

Annual Report 2015

Standard Chartered Bank (Taiwan) Limited



Stock Code : 2807

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

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

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Addresses and phone numbers of the head office and branches

For detailed information, refer to the "Directory of Branches and Offices" from page 254 to page 255.



Stock registration agent

Yuanta Securities Co., Ltd.

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

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

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



Credit rating institutions

Fitch Australia Pty Ltd, Taiwan Branch

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

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

Taiwan Ratings Corporation

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

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



Names of CPAs certifying financial statements of the most recent year

Lin Wu and Yung-Sheng Wang

Company Name : Klynveld Peat Marwick Goerdeler (KPMG)

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

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

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

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



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



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Taiwan's real GDP growth in 2015 eased to a mere 0.8%, on the back of slowing growth in China, waning global tech demand, as well as weak global commodity and oil prices. Furthermore, rising market volatility and diminishing risk appetite dented market sentiment, while waning optimism over household income expectation as well as less sanguine job market outlook dampen consumer confidence.

In 2016, the Bank expect growth to mildly rebound to 2.0%. The government's pro-active fiscal measures to stimulate spending and boost overall GDP growth may not be strong enough as the Bank foresee weak external demand, intensifying competition from China, as well as weak commodity and oil prices will likely continue to depress overall growth outlook. Potential headwinds, such as the divergence to monetary policy among major central banks and rising geo-political tension, could result in a sharp reversal in risk appetite and threaten financial market and inflation stability. The Bank expect policy makers to consider additional monetary easing as growth data disappoint.

Taiwan's strong economic structure is less vulnerable to international liquidity/credit risk and potential external shocks, thanks to the expanding Renminbi offshore business under local authorities' continuing efforts to liberalize existing rules and regulations, its sizeable foreign reserves, healthy current account balances, and relatively low external as well as public debt. Local banking sector is considered to maintain stable capital adequacy ratio and sound overall debt leverage. These favorable conditions enable the banking sector to remain profitable with improved overall asset quality in face of rising market volatility resulting from sharp reversal of risk appetite globally.

2015 was a challenging year for Standard Chartered Bank Taiwan Limited ("the Bank"). Net income was down 56%. This performance was a reflection of market conditions in the second half year as well as our restructuring actions by management team. These restructuring actions have had an upfront impact on earnings but were conducive to our core business for more sustainable returns in the long run. Notwithstanding the challenging set of results, while our expenses have come down by 4% as a result of cost efficiency initiatives from organization structure simplifying.

Net revenue was down 13%. Lower interest income was a reflection of de-risking of our asset portfolio along with margin compression and lower investment yield. Other headwind factors included foreign exchange volatility, China's slowdown and reduced commodity prices resulted in lower level of business activities, as well as top-up provision (for maintaining original bad debt reserves) to align with regulator's request. The Bank will continue to improve returns through income source diversification and client connectivity to China.

The Bank's balance sheet remained strong and resilient. Overall customer loans recorded lower than those of in 2014, mainly affected by slower mortgage origination, less sales on retail un-secured loans, reduction in corporate lending and trade deals due to slow market momentum. Deposit business still maintained liquid with increased CASA ratio to total balance after the adjustment of high cost USD deposits.

The Bank continued to be highly liquid and well capitalized, with a LCY liquidity reserve ratio of 58.92%. The capital adequacy ratio was 14.37%, and the Tier 1 ratio was 11.20%, both were well above the regulatory requirements.

NPL ratio increased from 0.29% a year ago to 0.35% in 2015, mainly driven by declining overall loans due to slowed lending business mentioned above. While the NPL marginally increased, the loan coverage ratio remained flat at 453.24% comparing to 454.73% over the same period in 2014. In general, the Bank still maintained satisfactory level of loan quality and bad debt coverage.


The category 1 coverage ratio reached 1.37% as of December 2015, out of which the coverage ratio for real estate loans and China exposure reached 1.51% and 1.50%, respectively. Mortgage and construction loan LTD ratio was well controlled at 27.33% as of through reshaping the Bank's balance sheet. All are above regulatory minimum.

The Bank's credit rating by Fitch Ratings in November 2015 was AAA (twn) for domestic long-term credit, F1+(twn) for domestic short-term credit, A+ for international long-term credit, F1 for international short-term credit, with an overall "Negative" outlook. In March 2016, Taiwan Ratings Corporation, a local arm of Standard & Poor's, rated the Bank as twAA for long-term credit, twA-1+ for short-term credit, with overall credit watch "Positive". By adopting and implementing prudent business strategies, the Bank is confident to deliver strong financial performance and maintain good asset quality with adequate capital levels in 2016.

Looking forward in 2016, the Bank will continue to focus on growing client franchise in three client business and providing clients with comprehensive financial solutions. By leveraging the Group's network, it enables us to become clients' most trustworthy partner when they expand overseas. In addition, the Bank will continue to play a vital role in promoting Taiwan's Renminbi (RMB) business and build our leading position in the market.

- **Corporate and Institutional Banking:** Taiwan is a key part of Greater China strategy, for which Taiwan is a major trading partner of China and ASEAN countries. With our unique position, the Bank can provide Taiwanese enterprises with cross-border financial solutions while improving our return in Corporate and Institutional Clients business.
- **Commercial Banking:** the Bank will speed up on new client on-boarding and maintain our strong risk discipline on credit quality. The Bank will focus on optimal performance by providing value added hedging and investment solutions.
- **Retail Banking:** The Bank continues to grow Priority customers and focus on core cities and digital capability. The Bank will also invest in wealth management platform and develop financial products.

The banking sector is facing various challenges and undergoing a major transformation with more stringent regulatory governance and higher capital requirement. In addition, digitalization will change the way the Bank work and the way the Bank do business with clients. The Bank need to make adjustment in response to the changes but opportunities are significantly greater. With stronger capital, more diversified risk profile and more focused strategic priorities, our foundations will be further secured. The Bank are opening a new chapter and our long-term commitment to Taiwan, to our customers, to our shareholders and to our staff is a strong reflection of living up to our brand promise of being "Here for good" in Taiwan.



Benjamin Pi-Cheng Hung
Chairman



I. History

Standard Chartered PLC ("the Group") is a leading international banking group, with more than 86,000 employees and over 150 years of history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. The Bank heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

With over 3,000 Mandarin speaking talents across Taiwan, Standard Chartered is capable of offering individuals and corporate clients full-scale banking services and innovative products and aspires to become the Bank of Choice in Taiwan. Standard Chartered opened its first branch ("the Bank") in Taiwan in 1985. Between 2006 and 2008, the Bank grew with a great leap in this robust market. The acquisition of Hsinchu International Bank in November 2006 marked a milestone in Standard Chartered's course of development in Taiwan. The completion of integration of the two banks in July 2007 contributed to an expanded network in Taiwan. The amalgamation with American Express Bank and the "Good Bank" part of Asia Trust and Investment Corporation in August and December 2008, respectively, further enhanced Standard Chartered Group's footprint in Taiwan and demonstrated the Bank's strong commitment to the Taiwan market.

The Bank has been widely recognized for its commitment to enhancing services and brand reputation in Taiwan. In 2015, the Bank received awards including: "Outstanding Investment Services – Retail Clients" from RBI Asia Trailblazers Awards, "Best Potential Award - International Banks" from the Wealth Management Banks Survey by Business Today Weekly, "Outstanding Organization for Park Adoption – 3-Year Sponsor of Beishihu Park" awarded by the Environment Protection Administration of Executive Yuan, "The Taiwan International Banking Award – Best SME Banking Business in Taiwan and Best Managed Wealth Management Business in Taiwan" from MILSTE Gold Award, "Gold Award for Sports Promoter" from Sports Administration of the Ministry of Education, and "Bronze Award for Best Service in Taiwan - International Bank Category" from Commercial Times.

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

Current shareholding of the Bank in affiliated enterprises includes the following: 100% in Standard Chartered Life Insurance Agency Co, Ltd. and 100% in Taiwan Standard Chartered Insurance Agency Co, Ltd. Please refer to page 246 for details.

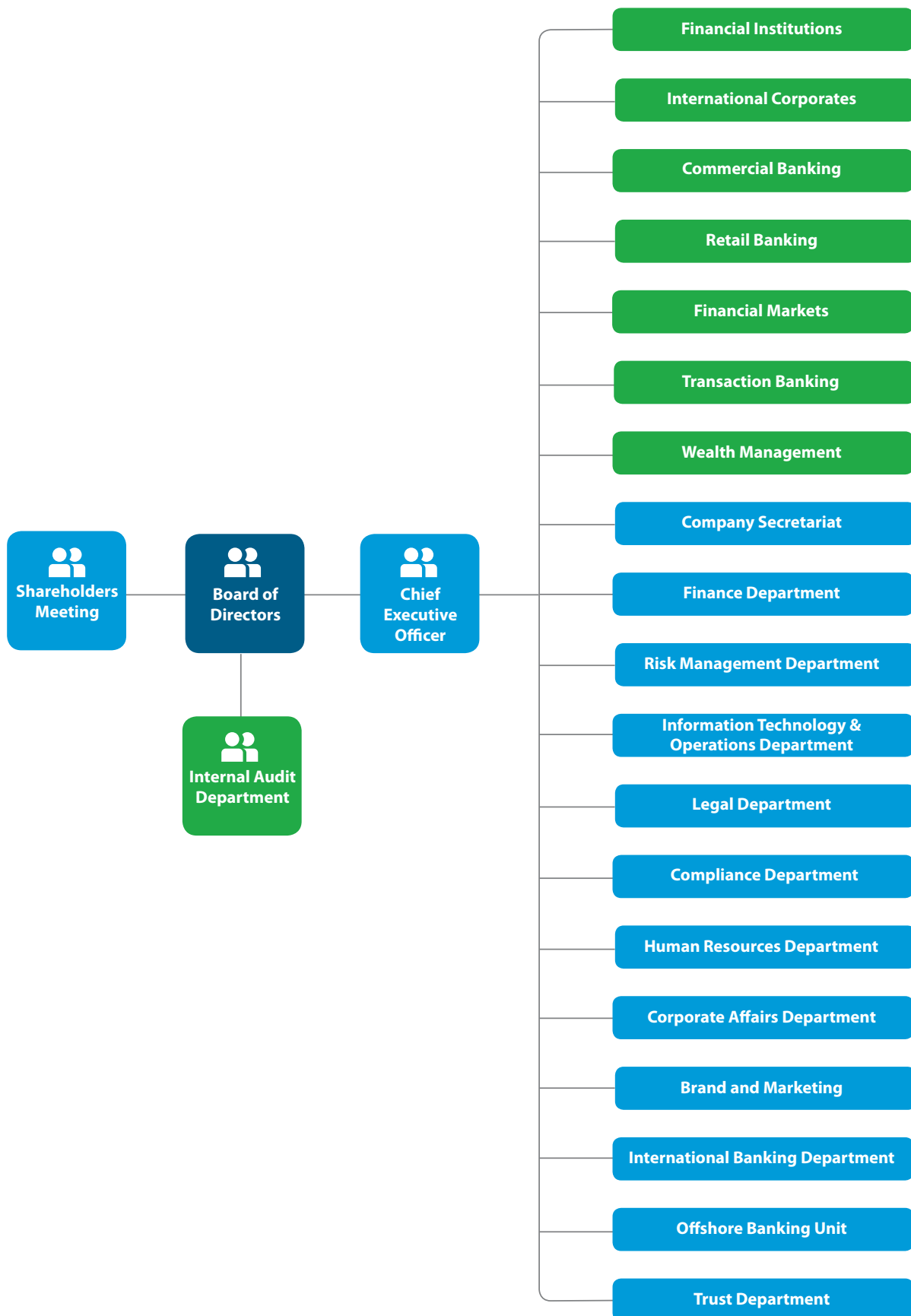
III. Information on a major transfer or change in ownership of shares belonging to Directors, Supervisors or a concerned party requiring to declare any change in shareholding pursuant to Paragraph 3, Article 25 of the Banking Act : [None]



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I. Organization Structure

(I) Organizational Chart



(II) Responsibilities of Major Departments

Internal Audit Department	In charge of audits of business, finance, asset management, IT and other functions; any other audit assignment required by Board of Directors and the regulator, etc.
Financial Institutions	Engaging in the maintenance, promotion, credit analysis, risk management, and sales of lending, transaction banking, financial markets and capital markets product and services to Financial Institutions clients.
International Corporates	Engaging in the maintenance, promotion, credit analysis, risk management, and sales of lending, transaction banking, financial markets and capital markets product and services to International Corporates clients.
Commercial Banking	In charge of developing a sustainable customer-focused strategy by engaging in the development, promotion, credit analysis, risk management, and sale of commercial clients products and services. Responsible for business development and maintenance, sales channel management, operation process and risk management, enhancement of customer experience and service quality, analysis of business operations, evaluation of product performance, and project execution, etc.
Retail Banking	In charge of developing a long-term sustainable customer-focused strategy and building a high performance culture through robust execution. Responsible for retail clients segment development in customer value propositions, product development, and operating the Bank's businesses pursuant to the Banking Act and approved by the competent authorities, etc.
Financial Markets	Engaging in the treasury management and trading of interest rates, bond and NTD and foreign currencies; sales of FX, fixed income, rates and commodity related derivatives; management of Bank's assets and liabilities; securities business and financial advisory related matters.
Transaction Banking	Engaging in product development, promotion and risk management of payments, collections, liquidity management, trade services, security services and other transaction banking products and services. Responsible for the product governance, risk management, planning and delivery through physical or virtual channels, service quality enhancement. Conduct operation analysis, performance evaluation and project execution for transaction banking products.
Wealth Management	In charge of establishing customer-focused wealth management business through a planning and implementation to execute investment business service, and responsible for Taiwan wealth management products and enacting the business authorized by authorities.
Company Secretariat	Provide the Bank secretarial, governance advisory and administrative support services for SCBTL and its directors, etc.
Finance Department	Responsible for the forecast and execution of budget planning; tax returns filing and accounting; annual reporting; capital & balance sheet management; consultation, management, evaluation and analysis of operational businesses, properties and facilities management; and supply chain, sourcing and vendors related management.
Risk Management Department	Responsible for the Risk Management of the entire Bank. The main areas are credit risk, market risk, and operational risk, etc. It is also in charge of credit limits approval, risk monitoring, control of credit documents and the formulation of credit policies & procedures.
Information Technology & Operations Department	In charge of overall banking operations; re-engineering, information security and system development, risk control and governance over technology and operations, technical support to software and hardware, etc.
Legal Department	Responsible for providing legal opinions for banking-related legal matters or litigations; interpreting banking-related laws and regulations; and investigating employee fraud or other materially misconduct acts.
Compliance Department	Responsible for planning, managing, and implementing the compliance framework; issuing compliance opinions and pre-launch sign-off for new products, services, and businesses; communicating with the regulators; interpreting banking-related laws and regulations and managing financial crime risks.
Human Resources Department	Responsible for establishing, executing and governing human resources policies and procedures in related to recruiting and hiring, compensations, benefits and rewards, employee development, succession plan and employee relations including managing a collaborative relationship with the union and employee welfare committee.
Corporate Affairs Department	In charge of the planning and execution of internal communication, media relations, government relations, sustainability, community engagement, sponsorship policies and reputation risk management, etc.
Brand and Marketing	Responsible for business and segment marketing strategies planning, advertisement production, and development of large-scaled client relationship managements' events. Oversee and manage the marketing budget, establish and maintain corporate brand awareness to deliver maximized marketing effectiveness for business, to support business strategic agendas, uplift brand awareness and deliver customers satisfaction.
International Banking Department	In charge of the management and supervision of foreign exchange businesses; management of institutional lending disbursement; serve as the contact window with local regulators, etc.
Offshore Banking Unit	In charge of the management and supervision of offshore banking businesses; serve as the contact window with local regulators, etc.
Trust Department	In charge of the planning, management and operation of trust business; and enacting the businesses authorised by the authorities, etc.

Note : The organizational Chart was approved by the Board of Directors on 28 January 2016

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

(I) Directors (Include INED) Information

1. Directors (Include INED)

15 May 2016

Title	Nationality	Name	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minors		Shareholding in other's name		Experience / Education	Also serve concurrently as	Other executives, directors or supervisors are spouse or within second-degree relative of consanguinity to each other		
						Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relationship
Chairman	Canada	Standard Chartered Bank Representative : Benjamin Pi-Cheng Hung	24/11/2015	3 yrs	26/03/2014	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Chief Executive Officer, Greater China, Standard Chartered Bank Executive Director & Chief Executive Officer, Standard Chartered Bank (Hong Kong) Limited Head of Consumer Banking, Standard Chartered Bank (Hong Kong) Limited Chief Operating Officer, Standard Chartered Bank (Hong Kong) Limited Master of Business Administration, University of Toronto (Canada)	Regional CEO, Greater China and North Asia, Standard Chartered Bank Chairman/Director, Standard Chartered Bank (Hong Kong) Limited Chairman/Director , Standard Chartered Bank (China) Limited Director of the Hong Kong Institute for Monetary Research Member of the Financial Services Development Council (Hong Kong) Member of the Hong Kong Monetary Authority Member of Hong Kong-United States Business Council	N/A	N/A	N/A
Director	Canada	Standard Chartered Bank Representative : John Ming Kiu Tan	24/11/2015	3 yrs	26/03/2014	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Head of Global Markets, Co-Head of Wholesale Banking, Standard Chartered Bank (Hong Kong) Limited Head of Global Markets, Co-Head of Wholesale Banking, Standard Chartered Bank (China) Limited Executive Director & Head of Treasury of Dah Sing Bank, Hong Kong Master of Applied Finance, Macquarie University (Australia)	CEO, Standard Chartered Bank (Taiwan) Limited Director, Standard Chartered Bank (China) Limited	N/A	N/A	N/A
Director	Ireland	Standard Chartered Bank Representative : Norman Lyle	24/11/2015	3 yrs	24/11/2015	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Supervisor, Standard Chartered Bank (Taiwan) Limited Supervisor, Standard Chartered Bank (China) Limited Group Finance Director, Jardine Matheson Holdings Limited Fellow of the Chartered Institute of Management Accountants Fellow of the Association of Corporate Treasurers Harvard Business School, Senior Management Programme UK Cabinet Top Office Management Programme	INED, Standard Chartered Bank (China) Limited INED, Grosvenor Asia Pacific Limited INED, Lei Shing Hong Ltd, Hong Kong Director, Chace Warren Limited Director, Chace Warren Management Limited	N/A	N/A	N/A
Director	R.O.C.	Standard Chartered Bank Representative : Wei-Chih Chen	24/11/2015	3 yrs	10/12/2012	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Head of Learning & Talent Development, Standard Chartered Bank (Taiwan) Ltd. General Manager, Shared Distribution and Priority Banking, Standard Chartered Bank Taiwan MBA , Lehigh University, Pennsylvania, USA	Head of Human Resources, Standard Chartered Bank (Taiwan) Ltd.	N/A	N/A	N/A
Director	Australia	Standard Chartered Bank Representative : Rangus Hok Hoi Tse	31/03/2016	2 yr 7.5 mths	31/03/2016	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Regional Finance Head, Retail and Private Client and Products, Hong Kong and Greater China, Standard Chartered Bank (Hong Kong) Limited Chief Financial Officer, Consumer Banking, Standard Chartered Bank (Hong Kong) Limited Certified Practising Accountant ("CPA") Australian Society of Certified Practicing Accountants Master degree in Applied Finance and MBA in Australian Graduate School of Management (which co-run by both The University of Sydney and The University of New South Wales)	Chief Financial Officer, Standard Chartered Bank (Taiwan) Limited	N/A	N/A	N/A

(Continued)

Title	Nationality	Name	Date elected	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minors		Shareholding in other's name		Experience/Education	Also serve concurrently as	Other executives, directors or supervisors are spouse or within second-degree relative of consanguinity to each other		
						Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)	Shares	Ratio (%)			Title	Name	Relationship
INED	R.O.C.	Standard Chartered Bank Representative : Man-Jung Chan	24/11/2015	3 yrs	01/03/2013	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Legislator-at-Large & Chair of the Judicial Committee, Legislative Yuan, Republic of China Senior Advisor to the President, National Security Council, Republic of China Director General, International Secretariat, Pacific Economic Cooperation Council Director (Research & Analysis), International Secretariat, Asia-Pacific Economic Cooperation Expert on Individual Action Plans, Asia-Pacific Economic Cooperation Executive Director, Chinese Taipei APEC Study Center Ph.D., Political Economy, Boston University, USA	Founder & CEO, Out-of-the-Box Consultancy Board Member, Chinese Taipei Pacific Economic Cooperation Council Advisor, Taiwan Institute of Economic Research Board Member & Group Leader, Global Business Unit, Prospect Foundation Advisor, 21st Century Foundation Executive Board Member, Association of Emerging Market Studies Board Member, Sino-American Cultural & Economic Association Board Member, Association of Strategic Environmental Resources Adjunct Associate Professor, International Doctorate on Asian Studies (IDAS) & International Master Program on International Studies Programs (IMPIS), National Cheng-chi University	N/A	N/A	N/A
INED	R.O.C.	Standard Chartered Bank Representative : Nei-Ping Yin	24/11/2015	3 yrs	10/12/2009	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Member of Economic Advisory Group, Office of the President, Taiwan Member of National Stabilization Fund Management Committee Chief of Asia-Pacific Financial Research Center, Business School, National Cheng-chi University, Taiwan 5th term of Legislator Consultant of Ministry of Economic Affairs Master of Economics, Washington University in St. Louis, USA	Professor, Department of Money and Banking, National Cheng-chi University Counselor of Executive Yuan, Taiwan	N/A	N/A	N/A
INED	R.O.C.	Standard Chartered Bank Representative : Yen-Shiang Shih	24/11/2015	3 yrs	24/11/2015	(Note)	(Note)	(Note)	(Note)	N/A	N/A	N/A	N/A	Minister of Economic Affairs Deputy Minister of Economic Affairs Vice Minister of Economic Affairs Director General of Industrial Development Bureau, MOEA Director General of Small and Medium Enterprises Administration, MOEA Director of the Office of Science and Technology Advisors, MOEA Chairman, CPC Corporation, Taiwan Director General of Taiwan Tobacco and Wine Bureau Chairman, Development Center for Biotechnology Chairman, Taiwan Textile Research Institute Chairman, Taiwan Small Business Integrated Assistance Foundation Director, Associate Professor and Professor, Department of Chemical Engineering and Technology, National Taiwan Institute of Technology [currently known as National Taiwan University of Science and Technology] Ph.D. of Chemistry, Massachusetts Institute of Technology, USA	Chair Professor of Chung Yuan Christian University National Policy Advisor to the President Chairman of SINOTECH Engineering Consultants, Inc. Honorary Advisor, Commerce Development Research Institute Director, Taiwan Institute of Economic Research Director, Cross-Strait CEO Summit Advisor, Chinese National Association of Industry and Commerce, Taiwan Advisor, Chinese National Federation of Industries Advisor, Taiwan Electrical Manufacturers' Association Advisor, The Manufactures United General Association of Industrial Park of R.O.C. Vice President, Taiwan India Business Association	N/A	N/A	N/A

Note 1 : The Bank is a subsidiary wholly owned by Standard Chartered Bank. Directors (including INED) are appointed as legal representatives by the Bank's parent company.

Note 2 : According to the letter with Ref. No. of Jin-Guan-Zheng-Fa-Zi-10200531121 dated 31 December 2013, an Audit Committee was approved by the Board to establish on 24 November 2015. The first Audit Committee meeting was held on 28 January 2016.

2. Major Shareholder of Institutional Shareholders

15 May 2016

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

3. Major Shareholder of Principal Institutional Shareholders

15 May 2016

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

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

Qualification Name	Over five years of experience in related fields and the following professional qualifications			Independence Status (Note)										The number of public companies in which the director or supervisor also serves concurrently as an Independent Director
	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the banking business in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the banking business	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the banking business	1	2	3	4	5	6	7	8	9	10	
Standard Chartered Bank Representative : Benjamin Pi-Cheng Hung			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative : John Ming Kiu Tan			√			√	√	√	√	√	√	√		
Standard Chartered Bank Representative : Norman Lyle		√	√	√		√	√	√	√	√	√	√		
Standard Chartered Bank Representative : Wei-Chih Chen			√		√	√	√	√	√	√	√	√		
Standard Chartered Bank Representative : Rangus Hok Hoi Tse		√	√		√	√	√	√	√	√	√	√		

Name	Qualification	Over five years of experience in related fields and the following professional qualifications			Independence Status (Note)										The number of public companies in which the director or supervisor also serves concurrently as an Independent Director
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the banking business in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the banking business	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the banking business	1	2	3	4	5	6	7	8	9	10	
Standard Chartered Bank Representative : Man-Jung Chan		√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered Bank Representative : Nei-Ping Yin		√		√	√	√	√	√	√	√	√	√	√		
Standard Chartered Bank Representative : Yen-Shiang Shih		√		√	√	√	√	√	√	√	√	√	√		

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

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

(II) Information on the Executive Officers and Branch Managers

15 May 2016

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chief Executive Officer	Canada	John Ming Kiu Tan	01/04/2014	0	0	0	0	0	0	Master of Applied Finance, Macquarie University , Australia	N/A	N/A	N/A	N/A
Chief Auditor	R.O.C.	Vicki Yang	08/01/2014	0	0	0	0	0	0	Master of Business Administration, Syracuse University, USA	N/A	N/A	N/A	N/A
Head of Financial Institutions	R.O.C.	Josephine Kuan	01/12/2015	0	0	0	0	0	0	Master of Business Administration, National Cheng Chi University	N/A	N/A	N/A	N/A
Head of International Corporates	R.O.C.	Felicite Chuang	01/12/2015	0	0	0	0	0	0	Master of Business Administration Weatherhead School of Management, Case Western Reserve University, USA	N/A	N/A	N/A	N/A
Head of Commercial Banking	R.O.C.	Sheila Chuang	01/12/2015	0	0	0	0	0	0	Master of Business Administration, Rutgers University, State University of New Jersey, USA	N/A	N/A	N/A	N/A
Head of Retail Banking	R.O.C.	Kate Lin	31/08/2015	0	0	0	0	0	0	Mass Communication, Fu Jen Catholic University	Note 3	N/A	N/A	N/A
Head of Financial Markets	R.O.C.	David Wu	26/02/2009	0	0	0	0	0	0	Finance, Southern Illinois University, USA	N/A	N/A	N/A	N/A
Head of Transaction Banking	R.O.C.	Michael Huang	01/07/2015	0	0	0	0	0	0	Master of Business Administration, Tamkang University	N/A	N/A	N/A	N/A
Head of Wealth Management	Hong Kong	Cindy Man Yee Fu	01/04/2014	0	0	0	0	0	0	Arts in Psychology and Economics, The University of Manitoba, Canada	Note 4	N/A	N/A	N/A
Head of Company Secretariat	R.O.C.	Cathy Li	22/05/2008	0	0	0	0	0	0	Banking and Financial Law, LL.M. Boston University, USA	N/A	N/A	N/A	N/A
Chief Financial Officer	Australia	Rangus Hok Hoi Tse	01/03/2016	0	0	0	0	0	0	Master of Business Administration, Australian Graduate School of Management	N/A	N/A	N/A	N/A
Chief Risk Officer	R.O.C.	Etta Lin	01/12/2015	0	0	0	0	0	0	Master of Business Administration; Kellogg School of Management, Northwestern University, USA	Note 5	N/A	N/A	N/A
Chief Information Officer	R.O.C.	Wen Shu	01/08/2014	0	0	0	0	0	0	Master of Business Administration, University of Florida, USA	N/A	N/A	N/A	N/A
Head of Legal	R.O.C.	Erick Chao Yin	02/12/2015	0	0	0	0	0	0	LL.M., New York University, USA	N/A	N/A	N/A	N/A
Head of Compliance	R.O.C.	Gladys Huang	01/05/2016	0	0	0	0	0	0	Law School of National Taiwan University	N/A	N/A	N/A	N/A
Head of Human Resources	R.O.C.	Wei-Chih Chen	12/02/2010	0	0	0	0	0	0	Master of Business Administration, Lehigh University, Pennsylvania, USA	N/A	N/A	N/A	N/A
Head of Corporate Affairs	R.O.C.	Hope Ong	21/12/2012	0	0	0	0	0	0	Master of Laws, Soochow University; Master of Computer Science, Georgia Institute of Technology, USA	N/A	N/A	N/A	N/A
Head of Brand and Marketing	R.O.C.	Elizabeth Yun-Han Deng	14/04/2014	0	0	0	0	0	0	Dept. of Management Information System, National Cheng Chi University	N/A	N/A	N/A	N/A
Head of International Banking Department and Offshore Banking Unit	R.O.C.	Amy Chin	01/04/2015	0	0	0	0	0	0	Chungyu Institute of Technology	N/A	N/A	N/A	N/A
Head of Trust	R.O.C.	Hubert Wang	26/07/2013	0	0	0	0	0	0	Master of Information Management, Chang Gung University	N/A	N/A	N/A	N/A
Head of Securities	R.O.C.	Michelle Lai	28/05/2015	0	0	0	0	0	0	Master of Business Administration, National Taiwan University	N/A	N/A	N/A	N/A
Branch Manager, Main Branch	R.O.C.	Vincent Sha	24/07/2014	0	0	0	0	0	0	Dept. of Tourism Industry, Chinese Culture University	N/A	N/A	N/A	N/A
Branch Manager, Neihs Branch	R.O.C.	Rita Tai	21/06/2011	0	0	0	0	0	0	Dept. of Healthcare Management, Yuanpei College	N/A	N/A	N/A	N/A
Branch Manager, Xinyi Branch	R.O.C.	Roger Liao	31/08/2011	0	0	0	0	0	0	Dept. of Technology, Chin-Yi University	N/A	N/A	N/A	N/A

(Continued)

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Branch Manager, Jinshan Branch	R.O.C.	Charles Huang	28/01/2016	0	0	0	0	0	0	Master, Dept. of Finance, National Cheng Chi University	N/A	N/A	N/A	N/A
Branch Manager, Nanjing Branch	R.O.C.	Sam Yao	28/05/2014	0	0	0	0	0	0	Dept. of Information Management, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Fuxing Branch	R.O.C.	Jamie Chiu	07/05/2016	0	0	0	0	0	0	Dept. of Business Administration, Van Nung Institute of Technology & Commerce	N/A	N/A	N/A	N/A
Branch Manager, Dazhi Branch	R.O.C.	Eddie Huang	27/05/2015	0	0	0	0	0	0	Master, Institute of Industrial Economics, National Central University	N/A	N/A	N/A	N/A
Branch Manager, Tianmu Branch	R.O.C.	Monica Hsieh	24/11/2015	0	0	0	0	0	0	Bachelor in Economics, Shih Hsin University	N/A	N/A	N/A	N/A
Branch Manager, East Taipei Branch	R.O.C.	Mandy Chiu	30/01/2015	0	0	0	0	0	0	Master, Dept. of Finance, Chaoyang University of Technology	N/A	N/A	N/A	N/A
Branch Manager, Zhongshan Branch	R.O.C.	Ivan Lan	31/03/2016	0	0	0	0	0	0	Dept. of Economics, Soochow University	N/A	N/A	N/A	N/A
Branch Manager, Banqiao Branch	R.O.C.	Jamie Chiu	-	0	0	0	0	0	0	Dept. of Business Administration, Van Nung Institute of Technology & Commerce	Note 6	N/A	N/A	N/A
Branch Manager, Ren'ai Branch	R.O.C.	Sean Chin-Hsiang Chang	21/06/2011	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Dunhua Branch	R.O.C.	Edward Wang	24/11/2015	0	0	0	0	0	0	Bachelor in Finance, Ming Chuan University	N/A	N/A	N/A	N/A
Branch Manager, No.88 Branch	R.O.C.	Linda Wu	26/09/2013	0	0	0	0	0	0	EMBA, Taiwan University	N/A	N/A	N/A	N/A
Branch Manager, Jianguo Branch	R.O.C.	Sam Yao	-	0	0	0	0	0	0	Dept. of Information Management, Tamkang University	Note 7	N/A	N/A	N/A
Branch Manager, Zhuangjing Branch	R.O.C.	Emily Hsi	28/05/2014	0	0	0	0	0	0	Dept. of Industrial and Business Management, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Guishan Branch	R.O.C.	Daisy Tang	31/03/2016	0	0	0	0	0	0	Master of Business Administration, University of Michigan, USA	N/A	N/A	N/A	N/A
Branch Manager, Taoyuan Branch	R.O.C.	Peter Kuo-Hsin Hu	28/01/2016	0	0	0	0	0	0	Graduate School of Social Science and Management, National Chung Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Sanmin Branch	R.O.C.	Lillian Meng-Hua Chen	15/12/2010	0	0	0	0	0	0	Dept. of Business Administration, Chihlee College of Business	N/A	N/A	N/A	N/A
Branch Manager, Nankan Branch	R.O.C.	Steven Fei-Lung Lin	23/03/2009	0	0	0	0	0	0	Master of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Bade Branch	R.O.C.	Jennifer Chiang	26/07/2013	0	0	0	0	0	0	Master of Business Administration, Yuan Ze University	N/A	N/A	N/A	N/A
Branch Manager, Dashulin Branch	R.O.C.	Kenny Kuang-Jung Fan	21/01/2014	0	0	0	0	0	0	Dept. of Business Administration, Chung Yuan Christian University	N/A	N/A	N/A	N/A
Branch Manager, Dayuan Branch	R.O.C.	Sherry Shu-Hsueh Yeh	31/03/2016	0	0	0	0	0	0	Dept. of General Business, Taoyuan County Daxing High School	N/A	N/A	N/A	N/A
Branch Manager, Daxi Branch	R.O.C.	Anita Yang	25/09/2013	0	0	0	0	0	0	Le Yu Higt School	N/A	N/A	N/A	N/A
Branch Manager, Gongxi Branch	R.O.C.	Rachel Li-Ying Chou	31/03/2016	0	0	0	0	0	0	Dept. of Finance and Tax Administration, China Junior College of Industrial and Commercial Management	N/A	N/A	N/A	N/A
Branch Manager, Zhongli Branch	R.O.C.	Eric Chi-Cheng Huang	30/01/2015	0	0	0	0	0	0	Dept. of Accounting and Statistics, National Taipei College of Business	N/A	N/A	N/A	N/A
Branch Manager, East Neili Branch	R.O.C.	Leo Yao-Mo Huang	30/01/2015	0	0	0	0	0	0	Dept. of Finance and Tax Administration, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Huanbei Branch	R.O.C.	Tony Wei-Lung Tu	24/11/2015	0	0	0	0	0	0	Dept. of Economics, Chinese Culture University	N/A	N/A	N/A	N/A

