

**STANDARD CHARTERED BANK
(TAIWAN) LIMITED**

Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Financial Statements

Table of Contents

Items	Page
Cover	1
Table of Contents	2
Independent Auditors' Report	3-8
Balance Sheets	9-10
Statements of Comprehensive Income	11
Statements of Changes in Equity	12
Statements of Cash Flows	13
Notes to the Financial Statements	
1. Organization and operations	14-15
2. Date and procedures of authorization for issuance of the financial statements	15
3. Newly issued or revised standards and interpretations	15-16
4. Summary of significant accounting policies	16-32
5. Significant accounting judgments, estimates and assumptions	33-34
6. Contents of significant accounts	34-111
7. Related party transactions	112-121
8. Pledged assets	121-123
9. Significant commitments and contingent liabilities	123-125
10. Significant loss due to disasters	126
11. Significant subsequent events	126
12. Others	126
13. Other disclosure items	
(1) Related information on significant transactions	126-127
(2) Information on long-term equity investments	128
(3) Information on investments in Mainland China	128
14. Operating segment financial information	129-130
Details of significant accounts	131-155
Securities Department Financial Statements	156-183

Independent Auditors' Report

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

Opinion

We have audited the accompanying balance sheets of Standard Chartered Bank (Taiwan) Limited (“the Company”) as of December 31, 2022 and 2021, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and their financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by Financial Supervisory Commission of the Republic of China (“FSC”).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-(Fa)-Zi No. 10802731571, and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 for 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.

Recognition of loss provision for loans

As of December 31, 2022, total outstanding loan balance of the Company was \$287,864,358 thousand, accounting for 41% of total assets, which was significant to the Company's financial statements. The Company was required to assess and recognize the expected credit losses (ECL) provision in accordance with IFRS 9 and *the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans*. The assumptions, including the indicators of significant increase in credit risk since initial recognition and credit impairment which has been incurred, the selection and incorporation of forward-looking information for the remaining life of an exposure, the quantitative measurement of probability of default (PD) and the loss given default (LGD), management applied to the ECL provision assessment involved exercise of significant professional judgment and was therefore a key audit matter for our audit.

We performed the following audit procedures, including but not limited to: evaluating and testing the controls related to ECL provision calculation, including examining whether ECL model has been approved by the management and testing the appropriateness of the inputs into the model, engaging the specialists to evaluate the appropriateness of ECL model, sampling all loans to test the appropriateness and reasonableness of the parameters used for ECL model, which include PD and LGD. In addition, we reviewed and examined whether the loss provision for loans is reserved in line with the minimum requirement of the regulations and ensured the appropriateness of loan classification in compliance with the regulations.

Please refer to note 4, 5, and 6 to the Company's financial statements for the disclosure on accounting policies and assessment of loss provision for loans.

Valuation of financial instruments

Fair value of certain financial instruments was determined by the Company's internal valuation techniques which often involve the exercise of judgment and the use of assumptions and estimates. Change on the assumptions used by the Company would cause significant impact on fair value of the financial instruments. Therefore, we determined the valuation of financial instruments is a key audit matter.

We performed the following audit procedures, including but not limited to: evaluating and testing the controls related to valuation of financial instruments, including those controls over determining and approving the use of valuation models and their assumptions, any changes on the valuation techniques and assumptions, and management review. In addition, we engaged the valuation specialists to assist in reviewing the valuation techniques by sampling, understating and assessing the reasonableness of key assumptions, and performing independent valuation and determining whether the difference falls within the acceptable range.

Please refer to note 4, 5, and 6 to the Company's financial statements for the relevant disclosure on valuation of financial instruments.

Disclosures on related party transactions

The Company is one of the subsidiaries under Standard Chartered PLC (the "Group") and has signed multiple service agreements with significant amounts with other affiliates in the Group. The services include interbank fund transferring, derivatives trading, service income and service fees. Due to the risk of undisclosed or unidentified related party transactions, we determined disclosures on related party transactions is a key audit matter.

We performed the following audit procedures, including but not limited to: understanding and assessing the Company's processes of identifying related parties and related transactions, agreeing the total accounting records and balance of related party transactions to the records and balances that management provided, performing the reconciliation if any differences were identified.

Please refer to note 7 to the Company's financial statements for detailed disclosures on related parties and associated transactions.

Assessment of goodwill impairment

As of December 31, 2022, the balance of the Company's goodwill due to the acquisition of Asia Trust And Investment Corporation (ATIC) in 2008 was \$3,156,048 thousand. The Company was required to at least perform the impairment test on the goodwill generated from the acquisition annually in accordance with IAS 36. The goodwill was, firstly, allocated to cash generated units which was expected to benefit from the combined synergies as result of the acquisition. Next, the goodwill impairment test would be performed based on each cash generating unit. Given the fact that the determination of the recoverable amount of each cash generating unit involved exercise of significant professional judgment by management, which includes the historical operation experience, future development strategy, various assumptions and related assessment parameters used, we determined the assessment of goodwill impairment to be a key audit matter.

We performed the following audit procedures, including but not limited to: obtaining the management assessment on the raw data of the recoverable amount, including cashflow projection, growth rate, and relevant assumptions, discussing the process of the cashflow projection and the review procedure with the management, assessing the consistency of key assumptions used by the management and the appropriateness of the valuation model and the related assumptions used by the management in measuring the recoverable amount, taking into account of the profit forecast, comparing the inputs used in impairment test with external sources, and performing the sensitivity test.

Please refer to note 4, 5, and 6 to the Company's financial statements for the relevant disclosure on assessment of goodwill impairment.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by Financial Supervisory Commission of the Republic of China ("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 ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' 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 the Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. 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.
2. 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 internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 ability to continue as a going concern of the Company. 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 Company to cease to continue as a going concern.

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

We communicate with those 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 identify 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 for 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.



Chang, Cheng-tao



Huang, Chien-che

Ernst & Young, Taiwan

March 9, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese
STANDARD CHARTERED BANK (TAIWAN) LIMITED
 Balance Sheets
 December 31, 2022 and 2021
 (Expressed in thousands of New Taiwan Dollars)

			December 31, 2022		December 31, 2021		
			Note	Amount	%	Amount	%
Assets							
11000	Cash and cash equivalents	6(1) & 7	\$16,772,114	2	\$15,573,188	2	
11500	Due from the Central Bank and call loans to banks	6(1), 6(2) & 7	115,567,226	16	119,913,709	18	
12000	Financial assets at fair value through profit or loss	6(3) & 7	51,065,133	7	17,663,101	3	
12100	Financial assets at fair value through other comprehensive income	6(4) & 6(6)	145,410,565	21	166,879,103	25	
12200	Debt instrument investment measured at amortized cost	6(5)	30,410,209	4	4,788,266	1	
12300	Financial assets for hedging	6(6)	224,517	-	18,653	-	
12500	Securities and bonds purchased under resell agreements	6(1), 6(7) & 7	13,860,254	2	3,791,525	1	
13000	Receivables-net	6(8) & 7	19,924,576	3	19,280,448	3	
13200	Current tax assets	6(23)	101,236	-	95,924	-	
13500	Discounts and loans-net	6(6), 6(9) & 7	287,864,358	41	298,190,936	44	
15500	Other financial assets-net	6(10) & 8	12,154,175	2	12,158,369	2	
18500	Property and equipment-net	6(11)	3,351,673	1	3,574,363	1	
18600	Right-of-use assets-net	6(34)	2,530,040	-	2,886,920	-	
19000	Intangible assets-net	6(12)	3,268,295	-	3,204,930	-	
19300	Deferred tax assets	6(23)	769,435	-	801,084	-	
19500	Other assets-net	6(13), 7 & 8	5,493,462	1	2,571,026	-	
Total assets			\$708,767,268	100	\$671,391,545	100	

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Balance Sheets (Continued)

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Liabilities						
21000	Deposits from the Central Bank and banks	6(14) & 7	\$1,638,248	-	\$8,730,813	1
21500	Funds borrowed from the Central Bank and banks	6(15)	-	-	970,260	-
22000	Financial liabilities at fair value through profit or loss	6(3) & 7	44,729,858	6	9,805,763	2
22300	Financial liabilities for hedging	6(6)	104,688	-	181,482	-
23000	Payables	6(16)	5,077,449	1	3,638,221	1
23100	Related parties payable	7	4,291,102	1	5,522,085	1
23200	Current tax liabilities	6(23)	403,258	-	180,310	-
23500	Deposits and remittances	6(6), 6(17) & 7	587,506,645	83	579,843,557	86
24000	Financial debentures	6(18) & 7	6,148,843	1	5,539,607	1
25500	Other financial liabilities	6(19)	231,995	-	97,244	-
25600	Provisions	6(20) & 6(22)	916,041	-	1,479,065	-
26000	Lease liabilities	6(34)	2,628,067	-	2,969,842	-
29300	Deferred tax liabilities	6(23)	820,971	-	817,266	-
29500	Other liabilities	6(21) & 7	7,062,725	1	5,004,732	1
Total liabilities			661,559,890	93	624,780,247	93
Equity						
31101	Common stock	6(24)	29,105,720	4	29,105,720	4
31500	Capital surplus	6(24)	5,794,771	1	5,794,771	1
32000	Retained earnings	6(24)				
32001	Legal reserve		10,035,629	2	9,346,691	2
32003	Special reserve		247,892	-	247,892	-
32005	Unappropriated earnings		2,714,597	-	2,305,685	-
			12,998,118	2	11,900,268	2
32500	Other equity interest	6(24)	(691,231)	-	(189,461)	-
Total equity			47,207,378	7	46,611,298	7
Total liabilities and equity			\$708,767,268	100	\$671,391,545	100

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars, except for Basic Earnings Per Share)

			For the years ended December 31			
			2022		2021	
	Note		Amount	%	Amount	%
41000 Interest income	6(27) & 7		\$10,281,779	80	\$6,764,004	55
51000 Less: Interest expenses	6(27) & 7		4,735,241	37	1,653,321	13
49010 Net interest income			5,546,538	43	5,110,683	42
49020 Net non-interest income						
49100 Net service fee income	6(28) & 7		3,649,312	29	4,883,747	40
49200 Gains on financial assets or liabilities at fair value through profit or loss	6(29) & 7		1,192,800	9	1,422,931	12
49310 Realized (losses) gains on financial assets at fair value through other comprehensive income	6(4) & 6(30)		(64,841)	(1)	45,452	-
49600 Foreign exchange gains			2,241,668	18	674,646	5
49700 Impairment losses on assets	6(32)		(9,643)	-	(615)	-
49800 Net other non-interest income	6(6), 6(31) & 7		230,140	2	173,233	1
Total net non-interest income			7,239,436	57	7,199,394	58
Net revenue			12,785,974	100	12,310,077	100
58200 Bad debt expenses, commitment and guarantee liability provisions (gains on reversal)	6(33)		510,245	4	(2,755)	-
58400 Operating expenses						
58500 Employee benefits expenses	6(22), 6(25), 6(35) & 7		4,990,016	39	5,083,508	41
59000 Depreciation and amortization expenses	6(11), 6(12), 6(34) & 6(36)		620,115	5	729,589	6
59500 Other general and administrative expenses	6(37) & 7		3,805,549	30	3,724,813	30
Total operating expenses			9,415,680	74	9,537,910	77
61001 Profit from continuing operations before tax			2,860,049	22	2,774,922	23
61003 Less: Income tax expenses	6(23)		445,290	3	357,102	3
61000 Profit			2,414,759	19	2,417,820	20
65000 Other comprehensive income						
65200 Components of other comprehensive income that will not be reclassified to profit or loss						
65201 Remeasurements of defined benefit plans	6(22)		374,797	3	(151,700)	(1)
65204 Revaluation losses from investments in equity instruments measured at fair value through other comprehensive income			(37,827)	-	(25,968)	-
65220 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)		(74,959)	(1)	30,340	-
			262,011	2	(147,328)	(1)
65300 Components of other comprehensive income that will be reclassified to profit or loss						
65305 Losses on hedging instruments	6(24)		(258,271)	(2)	(34,348)	-
65309 Revaluation losses from investments in debt instruments measured at fair value through other comprehensive income			(261,413)	(2)	(483,627)	(4)
65310 Impairment losses and gains on reversal from investments in debt instruments measured at fair value through other comprehensive income			(1,860)	-	407	-
65320 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(23)		57,601	-	35,636	-
Components of other comprehensive income that will be reclassified to profit or loss			(463,943)	(4)	(481,932)	(4)
65000 Other comprehensive income			(201,932)	(2)	(629,260)	(5)
66000 Total comprehensive income			\$2,212,827	17	\$1,788,560	15
67500 Basic earnings per share (NTD)	6(26)		\$0.83		\$0.83	

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	Retained earnings					Other items in stockholders' equity		
						Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total equity
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			
Balance at January 1, 2021	\$29,105,720	\$5,794,771	\$8,659,800	\$282,545	\$2,296,045	\$293,405	\$25,034	\$46,457,320
Appropriation and distribution of retained earnings								
Legal reserve	-	-	686,891	-	(686,891)	-	-	-
Cash dividends	-	-	-	-	(1,634,582)	-	-	(1,634,582)
Reversal of special reserve	-	-	-	(34,653)	34,653	-	-	-
Net income	-	-	-	-	2,417,820	-	-	2,417,820
Other comprehensive income	-	-	-	-	(121,360)	(480,421)	(27,479)	(629,260)
Total comprehensive income	-	-	-	-	2,296,460	(480,421)	(27,479)	1,788,560
Balance at December 31, 2021	\$29,105,720	\$5,794,771	\$9,346,691	\$247,892	\$2,305,685	\$(187,016)	\$(2,445)	\$46,611,298
Balance at January 1, 2022	\$29,105,720	\$5,794,771	\$9,346,691	\$247,892	\$2,305,685	\$(187,016)	\$(2,445)	\$46,611,298
Appropriation and distribution of retained earnings								
Legal reserve	-	-	688,938	-	(688,938)	-	-	-
Cash dividends	-	-	-	-	(1,616,747)	-	-	(1,616,747)
Net income	-	-	-	-	2,414,759	-	-	2,414,759
Other comprehensive income	-	-	-	-	299,838	(295,153)	(206,617)	(201,932)
Total comprehensive income	-	-	-	-	2,714,597	(295,153)	(206,617)	2,212,827
Balance at December 31, 2022	\$29,105,720	\$5,794,771	\$10,035,629	\$247,892	\$2,714,597	\$(482,169)	\$(209,062)	\$47,207,378

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021
Cash flows from operating activities		
Profit before tax	\$2,860,049	\$2,774,922
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	620,115	716,577
Amortization expense	-	13,012
Bad debt expense, commitment and guarantee liability provisions (gains on reversal)	510,245	(2,755)
Interest expense	4,735,241	1,653,321
Interest income	(10,281,779)	(6,764,004)
Net change in other provisions	(191,300)	(159,505)
Gain on disposal of property and equipment	(114,361)	(162,592)
Impairment losses on assets	9,643	615
Total adjustments to reconcile profit (loss)	(4,712,196)	(4,705,331)
Changes in operating assets and liabilities		
Changes in operating assets		
Due from the Central Bank and call loans to banks	14,387,948	(16,890,479)
Financial assets at fair value through profit or loss	(33,402,032)	(2,057,029)
Financial assets at fair value through other comprehensive income	21,212,888	28,419,102
Debt instrument investment measured at amortized cost	(25,623,240)	(2,866,998)
Receivables	103,974	1,877,705
Discounts and loans	9,834,659	(12,205,075)
Other financial assets	3,586	3,860,083
Total changes in operating assets	(13,482,217)	137,309
Changes in operating liabilities		
Deposits from the Central Bank and banks	(7,092,565)	1,575,286
Financial liabilities at fair value through profit or loss	34,924,095	(3,904,872)
Payables	(316,013)	884,861
Deposits and remittances	7,663,088	(41,101,025)
Other financial liabilities	134,751	(62,331)
Other liabilities	2,057,993	(599,125)
Total changes in operating liabilities	37,371,349	(43,207,206)
Total changes in operating assets and liabilities	23,889,132	(43,069,897)
Total adjustments	19,176,936	(47,775,228)
Cash inflow (outflow) generated from operating activities	22,036,985	(45,000,306)
Interest received	9,519,032	6,926,957
Interest paid	(4,159,495)	(1,708,139)
Income taxes paid	(210,013)	(209,655)
Net cash flows generated from (used in) operating activities	27,186,509	(39,991,143)
Cash flows from investing activities		
Purchase of property and equipment	(150,761)	(631,505)
Proceeds from disposal of property and equipment	278,918	399,551
(Increase) decrease in derivatives collateral	(2,965,142)	988,347
Purchase of intangible assets	(63,365)	-
Disposal of intangible assets	-	24,512
Decrease in other assets	(6,985)	127,834
Net cash flows (used in) generated from investing activities	(2,907,335)	908,739
Cash flows from financing activities		
(Decrease) increase in funds borrowed from the Central Bank and banks	(970,260)	412,820
Increase in financial instruments for hedging	(584,164)	(615,253)
Decrease in financial debentures	-	(2,000,000)
Payment of lease liabilities	(408,119)	(461,451)
Cash dividends paid	(1,616,747)	(1,634,582)
Net cash flows used in financing activities	(3,579,290)	(4,298,466)
Effect of foreign exchange rate changes	609,236	(163,193)
Net increase (decrease) in cash and cash equivalents	21,309,120	(43,544,063)
Cash and cash equivalents at beginning of period	77,962,452	121,506,515
Cash and cash equivalents at end of period	\$99,271,572	\$77,962,452
Composition of cash and cash equivalents		
Cash and cash equivalents reported in the statements of financial position	\$16,772,114	\$15,573,188
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	68,639,204	58,597,739
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	13,860,254	3,791,525
Cash and cash equivalents at end of period	\$99,271,572	\$77,962,452

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese
STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and operations

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

Pursuant to an approval granted by the Securities and Futures Commission (“SFC”), which subsequently changed its name to the Securities and Futures Bureau (“SFB”) on July 1, 2004, the Company’s shares were authorized to be publicly issued beginning March 1982 and publicly traded beginning March 22, 1983. Additionally, pursuant to approval granted by the Ministry of Finance (“MOF”), the Company established a Trust Department in January 1989, pursuant to approval granted by the SFC, the Company 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 Company 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 Company started cross-regional operations. On January 16, 1995, the Company established an Offshore Banking Unit (“OBU”), which began operations immediately.

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

During 2006, Standard Chartered Bank provided a tender offer to acquire the outstanding shares of Hsinchu International Bank Co., Ltd. Accordingly, Standard Chartered Bank acquired over 95% of the outstanding shares. 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, 2022, the Company comprises 53 branches, a business department, a trust department, and an offshore banking unit.

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

On October 9, 2014, the Company 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 Company was approved to start engaging in underwriting of bonds and marketable securities (limited to fixed income securities).

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 Company through absorption on October 1, 2016. The Company’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 Company. Since the Company no longer has other subsidiaries, therefore, the Company only issues individual financial statements as of the fourth quarter of 2016.

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

2. Date and procedures of authorization for issuance of the financial statements

The financial statements were authorized for issuance by the Board of Directors on March 9, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (“FSC”) and became effective for annual periods beginning on or after January 1, 2022. The first-time adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies - Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates - Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 1, 2023

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The Company assessed that the abovementioned standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assessed that the abovementioned standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) 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, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by FSC.

(2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(3) Foreign currency transactions

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

(4) 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 and bonds purchased under resell agreements.

(5) Financial instruments

(a) Financial assets

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

Financial assets are recognized when the Company 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 Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

i. Financial assets measured at amortized cost

A. Debt instrument investments measured at amortized cost

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

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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 3 months is categorized as overdue accounts. If principal or interest of any outstanding loan is overdue for over 6 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 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.

ii. 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:

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

B. 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 instrument 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 Company 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. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings.

iii. 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 Company 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, are recognized in profit or loss.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

iv. Impairment of financial assets

The Company 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 Company 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 Company'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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets at amortized cost and debt instrument investment 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instrument investment 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 Company 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 Company's procedures for recovery of amounts due.

Please refer to note 6(38) for information on financial risks for the Company's judgment on whether the credit risk has significantly increased after initial recognition and prospective adjustments.

v. Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company 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 Company still possess the ownership of the financial assets, then the Company shall continuously recognize it as assets according to the extent of its own involvement.

vi. Reclassification of financial assets

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

(b) Financial liabilities

The financial liabilities held by the Company include financial liabilities measured at fair value through profit or loss and hedge derivatives.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

i. 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.

ii. Financial liabilities measured at amortized cost

All financial liabilities not classified as FVTPL described as above, derivative financial liabilities for hedging, loan commitment, financial guarantee contract on below-market rate of interest are measured at amortized cost.

iii. Financial debentures

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

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

iv. Derecognition of a financial liability

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

v. Mutual offset of financial assets and liabilities

Financial assets and financial liabilities shall be offset only when the Company 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(c) Derivatives and hedging accounting

The Company uses derivative instruments to hedge its foreign currency risks, interest rate risks and transaction prices risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

For the purpose of hedging, there are two types:

- i. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.
- ii. Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

In conformity with all the conditions for applying hedge accounting, the related accounting treatments are as follows:

- i. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments against the exposure to changes in fair value of a recognized asset or liability are recognized through profit or loss in the current period.

Any adjustments to the carrying amount of a hedged financial instrument for which the effective interest method is used shall be amortized to profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. The adjustment is based on a recalculated effective interest rate at the date amortization begins. The adjustment shall be amortized fully by maturity of the financial instrument. When hedged items derecognized, unamortized fair value is recognized in profit or loss.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

ii. Cash flow hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income; and the ineffective portion of the gain or loss on the hedging instrument shall be recognized in profit or loss.

When profits or losses occurred from transaction of hedged items, gains and losses that were recognized in other comprehensive income will be reclassified to profits or losses. If the hedged item is a non-financial asset or non-financial liability, the amount recognized in other comprehensive income shall adjust to the carrying amount of the hedged item.

When a forecast transaction or firm commitment are not expected to occur, the previous cumulative other comprehensive income will be recognized in profit or losses. When the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs.

(d) Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, then the bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

(6) Non-financial asset impairment

In terms of IAS 36, the Company, 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(7) Property and equipment

Property and equipment is stated at cost or measured at cost plus any revaluation increments (land revaluation based on the announcement of the adjustment in current land value), net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

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

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively, if appropriate.

(8) Intangible assets

(a) Computer software

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

(b) Goodwill

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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(c) Research and development

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

- i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ii. Its intention to complete and its ability to use or sell the asset
- iii. How the asset will generate future economic benefits
- iv. The availability of resources to complete the asset
- v. The ability to measure reliably the expenditure during development. The amount of the expenditure exceeds US\$500 thousand.

Otherwise, they will be recognized in profit or loss as incurred.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

(9) Leases

The Company assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, or leases without the right to direct the use of the identified asset, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date;
- (c) any initial direct costs incurred by the lessee.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

The Company depreciates the right-of-use asset 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.

The Company applies IAS 36, *Impairment of Assets*, to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Company as a lessor

At inception of a contract, the Company classifies each of its leases as an operating lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis.

