtotal	6,664,349	6,264,170
Total	**$ 4,301,206**	**4,056,307**

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Notes to the Financial Statements

(ac) Net service fee income

		2019	2018
Service fee			
Service fee, loan	$	186,918	190,142
Service fee, agency		5,225	5,004
Service fee, insurance commission		2,051,755	1,930,236
Service fee, remittance and interbank		101,279	103,990
Service fee, guarantee, import, export and acceptance payable		59,062	64,983
Service fee, credit card		209,074	138,241
Service fee, trust		2,389,295	2,214,066
Service fee, factoring		15,319	9,042
Service fee, underwriting		210,552	194,825
Service fee, other		267,874	232,828
Subtotal		5,496,353	5,083,357
Service charge			
Service charge, interbank	$	152,307	153,143
Service charge, agency		156,842	131,791
Service charge, custodian		109,709	127,147
Service charge, other		214,159	196,489
Subtotal		633,017	608,570
Total	**$**	**4,863,336**	**4,474,787**

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

		2019	2018
Gain on disposal			
Interest-rate instruments	$	22,541	7,811
Derivative financial instruments		343,712	536,753
Subtotal		366,253	544,564
Gain on valuation			
Interest-rate instruments		5,752	995
Derivative financial instruments		3,463,005	2,682,661
Subtotal		3,468,757	2,683,656
Interest income		50,922	51,840
Total	**$**	**3,885,932**	**3,280,060**

(ae) Realized gain on financial assets at fair value through other comprehensive income

		2019	2018
Dividend income - equity instruments	$	16,492	16,435
Profit on sale - debt instruments		13,113	11,618
Total	**$**	**29,605**	**28,053**

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Notes to the Financial Statements

(af) Net other non-interest income

		2019	2018
Administrative support service income	$	3,268	3,180
Net gain on disposal of assets		186,885	-
Rental income		8,128	6,280
Net (loss) gain on fair value hedge		(1,636)	2,269
Other		(14,573)	(10,002)
Total	**$**	**182,072**	**1,727**

(ag) Impairment loss and reversal of impairment loss on assets

		2019	2018
Impairment loss－property and equipment	$	27,410	122,845
Impairment loss (gain on reversal)－debt instruments		1,397	(1,017)
Impairment loss－other		11	2,549
Total	**$**	**28,818**	**124,377**

(ah) Bad debt expense, commitments and guarantee liability provision

		2019	2018
Bad debt expense	$	530,496	693,032
(Reversal of) provision for guarantee liabilities		(6,432)	14,645
Reversal of loan commitment		(25,898)	(77,180)
Other provision (reversal)		106	(447)
Total	**$**	**498,272**	**630,050**

(ai) Employee benefits expense

		2019	2018
Salary expense	$	4,428,727	4,383,472
Employee insurance		316,673	305,388
Pension			
Defined contribution plan		168,441	161,765
Defined benefit plan		66,026	76,599
Other		209,211	270,630
Total	**$**	**5,189,078**	**5,197,854**

In accordance with the Articles of Incorporation, from the profit earned by the Bank as shown in the final annual account before tax, 0.01% shall be reserved as employees' remuneration. However, if the Bank has accumulated deficit, it shall be set aside first to compensate the loss.

The accrued employee's remuneration of the Bank for the year ended December 31, 2019 was $325 thousand, recorded under operating expenses－employee benefits expense. Any difference between the actual and estimated distributed bonus in 2020 shall be treated as changes in accounting estimates and recognized as profit or loss in 2020.

The accrued employee's remuneration of the Bank for the year ended December 31, 2018 was $281 thousand, recorded under operating expenses－employee benefits expense, with no difference between the actual and estimated distributed bonus. Relevant information can be accessed through Market Observation Post System.

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For the years ended December 31, 2019 and 2018, the average numbers of the Bank's employees were 3,133 and 3,189, of which the number of directors who had not served concurrently as employees were both 6.

(aj) Depreciation and amortization expenses

	2019	2018
Depreciation expense		
Buildings	$ 67,490	83,527
Office equipment	3,377	1,775
Leasehold improvements	54,330	26,488
Other equipment	71,856	54,426
Right-of-use assets	367,780	-
Subtotal	564,833	166,216
Amortization expense	19,519	6,506
Total	**$ 584,352**	**172,722**

(ak) Other general and administrative expenses

	2019	2018
Rental expense	$ 46,552	404,457
Office supplies	84,814	83,418
Postage	188,619	194,727
Repairs and maintenance	79,927	153,345
Advertising expense	270,934	278,416
Utilities fee	70,512	74,379
Taxes	604,878	625,101
Professional service fee	113,912	113,528
Operational and advisory service fee	977,431	961,341
Consulting and technical support service fee	552,567	485,519
Wholesale banking business service fee	86,924	105,578
Building management fee	134,141	149,664
Computer management fee	349,404	411,926
Director's remuneration	8,277	8,250
Other	573,223	498,277
Total	**$ 4,142,115**	**4,547,926**

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(al) Disclosure of financial instruments

(i) Financial instruments measured at fair value

1) Valuation of financial instruments measured at fair value:

a) Financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial instruments for hedging and other financial assets－debt instruments: for investment securities that have directly observable market values available, securities are valued using inputs proxied from the same or closely related or inputs proxied from a different underlying. Certain instruments cannot be proxied as set out above, and in such cases the positions are valued using non-market observable inputs. The fair value for such instruments is usually proxied from internal assessments of the underlying cash flows. Equity instruments are evaluated by independent professional departments or external experts.

b) Derivative financial assets and liabilities: wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets, the market data used for price may include those sourced from recent trade data involving external counterparties or third parties such as Reuters, Bloomberg, and brokers. Where quoted market prices are not available, fair values have been determined using the prices sources from consensus pricing providers, to the extent possible, use market observable inputs, such as Totem or Markit or similar instruments' prices.

2) The Bank makes a credit valuation adjustment ("CVA") against derivative products. CVA is an estimate of the adjustment to fair value to account for the possibility that the counterparty may default and the bank would not receive the full market value of the transactions. CVA is determined by applying the counterparty's probability of default to counterparty' s loss given default ("LGD") and exposure at default ("EAD"), whereas, debit valuation adjustment ("DVA") is calculated on its derivative liabilities and issued debt designated at fair value, including structured notes. DVA is determined by applying the Bank' s PD to the Bank' s negative expected exposure against the counterparty. Collateral held are taken into account for the calculation of CVA and DVA.

Internal model is used to calculate the probability of default ("PD") and the loss given default ("LGD"); whereas exposure at default ("EAD") is on simulation basis. The methodology used to determine DVA on derivative liabilities is consistent with the methodology used to determine counterparty CVA on derivative assets.

3) The definition of fair value hierarchy of financial instruments measured at fair value

a) 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.

b) 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:

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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.

c) Level 3 means to measure the fair value of the input parameters are not based on observable market data (inputs which are unobservable). For example, the option pricing model with historical volatility cannot represent the expectation of future volatility for the overall market participant.

4) Fair value hierarchy information of financial instruments measured at fair value:

	December 31, 2019			
Financial instruments at fair value	**Total**	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	$ 10,159,028	-	10,159,028	-
Financial assets at fair value through other comprehensive income				
Debt instruments	150,270,567	3,822,365	146,448,202	-
Equity instruments	347,361	-	-	347,361
Other financial assets－net				
Restricted assets－debt instruments	16,089,692	-	16,089,692	-
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	6,361,980	15,609	6,346,371	-
Financial assets for hedging	173,117	-	173,117	-
Liabilities:				
Financial liabilities at fair value through profit or loss	8,611,500	14,383	8,597,117	-
Financial liabilities for hedging	289,328	-	289,328	-

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Financial instruments at fair value	December 31, 2018 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	$ 8,535,034	-	8,535,034	-
Financial assets at fair value through other comprehensive income				
Debt instruments	162,108,041	-	162,108,041	-
Equity instruments	387,042	-	-	387,042
Other financial assets－net				
Restricted assets-debt instruments	15,145,361	-	15,145,361	-
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	7,796,394	113,032	7,683,362	-
Financial assets for hedging	247,374	-	247,374	-
Liabilities:				
Financial liabilities at fair value through profit or loss	8,105,768	151,895	7,953,873	-
Financial liabilities for hedging	8,518	-	8,518	-

5) For the years ended December 31, 2019 and 2018, the Bank did not have any transfer of financial assets measured at fair value between Level 1 and Level 2.

6) The table shows the changes for financial assets measured at fair value classified as Level 3:

	2019					
Name	Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred out from level 3	Ending balance
Financial assets at fair value through other comprehensive income－equity instruments	$ 387,042	-	(39,681)	-	-	347,361

	2018					
Name	Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred out from level 3	Ending balance
Financial assets at fair value through other comprehensive income－equity instruments	$ 266,682	-	120,360	-	-	387,042

7) For fair value of Level 3, the sensitivity analysis of value based reasonable possible substitution assumption.

The Bank is measurement of financial instruments at fair value was reasonable. Only when using different models of valuations would the results of the valuations be different.

Level 3 financial instruments of the Bank is non-listed equity investment, and sensitivity analysis was conducted for those equity investments. Below are the valuation techniques and the range of reasonable changes for the material unobservable inputs that the Bank applied. The impact to other comprehensive income under this assumption is describe below:

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

	Fair value changes reflected in profit or loss of the period		Fair value changes reflected on other comprehensive income	
	Beneficial changes	Adverse changes	Beneficial changes	Adverse changes
December 31, 2019				
Financial assets at fair value through other comprehensive income equity instruments	-	-	32,542	(25,812)
December 31, 2018				
Financial assets at fair value through other comprehensive income equity instruments	-	-	47,807	(35,165)

8) The quantitative information on significant unobservable inputs (Level 3) used in the fair value measurement

	December 31, 2019				
Item	Fair value	Valuation technique	Material unobservable inputs	Reasonable change range	Correlation between input and fair value
Financial asset at fair value through other comprehensive income-equity instruments	43,720	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value
	261,641	Income approach	Discount rate/ sustainable growth rate	Discount rate is 7.61%~12.88%/ Sustainable growth rate is -0.10%~1.14%	The higher the discount rate, the lower the fair value. The higher the sustainable growth rate, the higher the fair value
	42,000	Asset approach	Unlisted marketability discount	18.32%~28.32%	The higher the unlisted marketability discount rate, the lower the fair value

	December 31, 2018				
Item	Fair value	Valuation technique	Material unobservable inputs	Reasonable change range	Correlation between input and fair value
Financial asset at fair value through other comprehensive income-equity instruments	42,767	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value
	302,675	Income approach	Discount rate/ sustainable growth rate	Discount rate is 6.25%~8.25%/ Sustainable growth rate is -0.10%~1.17%	The higher the discount rate, the lower the fair value. The higher the sustainable growth rate, the higher the fair value
	41,600	Asset approach	Unlisted marketability discount	19.66%~29.66%	The higher the unlisted marketability discount rate, the lower the fair value

9) The valuation procedure of fair value attributed to Level 3

The fair value of the level 3 financial instruments of the Bank are valued by independent departments and external specialists. Appropriate valuation methods are applied according to the underlying characteristics and data collections. The applied valuation model and related inputs are in accordance with that of the market and the basic principles that the industry approves. The Bank checks the valuation model on a periodic basis. When necessary, the Bank will calibrate and adjust accordingly to ensure the reasonableness of the valuation results, and that they are in line with the market condition.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(ii) Financial instruments measured at amortized cost

1) Valuation of financial instruments measured at amortized cost:

a) Non derivative short term financial assets and liabilities with short maturity dates, including cash and cash equivalents, receivables－net, payables, related parties payable and other financial liabilities, the fair values are the amounts those carried.

b) Due from the Central Bank and call loans to banks and deposits from the Central Bank and banks: the fair value of floating rate placements and borrowings and overnight deposits is their carrying amounts. The estimated fair value of fixed interest-bearing deposits or interest earning loans is based on discounted cash flows using the prevailing money market rates for debts with a similar credit risk and remaining maturity.

c) Debt instrument investment measured at amortized cost: for debt instruments that have direct observable market values, market values were used as fair values; for debt instruments that do not have direct observable market values, fair values were measured via valuation technique.

d) Securities purchased under resell agreements and debt instruments: for securities that have direct observable market values, market values were used as fair value; for securities that do not have direct observable market values, fair values were measured via valuation technique.

e) Discounts and loans－net: discounts and loans are presented net of provisions for impairment. The fair value of Discounts and loans to customers with a residual maturity of less than one year generally approximates the carrying value. The estimated fair value with a residual maturity of more than one year represents the discounted amount of future cash flows expected to be received, including assumptions relating to prepayment rates. Expected cash flows are discounted at current market rates or secondary syndication market prices to determine fair value.

f) Deposits and remittances: the estimated fair value of deposits and remittances with no stated maturity and floating rate deposits is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits is based on discounting cash flows using the prevailing market rates with a similar credit risk and remaining term to maturity.

g) Financial debentures payables－net: the aggregate fair values are calculated based on quoted market prices. For those notes which quoted market prices are not available, a discounted cash flow model is used based on a current market related yield curve appropriate for the remaining term to maturity. The fair value of subordinated debt is estimated based on its book value on the balance sheet.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

2) Fair value of financial instruments measured at amortized cost:

	December 31, 2019	
Financial assets	**Book value**	**Fair value**
Cash and cash equivalents	$ 22,466,040	22,467,894
Due from the Central Bank and call loans to banks	88,584,862	88,590,095
Debt instrument investment measured at amortized cost	1,929,246	1,941,203
Securities purchased under resell agreements and debt instruments	6,393,794	6,776,710
Receivables－net	23,479,450	23,479,450
Discounts and loans－net	282,220,611	282,452,177

	December 31, 2018	
Financial assets	**Book value**	**Fair value**
Cash and cash equivalents	$ 23,637,632	23,637,707
Due from the Central Bank and call loans to banks	81,627,972	81,631,061
Debt instrument investment measured at amortized cost	1,937,067	1,939,404
Securities purchased under resell agreements and debt instruments	11,738,716	12,516,158
Receivables－net	24,576,560	24,576,560
Discounts and loans－net	277,484,777	277,955,177

	December 31, 2019	
Financial liabilities	**Book value**	**Fair value**
Deposits from the Central Bank and banks	$ 22,768,336	22,768,597
Payables	5,581,086	5,581,086
Related parties payable	7,139,839	7,139,839
Deposits and remittances	514,240,351	514,171,405
Financial debentures	8,023,443	8,023,443
Other financial liabilities	152,574	152,574

	December 31, 2018	
Financial liabilities	**Book value**	**Fair value**
Deposits from the Central Bank and banks	$ 36,496,273	36,496,543
Payables	4,790,749	4,790,749
Related parties payable	6,231,122	6,231,122
Deposits and remittances	510,768,268	510,505,914
Financial debentures	8,149,671	8,149,671
Other financial liabilities	329,190	329,190

(Continued)

3) Fair value hierarchy information of financial instruments measured at amortized cost:

Financial instruments measured at amortized cost	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$ 22,466,040	-	22,467,894	-	22,467,894
Due from the Central Bank and call loans to banks	88,584,862	-	88,590,095	-	88,590,095
Debt instrument investment measured at amortized cost	1,929,246	-	1,941,203	-	1,941,203
Securities purchased under resell agreements and debt instruments	6,393,794	-	6,776,710	-	6,776,710
Receivables－net	23,479,450	-	23,479,450	-	23,479,450
Discounts and loans－net	282,220,611	-	6,000,000	276,452,177	282,452,177
Liabilities:					
Deposits from the Central Bank and banks	22,768,336	-	22,768,597	-	22,768,597
Payables	5,581,086	-	5,581,086	-	5,581,086
Related parties payables	7,139,839	-	7,139,839	-	7,139,839
Deposits and remittances	514,240,351	-	514,171,405	-	514,171,405
Financial debentures	8,023,443	-	8,023,443	-	8,023,443
Other financial liabilities	152,574	-	152,574	-	152,574

Financial instruments measured at amortized cost	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$ 23,637,632	-	23,637,707	-	23,637,707
Due from the Central Bank and call loans to banks	81,627,972	-	81,631,061	-	81,631,061
Debt instrument investment measured at amortized cost	1,937,067	-	1,939,404	-	1,939,404
Securities purchased under resell agreements and debt instruments	11,738,716	-	12,516,158	-	12,516,158
Receivables－net	24,576,560	-	24,576,560	-	24,576,560
Discounts and loans－net	277,484,777	-	-	277,955,177	277,955,177
Liabilities:					
Deposits from the Central Bank and banks	36,496,273	-	36,496,543	-	36,496,543
Payables	4,790,749	-	4,790,749	-	4,790,749
Related parties payables	6,231,122	-	6,231,122	-	6,231,122
Deposits and remittances	510,768,268	-	510,505,914	-	510,505,914
Financial debentures	8,149,671	-	8,149,671	-	8,149,671
Other financial liabilities	329,190	-	329,190	-	329,190

(iii) Information on financial risk

The Bank'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 Bank encounters credit risk, operational risk, market risk (interest rate, exchange rate, equity, and commodity), and liquidity risk both on and off the balance sheets in our day-to-day operations.