 (Continued)

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Branch Manager, Neili Branch	R.O.C.	Jerdon Chin-Fu Teng	01/07/2008	0	0	0	0	0	0	Dept. of International Trade, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Longgang Branch	R.O.C.	Angel Su-Yueh Kang	30/01/2015	0	0	0	0	0	0	Dept. of Accounting, Hsing Wu Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Shanziding Branch	R.O.C.	Marie Mei-Tsun Chen	24/11/2015	0	0	0	0	0	0	Dept. of Accounting, Open Jr. College under National Taipei College of Business	N/A	N/A	N/A	N/A
Branch Manager, Xinwu Branch	R.O.C.	Jason Tsai	30/01/2015	0	0	0	0	0	0	Dept. of of Statistics, Tamkang University	N/A	N/A	N/A	N/A
Branch Manager, Yangmei Branch	R.O.C.	Yoyo Liang	28/01/2016	0	0	0	0	0	0	Dept. of Banking and Insurance, Hsing Wu Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Longtan Branch	R.O.C.	Sally Pei-Chin Chung	28/01/2016	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Nan Tai College	N/A	N/A	N/A	N/A
Branch Manager, Puxin Branch	R.O.C.	Sunny Hsiu-Ju Chiu	30/03/2010	0	0	0	0	0	0	Dept. of Accounting and Statistics, Ta Tung Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Pingzhen Branch	R.O.C.	Bonny Hsiu-Ling Liu	27/07/2009	0	0	0	0	0	0	Dept. of International Trade, Takming Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Xinming Branch	R.O.C.	Tommy Cheng-Lung Yu	30/01/2015	0	0	0	0	0	0	Dept. of Economics, Fu Jen Catholic University	N/A	N/A	N/A	N/A
Branch Manager, Guanyin Branch	R.O.C.	Tiffany Yu-Fang Chang	14/12/2009	0	0	0	0	0	0	Dept. of Business Administration, Chihlee College of Business	N/A	N/A	N/A	N/A
Branch Manager, Xinxing Branch	R.O.C.	Jack Shou-Hui Chao	24/01/2013	0	0	0	0	0	0	Dept. of Secretary, Shih Chien College of Home Economics	N/A	N/A	N/A	N/A
Branch Manager, North Hsinchu Branch	R.O.C.	Serena Mei-Hui Chen	24/01/2013	0	0	0	0	0	0	Dept. of Information, Open Jr. College under Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Zhongzheng Branch	R.O.C.	Rita Shu-Hui Wu	27/05/2015	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Oriental Institute of Technology	N/A	N/A	N/A	N/A
Branch Manager, Xinshe Branch	R.O.C.	Claire Hui-Chi Cheng	15/12/2010	0	0	0	0	0	0	Graduate School of Business Administration, Chung Hua University	N/A	N/A	N/A	N/A
Branch Manager, Xinfeng Branch	R.O.C.	Jr-Lian Li	28/06/2010	0	0	0	0	0	0	Dept.of Electronic Engineering, Ta Hwa College of Technology	N/A	N/A	N/A	N/A
Branch Manager, Guangfu Branch	R.O.C.	Nuan Lin	24/01/2013	0	0	0	0	0	0	MA in Insurance, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Science Park Branch	R.O.C.	Cindy Yu-Feng Wu	27/05/2015	0	0	0	0	0	0	Dept. Technology Management, Chung Wua University	N/A	N/A	N/A	N/A
Branch Manager, Guanxi Branch	R.O.C.	Johnson Chin-Jen Ho	15/12/2010	0	0	0	0	0	0	Dept. of Accounting and Statistics, Tamsui Oxford College	N/A	N/A	N/A	N/A
Branch Manager, Xinpu Branch	R.O.C.	Ben Pang-Yuan Liu	29/06/2012	0	0	0	0	0	0	Finance Taxation, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Zhudong Branch	R.O.C.	David Jar-Fu Day	15/12/2010	0	0	0	0	0	0	Dept. of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Hukou Branch	R.O.C.	Sayuri Chiu-Ying Hsieh	15/12/2010	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, Van Nung Institute of Technology & Commerce	N/A	N/A	N/A	N/A
Branch Manager, Zhubei Branch	R.O.C.	Peter Pin-Nien Chang	24/01/2013	0	0	0	0	0	0	Dept. of Business Administration, National Chung-Hsing University	N/A	N/A	N/A	N/A
Branch Manager, Gongguan Branch	R.O.C.	Jerry Wen-Chung Su	26/02/2010	0	0	0	0	0	0	Dept. of Business Administration , Feng Chia university	N/A	N/A	N/A	N/A
Branch Manager, Miaoli Branch	R.O.C.	Sandy Hui-O Su	24/11/2015	0	0	0	0	0	0	Dept. of Accounting, Open Jr. College under Taichung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Zhunan Branch	R.O.C.	Linda Shih-Ling Lai	24/11/2015	0	0	0	0	0	0	Dept. of Accounting, Ling Tung College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Toufen Branch	R.O.C.	Geoff Kuo-Chi Hsu	26/07/2013	0	0	0	0	0	0	General Executive Master's Program of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A

 (Continued)

Title (Note 1)	Nationality	Name	Date appointed	Shareholding		Shareholding of spouse & minor		Shareholding in other's name		Education & Work Experience (Note 2)	Also serve concurrently as	Managers are spouse or within second-degree relative of consanguinity to each other		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Branch Manager, Houlong Branch	R.O.C.	David Tsang-Yuan Lin	24/11/2015	0	0	0	0	0	0	Dept. of International Trade, Takming Junior College of Commerce	N/A	N/A	N/A	N/A
Branch Manager, Yuanli Branch	R.O.C.	Tom Chun-Te Tu	28/05/2014	0	0	0	0	0	0	Dept. of of Business Administration, Minghsin University of Science and Technology	N/A	N/A	N/A	N/A
Branch Manager, Sanyi Branch	R.O.C.	Vilan Shu-Ching Chiu	24/01/2013	0	0	0	0	0	0	Dept. of Finance, Yu Da College of Business	N/A	N/A	N/A	N/A
Branch Manager, Nantun Branch	R.O.C.	Leo Chang	31/05/2013	0	0	0	0	0	0	Dept. of Finance Management, Chung Hua University	N/A	N/A	N/A	N/A
Branch Manager, Beitun Branch	R.O.C.	James Chien	31/03/2016	0	0	0	0	0	0	Dept. of Chinese Literature, National Cheng Kung University	N/A	N/A	N/A	N/A
Branch Manager, Wenxin Branch	R.O.C.	Charlie Lin	30/01/2015	0	0	0	0	0	0	Master of Public Policy, University of Sydney, Australia	N/A	N/A	N/A	N/A
Branch Manager, Donghai Branch	R.O.C.	Chris Lin	27/05/2015	0	0	0	0	0	0	Master, Dept. of Finance, National Cheng Chi University	N/A	N/A	N/A	N/A
Branch Manager, Fengyuan Branch	R.O.C.	Gavin Liao	28/08/2014	0	0	0	0	0	0	Master of International Economics, National Chung Cheng University	N/A	N/A	N/A	N/A
Branch Manager, Taichung Branch	R.O.C.	Oliver Huang	28/08/2014	0	0	0	0	0	0	Master of Business Administration, Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Zhongqing Branch	R.O.C.	Sunny Hsien-Tsung Kuo	31/05/2013	0	0	0	0	0	0	Dept. of Business Administration, Minghsin Industrial and Commercial Junior College	N/A	N/A	N/A	N/A
Branch Manager, Xitun Branch	R.O.C.	Stephen Huang	23/04/2016	0	0	0	0	0	0	Master of International Business, Cheng Chi University	N/A	N/A	N/A	N/A
Branch Manager, Changhua Branch	R.O.C.	Gordon Yan	21/11/2014	0	0	0	0	0	0	Dept. of of Business Administration, National Taiwan University of Science and Technology	N/A	N/A	N/A	N/A
Branch Manager, Chiayi Branch	R.O.C.	Roy Hsu	28/08/2015	0	0	0	0	0	0	Master, Dept. of Finance, National Cheng Chi University	N/A	N/A	N/A	N/A
Branch Manager, East Tainan Branch	R.O.C.	Kuang Kuang-Huai Ho	28/05/2014	0	0	0	0	0	0	Dept. of Industrial Engineering and Management, National Lien-Ho College of Technology and Commerce	N/A	N/A	N/A	N/A
Branch Manager, Tainan Branch	R.O.C.	Lillian Huang	28/08/2014	0	0	0	0	0	0	Dept. of Banking and Insurance, Shih Chien College of Home Economics	N/A	N/A	N/A	N/A
Branch Manager, Dongning Branch	R.O.C.	Lawrence Yu-Ren Lin	21/06/2011	0	0	0	0	0	0	Dept. of Banking & Insurance , Feng Chia University	N/A	N/A	N/A	N/A
Branch Manager, Jiuru Branch	R.O.C.	James Yi-Hau Liou	26/03/2014	0	0	0	0	0	0	Dept. of Finance, Southern Taiwan University of Science and Technology	N/A	N/A	N/A	N/A
Branch Manager, North Kaohsiung Branch	R.O.C.	Yu-Cheng Lin	28/05/2014	0	0	0	0	0	0	Dept. of Business Administration, Sun Yat-sen University	N/A	N/A	N/A	N/A
Branch Manager, Sanduo Branch	R.O.C.	Jennifer Huang	-	0	0	0	0	0	0	Dept. of Accounting, Chinese Culture University	Note 8	N/A	N/A	N/A
Branch Manager, Kaohsiung Branch	Taiwan	Jennifer Huang	21/01/2014	0	0	0	0	0	0	Dept. of Accounting, Chinese Culture University	N/A	N/A	N/A	N/A

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

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

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

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

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

Note 6 : Branch Manager of Banqiao Branch temporarily acts for Branch Manager, Fuxing Branch, effective 16 April 2016.

Note 7 : Branch Manager of Jianguo Branch temporarily acts for Branch Manage, Nanjing Branch, effective 30 April 2016.

Note 8 : Branch Manager of Kaohsiung Branch temporarily acts for Branch Manager of Sanduo Branch, effective 1 December 2015.

(III) Remuneration Paid to Directors(including INED), Supervisors and Executive Officers in 2015

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

(1) Directors' Remuneration (including INED)

Unit: NTD'000

Title	Name	Director's Remuneration								Total of (A, B,C, D) as a percentage (%) of net profit after tax	Relevant Remuneration Received by Directors who Are Also Employees										Total of (A, B,C,D, E, F, G) as a percentage (%) of net profit after tax		Remuneration from investment companies other than subsidiaries			
		Remuneration(A)		Separation pay/ Pension (B)		Remuneration appropriated to directors from earnings (C) (Note 2)		Costs incurred from performing duties (D)			Salaries, bonus and special allowance (E)		Separation pay/ Pension (F)		Employees' remuneration (G)(Note2)				Total No. of shares issued for employee stock option (H)					Total No. of restricted stock awards (RSA) obtained		
		The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank		All companies included in consolidated financial statements		The Bank	All companies included in consolidated financial statements	The Bank		All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements
Chairman	Standard Chartered Bank Representative : Benjamin Pi- Cheng Hung	3,420	3,420							0.24%	0.24%	57,744	57,744											4.25%	4.25%	
Director	Standard Chartered Bank Representative : John Ming Kiu Tan																									
Director	Standard Chartered Bank Representative : Yen-Ting Chen (Note 1)																									
Director	Standard Chartered Bank Representative : Wei-Chih Chen																									
Director	Standard Chartered Bank Representative : Norman Lyle																									
Independent Director	Standard Chartered Bank Representative : Nei-Ping Yin																									
Independent Director	Standard Chartered Bank Representative : Man-jung Chan																									
Independent Director	Standard Chartered Bank Representative : Yen-Shiang Shih																									

Directors' expense for driver salary totaled NTD2,104 (in thousands) in 2015.
Note 1 : Director Yen-Ting Chen was discharged from office on 29 February 2016.
Note 2 : 2015 employees' remuneration refers to bonus distributed from earnings in 2014.

(2) Directors' Remuneration Bracket

Range of Remuneration Paid to Directors of the Bank	Name & No. of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Bank	All companies included in consolidated financial statements (I)	The Bank	All companies included in consolidated financial statements (J)
Less than NTD 2,000,000	Norman Lyle Nei-Ping Yin Man-Jung Chan Yen-Shiang Shih	Norman Lyle Nei-Ping Yin Man-Jung Chan Yen-Shiang Shih	Norman Lyle Nei-Ping Yin Man-Jung Chan Yen-Shiang Shih	Norman Lyle Nei-Ping Yin Man-Jung Chan Yen-Shiang Shih
NTD 2,000,000 (inclusive) – NTD 5,000,000				
NTD 5,000,000 (inclusive) – NTD 10,000,000			Wei-Chih Chen	Wei-Chih Chen
NTD 10,000,000 (inclusive) – NTD 15,000,000			Yen-Ting Chen	Yen-Ting Chen
NTD 15,000,000 (inclusive) – NTD 30,000,000				
NTD 30,000,000 (inclusive) – NTD 50,000,000			John Ming Kiu Tan	John Ming Kiu Tan
NTD 50,000,000 (inclusive) – NTD 100,000,000				
NTD 100,000,000 above				
Total	4	4	7	7

Note : Only 4 Directors receive remuneration; in total, only 7 directors (some of which are also employees) receive directors' remuneration.

2. Supervisors' Remuneration and Remuneration Bracket

Unit: NTD'000

(1) Supervisors' Remuneration

Title	Name	Supervisor's Remuneration						Total of (A, B, C, D) as a percentage (%) of net profit after tax		Remuneration from investment companies other than subsidiaries
		Remuneration (A)		Separation pay/ Pension (B)		Remuneration appropriated to Supervisors from earnings (C)		Costs Incurred from performing duties (D)		
		The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	
Supervisor	Standard Chartered Bank Representative:Norman Lyle	834	834						0.06%	0.06%
Supervisor	Standard Chartered Bank Representative:Wen Xie									

Note : According to the letter with Ref. No. of Jin-Guan-Zheng-Fa-Zi-10200531121 dated 31 December 2013, an Audit Committee was approved by the Board to establish on 24 November 2015. Supervisors were discharged from office on 24 November 2015 after the 25th session of 13th term of the Board meeting.

(2) Supervisors' Remuneration Bracket

Range of Remuneration Paid to Supervisors of the Bank	Name & No. of Supervisors		
	Total of (A+B+C+D)		
	The Bank	All companies included in consolidated financial statements	
Less than NTD 2,000,000	Norman Lyle	Norman Lyle	
NTD 2,000,000 (inclusive) – NTD 5,000,000			
NTD 5,000,000 (inclusive) – NTD 10,000,000			
NTD 10,000,000 (inclusive) – NTD 15,000,000			
NTD 15,000,000 (inclusive) – NTD 30,000,000			
NTD 30,000,000 (inclusive) – NTD 50,000,000			
NTD 50,000,000 (inclusive) – NTD 100,000,000			
NTD 100,000,000 above			
Total	1	1	

Note : Only 1 supervisor receives remuneration.

3. Executive Officers' Remuneration and Remuneration Bracket

(1) Executive Officers' Remuneration

Unit: NTD'000

Title	Name	Salary (A)		Separation pay/ Pension (B)		Bonus & Special Allowance (C)		Employees' Bonus Distributed from remunerations (D)(Note6)						Total of (A,B,C,D) as a percentage (%) of net profit after tax		Total No. of Shares Issued for Employee Stock Option		Total No. of restricted stock awards (RSA) obtained		Remuneration from investment companies other than subsidiaries	
		The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank		All companies included in consolidated financial statements				The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements	The Bank	All companies included in consolidated financial statements		
								Cash dividend	Stock dividend	Cash dividend	Stock dividend										
Chief Executive Officer	John Ming Kiu Tan	97,140	97,140			71,263	71,263							11.70%	11.70%						
Chief Auditor	Vicki Yang																				
Head of Commercial Banking	Sheila Chuang																				
Head of Retail Bank	Kate Lin																				
Head of Financial Markets	David Wu (Note1)																				
Chief Financial Officer	Yen Ting Chen (Note2)																				
Chief Risk Officer	Etta Lin																				
Chief Information Officer	Wen Shu																				
Head of Compliance	Emma Chang (Note3)																				
Head of Human Resources	Wei Chih Chen																				
Head of Commercial Banking	Betty Yen (Note4)																				
Head of Retail Banking	Andrew Jin Ngee Chia (Note5)																				
Chief Risk Officer	Qing Xu (Note6)																				

Executive Officers' expense for driver salary totaled NTD 6,725 (thousand) in 2015.

Note 1 : Head of Financial Markets , David Wu was transferred to MANCO on 1 December 2015.

Note 2 : Chief Financial Officer, Yen Ting Chen was discharged from office on 29 February 2016.

Note 3 : Head of Compliance, Emma Chang was discharged from office on 30 April 2016.

Note 4 : Head of Commercial Clients, Betty Yen was discharged from office on 30 November 2015

Note 5 : Head of Retail Clients, Andrew Jin Ngee Chia was discharged from office on 30 June 2015.

Note 6 : Chief Risk Officer, Qing Xu was discharged from office on 30 June 2015.

Note 7 : 2015 employees' remuneration refers to bonus distributed from earnings in 2014.

(2) Executive Officers' Remuneration Bracket

Range of Remuneration Paid to Executive Officers of the Bank	Name & No. of Executive Officers	
	The Bank	All companies included in consolidated financial statements
Less than NTD 2,000,000		
NTD 2,000,000 (inclusive) – NTD 5,000,000	Kate Lin, Etta Lin	Kate Lin, Etta Lin
NTD 5,000,000 (inclusive) – NTD 10,000,000	Vicki Yang, Wei Chih Chen, Betty Yen	Vicki Yang, Wei Chih Chen, Betty Yen
NTD 10,000,000 (inclusive) – NTD 15,000,000	Emma Chang, Yen Ting Chen, Wen Shu	Emma Chang, Yen Ting Chen, Wen Shu
NTD 15,000,000 (inclusive) – NTD 30,000,000	Sheila Chuang, Andrew Jin Ngee Chia, Qing Xu, David Wu	Sheila Chuang, Andrew Jin Ngee Chia, Qing Xu, David Wu
NTD 30,000,000 (inclusive) – NTD 50,000,000	John Ming Kiu Tan	John Ming Kiu Tan
NTD 50,000,000 (inclusive) – NTD 100,000,000		
NTD 100,000,000 above		
Total	13	13

4. Bonus Distributed to Managers : [None]

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

	2015	2014
Directors	4.25%	2.02%
Supervisors	0.06%	0.03%
Executive Officers and Chief Auditor	11.70%	5.39%

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

The Bank's approach to performance, reward and benefits supports and drives our business strategy and reinforces its values. Reward practices motivate employees to focus on business and personal objectives and deliver sustainable performance in line with the Bank's values. The elements of the Bank's remuneration are as follows :

Fixed compensation : 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 local market practice.

Variable compensation : refers to rewards and incentivizes for the achievement of business and individual objectives as well as adherence to the Bank's values. All employees are subject to the Bank's deferral mechanism, which applies a graduated level of deferral over a defined threshold. Variable compensation is subject to the Bank's claw-back policy, which enables the Bank, in specified circumstances, to apply malus and claw-back to unvested and vested variable compensation.

The proportion of variable to fixed compensation is carefully monitored.

III. Corporate Governance Practices

(I) Practices of Board of Directors

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

Title	Name	No. of Attendance in Person(B)	No. of Attendance by Proxy	Actual Attendance Ratio (%) (B/A) (Note)	Remarks
Chairman	Standard Chartered Bank Representative : Benjamin Pi-Cheng Hung	9	-	100%	
Director	Standard Chartered Bank Representative : John Ming Kiu Tan	9	-	100%	
Director	Standard Chartered Bank Representative : Yen-Ting Chen	9	-	100%	Step down on 29 February 2016.
Director	Standard Chartered Bank Representative : Wei-Chih Chen	9	-	100%	
Director	Standard Chartered Bank Representative : Norman Lyle	1	-	100%	Took office on 24 November 2015 after the 1 st session of 14 th term of the Board meeting
INED	Standard Chartered Bank Representative : Nei-Ping Yin	9	-	100%	
INED	Standard Chartered Bank Representative : Man-Jung Chan	8	-	88%	
INED	Standard Chartered Bank Representative : Yen-Shiang Shih	1	-	100%	Took office on 24 November 2015 after the 1 st session of 14 th term of the Board meeting
Supervisor	Standard Chartered Bank Representative : Norman Lyle	4	-	50%	Step down on 24 November 2015 after the 25th session of 13th term of the Board meeting
Supervisor	Standard Chartered Bank Representative : Wen Xie	7	-	88%	Step down on 24 November 2015 after the 25th session of 13th term of the Board meeting

Note : Actual attendance ratio (%) is calculated based on the number of meetings and the actual number of attendance during the term of service.

Other matters to be noted :

1. Matters specified in Article 14.3 of the Securities and Exchange Act, or Board resolutions where independent directors have expressed objection or qualified opinions that have been noted in the record or declared in writing, please specify the date, term, content of the motion and all independent directors' opinions as the Bank's response : [None]
2. Avoidance of conflict of interest by directors: Information specifying the Directors' names, content of the motion, reasons for avoidance, and participation in the voting is in place.

Term and Session	Name	Content of Motion	Reasons for Avoidance	Participation in the Voting
24 November 2015, 25th Session of 13th Term	Benjamin Pi-Cheng Hung	Approval for related party transaction of underwriting senior note issuance with Standard Chartered Bank (Hong Kong) Limited ("SCBHK")	SCBHK's issued ordinary share capital is 49 per cent beneficially owned by Standard Chartered Holdings Limited and 51 per cent beneficially owned by Standard Chartered Bank. Mr Benjamin Pi-Cheng Hung is the Chairman of SCBHK. According to the "Rules and Procedures for Loans and Non-credit Transactions with Related Parties for the company and its Subsidiaries" approved by the Board on 30 March 2015, the credit and non credit transaction between the Bank and SCBHK is considered related party transaction. Mr. Benjamin Pi-Chung Hung, Chairman of SCBHK and the Bank recused himself from the discussion and vote for this item to avoid any potential conflict of interest issue.	The related party did not exercise the voting right to the proposal, and the other Directors unanimously resolved that the proposal be approved.
	Yen-Ting Chen	Approval of application to concurrently engage in insurance agent business by the Bank	Both Standard Chartered Life Insurance Agency Company ("SCLIA") and Taiwan Standard Chartered Insurance Agency Company ("TSCIA") are 100 percent owned subsidiaries of the Bank. Based on the "Rules and Procedures for Loans and Non-credit Transactions with Related Parties of the company" (the "Rules"), the proposed merger was a non-credit transaction entered by the Bank with the Related Parties. Mr. Yin-Ting Chen is a supervisor of SCLIA and TSCIA and the director of the Bank. Mr. Chen excused himself from the discussion and voting for this item to avoid any potential conflict of interest.	The related party did not exercise the voting right to the proposal, and the other Directors unanimously resolved that the proposal be approved.
	Nei-Ping Yin Man-Jung Chan Norman Lyle	Directorate	Mr Norman Lyle, Mr Nei-Ping Yin and Ms Man-Jung Chan did not exercise the voting rights to the remuneration proposal.	The related party did not exercise the voting right to the proposal, after obtaining four votes from the attending Directors, the remuneration of the Non-Executive Director and Independent Non-executive Directors circulated to the Board in lieu of a general shareholders' meeting pursuant to Article 128-1 of the Company Act be approved.

3. Goals to enhance the function of the Board of Directors (e.g. establishment of the Audit Committee, improvement of information transparency, etc.) and evaluation of the execution status in the current and most recent years: With the aim to achieve information transparency, required documentation will be provided to the Board to ensure the directors have sufficient information prior to the Board meeting. The President also continues to lead the Country Executive committee members to present business reports of their respective functions in quarterly main Board meetings and also report on the status of Country economies, political and regulatory development of the country for the Board's reference. An Audit Committee was approved by the Board to establish on 24 November 2015.

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

8 meetings(A) were convened by the Board of Directors in 2015. Attendance of supervisors in the meetings is specified as follows :

Title	Name	No. of Attendance in Person(B)	Actual Attendance Ratio (%) (B/A) (Note)	Remarks
Supervisor	Standard Chartered Bank Representative : Norman Lyle	4	50%	Step down on 24 November 2015 after the 25th Session of 13th Term of the Board meeting
Supervisor	Standard Chartered Bank Representative : Wen Xie	7	88%	Step down on 24 November 2015 after the 25th Session of 13th Term of the Board meeting

Note : Actual attendance ratio (%) is calculated based on number of meetings and the actual number of attendance during the term of service.

Other matters to be noted:

1. Composition and responsibilities of the supervisors :

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

The Bank is wholly owned by our parent company, Standard Chartered Bank. Two supervisors have been appointed by the parent company of the Bank to monitor the management related matters conducted by the directors and the Executive Committee. The Bank had conducted 2015 Internal Audit Discussion Forum with Directors and Supervisors on 28 August 2015. At the discussion forum, the Internal Audit personnel provided an update on the status of recent regulatory examinations, significant issues from internal audit, and mitigation plans thereof to the Board members and discussed on questions related to the presentation.

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

Supervisors are invited to attend meetings held by the Board of Directors and express their opinions, if appropriate; discuss issues of business operations with senior management of the Bank, especially CFO and Chief Auditor, to ensure full control of the Bank's business and financial conditions, and hold discussion with accountants over the Bank's financial statements. Based on Article 19 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", the Bank submitted internal audit reports to the Supervisors every two weeks for their review and replied to any questions arising from the reports.

2. Please specify the date, term, content of the motion, resolutions and the Bank's response to supervisors' opinions in the event supervisors have expressed opinions at the Board meetings: Please refer to the following items.

(1) The 13th Term 18th Session Board Meeting (30 January 2015)

Item 6 : CHIEF RISK OFFICER REPORT

Supervisor's opinions : Supervisor Mr Norman Lyle inquired on Group Special Asset Management.

Response : CRO, Mr Qing Xu confirmed that the budget had taken into the potential default of the corporate clients as we expected, and some accounts downgraded to GSAM can be fully or partially recovered. the Bank's NPL ratio remained sound as compared to the peer banks.

(2) The 13th Term 21th Session Board Meeting (27 May 2015)

Item 9 : CHIEF RISK OFFICER REPORT

Supervisor's opinions : Supervisor Ms Wen Xie queried on the reason of having more eligible accounts in August and the difference between eligible and proposed accounts.

Response : Ms Etta Lin, Head of Credit Policy & Portfolio Risk of RC would provide further details to the Board in the next Board meeting.

Ms Lin provided the definition and reason to have more eligible accounts and the difference between eligible and proposed accounts during the Board meeting on 28 August.

(3) The 13th Term 24th Session Board Meeting (28 August 2015)

Item 3 : CHIEF EXECUTIVE OFFICER REPORT

Supervisor's opinions : Supervisor Ms Wen Xie shared on the status of "One Belt One Road" development in China and a different perspective with regard to the market feedback in China on RMB depreciation and suggested seeking potential business opportunities under well risk management.

Response : The Chairman shared his observation that how rapid the reaction was shown by other countries to aforementioned changes to the market. He suggested risk team reviewing our portfolios on the basis that the down trend of China would be going sharper and prolonged, particularly those with high dependency with China.

Item 4(e) : APPROVAL OF EQUITY INVESTMENT DISPOSAL

Supervisor's opinions : he Supervisor Ms Wen Xie queried on the right timing for disposal given the market volatility.

Response : CFO, Mr Yen-Ting Chen explained that these eight companies were profitable and it was proposed to sell at the fair market value as minimum sale price and in case the sale of the eight equity investments would not be completed in a period of six months, the suggested minimum prices would be reviewed and update to the Board.

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

Please refer to the "About Us" information on the Bank's English website.

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

Assessment Item	Execution Status (Note 1)			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
	Yes	No	Description	
<p>(I) Shareholdings structure and shareholders' equity</p> <p>1. Does the Bank establish internal operating procedures for handling shareholders' recommendations, queries, disputes or litigation issues and are the procedures being followed accordingly?</p> <p>2. Is the Bank the ultimate controllers of the major shareholders?</p> <p>3. Does the Bank establish the risk control mechanism and firewalls between the Bank and its affiliated enterprises?</p>	V		<p>1. The Bank is owned by a sole shareholder-Standard Chartered Bank, and there are no disputes or litigation matters with the shareholder. Any recommendation or queries of the shareholder is raised to the Board of Directors for review and consideration. The Chairman, Chief Executive Officer and Executive Committee of the Bank address shareholder's recommendations and queries with prudence. No internal procedure is stipulated for this purpose.</p> <p>2. The Bank is a subsidiary wholly owned by Standard Chartered Bank, whose shareholding is 100% owned by Standard Chartered Holdings Limited.</p> <p>3. In terms of transactions with related party, any credit extension to the stakeholders and affiliates of the Bank is conducted pursuant to Articles 32, 33, 33-1 to 33-5 of the Banking Act and reported to the ALCO Committee on a monthly basis. Any non-credit extension is conducted pursuant to Article 45 of the Financial Holding Company Act.</p>	No discrepancy is found
<p>(II) Composition and responsibilities of the Board of Directors</p> <p>1. Except for the remuneration and audit committees, does the Bank set up other functional committees voluntarily?</p> <p>2. Does the Bank evaluate independence of its CPA regularly?</p>	V	V	<p>1. An audit committee was approved by the Board to establish on 24 Nov 2015. The first Audit Committee meeting was held on 28 January 2016.</p> <p>Except for the authority required to be exercised by the Board of Directors under the law, the Board of Directors has delegated its authority, obligation and responsibility to the Executive Committee for their day-to-day management, operation and control of the Bank's businesses. The Board of</p>	No discrepancy is found

 (Continued)

Assessment Item	Execution Status (Note 1)			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
	Yes	No	Description	
			<p>Directors may, during the adjournment of the Board meeting, request the Executive Committee (chaired by the Chief Executive Officer) to effectively supervise and review the Bank's business operations, report the Bank's business performance at the Board meetings, and escalate information through adequate reporting procedures to ensure necessary actions will be taken by the Board of Directors.</p> <p>2. Evaluation on the independence of the CPA is conducted by the Bank on a regularly basis. The Bank confirms the independence of its CPA.</p>	
(III) Does the bank establish communication channels with stakeholders?	V		<p>The respective departments are fully responsible for dealing with stakeholders' complaints or rights in accordance with the relevant regulations and the Bona Fide Principle. SCB Supplier Charter is stated in tender document to supplier during tender process, SCB Supplier Charter is a formal position statement that details what SCB expects from its suppliers and those within the suppliers' sphere of influence. It outlines SCB values and brand promise and covers 5 areas: Ethics, Human Rights, Environment, Health and Safety Standards, Labor and Protecting the Environment.</p>	No discrepancy is found

 (Continued)

Assessment Item	Execution Status (Note 1)			Reasons of Discrepancies Between the Bank's Corporate Governance Practices and the "Corporate Governance Best-Practice Principles for Banks"
	Yes	No	Description	
(IV) Information disclosure 1. Does the Bank establish a website where information regarding financial/business statements and corporate governance is disclosed? 2. Are there any other disclosure channels of the Bank (e.g. set up an English website, assign designated personnel to collect and disclose the Bank's information, implement spokesperson system, or publish investors' conference on the website)?	V V		1. The Bank's website(including English website) is set up by responsible departments including the Information Technology and Operations, Customer Service and other related departments for purpose of information collection and disclosure. The Bank's Chief Executive Officer also serves as the Bank's spokesman. With regard to the disclosure of Corporate Governance related information, please refer to the annual report of the Bank. 2. Same as above.	No discrepancy is found
(V) Is there other information essential to understand the corporate governance of the Bank (e.g. employee welfare, employee care, investor relationship, stakeholder rights, training records of directors and supervisors, risk management policies and implementation of risk measurement criteria, implementation of customers' policies, liability insurance purchased by the Bank for directors and supervisors, donations to political parties, stakeholders and charity groups, etc.)?	V		The Bank's Directors(including INED) and Supervisor regularly participate in internal and external Corporate Governance trainings covering topics related to financial, risk management, business and other courses. The Directors(including INED) and Supervisors are responsible for instructing the employees at all levels to strengthen their professional and legal knowledge. The Bank purchases the liability insurance for the Directors(including INED), Supervisors and executive officers on annual basis. Pursuant to Article 16-1, Chapter 3 of the "Corporate Governance Best-Practice Principles for Banks", our donations to political parties, stakeholders and charity groups required to be disclosed are as follows: 1. Taiwan Financial Services Roundtable. 2. Orbis Taiwan Foundation. 3. Taipei Parent's Association for the Visually Impaired (Seeing is Believing Visually Impaired Employment Platform). 4. Small & Medium Enterprise Guarantee Fund ,Taiwan.	No discrepancy is found

 (Continued)

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

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

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

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

(VI) Practices of Corporate Social Responsibility

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

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
(I) Implement Corporate Governance			
1. Does the Bank have the corporate social responsibility policy or system in place and carry out review of its effectiveness?	V		<p>1. Our Commitment — Here for good</p> <p>The core value of the Bank's culture is sustainability, which focuses on building the Bank into a sustainable business, creating shareholder value, providing customers with comprehensive services, contributing to local economy, and being positive force in its communities. These are exactly the materialization of our brand promise — Here for good. Our significant achievements of sustainability through investing in communities in 2015:</p> <p>(1) Supported by three NGOs that including Parent's Association for the Visually Impaired, Eden Social Welfare Foundation, and Technology Development Association for Disabled. "Standard Chartered Seeing is Believing VI Employment Platform" was successfully established to demonstrate the joint efforts among public and private sectors as well as the nonprofits to support job placements of the visually impaired. To date, the project has successfully placed 250 visually impaired workers into jobs as of the end of 2015.</p> <p>(2) Through Taipei Standard Chartered Charity Marathon, the Bank contributed NTD 50 million(including Group matching) to support "Seeing is Believing" global project and visually impaired employment project in Taiwan.</p> <p>(3) To demonstrate the Bank's core competence in community services, and embed the volunteering culture the Bank initiated the Standard Chartered Financial Education Academy to promote financial education targeting at the elementary school teachers and students as well as college students, and visually impaired. To date, 15,000 people have benefited from this program.</p> <p>(4) Each employee is entitled to 3 paid days of volunteering leave every year. As we encourage all staff to join the community service activities of their enthusiasm, department based volunteering activities are also welcome in conjunction with family day to call upon deeper coherence to the Bank's culture and the community. In 2015, we have contributed 4,606.5 days of employee volunteering service in the local communities.</p> <p>2. New Joiners are required to attend "Right Start Live" when on boarding to know about the Bank's brand promises – Here for good and core values. They will also be introduced of code of conduct in working environment through case studies and our volunteer activities such as Standard Chartered Marathon and SCB Financial Education Workshop.</p>
2. Does the Bank hold corporate social responsibility trainings on a regularly basis?	V		
3. Does the Bank establish a reasonable remuneration policy that links to employee performance evaluation system and CSR policy, and set up an effective reward and punishment system?		V	
4. Does the Bank establish a reasonable remuneration policy that links to employee performance evaluation system and CSR policy, and set up an effective reward and punishment system?		V	