(10) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(11) 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 statements of comprehensive income 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(12) Employee benefits

- (a) Short-term employee benefits (including employee bonus, remuneration of directors and supervisors): The Company charges the short-term and non-discounted benefits to be paid in the near future to current expenses in the periods during which services are rendered by employees.
- (b) Post-employment benefits: The Company pension plans comprise defined contribution plans and defined benefit plans.
 - i. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee 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.
 - ii. A defined benefit plan is a post-employment benefit plan under which benefit is paid to an employee on the basis of their ages, service periods and compensated salaries at the date of retirement. The Company recognizes actuarial gains and losses which are incurred by the change of actual experience and actuarial assumption in other comprehensive income, and recognize pension asset or liability in balance sheets in which asset or liability is the amount of actuarial present value of defined benefit obligation deducting fair value of plan assets. The calculation of defined benefit obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefit obligation is calculated by discounting future cash flow at the yield rate on AA credit rated bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid. 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 Company 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(13) 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 Company 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 statements of comprehensive income, 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 statements of comprehensive income 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.

(14) 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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 basic income tax calculation of the Company is based on the Income Basic Tax Act. The calculation of the Company's basic income is the sum of the taxable income as defined in accordance with the Income Tax Act and the provisions or tax benefits that are included in the Income Tax Act and other laws. The amount of basic tax of the Company is the amount of basic income as calculated in accordance with the preceding rules, and then multiplied by the tax rate prescribed by the Executive Yuan. The greater of income basic tax expense or income tax expense is the current tax expense actually liable by the Company.

(15) 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

5. Significant accounting judgments, estimates and assumptions

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 FSC, the Company 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 Company keeps testing applicable judgements, 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:

(1) Impairment evaluation of loans and receivables

The Company's financial asset impairment losses are measured using the 12-month and lifetime expected credit loss value based on whether the credit risks after initial recognition has significant increase or not. To measure the 12-month and lifetime expected credit losses, the Company evaluates the default rate of the financial assets, issuer, or the counterparty, multiplies it with the loss rate given default and the default exposure, and discounts the impact of time value of money. The Company'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(38) for detailed information of primary assumption and inputs.

(2) 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. The changes of the valuation techniques will influence fair value of financial instruments. Please refer to note 6(38) for further disclosure of valuation of financial instruments.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(3) Goodwill impairment

The assessment of goodwill impairment requires the Company to make subjective judgments to identify cash-generating units and estimate the recoverable amount of relevant cash-generating units. Please refer to note 6(12) for further disclosure of goodwill.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$3,699,592	\$3,069,638
Checks for clearing	1,154,696	82,797
Deposits with other banks	5,152,414	4,695,971
Deposits with other banks-affiliates	6,765,908	7,724,938
Subtotal	16,772,610	15,573,344
Less: allowance for bad debts	496	156
Total	<u>\$16,772,114</u>	<u>\$15,573,188</u>

Statements of cash flows were prepared under the definition of IAS 7, cash and cash equivalents were consolidated by part of components of the items listed as follows:

	December 31, 2022	December 31, 2021
Cash and cash equivalents reported in the balance sheets	\$16,772,114	\$15,573,188
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	68,639,204	58,597,739
Securities and bonds purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	13,860,254	3,791,525
Cash and cash equivalents reported in the statements of cash flows	<u>\$99,271,572</u>	<u>\$77,962,452</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

2022								
	12-month 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	\$156	\$-	\$-	\$-	\$-	\$156	\$-	\$156
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(156)	-	-	-	-	(156)	-	(156)
New financial assets originated or purchased	496	-	-	-	-	496	-	496
Ending balance	<u>\$496</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$496</u>	<u>\$-</u>	<u>\$496</u>

2021								
	12-month 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	\$2,606	\$-	\$-	\$-	\$-	\$2,606	\$-	\$2,606
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(2,606)	-	-	-	-	(2,606)	-	(2,606)
New financial assets originated or purchased	156	-	-	-	-	156	-	156
Ending balance	<u>\$156</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$156</u>	<u>\$-</u>	<u>\$156</u>

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

	December 31, 2022	December 31, 2021
Required reserve-checking account	\$3,721,011	\$6,811,167
Required reserve-demand account	20,827,552	20,409,166
Required reserve-foreign currency	261,232	276,870
Required reserve-settlement account	4,000,037	4,020,377
Call loans to banks	34,174,301	22,785,436
Call loans to banks-affiliates	52,583,093	52,667,796
Trade financing	-	12,943,225
Subtotal	<u>115,567,226</u>	<u>119,914,037</u>
Less: allowance for bad debts	<u>-</u>	<u>328</u>
Total	<u>\$115,567,226</u>	<u>\$119,913,709</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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 Central Bank for interbank settlement.

Changes in the allowance for bad debts of Due from the Central Bank and call loans to banks were as follows:

2022							
	12-month 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	\$328	\$-	\$-	\$-	\$-	\$328	\$-
Changes due to financial instrument recognition:							
Financial assets derecognized during the period	(328)	-	-	-	-	(328)	-
Ending balance	\$-	\$-	\$-	\$-	\$-	\$-	\$-
2021							
	12-month 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	\$-	\$-	\$-	\$-	\$-	\$-	\$-
New financial assets originated or purchased	328	-	-	-	-	328	-
Ending balance	\$328	\$-	\$-	\$-	\$-	\$328	\$328

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(3) Financial assets at fair value through profit or loss

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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:		
Government bonds	\$6,161,743	\$7,910,459
Derivative financial assets:		
Interest rate swap	17,505,090	4,355,894
Interest rate option	1,028,680	206,760
Spot/forward/swap	21,563,896	4,688,440
Cross currency swap	4,581,141	399,880
Foreign exchange option	189,795	80,131
Commodity swap	12,749	18,617
Commodity option	22,039	1,331
Commodity forward	-	1,589
Subtotal	44,903,390	9,752,642
Total	<u>\$51,065,133</u>	<u>\$17,663,101</u>

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

	December 31, 2022	December 31, 2021
Derivative financial liabilities:		
Interest rate swap	\$17,256,610	\$4,108,603
Interest rate option	167,890	27,488
Spot/forward/swap	22,690,322	5,160,237
Cross currency swap	4,391,014	408,263
Foreign exchange option	189,325	79,667
Commodity swap	12,791	18,632
Commodity option	21,906	1,284
Commodity forward	-	1,589
Total	<u>\$44,729,858</u>	<u>\$9,805,763</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	December 31, 2022	December 31, 2021
Debt instruments:		
Negotiable certificates of deposit	\$75,642,738	\$99,944,055
Treasury Bills	8,459,702	20,080,908
Government bonds	60,160,483	46,106,171
Subtotal	<u>144,262,923</u>	<u>166,131,134</u>
Equity instruments:		
Non-listed stock	<u>1,147,642</u>	<u>747,969</u>
Total	<u>\$145,410,565</u>	<u>\$166,879,103</u>
The revaluation adjustment of hedged items included in the total calculation above	<u>\$(43,235)</u>	<u>\$1,753</u>

Please refer to note 6(38) for credit risk and market risk information.

As of December 31, 2022 and 2021, the Company'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, 2022 and 2021, dividend income of the above equity instrument investments were \$19,938 thousand and \$18,556 thousand, respectively, recorded under realized gains on financial assets at fair value through other comprehensive income.

As of December 31, 2022 and 2021, the Company's allowance for impairments of the above financial assets at fair value through other comprehensive income were \$4,537 thousand and \$6,041 thousand, respectively.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	2022				
	12-month 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	\$6,041	\$-	\$-	\$-	\$6,041
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(3,731)	-	-	-	(3,731)
New financial assets originated or purchased	1,398	-	-	-	1,398
Foreign currency exchange and other changes	829	-	-	-	829
Ending Balance	<u>\$4,537</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,537</u>

	2021				
	12-month 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	\$5,601	\$-	\$-	\$-	\$5,601
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(4,127)	-	-	-	(4,127)
New financial assets originated or purchased	4,048	-	-	-	4,048
Foreign currency exchange and other changes	519	-	-	-	519
Ending Balance	<u>\$6,041</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,041</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Changes in the book value of the above debt instrument investments were as follow:

	2022				
	12-month 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	\$166,131,134	\$-	\$-	\$-	\$166,131,134
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(104,019,274)	-	-	-	(104,019,274)
New financial assets originated or purchased	82,222,272	-	-	-	82,222,272
Foreign currency exchange and other changes	(71,209)	-	-	-	(71,209)
Ending Balance	<u>\$144,262,923</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$144,262,923</u>

	2021				
	12-month 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	\$195,027,534	\$-	\$-	\$-	\$195,027,534
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(147,956,839)	-	-	-	(147,956,839)
New financial assets originated or purchased	116,525,796	-	-	-	116,525,796
Foreign currency exchange and other changes	2,534,643	-	-	-	2,534,643
Ending Balance	<u>\$166,131,134</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$166,131,134</u>

(5) Debt instrument investments measured at amortized cost

	December 31, 2022	December 31, 2021
Negotiable certificates of deposit	\$25,658,710	\$-
Government bonds	4,751,499	4,788,266
Total	<u>\$30,410,209</u>	<u>\$4,788,266</u>

As of December 31, 2022 and 2021, allowance for impairments of the above debt instrument investments were \$1,590 thousand and \$293 thousand, respectively.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	2022				
	12-month 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	\$293	\$-	\$-	\$-	\$293
New financial assets originated or purchased	1,289	-	-	-	1,289
Foreign currency exchange and other changes	8	-	-	-	8
Ending Balance	<u>\$1,590</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,590</u>

	2021				
	12-month 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	\$117	\$-	\$-	\$-	\$117
New financial assets originated or purchased	176	-	-	-	176
Ending Balance	<u>\$293</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$293</u>

(6) Financial assets for hedging

Financial assets for hedging were as follows:

	December 31, 2022	December 31, 2021
Fair value hedge:		
Interest rate swap	\$44,549	\$-
Cash flow hedge:		
Interest rate swap	-	352
Cross currency swap	179,968	18,301
Total	<u>\$224,517</u>	<u>\$18,653</u>

Financial liabilities for hedging were as follows:

	December 31, 2022	December 31, 2021
Fair value hedge:		
Interest rate swap	\$1,571	\$3,786
Cash flow hedge:		
Interest rate swap	103,117	16,787
Cross currency swap	-	160,909
Total	<u>\$104,688</u>	<u>\$181,482</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(a) Fair value hedge

A fair value hedge is the hedging of the hedged items exposure to change in fair value of recognized assets or liabilities that are attributable to particular hedged risks that could affect profit or loss. As of December 31, 2022 and 2021, 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, 2022	Contract type	December 31, 2022
Financial assets at fair value through other comprehensive income:			
Government bonds-revaluation adjustment	<u>\$(43,235)</u>	Interest rate swap	<u>\$42,978</u>

Hedged items		Hedging instruments	
Underlying instruments	December 31, 2021	Contract type	December 31, 2021
Financial assets at fair value through other comprehensive income:			
Government bonds-revaluation adjustment	<u>\$1,753</u>	Interest rate swap	<u>\$(3,786)</u>

For the years ended December 31, 2022 and 2021, net gains on the hedging financial instruments listed above amounted to \$183,055 thousand and \$11,983 thousand, respectively. For the years ended December 31, 2022 and 2021, net losses from the hedged risk of the hedged items amounted to \$46,476 thousand and \$2,623 thousand, respectively.

(b) Cash flow hedge

The Company 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. Interest rate swap and cross currency swap are designated as hedging instruments to reduce the cash flow risk resulting from the changes in interest rate and foreign exchange rate.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Hedged items	Financial instruments designated as hedging instruments	Fair value	
		December 31, 2022	December 31, 2021
Discounts and loans- floating interest rate	Interest rate swap	\$(103,117)	\$(16,435)
Deposits and remittances- fixed interest rate	Cross currency swap	179,968	(142,608)
Total		<u>\$76,851</u>	<u>\$(159,043)</u>

(7) Securities and bonds purchased under resell agreements

	December 31, 2022	December 31, 2021
Securities purchased under resell agreements	<u>\$13,860,254</u>	<u>\$3,791,525</u>
Face value of debt instruments	<u>\$14,452,469</u>	<u>\$3,550,594</u>
Interest rate	<u>0.88%~4.30%</u>	<u>0.01%~0.28%</u>
Last settlement date	<u>2023.2.2</u>	<u>2022.1.24</u>
Resell price	<u>\$13,883,394</u>	<u>\$3,791,941</u>

As of December 31, 2022 and 2021, allowance for impairments of the above securities and bonds purchased under resell agreements were \$47 thousand and \$79 thousand, respectively.

Changes in the allowance for bad debts of securities and bonds purchased under resell agreements and instruments were as follows:

	2022			
	12-month 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)
Beginning balance	\$79	\$-	\$-	\$-
Changes due to financial instrument recognition:				
Financial assets derecognized during the period	(79)	-	-	-
New financial assets originated or purchased	47	-	-	-
Ending Balance	<u>\$47</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

	2021				
	12-month 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	\$64	\$-	\$-	\$-	\$64
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(64)	-	-	-	(64)
New financial assets originated or purchased	79	-	-	-	79
Ending Balance	<u>\$79</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$79</u>

(8) Receivables-net

	December 31, 2022	December 31, 2021
Accounts receivable factoring	\$13,157,138	\$11,543,086
Credit cards accounts receivable	3,397,756	4,206,774
Accounts receivable	582,177	729,775
Interest receivable	1,665,697	1,074,599
Acceptances receivable	94,890	209,131
Accounts receivable-related parties	1,144,024	1,055,432
Unsettled trades receivable	-	542,586
Other	156,443	209,795
Subtotal	<u>20,198,125</u>	<u>19,571,178</u>
Less: allowance for bad debts	<u>273,549</u>	<u>290,730</u>
Total	<u>\$19,924,576</u>	<u>\$19,280,448</u>

Please refer to note 6(38) for relating information on credit risk and market risk.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	2022							Total
	12-month 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"	
Beginning balance	\$53,664	\$3,335	\$-	\$111,987	\$-	\$168,986	\$121,744	\$290,730
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(209)	209	-	-	-	-	-	-
Transferred to credit impaired financial asset	(680)	(25)	-	705	-	-	-	-
Transferred to 12-month expected credit losses	31	(31)	-	-	-	-	-	-
Financial assets derecognized during the period	(14,952)	(2,741)	-	(12,132)	-	(29,825)	-	(29,825)
New financial assets originated or purchased	7,663	7,168	-	62,751	-	77,582	-	77,582
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	10,633	10,633
Bad-Debt Write offs	(111)	(358)	-	(64,166)	-	(64,635)	-	(64,635)
Foreign currency exchange and other changes	(4,315)	1,716	-	(8,337)	-	(10,936)	-	(10,936)
Ending balance	\$41,091	\$9,273	\$-	\$90,808	\$-	\$141,172	\$132,377	\$273,549

	2021							Total
	12-month 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"	
Beginning balance	\$64,165	\$4,159	\$-	\$142,974	\$-	\$211,298	\$158,927	\$370,225
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(151)	151	-	-	-	-	-	-
Transferred to credit impaired financial asset	(594)	(1)	-	595	-	-	-	-
Transferred to 12-month expected credit losses	15	(15)	-	-	-	-	-	-
Financial assets derecognized during the period	(13,367)	(3,451)	-	(19,314)	-	(36,132)	-	(36,132)
New financial assets originated or purchased	8,852	1,138	-	61,256	-	71,246	-	71,246
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(37,183)	(37,183)
Bad-Debt Write offs	(314)	(614)	-	(59,940)	-	(60,868)	-	(60,868)
Foreign currency exchange and other changes	(4,942)	1,968	-	(13,584)	-	(16,558)	-	(16,558)
Ending balance	\$53,664	\$3,335	\$-	\$111,987	\$-	\$168,986	\$121,744	\$290,730

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Changes in the book value of receivables were as follows:

2022						
	12-month 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	\$18,936,046	\$279,153	\$-	\$355,979	\$-	\$19,571,178
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(10,733)	10,742	-	(9)	-	-
Transferred to credit impaired financial asset	(22,587)	(8,626)	-	31,213	-	-
Transferred to 12-month expected credit losses	112,319	(112,301)	-	(18)	-	-
Financial assets derecognized during the period	(16,532,797)	(9,886)	-	(74,175)	-	(16,616,858)
New financial assets originated or purchased	12,782,306	2,608,673	-	26,158	-	15,417,137
Bad-Debt Write offs	(111)	(358)	-	(64,166)	-	(64,635)
Foreign currency exchange and other changes	1,817,448	51,301	-	22,554	-	1,891,303
Ending balance	\$17,081,891	\$2,818,698	\$-	\$297,536	\$-	\$20,198,125

2021						
	12-month 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	\$21,067,282	\$178,647	\$-	\$420,981	\$-	\$21,666,910
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(152,915)	152,940	-	(25)	-	-
Transferred to credit impaired financial asset	(22,337)	(9,015)	-	31,352	-	-
Transferred to 12-month expected credit losses	4,808	(4,734)	-	(74)	-	-
Financial assets derecognized during the period	(15,922,343)	(48,764)	-	(85,884)	-	(16,056,991)
New financial assets originated or purchased	11,858,291	4,416	-	30,937	-	11,893,644
Bad-Debt Write offs	(314)	(614)	-	(59,940)	-	(60,868)
Foreign currency exchange and other changes	2,103,574	6,277	-	18,632	-	2,128,483
Ending balance	\$18,936,046	\$279,153	\$-	\$355,979	\$-	\$19,571,178

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(9) Discounts and loans-net

	December 31, 2022	December 31, 2021
Bill negotiations and bills and notes discounted	\$157,584	\$191,052
Short-term loans and overdrafts	37,009,287	44,073,881
Short-term secured loans	611,857	8,323,268
Medium-term loans	52,700,900	48,834,425
Medium-term secured loans	2,839,690	5,049,445
Long-term loans	10,412,218	11,511,698
Long-term secured loans	188,682,150	184,418,918
Overdue loans	76,778	120,953
Subtotal	292,490,464	302,523,640
Add: premium adjustments on discounts and loans	202,155	212,910
Less: allowance for bad debts	4,828,261	4,545,614
Total	<u>\$287,864,358</u>	<u>\$298,190,936</u>

Please refer to note 6(38) for relating information on credit risk and market risk.

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, 2022 and 2021, the amounts of outstanding loans with interest charges suspended amounted to \$76,778 thousand and \$120,953 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were \$2,700 thousand and \$3,504 thousand, respectively.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	2022						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
	12-month 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)		
Beginning balance	\$331,674	\$225,609	\$-	\$673,079	\$-	\$1,230,362	\$3,315,252	\$4,545,614
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(9,909)	10,058	-	(149)	-	-	-	-
Transferred to credit impaired financial asset	(3,453)	(7,753)	-	11,206	-	-	-	-
Transferred to 12-month expected credit losses	18,308	(18,258)	-	(50)	-	-	-	-
Financial assets derecognized during the period	(102,854)	(95,178)	-	(116,253)	-	(314,285)	-	(314,285)
New financial assets originated or purchased	277,757	234,083	-	557,176	-	1,069,016	-	1,069,016
Differences in impairment provisions according to “Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans”	-	-	-	-	-	-	64,957	64,957
Bad-Debt Write offs	(281)	(884)	-	(522,692)	-	(523,857)	-	(523,857)
Foreign currency exchange and other changes	(49,603)	21,491	-	14,928	-	(13,184)	-	(13,184)
Ending balance	\$461,639	\$369,168	\$-	\$617,245	\$-	\$1,448,052	\$3,380,209	\$4,828,261

	2021						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
	12-month 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)		
Beginning balance	\$380,681	\$335,971	\$-	\$730,304	\$-	\$1,446,956	\$3,184,856	\$4,631,812
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(17,119)	17,243	-	(124)	-	-	-	-
Transferred to credit impaired financial asset	(4,953)	(8,034)	-	12,987	-	-	-	-
Transferred to 12-month expected credit losses	21,202	(21,167)	-	(35)	-	-	-	-
Financial assets derecognized during the period	(126,267)	(194,401)	-	(119,297)	-	(439,965)	-	(439,965)
New financial assets originated or purchased	179,449	63,156	-	439,283	-	681,888	-	681,888
Differences in impairment provisions according to “Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans”	-	-	-	-	-	-	130,396	130,396
Bad-Debt Write offs	(232)	(2,388)	-	(427,183)	-	(429,803)	-	(429,803)
Foreign currency exchange and other changes	(101,087)	35,229	-	37,144	-	(28,714)	-	(28,714)
Ending balance	\$331,674	\$225,609	\$-	\$673,079	\$-	\$1,230,362	\$3,315,252	\$4,545,614

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

2022						
	12-month 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	\$290,329,774	\$9,051,184	\$-	\$3,142,682	\$-	\$302,523,640
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(2,050,416)	2,060,832	-	(10,416)	-	-
Transferred to credit impaired financial asset	(346,186)	(150,507)	-	496,693	-	-
Transferred to 12-month expected credit losses	3,282,919	(3,276,884)	-	(6,035)	-	-
Financial assets derecognized during the period	(106,875,959)	(3,072,418)	-	(758,737)	-	(110,707,114)
New financial assets originated or purchased	95,884,158	983,099	-	419,159	-	97,286,416
Bad-Debt Write offs	(281)	(884)	-	(522,692)	-	(523,857)
Foreign currency exchange and other changes	2,719,995	1,188,406	-	2,978	-	3,911,379
Ending balance	\$282,944,004	\$6,782,828	\$-	\$2,763,632	\$-	\$292,490,464

2021						
	12-month 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	\$270,483,676	\$16,525,217	\$-	\$3,513,875	\$-	\$290,522,768
Changes due to financial instrument recognition:						
Transferred to lifetime expected credit losses	(915,294)	916,416	-	(1,122)	-	-
Transferred to credit impaired financial asset	(427,958)	(146,399)	-	574,357	-	-
Transferred to 12-month expected credit losses	4,672,515	(4,642,900)	-	(29,615)	-	-
Financial assets derecognized during the period	(99,342,104)	(4,322,144)	-	(830,188)	-	(104,494,436)
New financial assets originated or purchased	115,850,848	723,379	-	340,844	-	116,915,071
Bad-Debt Write offs	(232)	(2,388)	-	(427,183)	-	(429,803)
Foreign currency exchange and other changes	8,323	3	-	1,714	-	10,040
Ending balance	\$290,329,774	\$9,051,184	\$-	\$3,142,682	\$-	\$302,523,640

(10) Other financial assets-net

	December 31, 2022	December 31, 2021
Restricted assets-debt instruments	\$12,154,175	\$12,158,369
Non-accrual loans other than those reclassified from loans	7,253	6,645
Less: allowance for bad debts-non-accrual loans other than those reclassified from loans	7,253	6,645
Total	\$12,154,175	\$12,158,369

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	2022						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
	12-month 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)		
Beginning balance	\$-	\$-	\$-	\$-	\$-	\$-	\$6,645	\$6,645
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	608	608
Ending balance	\$-	\$-	\$-	\$-	\$-	\$-	\$7,253	\$7,253

	2021						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
	12-month 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)		
Beginning balance	\$-	\$-	\$-	\$32,645	\$-	\$32,645	\$8,530	\$41,175
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	-	-	-	(2,508)	-	(2,508)	-	(2,508)
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	(1,885)	(1,885)
Bad-Debt Write offs	-	-	-	(30,579)	-	(30,579)	-	(30,579)
Foreign currency exchange and other changes	-	-	-	442	-	442	-	442
Ending balance	\$-	\$-	\$-	\$-	\$-	\$-	\$6,645	\$6,645

Changes in the book values of non-accrual loans other than those reclassified from loans were as follows:

	2022					Total
	12-month 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)	
Beginning balance	\$-	\$-	\$-	\$6,645	\$-	\$6,645
Changes due to financial instrument recognition:						
Foreign currency exchange and other changes	-	-	-	608	-	608
Ending balance	\$-	\$-	\$-	\$7,253	\$-	\$7,253