The Bank 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, operational risk, market risk, and liquidity risk.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

1) Market risk

a) Strategy and procedure of market risk management

The Bank recognizes market risk as 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 processes is to obtain the best balance of risk and return while meeting customers' requirements.

b) Market risk management organization and structure

Market and Treasury 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 company's limits is annually reviewed by Market and Treasury Risk Taiwan and are in line with Group Market Risk Committee guidance.

Market risk limits are proposed by the business within the terms of the agreed policy. Limits are presented to the Executive Risk Committee or delegated manager for approval with its authority delegated by the Board. The Risk Appetite requires approval from the Board.

Market and Treasury 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.

c) 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 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 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 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 (such as exchange rate or interest rate) of financial instruments of the Bank. Market risk represents potential losses that the Bank may suffer in one day when unfavorable changes occur on the Bank's position at a 97.5% confidence interval under a certain price probability distribution.

(Continued)

	2019			2018		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange VaR	$ 2,999	10,356	791	3,621	7,479	1,228
Interest rate VaR	43,477	59,503	30,432	44,401	50,330	39,553
Total VaR	43,603	59,662	30,534	44,561	50,376	39,649

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. The Bank 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.

d) 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 and Treasury Risk Taiwan. The Traded Risk Type Framework is 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.

e) Method used for regulatory capital calculation

Standardized Approach / Delta-Plus for Options.

f) Exchange rate risk exposure information

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

December 31, 2019				December 31, 2018			
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD
Long position				Long position			
USD	$ 14,916,509	30.106	449,079,619	USD	23,149,484	30.737	711,553,944
CNY	14,499,232	4.321	62,648,196	CNY	16,210,757	4.478	72,589,986
EUR	1,026,075	33.734	34,614,128	AUD	900,380	21.673	19,513,515
AUD	781,400	21.095	16,483,477	JPY	59,150,194	0.278	16,443,030
JPY	56,996,267	0.277	15,784,532	EUR	412,901	35.187	14,528,563
Short position				Short position			
USD	14,864,803	30.106	447,522,946	USD	23,122,966	30.737	710,738,859
CNY	14,488,000	4.321	62,599,666	CNY	16,195,736	4.478	72,522,726
EUR	1,027,071	33.734	34,647,718	AUD	896,241	21.673	19,423,819
AUD	781,167	21.095	16,478,545	JPY	58,640,679	0.278	16,301,391
JPY	56,943,436	0.277	15,769,901	EUR	425,934	35.187	14,987,140

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

g) Interest rate sensitivity information

i) Interest rate sensitivity analysis (NTD)

December 31, 2019

Units: in thousands of New Taiwan Dollars

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$ 331,792,516	23,940,081	36,654,054	58,353,623	450,740,274
Interest rate sensitive liabilities	246,024,695	28,375,055	23,130,042	48,763,547	346,293,339
Interest rate sensitive gap	85,767,821	(4,434,974)	13,524,012	9,590,076	104,446,935
Net worth					44,739,459
Ratio of interest rate sensitive assets to liabilities (%)					130.16
Ratio of interest rate sensitive gap to net worth (%)					233.46

December 31, 2018

Units: in thousands of New Taiwan Dollars

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$ 384,516,113	24,445,452	45,771,036	47,053,603	501,786,204
Interest rate sensitive liabilities	230,637,235	21,593,503	41,680,948	15,901,758	309,813,444
Interest rate sensitive gap	153,878,878	2,851,949	4,090,088	31,151,845	191,972,760
Net worth					45,226,171
Ratio of interest rate sensitive assets to liabilities (%)					161.96
Ratio of interest rate sensitive gap to net worth (%)					424.47

ii) Interest rate sensitivity analysis (USD)

December 31, 2019

Units: in thousands of US Dollars

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$ 2,915,241	473,523	319,253	484	3,708,501
Interest rate sensitive liabilities	5,774,169	683,007	145,595	200,470	6,803,241
Interest rate sensitive gap	(2,858,928)	(209,484)	173,658	(199,986)	(3,094,740)
Net worth					39,392
Ratio of interest rate sensitive assets to liabilities (%)					54.51
Ratio of interest rate sensitive gap to net worth (%)					(7,856.27)

December 31, 2018

Units: in thousands of US Dollars

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	$ 2,639,210	308,541	971,489	-	3,919,240
Interest rate sensitive liabilities	5,399,509	1,010,205	1,095,339	200,000	7,705,053
Interest rate sensitive gap	(2,760,299)	(701,664)	(123,850)	(200,000)	(3,785,813)
Net worth					797
Ratio of interest rate sensitive assets to liabilities (%)					50.87
Ratio of interest rate sensitive gap to net worth (%)					(475,007.90)

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

2) Operational risk

a) Strategy and procedure of operational risk management

The Bank has set up and follows the Operational Risk Type Framework ("ORTF") for operational risk management. The ORTF builds on Enterprise Risk Management Framework ("ERMF") and covers the OR related to inadequate or failed internal processes, and systems, human error, or from the impact of external events (including legal risks). According to ORTF, operational risks are managed through risk identification, assessment, control, acceptance, monitoring, and reporting.

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

b) Operational risk management organization and structure

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

The Executive Risk Committee ("ERC") 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 ERC oversees the management of operational risks at the country level. The ERC scope includes all client segments, products and functions. ERC 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.

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

According to ORTF, the First line of Defense ("1LoD") is required to comply with the applicable laws and regulatory expectations, and manage the risk that arises from first line activities, and comply with policies set by the Second Line of Defense ("2LoD"). The 2LoD is responsible to provide challenge, guidance, and oversight over the 1LoD, set policies that the 1LoD must adhere to, assess the overall risk levels relating to non-PRTs, and to confirm the effectiveness of their policies to the Country Head of OR.

The operational risk subtypes include transaction processing, product management, people management, client service resilience, system availability, data quality, vendor service, change management, internal fraud, external fraud, corporate governance and authorities, exchange listing rules, financial books and records, tax obligations, model, safety and security, and legal enforceability.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

The First Line of Defense reports operational risk and measures the effectiveness of controls via Key Control Indicators, Control Sample Test, and Key Risk Indicators. Additionally, the Third Line of Defense comprises the independent assurance provided by the Group Internal Audit (GIA) function. GIA provides independent assurance of the effectiveness of management' s control of the First Line and the Second Line. As a result, GIA provides assurance that the overall system of control effectiveness is working as required within the Risk Management Framework.

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

The Bank conducts its risk identification and assessment (including loss incidents and self-assessment) in accordance with the ORTF. The identified risk shall be escalated to the authority defined in ORTF for risk monitoring by the management.

Risk management information shall at least include: detailed information of operational risk exposure, risk ratings (including impact and likelihood ratings), risk and mitigation action ownership, target date for reducing risk exposure within appetite. Risk management information must also ensure data quality by verified and monitored data source.

e) Method used for regulatory capital calculation

Basic Indicator Approach.

3) Compliance and legal risk

Compliance and legal risks arise from the possibility that an entity may not be able to comply with regulations, and a contract or legal documentation may likely cause potential loss due to illegality, incompleteness or unfairness, which results in a regulations breach. The Compliance Department of the Bank is responsible for the implementation of compliance system of the Bank. The Legal Department of the Bank is responsible for providing advisory services to legal aspects of transaction documents including legality and enforceability of such transaction documents. The two departments together are to make sure that the financial structure and operations of the Bank follows relevant regulatory compliance and legal matters.

4) Credit risk management

a) Credit risk strategy, goal, policy and procedure

The management of risk lies at the heart of the Bank'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 continuously and sustainably and is thus a central part of the financial and operational management of the Bank.

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

i) Strategy and Goal

Through our enterprise risk management framework ("ERMF"), we manage enterprise-wide risks with the objective of optimizing risk-adjusted returns while remaining within our risk appetite.

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

1. Balancing Risk and Return: A sustainable franchise is built by managing the integrate risks and in the interest of all the stakeholders; risks that the Bank is taken are consistent with the approved strategy and within the Bank' s risk tolerances and risk appetite. The Bank manages the risk profile to maintain a low probability of an unexpected loss event that would materially undermine the confidence of the investors;

2. Conduct of Business: The Bank demonstrate the ' Here for Good' through the conduct. The Bank seeks to achieve good outcomes for clients and investors in the markets which the Bank operates, while abiding by the relevant laws and regulations. The Bank treats all colleagues fairly and with respect;

3. Responsibility and Accountability: The Bank takes individual responsibility to ensure risk-taking is disciplined and focused, particularly within our area of authority. The Bank makes sure risk taking is transparent, controlled and reported within risk appetite;

4. Anticipation: The Bank seeks to anticipate material future risks, learn lessons from events that have produced adverse outcomes and ensure awareness of known risks; and

5. Competitive Advantage: The Bank seeks competitive advantage through efficient and effective risk management and control.

ii) 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

b) Credit risk management organization and structure

Ultimate responsibility for the effective management of risk rests with the Bank Board. The Risk Committee, through its authority delegated by the Board, 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 receives regular reports on risk management and is authorized to investigate or seek any information relating to an activity within its term of reference.

Internal Audit is an independent function that reports to the Board. It provides assurance that 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.

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

d) 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.

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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 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, 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.

e) Method used for regulatory capital calculation

Standardized Approach.

f) Maximum exposure to credit risk

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

	Maximum exposure to credit risk	
Off-balance-sheet items	**December 31, 2019**	**December 31, 2018**
Other guarantees	$ 3,715,079	4,350,959
Unused amount of irrevocable loan commitments	4,098,466	1,404,882
Unused amount of irrevocable letters of credit	1,499,755	781,855
Total	**$ 9,313,300**	**6,537,696**

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

g) 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, activities in the same region, or have similar economic characteristics that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Bank's concentration of credit risk is derived from assets, liabilities, off-balance sheets 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 Bank currently has no concentration of transaction to a single counterparty nor a single transaction with a counterparty for the Bank'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 Bank:

i) By industry

	December 31, 2019	December 31, 2018
Individual	$ 197,264,236	191,090,166
Manufacturing	38,600,433	48,279,793
Transportation and warehousing	13,823,965	15,373,969
Financial industry	13,027,123	9,697,751
Commercial	6,472,019	6,804,584
Government	6,000,000	-
Other	11,672,944	11,006,346
Total	**$ 286,860,720**	**282,252,609**

ii) By area

	December 31, 2019	December 31, 2018
Domestic	$ 248,590,029	245,458,951
Overseas	38,270,691	36,793,658
Total	**$ 286,860,720**	**282,252,609**

iii) By collateral

	December 31, 2019	December 31, 2018
Unsecured	$ 84,358,781	87,313,358
Secured		
— Real estate	173,675,075	168,713,972
— Movable asset	14,628,457	13,647,381
— Debt instrument	11,403,446	9,454,406
— Other	2,794,961	3,123,492
Total	**$ 286,860,720**	**282,252,609**

(Continued)

h) Credit quality and default impairment analysis on financial asset

The main criteria for identifying significant increase in credit risk since initial recognition are as follows:

i) Internal/external risk rating of credit extensions at the reporting date deteriorates significantly compared to that at the initial recognition date.

ii) Significant change in the probability of default over the lifetime since origination.

iii) Borrowers that fail to make payment and are past due over 30 days.

iv) Borrowers that have outstanding amounts unpaid past maturity dates and are overdue for the agreed grace period.

v) Borrowers that have significant deterioration in ability to repay and face the compulsory enforcement, debt restructuring or legal action.

vi) Borrowers that have been placed as Early Alert – Non Purely Precautionary (EA-NPP) are concluded by Credit Issue Committee (CIC) to have fundamental deterioration in creditworthiness which require closer scrutiny and monitoring.

Definitions of default and credit impaired financial assets:

An account is in default when the borrower fails to make payments and account is over 90 days past due.

Besides, if there is objective evidence that borrower cannot make payments or there is evidence that borrower is in financial difficulty, the account can be considered as impaired:

i) Borrower is deceased.

ii) Borrower has declared bankruptcy or may declare bankruptcy or financial restructuring.

iii) Enterprise has been temporarily suspended.

iv) Borrower has applied for debt restructuring program (including internal or government programs) due to financial difficulty.

To determine if there has either been a significant increase in credit risk post deal origination and to assess expected credit loss (ECL) for financial assets, the Bank adopts a forward-looking approach to generate multiple macroeconomic scenarios to ensure that ECL has been evaluated in a range of possible outcomes. The Bank applies historical data to analyze and to identify key macroeconomic variables, such as real GDP, import and export values, consumer price index, and unemployment rate, that will have critical impact on the portfolio's credit performance as well as credit expected loss.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

The Bank generates base macroeconomic scenario by obtaining the forecasts of exchange rates, GDP and inflation rates from the economic research team. Moreover, to incorporate the non-linearity of ECL as well as to increase the visibility of macroeconomic forecasts, multiple macroeconomic scenarios are generated via Monte Carlo simulation, and the weighted average result of multiple scenario outcomes is applied to evaluate against the criteria of significant increase in credit risk and as well as to estimate ECL.

Some of the financial assets held by the Bank, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, 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.

i) Credit quality analysis

	December 31, 2019											
	Stage 1				Stage 2				Stage 3			
	Investment grade	Sub-investment grade	High risk grade	Subtotal	Investment grade	Sub-investment grade	High risk grade	Subtotal	Individually impaired	Collectively impaired	Allowance of bad debt	Total
Balance sheet items												
Accounts receivable												
－Accounts receivable factoring	$ 2,765,406	8,016,728	-	10,782,134	-	2,863,226	-	2,863,226	36,008	-	175,459	13,505,909
－Credit cards receivable	2,952,075	1,908,687	4,369	4,865,131	-	10,211	4,848	15,059	135,232	334,919	264,424	5,085,917
Discounts and loans												
－Consumer banking	167,314,946	24,453,385	195,230	191,963,561	340,075	1,254,757	583,324	2,178,156	582,128	2,840,352	3,602,123	193,962,074
－Wholesale banking	55,717,696	27,715,089	9,303	83,442,088	1,200,707	4,096,912	2,536	5,300,155	283,863	64,906	994,766	88,096,246
－Non-accrual loans	-	-	-	-	-	-	-	-	125,247	80,264	121,790	83,721
Other financial assets												
－Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	7,521	-	7,521	-
Off-balance sheet items												
Loan commitment and guarantees	5,015,146	2,075,494	-	7,090,640	692,251	1,530,409	-	2,222,660	-	-	65,025	9,248,275

	December 31, 2018											
	Stage 1				Stage 2				Stage 3			
	Investment grade	Sub-investment grade	High risk grade	Subtotal	Investment grade	Sub-investment grade	High risk grade	Subtotal	Individually impaired	Collectively impaired	Allowance of bad debt	Total
Balance sheet items												
Accounts receivable												
－Accounts receivable factoring	$ 12,164,489	1,674,109	-	13,838,598	173,463	1,303,421	-	1,476,884	-	-	157,155	15,158,327
－Credit cards receivable	2,184,401	1,983,152	6,147	4,173,700	4	11,966	5,476	17,446	162,522	387,132	313,199	4,427,601
Discounts and loans												
－Consumer banking	157,618,715	27,429,202	562,820	185,610,737	369,088	986,414	697,230	2,052,732	692,094	2,994,382	3,305,748	188,044,197
－Wholesale banking	52,931,526	32,184,821	12,410	85,128,757	1,934,220	2,138,409	4,711	4,077,340	1,213,157	53,752	1,221,178	89,251,828
－Non-accrual loans	-	-	-	-	-	-	-	-	305,584	124,074	294,465	135,193
Other financial assets												
－Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	30,327	-	30,327	-
Off-balance sheet items												
Loan commitment and guarantees	4,510,609	1,518,732	-	6,029,341	395,043	113,312	-	508,355	-	-	97,059	6,440,637