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			<p>Also, there will be Labor Health and Safety training for them on the same day. Frontline sales and services employees will have half day compliance training in their Day 1 Readiness training curriculum, which includes topics about anti_money laundering, know your customers and how to prevent misselling. All new joiners will also be assigned with e-learning courses including Code of Conduct, Anti-Money Laundering, Counter Terrorist Financing and Sanctions, Living with HIV, Health, Safety & Environment, Labor Safety and Health Training, Gender Equality in Employment Law and so on to assist employees to be aware of social responsibility. Furthermore, the Bank communicates the importance of Sponsorship and Donation Policy internally every year, provides "Fighting Bribery & Corruption" e-learning course to all employees and organizes workshops to ensure compliance with approval process by all departments to minimize reputational risks.</p> <p>3. "Here for good" is our core value and brand promise with an aim to be the best international bank. The Bank is committed to human resources development, corporate governance, sustainable products and services, financial crime prevention, risk and crisis management, environmental protection, diversity and inclusion, as well as community participation, etc. The Bank ensures responsible departments will fulfill our corporate social responsibility by following the Group's sustainability guideline and international standards.</p> <p>4. The Bank applies consistent Performance Evaluation and Remuneration Standard ("PERS") to all employees. Such standard supports and drives our business strategy and motivates our employees to deliver outstanding performance in line with the Bank's values. At an individual level, employees are assessed annually in relation to what they have achieved and how they have achieved it, based on the values and behaviors they have demonstrated. This assessment feeds into decision-making in relation to individual variable remuneration. Employees' performance is assessed against financial and non-financial objectives, including a mandatory compliance performance objective. In addition to performance assessments, all employees are awarded a value rating based on the achievements of objective 'to live the Bank's values in my everyday working life'. The approach puts more focus on risk and control issues. Assessing 'how' an employee has achieved an objective, 'what' has been achieved, as well as 'how' an employee has demonstrated risk and control behaviors are the key components of our performance assessment process and remuneration decisions.</p> <p>The Bank has the ability to make ex-post risk adjustments to variable compensation, where appropriate, through the following mechanisms:</p> <p>(1) Performance adjustment of deferred variable compensation, which occurs through Standard Chartered PLC Group's share-price</p>

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			<p>movement over the deferral period and, for some employees, in relation to specific performance measures.</p> <p>(2) In year adjustment of variable compensation, as an outcome of a risk and control event. The forfeiture of unvested variable compensation ("malus") and/or the retrieval of vested variable compensation ("claw-back"), in relation to material risk and control events.</p>
(II) Develop Sustainable environment			
1. Does the Bank strive to improve the utilization rate of various resources and use renewable materials that have minimal impact to the environment?	V		1. Standard Chartered Group's success in managing our environmental impact has been certified by the Leadership in Energy and Environmental Design (LEED) rating, an equivalent green building rating scheme.
2. Does the Bank establish an adequate environmental management system based on characteristics of the industry?	V		2. The Group operate in many countries vulnerable to environmental challenges, including the effects of climate change. Rather than simply continuing current business practices, The Bank work to inspire and encourage our employees and customers to minimise their environmental footprint. This strategy is supported by senior management on the Group EcoNet, our environment coordinators' network. The Group is proud to be included in the Dow Jones Sustainability Index (DJSI) for the fifth consecutive year and the FTSE 350 Climate Disclosure Leadership Index for the second time. This recognizes the Group's achievements in managing the use of energy and carbon emissions, as well as promoting sustainable environment.
3. Does the Bank investigate greenhouse gas inventory and set up strategies for energy saving, emission reduction and greenhouse gas mitigation to cope with climate change which would have business impact to the Bank?	V		<p>3. In 2015, the Bank has not only continuously adopted several practices to reduce carbon dioxide emissions and save energy, but also took active part in the world-renowned environmental protection activities. Employees were encouraged to reduce CO2 emissions and save energy both at homes and offices. As a result, we have reduced the use of energy and water by approximately 14% and 17% respectively year-on-year. These practices include :</p> <p>(1) Taskforces to monitor the conventional lighting of branches and major offices and replace them with LED or energy-saving lighting;</p> <p>(2) Taskforces to monitor the old energy-consumption air conditioners and replace them with more efficient facilities that meet global environmental standards;</p> <p>(3) Newly renovated branches and offices are equipped with air conditioners, Lighting and Power & Water supply facilities that met the environmental protection standards and energy savings certification.</p> <p>(4) Implement limited hours on air-conditioning in main offices to lower energy consumption after office hours;</p> <p>(5) Promote one-hour lights-out campaign during the lunch time of main offices;</p> <p>(6) Continuously monitor the usage of electricity and water in main offices and look into any abnormality of utility usage and provide countermeasures thereof;</p>

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			<p>(7) Install water-saving facilities in main branches and offices;</p> <p>(8) Actively participate in global environment activities such as the "Earth Hour" and increase environmental awareness amongst our staff;</p> <p>(9) Continue to sponsor public parks, namely Victoria Park</p> <p>(10) On paper saving, the Bank has not only continuously promoted paperless meetings, improvements on related facilities and rigid measures on copying process, but also tracked the paper usage in offices on monthly basis to remind staff to save paper;</p> <p>(11) The Bank's IT Department implemented new server whose efficiency and capacity are several times higher than the old equipment. By introducing the server virtualization technology, it has substantially reduced the number of hosts, the volume of power consumption, and the heat generated by machines. Our computer servers totaled 428 units in 2009 and gradually reduced to 329 units in 2015, with an approximate reduction rate of 23.1%. From the corporate social responsibility perspective, it means a reduction of 13,401KG carbon dioxide emissions per month, which is equivalent to planting 569 trees per year in Taiwan.</p>
(III) Safeguard Public Welfare			
1. Does the Bank establish management policies and procedures in accordance with related laws and international human rights treaties?	V		<p>1. The Bank complies with domestic labor laws to guarantee employees' legitimate rights and interests, treat all employees with fairness, and ensure a human labor's freedom of assembly and association as well as the rights of collective bargaining. We care about the disadvantaged minority, prohibit to hire child labor and prevent any kind of forced labor. We are committed to ensure equal opportunity in employment and prohibit the discrimination against any job applicant or employee on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, or past membership in any labor union. All above are fulfilled in details and practices of the Bank's Collective Bargaining Agreement, HR policies and procedures, as well as Fair Accountability and Diversity & Inclusion policy.</p> <p>2. The Bank sets employee grievance policy and procedure, and announced to all employees. The main purpose is to provide employees with the means to resolve grievances connected directly with their employment. It is aimed at encouraging open and honest communication. This will increase the likelihood that Employee concerns can be resolved quickly and internally, with a view to encouraging high Staff morale and engagement, decreasing staff attrition, and avoiding legal claims. All grievances will be handled fairly and in accordance with the applicable grievance procedure.</p>
2. Does the Bank establish an employee grievance system and communication channel for proper handling of related issues?	V		
3. Does the Bank provide a safe and healthy workplace for employees and conduct periodical health and safety trainings?	V		
4. Does the Bank conduct regular communications with employees and have adequate process/method in place to notify changes in operations that may have major impact to employees?	V		
5. Does the Bank establish effective career development plan for employees?	V		

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
6. Does the Bank have relevant policy and procedures in place to protect consumer rights pertaining to product research, procurement, operations and services?	V		A decision regarding the grievance will be notified to the employee in writing within a reasonable period.
7. Does the Bank adhere to relevant regulations and international guidelines to promote and label its products and services?	V		3. Based on the local health and safety regulations and SCB Group standards, the following health and safety trainings are provided to employees: (1) New hires are required to receive 3 hours of health and safety training; (2) All employees are required to receive 3 hours of health and safety refresher training every 3 years; (3) To assist health and safety personnel to obtain required certificates and receive regular refresher trainings; (4) Other necessary trainings in relation to emergency response; (5) Based on the Rules for Labor Health Protection, health care rooms are established and professional medical personnel are engaged to provide health care services including : 1) Health education, health promotion and guidance; 2) Prevention of occupational disease and injury, health consultation and first aid; 3) Analysis, management, and storage of physical examination records; 4) Regular provision of health information; 5) Health seminars by medical doctors; 6) Breast feeding room for female employees. 7) Door-to-Door Health Service to all employees
8. Prior to engaging with a vendor, does the Bank conduct an assessment on corporate social responsibility records of the vendor?	V		4. The Bank complies with domestic labor laws to communicate with employees regularly, such as quarterly Labor-Management Meeting and Bi-Weekly Meeting with the Bank union. All meeting minutes are posted on the Bank's intranet site. The Bank and employees both agreed to maintain harmonious employer-employee relationships and promote the rights of all employees through sustainable development in the spirit of "live-and-let-live", share of interests and client-oriented services. The Bank keeps employees informed of major changes in operations that may have major impact to them through reasonable channels, including the channels listed above.
9. In case the major supplier/vendor involves in violation of the corporate social responsibility policy and has inverse influence to the environment and society, does the Bank's contract cover termination clause with the major supplier/vendor at any time?	V		5. We provide different professional trainings for different needs of business or support functions. Frontline sales and services new joiners need to attend Day 1 Readiness training. Based on different job roles, the training is provided with different days. Branch managers will be provided with a one-year Branch Manager certification program, and new managers will receive a nine-month New Manager Program. There are also leadership programs designed for managers from different levels. For those ambitious and high potential talents, the Bank also provides related trainings to help them pursuit and develop their career paths.

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			<p>6. The Bank has entered into agreement with our vendors for customer disputes resolution, which covers terms and conditions to define the response timeline, handling process and remedy plan. In regards to the consumer rights protection and customer services, the Bank has its policy and procedure in place to address customer feedbacks on a timely manner. Also, customer opinions are incorporated into the product/ service design. A 24-hr customer hotline is provided to ensure customer requirements and disputes are effectively taken care of. To ensure a smooth customer complaints channel, a customer complaints hotline is posted on the Bank's website for reference. In addition, a customer service email is provided on the website to collect customer feedbacks and respond consumer disputes. Any customer complaint, whether it is through telephone, teller counter, letter, fax, media and/or official letter from relevant regulator, will be addressed in compliance with the Bank's standard process for handling customer complaints. To efficiently process customer complaints, an e-form system is set up for tracking customer complaints and results. In addition to reply and log reasons, corrective actions and precautions on system by following the Customer Complaints SOP, reports of disputable cases are compiled and analyzed on weekly and monthly basis. Disputes with greater recurrence rate are monitored of their corrective actions on continuous effort. Where any inconsiderate service is identified through the customer complaints channel or satisfactory survey, for instance, a product or process design fails to meet customer expectation, a customer is not served by our staff based on standard process, a problem is not adequately addressed and so on, all relevant departments will be informed and corrective actions and precautions will be carried out immediately to protect customers' rights and interests.</p> <p>7. Prior to providing our customers with financial products and services, the Bank has explained to the customers the important aspects of the financial products or services, and of the contract, and disclosed the associated risks pursuant to Financial Consumer Protection Act, and other related laws and regulations.</p> <p>8. The Bank's brand promise "Here for good" fully demonstrates our mission as well as over 150 years of business model. The Bank is committed to ensure that its operate with high standards of social, ethical and environmental considerations in all aspects of its business. As a responsible corporate citizen, the Bank expect its suppliers uphold consistent standards as we do in aspects of ethics, human rights, environments, health & safety, labor and environmental protection. The Bank also has an obligation to ensure that our suppliers promote conservation or protection of the environment as part of their business operations. To implement the concept of environmental protection,</p>

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
			<p>Standard Chartered Bank built into the selection process to develop specifications and recommendations for environmentally friendly products as the preferred specification to review the efforts made by a supplier on the more environmentally sensitive products and the implementation of its corporate social responsibility system. The above has been incorporated as one of the selection criteria of suppliers, so that sourcing decisions will be made, to the extent practicable, to use a more environmentally friendly product or service.</p> <p>9. SCB Supplier Charter is stated in tender document to supplier during tender process, SCB Supplier Charter is a formal position statement that details what SCB expects from its suppliers and those within the suppliers' sphere of influence. It outlines SCB values and brand promise and covers 5 areas: Ethics, Human Rights, Environment, Health and Safety Standards, and Environmental Protection.</p>
<p>(IV) Reinforce Information Disclosure</p> <p>Does the Bank disclose reliable and relevant corporate social responsibility information on its website and MOPS (market observation post system)?</p>	V		<p>1. The Group has published its annual Sustainability Report since 2008. In 2010 we were included in the Dow Jones Sustainability World Index (DJSI World). The DJSI evaluators noted our strong performance in stakeholder engagement, human capital development, risk and crisis management, financial inclusion and climate change governance.</p> <p>2. Since 2010, we have been listed in the FTSE4Good index, which is designed to measure the performance of companies that meet globally recognized corporate responsibility standards.</p> <p>3. The Bank's sustainability achievements are provided on continuous basis through the annual reports. In addition, starting from March 2011, the Bank is required to disclose donations to political parties, stakeholders and charity groups on the Bank's website in accordance with Article 16.1, Chapter 3 of the Corporate Governance Best-Practice Principles for Banks.</p>
<p>(V) In the event the Bank has developed its own Corporate Social Responsibility Best Practice Principles pursuant to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please specify the practices and differences between the two Principles: Not applicable</p>			
<p>(VI) Other important information that helps to understand the best practices of corporate social responsibility : [None]</p>			
<p>(VII) Please specify, if appropriate, any Corporate Social Responsibility Report already met the verification criteria of a certification institution : [None]</p>			

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

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

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

Assessment Item	Execution Status (Note)		
	Yes	No	Description
<p>(I) Establish Ethical Corporate Management Policies and Programs</p> <p>1. Does the Bank stipulate its ethical corporate management in internal rules and external documents, and if such management policies are enforced under the supervision of the Board of Directors and senior management?</p> <p>2. Does the Bank establish the Bank's ethical corporate management programs to forestall unethical conduct ("prevention program"), including procedures, guidelines, penalties applicable for the violation of the policy, disciplinary hearing process, and if these process and procedures are being executed accordingly?</p> <p>3. Does the Bank adopt any preventative measures against business activities which may be at a higher risk of being involved in an unethical conduct or any other items that are stipulated in Article 7.2 of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	V		<p>1. Promulgation of Legal and Compliance Principles and Prevention of Unethical Conduct: All of the Bank's policies and procedures related to ethical corporate management are approved by the Executive Committee and Board of Directors, followed by enforcement of each policy by its owners and subject to Board of Directors' review on an annual basis.</p> <p>2. The Bank has established the "Code of Conduct", which mainly encompasses "Comply with laws, regulations and Group standards", "Reject bribery and corruption", "Treat clients fairly", "Manage conflicts of interest", "Do not take part in insider trading", "Protect confidential information", and "Compete fairly in the market place" to prevent unethical behaviors. In addition, the Bank has in place the "Gifts and Entertainment Policy", "Anti-Bribery Policy", and relevant procedures. All staff of the Bank shall comply with the aforesaid Code and policies, and complete related trainings as required. Also, the Bank requires all staff to re-commit to the "Code of Conduct" annually so as to ensure that the Code is embedded in our day-to-day operations. The Bank has established "Employee Disciplinary Policy" and relevant procedures to use principles on fair accountability in investigating and making decisions on staff disciplinary matters, and to ensure that a fair, timely and consistent approach is in place to handle misbehavior or misconduct of employees.</p> <p>3. In addition to the above-mentioned "Code of Conduct", the Bank has in place the "Anti-Bribery Policy", the "Sponsorships and Donations Policy" and the "Gifts and Entertainment Policy" with relevant procedures to prevent employees from failing to meet the expected standards.</p>
<p>(II) Implement Ethical Corporate Management</p> <p>1. Does the Bank evaluate counterparty's records of ethical corporate management and clearly indicate terms of ethical behavior in the contracts?</p> <p>2. Does the Bank set up a dedicated (or sideline) unit under the Board of Directors to promote the ethical corporate management and report its execution status to the Board of Directors regularly?</p>	V		<p>1. The Bank set out a Supplier Charter which includes a number of principles for the behavioral standard that Standard Chartered expects from all its suppliers, and those within a supplier's sphere of influence that assist them in performing their obligations to the Bank. One of major principles is that Standard Chartered expects its suppliers to conduct themselves ethically and morally and respect local laws, and strictly prohibits bribery and corruption in any form. Suppliers are encouraged to use the Bank's secure Speaking Up web service to report all suspected cases, actual breaches or concealment of any forbidden acts. Terms regarding the ethical behavior have also been incorporated into the suppliers' contracts.</p> <p>2. The Bank does not set up a dedicated unit, but the policies and procedures of Ethical Corporate Management should be guided and reviewed by the Bank's Board of Directors.</p>

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
<p>3. Does the Bank establish any conflict of interest policy and provide an adequate reporting channel?</p> <p>4. Does the Bank establish effective accounting system and internal control system for the Bank's ethical corporate management, and if such systems are audited by the internal auditor or by external CPA firm on a regular basis?</p> <p>5. Does the Bank conduct regular ethical management trainings held internally and externally?</p>	V		<p>3. The Bank has established the "Conflicts of Interest Policy" and relevant procedures and the "Group Outside Business Interests Procedure" for compliance in our daily operations</p> <p>4. Internal Audit has followed "the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to formulate the annual audit plan and perform audits in accordance with the plan. The Bank has strict accounting system and related procedures in place for compliance with the "Business Entity Accounting Act", "Regulations Governing the Preparation of Financial Reports by Securities Issuers", "Regulations Governing the Preparation of Financial Statements by Public Banks", IFRSs endorsed by the FSC and the "Sample of Accounting System for Banking Sector" stipulated by the Bankers' Association. In addition, the Bank's financial statements are duly audited and certified by our CPA firm in accordance with relevant regulations and generally accepted auditing standards to ensure data accuracy.</p> <p>5. The Bank provides trainings of the above-mentioned "Code of Conduct" and related policies/procedures to all staff through various training courses including periodic e-Learning.</p>
<p>(III) Implement Speak Up System</p> <p>1. Does the Bank establish a concrete speak-up and reward system and set up a convenient reporting channel with designated personnel for handling speak-up cases?</p> <p>2. Does the Bank have standard procedure and confidentiality mechanism in place to handle investigated cases?</p> <p>3. Does the Bank establish a process to protect the discloser from unfair treatment for the speak-up?</p>	V		<p>1. The bank has established the "Speaking Up Policy" and "Speaking Up Procedures" to provide staff with a secure, confidential way to report concern about misconduct. The Compliance Department is accountable for ensuring that this Policy and its governance and assurance processes have been implemented. The Shared Investigative Services of Legal Department must ensure that adequate processes are in place to enable Staff to Speak Up confidentially and to define how Speaking Up disclosures should be investigated and managed.</p> <p>2. Every reasonable effort must be made to maintain the confidentiality of the Staff member raising the concern. Speaking Up disclosures and details of any information and documentation stemming from the disclosure must only be passed to those who 'need to know'.</p> <p>3. Shared Investigative Services is responsible that all Speaking Up disclosures are recorded, reviewed and where appropriate, independently investigated to ensure confidentiality of staff raising the concern.</p>
<p>(IV) Reinforce Information Disclosure</p> <p>Does the Bank disclose the ethical corporate management on the official website and MOPS and its implementation status?</p>	V		<p>The Bank has disclosed regulatory required information on both official website as well as MOPS, including annual report, important financial information and financial statements, etc.</p>

 (Continued)

Assessment Items	Execution Status (Note 1)		
	Yes	No	Description (Note 2)
V. In the event the Bank has developed its own Ethical Corporate Management Best Practice Principles pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please specify the practices and differences between the two Principles : Not Applicable			
VI. Other important information that helps to understand the best practices of the Bank's ethical corporate management (e.g. if the Bank is currently reviewing its own ethical corporate management best practice principles) : [None]			

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

(VIII) Corporate Governance Principles and Inquiry of Relevant Regulations

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

(IX) Other Material Information

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

(X) Implementation of Internal Control System

1. Statement of Internal Controls

Internal Control System Statement to Financial Supervisory Commission

17 March 2016

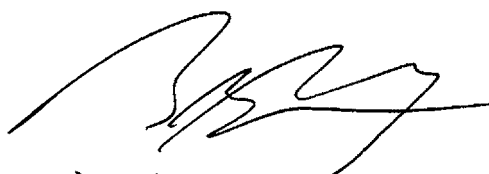
On behalf of Standard Chartered Bank (Taiwan) Limited (the "Company"), we hereby certify that, for the fiscal year of 2015, the Company had duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". In 2015, we have in place an internal control system, implemented risk management measures, and have an independent audit department undertake audits and report the results to the board of directors and supervisors regularly.

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

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

Statement by

Chairman :



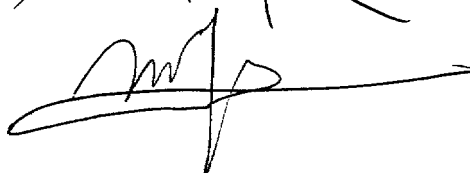
(Signature)

President :



(Signature)

Chief Auditor :



(Signature)

Head of Compliance :



(Signature)

Standard Chartered Bank (Taiwan) Limited

Issues and Corrective Actions for Internal Control System

As of 31 December 2015

Issues for Improvement	Corrective Actions	Target Completion Date
<p>The Company changed its Offshore Banking Unit ("OBU") manager without obtaining prior approval from the Financial Supervisory Commission ("FSC"), which has violated Article 21-1 of the Offshore Banking Act. Hence, in accordance with Article 22-2 of the aforesaid Act, FSC has ruled to impose a fine of NTD500,000 on the Company.</p> <p>(FSC Letter No. 1040125290 dated 1 July 2015)</p>	<ol style="list-style-type: none"> 1. The Company has filed an application with FSC to seek for the qualification recognition and approval for the OBU manager. FSC has approved on 26 May 2015. 2. The Company has revised the "Procedure for the Reporting and Approval of OBU Manager Replacement", with a focus on the qualification review, internal approval, external approval and regulatory filing processes. The relevant employee training on regulatory compliance was also completed accordingly. 	Completed
<p>FSC ruled that issues relating to inadequate regulatory compliance and lack of proper risk control mechanism were found in the Company's derivative business, which could disturb its sound operation. Hence, in accordance with Paragraph 1 of Article 61-1 of the Banking Act, an Order of Correction was imposed on the Company FSC requested the Company to promptly complete the rectification of the relevant issues, to conduct the derivative business according to the newly-amended regulations of derivative business, and to establish a proper mechanism to handle customer complaints.</p> <p>(FSC Letter No. 10560000256 dated 29 January 2016)</p>	<p>Regarding the raised issues, including involvement of unlicensed Relationship Managers in the product discussion with clients and provision of pricing to clients, and inadequate consideration of clients' derivative limits with other banks when assessing clients' limit for derivatives, the Company has completed the relevant rectification. Going forward, the Company will strictly follow the newly-amended Regulations Governing Internal Operating Systems and Procedures for Banks Conducting Financial Derivatives Business by FSC and other relevant regulations. Moreover, the Company will review the current mechanism of customer complaint handling for its adequacy and effectiveness and revamp it following the newly-revised Treat Customers Fairly Principle by the end of June 2016.</p>	30 June 2016
<p>After self-identifying that a team leader of Client Acquisition has been conducting inappropriate inquiries to collect customer data on the Company's Retail Banking lending management system, the Company has proactively reported this as a material incident to regulators.</p>	<ol style="list-style-type: none"> 1. The Company will take necessary disciplinary actions against the involved employees in accordance with its internal accountability policy. 2. The Company has fixed the problematic webpage of the relevant system and conducted a clean-up check to strengthen controls on other intranet web-based applications involving personal data. 3. The Company will enhance the report monitoring control, review frequency and escalation process. 4. The Company's Operational Risk will review the relevant procedures of this incident. Internal Audit will validate the effectiveness of the improvement actions in the upcoming target audits. 	30 September 2016

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

Independent Auditors' Report on Internal Control

The Board of Directors

Standard Chartered Bank (Taiwan) Limited:

According to Article 28 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries (the Rules) issued by the Financial Supervisory Commission (FSC), Republic of China (ROC), in addition to having its annual financial statements audited and certified by an independent auditor, a bank should also engage the auditor to examine its internal control systems and to express an opinion on the accuracy of and internal control over its financial reporting, the status of its compliance with applicable laws and regulations, and the appropriateness of its policy on the recording of bad debt provision.

We have been engaged by Standard Chartered Bank (Taiwan) Limited to conduct the aforementioned examination and have summarized the examination scope, procedures, and conclusions in the attachment to this report in accordance with Article 31 of the Rules.

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



KPMG

April 29, 2016

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

Disclosure	Case & Amount
1. Indictment by prosecutors against the person in charge or employees because of a crime committed on duty	<p>1. An ex-employee kept pre-signed transaction documents and manipulated customer accounts, which was a breach of the relevant regulations. The Bank filed a criminal claim against said ex-employee. The Taipei District Prosecutors Office indicted said ex-employee in December 2013 and the Taiwan Taipei District Court rendered a guilty judgment in March 2015. The ex-employee appealed to the High Court, which still rendered a guilty judgment in July 2015. Then the case was concluded.</p> <p>2. An ex-employee conducted unauthorized fund transfers, which was a breach of the Bank's internal policy and procedure. The Bank filed a criminal claim against said ex-employee. The Taiwan Taipei District Prosecutors Office indicted said ex-employee in February 2013, and the Taipei District Court rendered a guilty judgment in October 2013. The ex-employee appealed to the High Court and then to the Supreme Court. In August 2014, the Supreme Court denied the ex-employee's appeal and the case was concluded.</p> <p>3. The Bank's ex-employees illegally collected and used customers' personal data with the intention to make profit. The Bank filed a criminal claim against said ex-employees. The Taipei District Prosecutors Office indicted said ex-employees in March 2014 and the Taipei District Court judged one of said ex-employees guilty and the others innocent in November 2015. Then the case was concluded.</p> <p>4. The Bank's ex-employees defrauded of the Bank's money so the Bank filed a criminal claim against said ex-employees. The Miaoli District Prosecutors Office indicted said ex-employees in September 2015 and the Taiwan Miaoli District Court rendered a guilty judgment in February 2016.</p>
2. Penalty fine imposed by Financial Supervisory Commission (FSC) due to violation of the laws and regulations	The Bank changed its OBU Manager without obtaining prior approval from FSC which has violated Article 21-1 of the Offshore Banking Act (the "OBU Act") and a fine of (NTD 500,000) pursuant to Article 22-2 of the OBU Act.(1 July 2015)
3. Penalty imposed by FSC due to violation of Article 61-1 of the Banking Act	<p>1. An employee was found to have fraudulently applied for and embezzled reimbursements of legal expenses, thus giving cause to suspect that the Bank is not properly managed. The Bank received a reprimand letter from FSC pursuant to Paragraph 1, Article 61-1 of the "Banking Act", which required the Bank to terminate said employee. (11 November 2014)</p> <p>2. The Bank was found deficiencies on its derivative business, which could disturb its sound operation. Hence, in accordance with Paragraph 1, Article 61-1 of the Banking Act, an Order of Correction was imposed on the Bank. (29 January 2016)</p>

 (Continued)

Disclosure	Case & Amount
4. Any material frauds or contingencies (fraud, theft, misappropriation and robbery of assets, false transaction, forged documents and marketable securities, kickbacks, natural disaster loss, loss from external factors, hacker attack, data theft, and disclosure of confidential information and customer data and such major incidents) or security accidents resulting from the failure to abide by security instructions of financial institutions, or the incidents which resulted in loss over NTD 50 million, individually or totally, in the respective year	None
5. Other matters required to be disclosed by FSC	None

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

Date	Type of Meeting	Major Resolution	Execution Status
30/01/2015	Monthly Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Approval of submission of financial product development plan to financial supervisory commission 2. Amendment to the internal control system 3. Approval for sale transaction and divestment strategy of non-core properties 4. Approval of outsourcing activities with related parties 5. Update on retail banking data center offshoring project 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution
26/02/2015	Special Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Approval of closure of Hsinchu branch 2. Amendment to Taiwan governance framework of performance evaluation and remuneration structure and policy 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution
30/03/2015	Quarterly Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Revision of 2015 budget of the Bank 2. Approval of 2014 annual financial statements, business report and profit allocation statement 3. Approval of 2014 internal control system statement 4. Amendment to the guideline for operational strategies and practices of derivatives business of the Bank 5. Approval of new complex high risk products 6. Approval of delegated authority 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution 6. Approve to execute as per resolution
27/05/2015	Quarterly Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Approval of 2014 profit allocation statement of the Bank 2. Appointment and removal of the certified public accountant for signing the audited financial statements of the Bank 3. Risk management framework assessment as requested by financial supervisory commission- internal audit 4. Taiwan risk tolerance statement 5. Approval of application of foreign currency bills finance business 6. Annual compliance assessment on outsourced activities 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution 6. Approve to execute as per resolution
29/06/2015	Special Meeting of Board of Directors / Shareholder Meeting	<ol style="list-style-type: none"> 1. Approval for 2014 annual report 2. Approval of 2014 annual financial statements, business report, and profit allocation statement of the Bank 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution
14/08/2015	Special Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Appointment of compliance head of securities business 2. Approval of sale ex-Yanping branch and ex-Dahu branch 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution

 (Continued)

Date	Type of Meeting	Major Resolution	Execution Status
28/08/2015	Quarterly Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Approval of 2015 first semi-annual audited standalone and consolidated financial statements of the Bank 2. Approval of equity investment disposal 3. Approval of renewal of Taiwan fixed network contract 4. Approval for the relocation of head office and other departments and name changes of branch offices 5. Approval of appointment of senior executive officer 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution
24/11/2015	Quarterly Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Update on five year strategy of the Bank 2. Approval of 2016 annual budget of Bank 3. Approval of 2015 domestic bank required information for the supervisory review process over capital adequacy package 4. Approval of 2015 remuneration of the certified public accountant of the Bank 5. Amendment to internal control system of the Bank 6. Approval of closure of branches 7. Approval of sale of Zhongshan property and update on divestment strategy of non-core properties 8. Approval for related party transaction of underwriting senior note issuance with SCBHK 9. Approval for related party transaction of underwriting senior note issuance with SCBSN 10. Approval for related party transaction of underwriting senior note issuance with Standard Chartered Bank 11. Approval of application to concurrently engage in insurance agent business by the Bank 12. Approval of appointment of senior executive officer 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution 6. Approve to execute as per resolution 7. Approve to execute as per resolution 8. Approve to execute as per resolution 9. Approve to execute as per resolution 10. Approve to execute as per resolution 11. Approve to execute as per resolution 12. Approve to execute as per resolution
24/11/2015	Quarterly Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Amendment to the article of incorporation of the bank 2. Approval of establishment of audit committee 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution
28/01/2016	Special Meeting of Board of Directors	<ol style="list-style-type: none"> 1. Approval of summary of risk management framework and approach of the Bank 2. Approval of delegation of authority of the Bank 3. Approval for divestment strategy of nine non-core properties 4. Approval of hongtai lease renewal 5. Approval of related party transaction of underwriting senior note issuance with New York branch of Standard Chartered Bank 6. Approval of 2015 total variable compensation payment 7. Approval of appointment of senior executive officer 	<ol style="list-style-type: none"> 1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution 6. Approve to execute as per resolution 7. Approve to execute as per resolution

Date	Type of Meeting	Major Resolution	Execution Status
31/03/2016	Quarterly Meeting of Board of Directors	1. 2015 annual financial statements, business report and profit allocation/loss off-setting statement of the Bank 2. Approval of revised 2016 annual budget of the Bank 3. Approval of related party transaction of entering into the group advisory and services charging agreement 4. Approval of 2015 internal control system statement 5. Approval of the outsourcing activities with related parties 6. Approval of appointment of senior executive officer	1. Approve to execute as per resolution 2. Approve to execute as per resolution 3. Approve to execute as per resolution 4. Approve to execute as per resolution 5. Approve to execute as per resolution 6. Approve to execute as per resolution

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

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

Title	Name	Date appointed	Date resigned	Reason
Chief Financial Officer	Yen Ting Chen	26/06/2012	29/02/2016	Discharged

IV. Information on CPA Charges

(I) CPA Charges and Fee Brackets

Name of CPA Firm	Name of CPA		Audit Period	Remark
KPMG	Lin Wu	Yung-Sheng Wang	Fiscal Year 2015	

Unit : NTD'000

Bracket	CPA Charge	Audit Fee	Non-audit Fee	Total
1	Less than 2,000,000			
2	2,000,000 (inclusive) - 4,000,000		2,600	2,600
3	4,000,000 (inclusive) - 6,000,000			
4	6,000,000 (inclusive) - 8,000,000			
5	8,000,000 (inclusive) - 10,000,000			
6	Over 10,000,000 (inclusive)	15,400		15,400
Total		15,400	2,600	18,000

(II) Non-audit fees paid to CPAs, the firm to which the CPAs belong and its affiliate(s) exceed 25% of the annual auditing fee : [No]

Unit : NTD'000

Name of CPA Firm	Name of CPA	Audit Fee	Non-audit Fee					Audit Period	Remark
			System Design	Business Registration	Human Resources	Others	Sub-total		
KPMG	Lin Wu Yung Sheng Wang	15,400				2,600	2,600	01/01/2015 – 31/12/2015	Internal control: 2,400 Capital adequacy ratio: 200

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

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

V. Information on Change of CPA

(I) Information on the Former and Successive CPAs : [None]

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

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

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

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

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

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

Name of Investee Company	The Bank's Investment		Investment by Directors, Supervisors, Executive Officers, Branch Managers and the Entities Directly or Indirectly Controlled by the Bank		Comprehensive Investment	
	shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Standard Chartered Life Insurance Agency Co., Ltd.	300,000	100%	-	-	300,000	100%
Taiwan Standard Chartered Insurance Agency Co., Ltd.	300,000	100%	-	-	300,000	100%
Taiwan Small and Medium Enterprises Development Co., Ltd.	3,417,440	4.84%	-	-	3,417,440	4.84%
Universal Venture Fund Co., Ltd.	854,895	4.76%	-	-	854,895	4.76%
Financial Information Service Co., Ltd.	5,937,750	1.14%	-	-	5,937,750	1.14%
Windance Co., Ltd.	18,850,000	2.73%	-	-	18,850,000	2.73%
Taiwan Financial Asset Service Co., Ltd.	5,000,000	2.94%	-	-	5,000,000	2.94%
TSC Bio-Venture Capital Corp.	1,063,125	5.00%	-	-	1,063,125	5.00%
Sun Asset Management Corp.	84,980	1.42%	-	-	84,980	1.42%



1. Capital and Shares	68
2. Issuance of Financial Debentures	72
3. Preferred Stocks, Overseas Depository Receipts, Employee Stock Options, Restricted Stock Awards and Acquisitions or Assignment Involving Other Financial Institutions	77
4. Capital Utilization Plan and Execution Status	77

I. Capital and Shares

(I) Source of Capital

Unit : Share/NTD

Month & Year	Issued Price	Authorized Capital		Paid-in Capital		Remark	
		No. of Shares	Amount	No. of Shares	Amount	Source of Capital	Other
June 2007	-	2,500,000,000	25,000,000,000	1,664,516,726	16,645,167,260	(Note 1)	Approved by the Financial Supervisory Commission on 14 June 2007
June 2007	20	2,500,000,000	25,000,000,000	493,055,250	4,930,552,500	Capital increase by cash common stock (Note2)	Refer to the letter from the Investment Commission of MOEA with Ref. No.:Jing-shen-I-zi-096002111280 dated 28 June 2007
December 2008	20	2,500,000,000	25,000,000,000	328,000,000	3,280,000,000	Capital increase by cash common stock	Refer to the letter from the Investment Commission of MOEA with Ref. No.: Jing-Shen-I-Zi-09700428790 and Jing-Shen-I-Zi-09700399430 on 24 November 2008 and 25 November 2008 respectively
December 2009	20	3,000,000,000	30,000,000,000	425,000,000	4,250,000,000	Capital increase by cash common stock	Refer to the letter from the Investment Commission of MOEA with Ref. No.:Jing-Shen-I-Zi-09800476140 dated 22 December 2009

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

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

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

(II) Shareholder Structure

As of 15 May, 2016

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

Note : Standard Chartered Bank holds 100% shares of Standard Chartered Bank (Taiwan) Limited. It is the only shareholder.