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

	2021					
	12-month 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	\$-	\$-	\$-	\$41,175	\$-	\$41,175
Changes due to financial instrument recognition:						
Financial assets derecognized during the period	-	-	-	(2,745)	-	(2,745)
Bad-Debt Write offs	-	-	-	(30,579)	-	(30,579)
Foreign currency exchange and other changes	-	-	-	(1,206)	-	(1,206)
Ending balance	\$-	\$-	\$-	\$6,645	\$-	\$6,645

(11) Property and equipment-net

	Land	Buildings	Office equipment	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:							
2022.1.1	\$2,018,583	\$1,922,357	\$284,543	\$568,096	\$450,326	\$524,442	\$5,768,347
Additions	-	4,266	13,905	38,956	57,376	36,258	150,761
Disposals	(146,710)	(117,433)	(54,371)	(20,780)	(45,756)	-	(385,050)
Reclassification	-	-	130,538	339,725	79,636	(549,899)	-
Other changes	-	-	-	-	-	(3,759)	(3,759)
2022.12.31	<u>\$1,871,873</u>	<u>\$1,809,190</u>	<u>\$374,615</u>	<u>\$925,997</u>	<u>\$541,582</u>	<u>\$7,042</u>	<u>\$5,530,299</u>
2021.1.1	\$2,188,524	\$2,204,444	\$308,452	\$605,228	\$490,944	\$8,411	\$5,806,003
Additions	-	1,230	17,701	63,545	20,734	528,295	631,505
Disposals	(169,941)	(283,317)	(41,610)	(100,677)	(73,576)	-	(669,121)
Reclassification	-	-	-	-	12,224	(12,224)	-
Other changes	-	-	-	-	-	(40)	(40)
2021.12.31	<u>\$2,018,583</u>	<u>\$1,922,357</u>	<u>\$284,543</u>	<u>\$568,096</u>	<u>\$450,326</u>	<u>\$524,442</u>	<u>\$5,768,347</u>
Accumulated depreciation and impairment:							
2022.1.1	\$7,095	\$1,099,634	\$267,361	\$451,269	\$368,625	\$-	\$2,193,984
Depreciation	-	47,187	23,974	60,293	63,442	-	194,896
Impairment	9,049	1,190	-	-	-	-	10,239
Disposals	(9,049)	(90,537)	(54,371)	(20,780)	(45,756)	-	(220,493)
2022.12.31	<u>\$7,095</u>	<u>\$1,057,474</u>	<u>\$236,964</u>	<u>\$490,782</u>	<u>\$386,311</u>	<u>\$-</u>	<u>\$2,178,626</u>
2021.1.1	\$18,073	\$1,250,106	\$301,310	\$515,487	\$367,000	\$-	\$2,451,976
Depreciation	-	55,020	7,490	36,460	75,200	-	174,170
Disposals	(10,978)	(205,492)	(41,439)	(100,678)	(73,575)	-	(432,162)
2021.12.31	<u>\$7,095</u>	<u>\$1,099,634</u>	<u>\$267,361</u>	<u>\$451,269</u>	<u>\$368,625</u>	<u>\$-</u>	<u>\$2,193,984</u>
Net carrying amount as of:							
2022.12.31	<u>\$1,864,778</u>	<u>\$751,716</u>	<u>\$137,651</u>	<u>\$435,215</u>	<u>\$155,271</u>	<u>\$7,042</u>	<u>\$3,351,673</u>
2021.12.31	<u>\$2,011,488</u>	<u>\$822,723</u>	<u>\$17,182</u>	<u>\$116,827</u>	<u>\$81,701</u>	<u>\$524,442</u>	<u>\$3,574,363</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(12) Intangible assets-net

	Work in Process	Goodwill	Capitalized Software	Total
Cost:				
2022.1.1	\$48,882	\$3,156,048	\$58,556	\$3,263,486
Additions	63,365	-	-	63,365
2022.12.31	<u>\$112,247</u>	<u>\$3,156,048</u>	<u>\$58,556</u>	<u>\$3,326,851</u>
2021.1.1	\$73,394	\$3,156,048	\$83,109	\$3,312,551
Disposals	(24,512)	-	(24,553)	(49,065)
2021.12.31	<u>\$48,882</u>	<u>\$3,156,048</u>	<u>\$58,556</u>	<u>\$3,263,486</u>
Amortization and Impairment:				
2022.1.1	\$-	\$-	\$58,556	\$58,556
Additions	-	-	-	-
2022.12.31	<u>\$-</u>	<u>\$-</u>	<u>\$58,556</u>	<u>\$58,556</u>
2021.1.1	\$-	\$-	\$70,097	\$70,097
Additions	-	-	13,012	13,012
Disposals	-	-	(24,553)	(24,553)
2021.12.31	<u>\$-</u>	<u>\$-</u>	<u>\$58,556</u>	<u>\$58,556</u>
2022.12.31	<u>\$112,247</u>	<u>\$3,156,048</u>	<u>\$-</u>	<u>\$3,268,295</u>
2021.12.31	<u>\$48,882</u>	<u>\$3,156,048</u>	<u>\$-</u>	<u>\$3,204,930</u>

(13) Other assets-net

	December 31, 2022	December 31, 2021
Refundable deposits	\$321,054	\$376,885
Refundable deposits-derivative financial instruments	5,001,298	2,036,156
Prepaid fee	130,450	149,767
Other	40,660	8,218
Total	<u>\$5,493,462</u>	<u>\$2,571,026</u>

As of December 31, 2022 and 2021, allowance for impairments of the above other assets were \$2 thousand and \$3 thousand, respectively, recorded under refundable deposits.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	2022							Total
	12-month 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"	
Beginning balance	\$3	\$-	\$-	\$-	\$-	\$3	\$-	\$3
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(3)	-	-	-	-	(3)	-	(3)
New financial assets originated or purchased	2	-	-	-	-	2	-	2
Ending balance	\$2	\$-	\$-	\$-	\$-	\$2	\$-	\$2

	2021							Total
	12-month 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"	
Beginning balance	\$17	\$-	\$-	\$-	\$-	\$17	\$-	\$17
Changes due to financial instrument recognition:								
Financial assets derecognized during the period	(17)	-	-	-	-	(17)	-	(17)
New financial assets originated or purchased	3	-	-	-	-	3	-	3
Ending balance	\$3	\$-	\$-	\$-	\$-	\$3	\$-	\$3

(14) Deposits from the Central Bank and banks

	December 31, 2022	December 31, 2021
Deposits from banks	\$67,796	\$83,078
Deposits from banks-affiliates	53,401	48,956
Overdrafts on banks	110,666	28,779
Overdrafts on banks-affiliates	1,406,385	745,690
Call loans from banks	-	2,000,000
Call loans from banks-affiliates	-	5,824,310
Total	\$1,638,248	\$8,730,813

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(15) Funds borrowed from the Central Bank and banks

	December 31, 2022	December 31, 2021
Funds borrowed from the Central Bank	\$-	\$970,260

(16) Payables

	December 31, 2022	December 31, 2021
Accounts payable	\$50,550	\$104,293
Accrued interest	532,858	191,067
Accrued expenses	1,640,685	2,004,492
Collection payable	27,096	38,882
Unsettled bonds payable	1,967,260	298,923
Acceptances payable	94,890	209,131
Temporary receipts in advance	8,770	25,158
Other	755,340	766,275
Total	\$5,077,449	\$3,638,221

(17) Deposits and remittances

	December 31, 2022	December 31, 2021
Checking account deposits	\$1,927,193	\$2,054,153
Demand deposits:		
Demand deposits	243,003,631	298,080,007
Saving account deposits	163,462,679	161,086,618
Subtotal of demand deposits	406,466,310	459,166,625
Time deposits:		
Time deposits	153,972,185	92,685,188
Time savings deposits	25,020,601	25,844,380
Subtotal of time deposits	178,992,786	118,529,568
Remittances	120,356	93,211
Total	\$587,506,645	\$579,843,557

As of December 31, 2022, and 2021, the Company's foreign currency time deposits with fixed rate mentioned above have adopted cross currency swap of cash flow hedge in order to reduce the impact of cash flows that were affected by interest rate and foreign exchange rate fluctuation. Please refer to note 6(6) for further information.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(18) Financial debentures

As of December 31, 2022 and 2021, details of financial debentures issued by the Company were as follows:

Bond	Conditions for issuance	December 31, 2022	December 31, 2021
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, 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, based on the average one year regular floating rate of the nine largest banks plus 1.493%	100	100
103-2	10-year term, USD based, interest accrued and paid semiannually, annual rate is 4.50%; maturity date: December 18, 2024	6,146,643	5,537,407
Total		<u>\$6,148,843</u>	<u>\$5,539,607</u>

(19) Other financial liabilities

	December 31, 2022	December 31, 2021
Structured deposits	<u>\$231,995</u>	<u>\$97,244</u>

(20) Provisions

	December 31, 2022	December 31, 2021
Provision for employee benefits	\$645,198	\$1,207,010
Provision for decommissioning, restoration and rehabilitation costs	158,580	163,847
Provision for guarantee liabilities	76,227	74,657
Provision for loan commitments	27,404	25,918
Other miscellaneous provisions	36	14
Other	8,596	7,619
Total	<u>\$916,041</u>	<u>\$1,479,065</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

The changes in the book values of guarantee liabilities, loan commitments and other miscellaneous provisions were as follows:

	2022							Total
	12-month 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"	
Beginning balance	\$26,991	\$845	\$-	\$-	\$-	\$27,836	\$72,753	\$100,589
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(3,817)	3,817	-	-	-	-	-	-
Transferred to 12-month expected credit losses	34	(34)	-	-	-	-	-	-
Financial assets derecognized during the period	(11,982)	(4,160)	-	-	-	(16,142)	-	(16,142)
New financial assets originated or purchased	12,904	710	-	-	-	13,614	-	13,614
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	1,014	1,014
Foreign currency exchange and other changes	3,706	886	-	-	-	4,592	-	4,592
Ending balance	\$27,836	\$2,064	\$-	\$-	\$-	\$29,900	\$73,767	\$103,667

	2021							Total
	12-month 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"	
Beginning balance	\$54,687	\$32,932	\$-	\$-	\$-	\$87,619	\$41,224	\$128,843
Changes due to financial instrument recognition:								
Transferred to lifetime expected credit losses	(1)	1	-	-	-	-	-	-
Transferred to 12-month expected credit losses	31,976	(31,976)	-	-	-	-	-	-
Financial assets derecognized during the period	(73,718)	(320)	-	-	-	(74,038)	-	(74,038)
New financial assets originated or purchased	12,946	74	-	-	-	13,020	-	13,020
Differences in impairment provisions according to "Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans"	-	-	-	-	-	-	31,529	31,529
Foreign currency exchange and other changes	1,101	134	-	-	-	1,235	-	1,235
Ending balance	\$26,991	\$845	\$-	\$-	\$-	\$27,836	\$72,753	\$100,589

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(21) Other liabilities

	December 31, 2022	December 31, 2021
Advance received from customers	\$1,139,102	\$1,193,770
Guarantee deposits received-derivatives financial instruments	4,476,656	2,438,686
Taxes payable	499,157	404,741
Deferred income	325,618	404,512
Guarantee deposits received	2,455	3,315
Other	619,737	559,708
Total	<u>\$7,062,725</u>	<u>\$5,004,732</u>

(22) Employee benefits

(a) Defined contribution plans

The Company's defined contribution plans follow the Labor Pension Act of the R.O.C. and make 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 these plans, the Company has no legal or constructive obligation to make other payments after the making the fixed amounts of contributions to the Bureau of Labor Insurance.

For the years ended December 31, 2022 and 2021, the pension expenses under defined contribution plans of the Company amounted to \$156,503 thousand and \$163,493 thousand, respectively, recorded under operating expenses-employee benefits expenses.

(b) Provision for employee benefits

i. Defined benefit plans

	December 31, 2022	December 31, 2021
Defined benefit plans	<u>\$645,198</u>	<u>\$1,207,010</u>

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

	December 31, 2022	December 31, 2021
Present value of defined benefits obligation	\$1,942,416	\$2,493,711
Less: fair value of defined benefits plan assets	1,297,218	1,286,701
Liability recognized in balance sheets	<u>\$645,198</u>	<u>\$1,207,010</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

The Company adopted the defined benefit plans, which contribute 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.

ii. Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenue, 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 \$1,297,218 thousand as of December 31, 2022. 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.

iii. Changes in present value of defined benefit obligation

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

	2022	2021
DBO at beginning of period	\$2,493,711	\$2,489,075
Current service cost and interest cost	42,850	41,541
Remeasurements of the net defined benefit liabilities		
Actuarial (gain) loss-experience changes	(146,800)	54,649
Actuarial loss-demographic assumptions	-	35,269
Actuarial (gain) loss-financial assumption changes	(126,102)	79,982
Benefits paid from plan assets	(141,316)	(128,004)
Benefits paid directly by the Bank	(179,927)	(78,801)
DBO at end of period	<u>\$1,942,416</u>	<u>\$2,493,711</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

iv. Changes in fair value of plan assets

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

	2022	2021
Fair value of plan assets at beginning of period	\$1,286,701	\$1,273,210
Interest income	5,066	3,794
Remeasurement of the net defined benefit assets		
Actuarial gain-return on plan assets (exclude interest)	101,894	18,200
Employer contributions	44,873	119,501
Benefit paid from plan assets	(141,316)	(128,004)
Fair value of plan assets at end of period	<u>\$1,297,218</u>	<u>\$1,286,701</u>

v. Changes in asset ceiling

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

vi. Cost recognized as profit or loss

The cost recognized as profit or loss were as follows:

	2022	2021
Current service cost	\$33,203	\$34,333
Net interest on the net defined benefit liabilities	4,581	3,414
	<u>\$37,784</u>	<u>\$37,747</u>

vii. Remeasurements of defined benefit plans recognized in other comprehensive income

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

	2022	2021
Cumulated surplus at beginning of period	\$380,247	\$228,547
(Reversal) recognized in current period	(374,796)	151,700
Cumulated surplus at end of period	<u>\$5,451</u>	<u>\$380,247</u>

viii. Primary actuarial assumptions

	2022	2021
Defined benefit plans discount rate	1.20%	0.40%
Incremental rate of future compensation levels	3.50%	3.50%

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

The Company expected to contribute to its defined benefit plans \$45,780 thousand within one year as of December 31, 2022.

Weighted average duration of the defined benefit obligation is 7.7 years.

ix. The sensitivity analysis

When calculating the present value of defined benefits obligation, the Company must make judgements 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 Company.

As of December 31, 2022 and 2021, the effects of changes in actuarial assumptions on the present value of defined benefit obligation were as follows:

	Effect on DBO	
	0.5% Increase	0.5% Decrease
December 31, 2022		
Discount rate	\$(72,897)	\$77,379
Incremental rate of future compensation levels	76,916	(73,160)
December 31, 2021		
Discount rate	\$(100,281)	\$106,918
Incremental rate of future compensation levels	105,151	(99,636)

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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(23) Income tax

The major components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

Income tax expenses recognized in profit or loss

	For the years ended December 31	
	2022	2021
Current income tax expenses		
Current income tax charges	\$428,085	\$249,548
Adjustments in respect of current income tax of prior periods	(437)	2,613
Deferred income tax expenses		
Deferred tax expenses relating to origination and reversal of temporary differences	17,642	104,941
Income tax expenses	<u>\$445,290</u>	<u>\$357,102</u>

Income tax related to components of other comprehensive income

	For the years ended December 31	
	2022	2021
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	\$74,959	\$(30,340)
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	(5,947)	(28,767)
Hedging instruments	(51,654)	(6,869)
Total	<u>\$17,358</u>	<u>\$(65,976)</u>

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

	For the years ended December 31	
	2022	2021
Accounting profit before tax from continuing operations	<u>\$2,860,049</u>	<u>\$2,774,922</u>
Income tax from profit before tax at statutory rate	\$572,010	\$554,984
Permanent differences	(141,245)	(321,104)
Prior-year income tax adjustments	(437)	2,613
Basic income tax	-	113,594
Other adjustments per tax regulation	14,962	7,015
Income tax expenses	<u>\$445,290</u>	<u>\$357,102</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	For the years ended December 31	
	2022	2021
Bad debt expenses and provisions for guarantee liabilities	\$(45,073)	\$47,394
Depreciation expenses	(125)	6,266
Impairment losses on assets	(238)	19,254
Expenses from share-based payments	3,179	(3,098)
Employee benefits	37,404	32,108
Provisions	3,042	3,918
Deferred income	17,327	(7,802)
Unrealized interest income on financial assets	2,126	6,901
Total	<u>\$17,642</u>	<u>\$104,941</u>

The Company's temporary differences of deferred tax components, based on the income tax rate for December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets		
Bad debt expenses and provisions for guarantee liabilities	\$459,981	\$414,908
Depreciation expenses	35,937	35,812
Impairment losses on assets	395	157
Expenses from share-based payments	4,196	7,375
Employee benefits	129,040	241,402
Provisions	7,184	10,226
Deferred income	55,410	72,737
Unrealized losses on financial assets measured at fair value through other comprehensive income	25,027	17,856
Losses on hedging instruments	52,265	611
Total	<u>\$769,435</u>	<u>\$801,084</u>
Deferred tax liabilities		
Unrealized interest income on financial assets	\$133,615	\$131,489
Amortization of goodwill	618,585	618,585
Land value increment tax	66,941	66,941
Unrealized gains on financial assets measured at fair value through other comprehensive income	1,830	251
Total	<u>\$820,971</u>	<u>\$817,266</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

The movements of deferred tax items were as follows:

	For the years ended December 31	
	2022	2021
Beginning balance	\$(16,182)	\$18,187
Land value increment tax	-	4,630
Recognized in current period profit and loss	(17,642)	(104,941)
Recognized in other comprehensive income	(17,712)	65,942
Ending balance	<u>\$(51,536)</u>	<u>\$(16,182)</u>

The income tax returns of the prior years have been assessed up to the year 2019.

(24) Stockholders' equity

(a) Capital

As of December 31, 2022, the Company's authorized capital was \$30,000,000 thousand, representing 3,000,000 thousand shares with par value of NT\$10 per share; paid-in capital was \$29,105,720 thousand and 2,910,572 thousand of shares were issued.

(b) Capital surplus

The R.O.C. Company Act as amended in January 2012 requires capital surplus to be used to offset an accumulated deficit before capitalization to shareholders' equity as realized capital surplus or distribution of cash dividends. The aforementioned realized capital surplus includes the proceeds received in excess of the par value of common stock issued and any amounts donated to the Company. In accordance with "Regulations Governing the Offering and Issuance of Securities", the amount of capital surplus capitalized each year may not exceed 10% of the Company's issued share capital.

(c) Legal reserve

Whenever the Company generates a profit in accordance with "The Banking Act of The Republic of China". The Company, at the time of distributing its earnings for each fiscal year, shall set aside 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 15% of the Company's paid in capital. In addition to the legal reserve, a special reserve can be appropriated after being approved during the stockholders' meeting.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(d) Special reserve

In terms of the Financial Supervisory Commission, Executive Yuan, Jin-Guan-Zheng-(Fa)-Zi No. 1010012865 dated April 6, 2012, the first time a public company adopts International Financial Reporting Standards (“IFRS”), it must set aside special reserves equal in amounts to those portions of unrealized revaluation gains and cumulative translation adjustments (both of which are sub accounts under booked shareholder equity) that is shifted to retained earnings as a result of the claiming of an IFRS 1 exemption. However, if the increment of retained earnings resulted from first time adoption of IFRS is not sufficient at the date of transition; the Company could recognize that incremental amount only. When the Company 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 Company can shift that incremental amount \$239,413 thousand to special reserves.

For the years ended December 31, 2022 and 2021, due to a disposal of assets mentioned above by the Company, the proportional amount of the special reserve resulted from the first time adoption of IFRS was reversed and increased unappropriated retained earnings amounted to \$0 thousand and \$9,225 thousand, respectively.

In accordance with Jin-Guan-Yin-(Fa)-Zi 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 from 2016 to 2018 in response to the development of financial technology in order to protect the rights and interests of bank practitioners. Since 2017, public banks can reserve the expenditure for employee transfer or placement from the development of financial technology. Under Jin-Guan-Yin-(Fa)-Zi No. 10802714560 issued by the Financial Supervisory Commission dated May 15, 2019, it is no longer necessary to use special reserve as a way in response to the development of financial technology and the protection of the rights of employee in domestic banks from the fiscal year of 2019. The public banks can reserve the expenditure for employee transfer or placement and for employee training in financial technology development or banking business development. The board of directors, representing the shareholders, approved the reversal of special reserves amounting to \$25,428 thousand at 2016-2018 appropriation on June 16, 2021.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(e) Other equity interest

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

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2022	<u>\$(187,016)</u>	<u>\$(2,445)</u>	<u>\$(189,461)</u>
Gains on hedging instruments	-	(206,617)	(206,617)
Financial assets at fair value through other comprehensive income			
Valuation adjustments	(295,153)	-	(295,153)
December 31, 2022	<u><u>\$(482,169)</u></u>	<u><u>\$(209,062)</u></u>	<u><u>\$(691,231)</u></u>

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
January 1, 2021	<u>\$293,405</u>	<u>\$25,034</u>	<u>\$318,439</u>
Gains on hedging instruments	-	(27,479)	(27,479)
Financial assets at fair value through other comprehensive income			
Valuation adjustments	(480,421)	-	(480,421)
December 31, 2021	<u><u>\$(187,016)</u></u>	<u><u>\$(2,445)</u></u>	<u><u>\$(189,461)</u></u>

(f) 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 Company 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 profit, if any, shall be distributed to shareholders as dividend and bonus in accordance with the shareholders' resolution.

On June 15, 2022 and June 16, 2021, the Board of Directors, representing shareholders, approved the distribution of retained earnings and distributed cash dividends for 2021 and 2020 were as follows:

	2021	2020
Legal reserve appropriated	<u>\$688,938</u>	<u>\$686,891</u>
Cash dividends of ordinary shares	<u>1,616,747</u>	<u>1,634,582</u>
Total	<u><u>\$2,305,685</u></u>	<u><u>\$2,321,473</u></u>

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(25) 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, 2022 and 2021, the share-based payment schemes adopted by the Company were as follows:

(a) All Employee Sharesave Plans (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% 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:

	For the years ended December 31	
	2022 Units	2021 Units
Beginning balance	337,922	329,073
Add: granted	52,636	87,015
Less: exercised	55,893	-
lapsed	71,807	78,166
Ending balance	262,858	337,922

For the years ended December 31, 2022 and 2021, the costs of the AESP charged to profit or loss were \$2,043 thousand and \$3,182 thousand, respectively, recorded under operating expenses-employee benefits expenses.

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

	2022	2021
	November 28	September 30
Grant date		
Share price at grant date	£ 5.80	£ 4.37
Exercise price	£ 4.23	£ 3.67
Vested period (years)	3	3
Expected volatility (%)	39.30	35.10
Expected option life (years)	3.33	3.33
Risk-free rate (%)	3.21	0.42
Expected dividend yield (%)	3.40	3.40
Fair value	£ 2.08	£ 1.11

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

(b) Restricted Share Awards (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 Company 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 Company, RSA is not subject to an annual limit and does not have any performance measures.

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 Company to meet regulatory requirements relating to deferral levels, and is in line with market practices.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

The option movements of the RSA were as follows:

	For the years ended December 31	
	2022 Units	2021 Units
Beginning balance	158,169	146,421
Add: granted	91,301	38,709
dividend	784	888
Less: exercised	65,831	24,249
lapsed	5,317	3,600
Ending balance	179,106	158,169

For the years ended December 31, 2022 and 2021, the costs of the RSA charged to profit or loss were \$10,926 thousand and \$11,080 thousand, respectively, recorded under operating expenses-employee benefits expenses.