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

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

i) Asset quality of the Bank

Units: in thousands of New Taiwan Dollars, %

Period			December 31, 2019				
Product			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		33,867	18,955,101	0.18 %	211,554	624.66 %
	Unsecured		143,547	70,277,783	0.20 %	902,798	628.92 %
Consumer Banking	Mortgage		99,131	142,147,898	0.07 %	2,174,119	2,193.18 %
	Personal loan		90,625	25,956,385	0.35 %	1,378,833	1,521.47 %
	Others	Secured	31,383	26,807,201	0.12 %	35,609	113.47 %
		Unsecured	723	2,716,352	0.03 %	15,766	2,180.64 %
Total			399,276	286,860,720	0.14 %	4,718,679	1,181.81 %
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			11,031	5,350,341	0.21 %	264,424	2,397.10 %
Factoring loan receivable without recourse			-	13,681,368	- %	175,459	- %

Period			December 31, 2018				
Product			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Wholesale Banking	Secured		27,339	20,506,153	0.13 %	370,799	1,356.30 %
	Unsecured		298,882	70,279,933	0.43 %	1,139,341	381.20 %
Consumer Banking	Mortgage		154,848	139,455,833	0.11 %	2,145,210	1,385.37 %
	Personal loan		100,710	25,687,281	0.39 %	1,129,390	1,121.43 %
	Others	Secured	75,029	24,519,565	0.31 %	34,058	45.39 %
		Unsecured	-	1,803,844	- %	2,593	- %
Total			656,808	282,252,609	0.23 %	4,821,391	734.06 %
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			12,868	4,740,800	0.27 %	313,199	2,433.94 %
Factoring loan receivable without recourse			-	15,315,482	- %	157,155	- %

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

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

Units: in thousands of New Taiwan Dollars

	December 31, 2019		December 31, 2018	
	Loans that may be exempted from reporting as overdue loans	Receivables that may be exempted from reporting as overdue receivables	Loans that may be exempted from reporting as overdue loans	Receivables that may be exempted from reporting as overdue receivables
The amount under inter-bank debt relief program without default by debtors	$ 2,598	8,671	3,639	12,096
The amount under debt discharge program and rehabilitation program without default by debtors	224,424	32,168	271,949	37,473
	$ 227,022	**40,839**	**275,588**	**49,569**

ii) Concentration of corporate credit risk for the bank

Units: in thousands of New Taiwan Dollars, %

December 31, 2019				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	A Group	Other service activities incidental to water transportation	7,319,750	15.97 %
2	B Group	Packaging and testing of semi-conductors	5,606,054	12.23 %
3	C Company	Other financial services activities not elsewhere classified	5,419,119	11.82 %
4	D Group	Manufacture of cement	4,945,862	10.97 %
5	E Group	Air transport	3,304,031	7.21 %
6	F Group	Manufacture of footwear	2,737,659	5.97 %
7	G Group	Air transport	2,695,966	5.88 %
8	H Group	Manufacture of electric wires and cables	2,021,487	4.41 %
9	I Company	Activities of other holding companies	2,018,316	4.40 %
10	J Group	Manufacture of bicycle parts	1,951,179	4.26 %

(Continued)

December 31, 2018				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	D Group	Manufacture of cement	6,173,589	13.67 %
2	B Group	Packaging and testing of semi-conductors	5,739,494	12.71 %
3	C Company	Other financial services activities not elsewhere classified	5,532,724	12.26 %
4	A Group	Ocean transportation	5,076,777	11.25 %
5	E Group	Air transportation	4,038,491	8.95 %
6	K Group	Manufacture of other electronic parts and components not elsewhere classified	3,918,841	8.68 %
7	L Group	Smelting and refining of iron and steel	2,817,900	6.24 %
8	F Group	Manufacture of footwear	2,303,173	5.10 %
9	M Company	Real estate development activities	1,634,504	3.62 %
10	N Company	Air transportation	1,599,476	3.54 %

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.

5) Liquidity risk management mechanism

a) Definition and sources of liquidity risk

Liquidity risk is the potential that the Bank 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.

b) Management procedure of liquidity risk

The Liquidity Risk Framework governs liquidity risk and is managed by Asset and Liability Committee. The Bank maintains a liquid portfolio of marketable securities as a liquidity buffer as required by local regulation. In total, it maintains a liquidity buffer of TWD $164.2 billion as of December 31, 2019, which is equivalent to 26.42% of the Bank's total assets. The level of the Bank'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 Bank's balance sheet as the liability side. The Bank's balance sheet is fluid as evidenced by the majority of wholesale banking lending and fixed income assets are contractually less than one year in tenor.

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

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

c) Financial assets held for liquidity risk management

The Bank holds cash and high quality liquid 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, and financial assets at fair value through other comprehensive income.

d) Maturity analysis of non-derivatives liabilities

The table below shows the analysis of non-derivatives liabilities based on time remaining until the contractual maturity date.

	December 31, 2019				
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	$ 22,684,366	83,970	-	-	22,768,336
Payables	5,581,086	-	-	-	5,581,086
Related parties payable	7,139,839	-	-	-	7,139,839
Deposits and remittances	424,664,373	86,379,441	3,196,537	-	514,240,351
Financial debentures	2,200	-	8,021,243	-	8,023,443
Other financial liabilities	152,574	-	-	-	152,574
Lease liability	83,068	299,229	1,203,131	351,594	1,937,022
Total	**$ 460,307,506**	**86,762,640**	**12,420,911**	**351,594**	**559,842,651**

	December 31, 2018				
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	$ 33,335,037	3,161,236	-	-	36,496,273
Payables	4,790,749	-	-	-	4,790,749
Related parties payable	6,231,122	-	-	-	6,231,122
Deposits and remittances	390,860,075	117,092,836	2,815,357	-	510,768,268
Financial debentures	2,200	-	2,000,000	6,147,471	8,149,671
Other financial liabilities	244,663	84,527	-	-	329,190
Total	**$ 435,463,846**	**120,338,599**	**4,815,357**	**6,147,471**	**566,765,273**

e) Maturity analysis of derivative financial liabilities

The Bank 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:

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

i) Maturity analysis of net settled derivatives

	December 31, 2019					
	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 or loss						
—Foreign exchange derivative instruments	$ 153,369	24,570	108,972	57,415	-	344,326
—Interest rate derivative instruments	1,678	20,514	11,940	124,313	2,550,594	2,709,039
Derivative financial instruments for hedging						
—Interest rate derivative instruments	-	-	-	1,551	5,777	7,328
	$ 155,047	**45,084**	**120,912**	**183,279**	**2,556,371**	**3,060,693**

	December 31, 2018					
	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 or loss						
—Foreign exchange derivative instruments	$ 110,005	27,322	52,417	8,148	77	197,969
—Interest rate derivative instruments	9,415	11,211	25,805	87,574	1,667,189	1,801,194
Derivative financial instruments for hedging						
—Interest rate derivative instruments	-	-	-	-	8,518	8,518
	$ 119,420	**38,533**	**78,222**	**95,722**	**1,675,784**	**2,007,681**

ii) Maturity analysis of gross settled derivatives

	December 31, 2019					
	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 or loss						
—Foreign exchange derivative instruments						
—Cash outflow	$ 156,082,753	160,767,085	71,729,881	44,840,137	1,362,298	434,782,154
—Cash inflow	154,157,204	158,892,857	71,331,514	44,630,562	1,328,896	430,341,033
Derivative financial instruments for hedging						
—Foreign exchange derivative instruments						
—Cash outflow	1,725,288	3,954,286	2,996,019	2,196,507	-	10,872,100
Net cash flow	**$ (3,650,837)**	**(5,828,514)**	**(3,394,386)**	**(2,406,082)**	**(33,402)**	**(15,313,221)**

	December 31, 2018					
	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 or loss						
—Foreign exchange derivative instruments						
—Cash outflow	$ 219,033,271	165,344,241	136,984,890	79,034,162	3,210,423	603,606,987
—Cash inflow	217,402,560	163,810,744	134,929,654	78,098,563	3,144,110	597,385,631
Net cash flow	**$ (1,630,711)**	**(1,533,497)**	**(2,055,236)**	**(935,599)**	**(66,313)**	**(6,221,356)**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

f) Maturity analysis of off-balance-sheet items

Table below shows the maturity analysis of off-balance-sheet items for the Bank. 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 balance sheets.

	December 31, 2019				
	0~30 days	31~90 Days	91 days~ 1 year	Over 1 year	Total
Other guarantees	$ 281,098	536,649	2,070,196	827,136	3,715,079
Unused amount of irrevocable loan commitments	-	-	-	4,098,466	4,098,466
Unused amount of irrevocable letters of credit	86,830	1,304,344	108,581	-	1,499,755
	$ 367,928	**1,840,993**	**2,178,777**	**4,925,602**	**9,313,300**

	December 31, 2018				
	0~30 days	31~90 Days	91 days~ 1 year	Over 1 year	Total
Other guarantees	$ 805,381	1,207,883	1,922,148	415,547	4,350,959
Unused amount of irrevocable loan commitments	373,719	747,438	136,732	146,993	1,404,882
Unused amount of irrevocable letters of credit	215,503	516,886	49,466	-	781,855
	$ 1,394,603	**2,472,207**	**2,108,346**	**562,540**	**6,537,696**

g) Structure analysis of maturity, New Taiwan Dollars

December 31, 2019

Units: in thousands of New Taiwan Dollars

		Remaining period to maturity					
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Main capital inflow on maturity	$ 667,910,570	116,250,150	60,736,986	99,913,702	66,318,181	85,058,907	239,632,644
Main capital outflow on maturity	719,004,782	67,283,993	76,674,699	167,675,290	99,682,873	59,255,851	248,432,076
Gap	(51,094,212)	48,966,157	(15,937,713)	(67,761,588)	(33,364,692)	25,803,056	(8,799,432)

December 31, 2018

Units: in thousands of New Taiwan Dollars

		Remaining period to maturity					
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Main capital inflow on maturity	$ 879,050,471	197,718,458	89,276,860	147,557,086	111,477,953	125,750,669	207,269,445
Main capital outflow on maturity	929,410,633	131,962,719	113,698,157	180,788,010	135,545,161	119,975,061	247,441,525
Gap	(50,360,162)	65,755,739	(24,421,297)	(33,230,924)	(24,067,208)	5,775,608	(40,172,080)

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

h) Structure analysis of maturity, US Dollars

December 31, 2019

Units: in thousands of US Dollars

	Total	Remaining period to maturity				
		0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Main capital inflow on maturity	$ 17,829,618	6,461,376	5,711,351	3,174,810	1,690,624	791,457
Main capital outflow on maturity	20,079,386	7,860,040	7,087,595	2,143,747	1,397,400	1,590,604
Gap	(2,249,768)	(1,398,664)	(1,376,244)	1,031,063	293,224	(799,147)

December 31, 2018

Units: in thousands of US Dollars

	Total	Remaining period to maturity				
		0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Main capital inflow on maturity	$ 25,447,302	10,758,549	5,713,459	4,434,006	3,776,362	764,926
Main capital outflow on maturity	27,066,857	11,126,424	7,016,212	4,021,223	3,370,580	1,532,418
Gap	(1,619,555)	(367,875)	(1,302,753)	412,783	405,782	(767,492)

(iv) The offsetting information for financial assets and financial liabilities

The Bank has signed total net executable settlement contracts and similar agreements. When both parties choose to conduct the settlement using the net amount, it is acceptable to use the net amount after offsetting the financial assets and financial liabilities. If not, the total value is used in the settlement. If one party defaults, the other party has the right to select the net amount during the settlement.

The table below shows the relevant offsetting information for financial assets and financial liabilities:

December 31, 2019

Financial assets under net executable settlement contracts or similar agreements

	Total financial assets recognized (a)	Offset total financial liabilities recognized in the balance sheet (b)	Net financial assets reported in the balance sheet (c)=(a)-(b)	Relevant amounts not offset on balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial assets	$ 6,535,097	-	6,535,097	3,979,877	1,490,397	1,064,823
Securities purchased under resell agreements and debt instruments	6,393,794	-	6,393,794	-	6,393,794	-
Total	**$ 12,928,891**	**-**	**12,928,891**	**3,979,877**	**7,884,191**	**1,064,823**

December 31, 2019

Financial liabilities under net executable settlement contracts or similar agreements

	Total financial liabilities recognized (a)	Offset total financial assets recognized in the balance sheet (b)	Net financial liabilities reported in the balance sheet (c)=(a)-(b)	Relevant amounts not offset on balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial liabilities	**$ 8,900,828**	**-**	**8,900,828**	**3,979,877**	**2,266,393**	**2,654,558**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

December 31, 2018						
Financial assets under net executable settlement contracts or similar agreements						
				Relevant amounts not offset on balance sheet (d)		
	Total financial assets recognized (a)	Offset total financial liabilities recognized in the balance sheet (b)	Net financial assets reported in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial assets	$ 8,043,768	-	8,043,768	3,339,296	1,317,955	3,386,517
Securities purchased under resell agreements and debt instruments	11,738,716	-	11,738,716	-	11,738,716	-
Total	**$ 19,782,484**	**-**	**19,782,484**	**3,339,296**	**13,056,671**	**3,386,517**

December 31, 2018						
Financial liabilities under net executable settlement contracts or similar agreements						
				Relevant amounts not offset on balance sheet (d)		
	Total financial liabilities recognized (a)	Offset total financial assets recognized in the balance sheet (b)	Net financial liabilities reported in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial liabilities	**$ 8,114,286**	**-**	**8,114,286**	**3,339,296**	**1,180,788**	**3,594,202**

(Note) Includes net amount settlements and financial guarantees of non-cash items.

(v) Capital management

1) Summary

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

a) Meeting the regulatory capital requirement and the minimum capital adequacy ratio is the Bank's fundamental goal for capital management. The Bank calculates qualified capital and regulatory capital requirement in accordance with rules issued by the regulator.

b) To ensure keeping adequate capital to support all the risks surrounding its business, the Bank should take the risk portfolio and the characters of risk into consideration when measuring the Bank's required capital. Meanwhile, the Bank should maximize resource allocation through risk management by means of capital allocation.

(Continued)

2) Capital management procedure

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

a) Tier 1 Capital: The aggregate amount of Common Equity and additional Tier 1 Capital.

i) 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, 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:

1. Common stock and additional paid-in capital in excess of par-common stock
2. Capital collected in advance
3. Capital reserves
4. Legal reserves
5. Special reserves
6. Accumulated profit or loss
7. Non-controlling interests
8. Other items in stockholders' equity

ii) Additional Tier 1 capital: Consists of the aggregate amount of non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts, etc.

b) 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.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

3) Capital adequacy

Item			Period-end	December 31, 2019	December 31, 2018
Self-owned capital			Common stock capital	42,467,978	40,752,246
			Other Tier 1 capital	-	-
			Tier 2 capital	8,208,048	9,600,646
			Total self-owned capital	50,676,026	50,352,892
Risk-weighted assets	Credit risk		Standard approach (SA)	271,707,039	274,205,939
			Internal ratings-based approach (IRB)	-	-
			Securitization	-	-
	Operational risk		Basic indicator approach (BIA)	25,183,422	24,373,762
			Standardized approach (SA)/alternative approach	-	-
			Advanced measurement approach (AMA)	-	-
	Market risk		Standardized approach (SA)	23,058,163	20,198,732
			Internal model-based approach (IMA)	-	-
			Total risk-weighted assets	319,948,624	318,778,433
Capital adequacy ratio				15.84 %	15.80 %
Ratio of common stock to total risk-based assets				13.27 %	12.78 %
Ratio of Tier 1 capital to risk-based assets				13.27 %	12.78 %
Leverage ratio				6.51 %	6.19 %

Note: Capital Adequacy was prepared in compliance with Regulations Governing the Capital Adequacy and Capital Category of Banks.

(7) Related-party transactions:

(a) Name and relationship of related parties

Name	Relationship with the Bank
Standard Chartered PLC ("SC PLC")	The ultimate parent company
Standard Chartered Bank Hong Kong Limited ("SCB Hong Kong")	Parent company of SC NEA
Standard Chartered NEA Limited ("SC NEA")	Parent company
Standard Chartered Bank ("SCB")	Affiliate
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
Standard Chartered Global Business Services Private Limited	Affiliate
Standard Chartered Global Business Services Sdn Bhd	Affiliate

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Name	Relationship with the Bank
Standard Chartered Bank South Africa Limited ("SCB South Africa")	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 Vietnam Limited ("SCB Vietnam")	Affiliate
Standard Chartered Bank North America ("SCB North America")	Affiliate
Standard Chartered Bank Philippines Limited ("SCB Philippines")	Affiliate
Standard Chartered Bank Macau Limited ("SCB Macau")	Affiliate
Standard Chartered Bank Indonesia ("SCB Indonesia")	Affiliate
Standard Chartered Bank Dubai ("SCB Dubai")	Affiliate
Standard Chartered Bank France ("SCB France")	Affiliate
Standard Chartered Bank Australia ("SCB Australia")	Affiliate
Standard Chartered Bank India ("SCB India")	Affiliate
Standard Chartered Bank Qatar ("SCB Qatar")	Affiliate
Standard Chartered Bank Malaysia ("SCB Malaysia")	Affiliate
Standard Chartered Bank Angola ("SCB Angola")	Affiliate
Standard Chartered Bank Sweden ("SCB Sweden")	Affiliate
Directors, President and Vice Presidents	The senior management of the Bank
Others	According to IAS No.24, "Related Party Disclosure", related party should include: 1) Members of key management personnel or directors. 2) Spouse, and first-or second-degree blood relatives of senior management, members of key management personnel or directors. 3) Senior management, members of key management personnel or directors and entities which people listed above are their directors, supervisors or presidents.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Deposits

	December 31, 2019		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	$ 536,434	0.10	0.00~6.95

	December 31, 2018		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	$ 315,102	0.06	0.00~7.00

The interest rates 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, 2019 and 2018, interest expenses on the above deposits were $3,700 thousand and $2,121 thousand, respectively. As of December 31, 2019 and 2018, the interest payables on the above transaction were $244 thousand and $263 thousand, respectively, recorded under related parties payable.