(III) Distribution of Equity Holdings

Par Value NTD 10

As of 15 May, 2016

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

(IV) List of Major Shareholders

As of 15 May, 2016

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

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

Item		Year	2015	2014	30 Apr 2016 (note3)
Market Value Per Share (Note1)	Highest		-	-	-
	Lowest		-	-	-
	Average		-	-	-
Net Worth Per Share	Before Appropriation		14.87	15.39	14.95
	After Appropriation		(Note2)	14.45	-
Earnings Per Share	Weighted Average Shares(thousand shares)		2,910,572	2,910,572	2,910,572
	Earnings Per Share		0.49	1.12	0.12
Dividends Per Share	Cash Dividends		(Note2)	0.94	-
	Free-Gratis Dividends	Retained Earnings	-	-	-
		Capital Reserve	-	-	-
	Accumulative Dividends Undistributed		-	-	-
Return Analysis (Note1)	Price/Earnings Ratio		-	-	-
	Price/Dividend Ratio		-	-	-
	Cash Dividend Yield(%)		-	-	-

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

Note 2 : The 2015 earnings appropriation of the Bank is yet approved the Board of Directors.

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

(VI) Dividend Policy and Enforcement

Refer to the Dividend Policy in "Financial Highlights" on page 160.

(VII) Impact of Stock Dividends on Business Performance and EPS : [Not Applicable]

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

1. The ratio or range of employees' bonus and remuneration to employees, directors, and supervisors as set forth in the Bank's Articles of Association : Refer to the Dividend Policy in "Financial Highlights" on page 160.
2. Proposal for the distribution of employees' remuneration resolved by the Board of Directors : Refer to the Employee's Remuneration in "Financial Highlights" on page 168.
3. Earnings in the previous year allocated to employees' bonus and remuneration to directors and supervisors : Refer to the Dividend Policy in "Financial Highlights" on page 160.

(IX) Share Buyback History : [None]

II. Issuance of Financial Debentures

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

(Continued)

Balance Outstanding	0 (thousand)	0 (thousand)	0 (thousand)	6,150,000 (thousand)	1,000,000 (thousand)	2,550,000 (thousand)	0 (thousand)	400,000 (thousand)	4,000,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)								
Audited Net Worth in Previous Year	38,289,788 (thousand)								
Repayment Status	Normal								
Terms of Redemption or Early Repayment	N/A								
Terms and Conditions of Conversion and Exchange	N/A								
Restriction Clause	N/A								
Capital Utilization	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline								
Amount of declared issuance plus previous outstanding balance as percentage of audited net worth of the previous fiscal year (%)	121.69%								
Whether accounted for equity capital and type of capital	No								
Name of credit rating agency, date and credit rating	Fitch Ratings, AAA(twn), 19 May 2011								

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

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

(Continued)

Balance Outstanding	500,000 (thousand)	0 (thousand)	0 (thousand)	1,100,000 (thousand)	0 (thousand)	0 (thousand)	0 (thousand)	2,000,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)	29,105,720 (thousand)	29,105,720 (thousand)					
Audited Net Worth in Previous Year	38,289,788 (thousand)	38,289,788 (thousand)	38,289,788 (thousand)					
Repayment Status	Normal	Normal	Normal					
Terms of Redemption or Early Repayment	N/A	N/A	N/A					
Terms and Conditions of Conversion and Exchange	N/A	N/A	N/A					
Restriction Clause	N/A	N/A	N/A					
Capital Utilization	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline					
Amount of Declared Issuance plus Previous Outstanding Balance as Audited Net Worth of the Previous Fiscal Year (%)	121.74%	121.74%	121.74%					
Whether Accounted for Equity Capital and Type of Capital	No	No	No					
Name of Credit Rating Agency/ Date and Credit Rating	Fitch Ratings, AAA(twn), 8 Jun 2011	Fitch Ratings, AAA(twn), 23 Jun 2011	Fitch Ratings, AAA(twn), 29 Jun 2011					

Type of Financial Debenture	1 st Financial Debenture in 2014	2 nd Financial Debenture in 2014
Date of Approval & Approval Document No.	Jin-Guan-Yin-Waizi-1020035670	Jin-Guan-Yin-Waizi-10300328080
Date of Issuance	27/01/2014	18/12/2014
Par Value	USD 100,000	USD 1,000,000
Location of Issuance and Trading	Taiwan, R.O.C	Taiwan, R.O.C
Currency	US Dollar	US Dollar
Issue Price	100	100
Total Amount	580,000 (thousand)	200,000 (thousand)
Interest Rate	Floating rate : USD 3M LIBOR +0.70%	Fixed Rate : 4.5%
Maturity	2 years (maturity on 27 Jan 2016)	10 years (maturity on 18 Dec 2024)
Seniority	Primary- Lien	Subordinated
Guarantor	N/A	N/A
Trustee	N/A	N/A
Underwriter	Institution with financial advisory license: Yuanta Securities	Institution with financial advisory license: Yuanta Securities
Certifying Attorney	Baker & McKenzie Attorney : Zhi Liang, Hao-Rui Hu	Lee and Li Attorneys-at-Law : Robin Chang
Certifying Accountant	N/A	N/A
Certifying Financial Institution	N/A	N/A
Repayment Method	Interest calculated quarterly and paid annually, full payment on principal upon maturity	Interest paid semi-annually, and full payment on principal upon maturity
Balance Outstanding	580,000 (thousand)	200,000 (thousand)
Paid-in Capital in Previous Year	29,105,720 (thousand)	29,105,720 (thousand)
Audited Net Worth in Previous Year	41,338,012 (thousand)	41,338,012 (thousand)
Repayment Status	Normal	Normal
Terms of Redemption or Early Repayment	N/A	The issuer shall redeem the financial debenture with full principal upon maturity on 18 December 2024. No early redemption is allowed.
Terms and Conditions of Conversion and Exchange	N/A	N/A
Restriction Clause	N/A	N/A
Capital Utilization	To support medium and long term funding needs and to manage the liquidity ratios under Basel III guideline	To support the Bank's capital adequacy ratio and to provide fundings for future business growth

 (Continued)

Amount of Declared Issuance plus Previous Outstanding Balance as Percentage of Audited Net Worth of the Previous Fiscal Year (%)	136.96%	128.58%
Whether Accounted for Equity Capital and Type of Capital	No	Yes, Tier II
Name of Credit Rating Agency, Date and Credit Rating	Fitch Ratings, AAA(twn), 24 Jan 2014	Fitch Ratings, AA+(twn), 18 Dec 2014

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

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

IV. Capital Utilization Plan and Execution Status

(I) Capital Utilization Plan

There is no new issuance of debentures in the year of 2015. Issuances before 2014 are utilized to enhance the Bank's medium and long term funding stability, to meet liquidity requirements under Basel III guideline, and to provide fundings for future business growth.

(II) Execution Status of the Capital Utilization Plan

1. There is no new issue of debentures in the year of 2015. Issuances in 2014 are to fulfill the liquidity gaps arising from time deposits, which were matured but non- rollover; improve the capital position after NTD 10 billion Tier 2 sub-debt redemption in Oct 2014, and support lending business growth.

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

	31 December 2015	31 December 2014	31 December 2013
Medium and Long Term Loan	240,866,469 (thousand)	259,937,959 (thousand)	278,401,627 (thousand)
Increase / (Decrease)	(19,071,490) (thousand)	(18,463,668) (thousand)	(12,432,264) (thousand)
Capital Adequacy Ratio	14.37%	13.91%	13.67%
Increase / (Decrease)	0.46%	0.24%	(2.41)%



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I. Scope of Business

(I) Primary Business of Respective Business Division

1. Corporate & Institutional Banking

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

2. Commercial Banking

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

3. Retail Banking

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

(II) Ratio of Major Businesses and Changes

1. Ratio of Major Businesses to Total Assets

(1) Deposits

Unit : NTD'000

	31 December 2015		31 December 2014		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Savings Deposits	173,643,251	34.90	184,692,228	30.91	(5.98)
Time Deposits	130,150,713	26.15	196,925,628	32.96	(33.91)
Demand Deposits	189,396,025	38.06	211,304,338	35.36	(10.37)
Checking Account	4,317,267	0.87	4,482,905	0.75	(3.69)
Remittance	81,745	0.02	114,706	0.02	(28.74)
Sub-total	497,589,001	100.00	597,519,805	100.00	(16.72)

(2) Loans

Unit : NTD'000

	31 December 2015		31 December 2014		Growth Rate (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Bill Negotiation/Discount	482,760	0.16	985,621	0.29	(51.02)
Short-term Loan and Overdraft	61,009,087	19.81	73,106,197	21.38	(16.55)
Short-term Secured Loan	5,091,227	1.65	7,280,178	2.13	(30.07)
Medium-term Loan	36,443,142	11.83	46,080,749	13.48	(20.91)
Medium-term Secured Loan	10,681,659	3.47	7,781,008	2.28	37.28
Long-term Loan	8,724,055	2.83	8,201,974	2.40	6.37
Long-term Secured Loan	185,017,613	60.06	197,874,228	57.89	(6.50)
Non Accrual Loans	594,738	0.19	525,171	0.15	13.25
Sub-total	308,044,281	100.00	341,835,126	100.00	(9.89)

2. Growth and Changes of Major Businesses

Unit : NTD'000

Item		31 December 2015	31 December 2014	Increase (Decrease)	Growth Rate (%)
Customer Deposits and Remittance Payable		497,589,001	597,519,805	(99,930,804)	(16.72)
Loan and Bills Discounted		308,044,281	341,835,126	(33,790,845)	(9.89)
Guarantees		2,808,832	6,903,492	(4,094,660)	(59.31)
Consumer Banking	No. of Credit Cards Issued	3,320,853	3,279,062	41,791	1.27

Unit : NTD'000

Item		2015	2014	Increase (Decrease)	Growth Rate (%)
Transaction Volume of Securities Brokerage (Jan2014-Oct2014)		-	88,162,194	(88,162,194)	(100.00)
Sales Volume of Non-discretionary Money Trust Investing in Domestic & Foreign Securities		53,455,902	63,243,578	(9,787,676)	(15.48)
Foreign Exchange (USD/Thousand)	International Exchange	220,617,738	194,464,118	26,153,620	13.45
	Import	3,118,477	4,017,175	(898,698)	(22.37)
	Export	10,621,786	11,727,415	(1,105,629)	(9.43)
	Total	227,197,460	202,338,666	24,858,794	12.29

Note : On 9 October 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.

(III) Business Plan for 2015

1. Corporate & Institutional Banking

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

2. Commercial Banking

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

3. Retail Banking

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

(IV) Market Analysis

1. Domestic Economic and Financial Conditions

Taiwan's real GDP growth in 2015 eased to a mere 0.8 percent, on the back of slowing growth in China, waning global tech demand, as well as weak global commodity and oil prices. Furthermore, rising market volatility and diminishing risk appetite dented market sentiment, while waning optimism over household income expectation as well as less sanguine job market outlook dampen consumer confidence.

In 2016, the Bank expects growth to mildly rebound to 2.0 percent. The government's pro-active fiscal measures to stimulate spending and boost overall GDP growth may not be strong enough as we foresee weak external demand, intensifying competition from China, as well as weak commodity and oil prices will likely continue to depress overall growth outlook. Potential headwinds, such as the divergence to monetary policy among major central banks and rising geo-political tension, could result in a sharp reversal in risk appetite and threaten financial market and inflation stability. The Bank expects policy makers to consider additional monetary easing as growth data disappoint.

Taiwan's strong economic structure is less vulnerable to international liquidity/credit risk and potential external shocks, thanks to the expanding Renminbi offshore business under local authorities' continuing efforts to liberalize existing rules and regulations, its sizeable foreign reserves, healthy current account balances, and relatively low external as well as public debt. Local banking sector is considered to maintain stable capital adequacy ratio and sound overall debt leverage. These favorable conditions enable the banking sector to remain profitable with improved overall asset quality in face of rising market volatility resulting from sharp reversal of risk appetite globally.

2. Market Outlook and Growth Potential

Looking forward in 2016, the Bank will continue to focus on growing client franchise in three client business and providing clients with comprehensive financial solutions. By leveraging the Group's network, it enables us to become clients' most trustworthy partner when they expand overseas. In addition, we will continue to play a vital role in promoting Taiwan's Renminbi (RMB) business and build our leading position in the market.

1. Corporate and Institutional Banking: Taiwan is a key part of Greater China strategy, for which Taiwan is a major trading partner of China and ASEAN countries. With our unique position, we can provide Taiwanese enterprises with cross-border financial solutions while improving our return in Corporate and Institutional Banking business.
2. Commercial Banking: We will speed up on new client on-boarding and maintain our strong risk discipline on credit quality. We will focus on optimal performance by providing value added hedging and investment solutions.
3. Retail Banking: The Bank continues to grow Priority customers and focus on core cities and digital capability. We will also invest in wealth management platform and develop financial products.

3. Strength, Weakness and Countermeasure of Future Development

1. Favorable factor

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

2. Adverse factor

The Bank's current market position will continue to face increasing challenge from other foreign banks that are expanding rapidly in Taiwan after completing M&A with small and medium-sized banks and aspire to becoming the core business bank for major local clients.

3. Countermeasure

The Bank should leverage on its extensive network to seek out ever increasing cross-border opportunities and seek to continue to be the bank of choice for Taiwanese businesses operating in Asia, Africa and the Middle East.

(V) Financial Instruments and Summary of Business Development

1. Major financial instruments and additional business units, the scale of operation and profitability status

- (1) The Financial Supervisory Commission("FSC") approved the Bank to conduct underwriting of bonds and fixed income securities on 30 March 2015; the Central Bank of the Republic of China("CBC") gave its consent for the Bank to conduct underwriting of foreign currency denominated international bonds on 20 April 2015.
- (2) Offshore Banking Unit was reported to conduct Foreign Currency Foreign Exchange Options and Foreign Currency Commodity Options on 4 June 2015
- (3) CBC gave its consent for the Bank to brokerage, trading-on-own-account, certification and underwriting of foreign currency short-term bills on 18 June 2015.
- (4) CBC gave its consent for the Bank to issue Foreign Currency Negotiable Certificates of Deposits on 7 August 2015. The Bank issued Foreign Currency Negotiable Certificates of Deposits on 31 August 2015
- (5) The Bank was reported to conduct NTD Non-deliverable Interest Rate Swap (NIRS) on 7 December 2015.

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

The Bank has devoted into the infrastructure reengineering in these two years, along with continuous application systems revamp and information security upgrade. In addition, modern technologies are also applied to develop new products and services. The major projects include operation system upgrade, mail server upgrade, database integration, eTeller system implementation, process automation, information security health assessment, etc. Under the focus of customer centricity, we will further enhance the information systems in order to strengthen the customer data protection and the Bank's information assets.

On top of the continuous driving for stability, and leveraging SCB group resources and existing infrastructure to propel the business growth, the Bank will be better poised to provide local customers with better services and broader arrays of products. In order to provide high net worth clients with diversified wealth management services under current low interest rate environment, the Bank expects to invest in developing the internal "Portfolio Lending" platform and service. This will offer high net worth clients with financial instruments equivalent to what international financial institutions can provide, to further enhance clients' financial flexibility and investment yield.

(VI) Short and Long-term Business Development Plans

1. Short-Term Plan

- (1) Continuously invest in deposits and credit card businesses.
- (2) Provide full range of products and services; continuously improve pricing and margin management.
- (3) Continue the productivity improvement and risk management enhancement.
- (4) Strengthen functions of automated channels service and provide full services to further increase customer satisfaction.
- (5) Boost usage of automated channels service to lower branch operating cost effectively.
- (6) Implement process optimization and improvement.
- (7) Evaluate market trends, develop and strictly select wealth management products to fulfill customers' financial needs; implement customer segmentation and product classification pursuant to provisions of prevailing regulations; combine products with WM planning and advisory services to strengthen customer relationships and loyalty so as to expand our wealth management portfolios and generate higher fee income.
- (8) Digitize operation process and customer service to enhance the customer service platform for front-line sales and to improve operation efficiency.
- (9) Drive a balanced growth on secured and unsecured lending businesses

2. Long-Term Plan

- (1) Continue to enhance core banking systems by deploying new innovative technologies, and introduce SCB group applications to support business growth and strengthen the control over information security.
- (2) Consolidate automated channel service platforms and provide differentiated service contents and personalized customer relationship management.
- (3) Integrate wealth management business with relevant portfolios of the Bank (insurance, foreign currencies, loans, trust) to provide customers with diverse and full-range products to satisfy their needs for asset management, expand the Bank's overall business scale, as well as to increase income from commissions and other fees.

II. Employee Analysis

(I) Employee Profile

Year		2015	2014	As of 30 April 2016
Gender	Female	2,284	2,489	2,167
	Male	1,088	1,235	987
	Total	3,372	3,724	3,154
Average Age		38.75	37.99	38.93
Average Year of Service		8.62	8.23	8.83
Level of Education (%)	Doctorate	0.03%	0.05%	0.03%
	Master	14.95%	15.95%	15.38%
	University/College	77.73%	75.49%	77.49%
	Senior High School	6.94%	8.27%	6.69%
	Below Senior High School	0.35%	0.24%	0.41%
Certificates and Licenses Held by Employees	Securities Investment Trust and Consulting Professional	126	131	119
	Proficiency Test for Trust Operations Personnel	1,173	1,230	1,138
	Examination on Investment Trust and Consulting Regulations (including Self-disciplinary Rules)	706	682	698
	Qualification Certificate for Trust Business Professionals - Business Personnel	1,263	1,374	1,232
	Qualification Certificate for Trust Business Professionals - Managerial Personnel	333	375	338
	Proficiency Test for Stock Affair Personnel	10	10	10
	Securities Specialist	181	201	174
	Senior Securities Specialist	153	167	145
	Futures Specialist	161	183	150
	Proficiency Test for Financial Planning Personnel	344	388	328
	Investment-orientated Insurance Product Specialist	531	590	529
	Business Personnel for Foreign Currency Non-investment Type Insurance Products	937	958	954
	Personal Insurance Agent Registration Certificate	2,657	2,479	2,590
	Property Insurance Agent Registration Certificate	1,339	1,432	1,267
	Property Insurance Representative	123	134	123
	Proficiency Test for Bond Specialist	7	9	6
	Basic Proficiency Test for International Banking Personnel	114	134	111
	Securities Dealer	2	3	1
	Basic Proficiency Test for Bank Lending Personnel	257	310	245
	Advanced Proficiency Test for Bank Lending Personnel	9	12	8
	Basic Proficiency Test on Bank Internal Controls	906	1,047	877
	Certified Internal Auditor Certificate	4	4	4
	Financial Markets and Professional Ethics Examination	991	1,045	964

Note : This is the latest number of the Bank and subsidiaries employees calculated as of the publication date of the annual report.

(II) Employee Education and Training

Year	2015	2014
Total No. of Learners	25,861	9,848
Total Training Hours	13,966	12,093
Total Training Sessions	3,224	2,017
Total Training Days	1,746	1,512

III. Corporate Responsibilities and Ethics

Our Commitment — Here for good

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

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

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



Our significant achievements of sustainability through investing in communities in 2015

• "Standard Chartered Seeing is Believing VI Employment Platform"

The Bank has devoted in the "Seeing is Believing" project to prevent avoidable blindness in the world for over 10 years. Starting May 2013, we called upon Chunghwa Telecom, Jardine's Group, Fubon Culture and Education Foundation, Audi Automobile Taiwan, and HP Computers to form the Standard Chartered Visually Impaired Corporate Advisory Council to provide employment support for the visually impaired, and invited Chunghwa Post to join in 2014. Supported by three NGOs that including Parent's Association for the Visually Impaired, Eden Social Welfare Foundation, and Technology Development Association for Disabled. "Standard Chartered Seeing is Believing VI Employment Platform" was successfully established to demonstrate the joint efforts among public and private sectors as well as the nonprofits to support job placements of the visually impaired. To date, the project has successfully placed 250 visually impaired workers into jobs as of the end of 2015.

• 2016 Taipei Standard Chartered Charity Marathon

Since 2013, the Bank has contributed NTD 50 million (including Group matching) to support "Seeing is Believing" global project and visually impaired employment project in Taiwan through the race. Nearly 2,000 Standard Chartered employees participated in the charity marathon either by running or volunteering. There were nearly 200 pairs of visually impaired runners signed up for the run accompanied by guide runners, which made this event to have the largest participation of visually impaired people. Through •

"8-minute Service Pledge Programme"

In an attempt to enhance our quality of customer service and live up to our corporate social responsibility, the Consumer Banking continues to launch several service enhancement programs in the Bank. One example is its 8-minute service pledge program. Whenever a branch customer is serviced after 8 minutes of waiting, the Bank will make a donation to support the visually impaired employment project in Taiwan and the "Seeing is Believing" project in developing countries as a mean to express our gratitude for customers' patience.

• "Last Hour Donation"

The Bank encourages employees to donate their last hour salary in Seeing is Believing programme for avoidable blindness in developing countries. In 2015, there were 3,419 employees donated their last hour salary to participate for this good cause.

• Standard Chartered Financial Education Academy

To demonstrate leveraging the Bank's core competence in community services, the Bank initiated the Standard Chartered Financial Education Academy to promote financial education targeting at the elementary school teachers and students college students, as well as visually impaired starting 2013. The program aimed to enhance the comprehension of financial knowledge as well as their personal financial management skills for all sub-groups. To date, 15,000 visually impaired people, college students, elementary school teachers, and elementary students were benefited by this programme through comprehensive and diversified financial education curriculums.

• Employee Volunteering and Community Care

Each employee is entitled to 3 days of volunteering leave every year. As we encourage all staff to join the community service activities of their enthusiasm, department based volunteering activities are also welcome to call upon deeper coherence to the bank culture and the community. The Bank also conducted employee volunteering award to recognise volunteering activities which demonstrate the creativity, long-term commitment to specific non-profit organization, or the best demonstration of core competence.

• The highlights of employee volunteering activities in 2015

- Recruit staff as the line trainers to Standard Chartered Financial Education Academy to demonstrate leveraging the Bank's core competence in community services, aiming to enhance the comprehension of financial knowledge as well as their personal financial management skills for visually impaired people, college students, elementary school teachers, and elementary students.
- The Bank has mobilized hundreds of staff in recent years to collect invoices for Hwashan Social Warfare Foundation as part of its long-term volunteering project; it also called for employees to knit woollen scarves as gifts for the elderly who live alone during the Chinese New Year.
- Assist Man Fair Sheltered Workshop to organize and coordinate their merchandise flow and logistics. We also helped to change seasonal products on the shelf to increase merchandise turnover rate, arrange collected invoices, as well as clean solar panels on the roof.
- Assisted Syin-Lu Social Welfare Foundation for donation planning, maintain working environment cleanness, collect invoices, and purchase products from the shelter workshops.
- Staff volunteers participated in a guide dog event organized by the Huikuang Guide Dog Foundation Taiwan to raise funds and awareness for the visually impaired and guide dogs.

- Employees participated in the employee volunteering campaign helping Orbis raise funding for children who suffered from eye disease in the 2015 Orbis Charity Night Walk.

In 2015, we have contributed 4,606.5 days of employee volunteering service in the local communities.

• Other Community Investment Program

Junior Golfer Sponsorship: To cultivate athletic talents for the future, the Bank began a 5-year sponsorship program for the Golf Association of ROC starting from 2012. The program aimed to support the junior golfers and prepare them for the 2016 summer Olympic Games in Brazil. An estimated 150 junior golfers will benefit from this sponsorship.

• Sustainable environment

With the climate change issue getting more concerned by the international community following the COP21 conference, Standard Chartered, as being an international commercial bank, is committed to the implementation of various environmental energy-saving and carbon reduction measures in order to achieve the goal of business sustainability. In Taiwan, the Bank continues to promote various energy-saving and carbon-reduction activities, actively participate in global environmental activities while encouraging staff to embed the energy-saving and carbon-reduction habits into their work as well as daily lives. As a result, we have reduced the use of energy water by about 14% and 17%, respectively. Here are some examples of what we have achieved :

1. Efficient monitoring of energy data

The energy consumption controls in main offices and branches are established, monitored and analyzed to understand various energy data statistics and their impacts to the environment. Such energy monitoring information is also used to set up carbon reduction targets and response measures. The Bank incorporates the environment management system into our day-to-day operations to regularly track and analyze data for reducing energy consumption and minimizing impacts to the environment. Table 1 and Table 2 below illustrate a reducing trend of Standard Chartered's overall energy and water consumption as compared to the same period last year.

Table 1, Annual Energy Use Intensity ("EUI") per Square Meter

Unit : kWh/m²/year

EUI Result	2019 Target	EUI 2015	EUI 2014	2015 V.S 2014 Annual Comparison
Standard Chartered PLC	230	167	194	(14%)

Table 2, Annual Water Use Intensity ("WUI") per Square Meter

Unit : kWh/m²/year

WUI Result	2019 Target	WUI 2015	WUI 2014	2015 V.S 2014 Annual Comparison
Standard Chartered PLC	0.50	0.93	1.12	(17%)

2. Replacement of energy-saving facilities

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

3. Green behaviour promotion

In main offices, implement timed usage of air conditioning and lights-out during lunch hours to reduce total electricity usage. Moreover, we continue to promote volunteer monitoring of utility consumption (for electricity and water), proactively looking into any abnormality of utility usage and providing countermeasures.

4. Participation of environmental conservation activities

Actively participate in global environment activities, such as Earth Hour and increase environmental awareness amongst our staff. We also continue to sponsor the Victoria Park, to help maintain a greener environment.

Awards in 2015

- **Outstanding Investment Services – Retail Clients**, 2015, RBI Asia Trailblazers awards
- **2015 Best Potential Award**, International Banks, Ninth Wealth Management Banks Survey by Business Today Weekly
- **Outstanding Organization for Park Adoption**, Beishihu Park adoption for three years, Environment Protection Administration, Executive Yuan
- **The Taiwan International Banking Award** – Best SME Banking Business in Taiwan 2015, and Best Managed Wealth Management Business in Taiwan 2015, MILSTE
- **Gold Award, Sports Promoter**, 2014-2015, Sports Administration, Ministry of Education
- **Bronze Award for 2015 Best Service in Taiwan** - International Bank Category, Commercial Times

IV. Non-supervisory Staff Information

The number of non-supervisory employees, and their average welfare and benefits expense in 2015 compared to those of in the previous year are provided in the table below:

Item	2015	2014	2015 V.S 2014 Annual Comparison
No. of Non-supervisory Staff	1,214	1,516	(302)
Average Welfare and Benefits Expense of Non-supervisory Staff (NTD)	802,967	744,727	58,240

V. Information Technology

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

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

(II) Future Development or Procurement Plan

In order to improve the efficiency of branch teller processing transactions and shorten the client waiting time, we continue to work on the teller system upgrade, which is targeted to complete by 2016.

In response to Microsoft strategy for Microsoft Support Lifecycle, for the Windows Server systems Microsoft ends of support, the comprehensive system upgrade will be performed and the upgrade will be completed within 2 years.

(III) Emergency Support and Security Protection Measures

1. In the event of an accident caused by IT infrastructure that leads to injury or death of an employee, the Country Systems Support is responsible for allocating resources to deal with the preservation of evidence, liaise with the insurance company, cooperate with insurance investigations and handle insurance claims.
2. Construction of a new premise or premise for remote operation: Country Systems Support is responsible for dealing with suppliers, acquiring backup items, and handling the procurement of hardware, software and tangible facilities.

VI. Labor-Management Relations

(I) Employee Welfare and Benefits

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

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

(II) Retirement Policy

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

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

To exemplify our brand promise to be "Here for good", the Bank signed the Collective Bargaining Agreement (CBA) with the SCB Union on 22 September 2015. Our harmony and trustworthy partnership between labor and management is highly esteemed not only a unique model of leading by example among all the foreign banks in Taiwan, but also a global standard of demonstrating a great collaborative strategy leading to win-wins with all employees benefited. By upholding the spirits of coexistence, co-prosperity, co-benefit, and customer centricity, together we will pursue business sustainability, maintain harmonic labor-management relationship and commit to protect employees' rights and interests.

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

As of May 2016, no loss was incurred from litigations relating to labor disputes.

VII. Important Contracts

Contract Type	Vendor	Contract Start and End Date	Services	Restriction
Insurance Sales Agreement	PCA Life Assurance Co. Ltd., Standard Chartered Life Insurance Agency Co., Ltd., and Standard Chartered Bank (Taiwan) Limited	20/05/2015-20/05/2016 (Note1)	PCA Life has signed the insurance product promotion tripartite contract with Standard Chartered Life Insurance Agency Co., Ltd. and Standard Chartered Bank (Taiwan) Limited	None
Insurance Distribution Agreement	PCA Life Assurance Co. Ltd., Standard Chartered Life Insurance Agency Co., Ltd., and Standard Chartered Bank (Taiwan) Limited	07/2014-07/2029	PCA Life has signed the "Taiwan Cooperation Agreement for the Distribution of Approved Products" with Standard Chartered Life Insurance Agency Co., Ltd. and Standard Chartered Bank (Taiwan) Limited	Unless otherwise provided in this Agreement, the Bank will exclusively sell the insurance products of PCA Life.
Insurance Sales Agreement	Fubon Life Insurance Co. Ltd., Standard Chartered Life Insurance Agency Co., Ltd., and Standard Chartered Bank (Taiwan) Limited	18/12/2015-18/12/2016 (Note 2)	Fubon Life has signed the insurance product promotion tripartite contract with Standard Chartered Life Insurance Agency Co., Ltd. and Standard Chartered Bank (Taiwan) Limited	None
Office & Parking Space	Yu Pao Shih Yeh Co.,Ltd.	Various Start dates - 30/06/2016	HT Building Office/Parking Space rental fee	Office lease contracts: 1. Early termination is not allowed. 2. Penalty will be charged if total leased space is less than 5,135 pings.
Office & Parking Space	Yu-Qing Co.,Ltd.	Various Start dates - 30/06/2016	HT Building Office/Parking Space rental fee	Office lease contracts: 1. Early termination is not allowed. 2. Penalty will be charged if total leased space is less than 5,135 pings.
Security Guards and ATM Patrol Services	ISS Security Ltd.	08/2015-07/2016	Branches/building security guards and ATM patrol services	None
Telecom (Voice & Data) Integrated Services	Taiwan Fixed Network	01/10/2015-30/09/2019	Provide the fixed lines of data and voice network, and the operational management services, including 2 onsite support personnel	None
Facilities Management and Property Project Management Agreement	CBRE Property Services Limited Taiwan Branch	11/2014-06/2019	Facilities Management and Property Project Management Services	None
Media Placement Services Agreement	OMD Singapore Pte LTD	07/2009-12/2016	Media Placement Services	None
Purchase Contract	Dell Products	20/08/2014-28/08/2017	Supply computer equipment and related hardware	None
Host Leasing Service	HP Financial Services Singapore Pte Ltd., Taiwan Branch Office	01/01/2014-31/12/2018	Core-banking system (Tandem)	None
Outsourcing Contract	Standard Chartered Bank, London	16/10/2012-01/11/2016	1. IT system development, monitoring, and maintenance. 2. Back office data process for foreign exchange, derivatives and fixed Income products.	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation

 (Continued)

Contract Type	Vendor	Contract Start and End Date	Services	Restriction
Outsourcing Contract	Standard Chartered Bank, Singapore Branch	03/01/2015-02/11/2016	1. Credit card fraud detection 2. Back office data process for foreign exchange, derivatives and fixed Income products.	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Scope International (M) Sdn Bhd (Note 3)	01/01/2015-31/10/2016	1. IT system development, monitoring, and maintenance. 2. Back office data process for import & export trades, loan drawdown, and derivatives	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Scope International Private Limited (Note 4)	01/11/2013-31/10/2016	1. IT system development, monitoring, and maintenance. 2. Back office data process for import & export trade, retail banking finance, financial reports preparation and analysis, and derivatives	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Atos Information Technology HK Ltd	01/01/2015-31/12/2020	Data Center management and maintenance service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Acer Cybercenter Service Inc.	01/01/2015-31/05/2021	IT system development, monitoring, and maintenance	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	High Performance Information Co., Ltd.	01/07/2014-30/06/2017		
	G4S Secure Solutions (Taiwan) Lrd.	01/10/2014-30/06/2016	ATM monitoring	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Xpedite Systems Ltd	01/11/2015-31/10/2016	Bank statements and reports delivery service to global clients	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Leebao Security Company Limited	01/01/2016-31/12/2017	Delivery services for marketable securities, checks, forms, and cash.	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Taiwan Security Co., Ltd.	01/12/2015-30/11/2016		
	Transnational Logistics Solutions (Taiwan Branch)	16/11/2015-15/11/2016		
	Yuen Foong Paper Co., Ltd.	01/01/2015-31/12/2016	Check printing and delivery	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Foongtone Technology Co., Ltd.	01/07/2015-30/06/2016	Debit card embossing service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation

 (Continued)

Contract Type	Vendor	Contract Start and End Date	Services	Restriction
Outsourcing Contract	Gemalto Pte Ltd.	30/04/2015-30/04/2016	Credit card embossing service	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Fuco Tech Co., Ltd.	01/01/2015-31/12/2016	Bank statements printing and delivery	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Fuji Xerox Document Management Solutions	01/10/2014-30/06/2016	Data processing: Including the data entry, processing, and output of information system	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Hi-Life International Co., Ltd.	01/06/2015-30/05/2016	Credit card payment collection.	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Taiwan Familymart Co., Ltd.	01/06/2015-30/05/2016		
	President Chain Store Corp.	01/06/2015-30/05/2016		
	China Credit Information Service, Ltd.	29/02/2016-01/03/2017	Credit analysis report for lending customers	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Plenty Asset Management Co., Ltd.	01/01/2016-01/01/2017	Debt Collection	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Yu Bon Credit Management and Consultant	01/01/2016-01/01/2017		
	Lian Li Asset Management Corp., Ltd.	01/01/2016-01/01/2017		
	Gold Partners (Asia) Asset Management Co., Ltd.	01/01/2016-01/01/2017		
	Crown Van Lines Co., Ltd.	01/01/2015-31/12/2016	Document Storage	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Ipsos Taiwan Limited	01/04/2016-31/03/2017	Market Survey	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Mitake Information Incorporation	01/07/2013-30/06/2016	SMS message delivery	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation
	Other(Note 5)	01/01/2016-01/03/2017	Appraisal	Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation

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

Note 2 : The initial term of this agreement shall be one year starting from 18 December 2015. After the expiration of the initial term, this agreement shall be automatically extended on a yearly basis unless terminated in written notice by either party.