Grant date	2022					
	November 28		November 9		June 20	
Share price at grant date	£ 5.90		£ 5.62		£ 6.04	
Vesting period	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
4 months	-	-	3.4	5.56	-	-
1 year	3.4	5.71	3.4	5.44	3.4	5.84
1.4 years	-	-	3.4	5.38	3.4	-
2 years	3.4	5.52	3.4	5.26	3.4	5.65
2.4 years	-	-	3.4	5.20	3.4	-
3 years	3.4	5.34	3.4	5.08	3.4	5.46
4 years	3.4	5.16	3.4	4.92	3.4	5.28
5 years	3.4	4.99	-	-	3.4	5.11
6 years	-	-	-	-	-	-

Grant date	2022	
	March 14	
Share price at grant date	£ 4.88	
Vesting period	Expected dividend yield (%)	Fair value (£)
4 months	-	-
1 year	3.4	4.72
1.4 years	3.4	-
2 years	3.4	4.56
2.4 years	3.4	-
3 years	3.4	4.41
4 years	3.4	4.27
5 years	3.4	4.13
6 years	3.4	3.99

Grant date	2021					
	September 30		June 21		March 15	
Share price at grant date	£ 4.37		£ 4.69		£ 4.90	
Vesting period	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)	Expected dividend yield (%)	Fair value (£)
1	3.4	4.23	3.4	4.53	3.4	4.74
2	3.4	4.09	3.4	4.38	3.4	4.58
3	3.4	3.95	3.4	4.24	3.4	4.43
4	3.4	3.82	3.4	4.10	3.4	4.29
5	3.4	3.70	-	-	-	-

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(c) Performance Share Awards (Original: Performance Share Plan “PSP”)

The Company’s previous plan for delivering performance shares is now closed to new grants; however, under the plan, outstanding vested awards still exist. Under the PSA, half the awards were dependent upon total shareholder return (“TSR”) performance and the others were subject to a target of defined Earnings Per Share (“EPS”) growth. Both measures used the same 3-year period and were assessed independently.

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

	For the years ended December 31	
	2022 Units	2021 Units
Beginning balance	194	836
Less: exercised	194	642
Ending balance	-	194

For the years ended December 31, 2022 and 2021, the costs of the PSA (PSP) charged to profit or loss were \$0 thousand and \$25 thousand, respectively, recorded under operating expenses-employee benefits expenses.

(d) 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 3-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:

	For the years ended December 31	
	2022 Units	2021 Units
Beginning balance	-	34,347
Less: lapsed	-	34,347
Ending balance	-	-

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

For the years ended December 31, 2022 and 2021, no related cost of stock warrants was recorded.

	2022	2021
	March 14	March 15
Grant date		
Share price at grant date	£4.88	£4.90
Vesting period (years)	3/4/5/6/7	3/4/5/6/7
Expected dividend yield (%)	3.40	3.40
Fair value (RoE)	£1.24/1.20	£1.25/1.20
Fair value (TSR)	£0.70/0.68	£0.72/0.71
/Fair value (Strategic)	£1.65/1.60	£1.66/1.60

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.

(e) 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, 2022 and 2021, the costs of the UFSA charged to profit or loss were \$233 thousand and \$10,370 thousand, respectively, recorded under operating expenses-employee benefits expenses.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(26) Earnings per share

	For the years ended December 31	
	2022	2021
Net income attributable to common stockholders (after tax)	\$2,414,759	\$2,417,820
Common stock (in thousands)	2,910,572	2,910,572
Basic EPS (in dollars)	\$0.83	\$0.83

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

(27) Net interest income

	For the years ended December 31	
	2022	2021
Interest income		
Interest income, discounts and loans	\$6,841,511	\$5,437,760
Interest income, accounts receivable factoring	293,656	119,765
Interest income, due from banks	1,593,839	363,242
Interest income, investment securities	838,346	578,670
Interest income, credit card recurrence	119,873	138,420
Interest income, other	594,554	126,147
Subtotal	10,281,779	6,764,004
Interest expenses		
Interest expenses, deposits	\$4,135,214	1,317,062
Interest expenses, due to banks	137,700	27,533
Interest expenses, financial debentures	254,087	261,100
Lease liabilities	47,729	47,273
Interest expenses, other	160,511	353
Subtotal	4,735,241	1,653,321
Total	\$5,546,538	\$5,110,683

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(28) Net service fee income

	For the years ended December 31	
	2022	2021
Service fees		
Service fees, loans	\$176,542	\$167,325
Service fees, insurance commissions	1,697,780	1,957,282
Service fees, credit cards	409,531	535,036
Service fees, trusts	1,757,354	2,794,204
Service fees, underwriting	28,857	114,068
Service fees, other	477,732	466,234
Subtotal	4,547,796	6,034,149
Service charges		
Service charges, interbank	167,650	160,677
Service charges, agency	195,989	185,905
Service charges, custodians	140,422	159,812
Service charges, credit cards	143,895	414,641
Service charges, other	250,528	229,367
Subtotal	898,484	1,150,402
Total	\$3,649,312	\$4,883,747

(29) Gains on financial assets or liabilities at fair value through profit or loss

	For the years ended December 31	
	2022	2021
Gains (losses) on disposal		
Interest-rate instruments	\$152	\$(9,786)
Derivative financial instruments	2,791,802	315,388
Subtotal	2,791,954	305,602
Gains (losses) on valuation		
Interest-rate instruments	13,530	(1,375)
Derivative financial instruments	(1,646,089)	1,109,327
Subtotal	(1,632,559)	1,107,952
Interest income	33,405	9,377
Total	\$1,192,800	\$1,422,931

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(30) Realized (losses) gains on financial assets at fair value through other comprehensive income

	For the years ended December 31	
	2022	2021
Dividend income-equity instruments	\$19,938	\$18,556
(Losses) profits on sale-debt instruments	(84,779)	26,896
Total	<u>\$(64,841)</u>	<u>\$45,452</u>

(31) Net other non-interest income (losses)

	For the years ended December 31	
	2022	2021
Administrative support service income	\$4,820	\$4,433
Net gains on disposal of assets	114,361	162,592
Rental income	4,484	7,456
Net gains on fair value hedge	136,579	9,360
Other	(30,104)	(10,608)
Total	<u>\$230,140</u>	<u>\$173,233</u>

(32) Impairment losses on assets

	For the years ended December 31	
	2022	2021
Impairment losses-property and equipment	\$10,239	\$-
(Gains on reversal) impairment losses-debt instruments	(563)	614
(Gains on reversal) impairment losses-other	(33)	1
Total	<u>\$9,643</u>	<u>\$615</u>

(33) Bad debt expenses, commitment and guarantee liability provisions (gains on reversal)

	For the years ended December 31	
	2022	2021
Bad debt expense	\$507,172	\$24,746
Provisions of guarantee liabilities	1,508	32,988
Provisions (reversal) of loan commitments	1,547	(60,456)
Other provisions (reversal)	18	(33)
Total	<u>\$510,245</u>	<u>\$(2,755)</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(34) Leases

(a) The Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment, and other equipment. The lease terms range from 1 to 19 years.

The Company's leases effect on the financial position, financial performance and cash flows were as follows:

i. Amounts recognized in the balance sheets

A. Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Buildings	\$2,507,057	\$2,803,302
Transportation equipment	3,612	298
Other equipment	19,371	83,320
Total	<u>\$2,530,040</u>	<u>\$2,886,920</u>

For the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets were \$132,192 thousand and \$1,746,705 thousand, respectively.

B. Lease liabilities

	December 31, 2022	December 31, 2021
Lease liabilities	<u>\$2,628,067</u>	<u>\$2,969,842</u>

Please refer to note 6(27) for the interest expenses on lease liabilities recognized for the years ended December 31, 2022 and 2021 and refer to note 6(38) Disclosure of financial instruments for the maturity analysis of lease liabilities.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

ii. Amounts recognized in the statement of comprehensive income

Depreciation charges for right-of-use assets

	For the years ended December 31	
	2022	2021
Buildings	\$359,544	\$476,089
Transportation equipment	1,726	1,889
Other equipment	63,949	64,429
Total	<u>\$425,219</u>	<u>\$542,407</u>

iii. Income and costs relating to leasing activities

	For the years ended December 31	
	2022	2021
The expenses relating to short-term leases	\$503	\$1,760
The expenses relating to leases of low-value assets (Excluding the expenses relating to short-term leases of low-value assets)	350	1,409
Income from subleasing right-of-use assets	2,506	4,799

iv. Cash outflows relating to leasing activities

For the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases were \$456,701 thousand and \$511,893 thousand, respectively.

(35) Employee benefits expenses

	For the years ended December 31	
	2022	2021
Salary expenses	\$4,309,415	\$4,437,305
Employee insurance	314,561	319,283
Pension		
Defined contribution plans	156,503	163,493
Defined benefit plans	37,784	37,747
Other	171,753	125,680
Total	<u>\$4,990,016</u>	<u>\$5,083,508</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

The accrued employee's remuneration of the Company for the years ended December 31, 2022 and 2021 were \$286 thousand and \$277 thousand, respectively, recorded under operating expenses-employee benefits expenses. There was no difference between actual and estimated distributed bonuses for the years ended December 31, 2022 and 2021. Relevant information can be accessed through Market Observation Post System.

Material difference between estimated amounts and the amounts resolved by the Board of Directors on or before the annual financial statements are authorized for issue are adjusted in the year the compensation was recognized. If there is a change in the resolved amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimates and recognized in the following year.

For the years ended December 31, 2022 and 2021, the average number of the Company's employees were 2,708 and 2,898, of which the number of directors who had not served concurrently as employees were all 6.

(36) Depreciation and amortization expenses

	For the years ended December 31	
	2022	2021
Depreciation expenses		
Buildings	\$47,187	\$55,020
Office equipment	23,974	7,490
Leasehold improvements	60,293	36,460
Other equipment	63,442	75,200
Right-of-use assets	425,219	542,407
Subtotal	620,115	716,577
Amortization expenses	-	13,012
Total	<u>\$620,115</u>	<u>\$729,589</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(37) Other general and administrative expenses

	For the years ended December 31	
	2022	2021
Rental expenses	\$2,413	\$4,358
Office supplies	64,070	62,434
Postage	159,606	157,693
Repairs and maintenance	117,459	164,077
Advertising expenses	138,749	138,555
Utilities fees	54,015	61,258
Taxes	665,409	585,799
Professional service fees	86,910	93,804
Operational and advisory service fees	947,442	884,507
Consulting and technical support service fees	704,695	604,158
Wholesale banking business service fees	87,486	81,675
Building management fees	102,715	110,434
Computer management fees	278,094	247,471
Director's remuneration	6,414	6,460
Other	390,072	522,130
Total	<u>\$3,805,549</u>	<u>\$3,724,813</u>

(38) Disclosure of financial instruments

(a) Financial instruments measured at fair value

i. 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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.

- ii. The Company 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 Company 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 Company's PD to the Company'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.

- iii. 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:

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

- a. 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.
 - b. Quoted prices for identical or similar assets or liabilities in markets those are not active.
 - c. 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).
 - d. 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

iv. Fair value hierarchy information of financial instruments measured at fair value

Financial instruments at fair value	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	\$-	\$6,161,743	\$-	\$6,161,743
Financial assets at fair value through other comprehensive income				
Debt instruments	18,393,421	125,869,502	-	144,262,923
Equity instruments	-	-	1,147,642	1,147,642
Other financial assets-net				
Restricted assets-debt instruments	-	12,154,175	-	12,154,175
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	16,716	44,886,674	-	44,903,390
Financial assets for hedging	-	224,517	-	224,517
Liabilities:				
Financial liabilities at fair value through profit or loss	23,495	44,706,363	-	44,729,858
Financial liabilities for hedging	-	104,688	-	104,688
Financial instruments at fair value	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	\$-	\$7,910,459	\$-	\$7,910,459
Financial assets at fair value through other comprehensive income				
Debt instruments	17,681,498	148,449,636	-	166,131,134
Equity instruments	-	-	747,969	747,969
Other financial assets-net				
Restricted assets-debt instruments	-	12,158,369	-	12,158,369
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	20,912	9,731,730	-	9,752,642
Financial assets for hedging	-	18,653	-	18,653
Liabilities:				
Financial liabilities at fair value through profit or loss	20,758	9,785,005	-	9,805,763
Financial liabilities for hedging	-	181,482	-	181,482

- v. For the years ended December 31, 2022 and 2021, the Company did not have any transfer of financial assets measured at fair value between Level 1 and Level 2.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

- vi. The table shows the changes for financial assets measured at fair value classified as Level 3:

Name	2022						
	Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred out from level 3	Disposal or discharge	Ending balance
Financial assets at fair value through other comprehensive income-equity instruments	\$747,969	\$-	\$(37,827)	\$437,500	\$-	\$-	\$1,147,642

Name	2021						
	Beginning balance	Profit	Other comprehensive income	Purchased or issued	Transferred out from level 3	Disposal or discharge	Ending balance
Financial assets at fair value through other comprehensive income-equity instruments	\$782,017	\$-	\$(25,968)	\$-	\$-	\$(8,080)	\$747,969

- vii. For Level 3 of fair value, the sensitivity analysis of value based on reasonable possible substitution assumption.

The Company's measurement of financial instruments at fair value was reasonable. Only when using different valuation models would the results of the valuations be different.

Level 3 financial instruments the Company invested are 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 Company applied. The impact to other comprehensive income under this assumption is describe as follows:

Financial instruments at fair value	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, 2022				
Financial assets at fair value through other comprehensive income equity instruments	\$-	\$-	\$86,400	\$(74,312)

Financial instruments at fair value	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, 2021				
Financial assets at fair value through other comprehensive income equity instruments	\$-	\$-	\$69,966	\$(53,539)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

December 31, 2022					
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	\$42,980	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value.
	823,063	Market approach	Unlisted marketability discount	6.41% ~ 16.41%	The higher the unlisted marketability discount rate, the lower the fair value.
	239,249	Income approach	Discount rate/ Sustainable growth rate	Discount rate: 9.17%~14.89% Sustainable growth rate: -0.20%~1.69%	The higher the discount rate, the lower the fair value. The higher the sustainable growth rate, the higher the fair value.
	42,350	Asset approach	Unlisted marketability discount	15.62%~25.62%	The higher the unlisted marketability discount rate, the lower the fair value.
December 31, 2021					
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	\$43,761	Net asset value approach	Net asset value	-0.10%~0.10%	The higher the net asset value, the higher the fair value.
	421,000	Market approach	Unlisted marketability discount	2.89%~12.89%	The higher the unlisted marketability discount rate, the lower the fair value.
	239,958	Income approach	Discount rate/ Sustainable growth rate	Discount rate: 8.32%~14.18% Sustainable growth rate: -0.20%~1.56%	The higher the discount rate, the lower the fair value. The higher the sustainable growth rate, the higher the fair value.
	43,250	Asset approach	Unlisted marketability discount	16.23%~26.23%	The higher the unlisted marketability discount rate, the lower the fair value.

ix. The valuation procedure to fair value attributed to Level 3

The level 3 of fair value from financial instruments of the Company was valued by the 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 Company checks the valuation model on a periodic basis. When necessary, the Company will calibrate and adjust accordingly to ensure the reasonableness of the valuation results, and that they are in line with the market condition.

(b) Financial instruments measured at amortized cost

i. 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

- B. Due from the Central Bank and call loans to banks, funds borrowed from the Central Bank and 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 values; 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 maturity.
- G. Financial debentures payable-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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

ii. Fair value of financial instruments measured at amortized cost

Financial assets	December 31, 2022	
	Book value	Fair value
Cash and cash equivalents	\$16,772,114	\$16,772,610
Due from the Central Bank and call loans to banks	115,567,226	115,593,098
Debt instrument investment measured at amortized cost	30,410,209	30,387,186
Securities and bonds purchased under resell agreements	13,860,254	13,827,862
Receivables-net	19,924,576	19,924,576
Discounts and loans-net	287,864,358	288,443,965

Financial assets	December 31, 2021	
	Book value	Fair value
Cash and cash equivalents	\$15,573,188	\$15,571,210
Due from the Central Bank and call loans to banks	119,913,709	119,914,149
Debt instrument investment measured at amortized cost	4,788,266	4,788,971
Securities and bonds purchased under resell agreements	3,791,525	3,806,442
Receivables-net	19,280,448	19,280,448
Discounts and loans-net	298,190,936	298,350,873

Financial liabilities	December 31, 2022	
	Book value	Fair value
Deposits from the Central Bank and banks	\$1,638,248	\$1,638,223
Payables	5,077,449	5,077,449
Related parties payable	4,291,102	4,291,102
Deposits and remittances	587,506,645	586,759,445
Financial debentures	6,148,843	6,148,843
Other financial liabilities	231,995	231,995

Financial liabilities	December 31, 2021	
	Book value	Fair value
Deposits from the Central Bank and banks	\$8,730,813	\$8,731,024
Funds borrowed from the Central Bank and banks	970,260	970,260
Payables	3,638,221	3,638,221
Related parties payable	5,522,085	5,522,085
Deposits and remittances	579,843,557	581,971,270
Financial debentures	5,539,607	5,539,607
Other financial liabilities	97,244	97,244

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

iii. Fair value hierarchy information of financial instruments measured at amortized cost:

Financial instruments measured at amortized cost	December 31, 2022				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	\$16,772,114	\$-	\$16,772,610	\$-	\$16,772,610
Due from the Central Bank and call loans to banks	115,567,226	-	115,593,098	-	115,593,098
Debt instrument investment measured at amortized cost	30,410,209	-	30,387,186	-	30,387,186
Securities and bonds purchased under resell agreements	13,860,254	-	13,827,862	-	13,827,862
Receivables-net	19,924,576	-	19,924,576	-	19,924,576
Discounts and loans-net	287,864,358	-	10,500,000	277,943,965	288,443,965
Liabilities:					
Deposits from the Central Bank and banks	1,638,248	-	1,638,223	-	1,638,223
Payables	5,077,449	-	5,077,449	-	5,077,449
Related parties payables	4,291,102	-	4,291,102	-	4,291,102
Deposits and remittances	587,506,645	-	586,759,445	-	586,759,445
Financial debentures	6,148,843	-	6,148,843	-	6,148,843
Other financial liabilities	231,995	-	231,995	-	231,995

	December 31, 2021				
Financial instruments measured at amortized cost	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	\$15,573,188	\$-	\$15,571,210	\$-	\$15,571,210
Due from the Central Bank and call loans to banks	119,913,709	-	119,914,149	-	119,914,149
Debt instrument investment measured at amortized cost	4,788,266	-	4,788,971	-	4,788,971
Securities and bonds purchased under resell agreements	3,791,525	-	3,806,442	-	3,806,442
Receivables-net	19,280,448	-	19,280,448	-	19,280,448
Discounts and loans-net	298,190,936	-	12,300,000	286,050,873	298,350,873
Liabilities:					
Deposits from the Central Bank and banks	8,730,813	-	8,731,024	-	8,731,024
Funds borrowed from the Central Bank and banks	970,260	-	970,260	-	970,260
Payables	3,638,221	-	3,638,221	-	3,638,221
Related parties payables	5,522,085	-	5,522,085	-	5,522,085
Deposits and remittances	579,843,557	-	581,971,270	-	581,971,270
Financial debentures	5,539,607	-	5,539,607	-	5,539,607
Other financial liabilities	97,244	-	97,244	-	97,244

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(c) Information on financial risk

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

The Company has formulated both the risk management policies 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.

i. Market risk

A. Strategy and procedure of market risk management

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

B. Market risk management organization and structure

The department, Market and Treasury Risk Taiwan, follows the regulatory requirements 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 the department and are in line with the guidance of Group Market Risk Committee.

Market risk limits are proposed by the business within the terms of the agreed policies. 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.

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

C. 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 Company are interest rate risk and currency exchange rate risk linked to trading products in financial markets, as the Company has not held any risk exposures relating to commodities price risk or equity price risk.

The Company measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a Value at Risk (“VaR”) methodology. VaR, in general, is a quantitative measure of market risk which applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

The table below lists the market risk (such as exchange rate or interest rate) of financial instruments of the Company. Market risk represents potential losses that the Company may suffer in one day when unfavorable changes occur on the Company’s position at a 97.5% confidence interval under a certain price probability distribution.

	For the years ended December 31					
	2022			2021		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Trading book VaR	\$15,701	\$28,890	\$7,110	\$9,872	\$24,754	\$3,616
Banking book VaR	49,037	65,205	30,295	41,280	104,177	25,786
Total VaR	53,060	69,274	31,750	41,438	105,954	26,603

Note: Starting from January 1, 2022, Banking book VaR has been measured by applying VaR from fair value position.

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 Company 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

Market risk policies, procedures and limits are annually reviewed by Market and Treasury Risk Taiwan with approval by the delegated 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.