For the year ended December 31, 2018, the interest expense on the time deposit of SCB Hong Kong was $66,068 thousand.

(ii) Loans

2019

Type of loan	Maximum balance 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	6,571	12	3,928	3,928	-	Unsecured lending	None
Mortgage	118,574	16	109,753	109,753	-	House	None
Other	3,155	Other individuals	2,883	2,883	-	Overdraft on the comprehensive deposits	None

2018

Type of loan	Maximum balance 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	9,448	19	6,077	6,077	-	Unsecured lending	None
Mortgage	93,038	16	82,942	82,942	-	House	None
Other	3,765	Other individuals	3,155	3,155	-	Overdraft on the comprehensive deposits	None

(Continued)

For the years ended December 31, 2019 and 2018, interest income on the above loans were $1,534 thousand and $1,405 thousand, respectively. As of December 31, 2019 and 2018 the interest receivables from the above transaction were $87 thousand and $68 thousand, respectively, recorded under receivables-net.

(iii) Foreign exchange and derivative transactions

		December 31, 2019				
		Contracts		Gain (loss) on	Balance sheet	
Name	Contracts	duration period	Notional	valuation	Account	Balance
SCB	Interest rate swap	2020.1.2~ 2030.3.20	$ 511,205,838	(49,594)	Financial assets at fair value through profit or loss	972,155
					Financial liabilities at fair value through profit or loss	(1,047,229)
	Interest rate option	2024.9.30	1,505,311	20,764	Financial assets at fair value through profit or loss	20,764
	Spot/forward/swap	2020.1.2~ 2020.12.4	105,613,444	(7,730)	Financial assets at fair value through profit or loss	831,961
					Financial liabilities at fair value through profit or loss	(628,518)
	Cross currency swap	2020.9.22~ 2022.1.28	2,263,316	12,503	Financial assets at fair value through profit or loss	55,863
					Financial liabilities at fair value through profit or loss	(18,663)
	Foreign exchange option	2020.1.2~ 2020.9.23	54,288,341	168,721	Financial assets at fair value through profit or loss	41,527
					Financial liabilities at fair value through profit or loss	(96,169)
	Commodity option	2020.1.17	262,526	(1,048)	Financial liabilities at fair value through profit or loss	(1,048)
SCB Singapore	Spot/forward/swap	2020.5.6	171,155	(285,209)	Financial assets at fair value through profit or loss	2,924
					Financial liabilities at fair value through profit or loss	(339)
SCB Hong Kong	Spot/forward/swap	2020.1.2~ 2020.9.21	50,390,540	197,650	Financial assets at fair value through profit or loss	279,271
					Financial liabilities at fair value through profit or loss	(82,250)

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

			December 31, 2018			
		Contracts		Gain (loss) on	Balance sheet	
Name	Contracts	duration period	Notional	valuation	Account	Balance
SCB	Interest rate swap	2019.1.3~2028.11.29	$ 182,151,962	(131)	Financial assets at fair value through profit or loss	357,198
					Financial liabilities at fair value through profit or loss	(382,678)
	Spot/forward/swap	2019.1.2~2020.6.15	63,379,934	(296,763)	Financial assets at fair value through profit or loss	323,090
					Financial liabilities at fair value through profit or loss	(111,917)
	Foreign exchange option	2019.1.2~2020.10.13	80,866,194	311,012	Financial assets at fair value through profit or loss	15,999
					Financial liabilities at fair value through profit or loss	(239,362)
	Cross currency swap	2021.6.8~2021.10.4	737,531	38,943	Financial assets at fair value through profit or loss	24,697
SCB Singapore	Spot/forward/swap	2019.1.2~2019.11.17	42,213,398	464,268	Financial assets at fair value through profit or loss	395,844
					Financial liabilities at fair value through profit or loss	(108,050)
SCB Hong Kong	Spot/forward/swap	2019.1.2~2019.8.20	62,099,765	(45,193)	Financial assets at fair value through profit or loss	177,247
					Financial liabilities at fair value through profit or loss	(177,876)

As of December 31, 2019 and 2018, the premium receivables resulting from the above option contracts were $345 thousand and $2,159 thousand, respectively, recorded under receivables—net.

(iv) Deposits with other banks—affiliates

	2019		
	Balance	Interest rate %	Interest income
SCB Taipei	$ 6,900,000	0.05~0.25	15,978
SCB Japan	1,428,143	-	-
SCB Germany	237,460	-	-
SCB Hong Kong	197,953	-	-
SCB	97,362	-	-
SCB Singapore	90,134	-	-
SCB New York	37,421	0.76	25,344
SCB China	16,641	0.00~2.75	70,595
SCB Thailand	799	-	-
SCB Philippines	168	-	-
	$ 9,006,081		**111,917**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

	2018		
	Balance	Interest rate %	Interest income
SCB Taipei	$ 6,600,000	0.16~0.24	8,183
SCB New York	3,233,520	1.20	17,323
SCB China	1,571,771	1.84	11,788
SCB Germany	1,453,462	-	-
SCB	1,361,771	-	-
SCB Japan	1,142,204	-	-
SCB Hong Kong	172,199	-	-
SCB Singapore	74,400	-	-
SCB Thailand	570	-	-
SCB Philippines	165	-	-
	$ 15,610,062		**37,294**

As of December 31, 2019 and 2018, interest receivable resulting from the above deposits with other banks from affiliates were $2,944 thousand and $2,038 thousand, respectively, recorded under receivables-net. For the years ended December 31, 2019 and 2018, the service charge from the above deposits were $27,241 thousand and $24,165 thousand, respectively, recorded under net service fee income.

(v) Call loans to banks－affiliates

	2019		
	Balance	Interest rate %	Interest income
SCB Taipei	$ 41,173,810	-0.27~3.25	640,962
SCB Hong Kong	10,446,030	-1.00~3.50	114,920
SCB Japan	747,737	-0.10~2.60	1,168
SCB	-	-0.55~2.45	114,496
SCB Korea	-	1.85~2.40	1,318
SCB Thailand	-	-0.45~2.45	99
SCB China	-	1.45~6.50	8
	$ 52,367,577		**872,971**

	2018		
	Balance	Interest rate %	Interest income
SCB Taipei	$ 27,981,517	-0.21~4.00	725,866
SCB	12,141,256	-0.50~2.40	286,857
SCB Hong Kong	-	-0.75~7.60	24,009
SCB Japan	-	-0.16~2.45	9,626
SCB China	-	-0.50~5.10	3,449
SCB Korea	-	1.52~2.24	2,001
SCB Thailand	-	-0.45~2.40	338
SCB Singapore	-	1.70~2.80	77
SCB Germany	-	-0.50	(753)
	$ 40,122,773		**1,051,470**

As of December 31, 2019 and 2018, the interest receivables resulting from the above call loans to banks from affiliates were $78,117 thousand and $185,627 thousand, respectively, recorded under receivables－net.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(vi) Deposits from banks—affiliates

	2019		
	Balance	Interest rate %	Interest expense
SCB Taipei	$ 918,066	0.01	25

	2018		
	Balance	Interest rate %	Interest expense
SCB Taipei	$ 211,519	0.01	72

As of December 31, 2019 and 2018, the interest payables resulting from the above deposits from banks to affiliates were $0 thousand and $1 thousand, respectively, recorded under related parties payable.

(vii) Overdrafts on banks—affiliates

	2019		
	Balance	Interest rate %	Interest expense
SCB New York	$ 1,048,022	1.55	5,090
SCB Germany	-	1.50	1,104
SCB Hong Kong	-	6.38	745
SCB Japan	-	-	116
SCB Singapore	-	10.75	35
	$ 1,048,022		7,090

	2018		
	Balance	Interest rate %	Interest expense
SCB Hong Kong	$ 45,561	6.38	300
SCB Germany	-	1.50	4,452
SCB China	-	7.21	1,195
SCB New York	-	2.40	1,130
SCB Singapore	-	10.75	29
SCB	-	1.75	3
	$ 45,561		7,109

As of December 31, 2019 and 2018, no interest payables resulting from the above overdrafts on banks to affiliates were recorded.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(viii) Call loans from banks－affiliates

	2019		
	Balance	Interest rate %	Interest expense
SCB Hong Kong	$ 12,571,999	-1.00~7.25	62,117
SCB China	4,722,829	-0.65~2.60	24,263
SCB Korea	1,806,373	1.54~2.60	12,712
SCB Taipei	1,600,000	0.00~2.83	23,620
SCB Vietnam	-	1.70~3.04	21,904
SCB Macau	-	2.13~2.79	10,150
SCB Japan	-	0.00~2.65	5,716
SCB Thailand	-	1.85~2.68	5,656
SCB Singapore	-	-0.90~2.52	4,486
SCB	-	2.40	247
	$ 20,701,201		**170,871**

	2018		
	Balance	Interest rate %	Interest expense
SCB Hong Kong	$ 25,178,765	-0.45~7.30	611,911
SCB Vietnam	4,456,917	2.20~3.04	58,581
SCB Taipei	4,027,945	0.00~2.83	24,865
SCB Korea	1,844,242	1.47~2.80	22,886
SCB Macau	614,747	0.05~2.79	14,382
SCB Japan	-	0.00~2.80	45,436
SCB Singapore	-	-0.45~2.33	5,570
SCB Thailand	-	2.06~2.25	3,039
SCB China	-	1.50~2.40	2,836
SCB	-	-0.40~-0.22	(170)
	$ 36,122,616		**789,336**

As of December 31, 2019 and 2018, the interest payables resulting from the above call loans from banks to affiliates were $1,688 thousand and $167,368 thousand, respectively, recorded under related parties payable.

(ix) The detail of securities purchased under resell agreement and debt instruments acquired from affiliates were as follows:

Name	December 31, 2019	December 31, 2018
SCB	**$ 825,832**	**346,779**

For the years ended December 31, 2019 and 2018, the interest income resulting from the above transaction were $13,541 thousand and $6,506 thousand, respectively. As of December 31, 2019 and 2018, the interest receivable resulting from the above transaction were $1,108 thousand and $329 thousand, respectively, recorded under receivables－net.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(x) The issuance of financial debentures to affiliates were as follows:

Name	Bond (note)	December 31, 2019	December 31, 2018
SCB	103-2	$ 6,021,243	6,147,471

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

For the years ended December 31, 2019 and 2018, the interest expenses on the above transactions were $282,111 thousand and $275,203 thousand, respectively. As of December 31, 2019 and 2018, the interest payables on the above transactions were $10,537 thousand and $10,758 thousand, respectively, recorded under related parties payable.

(xi) Guarantee

	2019			
	Maximum balance during the period	Ending balance	Expense	Collateral
SCB Indonesia	$ 12,336	-	USD100 (per case)	None

	2018			
	Maximum balance during the period	Ending balance	Expense	Collateral
SCB Indonesia	$ 12,295	12,295	USD100 (per case)	None

(xii) For the year ended December 31, 2019, operational and advisory service fees, consulting and technical support service fees, and wholesale banking business service fees were $977,431 thousand, $552,567 thousand and $86,924 thousand, respectively. For the year ended December 31, 2018, operational and advisory service fees, consulting and technical support service fees, and wholesale banking business service fees were $961,341 thousand, $485,519 thousand and $105,578 thousand, respectively. As of December 31, 2019 and 2018, fees payables to SCB were $6,676,278 thousand and $5,662,056 thousand, respectively, recorded under related parties payable. For the years ended December 31, 2019 and 2018, the group insurance expenses for joining the group insurance amounted to $26,363 thousand and $21,468 thousand, respectively.

(xiii) For the years ended December 31, 2019 and 2018, the related cost of the Executive Share Option Scheme amounted to $22,887 thousand and $26,752 thousand, respectively. As of December 31, 2019 and 2018, the estimated accounts payable to SCB for the share-based payment scheme costs amounted to $22,222 thousand and $73,574 thousand, respectively, recorded under related parties payable. The prepaid fee to SCB for the share-based payment scheme costs amounted to $839 thousand and $857 thousand, respectively, recorded under other assets-net.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(xiv) For the years ended December 31, 2019 and 2018, expenses resulting from operating and other business-related activities with affiliates were as follows:

Name		2019	2018
Technical support service fees:			
SCB Singapore	$	28,857	10,094
SCB Hong Kong		15,398	6,738
SCB		3,024	7,558
SCB Philippines		-	4,663
SCB Australia		-	1,675
Other		697	1,430
Total	**$**	**47,976**	**32,158**
Information technology service fees:			
Standard Chartered Global Business Services Sdn Bhd	$	125,780	152,220
Standard Chartered Global Business Services Private Limited		103,930	112,315
Total	**$**	**229,710**	**264,535**
Consulting service, origination, and trading income:			
SCB Hong Kong	$	102,574	78,020
SCB		93,603	228,781
SCB New York		31,166	19,058
SCB Singapore		27,036	6,039
SCB China		13,589	14,958
Other		6,236	7,037
Total	**$**	**274,204**	**353,893**
Consulting service, origination, and trading fees:			
SCB	$	34,930	52,681
SCB New York		26,883	43,043
SCB Dubai		22,311	-
SCB Korea		10,663	11,746
SCB North America		7,806	-
SCB China		7,616	11,774
Other		36,971	84,081
Total	**$**	**147,180**	**203,325**

As of December 31, 2019 and 2018, technical support service fees payables and information technology service fees payables were $128,880 thousand and $69,430 thousand, respectively, recorded under related parties payable. As of December 31, 2019 and 2018, consulting, origination, trading, and technical support service fees receivables were $335,248 thousand and $216,111 thousand, respectively, recorded under receivables－net. As of December 31, 2019 and 2018, consulting service, origination, and trading fees payables were $299,990 thousand and $247,672 thousand, respectively, recorded under related parties payable.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(xv) The Bank has signed a rental contract with SCB Taipei which was calculated by either the main rental contract or market situation and the rental area. The rentals were received monthly. For the years ended December 31, 2019 and 2018, the rental income were $3,136 thousand and $3,091 thousand, respectively. As of December 31, 2019 and 2018, the utility and information system usage income receivables from SCB Taipei were $165 thousand and $80 thousand, respectively, recorded under receivables－net. For the years ended December 31, 2019 and 2018, the related recharge from expense allocation were $985 thousand and $934 thousand, respectively.

(xvi) For the years ended December 31, 2019 and 2018, the administrative support service income from SCB Taipei to the Bank were $3,268 thousand and $3,180 thousand, respectively. As of December 31, 2019, the support service income receivable was $286 thousand, recorded under receivables-net.

(xvii) The Bank entered into the Exclusivity Fee Sharing Agreement with Standard Chartered Bank Singapore. For the years ended December 31, 2019 and 2018, the service fee income were $699,016 thousand and $664,955 thousand, respectively, recorded under net service fee income. As of December 31, 2019 and 2018, the service income receivables were $503,818 thousand and $476,442 thousand, respectively, recorded under receivables－net. As of December 31, 2019 and 2018, advance of service fee income received amounted to $1,545,195 thousand and $1,743,369 thousand, respectively, recorded under other liabilities. (Please refer to note (9) Significant contingent liabilities and unrecognized commitments－(c) significant service agreements section for related information).