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

Note 4 : SCB's 100% invested company located in India.

Note 5 : The appraisal service is mainly conducted by companies including Hwan Yu Real Estate Appraisers Joint Firm, China Property Appraising Center Co Ltd, and Euro-Asia International Asset.

VIII. Information on Financial Assets Securitization

The Bank has no other securitization assets.



Financial highlights

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

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

Unit : NTD'000

Item \ Year	2015	2014	2013 (note2)	2012 (note2)	31 Mar 2016 (unaudited)
Cash and cash equivalent, Due from the Central Bank and call loans to banks	96,710,310	126,851,984	114,413,331	84,520,033	134,233,094
Financial assets at fair value through profit or loss	29,014,134	36,411,714	20,458,887	29,544,710	23,100,549
Available-for-sale financial assets-net	182,784,483	201,168,244	230,156,830	226,363,332	150,568,845
Derivative financial assets for hedging-net	81,431	48,199	172,750	428,983	60,998
Securities purchased under resell agreements	2,499,824	2,556,376	1,950,000	3,402,039	5,571,233
Receivable-net	21,890,528	29,855,420	32,531,005	37,536,087	28,757,349
Current tax assets	239,692	127,143	111,724	115,818	359,375
Assets held for sale-net	-	-	-	-	-
Discounts and loans-net	303,239,940	337,544,264	344,157,478	340,637,979	277,965,716
Financial assets held-to-maturity	-	-	-	-	-
Investment under equity method-net	-	-	-	-	-
Restricted assets	10,372,019	15,702,585	641,400	675,200	17,868,185
Other financial assets-net	130,089	146,039	151,245	151,409	130,088
Property, plant and equipment-net	4,925,588	5,407,192	5,563,504	6,049,665	4,864,024
Investment property-net	-	-	-	-	-
Intangible assets-net	3,156,048	3,156,075	3,157,050	3,193,435	3,156,048
Deferred tax assets	2,238,372	2,318,677	2,397,891	2,639,983	2,219,790
Other assets-net	9,942,704	8,473,078	2,629,938	927,597	6,560,283
Total assets	667,225,162	769,766,990	758,493,033	736,186,270	655,415,577
Deposits from the Central Bank and banks	27,979,736	25,876,934	45,985,672	9,283,983	35,931,909
Financing from Central Bank and other banks	-	-	-	-	-
Financial liabilities at fair value through profit or loss	17,058,968	13,462,099	7,533,988	8,357,471	19,029,499
Derivative financial liabilities for hedging	32,480	5,065	3,227	13,523	70,374
Bonds and bills sold under repurchase agreements	-	-	-	-	-
Payables	20,816,563	23,733,188	12,060,209	12,052,748	27,006,792
Current tax liabilities	99,875	85,530	35,311	105,362	193,607
Liabilities directly associated with assets held for sale	-	-	-	-	-

 (Continued)

Year		2015	2014	2013 (note2)	2012 (note2)	31 Mar 2016 (unaudited)
Item						
Deposits and remittances		497,589,001	597,519,644	576,902,709	562,430,032	498,481,587
Financial debentures-net		53,341,063	53,202,188	55,559,925	62,014,537	24,204,234
Preferred stock liability		-	-	-	-	-
Other financial liabilities		1,158,492	3,304,529	13,120,022	34,690,236	1,353,336
Provisions		1,791,407	1,908,858	1,915,124	1,981,028	1,727,342
Deferred tax liabilities		672,273	720,274	592,787	665,364	669,887
Other liabilities		3,405,545	5,167,178	2,378,547	1,607,943	3,193,048
Total liabilities	Before distribution	623,945,403	724,985,487	716,087,521	693,202,227	611,861,615
	After distribution	623,945,403	724,985,487	716,087,521	693,202,227	611,861,615
Equity attributable to owners of the parent company		43,279,759	44,781,503	42,405,512	42,984,043	43,553,962
Common Stock	Before distribution	29,105,720	29,105,720	29,105,720	29,105,720	29,105,720
	After distribution	29,105,720	29,105,720	29,105,720	29,105,720	29,105,720
Capital surplus		5,794,771	5,786,031	5,786,031	5,786,031	5,794,771
Retained earnings	Before distribution	7,763,677	9,025,881	6,905,319	7,107,572	8,109,489
	After distribution	(Note1)	6,297,801	5,837,819	4,417,572	-
Other equity interest		615,591	863,871	608,442	984,720	543,982
Total equity	Before distribution	43,279,759	44,781,503	42,405,512	42,984,043	43,553,962
	After distribution	(Note1)	42,053,423	41,338,012	40,294,043	-

Note 1 : The Annual General Meeting is not held.

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

Condensed Balance Sheet - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year	2015	2014	2013 (note2)	2012 (note2)	31 Mar 2016 (unaudited)
Cash and cash equivalent, Due from the Central Bank and call loans to banks	96,710,310	126,851,984	114,413,331	84,520,033	134,233,094
Financial assets at fair value through profit or loss	29,014,134	36,411,714	20,458,887	29,544,710	23,100,549
Available-for-sale financial assets-net	182,784,483	201,168,244	230,156,830	226,363,332	150,568,845
Derivative financial assets for hedging-net	81,431	48,199	172,750	428,983	60,998
Securities purchased under resell agreements	2,499,824	2,556,376	1,950,000	3,402,039	5,571,233
Receivable-net	21,380,627	29,952,621	32,759,448	37,741,825	28,441,101
Current tax assets	239,692	127,143	111,724	115,818	359,375
Assets held for sale-net	-	-	-	-	-
Discounts and loans-net	303,239,940	337,544,264	344,157,478	340,637,979	277,965,716
Financial assets held-to-maturity	-	-	-	-	-
Investment under equity method-net	848,452	718,381	393,511	369,417	995,949
Restricted assets	10,372,019	15,702,585	641,400	675,200	17,868,185
Other financial assets-net	130,089	146,039	151,245	151,409	130,088
Property, plant and equipment-net	4,925,372	5,406,891	5,563,295	6,049,665	4,863,829
Investment property-net	-	-	-	-	-
Intangible assets-net	3,156,048	3,156,075	3,157,050	3,193,435	3,156,048
Deferred tax assets	2,238,372	2,318,677	2,397,891	2,639,983	2,219,790
Other asset-net	9,939,043	8,469,361	2,625,854	924,902	6,556,367
Total assets	667,559,836	770,578,554	759,110,694	736,758,730	656,091,437
Deposits from the Central Bank and banks	27,979,736	25,876,934	45,985,672	9,283,983	35,931,909
Financing from Central Bank and other banks	-	-	-	-	-
Financial liabilities at fair value through profit or loss	17,058,968	13,462,099	7,533,988	8,357,471	19,029,499
Derivative financial liabilities for hedging	32,480	5,065	3,227	13,523	70,374
Bonds and bills sold under repurchase agreements	-	-	-	-	-
Payables	20,778,651	23,700,403	12,036,904	12,028,156	26,961,697
Current tax liabilities	-	-	-	65,780	57,672
Liabilities directly associated with assets held for sale	-	-	-	-	-

 (Continued)

Year		2015	2014	2013 (note2)	2012 (note2)	31 Mar 2016 (unaudited)
Item						
Deposits and remittances		498,120,863	598,495,557	577,585,845	563,071,977	499,397,321
Financial debentures-net		53,341,063	53,202,188	55,559,925	62,014,537	24,204,234
Preferred stock liability		-	-	-	-	-
Other financial liabilities		1,158,492	3,304,529	13,120,022	34,690,236	1,353,336
Provisions		1,791,407	1,908,858	1,915,124	1,981,028	1,727,342
Deferred tax liabilities		672,273	706,371	592,787	665,364	669,887
Other liabilities		3,346,144	5,135,047	2,371,688	1,602,632	3,134,204
Total liabilities	Before distribution	624,280,077	725,797,051	716,705,182	693,774,687	612,537,475
	After distribution	624,280,077	725,797,051	716,705,182	693,774,687	612,537,475
Equity attributable to owners of the parent company		43,279,759	44,781,503	42,405,512	42,984,043	43,553,962
Common Stock	Before distribution	29,105,720	29,105,720	29,105,720	29,105,720	29,105,720
	After distribution	29,105,720	29,105,720	29,105,720	29,105,720	29,105,720
Capital surplus		5,794,771	5,786,031	5,786,031	5,786,031	5,794,771
Retained earnings	Before distribution	7,763,677	9,025,881	6,905,319	7,107,572	8,109,489
	After distribution	(Note1)	6,297,801	5,837,819	4,417,572	-
Other equity interest		615,591	863,871	608,442	984,720	543,982
Total equity	Before distribution	43,279,759	44,781,503	42,405,512	42,984,043	43,553,962
	After distribution	(Note1)	42,053,423	41,338,012	40,294,043	-

Note 1 : The Annual General Meeting is not held.

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

Condensed Balance Sheet - adopts ROC Generally Accepted Accounting Principles

Unit : NTD'000

Item		Year	2011
Cash and cash equivalent, Due from the Central Bank and call loans to banks			85,868,076
Financial assets at fair value through profit or loss			40,867,691
Securities purchased under resell agreements			8,456,414
Available-for-sale financial assets			213,257,021
Discounts and loans			346,151,003
Receivables			34,442,522
Financial assets held-to-maturity			-
Investment under equity method			279,579
Fixed assets			6,076,890
Intangible assets			3,303,198
Other financial assets			887,031
Other assets			4,071,478
Total assets			743,660,903
Deposits from the Central Bank and banks			18,390,389
Deposits and remittances			596,151,692
Financial liabilities at fair value through profit or loss			14,863,355
Bonds and bills sold under repurchase agreements			-
Financing from the Central Bank and other banks , financial debentures payable			47,512,170
Preferred stock liability			-
Accrued pension liabilities			733,450
Other financial liabilities			10,188,173
Other liabilities			10,585,636
Total liabilities	Before distribution		698,424,865
	After distribution		698,424,865
Common stock	Before distribution		29,105,720
	After distribution		29,105,720
Capital surplus			5,786,031
Retained earnings	Before distribution		9,386,251
	After distribution		5,020,393
Unrealized gain or loss on financial instruments			962,709
Other shareholders' equity			(4,673)
Cumulative translation adjustment			-
Total Shareholders' Equity	Before distribution		45,236,038
	After distribution		40,870,180

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

Unit : NTD'000

Item \ Year	2015	2014	2013	2012	1 Jan - 31 Mar 2016 (unaudited)
Interest income	12,236,352	14,060,064	14,391,931	15,074,936	2,600,154
Less : interest expense	5,104,577	5,331,658	5,043,953	5,257,563	1,003,086
Net interest income	7,131,775	8,728,406	9,347,978	9,817,373	1,597,068
Net non-interest income	6,589,565	7,120,592	5,758,690	6,850,433	1,303,395
Net revenue	13,721,340	15,848,998	15,106,668	16,667,806	2,900,463
Bad debts expense and guarantee liability provision	1,085,551	682,630	1,632,146	2,020,735	187,770
Operating expenses	10,878,869	11,348,676	10,629,392	10,944,479	2,286,593
Income from continuing operation before tax	1,756,920	3,817,692	2,845,130	3,702,592	426,100
Income tax (expense) benefit	(317,938)	(551,273)	(454,071)	(639,797)	(80,287)
Net income from continuing operation	1,438,982	3,266,419	2,391,059	3,062,795	345,813
Net income (loss)	1,438,982	3,266,419	2,391,059	3,062,795	345,813
Other comprehensive income (net of tax)	(221,386)	177,072	(279,590)	(90,022)	(71,609)
Total comprehensive income	1,217,596	3,443,491	2,111,469	2,972,773	274,204
Net income attributable to owners of the parent company	1,438,982	3,266,419	2,391,059	3,062,795	345,813
Net income attributable to noncontrolling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	1,217,596	3,443,491	2,111,469	2,972,773	274,204
Total comprehensive income attributable to noncontrolling interests	-	-	-	-	-
Earnings per share	0.49	1.12	0.82	1.05	0.12

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

Unit : NTD'000

Item \ Year	2015	2014	2013	2012	1 Jan - 31 Mar 2016 (unaudited)
Interest income	12,236,352	14,060,064	14,391,931	15,074,936	2,600,154
Less : interest expense	5,105,224	5,333,749	5,046,491	5,259,856	1,003,108
Net interest income	7,131,128	8,726,315	9,345,440	9,815,080	1,597,046
Net non-interest income	6,274,150	6,847,872	5,197,081	6,319,405	1,226,960
Net revenue	13,405,278	15,574,187	14,542,521	16,134,485	2,824,007
Bad debts expense and guarantee liability provision	1,085,551	682,630	1,632,146	2,020,735	187,770
Operating expenses	10,722,189	11,206,606	10,131,450	10,472,528	2,246,196
Income from continuing operation before tax	1,597,538	3,684,951	2,778,925	3,641,222	390,040
Income tax (expense) benefit	(158,556)	(418,532)	(387,866)	(578,427)	(44,227)
Net income from continuing operation	1,438,982	3,266,419	2,391,059	3,062,795	345,813
Net income	1,438,982	3,266,419	2,391,059	3,062,795	345,813
Other comprehensive income (net of tax)	(221,386)	177,072	(279,590)	(90,022)	(71,609)
Total comprehensive income	1,217,596	3,443,491	2,111,469	2,972,773	274,204
Net income attributable to owners of the parent company	1,438,982	3,266,419	2,391,059	3,062,795	345,813
Net income attributable to noncontrolling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	1,217,596	3,443,491	2,111,469	2,972,773	274,204
Total comprehensive income attributable to noncontrolling interests	-	-	-	-	-
Earnings per share	0.49	1.12	0.82	1.05	0.12

Condensed Income Statement - adopts ROC Generally Accepted Accounting Principles

Unit : NTD'000

Item	Year	2011
Net interest income		9,183,485
Net non-interest income		7,960,032
Operating income		17,143,517
Bad debt expenses		(3,154,511)
Operating expenses		10,521,913
Profit (loss) from continuing operation before tax		9,776,115
Profit (loss) from continuing operation after income tax		8,373,115
Profit (loss) from discontinued operation (net of tax)		-
Profit (loss) from Extraordinary items(net of tax)		-
Cumulative effect of changes in accounting principles (net of tax)		-
Net income		8,373,115
Earnings per share (after tax)		2.88

(III) Name of Independent Auditors and the Audit Opinion

Item \ Year	2015	2014	2013	2012	2011
Name of CPA	Lin Wu Yung Sheng Wang	Ming-Zhi Wang Lin Wu	Ming-Zhi Wang Lin Wu	Ming-Zhi Wang Lin Wu	Ming-Zhi Wang Lin Wu
Audit Opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial Analysis for the Past Five Years

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

Item \ Year		2015	2014	2013	2012	1 Jan - 31 Mar 2016 (unaudited)
Operating Capability	Ratio of loans to deposits (%)	61.92	57.22	62.12	63.24	56.72
	Ratio of non-performing loans (%)	0.35	0.29	0.56	0.70	0.36
	Ratio of interest cost to annual average deposits (%)	0.66	0.66	0.64	0.69	0.56
	Ratio of interest income to annual average loans outstanding (%)	2.61	2.73	2.97	3.19	2.53
	Total assets turnover (time)	0.02	0.02	0.02	0.02	0.02
	Average operating income per employee (thousand dollar)	4,069	4,296	3,901	4,010	3,642
	Average profit per employee (thousand dollar)	427	885	617	737	434
Profitability	Return on Tier 1 capital (%)	4.50	9.84	7.43	9.33	4.43
	Return on assets (%)	0.20	0.43	0.32	0.41	0.21
	Return on equity (%)	3.27	7.49	5.60	7.01	3.19
	Net income ratio (%)	10.49	20.61	15.83	18.38	11.92
	Earnings per share (NTD)	0.49	1.12	0.82	1.05	0.12
Financial Structure	Ratio of liabilities to assets (%)	93.51	94.18	94.41	94.16	93.35
	Ratio of property and equipment to equity (%)	11.38	12.07	13.12	14.07	11.17
Growth Rate	Asset growth rate (%)	(13.32)	1.49	3.03	(1.07)	(14.86)
	Profit growth rate (%)	(53.98)	34.18	(23.16)	(62.29)	-
Cash Flow	Cash flow ratio (%)	(41.15)	(1.54)	95.34	(122.77)	-
	Cash flow adequacy ratio (%)	(234.89)	7.72	8.14	(319.91)	-
	Ratio of cash flow from operations to cash flow from investments (%)	2,367.74	16.29	(4,166.46)	(1,938.63)	-
Ratio of liquidity reserve (%)		58.92	56.47	53.70	54.96	50.69
Balance of secured loans of related parties (thousand dollar)		2,570,261	2,710,970	2,691,498	2,633,353	2,423,453
Total secured loans of related parties as a percentage of total loans (%)		0.79	0.73	0.68	0.68	0.83
Operating Scale	Market share of assets (%)	1.36	1.63	1.75	1.87	1.33
	Market share of net worth (%)	1.31	1.48	1.56	1.71	1.31
	Market share of deposits (%)	1.39	1.78	1.83	1.90	1.39
	Market share of loans (%)	1.14	1.29	1.47	1.51	1.05

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

1. Non-performing loans (NPL) ratio slightly increased year-on-year, mainly driven by the declining overall loans due to slowed lending business. However, the Bank still maintained satisfactory level of loan quality and bad debt coverage in general.
2. Profitability, average profit per employee and profit growth rate decreased year-on-year, mainly driven by net profit drop. The decrease in net profit was a reflection of market conditions in the second half year as well as our restructuring actions by management team which impacted the short-term profits. The lower performance was also affected by the adverse factors listed below:
 - (1) lower interest income driven by de-risking of asset portfolio along with margin compression;
 - (2) declining return on investment and foreign exchange volatility
 - (3) China's economic slowdown and reduced commodity prices resulted in lower level of business activities
 - (4) top-up provision (for maintaining original bad debt reserves) to align with regulator's request.
3. Asset growth rate (%) dropped year-on-year, mainly due to slower business momentum on individual mortgage origination, less sales on retail un-secured loans, as well as reduced corporate lending and trade deals as a reflection of poor market conditions. Besides, the Bank adopted a strategy to adjust some expensive USD deposits, and improve surplus funding of the previous year.
4. Cash flow and cash flow adequacy ratio declined year-on-year, mainly impacted by the increased operating cash outflow as a result of adjustment on expensive USD deposits. Among which, the higher ratio of cash flow was due to higher net cash outflow from operations and variances on investment net cash flow as a result of less refunded deposit requirement under the slow derivatives market momentum.

Ratio Analysis - adopts IFRSs International Financial Reporting Standards

Item \ Year		2015	2014	2013	2012	1 Jan - 31 Mar 2016 (unaudited)
Operating Capability	Ratio of loans to deposits (%)	61.85	57.13	62.05	63.16	56.62
	Ratio of non-performing loans (%)	0.35	0.29	0.56	0.70	0.36
	Ratio of interest cost to annual average deposits (%)	0.66	0.66	0.64	0.69	0.57
	Ratio of interest income to annual average loans outstanding (%)	2.61	2.73	2.97	3.19	2.53
	Total assets turnover (time)	0.02	0.02	0.02	0.02	0.02
	Average operating income per employee (thousand dollar)	3,975	4,222	3,755	3,881	3,557
	Average profit per employee (thousand dollar)	427	885	617	737	436
Profitability	Return on Tier 1 capital (%)	4.13	9.56	7.29	9.19	4.11
	Return on assets (%)	0.20	0.43	0.32	0.41	0.21
	Return on equity (%)	3.27	7.49	5.60	7.01	3.19
	Net income ratio (%)	10.73	20.97	16.44	18.98	12.25
	Earnings per share (NTD)	0.49	1.12	0.82	1.05	0.12
Financial Structure	Ratio of liabilities to assets (%)	93.52	94.19	94.41	94.17	93.36
	Ratio of property and equipment to equity (%)	11.38	12.07	13.12	14.07	11.17
Growth Rate	Asset growth rate (%)	(13.37)	1.51	3.03	(1.05)	(15.08)
	Profit growth rate (%)	(56.65)	32.60	(23.68)	(62.75)	-
Cash Flow	Cash flow ratio (%)	(41.17)	(1.54)	95.37	(122.87)	-
	Cash flow adequacy ratio (%)	(236.22)	8.06	7.74	(352.13)	-
	Ratio of cash flow from operations to cash flow from investments (%)	2,367.62	16.29	(4,170.83)	(1,938.99)	-
Ratio of liquidity reserve (%)		58.92	56.47	53.70	54.96	50.69
Balance of secured loans of related parties (thousand dollar)		2,570,261	2,710,970	2,691,498	2,633,353	2,423,453
Total secured loans of related parties as a percentage of total loans (%)		0.79	0.73	0.68	0.68	0.83
Operating Scale	Market share of assets (%)	1.37	1.64	1.75	1.87	1.33
	Market share of net worth (%)	1.31	1.48	1.56	1.71	1.31
	Market share of deposits (%)	1.39	1.78	1.83	1.90	1.39
	Market share of loans (%)	1.14	1.29	1.47	1.51	1.05

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

1. Non-performing loans (NPL) ratio slightly increased year-on-year, mainly driven by the declining overall loans due to slowed lending business. However, the Bank still maintained satisfactory level of loan quality and bad debt coverage in general.
2. Profitability, average profit per employee and profit growth rate decreased year-on-year, mainly driven by net profit drop. The decrease in net profit was a reflection of market conditions in the second half year as well as our restructuring actions by management team which impacted the short-term profits. The lower performance was also affected by the adverse factors listed below:
 - (1) lower interest income driven by de-risking of asset portfolio along with margin compression;
 - (2) declining return on investment and foreign exchange volatility
 - (3) China's economic slowdown and reduced commodity prices resulted in lower level of business activities
 - (4) top-up provision (for maintaining original bad debt reserves) to align with regulator's request.
3. Asset growth rate (%) dropped year-on-year, mainly due to slower business momentum on individual mortgage origination, less sales on retail un-secured loans, as well as reduced corporate lending and trade deals as a reflection of poor market conditions. Besides, the Bank adopted a strategy to adjust some expensive USD deposits, and improve surplus funding of the previous year.
4. Cash flow and cash flow adequacy ratio declined year-on-year, mainly impacted by the increased operating cash outflow as a result of adjustment on expensive USD deposits. Among which, the higher ratio of cash flow was due to higher net cash outflow from operations and variances on investment net cash flow as a result of less refunded deposit requirement under the slow derivatives market momentum.

Note : Financial ratios are computed as follows:

1. Operating capability
 - (1) Ratio of Loans to Deposits = Total loans / Total deposits
 - (2) Ratio of Non-performing Loans = Total NPL / Total loans
 - (3) Ratio of Interest cost to annual average deposits = Total interest cost associated with deposits / Annual average deposits
 - (4) Ratio of Interest income to annual average loans outstanding = Total interest income associated with loans / Annual average loans outstanding
 - (5) Total assets turnover = Operating income / Average total assets
 - (6) Average operating income per employee = Operating income / Total number of employees
 - (7) Average profit per employee = Net income after tax / Total number of employees
2. Profitability
 - (1) Return on Tier 1 capital = Net income before tax / Average net Tier 1 capital
 - (2) Return on assets = Net income after tax / Average total assets
 - (3) Return on equity = Net income after tax / Average total equity
 - (4) Net income ratio = Net income after tax / Operating income
 - (5) Earnings per share = (Net income attributable to owners of the parent company - Preferred stock dividend) / Weighted average number of shares issued
3. Financial structure
 - (1) Ratio of liabilities to total assets = Total liabilities / Total assets
 - (2) Ratio of property and equipment to equity = Net property and equipment / Net equity
4. Growth rate
 - (1) Asset growth rate = (Total assets of the year - Total assets of previous year) / Total assets of previous year
 - (2) Profit growth rate = (Net income before tax of the year - Net income before tax of previous year) / Net income before tax of previous year
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / (Call loans and overdrafts from banks + Commercial paper payable + Financial liabilities at fair value through profit or loss + Bonds and bills sold under repurchase agreements + Current portion of payables)
 - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditures + Cash dividends) for the past five years
 - (3) Ratio of cash flow from operations to cash flow from investments = Net cash flow from operating activities / Net cash flow from investing activities
6. Ratio of liquidity reserve = Liquid assets defined by the Central Bank / Reserve for liabilities
7. Operating scale
 - (1) Market share of assets = Total assets / Total assets of all authorized deposit-taking and loan-underwriting financial institutions
 - (2) Market share of net worth = Net worth / Total net worth of all authorized deposit-taking and loan-underwriting financial institutions
 - (3) Market share of deposits = Total deposits / Total deposits of all authorized deposit-taking and loan-underwriting financial institutions
 - (4) Market share of loans = Total loans / Total loans of all authorized deposit-taking and loan-underwriting financial institutions

Ratio Analysis - adopts ROC Generally Accepted Accounting Principles

Item		Year	2011
Operating Capability	Ratio of loans to deposits (%)		58.77
	Ratio of non-performing loans (%)		0.44
	Ratio of interest cost to annual average deposits (%)		0.81
	Ratio of interest income to annual average loans outstanding (%)		3.63
	Total assets turnover (time)		0.02
	Average operating income per employee (thousand dollar)		4,449
	Average profit per employee (thousand dollar)		2,173
Profitability	Return on Tier 1 capital (%)		26.64
	Return on assets (%)		1.16
	Return on equity (%)		20.05
	Net income ratio (%)		48.84
	Earnings per share (NTD)		2.88
Financial Structure	Ratio of liabilities to assets (%)		93.92
	Ratio of fixed assets to equity (%)		13.43
Growth Rate	Asset growth rate (%)		5.94
	Profit growth rate (%)		116.23
Cash Flow	Cash flow ratio (%)		(70.44)
	Cash flow adequacy ratio (%)		586.72
	Ratio of cash flow from operations to cash flow from investments (%)		569.39
Ratio of liquidity reserve (%)			51.96
Balance of secured loans of related parties (thousand dollar)			2,690,500
Total secured loans of related parties as a percentage of total loans (%)			0.70
Operating Scale	Market share of assets (%)		1.91
	Market share of net worth (%)		1.88
	Market share of deposits (%)		2.09
	Market share of loans (%)		1.54

Note : Financial ratios are computed as follows:

1. Operating capability

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

2. Profitability

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

3. Financial structure

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

4. Growth rate

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

5. Cash flow

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

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

7. Operating scale

- (1) Market share of assets = Total assets / Total assets of all authorized deposit-taking and loan-underwriting financial institutions
- (2) Market share of net worth = Net worth / Total net worth of all authorized deposit-taking and loan financial institutions
- (3) Market share of deposits = Total deposits / Total deposits of all authorized deposit-taking and loan financial institutions
- (4) Market share of loans = Total loans / Total loans of all authorized deposit-taking and loan financial institutions

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

Unit : NTD'000

Item			Year	5-year CAR				31 Mar 2016 (unaudited)
			2015	2014	2013	2012		
Self-owned capital	Common Equity Tier 1 Capital		38,369,729	39,718,971	37,901,116	39,323,690	38,506,182	
	Other Non-Common Equity Tier 1 Capital		-	-	-	-	-	
	Tier 2 Capital		10,861,100	16,734,827	18,733,607	20,305,439	10,582,766	
	Total Self-Owned Capital		49,230,829	56,453,798	56,634,722	59,629,129	49,088,948	
RWA	Credit Risk	Standardized Approach	300,942,295	356,351,785	363,987,158	320,140,839	293,631,026	
		Internal Ratings-Based Approach	-	-	-	-	-	
		Securitization	-	-	-	-	-	
	Operational Risk	Basic Indicator Approach	28,135,608	30,051,647	31,138,609	31,816,384	28,135,608	
		Standardized Approach / Alternative Standardized Approach	-	-	-	-	-	
		Advanced Measurement Approaches	-	-	-	-	-	
	Market Risk	Standardized Approach	13,447,757	19,491,065	19,217,874	18,918,596	14,969,066	
		Internal Models-Based Approach	-	-	-	-	-	
	Total Risk-Weighted Assets		342,525,660	405,894,497	414,343,642	370,875,819	336,735,700	
	Capital Adequacy Ratio			14.37%	13.91%	13.67%	16.08%	14.58%
Tier 1 Capital Ratio			11.20%	9.79%	9.15%	10.60%	11.44%	
Common Equity Tier 1 Capital Ratio			11.20%	9.79%	9.15%	10.60%	11.44%	
Leverage Ratio			4.77%	4.35%	-	-	4.87%	

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

Capital Adequacy - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year			5-year CAR				31 Mar 2016 (unaudited)
			2015	2014	2013	2012	
Self-owned capital	Common Equity Tier 1 Capital		37,945,503	39,359,781	37,704,360	39,138,981	38,008,207
	Other Non-Common Equity Tier 1 Capital		-	-	-	-	
	Tier 2 Capital		10,428,252	16,375,636	18,536,851	20,120,730	10,077,114
	Total Self-Owned Capital		48,373,755	55,735,417	56,241,211	59,259,711	48,085,321
RWA	Credit Risk	Standardized Approach	300,252,506	356,129,217	363,779,689	319,947,000	293,016,792
		Internal Ratings-Based Approach	-	-	-	-	-
		Securitization	-	-	-	-	-
	Operational Risk	Basic Indicator Approach	27,054,758	28,835,011	30,296,999	31,379,656	27,054,758
		Standardized Approach / Alternative Standardized Approach	-	-	-	-	-
		Advanced Measurement Approaches	-	-	-	-	-
	Market Risk	Standardized Approach	13,447,757	19,491,066	19,217,874	18,918,596	14,969,066
		Internal Models-Based Approach	-	-	-	-	-
	Total Risk-Weighted Assets		340,755,022	404,455,293	413,294,562	370,245,252	335,040,616
	Capital Adequacy Ratio			14.20%	13.78%	13.61%	16.01%
Tier 1 Capital Ratio			11.14%	9.73%	9.12%	10.57%	11.34%
Common Equity Tier 1 Capital Ratio			11.14%	9.73%	9.12%	10.57%	11.34%
Leverage Ratio			4.72%	4.31%	-	-	4.82%

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

Note : The ratios are computed as follows :

1. Total Self-owned capital = Common Equity Tier 1 + Additional Tier 1 + Tier 2 capital
2. Total risk-weighted assets = Credit risk-weighted assets + Capital charge of (Operational risk + Market risk) × 12.5
3. Capital adequacy ratio = Total Self-owned capital / Total risk-weighted assets
4. Tier 1 capital ratio = (Common Equity Tier 1 + Additional Tier 1) / Total risk-weighted assets
5. Common Equity Tier 1 ratio = Common Equity Tier 1 / Total risk-weighted assets
6. Leverage ratio = Net of Tier 1 capital / Total exposures

Capital Adequacy - adopts ROC Generally Accepted Accounting Principles

Unit : NTD'000

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

 (Continued)

Item			Year	2011
Risk-Weighted Assets	Credit Risk	Standardized approach		308,452,918
		Internal-rating based approach		-
		Asset securitization		-
	Operational Risk	Basic indicator approach		33,554,611
		Standardized approach / Alternative Standardized approach		-
		Advanced measurement approach		-
	Market Risk	Standardized approach		22,005,098
		Internal model approach		-
	Total risk-weighted assets			
Capital adequacy ratio				16.54
Tier 1 capital ratio (%)				11.15
Tier 2 capital ratio (%)				5.39
Tier 3 capital ratio (%)				-
Common stock to total assets ratio (%)				3.91

Note : The ratios are computed as follows :

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

III. Audit Committee's Report for 2015 Financial Statements

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Audit committee's Report

The Board of directors has compiled the Company's 2015 standalone and consolidated financial statement, audited by Lin Wu and Victor Wang CPA of KPMG. The Audit Committee has reviewed said standalone and consolidated financial statements and believed these statements comply with applicable regulations. The Audit Committee's Report is duly issued in accordance with Article 14-4, 14-5 of Securities and Exchange Act and Article 219 of Company Act.