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 was as follows:

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Long position			
USD	\$9,972,966	30.733	\$306,501,291
CNY	4,952,941	4.411	21,849,312
AUD	868,374	20.878	18,129,711
JPY	59,793,100	0.233	13,926,753
EUR	320,687	32.743	10,500,370
Short position			
USD	10,006,504	30.733	307,532,015
CNY	4,838,995	4.411	21,346,655
AUD	868,404	20.878	18,130,353
JPY	59,856,668	0.233	13,941,559
EUR	320,104	32.743	10,481,282

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

December 31, 2021			
	Foreign currency	Exchange rate	NTD
Long position			
USD	\$20,414,600	27.687	\$565,219,776
CNY	9,388,545	4.349	40,826,290
EUR	731,040	31.299	22,880,826
JPY	74,784,330	0.240	17,974,869
AUD	541,985	20.094	10,890,861
Short position			
USD	20,438,691	27.687	565,886,782
CNY	9,377,282	4.349	40,777,314
EUR	731,793	31.299	22,904,383
JPY	74,773,503	0.240	17,972,267
AUD	541,815	20.094	10,887,440

G. Interest rate sensitivity information

a. Interest rate sensitivity analysis (NTD)

December 31, 2022					
Item	Day 1 to 90 days	Day 91 to180 days	Day 181 to1 Year	Over 1 year	Total
Interest rate sensitive assets	\$368,567,587	\$24,638,868	\$67,630,141	\$34,050,229	\$494,886,825
Interest rate sensitive liabilities	307,527,398	8,485,949	13,274,094	2,964,582	332,252,023
Interest rate sensitive gap	61,040,189	16,152,919	54,356,047	31,085,647	162,634,802
Net worth					47,293,907
Ratio of interest rate sensitive assets to liabilities (%)					148.95
Ratio of interest rate sensitive gap to net worth (%)					343.88

December 31, 2021					
Item	Day 1 to 90 days	Day 91 to180 days	Day 181 to1 Year	Over 1 year	Total
Interest rate sensitive assets	\$357,809,118	\$18,949,707	\$44,077,225	\$75,141,042	\$495,977,092
Interest rate sensitive liabilities	307,003,357	21,692,872	33,209,864	2,019,471	363,925,564
Interest rate sensitive gap	50,805,761	(2,743,165)	10,867,361	73,121,571	132,051,528
Net worth					45,345,693
Ratio of interest rate sensitive assets to liabilities (%)					136.29
Ratio of interest rate sensitive gap to net worth (%)					291.21

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

b. Interest rate sensitivity analysis (USD)

December 31, 2022

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	\$4,269,330	\$68,890	\$800,509	\$49,290	\$5,188,019
Interest rate sensitive liabilities	7,773,101	624,247	1,026,038	215,853	9,639,239
Interest rate sensitive gap	(3,503,771)	(555,357)	(225,529)	(166,563)	(4,451,220)
Net worth					681
Ratio of interest rate sensitive assets to liabilities (%)					53.82
Ratio of interest rate sensitive gap to net worth (%)					(653,629.96)

December 31, 2021

Units: in thousands of US Dollars

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	\$3,926,413	\$488,503	\$1,613,734	\$60,140	\$6,088,790
Interest rate sensitive liabilities	8,001,634	493,026	727,382	203,801	9,425,843
Interest rate sensitive gap	(4,075,221)	(4,523)	886,352	(143,661)	(3,337,053)
Net worth					46,134
Ratio of interest rate sensitive assets to liabilities (%)					64.60
Ratio of interest rate sensitive gap to net worth (%)					(7,233.39)

H. The impact on interest rate benchmark reform

The Company has exposures to London Interbank Offered Rate (“LIBOR”) on financial instruments including non-derivative financial assets and derivative financial instruments. The Company monitors and manages the transition to alternative rates by the working group on exit arrangements. The working group evaluates the extent to which contracts reference LIBOR cash flows, whether such contracts will need to be amended resulting from LIBOR reform, and how to manage communication about IBOR reform with counterparties. The Company also monitors the progress of transition from LIBOR to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate. The Company considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to LIBOR reform.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

The following tables summarize the financial instruments that have been impacted by IBOR reform but not yet transitioned to alternative benchmark rates as of December 31, 2022:

Non-derivative financial instruments	Carrying amount	
	Financial asset	Financial liability
Discounts and loans-net	\$17,262,913	\$-
Derivative financial instruments	Notional amount	
Cross currency swap		\$67,222,033
Interest rate swap		1,430,376,451

ii. Operational risk

A. Strategy and procedure of operational risk management

The Company has set up and follows the Operational and Technology Risk Type Framework (“O&T RTF”) for operational risk management. The O&T RTF builds on Enterprise Risk Management Framework (“ERMF”) and covers the operational risk related to inadequate or failed internal processes, technology events, human errors, or from the impact of external events (including legal risks). According to the O&T RTF, operational risks should be managed through the Risk and Control Self-Assessment (“RCSA”) cycle, which includes the following stages: Process Universe, Risk Identification, Inherent Risk Assessment, Control Design and Assessment, Risk and Control Monitoring, Residual Risk Assessment and Response and Reporting. Responsibility for the management of operational risk rests with businesses and functions. The O&T RTF sets out the respective responsibilities of the Three 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 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 Company also receives strong support from SCB regional and group business and operational risk management functions based outside of Taiwan.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

According to O&T RTF, 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 Operational Risk sub-types, and to confirm the effectiveness of their policies to the Country Head of OR.

The operational risk subtypes include transaction processing, product management, client service resilience, technology risk, change management, people management, safety and security, corporate governance, enterprise risk governance, financial books and records, financial regulatory reporting, tax obligations, and legal enforceability.

The 1LoD defines monitors, i.e. Key Control Indicators (“KCI”) and Control Sample Tests (“CSTs”), and sets benchmark thresholds for Key Controls. Additionally, the Third Line of Defense (“3LoD”) 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 1LoD and the 2LoD. As a result, GIA provides assurance that the overall system of control effectiveness is working as required within the Risk Type Framework.

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

The Company conducts its risk identification and assessment (including loss incidents and self-assessment) in accordance with the O&T RTF. The identified risk shall be escalated to the authority defined in O&T RTF 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

iii. Compliance and legal risk

Compliance and legal risks arise from the possibility that an entity may not be able to comply with laws or regulations, and a contract or legal documentation may likely cause loss due to illegality, incompleteness or unfairness, which results in a regulations breach or disputes. The Conduct, Financial Crime and Compliance Department of the Company is responsible for taking charge of the planning, management, and execution of the regulatory compliance system. And as the designated department in charge of the planning, implementation and supervision of each department's executions for Treating Customers Fairly Principles, also including Money laundering, terrorist financing, and financial crime supervision, such as the planning and implementation of policies and procedures for identifying, assessing and monitoring money laundering and terrorist financing risks, and coordinating and supervising the implementation of the company-wide Anti-Money Laundering and Counter Terrorist Financing risk identification and assessment. The Legal Department of the Company 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 Company follows relevant regulatory compliance and legal matters.

iv. Credit risk management

A. Credit risk strategy, goal, policy and procedure

The management of risk lies at the heart of the Company'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 Company.

a. 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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

- 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 Company is taken are consistent with the approved strategy and within the Company's risk tolerances and risk appetite. The Company manages the risk profile to maintain a low probability of an unexpected loss event that would materially undermine the confidence of the investors;
- Conduct of business: The Company demonstrate the 'Here for Good' through the conduct. The Company seeks to achieve good outcomes for clients and investors in the markets which the Company operates, while abiding by the relevant laws and regulations. The Company treats all colleagues fairly and with respect;
- Responsibility and accountability: The Company takes individual responsibility to ensure risk-taking is disciplined and focused, particularly within our area of authority. The Company makes sure risk taking is transparent, controlled and reported within risk appetite;
- Anticipation: The Company seeks to anticipate material future risks, learn lessons from events that have produced adverse outcomes and ensure awareness of known risks; and
- Competitive advantage: The Company seeks competitive advantage through efficient and effective risk management and control.

b. Policies and procedures

The credit policies and procedures are considered and approved by the 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, 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 (Continued)

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

B. Credit risk management organization and structure

Ultimate responsibility for the effective management of risk rests with the Company 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. 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 Company regularly monitors credit exposures, portfolio performance, and external trends which may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios and countries, portfolio delinquency and loan impairment performance.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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 accounts, customers or portfolios are mitigated using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of potential issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

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

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

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

Certain credit exposures, e.g. non-recourse receivable service, are mitigated using credit default insurance.

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

E. Method used for regulatory capital calculation

Standardized Approach.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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:

Off-balance-sheet items	Maximum exposure to credit risk	
	December 31, 2022	December 31, 2021
Other guarantees	\$7,117,800	\$6,958,748
Unused amount of irrevocable loan commitments	4,900,906	10,030,295
Unused amount of irrevocable letters of credit	579,931	714,051
Total	<u>\$12,598,637</u>	<u>\$17,703,094</u>

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

G. Concentrations of credit risk

Financial instruments counterparties are significantly concentrated onto one person or multiple people. 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 Company'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 Company currently has no concentration of transaction to a single counterparty nor a single transaction with a counterparty for the Company's discounts and loans, and non-performing loans that are significant. The following table illustrates the diversification of the loan portfolio among industry sectors, geographical regions and collateral types of the Company:

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

a. By industry

	December 31, 2022	December 31, 2021
Individual	\$215,647,619	\$206,808,520
Manufacturing	30,678,030	39,852,529
Transportation and warehousing	9,703,048	9,542,087
Financial industry	6,326,450	11,582,195
Commercial	2,529,841	5,002,060
Government	10,500,000	12,300,000
Other	17,105,476	17,436,249
Total	<u>\$292,490,464</u>	<u>\$302,523,640</u>

b. By area

	December 31, 2022	December 31, 2021
Domestic	\$263,857,407	\$266,255,551
Overseas	28,633,057	36,268,089
Total	<u>\$292,490,464</u>	<u>\$302,523,640</u>

c. By collateral

	December 31, 2022	December 31, 2021
Unsecured	\$88,107,761	\$92,027,579
Secured		
- Real estate	187,960,034	182,399,623
- Movable assets	10,929,695	13,587,880
- Debt instruments	2,366,737	9,141,718
- Other	3,126,237	5,366,840
Total	<u>\$292,490,464</u>	<u>\$302,523,640</u>

H. Credit quality and impairment analysis on financial assets

The main criteria for identifying significant increase in credit risk since initial recognition are as follows:

- Internal/external risk rating of credit extensions at the reporting date deteriorates significantly compared to that at the initial recognition date.
- Significant change in the probability of default over the lifetime since origination.
- Borrowers that fail to make payment and are past due over 30 days.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

- d. Borrowers that have outstanding amounts unpaid, past maturity dates and are overdue for the agreed grace period.
- e. Borrowers that have significant deterioration in ability to repay and face the compulsory enforcement, debt restructuring or legal action.
- f. 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 requires 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:

- a. Borrower is deceased.
- b. Borrower has declared bankruptcy or may declare bankruptcy or financial restructuring.
- c. Enterprise has been temporarily suspended.
- d. Borrower has applied for debt restructuring program (including internal or government programs) due to financial difficulty.

Consideration factors of forward-looking information:

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 Company adopts a forward looking approach to generate multiple macroeconomic scenarios to ensure that ECL has been evaluated in a range of possible outcomes. The Company 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.

The Company 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Some of the financial assets held by the Company, 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, 2022											
	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	\$10,387,836	\$-	\$-	\$10,387,836	\$2,769,302	\$-	\$-	\$2,769,302	\$-	\$-	\$135,571	\$13,021,567
-Credit cards receivable	1,768,647	1,334,779	79	3,103,505	-	8,952	4,002	12,954	73,702	207,595	131,162	3,266,594
Discounts and loans												
-Consumer banking	177,210,657	32,027,413	2,319,137	211,557,207	188,737	708,413	904,636	1,801,786	353,378	2,166,924	3,656,517	212,222,778
-Wholesale banking	56,296,101	15,090,696	-	71,386,797	2,134,568	2,846,474	-	4,981,042	81,153	85,399	1,153,412	75,380,979
-Non-accrual loans	-	-	-	-	-	-	-	-	18,332	58,446	18,332	58,446
Other financial assets												
-Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	7,253	-	7,253	-
Off-balance sheet items												
Loan commitments and guarantees	8,165,967	2,871,296	-	11,037,263	581,222	980,152	-	1,561,374	-	-	103,667	12,494,970

	December 31, 2021											
	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	\$11,044,596	\$248,402	\$-	\$11,292,998	\$107,244	\$142,844	\$-	\$250,088	\$-	\$-	\$119,431	\$11,423,655
-Credit cards receivable	2,435,024	1,419,351	106	3,854,481	-	8,249	2,580	10,829	92,085	249,379	165,321	4,041,453
Discounts and loans												
-Consumer banking	172,170,296	28,584,645	1,833,612	202,588,553	179,175	697,815	743,842	1,620,832	434,958	2,441,412	3,406,772	203,678,983
-Wholesale banking	67,987,160	19,753,894	167	87,741,221	-	7,430,352	-	7,430,352	89,434	55,925	1,111,500	94,205,432
-Non-accrual loans	-	-	-	-	-	-	-	-	27,342	93,611	27,342	93,611
Other financial assets												
-Non-accrual loans other than those reclassified form loans	-	-	-	-	-	-	-	-	6,645	-	6,645	-
Off-balance sheet items												
Loan commitments and guarantees	12,604,044	4,344,662	-	16,948,706	1,247	751,757	1,384	754,388	-	-	100,589	17,602,505

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

I. Asset quality of non-performing loans and overdue receivables

a. Asset quality of the Company

Period			December 31, 2022				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Product							
Wholesale Banking	Secured		\$58,119	\$7,725,322	0.75%	\$89,537	154.06%
	Unsecured		16,613	68,872,739	0.02%	1,082,207	6,514.22%
Consumer Banking	Mortgage		26,873	152,895,910	0.02%	2,327,883	8,662.53%
	Personal loan		150,156	30,342,086	0.49%	1,308,694	871.56%
	Others	Secured	14,666	31,645,368	0.05%	17,153	116.96%
		Unsecured	-	1,009,039	-%	2,787	-%
Total			266,427	292,490,464	0.09%	4,828,261	1,812.23%
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			8,272	3,397,756	0.24%	131,162	1,585.61%
Factoring loan receivable without recourse			-	13,157,138	-%	135,571	-%

Period			December 31, 2021				
			Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio
Product							
Wholesale	Secured		\$73,993	\$18,023,082	0.41%	\$220,097	297.46%
Banking	Unsecured		21,502	77,382,752	0.03%	918,679	4,272.53%
Consumer Banking	Mortgage		38,084	149,640,325	0.03%	2,279,539	5,985.56%
	Personal loan		55,497	26,110,200	0.21%	1,070,605	1,929.12%
	Others	Secured	16,708	30,298,474	0.06%	53,568	320.61%
		Unsecured	117	1,068,807	0.01%	3,126	2,671.79%
Total			205,901	302,523,640	0.07%	4,545,614	2,207.67%
			Overdue receivables	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit card			6,591	4,206,774	0.16%	165,321	2,508.28%
Factoring loan receivable without recourse			-	11,543,086	-%	119,431	-%

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

	December 31, 2022		December 31, 2021	
	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	\$1,185	\$3,240	\$1,518	\$4,427
The amount under debt discharge program and rehabilitation program without default by debtors	129,887	18,342	157,771	20,935
	<u>\$131,072</u>	<u>\$21,582</u>	<u>\$159,289</u>	<u>\$25,362</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

b. Concentration of corporate credit risk for the Company

December 31, 2022				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	A Group	Packaging and testing of semi-conductors	\$5,294,258	11.21%
2	B Group	Manufacture of cement	3,807,205	8.06%
3	C Company	Electricity transmission and distribution enterprise	3,698,012	7.83%
4	D Group	Manufacture of automobile parts	3,339,654	7.07%
5	E Group	Electronic parts and components manufacturing not elsewhere classified	2,969,334	6.29%
6	F Group	Air transport	2,393,125	5.07%
7	G Group	Vessel carries	2,113,363	4.48%
8	H Group	Other service activities incidental to water transportation	2,067,532	4.38%
9	I Company	Other service activities incidental to water transportation	1,900,000	4.02%
10	J Company	Real estate development activities	1,830,103	3.88%

December 31, 2021				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	A Group	Packaging and testing of semi-conductors	\$5,873,318	12.60%
2	K Company	Other financial service activities not elsewhere classified	4,983,666	10.69%
3	D Group	Manufacture of automobile parts	4,107,259	8.81%
4	H Group	Other service activities incidental to water transportation	3,443,555	7.39%
5	B Group	Manufacture of cement	3,178,557	6.82%
6	F Group	Air transport	2,498,307	5.36%
7	C Company	Electricity transmission and distribution enterprise	2,452,348	5.26%
8	G Group	Vessel carries	2,091,161	4.49%
9	E Group	Electronic parts and components manufacturing not elsewhere classified	1,931,531	4.14%
10	L Group	Manufacture of automobile parts	1,832,395	3.93%

Note: The above listed group enterprises refer to a group of corporate entities defined by Article 6 of the Supplementary Provisions to the Taiwan Stock exchange Corporation Criteria for Review of Securities Listings.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

v. Liquidity risk management mechanism

A. Definition and sources of liquidity risk

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

B. Management procedure of liquidity risk

The Liquidity Risk Framework governs liquidity risk and is managed by Asset and Liability Committee. The Company maintains a liquid portfolio of marketable securities as a liquidity buffer as required by local regulations. In total, it maintains a liquidity buffer of \$193.3 billion as of December 31, 2022, which is equivalent to 27.27 % of the Company's total assets. The level of the Company's aggregate liquid reserves is in accordance with local regulatory minimum liquidity requirements.

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

The Company 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 Company does not hold capital in respect of liquidity risk.

C. Financial assets held for liquidity risk management

The Company 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 equivalents, 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-derivative liabilities based on time remaining until the contractual maturity dates.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

December 31, 2022					
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central					
Bank and banks	\$1,570,598	\$67,650	\$-	\$-	\$1,638,248
Payables	5,077,449	-	-	-	5,077,449
Related parties payable	4,291,102	-	-	-	4,291,102
Deposits and remittances	502,457,507	72,430,557	12,618,581	-	587,506,645
Financial debentures	2,200	-	6,146,643	-	6,148,843
Other financial liabilities	201,262	30,733	-	-	231,995
Lease liabilities	104,088	240,986	979,728	1,303,265	2,628,067
Total	<u>\$513,704,206</u>	<u>\$72,769,926</u>	<u>\$19,744,952</u>	<u>\$1,303,265</u>	<u>\$607,522,349</u>

December 31, 2021					
	Within 3 months	3 months~ 1 year	1~5 years	Over 5 years	Total
Deposits from the Central					
Bank and banks	\$8,648,923	\$81,890	\$-	\$-	\$8,730,813
Funds borrowed from the					
Central Bank and banks	817,700	152,560	-	-	970,260
Payables	3,638,221	-	-	-	3,638,221
Related parties payable	5,522,085	-	-	-	5,522,085
Deposits and remittances	506,224,611	71,493,599	2,125,347	-	579,843,557
Financial debentures	2,200	-	5,537,407	-	5,539,607
Other financial liabilities	97,244	-	-	-	97,244
Lease liabilities	84,830	316,353	1,016,352	1,552,307	2,969,842
Total	<u>\$525,035,814</u>	<u>\$72,044,402</u>	<u>\$8,679,106</u>	<u>\$1,552,307</u>	<u>\$607,311,629</u>

E. Maturity analysis of derivative financial liabilities

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

a. Maturity analysis of net settled derivatives

December 31, 2022						
	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	\$188,425	\$303,929	\$224,677	\$110,480	\$-	\$827,511
Interest rate derivative instruments	30,592	112,562	255,521	1,118,965	15,906,860	17,424,500
Derivative financial instruments for hedging						
Interest rate derivative instruments	1,571	-	-	20,362	82,755	104,688
	<u>\$220,588</u>	<u>\$416,491</u>	<u>\$480,198</u>	<u>\$1,249,807</u>	<u>\$15,989,615</u>	<u>\$18,356,699</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

December 31, 2021						
	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	\$164,279	\$6,126	\$12,422	\$197,438	\$-	\$380,265
Interest rate derivative instruments	17,308	30,668	44,052	121,421	3,922,642	4,136,091
Derivative financial instruments for hedging						
Interest rate derivative instruments	-	-	-	-	20,573	20,573
	<u>\$181,587</u>	<u>\$36,794</u>	<u>\$56,474</u>	<u>\$318,859</u>	<u>\$3,943,215</u>	<u>\$4,536,929</u>

b. Maturity analysis of gross settled derivatives

December 31, 2022						
	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	\$213,563,145	\$325,267,124	\$158,986,812	\$131,010,278	\$16,839,046	\$845,666,405
Cash inflow	207,021,170	316,805,143	154,731,394	124,048,165	15,291,043	817,896,915
Net cash flow	<u>\$(6,541,975)</u>	<u>\$(8,461,981)</u>	<u>\$(4,255,418)</u>	<u>\$(6,962,113)</u>	<u>\$(1,548,003)</u>	<u>\$(27,769,490)</u>

December 31, 2021						
	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	\$197,904,247	\$149,034,818	\$95,567,211	\$150,272,679	\$75,203,536	\$667,982,491
Cash inflow	196,593,641	148,228,905	95,004,433	149,494,256	74,124,117	663,445,352
Derivative financial instruments for hedging						
Foreign exchange derivative instruments						
Cash outflow	4,196,250	429,450	3,128,875	17,123,892	-	24,878,467
Net cash flow	<u>\$(5,506,856)</u>	<u>\$(1,235,363)</u>	<u>\$(3,691,653)</u>	<u>\$(17,902,315)</u>	<u>\$(1,079,419)</u>	<u>\$(29,415,606)</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

F. Maturity analysis of off-balance-sheet items

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

	December 31, 2022				
	0~30 days	31~90 Days	91 days~1 year	Over 1 year	Total
Other guarantees	\$462,513	\$901,349	\$4,095,544	\$1,658,394	\$7,117,800
Unused amount of irrevocable loan commitments	-	-	158,679	4,742,227	4,900,906
Unused amount of irrevocable letters of credit	119,452	450,902	9,577	-	579,931
	<u>\$581,965</u>	<u>\$1,352,251</u>	<u>\$4,263,800</u>	<u>\$6,400,621</u>	<u>\$12,598,637</u>

	December 31, 2021				
	0~30 days	31~90 Days	91 days~1 year	Over 1 year	Total
Other guarantees	\$145,644	\$829,707	\$4,720,613	\$1,262,784	\$6,958,748
Unused amount of irrevocable loan commitments	-	-	234,743	9,795,552	10,030,295
Unused amount of irrevocable letters of credit	165,738	432,559	93,641	22,113	714,051
	<u>\$311,382</u>	<u>\$1,262,266</u>	<u>\$5,048,997</u>	<u>\$11,080,449</u>	<u>\$17,703,094</u>

G. Structure analysis of maturity, New Taiwan Dollars

December 31, 2022

	Total	Remaining period to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	\$1,112,345,432	\$101,934,749	\$122,339,849	\$242,910,608	\$175,726,437	\$207,443,404	\$261,990,385
Main capital outflow on maturity	1,176,223,902	92,271,756	131,173,895	330,812,220	181,426,664	167,540,249	272,999,118
Gap	(63,878,470)	9,662,993	(8,834,046)	(87,901,612)	(5,700,227)	39,903,155	(11,008,733)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

December 31, 2021

	Total	Remaining period to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	\$999,164,115	\$128,986,120	\$104,862,319	\$143,319,093	\$111,817,907	\$189,379,833	\$320,798,843
Main capital outflow on maturity	1,055,621,488	103,403,554	143,121,420	208,666,954	125,317,669	184,494,040	290,617,851
Gap	(56,457,373)	25,582,566	(38,259,101)	(65,347,861)	(13,499,762)	4,885,793	30,180,992

H. Structure analysis of maturity, US Dollars

December 31, 2022

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	\$34,776,753	\$9,344,637	\$11,255,573	\$6,462,609	\$6,638,566	\$1,075,368
Main capital outflow on maturity	37,442,511	10,589,456	12,131,955	5,776,782	5,545,375	3,398,943
Gap	(2,665,758)	(1,244,819)	(876,382)	685,827	1,093,191	(2,323,575)

December 31, 2021

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	\$30,882,350	\$10,909,760	\$5,470,393	\$3,793,732	\$7,545,303	\$3,163,162
Main capital outflow on maturity	33,064,304	10,985,774	8,837,005	3,988,208	5,512,095	3,741,222
Gap	(2,181,954)	(76,014)	(3,366,612)	(194,476)	2,033,208	(578,060)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

iv. The offsetting information for financial assets and financial liabilities

The Company 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, 2022					
	Financial assets under net executable settlement contracts or similar agreements					
	Offset total		Relevant amounts not offset on			
	financial	Net financial	balance sheet (d)			
Total financial	liabilities	assets reported in	Financial			
assets recognized	recognized in the	the balance sheet	instruments	Cash collateral	Net amount	
(a)	balance sheet (b)	(c)=(a)-(b)	(Note)	received	(e)=(c)-(d)	
Derivative financial assets	\$45,127,907	\$-	\$45,127,907	\$10,670,191	\$4,476,656	\$29,981,060
Securities and bonds purchased under resell						
agreements	13,860,254	-	13,860,254	-	13,860,254	-
Total	\$58,988,161	\$-	\$58,988,161	\$10,670,191	\$18,336,910	\$29,981,060

	December 31, 2021					
	Financial assets under net executable settlement contracts or similar agreements					
	Offset total		Relevant amounts not offset on			
	financial	Net financial	balance sheet (d)			
Total financial	liabilities	assets reported in	Financial			
assets recognized	recognized in the	the balance sheet	instruments	Cash collateral	Net amount	
(a)	balance sheet (b)	(c)=(a)-(b)	(Note)	received	(e)=(c)-(d)	
Derivative financial assets	\$9,771,295	\$-	\$9,771,295	\$6,680,417	\$2,438,686	\$652,192
Securities and bonds purchased under resell						
agreements	3,791,525	-	3,791,525	-	3,791,525	-
Total	\$13,562,820	\$-	\$13,562,820	\$6,680,417	\$6,230,211	\$652,192

	December 31, 2022					
	Financial liabilities under net executable settlement contracts or similar agreements					
	Offset total		Relevant amounts not offset on			
	financial	Net financial	balance sheet (d)			
Total financial	assets recognized	liabilities reported	Financial			
liabilities	in the balance	in the balance	instruments	Cash collateral	Net amount	
recognized (a)	sheet (b)	sheet (c)=(a)-(b)	(Note)	pledged	(e)=(c)-(d)	
Derivative financial liabilities	\$44,834,546	\$-	\$44,834,546	\$10,670,191	\$5,001,298	\$29,163,057

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

December 31, 2021					
Financial liabilities under net executable settlement contracts or similar agreements					
	Offset total		Relevant amounts not offset on		
	financial	Net financial	balance sheet (d)		
Total financial	assets recognized	liabilities reported	Financial		
liabilities	in the balance	in the balance	instruments	Cash collateral	Net amount
recognized (a)	sheet (b)	sheet (c)=(a)-(b)	(Note)	pledged	(e)=(c)-(d)
Derivative financial liabilities	\$9,987,245	\$-	\$9,987,245	\$6,680,416	\$2,036,156
					\$1,270,673

Note: Includes net amount settlements and financial guarantees of non-cash items.

v. Capital management

A. Summary

The goals of the Company's capital management are shown below:

- a. To maintain adequate levels of capital so as to support business growth and to meet regulatory capital requirements, which is the Company's fundamental goal for capital management. The Company calculates qualified capital and regulatory capital requirement in accordance with rules issued by the regulator.
- b. To hold adequate levels of capital so as to take on all risks arising from the business. The assessment of adequate capital takes into consideration the risk profile and characteristics. The risk management process is conducted through capital risk appetite.