(c) The salary and remuneration for directors and supervisors

	2019	2018
Salary and other short-term benefits	$ 258,880	253,380
Post-employment benefits	1,523	1,175
Total	**$ 260,403**	**254,555**

(8) Pledged assets:

Pledged assets	Pledged for	December 31, 2019	December 31, 2018
Negotiable certificates of deposit, and bonds (recorded under other financial assets)	USD overdraft clearing deposits	**$ 15,505,288**	**14,593,221**

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

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

Pledged assets	Pledged for	December 31, 2019	December 31, 2018
Negotiable certificates of deposit, bonds (recorded under other financial assets)	Trust indemnity reserve	$ 164,739	150,905
	Operating deposits for securities broker	54,913	50,302
	Operating deposits for securities underwriter	43,931	50,302
	Operating deposits for securities dealer	10,983	-
	Operating deposits for bills business	200,012	200,028
	Bond payment settlement reserve	109,826	100,603
		584,404	552,140
Guarantee deposits paid (recorded under other assets)	Operating deposits for securities dealer, bond payment settlement reserve, and self-regulatory fund deposit	40,300	50,300
Total		**$ 624,704**	**602,440**

(a) USD overdraft clearing deposits are security deposits for the overdraft facility of the Bank.

(b) Reserves for indemnity obligations are provided in the way of deposits placed in the Central Bank of Republic of China for conducting trust and custodian business.

(c) Operating deposits for securities broker are operating deposits placed for operating business of foreign bond agency approved by the competent authority. The provision is prepared in accordance with the Regulations Governing Securities Firms. (Deposits required in accordance with relevant regulations for securities broker is $50,000 thousand.)

(d) Operating deposits for securities underwriter and dealer are operating deposits placed for the competent authority in accordance with the Regulations Governing Securities Firms. (Deposits required in accordance with relevant regulations for securities underwriter and dealer are $40,000 thousand and $10,000 thousand, respectively.)

(e) Operating deposits for bills business are deposits placed in the Central Bank of the Republic of China for the Bank's bills business in accordance with the related regulation governing bills business. (Deposits required in accordance with relevant regulations for bills business is $100,000 thousand.)

(f) Bond payment settlement reserves are reserves placed in the Taipei Exchange's electronic bond trading system in accordance with related regulations.

(g) Self-regulatory fund deposits are deposit placed in Taiwan Securities Association in accordance with related regulations.

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(9) Significant contingent liabilities and unrecognized commitments:

(a) Commitments and contingent liabilities

	December 31, 2019	December 31, 2018
Consignment collection for others	$ 3,850,164	5,081,527
Securities, consignments and goods in custody	2,108,432,955	1,669,911,090
Trust assets	102,531,226	89,389,900
	$ 2,214,814,345	**1,764,382,517**
Other guarantees	**$ 3,715,079**	**4,350,959**
Unused amount of irrevocable loan commitments	**$ 4,098,466**	**1,404,882**
Unused amount of irrevocable letters of credit	**$ 1,499,755**	**781,855**

(b) Operating leases

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

	December 31, 2018
Not later than one year	$ 368,202
Later than one year and less than five years	537,676
Total	**$ 905,878**

(c) Significant service agreements

The Bank entered into a bancassurance agreement with PCA Life Assurance Co., Ltd. ("PCA") and SCLIA on July 4, 2014 to continue the tripartite partnership and to promote and sell approved insurance products. SCLIA entered into the Exclusivity Fee Sharing Agreement with SCB Singapore on December 30, 2014. Since SCLIA has merged into the Bank through absorption on October 1, 2016. As of the date of merger, rights and obligations related to the service agreements of SCLIA were generally assumed by the Bank.

(d) 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, 2019

Trust assets		Trust liabilities	
Bank deposits	$ 5,854	Accounts payable	$ 3
Short-term investments	95,815,701	Tax payable	-
Structured notes	4,914,606	Payables for securities under custody	1,795,064
Securities under custody	1,795,064	Trust capital and accumulated	100,736,159
Other assets	1	earnings	
Total trust assets	**$ 102,531,226**	Total trust liabilities	**$ 102,531,226**

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STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

Trust balance sheet
December 31, 2018

Trust assets		Trust liabilities	
Bank deposits	$ 7,409	Accounts payable	$ 4
Short-term investments	84,214,746	Tax payable	-
Structured notes	4,693,436	Payables for securities under custody	474,308
Securities under custody	474,308	Trust capital and accumulated earnings	88,915,588
Other assets	1		
Total trust assets	**$ 89,389,900**	Total trust liabilities	**$ 89,389,900**

Trust income statements

	2019	2018
Trust revenue:		
Interest revenue	$ 4,945,748	4,814,335
Common stock cash dividends	75	238
Realized gain on investments	2,406,972	1,606,738
Unrealized gain on investments	4,401,557	1,053,231
Net gain on trading of assets	-	8
	11,754,352	7,474,550
Trust expenses:		
Management expense	$ 37	48
Realized loss on investments	2,299,968	2,235,284
Unrealized loss on investments	1,413,354	7,613,947
Net loss on trading of assets	7	-
	3,713,366	9,849,279
Net gain (loss) before income tax	8,040,986	(2,374,729)
Income tax expense	-	-
Net gain (loss) after income tax	**$ 8,040,986**	**(2,374,729)**

Schedules of investment for trust business

Investment items	December 31, 2019	December 31, 2018
Bank deposits	$ 5,854	7,409
Short-term investments:		
Bonds	26,668,206	24,588,864
Common stock	5,142,889	4,344,437
Funds	64,004,606	55,281,445
Structured notes	4,914,606	4,693,436
Securities under custody	1,795,064	474,308
Other assets	1	1
	$ 102,531,226	**89,389,900**

Foreign currency trust business engaged by the Offshore Banking Unit (OBU) as of December 31, 2019 and 2018, were included in the above trust balance sheets and schedules of investment for trust business.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events:

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and economic activity. The Bank considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the IFRS9 estimates of expected credit loss provisions in 2020.

(12) Others:

Profitability

Unit: %

Items		December 31, 2019	December 31, 2018
Return on assets	Before income tax	0.52	0.44
	After income tax	0.40	0.43
Return on equity	Before income tax	7.15	6.31
	After income tax	5.49	6.12
Net profit ratio		18.29	20.39

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

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(13) Other disclosures items:

For the year ended December 31, 2019, relevant information of any major transactions that the Bank was required to disclose are as follows:

(a) Related information on significant transactions:

(i) Loans to other parties: Not applicable

(ii) Guarantees and endorsements for other parties: Not applicable

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures are not included): Not applicable

(iv) Information regarding securities for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Bank's paid in capital: None

(v) Information on the acquisition of real estate for which the purchase amount exceeded NT$300 million or 10% of the Bank's paid in capital: None

(vi) Information on the disposal of real estate for which the sale amount exceeded NT$300 million or 10% of the Bank's paid in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Standard Chartered Bank (Taiwan) Limited	Dongmei building	June 25, 2019	January 28, 2004	389,583	470,000	Cleaned	67,684	FONG-YI Department Stores Company Limited	None	Non-major asset disposal	Professional appraisal report	None

(vii) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT$5 million: None

(viii) Information regarding from related parties for which the amount exceeded NT$300 million or 10% of the Bank's paid in capital: Please refer to notes 6(h) and 7

(ix) Information regarding trading in derivative financial instruments: Not applicable

(x) Information regarding selling non-performing loans: None

1) Summary table of NPL disposal: None

2) Disposal of a single batch of NPL up to NT$1 billion and information on each transaction: None

(xi) Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Investment Trusts: None

(xii) Business relationship, and material transaction and amount between the parent party and subsidiaries and among subsidiaries themselves: Not applicable.

(xiii) Other material transaction items which were significant to people who use the information in the financial statements to make financial decisions: None

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements

(b) Information on long-term equity investments and combined shareholding ratios:

(In Thousands of New Taiwan Dollars)

Name of investee	Investee's location	Investee's operation	Percentage of ownership	Book value of investments	Gain (loss) recognized during the period	Holdings				Remark
						Number of shares (thousand)	Pro forma number of shares (thousand)	Total		
								Shares (thousand)	Percentage	
Taiwan Small and Medium Enterprises Development Corp.	8F., No.181, Fushing N. Rd., Songshan District, Taipei City 10596, Taiwan (R.O.C.)	Small and medium enterprises improvement services	4.84 %	30,361	-	3,417	-	3,417	4.84 %	Note 2
Financial Information Service Co., Ltd.	No.81, Sec. 3, Kangning Rd., Neihu District, Taipei City 11485, Taiwan (R.O.C.)	Information technology services	1.14 %	260,014	16,032	5,938	-	5,938	1.14 %	Note 2
TSC Bio Venture Management, Inc.	5F., No.50, Sec. 1, Sinsheng S. Rd., Jhongjheng Dist., Taipei City 100, Taiwan (R.O.C.)	Venture capital services	5.00 %	8,701	-	851	-	851	5.00 %	Note 2
Liyu Venture Investment, Inc.	8F., No.70, Sec. 3, Nanjing E. Rd., Jhongshan District, Taipei City 10489, Taiwan (R.O.C.)	Venture capital services	4.76 %	4,659	-	558	-	558	4.76 %	Note 2
Windance Co., Ltd.	No.243-1, Jhongyang Rd., North District, Hsinchu City 30041, Taiwan (R.O.C.)	Residential and commercial lease/sale services	2.73 %	-	-	18,850	-	18,850	2.73 %	Note 2
Taiwan Asset Service Corporation	10F., No.300, Sec. 4, Jhongsiao E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Asset auction notarization	2.94 %	42,000	350	5,000	-	5,000	2.94 %	Note 2
Yang Guang Asset Management Company	11F., No.85 and No.87, Sec. 2, Nanjing E. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NPL acquisition services	1.42 %	1,626	110	85	-	85	1.42 %	Note 2

Note 1: The book value of investments recorded under financial assets at fair value through other comprehensive income.

Note 2: Shares held by the Bank remained the same as compared to December 31, 2018.

(c) Information on setting up branches and investing in Mainland China:

(i) Name, main operating item and other information of the invested company in Mainland China: None

(ii) Amount limitation of investments in Mainland China: None

(14) Operating segment financial information:

The Bank presents the following segment information for the decision makers of the bank 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:

(a) Retail Banking: 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, and product development.

(b) International Corporates and Financial Institutions Banking: International Corporates & Financial Institutions Banking provides International Corporates and Financial Institutions clients with trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate finance solutions.

(c) Commercial Banking: The Commercial Banking 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.

(d) Other Banking services: Including asset and liability management and other 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 Bank specified under note 4. Segmental gains and losses include inter department transfer pricing expenses as well as head office allocated expenses. Income tax expense (income) is not allocated to the reportable segments for disclosure purposes.

Majority of the Bank's business is located domestically, so there is no geographic information applicable. There is no income from one single client that represents more than 10% of the income of the Bank.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements

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

	2019				
	Retail Banking	International Corporates and Financial Institutions Banking	Commercial Banking	Other Banking	Total
Net interest income	$ 5,476,104	468,212	494,970	(2,138,080)	4,301,206
Net service fee income	3,997,972	776,160	106,568	(17,364)	4,863,336
Other miscellaneous income	705,951	814,411	89,350	2,891,806	4,501,518
Net income	10,180,027	2,058,783	690,888	736,362	13,666,060
Bad debt expense, commitment and guarantee liability (provision) reversal	(570,460)	(63,721)	137,623	(1,714)	(498,272)
Operating expense	(7,858,132)	(1,287,218)	(784,823)	14,628	(9,915,545)
Segment profit	**$ 1,751,435**	**707,844**	**43,688**	**749,276**	**3,252,243**
Segment assets	**$ 213,337,615**	**91,679,842**	**26,605,397**	**290,049,094**	**621,671,948**
Segment liabilities	**$ 332,522,329**	**177,190,475**	**39,837,082**	**26,277,789**	**575,827,675**

	2018				
	Retail Banking	International Corporates and Financial Institutions Banking	Commercial Banking	Other Banking	Total
Net interest income	$ 5,335,858	657,211	521,039	(2,457,801)	4,056,307
Net service fee income	3,657,821	766,356	71,432	(20,822)	4,474,787
Other miscellaneous income	382,064	647,511	195,434	3,600,611	4,825,620
Net income	9,375,743	2,071,078	787,905	1,121,988	13,356,714
Bad debt expense, commitment and guarantee liability (provision) reversal	(418,734)	(178,291)	(34,120)	1,095	(630,050)
Operating expense	(7,613,959)	(1,619,249)	(894,818)	209,524	(9,918,502)
Segment profit (loss)	**$ 1,343,050**	**273,538**	**(141,033)**	**1,332,607**	**2,808,162**
Segment assets	**$ 206,782,206**	**91,157,915**	**27,947,613**	**300,685,058**	**626,572,792**
Segment liabilities	**$ 339,071,988**	**150,604,216**	**58,622,020**	**33,128,786**	**581,427,010**

Standard Chartered Bank (Taiwan) Limited

Statement of cash and cash equivalents

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		
TWD		$ 3,491,179
USD	USD1@30.106	188,205
CNY	CNY1@4.321	185,692
JPY	JPY1@0.277	132,061
HKD	HKD1@3.867	128,241
EUR	EUR1@33.734	126,695
GDP	GBP1@39.536	46,016
SGD	SGD1@22.370	22,601
	Subtotal	4,320,690
Checks for clearing		473,720
Deposits with other banks	Bank of China Taipei Branch	7,992,690
	Other (Note)	673,227
	Subtotal	8,665,917
Deposits with other banks-affiliates	SCB Taipei	6,900,000
	SCB Japan	1,428,143
	Other (Note)	677,938
	Subtotal	9,006,081
Subtotal		22,466,408
Less: Allowance for bad debts		368
Total		**$ 22,466,040**

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets measured at fair value through profit or loss

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes attributable to the changes in credit risk	Note
							Unit price	Total amount		
Government bonds										
A001099			-	$ 2,700,000	1.25 %	2,751,354	101.26	2,734,044	-	
A061028			-	2,000,000	0.75 %	2,009,816	100.45	2,008,966	-	
A051086			-	1,700,000	0.50 %	1,699,067	99.99	1,699,746	-	
A05105			-	900,000	0.50 %	899,033	100.02	900,164	-	
A051136			-	700,000	0.63 %	701,822	100.18	701,243	-	
A011056			-	600,000	1.25 %	613,880	101.60	609,576	-	
A89107			-	500,000	6.25 %	503,160	100.24	501,219	-	
Others (Note)			-	450,000	0.63~1.38%	462,770	100.21~101.05	452,206	-	
Subtotal								9,607,164	-	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets measured at fair value through profit or loss (Continued)

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes attributable to the changes in credit risk	Note
							Unit price	Total amount		
Corporate bonds										
Taiwan Power Company			-	$ 200,000	1.43 %	202,713	100.30	200,609	-	
Hon Hai Precision Industry Co, Ltd.			-	200,000	1.45 %	200,234	100.12	200,234	-	
Taiwan Power Company			-	150,000	1.55 %	151,611	100.68	151,021	-	
Subtotal								551,864	-	
Derivative financial assets										
Interest rate swap								2,677,718	-	
Interest rate option								99,124	-	
Spot/ Forward/ Swap								3,353,470	-	
Cross currency swap								92,924	-	
Foreign exchange option								137,696	-	
Commodity option								1,048	-	
Subtotal								6,361,980	-	
Total								**$ 16,521,008**	**-**	

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets measured at fair value through other comprehensive income

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
Debt instruments										
Negotiable certificates of deposit			-	$ -	- %	-	2,814	-	$ 103,736,462	
Government bonds										
A89107			-	6,250,000	6.25 %	6,887,929	46	100.24	6,265,234	
A07107			-	3,700,000	0.63 %	3,701,215	217	100.21	3,707,751	
A031062			-	2,450,000	1.50 %	2,551,674	157	103.80	2,543,156	
A07111			-	2,500,000	0.75 %	2,513,303	148	100.70	2,517,573	
A011098			-	2,350,000	1.13 %	2,393,003	144	101.59	2,387,370	
A041137			-	2,300,000	1.25 %	2,381,961	124	100.58	2,313,301	
A011056			-	2,200,000	1.25 %	2,239,488	136	101.60	2,235,112	
Other (Note)			-	20,198,900	0.50~5.88%	21,372,695	1,119	99.69~109.83	20,742,243	
Subtotal							2,091		42,711,740	
Treasury bills							-		3,822,365	
Equity instrument										
Non-listed stock							-		347,361	
Total							**$ 4,905**		**$ 150,617,928**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets measured at amortized cost

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name	Description	Units	Par value	Total amount	Interest rate	Accumulated impairment	Unamortized premium/ (discount)	Carrying amount	Note
Government bonds									
A07107		-	-	$ 1,000,000	0.63%	58	(3,836)	996,106	
A021105		-	-	900,000	1.75%	59	33,199	933,140	
Total				**$ 1,900,000**		**117**	**29,363**	**1,929,246**	