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Audit Committee Convener:

Signed : 
Nei-Ping Yin

31 March 2016

STANDARD CHARTERED BANK (TAIWAN) LIMITED

Audit Committee's Report

The Board of directors has compiled the Company's 2015 business report and profit allocation statement. The Audit Committee has reviewed said business report and profit allocation statements and believed these statements comply with applicable regulations. The Audit Committee's Report is duly issued in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of Company Act.

STANDARD CHARTERED BANK (TAIWAN) LIMITED
Audit Committee Convener:

Signed : 
Nei-Ping Yin

31 March 2016

IV. 2015 Consolidated Financial Statements of the Bank and Its Subsidiaries Audited by the CPAs

Independent Auditors' Report

The Board of Directors

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries:

We have audited the accompanying consolidated balance sheets of Standard Chartered Bank (Taiwan) Limited and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of profit or loss and other comprehensive income, statements of changes in stockholders' equity and statements of cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants and Republic of China generally accepted auditing standards. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to the first paragraph present fairly, in all material respects, the financial position of Standard Chartered Bank (Taiwan) Limited and its subsidiaries as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Statements by Securities Firms, and other related regulations.

Standard Chartered Bank (Taiwan) Limited has prepared its individual financial statements for the Bank as of the years ended December 31, 2015 and 2014, on which we have expressed a standard unqualified audit opinion.

A handwritten signature in black ink, appearing to read 'KPMG', is written over a light blue rectangular background.

March 31, 2016

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Consolidated Balance Sheets
December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014			December 31, 2015		December 31, 2014	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and stockholders' equity				
11000 Cash and cash equivalents (notes 6(1) and 7)	\$ 9,690,695	1	22,434,239	3	Liabilities:				
11500 Due from the Central Bank and call loans to banks (notes 6(2) and 7)	87,019,615	13	104,417,545	14	21000 Deposits from the Central Bank and banks (notes 6(13) and 7)	\$ 27,979,736	4	25,876,934	3
12000 Financial assets at fair value through profit or loss (notes 6(3) and 7)	29,014,134	4	36,411,714	5	22000 Financial liabilities at fair value through profit or loss (notes 6(3) and 7)	17,058,968	3	13,462,099	2
12300 Derivative financial assets for hedging—net (notes 6(4) and 7)	81,431	-	48,199	-	22300 Derivative financial liabilities for hedging—net (notes 6(4) and 7)	32,480	-	5,065	-
12500 Securities purchased under resell agreements and debt instruments (note 6(5))	2,499,824	-	2,556,376	-	23000 Payables (note 6(14))	8,480,694	1	13,669,683	2
13000 Receivables—net (notes 6(6), (7), 7 and 13(1))	21,890,528	3	29,855,420	4	23100 Related parties payable (note 7)	12,335,869	2	10,063,505	1
13200 Current tax assets (note 6(21))	239,692	-	127,143	-	23200 Current tax liabilities	99,875	-	85,530	-
13500 Discounts and loans—net (notes 6(4), (7), and 7)	303,239,940	46	337,544,264	44	23500 Deposits and remittances (notes 6(4), (15) and 7)	497,589,001	75	597,519,644	78
14000 Available-for-sale financial assets—net (notes 6(4), (8) and 7)	182,784,483	27	201,168,244	26	24000 Financial debentures—net (notes 6(4), (16) and 7)	53,341,063	8	53,202,188	7
15500 Other financial assets—net (notes 6(9) and 8)	10,502,108	2	15,848,624	2	25500 Other financial liabilities (note 6(17))	1,158,492	-	3,304,529	-
18500 Property, plant and equipment—net (note 6(10) and 13(1))	4,925,588	1	5,407,192	1	25600 Provisions (notes 6(18) and (20))	1,791,407	-	1,908,858	-
19000 Intangible assets—net (note 6(11))	3,156,048	1	3,156,075	-	29300 Deferred tax liabilities (note 6(21))	672,273	-	720,274	-
19300 Deferred tax assets (note 6(21))	2,238,372	-	2,318,677	-	Other liabilities (note 6(19))	3,405,545	1	5,167,178	1
19500 Other assets—net (notes 6(12) and 8)	9,942,704	2	8,473,078	1	Total liabilities	623,945,403	94	724,985,487	94
					Stockholders' equity:				
					Common stock (note 6(23))	29,105,720	4	29,105,720	4
					Capital surplus (note 6(23))	5,794,771	1	5,786,031	1
					Retained earnings:				
					Legal reserve (note 6(23))	5,950,095	1	4,970,169	1
					Special reserve (note 6(23))	347,706	-	347,706	-
					Unappropriated earnings (note 6(23))	1,465,876	-	3,708,006	-
						7,763,677	1	9,025,881	1
					Other equity interest (note 6(23))	615,591	-	863,871	-
					Total stockholders' equity	43,279,759	6	44,781,503	6
Total assets	\$ 667,225,162	100	769,766,990	100	Total liabilities and stockholders' equity	\$ 667,225,162	100	769,766,990	100

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

		2015		2014 (Reclassified)		
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
41000	Interest income (notes 6(26) and 7)	\$ 12,236,352	89	14,060,064	89	(13)
51000	Less : Interest expense (notes 6(26) and 7)	<u>5,104,577</u>	<u>37</u>	<u>5,331,658</u>	<u>34</u>	(4)
	Net interest income	7,131,775	52	8,728,406	55	(18)
	Net non-interest income					
49100	Net service fee income (notes 6(27) and 9(3))	4,018,880	29	4,344,523	27	(7)
49200	Gain on financial assets or liabilities at fair value through profit or loss (note 6(28))	1,231,888	9	1,823,851	12	(32)
49300	Realized gain on available-for-sale financial assets (note 6(29))	83,891	1	18,491	-	354
49600	Foreign exchange gain	1,073,377	8	681,369	4	58
49800	Net other non-interest income (notes 6(4), (9), (30), 7 and 12(2))	197,027	1	255,520	2	(23)
49700	Impairment losses on assets (notes 6(9), (10) and (31))	<u>(15,498)</u>	<u>-</u>	<u>(3,162)</u>	<u>-</u>	(390)
	Net revenue	<u>13,721,340</u>	<u>100</u>	<u>15,848,998</u>	<u>100</u>	(13)
58200	Bad debt expense and guarantee liability (reversal) provision (note 6(32))	<u>1,085,551</u>	<u>8</u>	<u>682,630</u>	<u>4</u>	59
	Operating expenses:					
58500	Employee benefits expense (notes 6(20), (24), (33) and 7)	5,338,732	39	5,720,629	36	(7)
59000	Depreciation and amortization expenses (notes 6(10), (11) and (34))	290,356	2	266,028	2	9
59500	Other general and administrative expenses (notes 6(35), 7 and 12(2))	<u>5,249,781</u>	<u>38</u>	<u>5,362,019</u>	<u>34</u>	(2)
	Total operating expenses	<u>10,878,869</u>	<u>79</u>	<u>11,348,676</u>	<u>72</u>	(4)
	Income before tax	1,756,920	13	3,817,692	24	(54)
61003	Less: income tax expense (note 6(21))	<u>317,938</u>	<u>3</u>	<u>551,273</u>	<u>3</u>	(42)
	Net income	<u>1,438,982</u>	<u>10</u>	<u>3,266,419</u>	<u>21</u>	(56)
65000	Other comprehensive income:					
65200	Items not to be reclassified into profit or loss					
65201	Remeasurements of defined benefit plan (note 6(20))	32,402	-	(94,406)	(1)	134
65220	Income tax (expense) benefit related to items not to be reclassified into profit or loss (note 6(21))	<u>(5,508)</u>	<u>-</u>	<u>16,049</u>	<u>-</u>	(134)
	Total items not to be reclassified into profit or loss	<u>26,894</u>	<u>-</u>	<u>(78,357)</u>	<u>(1)</u>	134
65300	Items that may be subsequently reclassified into profit or loss					
65302	Change in fair value of available-for-sale financial assets recognized	(145,272)	(1)	(9,396)	-	(1,446)
65303	Change in fair value of cash flow hedges recognized	(173,158)	(1)	307,766	2	(156)
65320	Income tax benefit (expense) related to items that may be subsequently reclassified into profit or loss (note 6(21))	<u>70,150</u>	<u>1</u>	<u>(42,941)</u>	<u>-</u>	263
	Total items that may be subsequently reclassified into profit or loss	<u>(248,280)</u>	<u>(1)</u>	<u>255,429</u>	<u>2</u>	(197)
65000	Other comprehensive income, net of tax	<u>(221,386)</u>	<u>(1)</u>	<u>177,072</u>	<u>1</u>	(225)
	Total comprehensive income for the period	<u>\$ 1,217,596</u>	<u>9</u>	<u>3,443,491</u>	<u>22</u>	(65)
67500	Basic earnings per share (NTD) (note 6(25))	<u>\$ 0.49</u>		<u>1.12</u>		

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

	Retained earnings				Other item in stockholders' equity		
	Share capital	Retained earnings			Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
Balance as of January 1, 2014	\$ 29,105,720	5,786,031	4,289,836	347,706	2,267,777	728,701	42,405,512
Appropriation and distribution of retained earnings:							
Legal reserve appropriated (note 6(23))	-	-	680,333	-	(680,333)	-	-
Cash dividends of ordinary share (note 6(23))	-	-	-	-	(1,067,500)	-	(1,067,500)
Net income	-	-	-	-	3,266,419	-	3,266,419
Other comprehensive income	-	-	-	-	(78,357)	255,446	177,072
Total comprehensive income for the period	-	-	-	-	3,188,062	255,446	3,443,491
Balance as of December 31, 2014	29,105,720	5,786,031	4,970,169	347,706	3,708,006	135,187	44,781,503
Unpresented cash dividends transferred to capital surplus (note 6(23))	-	8,740	-	-	-	-	8,740
Appropriation and distribution of retained earnings:							
Legal reserve appropriated (note 6(23))	-	-	979,926	-	(979,926)	-	-
Cash dividends of ordinary share (note 6(23))	-	-	-	-	(2,728,080)	-	(2,728,080)
Net income	-	-	-	-	1,438,982	-	1,438,982
Other comprehensive income	-	-	-	-	26,894	(143,721)	(221,386)
Total comprehensive income for the period	-	-	-	-	1,465,876	(143,721)	1,217,596
Balance as of December 31, 2015	\$ 29,105,720	5,794,771	5,950,095	347,706	1,465,876	(8,534)	43,279,759

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

	2015	2014
Cash flow used in operating activities :		
Profit before tax	\$ 1,756,920	3,817,692
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	290,329	265,053
Amortization expense	27	975
Bad debt expense and guarantee liability(reversal) provision	1,085,551	682,630
Interest expense	5,104,577	5,331,658
Interest income	(12,236,352)	(14,060,064)
Net change in other provisions	(6,808)	(101,296)
(Gain) loss on disposal of property and equipment	(91,903)	4,231
Impairment loss on buildings and other financial assets	15,498	3,162
Gain on disposal of financial assets carried at cost	(41,549)	-
Total adjustments to reconcile profit (loss)	(5,880,630)	(7,873,651)
Change in operating assets and liabilities :		
Change in operating assets :		
Due from the Central Bank and call loans to banks	(812,228)	(22,964,544)
Financial assets at fair value through profit or loss	7,397,580	(15,952,827)
Receivables	8,216,419	2,624,396
Discounts and loans	33,140,532	5,931,208
Available-for-sale financial assets	23,523,716	13,849,209
Other financial assets	-	4,556
Total changes in operating assets	71,466,019	(16,508,002)
Changes in operating liabilities :		
Deposits from the Central Bank and banks	2,102,802	(20,108,738)
Financial liabilities at fair value through profit or loss	3,596,869	5,928,111
Payables	(2,728,216)	11,929,651
Deposits and remittances	(99,930,482)	20,616,774
Other financial liabilities	(2,146,037)	(9,815,493)
Other liabilities	(1,761,633)	2,790,121
Total changes in operating liabilities	(100,866,697)	11,340,426
Total changes in operating assets and liabilities	(29,400,678)	(5,167,576)
Total adjustments	(35,281,308)	(13,041,227)
Cash outflow generated from operations	(33,524,388)	(9,223,535)
Interest received	12,030,325	14,179,153
Interest paid	(5,284,246)	(5,589,820)
Income taxes paid	(319,196)	(336,664)
Net cash flows used in operating activities	(27,097,505)	(970,866)
Cash flows used in investing activities :		
Proceeds from disposal of financial assets carried at cost	57,499	-
Proceeds from disposal of property, plant and equipment	377,126	-
Acquisition of property, plant and equipment	(109,446)	(115,484)
Increase in derivatives collateral	(1,760,092)	(5,668,617)
Decrease (increase) in other assets	290,466	(174,523)
Net cash flows used in investing activities	(1,144,447)	(5,958,624)
Cash flows used in financing activities :		
(Increase) decrease in derivative financial instruments for hedging	(190,709)	538,673
Decrease in financial debentures	(1,227,176)	(3,005,708)
Cash dividends paid	(2,728,080)	(1,067,500)
Net cash flows used in financing activities	(4,145,965)	(3,534,535)
Change in foreign exchange rate	1,377,463	544,510
Net decrease in cash and cash equivalents	(31,010,454)	(9,919,515)
Cash and cash equivalents at beginning of period	86,667,010	96,586,525
Cash and cash equivalents at end of period	\$ 55,656,556	86,667,010
Components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheets	\$ 9,690,695	22,434,439
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	43,466,037	61,676,195
Securities purchased under resell agreements and debt instruments qualifying for cash and cash equivalents under the definition of IAS 7	2,499,824	2,556,376
Cash and cash equivalents at end of period	\$ 55,656,556	86,667,010

Standard Chartered Bank (Taiwan) Limited and Its Subsidiaries
Notes to the consolidated Financial Statements
December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Organization

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

Pursuant to an approval granted by the Securities and Futures Commission ("SFC"), which subsequently changed its name to the Securities and Futures Bureau ("SFB") on July 1, 2004, the Company's shares were authorized to be publicly traded beginning March 22, 1983. Additionally, pursuant to approval granted by the Ministry of Finance ("MOF"), the Company established a Trust Department in January 1989, 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 on August at the same year. In September 1994, pursuant to approval granted by the Taiwan provincial government MOF, the Company started to operate the business crossing the area. On January 16, 1995, the Company established an Offshore Banking Unit ("OBU"), which began operations immediately.

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

During 2006, Standard Chartered Bank provided a tender offer to acquire the outstanding shares of Hsinchu International Bank Co., Ltd. Accordingly, Standard Chartered Bank acquired over 95% of the outstanding. After completion of the acquisition of shares, Hsinchu International Bank Co., Ltd. immediately submitted the delisting application, which was approved by the related authorities on January 18, 2007. On June 30, 2007, the operations of Standard Chartered Bank, Taipei Branch were transferred to Hsinchu International Bank Co., Ltd.; subsequently, Hsinchu International Bank Co., Ltd. was renamed Standard Chartered Bank (Taiwan) Limited on July 2, 2007. As of December 31, 2015, the Company comprises 80 branches, a business department, an international banking 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.

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).

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

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

(2) Approval date and Procedures of the Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2016.

(3) New Issuance, Amendments and Revises of Standards and Interpretations Not Yet Adopted

- 1) Effect on application of new version of International Financial Reporting Standards and interpretations endorsed by the Financial Supervisory Commissions R.O.C. ("FSC")

Started from 2015, the Company's consolidated financial statements adopted 2013 version of International Financial Reporting Standards and interpretations endorsed by the FSC (excluding IFRS 9 "Financial Instruments"). The summary below shows related new issuance, amendments and revises of standards and interpretations related to the Company:

<u>New issuance, amendments and revises of standards and interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards—Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendments to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for first-time adopters"	July 1, 2011
Amendments to IFRS 1 "Government Loans"	January 1, 2013
Amendments to IFRS 7 "Disclosures—Transferring Financial Assets"	July 1, 2011
Amendments to IFRS 7 "Disclosures—Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendments to IFRS 10 "Consolidated Financial Statements"	January 1, 2013 (January 1, 2014 for investment entities)
Amendments to IFRS 11 "Joint Arrangements"	January 1, 2013
Amendments to IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"	July 1, 2012
Amendments to IAS 12 "Income Taxes—Deferred Taxes: Recovery of Underlying Assets"	January 1, 2012
Revised IAS 19 "Employee Benefits"	January 1, 2013
Amendments to IAS 27 "Separate Financial Statements"	January 1, 2013
Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014

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

- (a) IFRS 7 "Disclosures—Offsetting Financial Assets and Financial Liabilities" and IAS 32 "Offsetting Financial Assets and Financial Liabilities"

The Standards clarify the meaning of "currently has a legally enforceable right to set off" and "entity to intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously". The Company has already added the related disclosure of net settlement according to the Standard, please refer to note 6(36).

- (b) IAS 1 "Presentation of Financial Statements"

The Standard amended the disclosure method of other comprehensive income statements ("OCI"); separate the items in OCI into "items that will not be reclassified subsequently to profit or loss" and "items that will be reclassified subsequently to profit or loss when specific conditions are met." The amendment also mentioned that the items in OCI presented as pre-tax, the tax amount should also present separately based on the requirement shown above. The Company has already amended the expression of OCI according to the Standard, as well as the compared period.

- (c) IFRS 13 "Fair Value Measurement"

The standard defined fair value, established the structure of fair value, and planned the disclosure of fair value. The new measurement does not cause significant effect on the Company's assets and liabilities, and the Company has already added the disclosure of fair value measurement according to the Standard, please refer to note 6(36). However, according to the new disclosure standard, the Company does not have to provide the information of compared period.

- (d) IAS 19 "Employee Benefits"

The standard is based on the amendments 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, banks may elect to recognize the remeasurements of defined benefit plans in retained earnings or other equity, and disclose the related accounting policy in the notes to the financial statements. Remeasurements of defined benefit plans that have been recognized in other equity may not be reclassified into profit or loss or transferred into retained earnings in the subsequent period. 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.

- 2) The newly issued or amended International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board ("IASB") that has not been endorsed by the FSC

The summary below shows the new issuances and amendments of new International Financial Reporting Standards and interpretations related to the Company that issued by the IASB that has not been endorsed by the FSC until the report date of this consolidated financial statements:

<u>New issuance and amendments of standards and interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transaction Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate or Joint Venture"	Until a date to be determined by the IASB
Amendments to IFRS 10, 12 and IAS 28 "Investment Entities: the Application of the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "the Accounting for Acquisitions of an Interest in a Joint Operation"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"	January 1, 2017
Amendments to IAS 16 and 38 "the Clarification of Acceptable Methods of Depreciation and Amortisation"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contribution"	July 1, 2014
Amendments to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation to Apply the Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014
Annually improvement reports of 2010-2012 and 2011-2013	July 1, 2014
Annually IFRS improvement report of 2012-2014	January 1, 2016

Currently, the Company kept assessing and evaluating the possible impact of the consolidated financial statements, and will disclose the influence when the access is finished.

(4) Summary of Significant Accounting Policies

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

1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and other related regulations.

2) Basis of preparation

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

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

3) Basis of consolidation

(a) Basis of preparation of consolidated financial statements

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

(b) Subsidiaries included in the consolidated financial statements.

Investing Company	Subsidiary	Main Business	Shareholding (%)		Description
			December 31, 2015	December 31, 2014	
SCBTL	Standard Chartered Life Insurance Agency Co., Ltd.	Life insurance agent	100.00 %	100.00 %	SCBTL owned the majority of the subsidiary's voting rights (>50%).
SCBTL	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Property insurance agent	100.00 %	100.00 %	SCBTL owned the majority of the subsidiary's voting rights (>50%).

4) Foreign currency transactions

Except for accounts in the OBU of the Company that are denominated in US Dollars, accounts in all entities are denominated in New Taiwan Dollars. For those transactions denominated in foreign currencies, assets and liabilities are recorded in their original foreign currencies, while all income and expense accounts are denominated in original foreign currencies and translated into New Taiwan Dollars at the daily closing exchange rates. At the balance sheet date, the consolidated financial statements amounts in all foreign currencies are translated into New Taiwan Dollars at ruling exchange rates assigned on that date. The Company's consolidated financial statements are presented in New Taiwan 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 on the translation of a foreign currency transaction are recognized in current period profit or loss.

5) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques for clearing, and due from banks, but cash that is either restricted to be used only for specified purposes or by regulation or contracts is excluded. According to the 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 and include due from the Central Bank and call loans to banks and securities purchased under resell agreements and debt instruments.

6) Financial instruments

(a) Financial assets

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

i. Financial assets at fair value through profit or loss

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

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

iii. Securities under repurchase/resell agreements and debt instruments

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

iv. Loans, receivables and allowance for bad debts

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

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 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, overdue receivables, and interest receivable) and of advance accounts. Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion, having one of the following characteristics shall be written off:

- i) The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons;
- ii) The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Company might collect from the debtors where there is no financial benefit in execution;
- iii) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Company's taking possession of such collateral;
- iv) More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the collection efforts have failed;
- v) Other non-performing loans or non-accrual loans for which it has been ascertained that the efforts of collection have failed.

However, when requested by the competent authority or any financial examination agency (organization), loans must be immediately written off, a report must be made to the subsequent board meeting, and the supervisors must be notified for acknowledgement. Collections after write off shall be reversed from the allowance for bad debt expense.

Principal or interest overdue over three months is categorized as overdue accounts. If principal or interest of any outstanding loan is overdue for over six months, both the principal and accrued interest are reclassified as non-performing loan. Accrued interest on a non-performing loan will only be calculated and booked into memo accounts.

The objective evidence should be identified first to reveal impairment existing for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it should be further included in a set of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment are not required to be collectively assessed because impairment is or continued to be recognized.

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

v. Financial assets carried at cost

Equity instruments with no quoted market price are initially recognized at whose fair value plus transaction costs. At each balance sheet date, fair value can be reliably measured if either of the below conditions are met. The financial assets should be measured at fair value and reclassified as available-for-sale. If there is objective evidence of impairment, the impairment loss should be recognized. Such impairment losses are not allowed to be reversed:

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

Cash dividends received from the aforementioned financial assets are recorded under "Net other non-interest income" on the ex-dividend date or the date that the board declares a cash dividend. Nevertheless, dividends received will be deducted from the equity investment if they are declared out of profits prior to the acquisition of the investment. Stock dividends are not recognized as income but only treated as an increase in the number of shares held.

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

- i) When financial assets initially classified as measured at fair value through profit or loss have met the definition of loans and receivables and the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity, they shall be reclassified at their value on the date of reclassification, which will become their new cost or amortized cost, as applicable. Any previous gain or loss already recognized in profit or loss shall not be reversed.
- ii) Financial assets initially classified as measured at fair value through profit or loss which do not meet the preceding criterion may be reclassified out of the fair value through profit or loss category only in rare circumstances and shall be reclassified at their fair value on the date of reclassification, which will become their new cost or amortized cost, as applicable. Any previous gain or loss already recognized in profit or loss shall not be reversed.

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

vii. Financial asset impairment

If there is an objective evidence that an impairment loss on financial assets has been incurred, the amount of the loss is recognized and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate; the amount of the loss shall be recognized in profit or loss in the current period. The estimation of future cash flows includes the recoverable amount of collateral and related insurance when determining the amount of the loss.

The aforesaid objective evidence includes:

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

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

(b) Financial liabilities

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

i. Financial liabilities at fair value through profit or loss

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

ii. Financial liabilities at amortized cost

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

iii. Financial debentures

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

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

iv. Derecognition of a financial liability

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

(c) Derivatives and hedging accounting

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

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

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

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

7) Non-financial asset impairment

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

8) Lease classification

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

The Company classifies all its leases as operating leases.

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

9) Property, plant and equipment

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

The Company evaluates the estimated useful lives, depreciation method, and residual value on a yearly basis. Changes in the estimated useful lives, depreciation method, and residual value are accounted for as changes in accounting estimates.

Except for land, depreciation of property and equipment is calculated using the straight-line method over its estimated useful life. Gains or losses on the disposal of property and equipment are recognized as net other non-interest income. Except for land, useful lives of property and equipment held by the Company are as follows:

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

10) 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.

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

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

12) Provisions

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

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

The Company shall not recognize provisions for future operating losses.

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

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

13) Revenue and expense recognition

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

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

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

14) Employee benefit

- (a) Short-term employee benefit (including employee bonus, remuneration of directors and supervisors): The Company charges the short-term and non-discounted benefit to be paid in the near future to current expenses in the periods during which services are rendered by employees.
- (b) Post-employment benefit: The Company pension plan comprises defined contribution plan and defined benefit plan.
 - i. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee 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.

15) Share-based payment transactions

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

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

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

16) Income tax

Estimation of income tax expense is based on the financial income recognized in accordance with financial accounting standards. Due to the differences between the income tax amount in the financial statements and the tax basis of asset and liability accounts, deferred income tax is recognized by taking into account the income tax consequences and enacted tax rates for the periods in which deferred tax liabilities or assets are expected to be settled or realized. The deferred income tax consequences attributable to taxable temporary differences are recognized as deferred tax liabilities. The deferred income tax consequences attributable to deductible temporary differences, loss carryforwards, and income tax credits are recognized as deferred tax assets. The probability of realization of a deferred tax asset is evaluated, and a valuation allowance account is recognized accordingly.

The items that are directly debited or credited to stockholders' equity do not affect pretax financial income for the current period but are, according to the tax laws, included in taxable income, affecting current income tax. Items that are directly debited or credited to stockholders' equity are not included in taxable income, but a difference between that tax basis and the book value of the related asset or liability will arise. When the related asset or liability is recovered or settled, a taxable or deductible amount will result. The deferred tax asset or liability is recognized in the current period.

In accordance with the R.O.C. Income Tax Act, an additional income tax at the rate of 10 percent on undistributed earnings is recognized as current income tax expense in the year of the resolution in the shareholders' meeting to be exercised by its board of directors distribute earnings.

The Income Basic Tax Act was announced and became effective on January 1, 2006 and amended and became effective on January 1, 2013. The calculation of the Company's basic income is the sum of the taxable income as defined in accordance with the Income Tax Act and the provisions or tax benefits that are included in the Income Tax Act and other laws. The amount of basic tax of the Company is the amount of basic income as calculated in accordance with the preceding rules, and then multiplied by the tax rate prescribed by the Executive Yuan. The greater of income basic tax expense or income tax expense is the current tax expense actually paid by the Company.

17) Earnings per share of common stock

Earnings per share ("EPS") are computed by dividing the amount of net income (or loss) attributable to common stock outstanding for the period by the weighted-average number of issued common shares outstanding during the period. If the number of common shares or potential common shares outstanding increases as a result of capitalization of retained earnings, additional paid-in capital, or employee bonuses, or decreases as a result of a reverse capitalization due to losses, the calculation of basic EPS and diluted EPS for all periods presented is adjusted retrospectively. If these changes occur after the balance sheet date but before the issuance date of the financial statements, such EPS calculations are also adjusted retrospectively. When calculating diluted EPS, the net income (or loss) attributable to common shareholders and the weighted-average number of shares outstanding shall be adjusted for the effects of all dilutive potential common shares.

18) Operating segment

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

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

When preparing the Company's consolidated financial statements in accordance with the Regulation Governing the Preparation of Financial Statements by Public Banks, Regulations Governing the Preparation of Financial Statements by Securities Firms, and other related regulations, management is required to make judgments, estimates, and assumptions that affect the adoption of accounting policies, reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates.

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

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

1) Impairment loss on loans

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

2) Valuation of financial instruments

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

(6) Disclosures of Significant Accounts

1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand	\$ 3,679,614	4,422,868
Deposits with other banks	2,584,034	4,993,807
Deposits with other banks—affiliates	<u>3,427,047</u>	<u>13,017,764</u>
Total	<u><u>\$ 9,690,695</u></u>	<u><u>22,434,439</u></u>

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

	December 31, 2015	December 31, 2014
Cash and cash equivalents reported in the statement of balance sheets	\$ 9,690,695	22,434,439
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	43,466,037	61,676,195
Securities purchased under resell agreements and debt instruments qualifying for cash and cash equivalents under the definition of IAS 7	<u>2,499,824</u>	<u>2,556,376</u>
Cash and cash equivalents reported in the statement of cash flows	<u><u>\$ 55,656,556</u></u>	<u><u>86,667,010</u></u>

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

	December 31, 2015	December 31, 2014
Required reserve—checking account	\$ 8,335,304	6,832,382
Required reserve—demand account	13,222,290	14,449,298
Required reserve—foreign currency	230,608	253,349
Required reserve—settlement account	1,200,718	800,002
Call loans to banks	6,045,173	18,466,166
Call loans to banks—affiliates	54,979,105	43,948,162
Trade finance receivables	3,006,417	19,668,186
Total	\$ 87,019,615	104,417,545

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

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

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

3) Financial instruments 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, 2015	December 31, 2014
Interest-rate instruments		
Government bonds	\$ 5,180,278	9,381,630
Corporate bonds	5,584,330	9,247,488
Subtotal	10,764,608	18,629,118
Derivative financial assets		
Interest rate swap	2,741,951	1,483,460
Interest rate option	138,599	128,313
Spot/forward/swap	6,400,444	8,721,815
Cross currency swap	255,610	1,331,812
Foreign exchange option	8,650,723	5,922,746
Commodity swap	34,007	49,951
Commodity option	28,192	144,499
Subtotal	18,249,526	17,782,596
Total	\$ 29,014,134	36,411,714

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

	December 31, 2015	December 31, 2014
Derivative financial liabilities		
Interest rate swap	\$ 2,547,161	1,288,479
Interest rate option	90,850	66,508
Spot/forward/swap	4,828,429	4,736,663
Cross currency swap	448,498	1,251,834
Foreign exchange option	9,081,513	5,924,165
Commodity swap	34,090	49,951
Commodity option	28,427	144,499
Total	\$ 17,058,968	13,462,099

4) Derivative financial instruments for hedging

Derivative financial assets for hedging were as follows:

	December 31, 2015	December 31, 2014
Fair value hedge:		
Interest rate swap	\$ 56,738	47,490
Cash flow hedge:		
Interest rate swap	1,628	709
Cross currency swap	23,065	-
Total	\$ 81,431	48,199

Derivative financial liabilities for hedging were as follows:

	December 31, 2015	December 31, 2014
Fair value hedge:		
Interest rate swap	\$ -	161
Cash flow hedge:		
Interest rate swap	32,480	4,904
Total	\$ 32,480	5,065

(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, 2015 and 2014, marked-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, 2015	Contract type	December 31, 2015
Financial debentures	\$ <u>(57,904)</u>	Interest rate swaps	<u>56,738</u>

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

For the years ended December 31, 2015 and 2014, net gains and net losses on the hedging derivative financial instruments listed above amounted to \$9,410 thousand and \$69,231 thousand, respectively, and net gains from the hedged risk of the hedged items amounted to \$10,736 thousand and \$72,336 thousand, respectively.

(b) Cash flow hedge

The Company currently holds long-term floating rate loans and foreign currency time deposits with floating 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.

Hedged items	Financial instruments designated as hedging instruments	Fair value	
		December 31, 2015	December 31, 2014
Discounts and loans — floating interest rate	Interest rate swap	\$ (30,852)	(4,195)
Deposits and remittances — floating interest rate	Cross currency swap	23,065	-
Total		<u>\$ (7,787)</u>	<u>(4,195)</u>

5) Securities purchased under resell agreements and debt instruments

	December 31, 2015	December 31, 2014
Securities purchased under resell agreements	\$ 2,499,824	2,556,376
Face value of debt instruments	\$ 2,500,000	2,558,000
Interest rate	0.38%	0.53%~0.58%
Last settlement date	2016.1.8	2015.1.7
Resell price	\$ 2,500,026	2,556,658

6) Receivables — net

	December 31, 2015	December 31, 2014
Accounts receivable factoring	\$ 13,241,437	21,548,111
Credit cards accounts receivable	4,866,432	5,352,873
Accounts receivable	1,625,616	1,006,531
Interest receivable	1,707,509	1,501,603
Acceptances receivable	219,471	374,066
Accounts receivable — related parties	238,984	238,835
Other	293,088	156,396
Subtotal	22,192,537	30,178,415
Less: allowance for bad debts — receivables	302,009	322,995
Total	\$ 21,890,528	29,855,420

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

7) Discounts and loans — net

	December 31, 2015	December 31, 2014
Bills negotiations and bills and notes discounted	\$ 482,760	985,621
Short-term loans and overdrafts	61,009,087	73,106,197
Short-term secured loans	5,091,227	7,280,178
Medium-term loans	36,443,142	46,080,749
Medium-term secured loans	10,681,659	7,781,008
Long-term loans	8,724,055	8,201,974
Long-term secured loans	185,017,613	197,874,228
Non-accrual loans	594,738	525,171
Subtotal	308,044,281	341,835,126
Add: premium adjustments on discounts and loans	108,687	159,725
Less: allowance for bad debts	4,913,028	4,450,587
Total	\$ 303,239,940	337,544,264

As of December 31, 2015 and 2014, the Company's long term loan with floating rate mentioned above has adopted cash flow hedge in order to reduce the impact of cash flow that was affected by interest rate fluctuation.

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

The movements of allowance for bad debts were as follows:

	2015		
	Individual assessment of impairment	Portfolio assessment of impairment	Total
Beginning balance at January 1, 2015	\$ 2,084,495	2,689,087	4,773,582
Add: provision for bad debts	628,846	534,946	1,163,792
recovery from written-off loans	614,604	-	614,604
Less: charge-off and temporary payments	1,088,970	-	1,088,970
exchange rate and others	247,971	-	247,971
Ending balance at December 31, 2015	\$ 1,991,004	3,224,033	5,215,037

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

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

		December 31, 2015	
Item		Discounts and loans and receivables	Allowance for bad debts
With objective evidence of impairment	Individual assessment of impairment	\$ 3,945,725	1,991,004
	Portfolio assessment of impairment	4,251,349	62,198
Without objective evidence of impairment	Portfolio assessment of impairment	322,039,744	3,161,835
Total		\$ 330,236,818	5,215,037

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

As of December 31, 2015 and 2014, the amounts of outstanding loans with interest charges suspended amounted to \$594,738 thousand and \$525,171 thousand, respectively. The amounts of interest not accrued derived from the aforementioned loans were \$17,031 thousand and \$7,969 thousand, respectively.