B. Capital management procedures

The Company maintains the capital adequacy ratio in line with the regulatory requirement and reports to the regulator on a quarterly basis. The Company's capital is managed by the Asset and Liability Committee. The regulatory capital is the aggregate amount of 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

- 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 be the sum of the following items:

- Common stock and additional paid-in capital in excess of par-common stock
- Capital collected in advance
- Capital reserve
- Legal reserve
- Special reserve
- Accumulated profit or loss
- Non-controlling interests
- 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

C. Capital adequacy

Item			Period-end	December 31, 2022	December 31, 2021
Regulatory capital	Common equity Tier 1 capital			\$44,165,236	\$43,199,849
	Additional Tier 1 capital			-	-
	Tier 2 capital			4,235,280	5,814,360
	Total regulatory capital			48,400,516	49,014,209
Risk-weighted assets	Credit risk	Standardized approach (SA)		230,777,722	277,407,453
		Internal ratings-based approach (IRB)		-	-
		Securitization		-	-
	Operational risk	Basic indicator approach (BIA)		23,397,382	23,852,910
		Standardized approach (SA) /Alternative standardized approach		-	-
		Advanced measurement approaches (AMA)		-	-
	Market risk	Standardized approach (SA)		42,072,468	38,633,455
		Internal models approach (IMA)		-	-
	Total risk-weighted assets			296,247,572	339,893,818
	Capital Adequacy ratio				16.34%
Ratio of common equity Tier 1 capital to total risk-weighted assets				14.91%	12.71%
Ratio of Tier 1 capital to total risk-weighted assets				14.91%	12.71%
Leverage ratio				6.12%	5.89%

Note: Capital Adequacy was prepared in compliance with Regulations Governing the Capital Adequacy and Capital Category of Banks.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

7. Related party transactions

Name and relationship of related parties

Name	Relationship
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
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
Standard Chartered Bank Cameroon (“SCB Cameroon”)	Affiliate
Standard Chartered Bank Bahrain (“SCB Bahrain”)	Affiliate
Standard Chartered Bank Turkey (“SCB Turkey”)	Affiliate
Standard Chartered Bank Kenya (“SCB Kenya”)	Affiliate
Standard Chartered Bank United Arab Emirates (“SCB UAE”)	Affiliate
Standard Chartered Bank Mauritius (“SCB Mauritius”)	Affiliate
Standard Chartered Bank Oman (“SCB Oman”)	Affiliate
Standard Chartered Bank Jordan (“SCB Jordan”)	Affiliate
Standard Chartered Bank Nepal (“SCB Nepal”)	Affiliate
Standard Chartered Bank Saudi Arabia (“SCB Saudi”)	Affiliate
Directors, President and Vice Presidents	The senior management of the Company
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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Significant transactions with related parties

(1) Deposits

December 31, 2022			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$618,325	0.11	0.00~7.95

December 31, 2021			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$3,575,121	0.62	0.00~5.40

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 (members of key management personnel or directors) savings accounts was calculated based on the interest rate of time savings deposits with three-year term offered to the general public plus 3% with the maximum amount of \$480 thousand.

For the years ended December 31, 2022 and 2021, interest expenses on the above deposits were \$3,150 thousand and \$10,294 thousand, respectively. As of December 31, 2022 and 2021, the interest payables on the above transaction were \$171 thousand and \$231 thousand, respectively, recorded under related parties payable.

As of December 31, 2022 and 2021, the time deposits of SCB Hong Kong were \$15,366,607 thousand and \$13,843,518 thousand, and the interest payables resulting from the above time deposits were \$264,321 thousand and \$30,845 thousand, respectively, recorded under related parties payable. For the years ended December 31, 2022 and 2021, interest expenses on the time deposits of SCB Hong Kong were \$296,402 thousand and \$89,908 thousand, respectively.

(2) Loans

December 31, 2022							
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	\$9,486	9	\$6,781	\$6,781	\$-	Unsecured lending	None
Mortgage	68,772	13	41,788	41,788	-	House	None

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

December 31, 2021							
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	\$3,051	7	\$1,423	\$1,423	\$-	Unsecured lending	None
Mortgage	80,948	15	48,145	48,145	-	House	None
Other	2,658	Other individuals	2,464	2,464	-	Overdraft on the comprehensive deposits	None

For the years ended December 31, 2022 and 2021, interest income on the above loans were \$7,850 thousand and \$921 thousand, respectively. As of December 31, 2022 and 2021, the interest receivables from the above transaction were \$52 thousand and \$0 thousand, respectively, recorded under receivables-net.

(3) Foreign exchange and derivative instruments

December 31, 2022						
Name	Contracts	Contracts duration period	Notional	Gain (loss) on valuation	Balance sheet	
					Account	Balance
SCB	Interest rate swap	2023.1.3~ 2023.3.15	\$1,893,241,870	\$492,120	Financial assets at fair value through profit or loss	\$13,280,664
					Financial liabilities at fair value through profit or loss	(12,634,156)
	Interest rate option	2023.6.12~ 2024.9.30	1,567,394	71,206	Financial assets at fair value through profit or loss	79,243
					Financial liabilities at fair value through profit or loss	(4)
	Spot/forward/swap	2023.1.3~ 2024.6.26	210,884,393	(1,325,087)	Financial assets at fair value through profit or loss	1,818,896
					Financial liabilities at fair value through profit or loss	(3,152,988)
	Cross currency swap	2023.2.23~ 2024.10.28	3,097,874	104,783	Financial assets at fair value through profit or loss	206,855
					Financial liabilities at fair value through profit or loss	
	Foreign exchange option	2023.1.3~ 2024.7.19	31,385,317	(151,270)	Financial assets at fair value through profit or loss	1,220
					Financial liabilities at fair value through profit or loss	(188,610)
SCB Singapore SCB Hong Kong	Commodity swap	2023.1.4~ 2023.7.5	71,055	8,489	Financial assets at fair value through profit or loss	6,711
					Financial liabilities at fair value through profit or loss	(6,092)
	Commodity option	2023.1.17~ 2023.4.26	2,085,064	(16,234)	Financial assets at fair value through profit or loss	2,940
					Financial liabilities at fair value through profit or loss	(19,174)
	Spot/forward/swap	2023.1.3	1,047	1	Financial assets at fair value through profit or loss	1
					Financial liabilities at fair value through profit or loss	
	Spot/forward/swap	2023.1.3~ 2023.12.29	11,138,635	(24,609)	Financial assets at fair value through profit or loss	72,783
					Financial liabilities at fair value through profit or loss	(116,532)
	Spot/forward/swap	2023.1.30~ 2023.10.16	3,464,879	(173,686)	Financial assets at fair value through profit or loss	1,569
					Financial liabilities at fair value through profit or loss	(175,255)
SCB Korea	Spot/forward/swap	2023.2.21~ 2023.3.7	2,100,520	(89,759)	Financial liabilities at fair value through profit or loss	(89,759)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

December 31, 2021						
Name	Contracts	Contracts duration period	Notional	Gain (loss) on valuation	Balance sheet	
					Account	Balance
SCB	Interest rate swap	2022.1.3~ 2031.12.17	\$1,208,036,170	\$163,357	Financial assets at fair value through profit or loss	\$2,571,572
					Financial liabilities at fair value through profit or loss	(2,417,184)
	Interest rate option	2024.9.30	1,384,352	7,007	Financial assets at fair value through profit or loss	8,033
					Financial liabilities at fair value through profit or loss	(1,104,040)
	Spot/forward/swap	2022.1.3~ 2024.4.19	94,811,556	(555,906)	Financial assets at fair value through profit or loss	1,095,035
					Financial liabilities at fair value through profit or loss	(1,104,040)
	Cross currency swap	2022.1.28~ 2024.10.28	3,968,602	251,473	Financial assets at fair value through profit or loss	128,807
					Financial liabilities at fair value through profit or loss	(26,735)
	Foreign exchange option	2022.1.3~ 2023.9.22	40,139,174	200,999	Financial assets at fair value through profit or loss	19,737
					Financial liabilities at fair value through profit or loss	(55,857)
SCB Singapore SCB Hong Kong	Commodity swap	2022.1.4~ 2023.1.4	292,705	(35,878)	Financial assets at fair value through profit or loss	5,388
					Financial liabilities at fair value through profit or loss	(13,258)
	Commodity option	2022.1.19~ 2022.6.8	469,434	14,510	Financial liabilities at fair value through profit or loss	(1,317)
					Financial liabilities at fair value through profit or loss	-
	Spot/forward/swap	2022.1.3~ 2022.12.20	28,948,177	(310,909)	Financial assets at fair value through profit or loss	136,654
					Financial liabilities at fair value through profit or loss	(155,794)
	Spot/forward/swap	2022.1.26~ 2022.6.29	45,534	(1,595)	Financial assets at fair value through profit or loss	331
					Financial liabilities at fair value through profit or loss	(1,926)
	Spot/forward/swap	2022.1.26~ 2022.6.29	45,534	(1,595)	Financial assets at fair value through profit or loss	331
					Financial liabilities at fair value through profit or loss	(1,926)

As of December 31, 2022 and 2021, the premium receivables resulting from the above option contracts were \$445 thousand and \$146 thousand, respectively, recorded under receivables-net. As of December 31, 2022 and 2021, no premium payables resulting from the above option contracts were recorded.

(4) Deposits with banks-affiliates

	2022		
	Balance	Interest rate %	Interest income
SCB Taipei	\$6,100,000	0.15~1.29	\$29,775
SCB New York	62,474	0.75~2.87	14,427
Other	603,434	-0.63~2.87	480
	<u>\$6,765,908</u>		<u>\$44,682</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

	2021		
	Balance	Interest rate %	Interest income
SCB Taipei	\$6,200,000	0.06~0.24	\$8,782
SCB Germany	588,383	-	-
SCB Hong Kong	534,380	-	-
SCB China	13,848	0.62~3.28	743
Other	388,327	0.00~0.10	362
	<u>\$7,724,938</u>		<u>\$9,887</u>

As of December 31, 2022 and 2021, interest receivables resulting from the above deposits with other banks from affiliates were \$862 thousand and \$1,900 thousand, respectively, recorded under receivables-net. For the years ended December 31, 2022 and 2021, the service charges from the above deposits were \$29,277 thousand and \$36,399 thousand, respectively, recorded under net service fee income.

(5) Call loans to banks-affiliates

	2022		
	Balance	Interest rate %	Interest income
SCB Hong Kong	\$35,571,294	-0.80~7.50	\$374,112
SCB Taipei	16,732,300	-0.37~2.02	84,067
Other	279,499	-0.17~4.40	(168)
	<u>\$52,583,093</u>		<u>\$458,011</u>

	2021		
	Balance	Interest rate %	Interest income
SCB Hong Kong	\$46,258,807	-0.80~4.20	\$101,735
SCB Taipei	6,408,989	-0.55~0.33	9,327
Other	-	-0.18~2.80	(294)
	<u>\$52,667,796</u>		<u>\$110,768</u>

As of December 31, 2022 and 2021, the interest receivables resulting from the above call loans to banks from affiliates were \$179,430 thousand and \$12,081 thousand, respectively, recorded under receivables-net.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(6) Deposits from banks-affiliates

	2022		
	Balance	Interest rate %	Interest expense
SCB Taipei	<u>\$53,401</u>	0.01	<u>\$13</u>
	2021		
	Balance	Interest rate %	Interest expense
SCB Taipei	<u>\$48,956</u>	0.01	<u>\$11</u>

As of December 31, 2022 and 2021, no interest payables resulting from the above deposits from banks to affiliates were recorded.

(7) Overdrafts on banks-affiliates

	2022		
	Balance	Interest rate %	Interest expense
SCB New York	\$1,388,163	0.10~3.90	\$8,805
SCB Germany	-	1.50	902
Other	18,222	0.10~5.75	492
	<u>\$1,406,385</u>		<u>\$10,199</u>
	2021		
	Balance	Interest rate %	Interest expense
SCB New York	\$745,690	0.10~0.15	\$370
Other	-	0.10~7.30	2,276
	<u>\$745,690</u>		<u>\$2,646</u>

As of December 31, 2022 and 2021, no interest payables resulting from the above overdrafts on banks to affiliates were recorded.

(8) Call loans from banks-affiliates

	2022		
	Balance	Interest rate %	Interest expense
SCB Hong Kong	\$-	-0.60~4.90	\$75,019
SCB Korea	-	0.07~4.31	19,062
SCB Taipei	-	0.06~3.80	8,632
Other	-	-0.14~1.02	287
	<u>\$-</u>		<u>\$103,000</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

	2021		
	Balance	Interest rate %	Interest expense
SCB Vietnam	\$1,938,092	0.08~0.35	\$2,230
SCB Hong Kong	1,865,064	-0.60~7.50	7,028
SCB Korea	1,384,352	0.04~0.13	727
SCB Taipei	636,802	0.04~0.19	712
Other	-	0.00~0.23	159
	<u>\$5,824,310</u>		<u>\$10,856</u>

As of December 31, 2022 and 2021, the interest payables resulting from the above call loans from banks to affiliates were \$0 thousand, and \$526 thousand, respectively, recorded under related parties payable.

- (9) The detail of securities purchased under resell agreement and debt instruments acquired from affiliates were as follows:

Name	December 31, 2022	December 31, 2021
SCB	<u>\$1,614,138</u>	<u>\$1,406,605</u>

For the years ended December 31, 2022 and 2021, the interest income resulting from the above transaction were \$49,889 thousand and \$180 thousand, respectively. As of December 31, 2022 and 2021, the interest receivable resulting from the above transaction were \$5,302 thousand and \$16 thousand, respectively, recorded under receivables-net.

- (10) The issuance of financial debentures to affiliates were as follows:

Name	Bond (Note)	December 31, 2022	December 31, 2021
SCB	103-2	<u>\$6,146,643</u>	<u>\$5,537,407</u>

Note: The issuance conditions and details of financial debentures are stated in note 6(18).

For the years ended December 31, 2022 and 2021, the interest expenses on the above transactions were \$254,087 thousand and \$254,922 thousand, respectively. As of December 31, 2022 and 2021, the interest payables on the above transactions were \$10,757 thousand and \$9,690 thousand, respectively, recorded under related parties payable.

- (11) Guarantee

None.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(12) For the year ended December 31, 2022, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$947,442 thousand, \$704,695 thousand and \$87,486 thousand, respectively. For the year ended December 31, 2021, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$884,507 thousand, \$604,158 thousand and \$81,675 thousand, respectively. As of December 31, 2022 and 2021, the fees payables resulting from above services fees were \$3,520,291 thousand and \$4,987,785 thousand due to SCB, \$187 and \$0 thousand due to SCB Singapore, respectively, recorded under related parties payable. For the years ended December 31, 2022 and 2021, the group insurance expenses for entering the group insurance amounted to \$35,223 thousand and \$25,728 thousand, respectively. Furthermore, as of December 31, 2022 and 2021, the group insurance expense payable were \$35,223 thousand and \$0 thousand, respectively, recorded under related parties payable.

(13) For the years ended December 31, 2022 and 2021, the related cost of the executive share option scheme amounted to \$13,202 thousand and \$24,657 thousand, respectively. As of December 31, 2022 and 2021, the estimated accounts payable to SCB for the share-based payment scheme costs amounted to \$36,884 thousand and \$20,980 thousand, respectively, recorded under related parties payable.

(14) For the years ended December 31, 2022 and 2021, expenses resulting from operating and other business related activities with affiliates were as follows:

Name	For the years ended December 31	
	2022	2021
Technical support service fees:		
SCB Hong Kong	\$14,735	8,159
SCB	3,610	5,966
SCB Singapore	2,409	13,155
Other	16	1,063
Total	<u>\$20,770</u>	<u>\$28,343</u>
Information technology service fees:		
Standard Chartered Global Business Services Sdn Bhd	\$142,641	\$127,683
Standard Chartered Global Business Services Private Limited	<u>93,592</u>	<u>86,178</u>
Total	<u>\$236,233</u>	<u>\$213,861</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Name	For the years ended December 31	
	2022	2021
Consultant service income, origination income, and trading income:		
SCB	\$182,213	\$166,592
SCB Hong Kong	54,872	121,035
SCB New York	41,981	27,210
Other	37,957	55,920
Total	<u>\$317,023</u>	<u>\$370,757</u>
Consultant service fees, origination fees, and trading fees:		
SCB New York	\$53,734	\$71,397
SCB	36,157	54,425
SCB France	15,809	4,041
SCB Hong Kong	14,216	699
SCB Germany	13,779	6,224
SCB Korea	11,968	4,196
SCB Japan	11,049	9,012
Other	13,215	24,895
Total	<u>\$169,927</u>	<u>\$174,889</u>

As of December 31, 2022 and 2021, technical support service fees payables and information technology service fees payables were \$115,556 thousand and \$107,274 thousand, respectively, recorded under related parties payable. As of December 31, 2022 and 2021, consultant service income, origination income, trading income and technical support service receivables were \$538,194 thousand and \$486,544 thousand, respectively, recorded under receivables-net. As of December 31, 2022 and 2021, consultant service fees, origination fees and trading fees payables were \$307,712 thousand and \$364,754 thousand, respectively, recorded under related parties payable.

- (15) The Company 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, 2022 and 2021, the rentals were \$2,537 thousand and \$4,830 thousand. As of December 31, 2022 and 2021, the utility and information system usage income receivables from SCB Taipei were \$71 thousand and \$58 thousand, respectively, recorded under receivables-net. For the years ended December 31, 2022 and 2021, the related recharge from expense allocation were \$704 thousand and \$882 thousand, respectively.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(16) For the years ended December 31, 2022 and 2021, the administrative support service income from SCB Taipei to the Company were \$4,820 thousand and \$4,433 thousand, respectively. As of December 31, 2022 and 2021, no receivable resulting from administrative support service was recorded.

(17) The Company entered into the Exclusivity Fee Sharing Agreement with SCB Singapore. For the years ended December 31, 2022 and 2021, the service fee income were \$508,702 thousand and \$779,204 thousand, respectively, recorded under net service fee income. As of December 31, 2022 and 2021, the service income receivables were \$419,668 thousand and \$554,687 thousand, respectively, recorded under receivables-net. As of December 31, 2022 and 2021, advance service fee income totaled \$1,080,098 thousand and \$1,122,372 thousand, respectively, recorded under other liabilities. (Please refer to note 9(2)).

The salary and remuneration for directors and supervisors

	For the years ended December 31	
	2022	2021
Salary and other short-term benefits	\$192,049	\$180,134
Post-employment benefits	1,371	1,397
Total	<u>\$193,420</u>	<u>\$181,531</u>

8. Pledged assets

Pledged assets	Pledged for	December 31, 2022	December 31, 2021
Negotiable certificates of deposit, bonds (recorded under other financial assets)	USD overdraft clearing deposits	\$11,697,333	\$11,689,848
Due from the Central Bank and call loans to banks	Funds borrowed from the Central Bank and banks	-	1,000,000
Total		<u>\$11,697,333</u>	<u>\$12,689,848</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

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, 2022	December 31, 2021
Negotiable certificates of deposit, bonds (recorded under other financial assets)	Trust indemnity reserve	\$153,125	\$157,936
	Operation Bond for securities broker	51,042	52,645
	Operation Bond for securities underwriter	40,833	42,116
	Operation Bond for securities dealer	10,208	10,529
	Bond for bills business	99,551	100,004
	Bond payment settlement reserve	102,083	105,291
		<u>456,842</u>	<u>\$468,521</u>
Guarantee deposits paid (recorded under other assets)	Bond payment settlement reserve, and self-regulatory fund deposit	40,300	40,300
Total		<u>\$497,142</u>	<u>\$508,821</u>

- (1) USD overdraft clearing deposits are security deposits for the overdraft facility of the Company.
- (2) 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.
- (3) Operation Bond for securities broker is placed for operating business of foreign bond agency approved by the competent authority in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities broker are \$50,000 thousand.)
- (4) Operation Bond for securities underwriter and dealer is placed in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities underwriter and dealer are \$40,000 thousand and \$10,000 thousand, respectively.)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

- (5) A Bond for bills business is posted in the Central Bank of the Republic of China in accordance with the Regulations Governing Bills Houses Security Deposit Amount, Purpose, and Administration. (Amounts required in accordance with the relevant regulations for a financial institution engaging in bills finance business are \$50,000 thousand.)
- (6) Bond payment settlement reserves are placed in the Taipei Exchange's electronic bond trading system in accordance with relevant regulations.
- (7) Self-regulatory fund deposits are placed in Taiwan Securities Association in accordance with relevant regulations.