Standard Chartered Bank (Taiwan) Limited

Statement of financial assets and liabilities for hedging

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Fair value	Note
Financial assets for hedging			
Cross currency swap		$ 173,117	Cash flow hedge
Financial liabilities for hedging:			
Interest rate swap		$ 7,328	Fair value hedge
Cross currency swap		282,000	Cash flow hedge
Total		$ 289,328	

Statement of securities purchased under resell agreement and debt instrument

Item	Face value	Carrying amount	Note
Government bonds	$ 6,423,623	6,393,794	

Standard Chartered Bank (Taiwan) Limited

Statement of receivables

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Allowance for bad debts	Premium/discount adjustment	Net amount	Note
Accounts receivable factoring	$ 13,681,368	175,459	-	13,505,909	
Credit card accounts receivable	5,350,341	264,424	-	5,085,917	
Accounts receivable:					
Wealth management handling fee receivable	545,369	-	-	545,369	
Income receivable	99,139	-	-	99,139	
Accounts receivable	163,971	-	-	163,971	
Subtotal	808,479	-	-	808,479	
Interest receivable:					
Interest rate instruments	1,146,913	-	-	1,146,913	
Loans	424,261	-	-	424,261	
Deposits with other banks	34,253	-	-	34,253	
Other (Note)	62,274	4,300	-	57,974	
Subtotal	1,667,701	4,300	-	1,663,401	
Acceptances receivable	749,138	7,492	-	741,646	
Accounts receivable-related parties	922,118	-	-	922,118	
Other (Note)	752,164	184	-	751,980	
Total	**$ 23,931,309**	**451,859**	**-**	**23,479,450**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of discounts and loans

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Allowance for bad debts	Premium/discount adjustment	Net amount	Note
Bills negotiation and bills and notes discounted	$ 386,206	-	-	386,206	
Short term loans and overdrafts	43,194,303	-	-	43,194,303	
Short-term secured loans	7,604,525	-	-	7,604,525	
Medium-term loans	45,544,865	-	-	45,544,865	
Medium-term secured loans	2,414,300	-	-	2,414,300	
Long-term loans	9,797,523	-	-	9,797,523	
Long-term secured loans	177,713,487	-	-	177,713,487	
Overdue loans	205,511	-	-	205,511	
Add: Premium/ Discount adjustment	-	-	78,570	78,570	
Less: Allowance for bad debts	-	4,718,679	-	4,718,679	
Total	**$ 286,860,720**	**4,718,679**	**78,570**	**282,220,611**	

Statement of other financial assets

Item	Description	Amount	Note
Restricted assets-debt instruments		$ 16,089,692	
Short-term advance		54,790	
Non-accrual loans other than those reclassified from loans		7,521	
Less: Allowance for bad debts-non-accrual loans other than those reclassified from loans		7,521	
Total		**$ 16,144,482**	

Standard Chartered Bank (Taiwan) Limited

Statement of changes in property and equipment

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Reclassify	Ending balance	Collateral	Note
Cost:							
Land	$ 2,653,772	-	345,169	-	2,308,603		
Buildings	2,774,228	-	398,190	29,439	2,405,477		
Office equipment	355,850	4,600	37,249	-	323,201		
Leasehold improvements	607,366	43,024	25,786	-	624,604		
Other equipment	525,748	35,490	76,276	7,887	492,849		
Work in progress	35,441	50,153	-	(37,326)	48,268		
Total	**$ 6,952,405**	**133,267**	**882,670**	**-**	**6,203,002**		

Statement of changes in accumulated depreciation of property and equipment

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Buildings	$ 1,280,823	67,490	134,835	1,213,478	
Office equipment	350,323	3,377	37,249	316,451	
Leasehold improvements	479,402	54,330	25,786	507,946	
Other equipment	347,323	71,856	76,276	342,903	
Total	**$ 2,457,871**	**197,053**	**274,146**	**2,380,778**	

Standard Chartered Bank (Taiwan) Limited

Statement of changes in accumulated impairment of property and equipment

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Land	$ 83,975	(12,990)	52,912	18,073	
Buildings	59,502	40,400	2,850	97,052	
Total	**$ 143,477**	**27,410**	**55,762**	**115,125**	

Statement of changes in right-of-use assets

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Buildings	$ 1,710,391	323,972	822	2,033,541	
Transportation	2,736	4,275	561	6,450	
Other equipment	267,016	-	-	267,016	
Total	**$ 1,980,143**	**328,247**	**1,383**	**2,307,007**	

Standard Chartered Bank (Taiwan) Limited

Statement of changes in accumulated depreciation of right-of-use assets

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Buildings	$ -	302,490	-	302,490	
Transportation	-	2,238	198	2,040	
Other equipment	-	63,052	-	63,052	
Total	**$ -**	**367,780**	**198**	**367,582**	

Statement of changes in intangible assets

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Goodwill	$ 3,156,048	-	-	3,156,048	
Other	101,973	36,977	19,519	119,431	
Total	**$ 3,258,021**	**36,977**	**19,519**	**3,275,479**	

Standard Chartered Bank (Taiwan) Limited

Statement of deferred tax assets

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Bad debts expense and guarantee liability provision		$ 465,846	
Depreciation expense		41,492	
Impairment loss on assets		19,411	
Expenses from share- based payments		47,629	
Employee benefits		245,772	
Rental expense		18,781	
Provisions		13,133	
Loss carryforwards		113,822	
Unrealized loss on financial assets measured at fair value through other comprehensive income		1,490	
Total		**$ 967,376**	

Standard Chartered Bank (Taiwan) Limited

Statement of other assets

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits:			
Lease deposits		$ 96,071	
Bond payment settlement reserves, and self-regulatory fund deposit		40,300	
Credit card deposits		93,243	
Other (Note)		44,919	
Subtotal		274,533	
Refundable deposits- derivatives financial instruments		2,266,393	
Prepaid fees		253,304	
Prepayments for investments		100,000	
Other (Note)		5,178	
Total		**$ 2,899,408**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of financial liabilities measured at fair value through profit or loss

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares of units	Par value	Total amount	Interest rate	Fair value		Fair value changes attributable to the changes in credit risk	Note
						Unit price	Total amount		
Derivative financial liabilities									
Interest rate swap							$ 2,688,694		
Interest rate option							20,345		
Spot/forward/swap							5,602,567		
Cross currency swap							161,411		
Foreign exchange option							137,458		
Commodity option							1,025		
Total							**$ 8,611,500**		

Standard Chartered Bank (Taiwan) Limited

Statement of payables

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Accrued interest		$ 362,202	
Accrued expenses		1,997,736	
Unsettled bonds payable		1,297,533	
Acceptances payable		749,138	
Other (Note)		1,174,477	
Total		**$ 5,581,086**	

Note: Individual accounts less than 5% of the total.

Statement of deposits and remittances

Item	Description	Amount	Note
Check accounts deposits		$ 3,382,794	
Demand deposits		204,044,123	
Savings account deposits		132,011,192	
Time deposits		146,135,224	
Time savings deposits		28,488,910	
Remittances		178,108	
Total		**$ 514,240,351**	

Standard Chartered Bank (Taiwan) Limited

Statement of financial debentures

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Bond name	Trustee	Issuance date	Interest payment date	Coupon rate	Amount					Repayment	Collateral	Note
					Total amount	Repayment paid	Ending balance	Unamortized premiums (discount)	Carrying amount			
91-1		2002.7.19	2007.7.19	Note 1	$ 8,000,000	7,999,000	1,000	-	1,000			A-note
94-1		2005.1.28	Note 2	Note 3	7,636,700	7,635,600	1,100	-	1,100			
94-2		2005.1.28	Note 2	Note 3	2,363,300	2,363,200	100	-	100			
100-4		2011.6.29	2021.6.29	Note 4	2,000,000	-	2,000,000	-	2,000,000			D-note
103-2		2014.12.18	2024.12.18	Note 5	6,588,808	567,565	6,021,243	-	6,021,243			
Total					**$ 26,588,808**	**18,565,365**	**8,023,443**	**-**	**8,023,443**			

Note 1: 5-year term, interest accrued and paid semi-annually, annual interest rate for the first 3 years is 4.25% and 4.5% for the last 2 years.

Note 2: No maturity date.

Note 3: Interest accrued and paid semi-annually, based on the average one-year regular floating rate of the nine largest banks plus 1.493%.

Note 4: 10-year term, interest accrued and paid quarterly, TWD 90-day CP interest rate plus 0.15% and TWD 90-day TIBOR interest rate plus 0.15% from March 29, 2015 onwards.

Note 5: 10-year term, USD200,000 thousand at par, interest accrued and paid semi-annually, annual rate is 4.5%.

Standard Chartered Bank (Taiwan) Limited

Statement of other financial liabilities

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Structured deposits		$ 152,574	

Statement of provisions

Item	Description	Amount	Note
Provision for employee benefits		$ 1,228,875	
Provision for decommission, restoration and rehabilitation cost		164,799	
Provision for guarantee liability		41,935	
Provision for loan commitment		22,874	
Other (Note)		8,112	
Total		$ 1,466,595	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of lease liabilities

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending balance	Note
Buildings	Leases	2015.02.15~2034.12.31	1.54%~2.49%	$ 1,743,306	
Transportations	Car rental	2018.06.08~2022.02.26	1.54%	4,440	
Other equipment	IT and generator	2016.07.01~2023.03.31	1.54%~1.80%	189,276	
				$ 1,937,022	

Statement of deferred tax liabilities

Item	Description	Amount	Note
Unrealized interest income on financial assets		$ 119,258	
Amortization of goodwill		618,585	
Land value increment tax		74,633	
Unrealized gain on financial assets measured at fair value through other comprehensive income		3,732	
Gain on hedging instruments		2,603	
Total		**$ 818,811**	

Standard Chartered Bank (Taiwan) Limited

Statement of other liabilities

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Advance received from customers		$ 1,597,000	
Refundable deposits- derivatives financial instruments		1,490,397	
Tax payable		484,060	
Deferred income		197,741	
Guarantee deposits received		3,064	
Other (Note)		877,445	
Total		**$ 4,649,707**	

Note: Individual accounts less than 5% of the total.

Statement of interest income

For the year ended December 31, 2019

Item	Amount	Note
Interest income- discounts and loans	$ 7,121,155	
Interest income- accounts receivable factoring	285,426	
Interest income- due from banks:		
Due from the Central Bank	26,519	
Due from banks	1,537,338	
Subtotal	1,563,857	
Interest income- investment securities	926,531	
Interest income- credit card recurrence	198,014	
Other (Note)	870,572	
Total	**$ 10,965,555**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of interest expenses

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Interest expense- deposits:		
Time deposits interest	$ 4,029,539	
Demand deposits interest	2,019,022	
Subtotal	6,048,561	
Interest expense- due to banks	235,646	
Interest expense- financial debentures	298,571	
Interest expense- lease liabilities	38,545	
Other (Note)	43,026	
Total	**$ 6,664,349**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of net service income

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Service fee:		
Service fee- loan	$ 186,918	
Service fee- agency	5,225	
Service fee- insurance commissions	2,051,755	
Service fee- remittance and interbank	101,279	
Service fee- guarantee, import, export and acceptance payable	59,062	
Service fee- credit card	209,074	
Service fee- trust	2,389,295	
Service fee- factoring	15,319	
Service fee- underwriting	210,552	
Other (Note)	267,874	
Subtotal	5,496,353	
Service charge:		
Service charge- interbank	152,307	
Service charge- agency	156,842	
Service charge- custodian	109,709	
Other (Note)	214,159	
Subtotal	633,017	
Total	**$ 4,863,336**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of gain on financial assets or liabilities at fair value through profit or loss

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Amount	Total	Note
Gain on disposal:		
Interest rate instruments		
Government bonds	$ 20,267	
Corporate bonds	1,525	
Financial debentures	749	
Subtotal	22,541	
Derivative financial instruments	343,712	
Total	366,253	
Gain on valuation:		
Interest rate instruments		
Government bonds	(2,330)	
Corporate bonds	(110)	
Other	8,192	
Subtotal	5,752	
Derivative financial instruments	3,463,005	
Total	3,468,757	
Interest Income	50,922	
Total	**$ 3,885,932**	

Standard Chartered Bank (Taiwan) Limited

Statement of realized gain on financial assets at fair value through other comprehensive income

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Dividend income- equity instrument	$ 16,492	
Profit on sale- debt instruments	13,113	
Total	**$ 29,605**	

Statement of other non-interest income-net

Item	Amount	Note
Administrative support service income	$ 3,268	
Net gain on disposal of assets	186,885	
Rental income	8,128	
Net loss on fair value hedge	(1,636)	
Other (Note)	(14,573)	
Total	**$ 182,072**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of impairment loss and reversal of impairment loss on assets

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount on impairment loss	Amount on reversal of impairment loss	Note
Impairment loss- property and equipment	$ 27,410	-	
Impairment loss-debt instruments investment	1,397	-	
Impairment loss- other	11	-	
Total	**$ 28,818**	-	

Statement of bad debt expense, commitments and guarantee liability provision

Item	Amount	Note
Bad debt expense	$ 530,496	
Reversal of guarantee liabilities	(6,432)	
Reversal of loan commitment	(25,898)	
Other provisions	106	
Total	**$ 498,272**	

Standard Chartered Bank (Taiwan) Limited

Statement of employee benefits

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Employee benefit expense	Other general and administrative expense	Total	Note
Salary expense	$ 4,428,727	-	4,428,727	
Employee insurance	316,673	-	316,673	
Pension expense:				
Define contribution plan	168,441	-	168,441	
Define benefit plan	66,026	-	66,026	
Director's remuneration	-	8,277	8,277	
Other (Note1)	209,211	-	209,211	
Total	**$ 5,189,078**	**8,277**	**5,197,355**	

Note1: Individual accounts less than 5% of the total.
Note2:

a. The average numbers of the Bank's employees for the year ended December 31, 2019 and 2018 were 3,133 and 3,189, respectively, of which the number of directors who had not served concurrently as employees were both 6.
b. The average employee benefit expense for the year ended December 31, 2019 was $1,659 thousand. (refer to table above "Total of employee benefit expense"- "Director's remuneration"/ "Total number to employees"- "The number of directors who had not served concurrently as employees")
   The average employee benefit expense for the year ended December 31, 2018 was $1,633 thousand. (refer to "Total of employee benefit expense"- "Director's remuneration" for 2018/ "Total number to employees"- "The number of directors who had not served concurrently as employees" for 2018)
c. The average salary expense for the year ended December 31, 2019 was $1,416 thousand. (refer to table above "Total salary expense"/ "Total number of employees"- "The number of directors who had not served concurrently as employees")
   The average salary expense for the year ended December 31, 2018 was $1,377 thousand. (refer to "Total salary expense" for 2018/ "Total number of employees"- "The number of directors who had not served concurrently as employees" for 2018)
d. The change of average salary expense was 3%.