8) Available-for-sale financial assets — net

	December 31, 2015	December 31, 2014
Negotiable certificates of deposit	\$ 113,783,454	164,140,930
Treasury bills	-	5,991,739
Government bonds	62,615,688	24,896,209
Financial debentures	6,385,341	6,051,871
Equity instruments	-	101,964
Less: accumulated impairment	-	14,469
Total	<u>\$ 182,784,483</u>	<u>201,168,244</u>
Marked-to-market adjustments for hedged assets included in the above balance	<u>\$ -</u>	<u>(161)</u>

9) Other financial assets — net

	December 31, 2015			December 31, 2014		
	Percentage of ownership %	Investment cost	Book value	Percentage of ownership %	Investment cost	Book value
Financial assets carried at cost:						
Taiwan Small and Medium Enterprises Development Corp.	4.84	\$ 29,000	29,000	4.84	29,000	29,000
Financial Information Service Co., Ltd.	1.14	45,500	45,500	1.14	45,500	45,500
Taipei Forex Inc.	-	-	-	3.18	6,673	6,673
TSC Bio Venture Management, Inc.	5.00	10,632	10,632	5.00	10,632	10,632
Liyu Venture Investment, Inc.	4.76	8,549	8,549	4.76	8,549	8,549
Windance Co., Ltd.	2.73	188,500	188,500	2.73	188,500	188,500
Taiwan Asset Service Corporation	2.94	50,000	50,000	2.94	50,000	50,000
Yang Guang Asset management Company	1.42	849	849	1.42	849	849
Taiwan Depository and Clearing Corporation	-	-	-	0.17	9,277	9,277
Subtotal		333,030	333,030		348,980	348,980
Less: accumulated impairment		-	202,941		-	202,941
		<u>333,030</u>	<u>130,089</u>		<u>348,980</u>	<u>146,039</u>
Restricted assets — debt instruments			<u>10,372,019</u>			<u>15,702,585</u>
			<u>\$ 10,502,108</u>			<u>15,848,624</u>

For the years ended December 31, 2015 and 2014, the cash dividends from financial assets carried at cost recorded under net other non-interest income were \$17,408 thousand and \$18,207 thousand, respectively.

On October 31, 2014, TSC Bio Venture Management Inc. bought back \$4,556 thousand. In 2014, the Company recognized impairment losses of \$650 thousand from Liyu Venture Investment, Inc., recorded under impairment losses on assets.

On November 5, 2015, the Company sold 630,000 shares of Taipei Forex Inc. and recognized \$17,823 thousand gain on sale under net other non interest income. In addition, on December 24, 2015, the Company sold 570,734 shares of Taiwan Depository and Clearing Corporation and recognized \$23,726 thousand gain on sale under net other non interest income.

10) Property, plant and equipment – net

December 31, 2015	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	\$ 2,915,217	-	41,865	2,873,352
Buildings	3,062,698	1,193,649	-	1,869,049
Office equipment	558,270	532,385	-	25,885
Leasehold improvements	689,138	609,110	-	80,028
Other equipment	600,812	523,538	-	77,274
Total	\$ 7,826,135	2,858,682	41,865	4,925,588

December 31, 2014	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	\$ 3,161,179	-	25,600	3,135,579
Buildings	3,126,077	1,129,583	1,169	1,995,325
Office equipment	611,538	554,346	-	57,192
Leasehold improvements	629,179	534,490	-	94,689
Other equipment	643,845	519,438	-	124,407
Total	\$ 8,171,818	2,737,857	26,769	5,407,192

Change in cost movement:

	January 1, 2015	Increase	Decrease	Reclassify	December 31, 2015
Land	\$ 3,161,179	-	245,962	-	2,915,217
Buildings	3,126,077	-	63,379	-	3,062,698
Office equipment	611,538	2,816	56,084	-	558,270
Leasehold improvements	629,179	99,668	39,709	-	689,138
Other equipment	643,845	6,962	49,995	-	600,812
Total	\$ 8,171,818	109,446	455,129	-	7,826,135

	January 1, 2014	Increase	Decrease	Reclassify	December 31, 2014
Land	\$ 3,161,179	-	-	-	3,161,179
Buildings	3,111,411	2,517	2,180	14,329	3,126,077
Office equipment	652,615	17,643	64,232	5,512	611,538
Leasehold improvements	667,604	16,174	63,779	9,180	629,179
Other equipment	935,291	65,282	356,728	-	643,845
Work in process	15,153	13,868	-	(29,021)	-
Total	\$ 8,543,253	115,484	486,919	-	8,171,818

Change in accumulated depreciation:

	January 1, 2015	Increase	Decrease	Reclassify	December 31, 2015
Buildings	\$ 1,129,583	91,996	27,930	-	1,193,649
Office equipment	554,346	29,909	51,870	-	532,385
Leasehold improvements	534,490	114,329	39,709	-	609,110
Other equipment	519,438	54,095	49,995	-	523,538
Total	<u>\$ 2,737,857</u>	<u>290,329</u>	<u>169,504</u>	<u>-</u>	<u>2,858,682</u>
	January 1, 2014	Increase	Decrease	Reclassify	December 31, 2014
Buildings	\$ 1,033,122	98,641	2,180	-	1,129,583
Office equipment	576,561	41,208	63,423	-	554,346
Leasehold improvements	525,251	69,620	60,381	-	534,490
Other equipment	820,558	55,584	356,704	-	519,438
Total	<u>\$ 2,955,492</u>	<u>265,053</u>	<u>482,688</u>	<u>-</u>	<u>2,737,857</u>

Change in accumulated impairment:

	January 1, 2015	Increase	Decrease	December 31, 2015
Land	\$ 25,600	16,265	-	41,865
Buildings	1,169	-	1,169	-
Total	<u>\$ 26,769</u>	<u>16,265</u>	<u>1,169</u>	<u>41,865</u>
	January 1, 2014	Increase	Decrease	December 31, 2014
Land	\$ 19,218	6,382	-	25,600
Buildings	5,039	105	3,975	1,169
Total	<u>\$ 24,257</u>	<u>6,487</u>	<u>3,975</u>	<u>26,769</u>

11) Intangible assets — net

	December 31, 2015	December 31, 2014
Goodwill	\$ 3,156,048	3,156,048
Computer software	-	27
Total	<u>\$ 3,156,048</u>	<u>3,156,075</u>

Change in intangible assets:

	January 1, 2015	Increase	Decrease	December 31, 2015
Goodwill	\$ 3,156,048	-	-	3,156,048
Computer software	27	-	27	-
Total	<u>\$ 3,156,075</u>	<u>-</u>	<u>27</u>	<u>3,156,048</u>

	January 1, 2014	Increase	Decrease	December 31, 2014
Goodwill	\$ 3,156,048	-	-	3,156,048
Computer software	1,002	-	975	27
Total	\$ 3,157,050	-	975	3,156,075

12) Other assets – net

	December 31, 2015	December 31, 2014
Refundable deposits	\$ 449,376	454,770
Derivatives collateral	9,385,543	7,625,451
Prepaid fee	106,348	152,780
Other	1,437	240,077
	\$ 9,942,704	8,473,078

13) Deposits from the Central Bank and banks

	December 31, 2015	December 31, 2014
Deposits from banks	\$ 1,082,806	1,102,881
Deposits from banks – affiliates	1,623,277	2,241,325
Overdrafts on banks	59,795	46,068
Overdrafts on banks – affiliates	111,625	2,324,840
Call loans from banks	12,956,995	3,229,425
Call loans from banks – affiliates	12,145,238	16,932,395
Total	\$ 27,979,736	25,876,934

14) Payables

	December 31, 2015	December 31, 2014
Accounts payable	\$ 19,228	19,997
Accrued interest	351,643	531,542
Accrued expenses	1,738,056	1,807,996
Collection payable	111,370	73,602
Acceptance payable	219,471	374,066
Inter-branch check clearing payable	172,760	174,787
Temporary receipts in advance	42,002	8,923
Unsettled trade payable	5,100,000	10,000,000
Other	726,164	678,770
Total	\$ 8,480,694	13,669,683

15) Deposits and remittances

	December 31, 2015	December 31, 2014
Checking accounts deposits	\$ 4,317,267	4,482,905
Demand deposits:		
Demand deposits	189,396,025	211,304,338
Saving account deposits	129,183,137	129,274,558
Subtotal of demand deposits	318,579,162	340,578,896
Time deposits:		
Time deposits	130,150,713	196,925,628
Time savings deposits	44,460,114	55,417,670
Subtotal of time deposits	174,610,827	252,343,298
Remittances	81,745	114,706
Marked-to-market adjustments on hedged items	-	(161)
Total	\$ 497,589,001	597,519,644

As of December 31, 2015, the Company's foreign currency time deposits with floating rate mentioned above has adopted cash flow hedge in order to reduce the impact of cash flow that was affected by interest rate and foreign exchange rate fluctuation.

16) Financial debentures — net

As of December 31, 2015 and 2014, details of financial debentures issued by the Company were as follows:

Bond	Conditions for issuance	December 31, 2015	December 31, 2014
91-1A	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; maturity date: July 19, 2007	\$ 1,000	1,000
94-1	No maturity date, interest accrued and paid semi annually, based on the average one year regular floating rate of the nine largest banks plus 1.493%	2,100	2,100
94-2	No maturity date, interest accrued and paid semi annually, based on the average one year regular floating rate of the nine largest banks plus 1.493%	500	500
98-2	No maturity date, USD based, interest accrued and paid quarterly, annual interest rate from issuance date to June 11, 2015 is USD 3M LIBOR plus 3.33%, and USD 3M LIBOR plus 4.33% from June 11, 2015	4,941,605	4,750,291
98-3	No maturity date, USD based, interest accrued and paid quarterly, annual interest rate from issuance date to June 11, 2015 is USD 3M LIBOR plus 3.33%, and USD 3M LIBOR plus 4.33% from June 11, 2015	4,941,605	4,750,291
100-1C	4 year term, interest accrued and paid quarterly, annual interest rate is 1.32%; maturity date: May 19, 2015	-	650,000
100-1D	5 year term, interest accrued and paid quarterly, annual interest rate is 1.45%; maturity date: May 19, 2016	6,150,000	6,150,000
100-1E	6 year term, interest accrued and paid quarterly, annual interest rate is 1.51%; maturity date: May 19, 2017	1,000,000	1,000,000
100-1F	7 year term, interest accrued and paid quarterly, annual interest rate is 1.60%; maturity date: May 19, 2018	2,550,000	2,550,000

Bond	Conditions for issuance	December 31, 2015	December 31, 2014
100-1H	5 year term, interest accrued and paid quarterly, TWD 90 day CP interest rate; maturity date: May 19, 2016	\$ 400,000	400,000
100-1I	7 year term, interest accrued and paid quarterly, TWD 90 day CP interest rate; maturity date: May 19, 2018	4,000,000	4,000,000
100-2	5 year term, interest accrued and paid quarterly, annual interest rate is 1.451%; maturity date: June 8, 2016	500,000	500,000
100-3C	5 year term, interest accrued and paid quarterly, annual interest rate is 1.40%; maturity date: September 23, 2016	1,100,000	1,100,000
100-4D	10 year term, interest accrued and paid quarterly, TWD 90 day CP interest rate plus 0.15% interest rate; maturity date: June 29, 2021	2,000,000	2,000,000
101-1C	3 year term, interest accrued and paid quarterly, annual interest rate is 1.09%; maturity date: January 17, 2015	-	600,000
103-1	2 year term, USD based, interest accrued quarterly, interest paid annually, annual interest rate is USD 3M LIBOR plus 0.70%; maturity date: January 27, 2016	19,107,541	18,367,792
103-2	10 year term, USD based, interest accrued and paid semi annually, annual rate is 4.50%; maturity date: December 18, 2024	6,588,808	6,333,722
		53,283,159	53,155,696
	Marked-to-market adjustment on hedged items	57,904	46,492
	Total	\$ 53,341,063	53,202,188

17) Other financial liabilities

	December 31, 2015	December 31, 2014
Structured deposits	\$ 1,158,492	3,304,529

18) Provisions

	December 31, 2015	December 31, 2014
Provision for guarantee liabilities	\$ 30,794	109,035
Provision for employee benefits	1,602,155	1,705,507
Provision for decommissioning, restoration and rehabilitation cost	149,418	91,671
Other miscellaneous provisions	9,040	2,645
Total	\$ 1,791,407	1,908,858

19) Other liabilities

	December 31, 2015	December 31, 2014
Advance received from customers	\$ 55,260	78,624
Deferred income	55,575	58,378
Guarantee deposits received	43,869	37,547
Tax payable	707,648	611,074
Derivatives collateral	2,446,420	3,931,816
Other	96,773	449,739
	<u>\$ 3,405,545</u>	<u>5,167,178</u>

20) Employee benefits

(a) Defined contribution plan

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

For the years ended December 31, 2015 and 2014, the pension expense under defined contribution plan of the Company amounted to \$164,528 thousand and \$161,592 thousand, respectively, recorded under operating expenses — employee benefits expense.

(b) Provision for employee benefits

i) Change in defined benefit obligation

	December 31, 2015	December 31, 2014
Defined benefit plan	\$ <u>1,602,155</u>	<u>1,705,507</u>

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

	December 31, 2015	December 31, 2014
Present value of defined benefit obligation	\$ 2,900,317	3,213,605
Less: fair value of defined benefit plan assets	<u>1,298,162</u>	<u>1,508,098</u>
Liability recognized in balance sheets	<u>\$ 1,602,155</u>	<u>1,705,507</u>

The Company adopted the defined benefit plan, which contributes 3% of eligible employees' monthly salary to the retirement reserve trust account at 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, transportation allowance, sales incentives, and overtime payment.

- ii) The percentage of plan assets were as follows:

	Unit: %	
	December 31, 2015	December 31, 2014
Cash	17.70	19.12
Stocks	54.60	52.52
Short-term notes	1.30	1.98
Bonds	26.40	26.38
Total	100.00	100.00

- iii) Change in defined benefit obligation

The change in defined benefit obligation for the years 2015 and 2014 were as follows:

	2015	2014
DBO at January 1	\$ 3,213,605	3,221,111
Current service cost and interest cost	171,632	190,994
Remeasurements of the net defined benefit liability:		
Actuarial (gain) loss—experience	(42,456)	69,649
Actuarial loss—financial assumption changes	28,127	30,835
Benefit paid from plan assets	(77,170)	(73,593)
Benefits paid directly by the Company	(99,383)	(94,656)
Settlements	(294,038)	(130,735)
DBO at December 31	\$ 2,900,317	3,213,605

- iv) Change in plan assets

The change in defined benefit plan assets for the years 2015 and 2014 were as follows:

	2015	2014
Fair value of plan assets at January 1	\$ 1,508,098	1,496,466
Adjustment to beginning balance of plan assets	-	(11,260)
Interest income	21,183	18,349
Remeasurements of the net defined benefit assets		
Actuarial gain—return on plan assets (exclude interest)	18,073	17,338
Employers contributions	32,614	107,706
Benefit paid from plan assets	(77,170)	(73,593)
Settlements	(204,636)	(46,908)
Fair value of plan assets at December 31	\$ 1,298,162	1,508,098

- v) Change in asset ceiling

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

vi) Recognized as profit and loss cost

The recognized as profit and loss cost for the years 2015 and 2014 were as follows:

	2015	2014
Current service cost	\$ 124,630	138,059
Net interest on the net defined benefit liability	25,819	34,586
Settlement gain	(20,743)	(15,764)
	\$ 129,706	156,881

vii) Recognized as other comprehensive income of remeasurements of defined benefit plan

Recognized as other comprehensive income of remeasurements of defined benefit plan for the years 2015 and 2014 were as follows:

	2015	2014
Cumulated surplus at January 1	\$ 112,892	18,486
Recognised in current period	(32,402)	94,406
Cumulated surplus at December 31	\$ 80,490	112,892

viii) Primary actuarial assumptions

	2015	2014
Defined benefit plan discount rate	1.00 %	1.60 %
Incremental rate of future compensation levels	3.00 %	3.50 %

The estimated payment of the Company's employer contribution to its defined benefit plan is amount to \$30,371 thousand, which is expected to be paid within a year of its balance sheet date in 2015.

Weighted average duration of the defined benefit obligation is 9.4 years.

ix) The sensitivity analysis

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

As of December 31, 2015, the effects of changes in actuarial assumptions on the present value of defined benefit obligation were as follows:

	Effect on DBO	
	0.50% Increase	0.50% Decrease
December 31, 2015		
Discount rate	(132,080)	142,181
Salary increase rate	140,315	(131,655)

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.

21) Income tax

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

For the years ended December 31, 2015 and 2014, the income tax expense (benefit) and related accounts were as follows:

	2015	2014
Current income tax expense	\$ 166,695	116,737
10% surtax on undistributed earnings	-	73,991
Deferred income tax expense	110,409	179,809
Basic income tax	40,834	180,736
Income tax expense	\$ 317,938	551,273

As of December 31, 2015 and 2014, the current tax assets of the Company amounted to \$239,692 thousand and \$127,143 thousand, respectively.

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

	2015	2014
Income tax from profit before tax at statutory rate	\$ 298,676	649,008
Permanent difference	(155,561)	(385,855)
10% surtax on undistributed earnings	-	73,991
Prior-year income tax adjustments	(12,121)	(2,101)
Basic income tax	40,834	180,736
Other adjustments per tax regulation	146,110	35,494
Income tax expense	\$ 317,938	551,273

For the years ended December 31, 2015 and 2014, the components of deferred income tax expense (benefit) recognized as other comprehensive income were as follows:

	2015	2014
Item not to be reclassified into profit or loss:		
Remeasurements of defined benefit plan	\$ 5,508	(16,049)
Items that may be subsequently reclassified into profit or loss:		
Change in fair value of available-for-sale financial assets recognized	\$ (40,713)	(9,379)
Change in fair value of cash flow hedges recognized	(29,437)	52,320
Total	\$ (70,150)	42,941

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

	2015	2014
Bad debt expense and guarantee liability provision	\$ (45,419)	100,359
Depreciation expense	(10,191)	(2,738)
Impairment loss on assets	2,659	547
Expenses from share-based payments	(3,690)	2,333
Employee benefits	12,061	19,303
Provisions	8,072	(8,902)
Deferred income	64,007	124,725
Loss carryforwards	49,046	(140,364)
Unrealized interest income from financial assets	(5,886)	16,990
Amortization of goodwill	53,653	53,653
Exclusivity fee income	(13,903)	13,903
	\$ 110,409	179,809

The Company's temporary difference of deferred tax asset components, based on the 17% tax rate for December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014
Deferred tax assets:		
Bad debt expense and guarantee liability provision	\$ 349,807	304,388
Depreciation expense	30,159	19,968
Impairment loss on assets	34,500	37,159
Expenses from share-based payments	31,863	28,173
Employee benefits	272,365	289,934
Provisions	13,509	21,581
Deferred income	101,846	165,853
Loss carryforwards	1,402,575	1,451,621
Unrealized loss on cash flow hedge	1,748	-
Total	\$ 2,238,372	2,318,677
Deferred tax liabilities:		
Unrealized interest income on financial assets	\$ 86,238	92,124
Amortization of goodwill	375,570	321,917
Land value increment tax	123,716	137,179
Unrealized gain on available-for-sale financial assets	86,749	127,462
Unrealized gain on cash flow hedge	-	27,689
Exclusivity fee income	-	13,903
Total	\$ 672,273	720,274

The movements of deferred tax items were as follows:

	2015	2014
Beginning balance	\$ 1,598,403	1,805,104
Recognized in current period profit and loss	(110,409)	(179,809)
Land value increment tax	13,463	-
Recognized in other comprehensive income	64,642	(26,892)
Ending balance	<u><u>\$ 1,566,099</u></u>	<u><u>1,598,403</u></u>

The income tax returns of the prior years of Standard Chartered Bank (Taiwan) Limited, Standard Chartered Life Insurance Agency Co., Ltd., and Taiwan Standard Chartered Insurance Agency Co., Ltd., have all been assessed up to the year 2013.

22) Information of imputation credit account

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

	December 31, 2015	December 31, 2014
Standard Chartered Bank (Taiwan) Limited	\$ 253,418	181,296
Standard Chartered Life Insurance Agency Co., Ltd.	85,026	58,786
Taiwan Standard Chartered Insurance Agency Co., Ltd.	3,169	3,196
	<u><u>\$ 341,613</u></u>	<u><u>243,278</u></u>

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

	2015 (estimated)	2014 (actual)
Tax creditable ratios of distribution of retained earnings to R.O.C. residents		
Standard Chartered Bank (Taiwan) Limited	<u><u>4.91 %</u></u>	<u><u>7.21 %</u></u>
Standard Chartered Life Insurance Agency Co., Ltd.	<u><u>20.48 %</u></u>	<u><u>20.48 %</u></u>
Taiwan Standard Chartered Insurance Agency Co., Ltd.	<u><u>20.48 %</u></u>	<u><u>20.48 %</u></u>

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

23) Stockholders' equity

(a) Capital

As of December 31, 2015, the Company's authorized capital was \$30,000,000 thousand, representing 3,000,000 thousand shares with par value of NTD 10 per share, and issued capital \$29,105,720 thousand, representing 2,910,572 thousand common shares.

(b) Capital surplus

The R.O.C. Company Act as amended in January 2012 requires capital surplus to be used to offset an accumulated deficit before capitalization to shareholders' equity as realized capital surplus or distribution of cash dividends. The aforementioned realized capital surplus includes the proceeds received in excess of the par value of common stock issued and any amounts donated to the Company. In accordance with "Regulations Governing the Offering and Issuance of Securities", the amount of capital surplus capitalized each year may not exceed 10 percent (10%) of the Company's issued share capital. In January 2015, the Company performed checks on the unrepresented shareholders dividends for the 2005 and 2006 fiscal year, prior to its acquisition of Hsinchu International Bank Co., Ltd, the unrepresented dividend amounted to \$8,740 thousands. The amount was transferred to capital surplus as per regulatory requirements. In accordance with Judicial Yuan Shi-Zi-No. 1476, the shareholders' rights to these dividends will prescribe in 5 years should these rights not being exercised by the shareholders. Further in terms of Cai-Shui-Zi No. 820481127 published on December 22, 1993, prescribed unrepresented dividend obligations should be classified as capital surpluses.

(c) Legal reserve

Whenever the Company generates a profit in accordance with "The Banking Act of The Republic of China". A company, at the time of distributing its earnings for each fiscal year, shall set aside thirty percent (30%) of its after tax earnings as a legal reserve, until the legal reserve equals to the capital. However, unless and until the accumulated legal reserve equals the Company's paid in capital, the maximum cash profits which may be distributed shall not exceed fifteen percent (15%) of the Company's paid in capital. In addition to the legal reserve, a special reserve can be appropriated and approved by the stockholders' meeting. The board of directors approved the distribution of the 2014 and 2013 earnings on June 29, 2015, and May 28, 2014, and appropriated legal reserve of \$979,926 thousand and \$680,333 thousand, respectively.

(d) Special reserve

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

(e) Other item in stockholders' equity

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

	Unrealized gains and (losses) on available-for-sale financial assets	Gains and (losses) on effective portion of cash flow hedges	Total
January 1, 2015	\$ 728,684	135,187	863,871
Available-for-sale financial assets — net			
— Valuation adjustment	(104,559)	-	(104,559)
Cash flow hedge			
— Unrealized loss	-	(143,721)	(143,721)
December 31, 2015	<u>\$ 624,125</u>	<u>(8,534)</u>	<u>615,591</u>

	Unrealized gains and (losses) on available-for-sale financial assets	Gains and (losses) on effective portion of cash flow hedges	Total
January 1, 2014	\$ 728,701	(120,259)	608,442
Available-for-sale financial assets — net			
— Valuation adjustment	(17)	-	(17)
Cash flow hedge			
— Unrealized gain	-	255,446	255,446
December 31, 2014	<u>\$ 728,684</u>	<u>135,187</u>	<u>863,871</u>

(f) Dividend policy and appropriation of earnings

Before the amendment to the Articles of Incorporation approved by the board of directors on November 24, 2015, whenever the Company generates a profit, 30 percent of its net income is appropriated as legal reserve after the deduction of income tax. Any special reserve would be set aside if necessary for the Company's ongoing operations. The remaining balance, if any, is distributed as follows:

- i. Shareholders' dividends and bonus: 99.99%
- ii. Employee bonus: 0.01%

The aforementioned special reserve shall be allocated as required by law or when proposed by the board of directors and resolved at the shareholders' meeting.

The amount for employee bonus to be allocated may be retained either in whole or in part without allocation when proposed by the board of directors and resolved at the shareholders' meeting as the actual situation may justify.

On June 29, 2015 and May 28, 2014, the board of directors, representing shareholders, approved the distribution of retained earnings and distributed cash dividends for 2014 and 2013 were as follows:

	2014	2013
Legal reserve appropriated	\$ 979,926	680,333
Cash dividends of ordinary share	2,728,080	1,067,500
Total	\$ 3,708,006	1,747,833

The estimated amount of staff bonus accrued was based on the possibility of bonus distribution and estimated bonus distribution and resolution approved by the board of directors. Nevertheless, in the event of difference in the amount actually distributed upon resolution of shareholders' meeting and the estimated figures, this difference shall be identified as changes in accounting estimate and recognized as profit or loss for the current period.

The board of directors approved the distribution of 2014 earnings on June 29, 2015 and approved the distribution of bonus to employees for \$229 thousand; the difference between the actual and estimated distributed bonus shall be treated as changes in accounting estimate and recognized as profit or loss in 2015. Furthermore, the board of directors approved the distribution of 2013 earnings on May 28, 2014, and approved the distribution of bonus to employees for \$167 thousand; the difference between the actual and estimated distributed bonus shall be treated as changes in accounting estimate and recognized as profit or loss in 2014.

After the amendment to the Articles of Incorporation approved by the board of directors on November 24, 2015, 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 profits, if any, shall be distributed to shareholders as dividend and bonus in accordance with the shareholders' resolution.

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

24) Share-based payments

Standard Chartered PLC Group (the SC PLC Group) has established four main share-based payment schemes for its directors and employees. For the years ended December 31, 2015 and 2014, the share-based payment schemes adopted by the Company were as follows:

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

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

The option movements of the AESP were as follows:

	2015 Units	2014 Units
Beginning balance	466,480	503,367
Add: granted	280,610	150,581
Less: exercised	8,448	5,708
lapsed	267,364	181,760
Ending balance	471,278	466,480

For the years ended December 31, 2015 and 2014, the costs of the AESP are recognized as profits or losses were \$15,605 thousand and \$24,945 thousand, respectively, recorded under operating expenses — employee benefits expense.

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

	2015
	October 7
Grant date	
Share price at grant date	£ 7.41
Exercise price	£ 5.86
Vesting period (years)	3
Expected volatility (%)	28.00
Expected option life (years)	3.33
Risk-free rate (%)	0.90
Expected dividend yield (%)	6.30
Fair value	£ 1.40

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

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

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

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

The option movements of the RSA were as follows:

	2015 Units	2014 Units
Beginning balance	121,384	123,112
Add: granted	49,957	32,704
dividend	2,834	2,047
Less: exercised	19,095	32,764
lapsed	13,646	3,715
Ending balance	141,434	121,384

For the years ended December 31, 2015 and 2014, the costs of the RSA charged to profits or losses were \$22,989 thousand and \$16,010 thousand, respectively, recorded under operating expenses – employee benefits expense.

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

	2015			
	<u>December 1</u>	<u>September 22</u>	<u>June 17</u>	<u>March 19</u>
Grant date				
Share price at grant date	£ 5.57	£ 6.73	£ 10.28	£ 10.51
Vesting period (years)	2/3	2/3 1/2/3/4 2/3/4	2/3	2/3
Expected dividend yield (%)	6.40	6.40	7.00	7.00
Fair value	£ 4.77	£ 5.77	£ 8.68	£ 8.88

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

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

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

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

	2015 Units	2014 Units
Beginning balance	100,182	83,291
Add: granted	3,146	38,043
Less: exercised	6,371	2,246
lapsed	31,433	18,906
Ending balance	65,524	100,182

For the years ended December 31, 2015 and 2014, the costs of the PSA (PSP) reversed and charged to profit or loss were \$3,721 thousand and \$3,396 thousand, respectively, recorded under operating expenses – employee benefits expense.

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

	2015			
	March 19			
Grant date				
Share price at grant date				£ 10.51
Vesting period (years)				5
Expected dividend yield (%)				5.70
Fair value (EPS)				£ 2.65
Fair value (RoRWA)				£ 2.65
Fair value (TSR)				£ 1.08

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

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

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

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

The option movements of the SRSS were as follows:

	2015 Units	2014 Units
Beginning balance	16,797	16,999
Add: granted	577	-
Less: exercised	5,347	202
Ending balance	12,027	16,797

For the years ended December 31, 2014, the cost of the SRSS reversed to profit or loss was \$981 thousand, recorded under operating expenses—employee benefits expense.

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

	2015			
Grant date	December 1	September 22	June 17	March 19
Share price at grant date	£ 5.57	£ 6.73	£ 10.28	£ 10.51
Vesting period (years)	2/3	2/3 1/2/3/4 2/3/4	2/3	2/3
Expected dividend yield (%)	6.40	6.40	7.00	7.00
Fair value	£ 4.77	£ 5.77	£ 8.68	£ 8.88

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

25) Earnings per share

	2015	2014
Net income attributable to common stockholders (after tax)	\$ 1,438,982	3,266,419
Common stock (in thousands)	\$ 2,910,572	2,910,572
Basic EPS (in dollars)	\$ 0.49	1.12

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

26) Net interest income

	2015	2014
Interest income		
Interest income, discounts and loans	\$ 8,345,077	9,428,590
Interest income, accounts receivable factoring	214,899	250,182
Interest income, due from banks	1,367,038	2,048,596
Interest income, available-for-sale financial assets	1,757,281	1,656,073
Interest income, credit card recurrence	323,295	405,144
Interest income, other	<u>228,762</u>	<u>271,479</u>
Subtotal	12,236,352	14,060,064
Interest expense		
Interest expense, deposits	3,715,073	3,861,580
Interest expense, due to banks	263,531	414,602
Interest expense, financial debentures	1,088,574	980,643
Interest expense, other	<u>37,399</u>	<u>74,833</u>
Subtotal	<u>5,104,577</u>	<u>5,331,658</u>
Total	<u><u>\$ 7,131,775</u></u>	<u><u>8,728,406</u></u>

27) Net service fee income

	2015	2014
Service fee		
Service fee, loan	\$ 136,644	317,169
Service fee, agency	1,778,122	1,707,396
Service fee, remittance and interbank	122,252	105,520
Service fee, guarantee, import, export and acceptance payable	75,850	103,589
Service fee, credit card	340,028	359,612
Service fee, trust	1,955,254	2,142,543
Service fee, factoring	82,533	83,620
Service fee, other	<u>58,356</u>	<u>47,429</u>
Subtotal	4,549,039	4,866,878
Service charge		
Service charge, interbank	206,140	209,315
Service charge, agency	126,898	180,830
Service charge, custodian	111,320	97,140
Service charge, other	<u>85,801</u>	<u>35,070</u>
Subtotal	<u>530,159</u>	<u>522,355</u>
Total	<u><u>\$ 4,018,880</u></u>	<u><u>4,344,523</u></u>

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

	2015	2014
Gain on disposal		
Interest-rate instruments	\$ 165,098	60,733
Derivative financial instruments	<u>1,660,831</u>	<u>688,084</u>
Subtotal	1,825,929	748,817
(Loss) gain on valuation		
Interest-rate instruments	22,498	22,092
Derivative financial instruments	<u>(711,016)</u>	<u>909,797</u>
Subtotal	(688,518)	931,889
Interest income	<u>94,477</u>	<u>143,145</u>
Total	<u>\$ 1,231,888</u>	<u>1,823,851</u>

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

	2015	2014
Profit on sale—debt instruments	\$ 77,426	15,935
Profit on sale—equity instruments	6,465	-
Dividend income	<u>-</u>	<u>2,556</u>
Total	<u>\$ 83,891</u>	<u>18,491</u>

30) Net other non-interest income

	2015	2014
Administrative support service income	\$ 2,838	3,763
Net gain (loss) on disposal of assets	91,903	113,069
Net gain on securities brokering income	-	84,862
Gains on financial assets carried at cost	58,957	18,207
Rental income	12,703	14,838
Net gain on fair value hedge	20,146	3,105
Other	<u>10,480</u>	<u>17,676</u>
Total	<u>\$ 197,027</u>	<u>255,520</u>

31) Impairment losses on assets

	2015	2014
Impairment loss—land	\$ 16,265	6,382
Gain on reversal of impairment loss—buildings	(767)	(3,870)
Impairment loss—other financial assets	<u>-</u>	<u>650</u>
Total	<u>\$ 15,498</u>	<u>3,162</u>

(Continued)

32) Bad debt expense and guarantee liability (reversal) provision

	2015	2014
Bad debt expenses	\$ 1,163,792	682,006
Guarantee liabilities (reversal) provision	(78,241)	624
Total	\$ 1,085,551	682,630

33) Employee benefits expense

	2015	2014
Salary expenses	\$ 4,373,428	4,572,274
Employee insurance	330,386	339,386
Pension		
Defined contribution plan	164,528	161,592
Defined benefit plan	129,706	156,881
Other	340,684	490,496
Total	\$ 5,338,732	5,720,629

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 accumulated deficit, it shall be set aside first to compensate the loss. The accrued employee's remuneration of the Company for the year ended December 31, 2015 was 160 thousand, based on 0.01% of the profit aforementioned. The amount is recorded under operating expenses—employee benefits expense, the relevant information can be accessed through Market Observation Post System. Any difference between the actual and estimated distributed bonus shall be treated as changes in accounting estimates and recognized as profit or loss in 2016.