9. Significant commitments and contingent liabilities

(1) Commitments and contingent liabilities

	December 31, 2022	December 31, 2021
Consignment collection for others	\$3,693,355	\$3,997,286
Securities, consignments and goods in custody	4,518,805,496	6,382,350,691
Trust assets	104,526,769	112,190,142
Subtotal	<u>\$4,627,025,620</u>	<u>\$6,498,538,119</u>
Other guarantees	<u>\$7,117,800</u>	<u>\$6,958,748</u>
Unused amount of irrevocable loan commitments	<u>\$4,900,906</u>	<u>\$10,030,295</u>
Unused amount of irrevocable letters of credit	<u>\$579,931</u>	<u>\$714,051</u>

(2) Significant service agreements

The Company 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 Company 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 Company.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

- (3) Disclosures required by Article 17 of the Trust Enterprise Law on trust balance sheets, trust statements of comprehensive income, and trust assets were as follows:

Trust balance sheet			
December 31, 2022			
Trust assets		Trust liabilities	
Bank deposits	\$3,538	Accounts payable	\$1
Short-term investments		Payables for securities under custody	5,413,002
Bonds	27,395,115	Trust capital and accumulated earnings	
Stocks	9,248,723	Trust capitals	132,253,897
Funds	61,166,695	Accumulated earnings	(33,140,131)
Structured notes	1,299,696		
Securities under custody	5,413,002		
Total trust assets	<u>\$104,526,769</u>	Total trust liabilities	<u>\$104,526,769</u>

Trust balance sheet			
December 31, 2021			
Trust assets		Trust liabilities	
Bank deposits	\$4,200	Accounts payable	\$1
Short-term investments		Payables for securities under custody	6,048,186
Bonds	23,375,496	Trust capital and accumulated earnings	
Stocks	9,708,777	Trust capitals	121,091,165
Funds	69,863,249	Accumulated earnings	(14,949,210)
Structured notes	3,190,234		
Securities under custody	6,048,186		
Total trust assets	<u>\$112,190,142</u>	Total trust liabilities	<u>\$112,190,142</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Trust statement of comprehensive income		
	For the years ended December 31	
	2022	2021
Trust revenue:		
Interest revenue	\$5,043,158	\$4,617,255
Realized gain on investments-bonds	104,604	709,252
Realized gain on investments-stocks	826,039	2,718,803
Realized gain on investments-funds	1,027,120	2,408,159
Realized gain on investments-structured notes	16,129	7,251
Unrealized gain on investments-bonds	151,060	899,072
Unrealized gain on investments-stocks	316,513	1,046,846
Unrealized gain on investments-funds	681,524	2,076,983
Unrealized gain on investments-structured notes	72	2,683
	<u>8,166,219</u>	<u>14,486,304</u>
Trust expenses:		
Management expense	18	19
Realized loss on investments-bonds	273,797	119,914
Realized loss on investments-stocks	571,786	386,733
Realized loss on investments-funds	2,211,382	1,460,914
Realized loss on investments-structured notes	26,963	17,786
Unrealized loss on investments-bonds	3,686,100	472,872
Unrealized loss on investments-stocks	6,381,633	2,999,040
Unrealized loss on investments-funds	18,103,565	7,187,595
Unrealized loss on investments-structured notes	364,472	566,220
	<u>31,619,716</u>	<u>13,211,093</u>
Net (losses) gains before income tax	(23,453,497)	1,275,211
Income tax expense	-	-
Net (losses) gains after income tax	<u>\$(23,453,497)</u>	<u>\$1,275,211</u>

Schedules of investment for trust business		
	December 31, 2022	December 31, 2021
Investment items		
Bank deposits	\$3,538	\$4,200
Short-term investments:		
Bonds	27,395,115	23,375,496
Common stock	9,248,723	9,708,777
Funds	61,166,695	69,863,249
Structured notes	1,299,696	3,190,234
Securities under custody	5,413,002	6,048,186
Total	<u>\$104,526,769</u>	<u>\$112,190,142</u>

Foreign currency trust business engaged by the Offshore Banking Unit (OBU) as of December 31, 2022 and 2021, were included in the trust balance sheets, trust statements of comprehensive income and schedules of investment for trust business.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

10. Significant loss due to disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Profitability

Unit: %

Items		December 31, 2022	December 31, 2021
Return on assets (Annualized)	Before income tax	0.41	0.40
	After income tax	0.35	0.35
Return on equity (Annualized)	Before income tax	6.10	5.96
	After income tax	5.15	5.20
Net profit ratio		18.89	19.64

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

13. Other disclosure items

For the year ended December 31, 2022, relevant information of any major transactions that the Company was required to disclose were as follows:

(1) Related information on significant transactions

- (a) Information regarding securities for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Company's paid in capital:

Marketable securities type and name	Account	Counter-party	Beginning		Acquisition		Disposition			Ending		
			Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Sell price	Book value	Gain/loss on disposal	Number of shares (thousand)	Amount
Stock	Financial assets at fair value through other comprehensive income	LINE Bank	50,000	\$421,000 (Note 1)	43,750	\$437,500	12,500 (Note 2)	\$-	\$-	\$-	81,250	\$823,063 (Note 1)

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

Note 1: Revaluation gains or losses were both recognized at beginning and ending balances.

Note 2: LINE Bank reduced its capital for the purpose of making up losses on June 28, 2022.

- (b) Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Company's paid in capital: None.
- (c) Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Company's paid in capital: None.
- (d) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: None.
- (e) Information regarding due from related parties for which the amount exceeded NT\$300 million or 10% of the Company's paid in capital: Notes 6(8) and 7.
- (f) Information regarding selling non-performing loans:
 - i. Summary table of NPL disposal: None.
 - ii. Disposal of a single batch of NPL up to NT\$1 billion and information on each transaction: None.
- (g) Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Securitization: None.
- (h) Business relationship, and material transaction and amount between the parent party and subsidiaries and among subsidiaries themselves: Not applicable.
- (i) Other material transaction items which were significant to the financial statements users to make financial decisions: None.

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

(2) Information on long-term equity investments

Name of investee	Investee's location	Investee's operation	Percentage of ownership	Book value of investments	Gain (loss) recognized during the period	Holdings				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%	\$36,801	\$1,709	3,417	-	3,417	4.84%	Note 2
Universal 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%	4,586	-	558	-	558	4.76%	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%	237,926	16,329	5,938	-	5,938	1.14%	Note 2
Taiwan Asset Service Corporation	10F., No.300, Sec. 4, Jongsiao E. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Asset auction notarization	2.94%	42,350	550	5,000	-	5,000	2.94%	Note 2
TSC Bio Venture Management, Inc.	5F., No.50, Sec. 1, Sinsheng S. Rd., Jhongheng Dist., Taipei City 100, Taiwan (R.O.C.)	Venture capital services	5.00%	1,593	1,220	43	-	43	5.00%	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%	1,323	130	85	-	85	1.42%	Note 2
LINE Bank	15F., No.206, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	Commercial bank	5.42%	823,063	-	81,250	-	81,250	5.42%	Note 3
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

Note 1: The book value of investments recorded under financial assets at fair value through other comprehensive income.

Note 2: Shares held by the Company were unchanged as compared to December 31, 2021.

Note 3: Shares and the percentage of ownership held by the Company were both increased as compared to December 31, 2021.

(3) Information on investments in Mainland China

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

14. Operating segment financial information

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

- (1) Consumer, Private, and Business Banking ("CPBB"): 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 developing customer-focused planning and promotion of wealth management and trust to conduct investment, financing and trust services.
- (2) Corporate, Commercial and Institutional Banking ("CCIB"): In charge of developing a sustainable client-focused strategy by engaging in the development, promotion, credit analysis, risk management, client on-boarding, integrated client documentation handing, client due diligence, and sale products and services to Corporate clients and Financial institutions clients. 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.
- (3) Other Banking ("OB"): 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 Company 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 Company'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 Company.

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Notes to the Financial Statements (Continued)

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

	2022			
	Consumer, Private, and Business Banking	Corporate, Commercial and Institutional Banking	Other Banking	Total
Net interest income	\$5,162,686	\$1,110,900	\$(727,048)	\$5,546,538
Net service fee income	2,935,972	733,277	(19,937)	3,649,312
Other miscellaneous income	495,710	1,532,560	1,561,854	3,590,124
Net income	8,594,368	3,376,737	814,869	12,785,974
Bad debt expense, commitment and guarantee liability provision	(444,737)	(65,179)	(329)	(510,245)
Operating expense	(7,058,452)	(2,217,143)	(140,085)	(9,415,680)
Segment profit	\$1,091,179	\$1,094,415	\$674,455	\$2,860,049
Segment assets	\$227,599,202	\$151,961,416	\$329,206,650	\$708,767,268
Segment liabilities	\$350,736,908	\$299,111,299	\$11,711,683	\$661,559,890

	2021			
	Consumer, Private, and Business Banking	Corporate, Commercial and Institutional Banking	Other Banking	Total
Net interest income	\$4,595,653	\$780,426	\$(265,396)	\$5,110,683
Net service fee income	4,014,198	905,791	(36,242)	4,883,747
Other miscellaneous income	538,221	1,063,763	713,663	2,315,647
Net income	9,148,072	2,749,980	412,025	12,310,077
Bad debt expense, commitment and guarantee liability (provision) reversal	(83,964)	84,278	2,441	2,755
Operating expense	(7,389,717)	(1,928,194)	(219,999)	(9,537,910)
Segment profit	\$1,674,391	\$906,064	\$194,467	\$2,774,922
Segment assets	\$222,218,140	\$136,131,822	\$313,041,583	\$671,391,545
Segment liabilities	\$329,735,211	\$278,580,307	\$16,464,729	\$624,780,247

Standard Chartered Bank (Taiwan) Limited
Statement of cash and cash equivalents
December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand			
TWD		\$3,028,786	
USD	USD1@30.733	230,085	
CNY	CNY1@4.411	88,209	
JPY	JPY1@0.233	111,146	
HKD	HKD1@3.941	99,053	
EUR	EUR1@32.743	93,057	
GBP	GBP1@37.047	26,093	
SGD	SGD1@22.887	23,163	
Subtotal		3,699,592	
Checks for clearing		1,154,696	
Deposits with other banks	Bank of China Taipei Branch	4,803,133	
	Others (Note)	349,281	
Subtotal		5,152,414	
Deposits with other banks-affiliates	SCB Taipei	6,100,000	
	Others (Note)	665,908	
Subtotal		6,765,908	
Subtotal		16,772,610	
Less: Allowance for bad debts		496	
Total		\$16,772,114	

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, 2022
(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				<u>\$6,150,000</u>	0.63%~2.50%	<u>\$6,160,960</u>	99.99~103.97	\$6,161,743	<u>\$-</u>	
Derivative financial assets										
Interest rate swap								17,505,090		
Interest rate option								1,028,680		
Spot/ Forward/ Swap								21,563,896		
Cross currency swap								4,581,141		
Foreign exchange option								189,795		
Commodity swap								12,749		
Commodity option								22,039		
Subtotal								<u>44,903,390</u>		
Total								<u>\$51,065,133</u>		

Standard Chartered Bank (Taiwan) Limited
Statement of financial assets measured at fair value through other comprehensive income
December 31, 2022
(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				\$75,755,000	0.19%~1.38%	\$75,755,000	\$1,570		\$75,642,738	
Treasury bills				8,476,472	- %	8,462,236	203		8,459,702	
Government bonds				60,174,783	- %~3.13%	61,309,572	2,764	93.36~103.43	60,160,483	
Subtotal				<u>144,406,255</u>		<u>145,526,808</u>	<u>4,537</u>		<u>144,262,923</u>	
Equity instrument										
Non-listed stock				-		1,259,238	-		1,147,642	
Total				<u>\$144,406,255</u>		<u>\$146,786,046</u>	<u>\$4,537</u>		<u>\$145,410,565</u>	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at amortized cost

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total Amount	Interest rate	Carrying amount	Accumulated impairment	Note
Negotiable certificates of deposit				\$25,660,000	0.92%~1.50%	\$25,658,710	\$1,289	
Government bonds				4,700,000	0.50%~3.00%	4,751,499	301	
Total				<u>\$30,360,000</u>		<u>\$30,410,209</u>	<u>\$1,590</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of financial assets and liabilities for hedging
December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

Item	Face Value	Carrying amount	Note
Government bonds	<u>\$14,452,469</u>	<u>\$13,860,254</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of receivables
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Allowance for bad debts	Premium/ discount adjustment	Net amount	Note
Accounts receivable factoring	\$13,157,138	\$135,571	\$-	\$13,021,567	
Credit cards accounts receivable	3,397,756	131,162	-	3,266,594	
Accounts receivable:				-	
Wealth management handling fee receivable	379,225	-	-	379,225	
Income receivable	120,305	-	-	120,305	
Accounts receivable	82,647	-	-	82,647	
Subtotal	582,177	-	-	582,177	
Interest receivable:					
Interest rate instruments	855,506	-	-	855,506	
Loans	520,241	-	-	520,241	
Call loans to banks	175,656	-	-	175,656	
Other (Note)	114,294	5,848	-	108,446	
Subtotal	1,665,697	5,848	-	1,659,849	
Acceptances receivable	94,890	949	-	93,941	
Accounts receivable-related parties	1,144,024	-	-	1,144,024	
Other (Note)	156,443	19	-	156,424	
Total	<u>\$20,198,125</u>	<u>\$273,549</u>	<u>\$-</u>	<u>\$19,924,576</u>	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited
Statement of discounts and loans
December 31, 2022
(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	\$157,584	\$-	\$-	\$157,584	
Short term loans and overdrafts	37,009,287	-	-	37,009,287	
Short-term secured loans	611,857	-	-	611,857	
Medium-term loans	52,700,900	-	-	52,700,900	
Medium-term secured loans	2,839,690	-	-	2,839,690	
Long-term loans	10,412,218	-	-	10,412,218	
Long-term secured loans	188,682,150	-	-	188,682,150	
Overdue loans	76,778	-	-	76,778	
Add: Premium / Discount adjustment	-	-	202,155	202,155	
Less: Allowance for bad debts	-	4,828,261	-	4,828,261	
Total	<u>\$292,490,464</u>	<u>\$4,828,261</u>	<u>\$202,155</u>	<u>\$287,864,358</u>	

Statement of other financial assets
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Restricted assets-debt instruments		\$12,154,175	
Non-accrual loans other than those reclassified from loans		7,253	
Less: Allowance for bad debts-non-accrual loans other than those reclassified from loans		7,253	
Total		<u>\$12,154,175</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of changes in property and equipment
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increase	Decrease	Reclassify	Other changes	Ending balance	Collateral	Note
Cost:								
Land	\$2,018,583	\$-	\$146,710	\$-	\$-	\$1,871,873		
Buildings	1,922,357	4,266	117,433	-	-	1,809,190		
Office equipment	284,543	13,905	54,371	130,538	-	374,615		
Leasehold improvements	568,096	38,956	20,780	339,725	-	925,997		
Other equipment	450,326	57,376	45,756	79,636	-	541,582		
Work in progress	524,442	36,258	-	(549,899)	(3,759)	7,042		
Total	<u>\$5,768,347</u>	<u>\$150,761</u>	<u>\$385,050</u>	<u>\$-</u>	<u>\$(3,759)</u>	<u>\$5,530,299</u>		

Statement of changes in accumulated depreciation of property and equipment
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Reclassify	Other changes	Ending balance	Note
Buildings	\$1,098,849	\$47,187	\$90,537	\$-	\$-	\$1,055,499	
Office equipment	267,361	23,974	54,371	-	-	236,964	
Leasehold improvements	451,269	60,293	20,780	-	-	490,782	
Other equipment	368,625	63,442	45,756	-	-	386,311	
Total	<u>\$2,186,104</u>	<u>\$194,896</u>	<u>\$211,444</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,169,556</u>	

Statement of changes in accumulated impairment of property and equipment
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Land	\$7,095	\$9,049	\$9,049	\$7,095	
Building	785	1,190	-	1,975	
Total	<u>\$7,880</u>	<u>\$10,239</u>	<u>\$9,049</u>	<u>\$9,070</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of changes in right-of-use assets
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Buildings	\$3,435,960	\$127,152	\$218,125	\$3,344,987	
Transportation	4,494	5,040	4,533	5,001	
Other Equipment	272,869	-	-	272,869	
Total	<u>\$3,713,323</u>	<u>\$132,192</u>	<u>\$222,658</u>	<u>\$3,622,857</u>	

Statement of changes in accumulated depreciation of right-of-use assets
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending balance	Note
Buildings	\$632,658	\$359,544	\$154,272	\$837,930	
Transportation	4,196	1,726	4,533	1,389	
Other Equipment	189,549	63,949	-	253,498	
Total	<u>\$826,403</u>	<u>\$425,219</u>	<u>\$158,805</u>	<u>\$1,092,817</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of changes in intangible assets
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Beginning balance	Increase	Decrease	Ending Balance	Note
Goodwill	\$3,156,048	\$-	\$-	\$3,156,048	
Other	48,882	63,365	-	112,247	
Total	<u>\$3,204,930</u>	<u>\$63,365</u>	<u>\$-</u>	<u>\$3,268,295</u>	

Standard Chartered Bank (Taiwan) Limited

Statement of deferred tax assets

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Bad debt expenses and provisions for guarantee liabilities		\$459,981	
Depreciation expenses		35,937	
Impairment losses on assets		395	
Expenses from share-based payments		4,196	
Employee benefits		129,040	
Provisions		7,184	
Deferred income		55,410	
Unrealized losses on financial assets measured at fair value through other comprehensive income		25,027	
Losses on hedging instruments		52,265	
Total		<u>\$769,435</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of other assets
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits:			
Lease deposits	\$112,674		
Bond payment settlement reserves, and self-regulatory fund deposit	40,300		
Credit card deposits	120,533		
Other (Note)	47,547		
Subtotal	321,054		
Refundable deposits-derivative financial instruments	5,001,298		
Prepaid fees	130,450		
Other (Note)	40,660		
Total	\$5,493,462		

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, 2022
(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							\$17,256,610		
Interest rate option							167,890		
Spot/forward/swap							22,690,322		
Cross currency swap							4,391,014		
Foreign exchange option							189,325		
Commodity swap							12,791		
Commodity option							21,906		
Total							<u>\$44,729,858</u>		

Standard Chartered Bank (Taiwan) Limited
Statement of payables
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Accrued interest		\$532,858	
Accrued expenses		1,640,685	
Unsettled bonds payable		1,967,260	
Other (Note)		936,646	
Total		<u>\$5,077,449</u>	

Note: Individual accounts less than 5% of the total.

Statement of deposits and remittances
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Check accounts deposits		\$1,927,193	
Demand deposits		243,003,631	
Saving account deposits		163,462,679	
Time deposits		153,972,185	
Time saving deposits		25,020,601	
Remittances		120,356	
Total		<u>\$587,506,645</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of financial debentures
December 31, 2022
(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 (amounts)	Carrying amount			
91-1		2002.7.19	2007.7.19	Note 1	\$8,000,000	\$7,999,000	\$1,000	\$-	\$1,000			Bond A
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			
103-2		2014.12.18	2024.12.18	Note 4	6,588,808	442,165	6,146,643	-	6,146,643			
Total					<u>\$24,588,808</u>	<u>\$18,439,965</u>	<u>\$6,148,843</u>	<u>\$-</u>	<u>\$6,148,843</u>			

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, USD200,000 thousand at oar, interest accrued and paid semi-annually, annual rate is 4.5%.

Standard Chartered Bank (Taiwan) Limited
Statement of provisions
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Provision for employee benefits		\$645,198	
Provision for decommission, restoration and rehabilitation cost		158,580	
Provision for guarantee liability		76,227	
Provision for loan commitment		27,404	
Other (Note)		8,632	
Total		<u>\$916,041</u>	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of lease liabilities

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending balance	Note
Buildings	Leases	2015.08.01~2036.07.31	0.37%~2.49%	\$2,620,515	
Transportations	Car rental	2022.03.01~2025.03.21	1.39%	3,712	
Other equipment	IT and generator	2018.04.01~2025.07.31	1.80%~2.06%	3,840	
Total				<u>\$2,628,067</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of deferred tax liabilities
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Unrealized interest income on financial assets		\$133,615	
Amortization of goodwill		618,585	
Land value increment tax		66,941	
Unrealized gains on financial assets measured at fair value through other comprehensive income		1,830	
Total		<u>\$820,971</u>	

Statement of other liabilities
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Advance received from customers		\$1,139,102	
Refundable deposits-derivatives financial instruments		4,476,656	
Taxes payable		499,157	
Deferred income		325,618	
Guarantee deposits received		2,455	
Other (Note)		619,737	
Total		<u>\$7,062,725</u>	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited
Statement of interest income
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Interest income - discounts and loans	\$6,841,511	
Interest income - accounts receivable factoring	293,656	
Interest income - due from banks:		
Due from the Central Bank	28,611	
Due from banks	1,565,228	
Subtotal	1,593,839	
Interest income - investment securities	838,346	
Interest income - credit card recurrence	119,873	
Other (Note)	594,554	
Total	\$10,281,779	

Note: Individual accounts less than 5% of the total.

Statement of interest expenses
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Interest expenses - deposits:		
Time deposits interest	\$2,276,372	
Demand deposits interest	1,858,842	
Subtotal	4,135,214	
Interest expenses - due to banks	137,700	
Interest expenses - financial debentures	254,087	
Interest expenses - lease liabilities	47,729	
Other (Note)	160,511	
Total	\$4,735,241	

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, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Service fee:		
Service fee - loans	\$176,542	
Service fee - insurance commissions	1,697,780	
Service fee - credit cards	409,531	
Service fee - trusts	1,757,354	
Service fee - underwriting	28,857	
Other (Note)	477,732	
Subtotal	4,547,796	
Service charge:		
Service charge - interbank	167,650	
Service charge - agency	195,989	
Service charge - custodians	140,422	
Service charge - credit cards	143,895	
Other (Note)	250,528	
Subtotal	898,484	
Total	\$3,649,312	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited

Statement of gains on financial assets or liabilities at fair value through profit or loss

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Amount	Total	Note
Gains on disposal:		
Interest-rate instruments		
Government bonds	\$152	
Derivative financial instruments	2,791,802	
Subtotal	2,791,954	
Gains (losses) on valuation:		
Interest rate instruments		
Government bonds	13,530	
Derivative financial instruments	(1,646,089)	
Subtotal	(1,632,559)	
Interest income	33,405	
Total	\$1,192,800	

Standard Chartered Bank (Taiwan) Limited

Statement of impairment losses and reversal of impairment loss on assets

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount on impairment loss	Amount on reversal of impairment loss	Note
Impairment losses - property and equipment	\$10,239	\$-	
Impairment losses - debt instrument investments	1,297	1,860	
Impairment losses - other	-	33	
Total	<u>\$11,536</u>	<u>\$1,893</u>	

Standard Chartered Bank (Taiwan) Limited
Statement of employee benefits
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Employee benefit expense	Other general and administrative expense	Total	Note
Salary expenses	\$4,309,415	\$-	\$4,309,415	
Employee insurance	314,561	-	314,561	
Pension expenses:				
Define contribution plan	156,503	-	156,503	
Define benefit plan	37,784	-	37,784	
Director's remuneration	-	6,414	6,414	
Other (Note 1)	171,753	-	171,753	
Total	<u>\$4,990,016</u>	<u>\$6,414</u>	<u>\$4,996,430</u>	

Note 1: Individual accounts less than 5% of the total.

Note 2:

- a. The average numbers of the Company's employees for the years ended December 31, 2022 and 2021 were 2,708 and 2,898, 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, 2022 was \$1,847 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, 2021 was \$1,758 thousand.
(refer to "Total of employee benefit expense"- "Director's remuneration" for 2020/ "Total number to employees"-
"The number of directors who had not served concurrently as employees" for 2020)
- c. The average salary expense for the year ended December 31, 2022 was \$1,595 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, 2021 was \$1,534 thousand.
(refer to "Total salary expense" for 2020/ "Total number of employees"-
"The number of directors who had not served concurrently as employees" for 2020)
- d. The change of average salary expense increased 4%.
- e. The Supervisor's remuneration for the years ended December 31, 2022 and 2021 were both \$0.
- f. 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. The Company'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 Company'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 Company and business unit's as well as individual objectives including the adherence to the Company's Valued Behaviours. All employees are subject to the Company's deferral mechanism, which applies a graduated level of deferral over a defined threshold. Variable remuneration is subject to the Company's Regulation of Variable Compensation Standard, which enables the Company 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.