Standard Chartered Bank (Taiwan) Limited

Statement of depreciation and amortization expense

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation expense:		
Buildings	$ 67,490	
Office equipment	3,377	
Leasehold improvements	54,330	
Other equipment	71,856	
Right-of-use assets	367,780	
Subtotal	564,833	
Amortization expense	19,519	
Total	**$ 584,352**	

Standard Chartered Bank (Taiwan) Limited

Statement of other general and administrative expense

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Rental expense	$ 46,552	
Office supplies	84,814	
Postage	188,619	
Repairs and maintenance	79,927	
Advertising expense	270,934	
Utilities fee	70,512	
Taxes	604,878	
Professional service fee	113,912	
Operational and advisory service fee	977,431	
Consulting and technical support service fee	552,567	
Wholesale banking business service fee	86,924	
Building management fee	134,141	
Computer management fee	349,404	
Director's remuneration	8,277	
Other (Note)	573,223	
Total	**$ 4,142,115**	

Note: Individual accounts less than 5% of the total.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Financial Statements

For the Years Ended December 31, 2019 and 2018

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Balance Sheets

December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
112000	Financial assets at fair value through profit or loss (note 6(a))	$ 10,159,028	16	8,535,034	10
113200	Financial assets at fair value through other comprehensive income (note 6(b))	42,711,740	69	63,590,995	73
113300	Debt instrument investment measured at amortized cost (notes 6(c) and 9)	1,929,246	3	1,937,067	2
114010	Securities and bonds purchased under resell agreements (notes 6(d) and 9)	5,567,962	9	11,391,937	13
114130	Accounts receivable (note 6(e))	1,317,663	2	1,321,879	2
119000	Other current assets	221,531	-	195,146	-
	Subtotal	61,907,170	99	86,972,058	100
	Non-current assets:				
129000	Other non-current assets (notes 6(f) and 8)	40,300	-	50,300	-
129080	Other financial assets (notes 6(g), (i) and 8)	384,392	1	352,112	-
	Subtotal	424,692	1	402,412	-
	Total assets	**$ 62,331,862**	**100**	**87,374,470**	**100**
	Liabilities and Equity				
	Current Liabilities:				
214130	Accounts payable (notes 6(h) and 7)	$ 1,297,534	2	364,925	-
	Current Liabilities	1,297,534	2	364,925	-
229110	**Intercompany**	58,425,661	94	84,422,589	97
	Total liabilities	59,723,195	96	84,787,514	97
	Equity:				
301110	Capital surplus	2,000,000	3	2,000,000	2
304040	Retained Earnings	559,128	1	569,166	1
305000	Other equity	49,539	-	17,790	-
	Total equity	2,608,667	4	2,586,956	3
	Total liabilities and equity	**$ 62,331,862**	**100**	**87,374,470**	**100**

See accompanying notes to financial statements.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(expressed in thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2019		2018	
		Amount	%	Amount	%
	Operating Revenue:				
401000	Brokerage handling fee revenue (note 7)	382	-	444	-
404000	Revenue from underwriting business	174,810	29	194,825	32
411000	Gains on sale of trading securities (notes 6(a) and 7)	34,865	6	19,143	3
421200	Interest income (note 6(a))	378,561	64	385,715	65
421500	Valuation gains on trading securities at fair value through profit or loss (note 6(a))	7,130	1	995	-
425300	Expected credit impairment losses	92	-	1,025	-
428000	Other operating (expense) income (note 7)	(515)	-	60	-
	Net revenue	595,325	100	602,207	100
	Operating expenses:				
501000	Brokerage handling fee expense	15	-	15	-
531000	Employee benefits expense	16,207	3	16,867	3
533000	Other operating expense	19,783	3	16,159	3
	Total operating expenses	36,005	6	33,041	6
	Profit	559,320	94	569,166	94
805000	**Other comprehensive income:**				
805600	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
805615	Revaluation gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	31,741	5	(55,937)	(9)
805618	(Reversal of) Impairment loss from investments in debt instruments measured at fair value through other comprehensive income	8	-	(1,078)	-
805699	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
805000	**Other comprehensive income**	31,749	5	(57,015)	(9)
	Total comprehensive income	**$ 591,069**	**99**	**512,151**	**85**

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

(a) Standard Chartered Bank (Taiwan) Limited (hereinafter referred to as the Bank) established the first securities brokerage office in Taoyuan City in October, 1989. After that, it continued to provide securities brokerage business at various places, and started securities financing and refinancing in January, 1993 and over the counter securities trading business in August, 1995. On October 9, 2014, the Bank 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. On May 6, 2015, the Bank was approved to start engaging in underwriting of bonds and marketable securities (limited to fixed income securities). On July 27, 2015, the securities department of the Bank and offshore banking unit (OBU) started engaging in foreign exchange trading; the Bank was approved to conduct its own foreign securities business on November 10, 2017.

(b) Main business includes:

(i) Foreign exchange trading

(ii) Various bonds and securitized commodities on their business premises (limited to fixed income securities)

(iii) Foreign securities business on its own business premises

(iv) Underwriting bonds and securitized commodities (limited to fixed income securities).

(2) Approval date and procedures of the financial statements:

The date and procedure of the securities department's financial statements are the same as the Bank's financial statements. Please refer to the Bank's financial statements.

(3) New standards, amendments and interpretations adopted:

The application of the newly issued and revised standards and interpretations by the securities department of the Bank is the same as the financial statements of the Bank. Please refer to the financial statements of the Bank.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements

(4) Summary of significant accounting policies:

The financial statements of the securities department of the Bank have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard endorsed by FSC. Significant accounting policies adopted in the financial statements are summarized as below:

(a) Classification of current and non-current assets and liabilities

Current assets are assets generated by a business. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle; It holds the asset primarily for the purpose of trading; It expects to realize the asset within twelve months after the reporting period; or the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Assets that are not liquid are classified as non-current assets.

Current liabilities are debt incurred by a business. It expects to settle the liability in its normal operating cycle; It holds the liability primarily for the purpose of trading; the liability is due to be settled within twelve months after the reporting period; or it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Liabilities that are long term are classified as non-current liabilities.

(b) Foreign currency

Except for accounts in the OBU of the Bank that are denominated in US Dollars, accounts in all entities are denominated in New Taiwan Dollars. For those transactions denominated in foreign currencies, assets and liabilities are recorded in their original foreign currencies, while all income and expense accounts are denominated in original foreign currencies and translated into New Taiwan Dollars at the daily closing exchange rates. At the report date, the financial statements amounts in all foreign currencies are translated into New Taiwan Dollars at ruling exchange rates assigned on that date. The Bank's financial statements are presented in New Taiwan Dollars, the functional currency of the Bank. All financial information presented in New Taiwan Dollars is expressed in thousands of New Taiwan Dollars, unless otherwise specified. Foreign exchange differences arising from the conversion of currency are recognized in current period profit or loss.

(c) Financial instruments

(i) Financial assets

Financial assets held by securities department of the Bank are recorded on the trading date.

Financial assets are recognized when securities department of the Bank becomes the party of a financial instrument contract. Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

Securities department of the Bank shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

a) Debt investments measured at amortized cost

When a financial asset meets both of the following conditions and is not designated as at FVTPL, it is measured at amortized cost;

-it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

b) Securities and bonds under repurchase/resell agreements

Securities and bonds 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.

c) Loans and receivables

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

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, qualified guarantees and other legally guaranteed objects 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 and interest receivable). Any non- performing loans or non-accrual loans shall be written off after subtracting the estimated recoverable portion.

However, when requested by the competent authority or any financial examination agency (organization), loans must be immediately written off, and a report must be made to the subsequent board meeting. Collections after written off shall be reversed from the allowance for bad debt expense.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements

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.

Loans and receivables should be evaluated at every reporting date whether or not the credit risks have increased significantly after initial recognition. One estimate is by comparing the default risk at reporting date and initial recognition date, and considering the reasonableness and verifiable information of the increase in credit risk since initial recognition as the estimate basis for default risk and expected loss rate to calculate the expected credit loss. Another estimate follows Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans issued by the FSC and other related regulations. Final provision will be based on the higher of the two estimates.

Reserves for guarantees and financing commitments are appropriately provided, based on the possibilities of bad debts arising from off balance sheet loan commitments and financial guarantee contracts.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

-it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at fair value through other comprehensive income should be valued at fair value on the reporting date, and the changes in value shall be listed in other comprehensive income as adjustment items. It should also use the effective rate to amortize the discount premium and calculate the interest receivable on an accrual basis, as well as recognize the credit impairment loss. If the impairment loss related to the events after impairment recognition is reduced in the subsequent period, it is reversed and recognized as profit or loss in the current period. The reversal is limited by the fact that other comprehensive income recognized as impairment adjustment items cannot be negative. Prior to derecognition, the changes in the remaining book values of financial assets, other than foreign currency related financial asset exchange losses, interest income calculated according to effective interest rate, and impairment losses recognized in income, should be recognized in other comprehensive income and accumulated under equity in " Unrealized profit or loss on financial assets at fair value through other comprehensive income." Upon derecognition, the accumulated profit or loss under equity should be reclassified as profit or loss in the current period.

On initial recognition of an equity investment that is not held for trading, securities department of the Bank may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Dividends deriving from equity investments are recognized as income in profit or loss, and other net gains and losses of financial assets measured at FVOCI are recognized in OCI. Upon derecognition, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, securities department of the Bank may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, which take into account any dividend and interest income, and recognized in profit or loss.

4) Impairment of financial assets

Securities department of the Bank measures loss allowances for expected credit losses on financial assets measured at amortized cost (Including securities and bonds purchased under resell agreements, receivables, financial assets measured at amortized cost), debt investments measured at FVOCI and contract assets.

Securities department of the Bank takes into consideration the reasonable information supported by evidence that can be obtained without excessive cost or input, which includes qualitative and quantitative information, an analysis based on securities department of the Bank's past experience, credit evaluation, and prospective information, when determining whether there is a significant increase in the credit risk of financial assets since initial recognition. If a financial asset or portfolio of financial assets does not experience a significant increase in credit risk since initial recognition, the loss allowances are measured at 12-month ECL; and such assets are classified as stage 1 assets. However, if a financial asset, or portfolio of financial assets, experiences a significant increase in credit risk since initial recognition, an ECL allowance should be recognized for default events that may occur over the lifetime of the asset; and such assets are classified as stage 2 assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the securities department of the Bank is exposed to credit risk.

(Continued)

ECLs are a probability-weighted estimate of credit losses during the expected lifetime of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to securities department of the Bank in accordance with the contract and the cash flows that securities department of the Bank expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, securities department of the Bank assesses whether financial assets at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when securities department of the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with securities department of the Bank’ s procedures for recovery of amounts due.

Please refer to the Bank's financial report for the judgment on whether the credit risk has significantly increased after initial recognition and prospective adjustments.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Bank transfers substantially all the risks and rewards of ownership of the financial assets.

If majority of the risks and rewards are not kept nor transferred, while securities department of the Bank still possess the ownership of the financial assets, then securities department of the Bank shall continuously recognize it as assets according to the extent of its own involvement.

6) Reclassification of financial assets

Only when the business model of financial assets management is changed does securities department of the Bank reclassifies the affected financial assets according to regulations.

(d) Customer margin account and securities broker rights

According to the Regulations Governing Securities Firms, the securities department of the Bank lodged operating deposits and recorded them under other non-current assets, based on the nature of security business.

Based on settlement reserves placed in the Taipei Exchange's electronic bond trading system, which was prepared in accordance with the related regulation, those who had engaged transactions using this system should deposit an amount as settlement reserves for bond proprietary trading; those who had engaged transactions in Taiwan Securities Association fund should deposit an amount as self-regulatory fund deposits.

(e) Revenue recognition

(i) Profit or loss on disposal of trading securities, and relevant brokerage securities transaction charges are recognized at the trading date.

(ii) Brokerage handling fee revenue are recognized at the trading date.

(iii) Revenue from underwriting business are recognized right after the underwriting service are made.

(iv) Interest income: interest income from investments in debt instruments measured at fair value through other comprehensive income are required to be calculated using the effective interest rate method; interest income from securities purchased under resell agreements are measured at accrual basis, according to its principal amount, interest rate and settlement date.

(v) Operating expenses: Expenses derived from the operating of securities department are mainly classified under employee benefits expense and other operating expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

When preparing financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs endorsed by the FSC, securities department of the Bank is required to make judgments, estimates, and assumptions on valuation of below assets that may causes differences between actual results and estimates. Subsequently, it affects the adoption of accounting policies, reported amounts of assets, liabilities, revenues, and expenses.

The securities department of the Bank keeps testing applicable assumptions and estimations. Adjustment will be done due to any impacts of changes in the uncertainty mentioned above; and changes will be recognized in the period when they applied.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements

Below shows the management judgments, estimates, and assumptions that contain risk, and may cause adjustments in the current and future accounting period due to uncertainty.

(a) 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 are no observable market parameters, the 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. The valuation techniques are adopted, as much as possible, from observable data. However, for credit risk (risk between itself and counterparty), the management shall estimate volatility and correlation.

(6) Explanation of significant accounts:

As of December 31, 2019, the Offshore banking unit of the securities department of the Bank has not yet completed relevant business. The following details do not include the amount of Offshore banking unit.

(a) Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss of the securities department of the Bank were as follows:

	December 31, 2019	December 31, 2018
Securities held for operations－dealing:		
Government bonds	$ 9,607,164	6,975,343
Corporate bonds	551,864	1,559,691
Total	**$ 10,159,028**	**8,535,034**

For the years ended December 31, 2019 and 2018, relevant operating details of the securities department of the Bank were as follows:

	2019	2018
Gains on sale of trading securities	**$ 21,752**	**7,524**
Interest income	**$ 50,922**	**51,840**
Valuation gains on trading securities measured fair value through profit or loss	**$ 7,130**	**995**

(b) Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income of securities department of the Bank were as follows:

	December 31, 2019	December 31, 2018
Government bonds	$ 42,711,740	63,590,995
Revaluation adjustment of hedge items	$ 5,192	6,396

As of December 31, 2019 and 2018, the allowance for impairments of the above debt investment were $2,091 thousand and $2,083 thousand, respectively.

Changes in the allowance for impairments of the above debt investments were as follows:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 2,083	-	-	-	2,083
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(932)	-	-	-	(932)
New financial assets originated or purchased	1,322	-	-	-	1,322
Foreign currency exchange and other changes	(382)	-	-	-	(382)
Ending Balance	$ 2,091	-	-	-	2,091

	2018				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 3,161	-	-	-	3,161
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(476)	-	-	-	(476)
New financial assets originated or purchased	162	-	-	-	162
Foreign currency exchange and other changes	(764)	-	-	-	(764)
Ending Balance	$ 2,083	-	-	-	2,083

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements

Changes in the book value of the financial assets at fair value through other comprehensive income-debt instruments mentioned above were as follows:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 63,590,995	-	-	-	63,590,995
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(54,867,458)	-	-	-	(54,867,458)
New financial assets originated or purchased	34,104,117	-	-	-	34,104,117
Foreign currency exchange and other changes	(115,914)	-	-	-	(115,914)
Ending Balance	**$ 42,711,740**	-	-	-	**42,711,740**

	2018				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 78,164,425	-	-	-	78,164,425
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(70,257,883)	-	-	-	(70,257,883)
New financial assets originated or purchased	55,732,417	-	-	-	55,732,417
Foreign currency exchange and other changes	(47,964)	-	-	-	(47,964)
Ending Balance	**$ 63,590,995**	-	-	-	**63,590,995**

(c) Amortized cost financial assets

The amortized cost financial assets of the securities department of the Bank were as follows:

	December 31, 2019	December 31, 2018
Government bonds	**$ 1,929,246**	**1,937,067**

As of December 31, 2019 and 2018, the allowance for impairments of the above amortized cost financial assets were $117 thousand and $0 thousand, respectively.

(Continued)

Changes in the allowance for impairments of the above debt investments were as follows:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ -	-	-	-	-
New financial assets originated or purchased	117	-	-	-	117
Ending Balance	**$ 117**	**-**	**-**	**-**	**117**

(d) Securities and bonds purchased under resell agreements

	December 31, 2019	December 31, 2018
Bonds purchased under resell agreement	**$ 5,567,962**	**11,391,937**
Face value of bonds	**$ 5,680,000**	**11,510,000**
Interest rate	**0.48%**	**0.40%~0.42%**
Last settlement date	**2020.1.15**	**2019.1.14**
Resell price	**$ 5,569,176**	**11,393,836**

As of December 31, 2019 and 2018, allowance for impairments of the above securities and bonds purchased under resell agreements were $38 thousand and $63 thousand, respectively.

Changes in the allowance for bad debts of securities and bonds purchased under resell agreements were as below:

	2019				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 63	-	-	-	63
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(63)	-	-	-	(63)
New financial assets originated or purchased	38	-	-	-	38
Ending Balance	**$ 38**	**-**	**-**	**-**	**38**

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements

	2018				
	12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (non-purchased or originated credit impaired financial assets	Lifetime expected credit losses (purchased or originated credit impaired financial assets)	Impairment Losses according to IFRS 9 (total)
Beginning balance	$ 10	-	-	-	10
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(10)	-	-	-	(10)
New financial assets originated or purchased	63	-	-	-	63
Ending Balance	**$ 63**	**-**	**-**	**-**	**63**

(e) Receivables

	December 31, 2019	December 31, 2018
Interest receivables	$ 805,673	1,006,618
Unsettled trades receivable	511,990	315,261
Total	**$ 1,317,663**	**1,321,879**

(f) Other non-current assets

	December 31, 2019	December 31, 2018
Bond payment settlement reserves and self-regulatory fund deposit	$ 40,300	40,300
Operating deposits for securities dealer	-	10,000
Total	**$ 40,300**	**50,300**

(g) Other financial assets

	December 31, 2019	December 31, 2018
Restricted assets-debt instruments	**$ 384,392**	**352,112**

(h) Payables

	December 31, 2019	December 31, 2018
Unsettled bonds payable	$ 1,297,533	364,726
Other	1	199
Total	**$ 1,297,534**	**364,925**

(Continued)

(i) Fair value of financial instruments

(i) Fair value of financial instruments

Financial assets	December 31, 2019 Book value	December 31, 2019 Fair value	December 31, 2018 Book value	December 31, 2018 Fair value
Amortized cost	$ 1,929,246	1,941,203	1,937,067	1,939,404
Securities and bonds purchased under resell agreements	5,567,962	5,950,878	11,391,937	12,169,379
Other financial assets	384,392	384,392	352,112	352,112

(ii) Information of financial risk

Please refer to the Bank's financial statements on financial risk for more details.

(7) Related-party transactions:

(a) Name and relationship of related parties

Name	Relationship with the Bank
Standard Chartered PLC ("SC PLC")	The ultimate parent company
Standard Chartered Bank Hong Kong ("SCB Hong Kong")	Parent company of SC NEA
Standard Chartered NEA Limited ("SCB NEA")	Parent company
Standard Chartered Bank ("SCB")	Affiliate
Standard Chartered Bank Singapore ("SCB Singapore")	Affiliate

(b) Significant transactions with related parties

For the year ended December 31, 2018, a service charge of $60 thousand to SCB Hong Kong was recorded under other operating income.

For the years ended December 31, 2019 and 2018, a reversal of service income from SCB were $515 thousand and $333 thousand, recorded under other operating expense and loss on sale of trading securities, respectively. As of December 31, 2019 and 2018, service fee payable resulting from the above service were $1 thousand and $199 thousand, respectively, and were recorded under payables.

For the year ended December 31, 2019, the brokerage handling fee revenue from SCB Singapore to the Bank was $381 thousand.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements

(8) Pledged assets:

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

Pledged assets	Pledged for	December 31, 2019	December 31, 2018
Negotiable certificates of deposit, bonds (recorded under other financial assets)	Trust indemnity reserve	$ 164,739	150,905
	Operating deposits for securities broker	54,913	50,302
	Operating deposits for securities underwriter	43,931	50,302
	Operating deposits for securities dealer	10,983	-
	Bond payment settlement reserve	109,826	100,603
		384,392	352,112
Guarantee deposits paid (recorded under other assets)	Operating deposits for securities dealer, bond payment settlement reserve, and self-regulatory fund deposit	40,300	50,300
Total		**$ 424,692**	**402,412**

(a) Reserves for indemnity obligations are provided in the way of deposits placed in the Central Bank of Republic of China for conducting trust and custodian business.

(b) Operating deposits for securities broker are operating deposits placed for operating business of foreign bond agency approved by the competent authority. The provision is prepared in accordance with the Regulations Governing Securities Firms. (Deposits required in accordance with relevant regulations for securities broker is $50,000 thousand.)

(c) Operating deposits for securities underwriter and dealer are operating deposits placed for the competent authority in accordance with the Regulations Governing Securities Firms. (Deposits required in accordance with relevant regulations for securities underwriter and dealer are $40,000 thousand and $10,000 thousand, respectively.)

(d) Bond payment settlement reserves are reserves placed in the Taipei Exchange's electronic bond trading system in accordance with related regulations.

(e) Self-regulatory fund deposits are deposit placed in Taiwan Securities Association in accordance with related regulations.

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Significant subsequent events: None.

(12) Others: None.

(Continued)

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements

(13) Other disclosures items:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the securities department of the Bank for the year ended December 31, 2019:

(a) Related information on significant transactions:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(iv) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Service charge discounts on transactions with related parties in an aggregate amount of NT$5 million or more: None

(vi) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(vii) Details of material transactions between parent company and subsidiaries: None

(b) Information on long-term equity investments and combined shareholding ratios: None

(c) Related information on overseas branches and representative offices: None

(d) Information on setting up branches and investing in Mainland China: None

(e) Information on investee companies in other countries which do not have any securities authority: None

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at fair value through profit or loss

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes attributable to the changes in credit risk	Note
							Unit price	Total amount		
A001099		-	-	$ 2,700,000	1.25%	2,751,354	101.26	2,734,044	-	
A061028		-	-	2,000,000	0.75%	2,009,816	100.45	2,008,966	-	
A051086		-	-	1,700,000	0.50%	1,699,067	99.99	1,699,746	-	
A05105		-	-	900,000	0.50%	899,033	100.02	900,164	-	
A051136		-	-	700,000	0.63%	701,822	100.18	701,243	-	
A011056		-	-	600,000	1.25%	613,880	101.60	609,576	-	
Other (Note)		-	-	1,500,000	0.63%~6.25%	1,520,490	100.12~101.05	1,505,289	-	
Total				**$ 10,100,000**		**10,195,462**		**10,159,028**	**-**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at fair value through other comprehensive income

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
A89107			-	$ 6,250,000	6.25 %	6,887,929	46	100.24	6,265,234	
A07107			-	3,700,000	0.63 %	3,701,215	217	100.21	3,707,751	
A031062			-	2,450,000	1.50 %	2,551,674	157	103.80	2,543,156	
A07111			-	2,500,000	0.75 %	2,513,303	148	100.70	2,517,573	
A011098			-	2,350,000	1.13 %	2,393,003	144	101.59	2,387,370	
A041137			-	2,300,000	1.25 %	2,381,961	124	100.58	2,313,301	
A011056			-	2,200,000	1.25 %	2,239,488	136	101.60	2,235,112	
Other (Note1)			-	20,198,900	0.50%~5.88%	21,372,695	1,119	99.69~109.83	20,742,243	
Total				**$ 41,948,900**		**44,041,268**	**2,091**		**$ 42,711,740**	

Note1: Individual accounts less than 5% of the total.

Note2: The fair value hedged financial assets amounted to $3,566,182 thousand, and the revaluation adjustment of hedged items was $5,192 thousand.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at amortized cost

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Name	Description	Units	Par value	Total amount	Interest rate	Carrying amount	Accumulated impairment	Note
A07107		-	-	$ 1,000,000	0.63%	996,106	58	
A021105		-	-	900,000	1.75%	933,140	59	
Total				**$ 1,900,000**		**1,929,246**	**117**	

Standard Chartered Bank (Taiwan) Limited
Securities Department
Statement of securities and bonds purchased under resell agreements
December 31, 2019

Name	Terms			Bonds		Trading Amount	Note
	Start Date	Maturity Date	Interest rate	Type	Par Value		
KGI Bank	2019.12.17	2020.01.02	0.48%	A90108	$ 500,000	500,000	
KGI Bank	2019.12.17	2020.01.03	0.48%	A90108	500,000	500,000	
KGI Bank	2019.12.20	2020.01.09	0.48%	A90108	500,000	500,000	
Capital Securities Corporation	2019.12.24	2020.01.07	0.48%	A041129	500,000	470,000	
Masterlink Securities Corporation	2019.12.26	2020.01.02	0.48%	A99107	300,000	300,000	
KGI Bank	2019.12.16	2020.01.07	0.48%	A98102	300,000	300,000	
KGI Bank	2019.12.24	2020.01.09	0.48%	A011072	300,000	300,000	
KGI Bank	2019.12.26	2020.01.13	0.48%	A00107	300,000	300,000	
KGI Bank	2019.12.26	2020.01.15	0.48%	A011023	300,000	300,000	
Capital Securities Corporation	2019.12.20	2020.01.03	0.48%	A07109	300,000	280,000	
Capital Securities Corporation	2019.12.25	2020.01.06	0.48%	A08111	300,000	280,000	
Masterlink Securities Corporation	2019.12.26	2020.01.02	0.48%	A051029	280,000	280,000	
Other (Note)					1,300,000	1,257,962	
Total					**$ 5,680,000**	**5,567,962**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of trade receivables

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Interest receivables		$ 805,673	
Unsettled trades receivable		511,990	
Total		**$ 1,317,663**	

Statement of other financial assets

Item	Description	Amount	Note
Restricted assets-debt instruments		**$ 384,392**	

Statement of payables

Item	Description	Amount	Note
Unsettled bonds payable		$ 1,297,533	
Other (Note)		1	
Total		**$ 1,297,534**	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of other non-current assets

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Bond payment settlement reserves, and self-regulatory fund deposit		$ 40,300	

Statement of revenue from underwriting business

For the year ended December 31, 2019

Month	Securities underwriting compensation	Consignment securities handling fee revenue	Underwriting operation revenue	Underwriting assit revenue	Other revenue	Total	Note
January	$ -	-	-	-	-	-	
February	-	-	-	-	-	-	
March	-	-	-	67,946	-	67,946	
April	-	-	-	23,018	-	23,018	
May	-	-	-	25,732	-	25,732	
June	-	-	-	21,231	-	21,231	
July	-	-	-	4,900	-	4,900	
August	-	-	-	2,855	-	2,855	
September	-	-	-	(128)	-	(128)	
October	-	-	-	17,980	-	17,980	
November	-	-	-	15,165	-	15,165	
December	-	-	-	(3,889)	-	(3,889)	
Total	**$ -**	**-**	**-**	**174,810**	**-**	**174,810**	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of gain on sale of trading securities

For the year ended December 31, 2019

Item	Revenue	Cost	Profit	Note
Dealing				
Securities trading at business establishment	$ 56,179,639	56,144,774	34,865	

Statement of interest income

Item	Description	Amount	Note
Bonds interest income		$ 350,378	
Interest income from bond purchased under resell agreements		28,163	
Other (Note)		20	
Total		$ 378,561	

Note: Individual accounts less than 5% of the total.

Appendix 2 : Directory of Branches and Offices

Branch Name	Address	Telephone No.	Fax No.
Head Office	1, 2, 4, 7, 9, 10F, No.168/170 & 8, 12F, No.168, Dunhua N. Rd., Songshan Dist., Taipei City	4058-0088 4066-8688 4051-0088	
Main Branch	No.168, Dunhua N. Rd., Songshan Dist., Taipei City	02-66037168	02-66035058
Nanjing Branch	No.161, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City	02-66023000	02-87127885
Neihu Branch	No.69, Donghu Rd., Neihu Dist., Taipei City	02-26318888	02-26326910
Tianmu Branch	No.48, Sec. 2, Zhongcheng Rd., Shilin Dist., Taipei City	02-66107600	02-66107699
Xinyi Branch	2F, No.97, Songren Rd, Xinyi Dist., Taipei City	02-27206118	02-66397033
Ren'ai Branch	No.1, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City	02-66363700	02-66363799
Dunhua Branch	No.39, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	02-66396000	02-23257588
Guting Branch	No. 111, Sec. 2, Roosevelt Rd., Da'an Dist., Taipei City	02-66408888	02-23698569
Zhongshan Branch	No.136, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	02-66197200	02-66197299
101 Branch	35F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City	02-66036668	02-81010689
Dazhi Branch	No.676, Mingshui Rd., Zhongshan Dist., Taipei City	02-66107500	02-85021610
East Taipei Branch	10F-3, No.168, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City	02-66192900	02-27722589
Fuxing Branch	No.420, Fuxing N. Rd., Zhongshan Dist., Taipei City	02-66027676	02-66083068
Jinshan Branch	No.151, Sec.2, Xinyi Rd., Zhongzheng Dist., Taipei City	02-66010700	02-23218766
Banqiao Branch	2F, No.1-1, Xinfu Rd., Banqiao Dist., New Taipei City	02-66215700	02-66215799
Nankan Branch	No.90, Zhongzheng Rd., Luzhu Dist., Taoyuan City	03-3524148	03-3226443
Bade Branch	No.43, Sec. 2, Jieshou Rd., Bade Dist., Taoyuan City	03-3634341	03-3660967
Guishan Branch	No.1077, Sec. 2, Wanshou Rd., Guishan Dist., Taoyuan City	03-3290728	03-3290273
Gongxi Branch	No.237, Fuxing 1st Rd., Guishan Dist., Taoyuan City	03-3972288	03-3972266
Zhuangjing Branch	No.266, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan City	03-2607100	03-3582335
Dashulin Branch	No.233, Taoying Rd., Taoyuan Dist., Taoyuan City	03-3664291	03-3664296
Sanmin Branch	No.301, Sec. 3, Sanmin Rd.,Taoyuan Dist., Taoyuan City	03-3351593	03-3328102
Xinwu Branch	No.251, Zhongshan Rd., Xinwu Dist., Taoyuan City	03-4773226	03-4772052
Puxin Branch	No.383, Yongmei Rd., Yangmei Dist., Taoyuan City	03-2641600	03-4826073
Yangmei Branch	No.105, Dacheng Rd., Yangmei Dist., Taoyuan City	03-4783491	03-4752718
Longtan Branch	No.390, Donglong Rd., Longtan Dist., Taoyuan City	03-2635800	03-4708175
Pingzhen Branch	No.225, Huannan Rd., Pingzhen Dist., Taoyuan City	03-4910311	03-4910317
Shanziding Branch	No.150-3, Shanding Sec., Zhongfeng Rd., Pingzhen Dist., Taoyuan City	03-4696257	03-4692907
Zhongli Branch	No.194, Zhongshan Rd., Zhongli Dist., Taoyuan City	03-4252186	03-4256977
Longgang Branch	No.302, Longdong Rd., Zhongli Dist., Taoyuan City	03-4657779	03-4567704
Xinming Branch	No.56, Minzu Rd., Zhongli Dist., Taoyuan City	03-4918701	03-4918710
Huanbei Branch	No.405, Huanbei Rd., Zhongli Dist., Taoyuan City	03-4511333	03-4513135

Branch Name	Address	Telephone No.	Fax No.
East Neili Branch	No.47, Rongmin Rd., Zhongli Dist., Taoyuan City	03-4351988	03-4351093
Neili Branch	No.83, Xinyi Rd., Zhongli Dist.,Taoyuan City	03-4553122	03-4524244
Zhudong Branch	No.300, Sec. 1, Changchun Rd., Zhudong Township, Hsinchu County	03-5965711	03-5954025
Xinfeng Branch	No. 200, Zhongxing Rd., Xinfeng Township, Hsinchu County	03-6128400	03-5594636
Hukou Branch	No.82,Sec.1, Zhongzheng Rd., Hukou Township, Hsinchu County	03-5992614	03-5901627
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
Xinxing Branch	No.130, Siwei Rd., North Dist., Hsinchu City	03-5233171	03-5233177
Science Park Branch	No.11, Yuanqu 2nd Rd., East Dist., Hsinchu City	03-5785355	03-5787055
Guangfu Branch	No.270, Sec. 1, Guangfu Rd., East Dist., Hsinchu City	03-5775663	03-5781742
Zhongzheng Branch	No.326, Zhongzheng Rd., North Dist., Hsinchu City	03-5348939	03-5349865
North Hsinchu Branch	No.6, Beida Rd., East Dist., Hsinchu City	03-5348155	03-5421589
Gongguan Branch	No.211, Zhongxiao Rd., Gongguan Township, Miaoli County	037-228525	037-221245
Miaoli Branch	No.562, Zhongzheng Rd., Miaoli City, Miaoli County	037-324671	037-358940
Yuanli Branch	No.19, Weigong Rd., Yuanli Township, Miaoli County	037-862851	037-852609
Houlong Branch	No.20, Chenggong Rd., Houlong Township, Miaoli County	037-724591	037-724980
Toufen Branch	No.106, Heping Rd., Toufen City, Miaoli County	037-668281	037-676791
Zhunan Branch	No.217, Zhongzheng Rd., Zhunan Township, Miaoli County	037-476161	037-474881
Fengyuan Branch	No.511, Zhongzheng Rd., Fengyuan Dist., Taichung City	04-36012400	04-25158629
Nantun Branch	No. 302, Sec. 2, Liming Rd., Nantun Dist., Taichung City	04-22536208	04-22536205
Wenxin Branch	No.380, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City	04-23192480	04-23192473
Donghai Branch	No.306, Fuke Rd., Xitun Dist., Taichung City	04-24653500	04-24653501
Xitun Branch	No.327, Sec. 2, Henan Rd., Xitun Dist., Taichung City	04-36062088	04-27081118
Zhongqing 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
Taichung Branch	No.633, Sec. 2, Xitun Dist., Taiwan Blvd., West Dist., Taichung City	04-36013800	04-23101118
Changhua Branch	No.162, Xiaoyang Rd., Changhua City, Changhua County	04-7042100	04-7283195
Tainan Branch	No.429, Sec. 2, Jinhua Rd., South Dist., Tainan City	06-2648101	06-2648140
Dongning Branch	No.88, Dongxing Rd., East Dist., Tainan City	06-2761561	06-2761565
East Tainan Branch	No.107, Sec. 2, Minzu Rd., West Central Dist., Tainan City	06-2289777	06-2283722
Jiuru Branch	No.383, Jiuru 1st Rd., Sanmin Dist., Kaohsiung City	07-3872296	07-3860532
Sanduo Branch	No.262, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City	07-9660766	07-5368033
North Kaohsiung Branch	No.189, Wenxin Rd., Gushan Dist., Kaohsiung City	07-5501705	07-5502010
Kaohsiung Branch	22F, No.175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	07-9685100	07-2221205

Standard Chartered Bank (Taiwan) Limited



Chairman
Gregory John Powell




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Chartered