Standard Chartered Bank (Taiwan) Limited
Statement of depreciation and amortization expenses
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation expenses:		
Buildings	\$47,187	
Office equipment	23,974	
Leasehold improvements	60,293	
Other equipment	63,442	
Right-of-use assets	425,219	
Subtotal	620,115	
Amortization expenses	-	
Total	\$620,115	

Standard Chartered Bank (Taiwan) Limited
Statement of other general and administrative expenses
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	Note
Rental expenses	\$2,413	
Office supplies	64,070	
Postage	159,606	
Repairs and maintenance	117,459	
Advertising expenses	138,749	
Utilities fees	54,015	
Taxes	665,409	
Professional service fees	86,910	
Operational and advisory service fees	947,442	
Consulting and technical support service fees	704,695	
Wholesale banking business service fees	87,486	
Building management fees	102,715	
Computer management fees	278,094	
Director's remuneration	6,414	
Other (Note)	390,072	
Total	<u>\$3,805,549</u>	

Note : Individual accounts less than 5% of the total.

**STANDARD CHARTERED BANK (TAIWAN)
LIMITED SECURITIES DEPARTMENT**

Financial Statements

For the Years Ended December 31, 2022 and 2021

Securities Department Financial Statements

Table of Contents

Item	Page
Cover	156
Table of contents	157
Securities Department Balance Sheets	158
Securities Department Statements of Comprehensive Income	159
Securities Department Notes to Financial Statements	
1. Organization and operations	160
2. Date and procedures of authorization for issuance of the financial statements	160
3. Newly issued or revised standards and interpretations	160
4. Summary of significant accounting policies	160-167
5. Significant accounting judgments, estimates and assumptions	167-168
6. Contents of significant accounts	168-173
7. Related party transactions	173-174
8. Pledged assets	175
9. Significant commitments and contingent liabilities	176
10. Significant loss due to disasters	176
11. Significant subsequent events	176
12. Others	176
13. Other disclosure items	
(1) Related information on significant transactions	176
(2) Information on long-term equity investments	176
(3) Related information on overseas branches and representative offices	176
(4) Information on investments in Mainland China	176
Details of significant accounts	177-183

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

			December 31, 2022		December 31, 2021		
			Note	Amount	%	Amount	%
Assets							
110000	Current Assets						
112000	Financial assets at fair value through profit or loss	6(1)	\$6,161,743	9	\$7,910,459	13	
113200	Financial assets at fair value through other comprehensive income	6(2)	47,788,786	74	44,508,058	73	
113300	Financial assets measured at amortized cost	6(3) & 6(8)	4,751,499	7	4,788,266	8	
114010	Securities and bonds purchased under resell agreements	6(4) & 6(8)	5,175,877	8	2,384,921	4	
114130	Accounts receivable	6(5) & 7	560,623	1	1,025,795	1	
119000	Other current assets		98,287	-	116,338	-	
Current Assets			64,536,815	99	60,733,837	99	
120000	Non-current assets						
129000	Other non-current assets	8	40,300	-	40,300	-	
129080	Other financial assets	6(6), 6(8) & 8	357,291	1	368,517	1	
Non-current Assets			397,591	1	408,817	1	
Total assets			\$64,934,406	100	\$61,142,654	100	
Liabilities and Equity							
210000	Current Liabilities						
214130	Accounts payable	6(7) & 7	\$1,985,833	3	\$316,828	-	
Current Liabilities			1,985,833	3	316,828	-	
229110	Intercompany		60,974,866	94	58,570,632	96	
Total Liabilities			62,960,699	97	58,887,460	96	
300000	Equity						
301110	Capital surplus		2,000,000	3	2,000,000	3	
304040	Retained Earnings		242,370	-	306,668	1	
305000	Other equity		(268,663)	-	(51,474)	-	
Total equity			1,973,707	3	2,255,194	4	
Total Liabilities and Equity			\$64,934,406	100	\$61,142,654	100	

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

			2022		2021	
		Note	Amount	%	Amount	%
400000	Operating Revenue					
401000	Brokerage handling fee revenue	7	\$4,975	2	\$10,333	3
404000	Revenue from underwriting business	7	28,857	10	114,068	32
411000	(Losses) gains on sale of trading securities	6(1)	(91,501)	(33)	19,345	5
421200	Interest income	6(1)	319,788	115	211,018	60
421500	Valuation gains (losses) on trading securities at fair value through profit or loss	6(1)	13,530	5	(1,375)	-
425300	Expected credit reversal gains (impairment losses)		79	-	(706)	-
428000	Other operating income	7	3,538	1	419	-
	Total operating revenue		279,266	100	353,102	100
500000	Operating expenses					
502000	Brokerage handling fee expenses		9	-	-	-
528000	Other operating losses	7	1,720	-	12,633	4
531000	Employee benefit expenses		19,323	7	18,107	5
533000	Other operating expenses		15,844	6	15,694	4
	Total operating expenses		36,896	13	46,434	13
902005	Profit		242,370	87	306,668	87
805000	Other comprehensive income					
805600	Components of other comprehensive income that will be reclassified to profit or loss					
805615	Revaluation losses from investments in debt instruments measured at fair value through other comprehensive income		(217,135)	(78)	(355,542)	(101)
805618	Provision of impairment (losses) gains from investments in debt instruments measured at fair value through other comprehensive income		(55)	-	515	-
805000	Other comprehensive income		(217,190)	(78)	(355,027)	(101)
902006	Total comprehensive Income		\$25,180	9	\$(48,359)	(14)

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese
STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and operations

(1) Standard Chartered Bank (Taiwan) Limited (hereinafter referred to as the Company) 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 Company 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 Company 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 Company and offshore banking unit (OBU) started engaging in foreign exchange trading; the Company was approved to conduct its own foreign securities business on November 10, 2017.

(2) Main business includes:

- (a) Foreign exchange trading
- (b) Various bonds and securitized commodities on their business premises (limited to fixed income securities)
- (c) Foreign securities business on its own business premises
- (d) Underwriting bonds and securitized commodities (limited to fixed income securities).

2. Date and procedures of authorization for issuance of the financial statements

The date and procedure of the securities department's financial statements are the same as the Company's financial statements. Please refer to the Company's financial statements.

3. Newly issued or revised standards and interpretations

The application of the newly issued and revised standards and interpretations by the securities department of the Company is the same as the financial statements of the Company. Please refer to the financial statements of the Company.

4. Summary of significant accounting policies

The financial statements of the securities department of the Company have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee endorsed by FSC. Significant accounting policies adopted in the financial statements are summarized as below:

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Current and non-current distinction

Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) The Company holds the asset primarily for the purpose of trading;
- (c) The Company expects to realize the asset within 12 months after the reporting period;
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) The Company expects to settle the liability in its normal operating cycle
- (b) The Company holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within 12 months after the reporting period
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(2) Foreign currency

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

(3) Financial instruments

Financial assets

Financial assets held by securities department of the Company are recorded on the trading date.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Financial assets are recognized when securities department of the Company 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 Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

(a) Financial assets measured at amortized cost

i. 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;

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

ii. 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 and bonds sold under repurchase agreements or securities and bonds purchased under resell agreements.

iii. Loans and receivables

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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.

(b) 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:

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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

(c) 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 Company 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 SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(d) Impairment of financial assets

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.

Securities department of the Company 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 Company 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 Company'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 Company 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 securities department of the Company in accordance with the contract and the cash flows that securities department of the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, securities department of the Company 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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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 Company 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 Company's procedures for recovery of amounts due.

Please refer to the Company's financial report for the judgment on whether the credit risk has significantly increased after initial recognition and prospective adjustments.

(e) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company 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 Company still possess the ownership of the financial assets, then securities department of the Company shall continuously recognize it as assets according to the extent of its own involvement.

(f) Reclassification of financial assets

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

(4) Operating guarantee deposits

According to the Regulations Governing Securities Firms, the securities department of the Bank lodged operation bond and recorded them under other non-current assets, based on the nature of security business.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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.

(5) Revenue recognition

- (a) Profit or loss on disposal of trading securities, and relevant brokerage securities transaction charges are recognized at the trading date.
- (b) Brokerage handling fee revenue are recognized at the trading date.
- (c) Revenue from underwriting business are recognized right after the underwriting service are made.
- (d) Interest income: interest income from investments in debt instruments measured at amortized cost and 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.
- (e) Operating expenses: Expenses derived from the operating of securities department are mainly classified under employee benefits expense and other operating expense.

5. Significant accounting judgments, estimates and assumptions

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 Company 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 Company 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.

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.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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. Contents of significant accounts

As of December 31, 2022, the Offshore banking unit of the securities department of the Company has not yet completed relevant business. The following details do not include the amount of Offshore banking unit.

(1) 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 Company were as follows:

	December 31, 2022	December 31, 2021
Securities held for operations-dealing:		
Government bonds	\$6,161,743	\$7,910,459

For the years ended December 31, 2022 and 2021, relevant operating details of the securities department of the Company were as follows:

	2022	2021
Gains (losses) on sale of trading securities	\$152	\$(13,284)
Interest income	\$33,405	\$9,377
Valuation gains (losses) on trading securities measured at fair value through profit or loss	\$13,530	\$(1,375)

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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

The financial assets at fair value through other comprehensive income of securities department of the Company were as follows:

	December 31, 2022	December 31, 2021
Government bonds	\$47,788,786	\$44,508,058
Revaluation adjustment of hedge items	\$27	\$1,753

As of December 31, 2022 and 2021, the allowance for impairments of the above debt investment were \$2,652 thousand and \$2,707 thousand respectively.

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

	2022				
	12-month 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)	Total
Beginning balance	\$2,707	\$-	\$-	\$-	\$2,707
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(579)	-	-	-	(579)
New financial assets originated or purchased	115	-	-	-	115
Foreign currency exchange and other changes	409	-	-	-	409
Ending Balance	\$2,652	\$-	\$-	\$-	\$2,652

	2021				
	12-month 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)	Total
Beginning balance	\$2,192	\$-	\$-	\$-	\$2,192
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(447)	-	-	-	(447)
New financial assets originated or purchased	475	-	-	-	475
Foreign currency exchange and other changes	487	-	-	-	487
Ending Balance	\$2,707	\$-	\$-	\$-	\$2,707

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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

	2022				
	12-month 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)	Total
Beginning balance	\$44,508,058	\$-	\$-	\$-	\$44,508,058
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(7,776,903)	-	-	-	(7,776,903)
New financial assets originated or purchased	11,072,620	-	-	-	11,072,620
Foreign currency exchange and other changes	(14,989)	-	-	-	(14,989)
Ending Balance	<u>\$47,788,786</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,788,786</u>

	2021				
	12-month 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)	Total
Beginning balance	\$36,497,156	\$-	\$-	\$-	\$36,497,156
Changes due to financial instrument recognition:					
Financial assets derecognized during the period	(2,576,077)	-	-	-	(2,576,077)
New financial assets originated or purchased	8,030,653	-	-	-	8,030,653
Foreign currency exchange and other changes	2,556,326	-	-	-	2,556,326
Ending Balance	<u>\$44,508,058</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$44,508,058</u>

(3) Financial assets measured at amortized cost

The financial assets measured at amortized cost of the securities department of the Company were as follows:

	December 31, 2022	December 31, 2021
Government bonds	<u>\$4,751,499</u>	<u>\$4,788,266</u>

As of December 31, 2022 and 2021, the allowance of impairments of the above financial assets measured at amortized cost were \$301 thousand and \$293 thousand respectively.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

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

	2022				Total
	12-month 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)	
Beginning balance	\$293	\$-	\$-	\$-	\$293
Foreign currency exchange and other changes	8	-	-	-	8
Ending Balance	<u>\$301</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$301</u>

	2021				Total
	12-month 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)	
Beginning balance	\$117	\$-	\$-	\$-	\$117
New financial assets originated or purchased	176	-	-	-	176
Ending Balance	<u>\$293</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$293</u>

(4) Securities and bonds purchased under resell agreements

	December 31, 2022	December 31, 2021
Bonds purchased under resell agreement	<u>\$5,175,877</u>	<u>\$2,384,921</u>
Face value of bonds	<u>\$5,676,600</u>	<u>\$2,630,000</u>
Interest rate	<u>0.88%~1.26%</u>	<u>0.26%~0.28%</u>
Last settlement date	<u>2023.2.2</u>	<u>2022.1.19</u>
Resell price	<u>\$5,180,613</u>	<u>\$2,385,312</u>

As of December 31, 2022 and 2021, allowance for impairments of the above securities and bonds purchased under resell agreements were \$47 thousand and \$79 thousand, respectively.

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

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2022				
	12-month 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)	Total
Beginning balance	\$79	\$-	\$-	\$-	\$79
Changes due to financial instrument recognition: Financial assets derecognized during the period	(79)	-	-	-	(79)
New financial assets originated or purchased	47	-	-	-	47
Ending Balance	<u>\$47</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47</u>

	2021				
	12-month 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)	Total
Beginning balance	\$64	\$-	\$-	\$-	\$64
Changes due to financial instrument recognition: Financial assets derecognized during the period	(64)	-	-	-	(64)
New financial assets originated or purchased	79	-	-	-	79
Ending Balance	<u>\$79</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$79</u>

(5) Accounts receivable

	December 31, 2022	December 31, 2021
Unsettled trades receivable	\$-	\$542,377
Interest receivables	552,679	469,628
Accounts receivable-related parties	7,944	13,790
Total	<u>\$560,623</u>	<u>\$1,025,795</u>

(6) Other financial assets

	December 31, 2022	December 31, 2021
Restricted assets-debt instruments	<u>\$357,291</u>	<u>\$368,517</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(7) Payables

	December 31, 2022	December 31, 2021
Unsettled bonds payable	\$1,967,260	\$298,923
Accounts payable-related parties	18,573	17,905
Total	<u>\$1,985,833</u>	<u>\$316,828</u>

(8) Fair value of financial instruments

(a) Fair value of financial instruments

	December 31, 2022	
	Book Value	Fair Value
Amortized cost	\$4,751,499	\$4,714,444
Securities and bonds purchased under resell agreements	5,175,877	5,143,533
Other financial assets	357,291	357,291
	December 31, 2021	
	Book Value	Fair Value
Amortized cost	\$4,788,266	\$4,788,971
Securities and bonds purchased under resell agreements	2,384,921	2,399,917
Other financial assets	368,517	368,517

(b) Information of financial risk

Please refer to the Company's financial statements on financial risk for more details.

7. Related party transactions

Name and relationship of related parties

Name	Relationship with the Company
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 Singapore ("SCB Singapore")	Affiliate
Standard Chartered Bank North America ("SCB North America")	Affiliate
Standard Chartered Bank Dubai ("SCB Dubai")	Affiliate
Standard Chartered Bank China Limited ("SCB China")	Affiliate
Standard Chartered Bank Malaysia ("SCB Malaysia")	Affiliate
Standard Chartered Bank Germany ("SCB Germany")	Affiliate
Standard Chartered Bank India ("SCB India")	Affiliate

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

Significant transactions with related parties

Name	2022	2021
Brokerage handling fee revenue:		
SCB Hong Kong	\$3,093	\$-
SCB	1,882	10,314
Other	-	19
Total	<u>\$4,975</u>	<u>\$10,333</u>
Other operating income:		
SCB	\$18	\$369
SCB Malaysia	-	45
Other	-	5
Total	<u>\$18</u>	<u>\$419</u>
Other operating losses		
SCB India	\$873	\$-
SCB Dubai	681	5,472
SCB North America	166	1,150
SCB	-	6,321
Other	-	(310)
Total	<u>\$1,720</u>	<u>\$12,633</u>
	December 31,	December 31,
Name	2022	2021
Accounts receivable-related parties:		
SCB	\$6,397	\$13,249
Other	1,547	541
Total	<u>\$7,944</u>	<u>\$13,790</u>
Accounts payable-related parties:		
SCB	\$10,518	\$10,300
SCB Dubai	6,235	5,617
SCB North America	1,297	1,168
Other	523	820
Total	<u>\$18,573</u>	<u>\$17,905</u>

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

8. Pledged assets

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, 2022	December 31, 2021
Negotiable certificates of deposit, bonds (recorded under other non-current financial assets)	Trust indemnity reserve	\$153,125	\$157,936
	Operation Bond for securities broker	51,042	52,645
	Operation Bond for securities underwriter	40,833	42,116
	Operation Bond for securities dealer	10,208	10,529
	Bond payment settlement reserve	102,083	105,291
		<u>357,291</u>	<u>368,517</u>
Guarantee deposits paid (recorded under other non-current assets)	Bond payment settlement reserve, and self-regulatory fund deposit	40,300	40,300
Total		<u><u>\$397,591</u></u>	<u><u>\$408,817</u></u>

- (1) 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.
- (2) Operation Bond for securities broker is placed for operating business of foreign bond agency approved by the competent authority in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities broker are \$50,000 thousand.)
- (3) Operation Bond for securities underwriter and dealer is placed in accordance with the Regulations Governing Securities Firms. (Amounts required in accordance with relevant regulations for securities underwriter and dealer are \$40,000 thousand and \$10,000 thousand, respectively.)
- (4) Bond payment settlement reserves are placed in the Taipei Exchange's electronic bond trading system in accordance with relevant regulations.
- (5) Self-regulatory fund deposits are placed in Taiwan Securities Association in accordance with relevant regulations.

STANDARD CHARTERED BANK (TAIWAN) LIMITED SECURITIES DEPARTMENT
Notes to the Financial Statements (Continued)
(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

9. Significant commitments and contingent liabilities

None.

10. Significant loss due to disasters

None.

11. Significant subsequent events

None.

12. Others

None.

13. Other disclosure 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 Company for the year ended December 31, 2022:

(1) Related information on significant transactions:

- (a) Loans to other parties: None.
- (b) Guarantees and endorsements for other parties: None.
- (c) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (d) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (e) Service charge discounts on transactions with related parties in an aggregate amount of NT\$5 million or more: None.
- (f) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (g) Details of material transactions between parent company and subsidiaries: None.

(2) Information on long-term equity investments: None.

(3) Related information on overseas branches and representative offices: None.

(4) Information on investments in Mainland China: None.

Standard Chartered Bank (Taiwan) Limited Securities Department
Statement of financial assets measured at fair value through profit or loss
December 31, 2022
(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		
A07101		-	-	\$3,150,000	0.63%	\$3,149,834	99.99	\$3,149,817	\$-	
A02106		-	-	2,050,000	1.13%	2,054,601	100.03	2,050,650	-	
A92103		-	-	700,000	2.50%	707,370	100.19	701,341	-	
A11110		-	-	250,000	1.75%	249,155	103.97	259,935	-	
Total				<u>\$6,150,000</u>		<u>\$6,160,960</u>		<u>\$6,161,743</u>	<u>\$-</u>	

Standard Chartered Bank (Taiwan) Limited Securities Department
Statement of financial assets measured at fair value through other comprehensive income
December 31, 2022
(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	
A10109		-	-	\$6,000,000	0.25%	\$5,987,400	\$294	99.50	\$5,969,764	
A93103		-	-	4,800,000	3.00%	5,068,261	414	102.08	4,899,996	
A92103		-	-	4,600,000	2.50%	4,741,643	78	100.17	4,607,891	
A94103		-	-	3,900,000	2.38%	4,272,142	309	102.49	3,997,297	
A07107		-	-	3,900,000	0.63%	3,904,768	170	99.78	3,891,412	
A07111		-	-	3,600,000	0.75%	3,632,403	244	99.74	3,590,462	
A03106		-	-	2,700,000	1.50%	2,793,747	197	100.48	2,712,904	
A08101		-	-	2,450,000	0.63%	2,449,289	167	99.55	2,438,981	
A10106		-	-	2,400,000	0.13%	2,385,787	87	99.59	2,390,089	
Other (Note)		-	-	13,248,900	0.5%~3.00%	13,683,294	692	98.66~103.37	13,289,990	
Total				<u>\$47,598,900</u>		<u>\$48,918,734</u>	<u>\$2,652</u>		<u>\$47,788,786</u>	

Note 1: Individual accounts less than 5% of the total.

Note 2: The fair value hedged financial assets amounted to \$2,299,496 thousand, and the revaluation adjustment of hedged items was \$27 thousand.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of financial assets measured at amortized cost

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Par value	Total Amount	Interest rate	Carrying amount	Accumulated impairment	Note
A07107		-	-	\$1,000,000	0.63%	\$999,351	\$44	
A02110		-	-	900,000	1.75%	906,376	53	
A09101		-	-	800,000	0.50%	802,278	54	
A93109		-	-	600,000	3.00%	629,684	50	
A03106		-	-	600,000	1.50%	608,021	44	
A08107		-	-	400,000	0.50%	400,788	27	
A08101		-	-	250,000	0.63%	250,654	17	
A93103		-	-	150,000	3.00%	154,347	12	
Total				<u>\$4,700,000</u>		<u>\$4,751,499</u>	<u>\$301</u>	

Standard Chartered Bank (Taiwan) Limited Securities Department
Statement of securities and bonds purchased under resell agreements

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Name	Terms			Bonds		Trading Amount	Note
	Start Date	Maturity Date	Interest rate	Type	Par value		
Capital Securities Corporation	2022.12.05	2023.01.13	0.88%	A08101	\$650,000	\$585,000	
O-Bank Co., Ltd.	2022.12.08	2023.01.06	0.92%	A05104	600,000	540,000	
Capital Securities Corporation	2022.12.22	2023.01.21	1.10%	A07107	600,000	540,000	
O-Bank Co., Ltd.	2022.12.06	2023.01.04	0.92%	A05104	500,000	450,000	
Capital Securities Corporation	2022.12.08	2023.01.10	0.90%	A05111	400,000	350,000	
MasterLink Securities Corporation	2022.12.07	2023.01.09	1.18%	B618C1	300,000	282,000	
Fubon Securities Co., Ltd.	2022.12.14	2023.01.13	1.22%	B618CC	300,000	282,000	
Capital Securities Corporation	2022.12.05	2023.01.06	0.88%	A04112	300,000	270,000	
Fubon Securities Co., Ltd.	2022.12.21	2023.01.12	1.26%	B644CG	280,000	259,000	
Other (Note)	2022.12.05~2022.12.26	2023.01.06~2023.01.18	0.88%~1.24%		1,746,600	1,617,924	
Total					<u>\$5,676,600</u>	<u>\$5,175,924</u>	

Note: Individual accounts less than 5% of the total.

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of revenue from underwriting business

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Month	Securities underwriting compensation	Consignment securities handling fee revenue	Underwriting operation revenue	Underwriting asset revenue	Other revenue	Total	Note
January	\$-	\$-	\$-	\$20,769	\$-	\$20,769	
February	-	-	-	2,655	-	2,655	
March	-	-	-	(455)	-	(455)	
April	-	-	-	-	-	-	
May	-	-	-	873	-	873	
June	-	-	-	-	-	-	
July	-	-	-	3,483	-	3,483	
August	-	-	-	-	-	-	
September	-	-	-	1,114	-	1,114	
October	-	-	-	418	-	418	
November	-	-	-	-	-	-	
December	-	-	-	-	-	-	
Total	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$28,857</u>	<u>\$-</u>	<u>\$28,857</u>	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of gain on sale of trading securities

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Revenue	Cost	Loss	Note
Dealing Securities trading at business establishment	<u>\$43,113,549</u>	<u>\$43,205,050</u>	<u>\$(91,501)</u>	

Standard Chartered Bank (Taiwan) Limited Securities Department

Statement of interest income

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Bonds interest income		\$289,342	
Interest income from bond purchased under resell agreements		30,444	
Other (Note)		<u>2</u>	
Total		<u><u>\$319,788</u></u>	

Note: Individual accounts less than 5% of the total.