34) Depreciation and amortization expenses

	2015	2014
Depreciation expenses		
Buildings	\$ 91,996	98,641
Office equipment	29,909	41,208
Leasehold improvements	114,329	69,620
Other equipment	54,095	55,584
Subtotal of depreciation	290,329	265,053
Computer software amortization	27	975
Total	\$ 290,356	266,028

35) Other general and administrative expenses

	2015	2014
Rental expense	\$ 514,255	550,285
Office supplies	109,952	125,333
Postage	205,446	228,053
Repairs and maintenance	177,043	184,152
Advertising expense	105,446	113,421
Utilities fee	103,758	118,524
Taxes	759,358	714,846
Professional service fee	100,457	160,739
Operational and advisory service fee	1,005,849	989,414
Consulting and technical support service fee	530,161	489,164
Wholesale banking business service fee	325,669	326,206
Building management fee	135,035	140,959
Computer management fee	327,108	284,129
Other	850,244	936,794
Total	\$ 5,249,781	5,362,019

36) Disclosure of financial instruments

(a) Financial instruments measured at fair value

i. Valuation of financial instruments measured at fair value:

- i) Financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets—net, derivative financial assets and liabilities for hedging—net, 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.
- ii) 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 quantitative information of significant unobservable amount (level 3) at fair value
- The Company does not have level 3 financial instruments.
- iv. The sensitivity analysis of the fair value against the reasonably possible alternative assumptions while measuring level 3 fair value
- The Company does not have level 3 financial instruments.
- v. The definition of fair value hierarchy of financial instruments measured at fair value
- i) 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.
- ii) 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:
- 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.
- iii) Level 3 means to measure the fair value of the input parameters are not based on observable market data (inputs which are unobservable).
- vi. Fair value hierarchy information of financial instruments measured at fair value

Financial instruments at fair value	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments:				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	\$ 10,764,608	-	10,764,608	-
Available-for-sale financial assets—net				
Debt instruments	182,784,483	-	182,784,483	-
Other financial assets—net				
Restricted assets—debt instruments				
Debt instruments	10,372,019	-	10,372,019	-
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	18,249,526	12,183	18,237,343	-
Derivative financial assets for hedging—net	81,431	-	81,431	-
Liabilities:				
Financial liabilities at fair value through profit or loss	17,058,968	111,281	16,947,687	-
Derivative financial liabilities for hedging—net	32,480	-	32,480	-

Financial instruments at fair value	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments:				
Assets:				
Financial assets at fair value through profit or loss				
Debt instruments	\$ 18,629,118	9,381,630	9,247,488	-
Available-for-sale financial assets—net				
Debt instruments	201,080,749	24,896,209	176,184,540	-
Equity instruments	87,495	87,495	-	-
Other financial assets—net				
Restricted assets—debt instruments				
Debt instruments	15,702,585	614,629	15,087,956	-
Derivative financial instruments				
Assets:				
Financial assets at fair value through profit or loss	17,782,596	3,396	17,779,200	-
Derivative financial assets for hedging—net	48,199	-	48,199	-
Liabilities:				
Financial liabilities at fair value through profit or loss	13,462,099	6,379	13,455,720	-
Derivative financial liabilities for hedging—net	5,065	-	5,065	-

(b) Financial instruments measured at amortised cost

i. Valuation of financial instruments measured at amortised cost:

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

- iv) 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 pricing to determine fair value.
 - v) Financial assets carried at cost: for an investment in equity instruments that do not have a quoted market price in an active market, or derivatives linked to such equity instruments because its fair value cannot be measured reliably. At balance sheet date, the Company will evaluate whether there is an objective evidence of impairment on the investee by using the net book value of the investee in its most recent financial statement and the costs of investment. Its book value after impairment will be used as its fair value.
 - vi) 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.
 - vii) Financial debentures—net: the aggregate fair values are calculated based on quoted market prices. For those notes where 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.
- ii. Fair value of financial instruments measured at amortised cost:

	December 31, 2015	
	Book value	Fair value
Financial assets		
Cash and cash equivalents	\$ 9,690,695	9,690,695
Due from the Central Bank and call loans to banks	87,019,615	87,019,707
Securities purchased under resell agreements and debt instruments	2,499,824	2,647,011
Receivables—net	21,890,528	21,890,528
Discounts and loans—net	303,239,940	303,227,995
Financial assets carried at cost	130,089	130,089

Financial assets	December 31, 2014	
	Book value	Fair value
Cash and cash equivalents	\$ 22,434,439	22,434,439
Due from the Central Bank and call loans to banks	104,417,545	104,420,644
Securities purchased under resell agreements and debt instruments	2,556,376	2,571,377
Receivables—net	29,855,420	29,855,420
Discounts and loans—net	337,544,264	337,832,971
Other financial assets—net		
Financial assets carried at cost	146,039	146,039

Financial liabilities	December 31, 2015	
	Book value	Fair value
Deposits from the Central Bank and banks	\$ 27,979,736	27,981,270
Payables	8,480,694	8,480,694
Related parties payable	12,335,869	12,335,869
Deposits and remittances	497,589,001	497,727,955
Financial debentures—net	53,341,063	53,396,410
Other financial liabilities	1,158,492	1,158,492
Derivative financial instruments		

Financial liabilities	December 31, 2014	
	Book value	Fair value
Deposits from the Central Bank and banks	\$ 25,876,934	25,901,490
Payables	13,669,683	13,669,683
Related parties payable	10,063,505	10,063,505
Deposits and remittances	597,519,644	597,403,606
Financial debentures—net	53,202,188	53,226,681
Other financial liabilities	3,304,529	3,304,529

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

Financial instruments measured at amortised cost	December 31, 2015				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Non-derivative financial instruments:					
Assets:					
Cash and cash equivalents	\$ 9,690,695	-	9,690,695	-	9,690,695
Due from the Central Bank and call loans to banks	87,019,615	-	87,019,707	-	87,019,707
Securities purchased under resell agreements and debt instruments	2,499,824	-	2,647,011	-	2,647,011
Receivables—net	21,890,528	-	21,890,528	-	21,890,528
Discounts and loans—net	303,239,940	-	19,000,000	284,227,995	303,227,995
Other financial assets—net					
Financial assets carried at cost	130,089	-	-	130,089	130,089
Liabilities:					
Deposits from the Central Bank and banks	27,979,736	-	27,981,270	-	27,981,270
Payables	8,480,694	-	8,480,694	-	8,480,694
Related parties payable	12,335,869	-	12,335,869	-	12,335,869
Deposits and remittances	497,589,001	-	497,727,955	-	497,727,955
Financial debentures—net	53,341,063	-	53,396,410	-	53,396,410
Other financial liabilities	1,158,492	-	1,158,492	-	1,158,492

(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, and liquidity risk both on (interest rate, exchange rate, equity, and commodity) and off the balance sheets in our day-to-day operations.

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

i. Market risk

i) Strategy and procedure of market risk management

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

ii) Market risk management organization and structure

Market and Liquidity Risk Taiwan followed the regulatory of the Taiwan Financial Supervisory Commission to develop the market risk management policies and procedures which include the banking books and trading books. The objective of the companies limits are annually reviewed by Market and Liquidity Risk Taiwan and are in line with Group Market Risk Committee guidance. The policies and procedures are presented to the Board for approval.

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

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

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

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

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

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

The table below lists the market risk (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.

	2015			2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange VaR \$	3,538	8,192	1,095	4,714	11,365	1,722
Interest rate VaR	36,570	53,778	26,591	29,859	44,919	16,847
Risk rate VaR	36,773	53,978	26,914	30,286	45,121	17,728

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market and Liquidity Risk Taiwan complements the VaR measurement by stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. Stress testing is applied to trading and banking books, respectively.

- iv) Policies for market risk hedge/mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge/mitigation tools

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

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

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

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

- v) Method used for regulatory capital calculation

Standardized Approach / Delta-Plus for Options.

vi) Exchange rate risk exposure information

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

	December 31, 2015			December 31, 2014		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Long position						
USD	\$16,096,051	32.944	530,268,897	11,065,261	31.669	350,421,408
EUR	841,544	35.969	30,269,568	617,019	38.495	23,752,142
JPY	91,124,869	0.274	24,932,900	74,479,113	0.265	19,709,328
HKD	433,513	4.251	1,842,733	1,581,835	4.084	6,460,350
CNY	20,292,976	5.075	102,985,830	7,436,890	5.170	38,448,442
Short position						
USD	16,135,635	32.944	531,572,928	11,057,614	31.669	350,179,239
EUR	841,498	35.969	30,267,916	618,044	38.495	23,791,577
JPY	91,201,776	0.274	24,953,943	74,518,950	0.265	19,719,870
HKD	428,843	4.251	1,822,885	1,580,067	4.084	6,453,126
CNY	20,305,972	5.075	103,051,785	7,401,332	5.170	38,264,612

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

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

December 31, 2015

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	\$ 333,820,931	43,539,338	44,560,581	51,249,108	473,169,958
Interest rate sensitive liabilities	291,687,305	29,547,280	30,639,572	1,568,649	353,442,806
Interest rate sensitive gap	42,133,626	13,992,058	13,921,009	49,680,459	119,727,152
Net worth					42,228,512
Ratio of interest rate sensitive assets to liabilities (%)					133.87
Ratio of interest rate sensitive gap to net worth (%)					283.52

December 31, 2014

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

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

December 31, 2015

Item	Day 1 to 90 days	Day 91 to 180 days	Day 181 to 1 Year	Over 1 year	Total
Interest rate sensitive assets	\$ 3,445,197	84,179	315,412	-	3,844,788
Interest rate sensitive liabilities	5,301,816	213,720	271,153	206,225	5,992,914
Interest rate sensitive gap	(1,856,619)	(129,541)	44,259	(206,225)	(2,148,126)
Net worth					33,485
Ratio of interest rate sensitive assets to liabilities (%)					64.16
Ratio of interest rate sensitive gap to net worth (%)					(6,415.19)

December 31, 2014

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

ii. Operational risk

i) Strategy and procedure of operational risk management

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

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

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

ii) Operational risk management organization and structure

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

The Risk committee is designed to oversee and to challenge the effectiveness of risk management and control. It is also authorised to take certain risk acceptance and control decisions which are outside the authority of individual managers. The Risk committee delegates the authority to Country Operational Risk Committee ("CORC") to determine the Company's approach to the management of operational risk in accordance with the Risk Management Framework, and has the responsibility to ensure its effective application.

The Country Operational Risk Committee ("CORC") oversees the management of operational risks across the Company, supported by business and country level committees. The CORC is responsible for ensuring the effectiveness of the Taiwan's Operational Risk Framework and committee structure and that it is implemented consistently.

The Company also receives strong support from SCB regional and group business and risk management functions.

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

According to nature and activities of operational risk, the effectiveness of operational risk management is controlled and monitored by different expertise of second line control owners accordingly. The following risk subtype and activities fall within the scope of operational risk, including External Rules and Regulations, Liability, Legal enforceability, Damage or loss of physical assets, Safety & security, Internal fraud or dishonesty, External fraud, Information Security, Processing failure, Model, People management, Vendor management, Data quality management, Business Contingency management, Financial management, and Corporate authorities & structure.

The on-going effectiveness of operational risk controls is ensured through an assurance approach that comprises the responsibility of three lines of defences. It is based on the responsibility that businesses and functions have to adhere to control requirements and to periodically test adherence through control sample testing performed on controls embedded within critical processes.

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

The operational risk management procedures and processes are built based on Risk Management Framework, and they are integral components of the Operational Risk Management Framework. Operational risks are managed through an end to end process of risk identification, assessment, control, acceptance, and monitoring. This process is performed at all levels across the Company and is the foundation of the management approach. The identified risks are assessed against operational risk matrices to determine their significance and mitigation actions to reduce the exposure to acceptable levels. Risk mitigation plans are overseen by the appropriate operational risk forum(s) and/or CORC.

v) Method used for regulatory capital calculation

Basic Indicator Approach.

iii. Compliance and legal risk

Compliance and legal risks arise from the possibility that an entity may not be able to comply with regulations issued by the government, which results a regulatory breach, and may not be able to enforce a contract against another party, regardless of illegality, omissions, or incompleteness, which is likely to result in loss. The compliance department of the Company is responsible for the implementation of compliance system of the Company. The legal department of the Company is responsible for providing professional legal consulting and review services for internal operating guidelines and various kinds of transactions contracts. The two departments together are to make sure that the Company follows relevant regulatory compliance and legal matters concerning the financial structure and operations of the Company.

iv. Credit risk management

i) 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 consistently and sustainably and is thus a central part of the financial and operational management of the Company.

A. Strategy and Goal

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

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

- a. Balancing risk and reward: risk is taken in support of the requirements of our stakeholders, in line with our strategy and within our risk tolerance;
- b. Responsibility: it is the responsibility of all employees to ensure that risk-taking is disciplined and focused. We take account of our social, environmental and ethical responsibilities in taking risk to produce a return;
- c. Accountability: risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk-taking must be transparent, controlled and reported;
- d. Anticipation: we seek to anticipate future risks and maximize awareness of all risks; and

- e. Competitive advantage: we seek competitive advantage through efficient and effective risk management and control.

B. Policies and Procedures

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

ii) Credit risk management organization and structure

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

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

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

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

Risk measurement plays a central role, along with judgment and experience, in informing risk-taking and portfolio management decisions.

Various risk measurement systems are available to the Risk function to enable them to assess and manage the credit portfolio. These include systems to calculate probability of default (PD), loss given default (LGD) and exposure at default (EAD) on a transaction, counterparty and portfolio basis.

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

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

- iv) Policies for credit risk hedge and mitigation, as well as the strategy and procedure for maintaining efficiency in risk hedge and mitigation tools

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

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

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

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

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

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

- v) Method used for regulatory capital calculation

Standardized Approach.

vi) Maximum exposure to credit risk

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

	Maximum exposure to credit risk	
	December 31, 2015	December 31, 2014
Off-balance-sheet items		
Other guarantees	\$ 2,808,832	6,903,492
Unused amount of irrevocable credit commitments	462,103	1,970,603
Unused amount of irrevocable letters of credit	1,154,935	2,401,702
Total	\$ 4,425,870	11,275,797

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

vii) Concentrations of credit risk

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

The Company's concentration of credit risk are derived from assets, liabilities or off-balance 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 discount and loans, and non-performing loans that are significant. The following table illustrates the diversification of the loan portfolio among industry sectors, geographical regions and collateral types of the Company:

A. By industry

	December 31, 2015	December 31, 2014
Individual	\$ 202,309,525	223,318,953
Manufacturing	44,300,341	49,962,231
Transportation and warehousing	20,192,020	15,767,796
Commercial	10,284,335	16,638,314
Government	19,000,000	16,950,000
Financial industry	3,831,930	6,626,660
Other	8,126,130	12,571,172
Total	\$ 308,044,281	341,835,126

B. By area

	December 31, 2015	December 31, 2014
Domestic	\$ 268,897,803	298,571,583
Overseas	39,146,478	43,263,543
Total	\$ 308,044,281	341,835,126

C. By collateral

	December 31, 2015	December 31, 2014
Unsecured	\$ 99,150,444	111,651,700
Secured		
— Real estate	177,623,327	195,106,107
— Movable asset	20,429,692	22,049,186
— Debt instrument	8,600,624	9,983,311
— Other	2,240,194	3,044,822
Total	\$ 308,044,281	341,835,126

viii) Credit quality and impairment analysis on financial asset

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, derivative financial assets for hedging and securities purchased under resell agreements and debt instruments are excluded from this analysis since the counterparty is normally with good credit quality and can be considered as low credit risk. Below tables provide the credit quality analysis for other financial assets.

A. Credit quality analysis

December 31, 2015						
	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for bad debts		Total
				Individually impaired	Collectively impaired	
Receivables						
Credit cards accounts receivable	\$ 3,981,501	101,098	783,833	251,764	29,341	4,585,327
Accounts receivable factoring	13,241,437	-	-	-	-	13,241,437
Discounts and loans						
Consumer banking	194,628,118	3,482,109	4,815,173	1,174,571	2,652,273	199,098,556
Wholesale banking	102,484,053	50,346	2,584,482	543,765	542,419	104,032,697
Available-for-sale financial assets	182,784,483	-	-	-	-	182,784,483
	<u>\$ 497,119,592</u>	<u>3,633,553</u>	<u>8,183,488</u>	<u>1,970,100</u>	<u>3,224,033</u>	<u>503,742,500</u>
December 31, 2014						
	Neither past due nor impaired	Past due but not impaired	Impaired	Allowance for bad debts		Total
				Individually impaired	Collectively impaired	
Receivables						
Credit cards accounts receivable	\$ 4,355,987	112,216	884,670	274,711	47,669	5,030,493
Accounts receivable factoring	21,548,111	-	-	-	-	21,548,111
Discounts and loans						
Consumer banking	214,837,268	3,903,373	5,252,909	1,313,807	2,522,925	220,156,818
Wholesale banking	115,644,419	78,000	2,119,157	495,977	117,878	117,227,721
Available-for-sale financial assets	201,080,749	-	101,964	14,469	-	201,168,244
	<u>\$ 557,466,534</u>	<u>4,093,589</u>	<u>8,358,700</u>	<u>2,098,964</u>	<u>2,688,472</u>	<u>565,131,387</u>

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

December 31, 2015				
	Investment grade	Sub-investment grade	High risk grade	Total
Receivables				
Credit cards accounts receivable	\$ 96	3,981,399	6	3,981,501
Accounts receivable factoring	7,525,177	5,716,260	-	13,241,437
Discounts and loans				
Consumer banking	164,640,116	29,988,002	-	194,628,118
Wholesale banking	58,336,061	44,117,134	30,858	102,484,053
Total	<u>\$ 230,501,450</u>	<u>83,802,795</u>	<u>30,864</u>	<u>314,335,109</u>

(Continued)

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

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

December 31, 2015				
	Investment grade	Sub-investment grade	High risk grade	Total
Receivables				
Credit cards				
accounts receivable \$	2,636	27,296	71,166	101,098
Discounts and loans				
Consumer banking	-	1,897,505	1,584,604	3,482,109
Wholesale banking	-	50,346	-	50,346
Total	<u>\$ 2,636</u>	<u>1,975,147</u>	<u>1,655,770</u>	<u>3,633,553</u>

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

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

December 31, 2015				
	Investment grade	Sub-investment grade	High risk grade	Total
Available-for-sale financial assets				
Debt instruments	<u>\$ 182,483,212</u>	<u>301,271</u>	<u>-</u>	<u>182,784,483</u>
December 31, 2014				
	Investment grade	Sub-investment grade	High risk grade	Total
Available-for-sale financial assets				
Debt instruments	<u>\$ 200,879,319</u>	<u>201,430</u>	<u>-</u>	<u>201,080,749</u>

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

Customer in the early stage of delinquency due to some temporary delay or other reasons can result in past due. According to the internal credit risk assets impairment evaluation guideline, a less than 150-day consumer banking past due loan or less than 90-day wholesale banking past due loan is typically not to be treated as individually impairment (but treated as collectively impairment) unless there is negotiation agreements or other objective evidence showing the potential loss.

December 31, 2015					
	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Receivables					
Credit cards					
accounts receivable \$	47,571	18,042	12,904	22,581	101,098
Discounts and loans					
Consumer banking	2,305,960	742,690	200,044	233,415	3,482,109
Wholesale banking	40,559	-	2,506	7,281	50,346
Total	<u>\$ 2,394,090</u>	<u>760,732</u>	<u>215,454</u>	<u>263,277</u>	<u>3,633,553</u>
December 31, 2014					
	Up to 1 month	1-2 months	2-3 months	Over 3 months	Total
Receivables					
Credit cards					
accounts receivable \$	48,291	23,639	17,936	22,350	112,216
Discounts and loans					
Consumer banking	2,632,528	804,480	247,373	218,992	3,903,373
Wholesale banking	29,842	26,159	14,629	7,370	78,000
Total	<u>\$ 2,710,661</u>	<u>854,278</u>	<u>279,938</u>	<u>248,712</u>	<u>4,093,589</u>

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

A. Asset quality of the Company

Unit: in thousands of New Taiwan Dollars, %

Product		Period	December 31, 2015				
		Non-performing loan	Loan balances	NPL ratio	Allowance for bad debts	Coverage ratio	
Wholesale Banking	Secured	3,096	31,109,192	0.01 %	73,433	2,371.87 %	
	Unsecured	506,384	74,009,689	0.68 %	1,012,751	200.00 %	
Consumer Banking	Mortgage	252,567	145,981,164	0.17 %	2,235,533	885.12 %	
	Personal loan		252,511	31,324,377	0.81 %	1,528,377	605.27 %
	Others	Secured	6,303	23,940,036	0.03 %	35,827	568.41 %
		Unsecured	63,125	1,679,823	3.76 %	27,107	42.94 %
Total		1,083,986	308,044,281	0.35 %	4,913,028	453.24 %	
		Overdue	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio	
Credit card		24,143	4,866,432	0.50 %	281,105	1,164.33 %	
Factoring loan receivable without recourse		-	13,241,437	- %	-	- %	

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

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

Unit: in thousands of New Taiwan Dollars

	December 31, 2015		December 31, 2014	
	Loans that may be exempted from reporting as overdue loan	Receivables that may be exempted from reporting as overdue receivables	Loans that may be exempted from reporting as overdue loan	Receivables that may be exempted from reporting as overdue receivables
The amount under inter-bank debt relief program without default by debtors	\$ 8,380	29,889	11,653	41,633
The amount under debt discharge program and rehabilitation program without default by debtors	419,195	60,224	479,170	68,561
	<u>\$ 427,575</u>	<u>90,113</u>	<u>490,823</u>	<u>110,194</u>

B. Concentration of corporate credit risk for the Company

Units: in thousands of New Taiwan Dollars, %

December 31, 2015				
Rank	Industry classification of group enterprise		Outstanding credit	% of net assets
1	A Group	Aviation transportation	6,426,338	14.85 %
2	B Group	Other weaving industry	5,089,217	11.76 %
3	C Group	Semiconductors packing and testing	3,709,538	8.57 %
4	D Group	Other transportation vehicles leasing	3,079,582	7.12 %
5	E Group	Industrial Plastic Products Manufacturing	2,637,943	6.10 %
6	F Group	Aviation transportation	2,434,724	5.63 %
7	G Group	Computers Manufacturing	2,242,199	5.18 %
8	H Group	Petrochemicals manufacturing	2,233,945	5.16 %
9	I Group	Ocean freight industry	2,092,921	4.84 %
10	J Group	Other computer peripheral manufacturing industry	1,881,089	4.35 %

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

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

v. Liquidity risk management mechanism

i) Definition and sources of liquidity risk

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

ii) Management procedure of liquidity risk

The Liquidity Risk Framework governs liquidity risk and is managed by Asset and Liability Committee. The Company maintains a liquid portfolio of marketable securities as a liquidity buffer as required by local regulation. In total, it maintains a liquidity buffer of TWD 192.1 billion, which is equivalent to 29% of the SCBTL's total assets. The level of the SCBTL'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 mitigant for liquidity risk; liquid reserves and a short tenured book are the appropriate mitigant. Accordingly, the Company does not hold capital in respect of liquidity risk.

iii) Financial assets held for liquidity risk management

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

iv) Maturity analysis of non-derivatives liabilities

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

December 31, 2015					
	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	\$ 27,133,072	846,664	-	-	27,979,736
Payables	8,480,694	-	-	-	8,480,694
Related parties payable	12,335,869	-	-	-	12,335,869
Deposits and remittances	400,804,287	93,040,948	3,743,766	-	497,589,001
Financial debentures	28,994,352	8,156,080	7,601,824	8,588,807	53,341,063
Other financial liabilities	777,240	62,270	318,982	-	1,158,492
Total	<u>\$ 478,525,514</u>	<u>102,105,962</u>	<u>11,664,572</u>	<u>8,588,807</u>	<u>600,884,855</u>
December 31, 2014					
	Within 3 months	3 months~1 year	1~5 years	Over 5 years	Total
Deposits from the Central Bank and banks	\$ 20,276,493	5,600,441	-	-	25,876,934
Payables	13,669,683	-	-	-	13,669,683
Related parties payable	10,063,505	-	-	-	10,063,505
Deposits and remittances	460,241,954	129,975,253	7,302,437	-	597,519,644
Financial debentures	10,150,675	650,000	34,067,792	8,333,721	53,202,188
Other financial liabilities	1,160,984	562,065	1,581,480	-	3,304,529
Total	<u>\$ 515,563,294</u>	<u>136,787,759</u>	<u>42,951,709</u>	<u>8,333,721</u>	<u>703,636,483</u>

v) Maturity analysis of derivative financial liabilities

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

(Continued)

A. Maturity analysis of net settled derivatives

December 31, 2015						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
– Foreign exchange derivative instruments	\$ 224,621	722,468	298,167	1,296,413	5,553,252	8,094,921
– Interest rate derivative instruments	11,551	44,382	111,079	122,726	2,348,273	2,638,011
Derivative financial instruments for hedging						
– Interest rate derivative instruments	-	-	123	5,185	27,172	32,480
	<u>\$ 236,172</u>	<u>766,850</u>	<u>409,369</u>	<u>1,424,324</u>	<u>7,928,697</u>	<u>10,765,412</u>
December 31, 2014						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
– Foreign exchange derivative instruments	\$ 5,616	48,114	197,682	1,616,995	3,533,498	5,401,905
– Interest rate derivative instruments	4,724	17,282	73,439	118,200	1,141,342	1,354,987
Derivative financial instruments for hedging						
– Interest rate derivative instruments	161	-	-	-	4,904	5,065
	<u>\$ 10,501</u>	<u>65,396</u>	<u>271,121</u>	<u>1,735,195</u>	<u>4,679,744</u>	<u>6,761,957</u>

B. Maturity analysis of gross settled derivatives

December 31, 2015						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
– Foreign exchange derivative instruments						
– Cash outflow	\$ 192,984,731	106,134,120	85,370,976	46,105,020	4,617,818	435,212,665
– Cash inflow	189,494,830	102,458,073	82,274,159	41,601,802	4,030,866	419,859,730
Net cash flow	<u>\$ (3,489,901)</u>	<u>(3,676,047)</u>	<u>(3,096,817)</u>	<u>(4,503,218)</u>	<u>(586,952)</u>	<u>(15,352,935)</u>
December 31, 2014						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit and loss						
– Foreign exchange derivative instruments						
– Cash outflow	\$ 124,434,729	34,493,065	28,344,017	48,203,631	4,059,715	239,535,157
– Cash inflow	121,752,092	32,987,782	26,789,724	46,254,599	3,447,660	231,231,857
Net cash flow	<u>\$ (2,682,637)</u>	<u>(1,505,283)</u>	<u>(1,554,293)</u>	<u>(1,949,032)</u>	<u>(612,055)</u>	<u>(8,303,300)</u>

vi) Maturity analysis of off-balance-sheet items

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

December 31, 2015					
	0-30 days	31-90 Days	91 days-1 year	Over 1 year	Total
Other guarantees	\$ 384,611	678,035	901,972	844,214	2,808,832
Unused amount of irrevocable loan commitments	-	-	361,707	100,396	462,103
Unused amount of irrevocable letters of credit	207,284	625,799	321,852	-	1,154,935
	<u>\$ 591,895</u>	<u>1,303,834</u>	<u>1,585,531</u>	<u>944,610</u>	<u>4,425,870</u>

December 31, 2014					
	0-30 days	31-90 Days	91 days-1 year	Over 1 year	Total
Other guarantees	\$ 230,173	514,645	2,631,975	3,526,699	6,903,492
Unused amount of irrevocable loan commitments	-	-	1,013,395	957,208	1,970,603
Unused amount of irrevocable letters of credit	722,707	983,410	695,585	-	2,401,702
	<u>\$ 952,880</u>	<u>1,498,055</u>	<u>4,340,955</u>	<u>4,483,907</u>	<u>11,275,797</u>

vii) Structure Analysis of Maturity Date New Taiwan Dollars

December 31, 2015

	Total	Remaining period to expiration					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~ Over 1 year	Over 1 year
Capital provided	\$ 760,878,904	94,060,720	85,962,030	120,338,101	117,040,707	107,459,839	236,017,507
Capital used	871,521,750	72,063,856	120,059,262	205,451,555	122,411,484	83,999,184	267,536,409
Gap	(110,642,846)	21,996,864	(34,097,232)	(85,113,454)	(5,370,777)	23,460,655	(31,518,902)

December 31, 2014

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

viii) Structure Analysis of Maturity Date US Dollars

December 31, 2015

Units: in thousands of US Dollars

	Total	Remaining period to expiration				
		0-30 days	31-90 days	91-180 days	181 days~ Over 1 year	Over 1 year
Capital provided	\$ 19,279,348	8,648,362	4,858,551	3,053,766	1,650,954	1,067,715
Capital used	20,239,596	8,749,300	4,645,906	2,700,828	1,738,149	2,405,413
Gap	(960,248)	(100,938)	212,645	352,938	(87,195)	(1,337,698)

December 31, 2014

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

(d) 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, 2015						
Financial assets under net executable settlement contracts or similar agreements						
	Total financial assets recognized (a)	Offset total financial liabilities recognized in the balance sheet (b)	Net financial assets reported in the balance sheet (c)=(a)-(b)	Relevant amounts not offset on balance sheet (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial assets	\$ 18,330,957	-	18,330,957	5,391,414	2,446,420	10,493,123
Securities purchased under resell agreements	2,499,824	-	2,499,824	-	2,499,824	-
Total	<u>\$ 20,830,781</u>	<u>-</u>	<u>20,830,781</u>	<u>5,391,414</u>	<u>4,946,244</u>	<u>10,493,123</u>

December 31, 2015						
Financial liabilities under net executable settlement contracts or similar agreements						
	Total financial liabilities recognized (a)	Offset total financial assets recognized in the balance sheet (b)	Net financial liabilities reported in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial liabilities	<u>\$ 17,091,448</u>	<u>-</u>	<u>17,091,448</u>	<u>5,391,414</u>	<u>9,385,543</u>	<u>2,314,491</u>

December 31, 2014						
Financial assets under net executable settlement contracts or similar agreements						
	Total financial assets recognized (a)	Offset total financial liabilities recognized in the balance sheet (b)	Net financial assets reported in the balance sheet (c)=(a)-(b)	Relevant amounts not offset on balance sheet (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial assets	\$ 17,830,795	-	17,830,795	3,505,152	3,931,816	10,393,827
Securities purchased under resell agreements	2,556,376	-	2,556,376	-	2,556,376	-
Total	<u>\$ 20,387,171</u>	<u>-</u>	<u>20,387,171</u>	<u>3,505,152</u>	<u>6,488,192</u>	<u>10,393,827</u>

December 31, 2014						
Financial liabilities under net executable settlement contracts or similar agreements						
	Total financial liabilities recognized (a)	Offset total financial assets recognized in the balance sheet (b)	Net financial liabilities reported in the balance sheet (c)=(a)-(b)	Relevant amounts not offset on balance sheet (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial liabilities	\$ 13,467,164	-	13,467,164	3,505,152	7,625,451	2,336,561

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

(e) Capital management

i. Summary

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

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

ii. Capital management procedure

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

i) Tier 1 Capital: The aggregate amount of Common Equity and additional Tier 1 Capital.

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

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

- a. Ordinary share and additional paid-in capital in excess of par-ordinary share
- b. Capital collected in advance
- c. Capital surplus
- d. Legal reserves
- e. Special reserves
- f. Accumulated profit or loss
- g. Non-controlling interests
- h. Other items in stockholders' equity

B. Additional Tier 1 capital: Consists of the aggregate amount of non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative and non-perpetual subordinated debts, etc.

ii) Tier 2 capital: Consists of the aggregate amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium, etc.

iii. Capital adequacy

Item		Period-end	December 31, 2015	December 31, 2014
Self-owned capital	Common stock capital		38,369,729	39,718,971
	Other Tier 1 capital		-	-
	Tier 2 capital		10,861,100	16,734,827
	Total self-owned capital		49,230,829	56,453,798
Risk-weighted assets	Credit risk	Standard approach (SA)	300,942,295	356,351,785
		Internal ratings-based approach (IRB)	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach (BIA)	28,135,608	30,051,647
		Standardized approach (SA)	-	-
		Advanced measurement approach (AMA)	-	-
	Market risk	Standardized approach/alternative approach	13,447,757	19,491,065
		Internal model-based approach (IMA)	-	-
	Total risk-weighted assets		342,525,660	405,894,497
Total risk-based capital			14.37 %	13.91 %
Ratio of common stock to total risk-based assets			11.20 %	9.79 %
Ratio of Tier 1 capital to risk-based assets			11.20 %	9.79 %
Leverage ratio			4.77 %	4.35 %

Note: The amount is prepared endorsed by the amendments of Regulations Governing the Capital Adequacy and Capital Category of Banks announced on January 9, 2014. Besides, the risk-weighted assets related to credit risk for price comparison with multiple periods structured products was calculated after taking in account of the risk in the leverage used and price comparison periods left.

(7) Related-Party Transactions

1) Name and relationship of related parties

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

2) Significant transactions with related parties

(a) Deposits

December 31, 2015			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u>538,341</u>	<u>0.11</u>	0.00~6.10
December 31, 2014			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Deposits by individual related parties not over 1% of total deposits	\$ <u>434,224</u>	<u>0.07</u>	0.00~6.55

The interest rates applied to the related parties are based on the board rate for all significant impacts, and the deposit conditions are the same as those for general deposits. The interest rate on employee savings accounts was calculated based on the interest rate of time savings deposits with three year term offered to the general public plus 3%.

For the years ended December 31, 2015 and 2014, interest expenses on the above deposits were \$5,554 thousand and \$4,746 thousand, respectively, and the interest payables on the above transaction were \$227 thousand and \$317 thousand, respectively.

(b) Loans

January to June 2015							
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	11,684	12	5,486	5,486	-	Unsecured lending	None
Mortgage	147,257	23	116,585	116,585	-	House	None
Other	5,514	Other individuals	4,947	4,947	-	Overdraft on the comprehensive deposits	None

January to June 2014							
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	12,881	18	9,871	9,871	-	Unsecured lending	None
Mortgage	153,600	27	124,744	124,744	-	House	None
Other	6,068	Other individuals	5,514	5,514	-	Overdraft on the comprehensive deposits	None

For the years ended December 31, 2015 and 2014, interest income on the above loans were \$2,886 thousand and \$3,363 thousand, respectively, and the interest receivables on the above transaction were \$121 thousand and \$148 thousand, respectively.

(c) Foreign exchange and derivative transactions

Name	Contracts	Contracts duration period	December 31, 2015		Balance sheet	
			Notional	Net valuation adjustment	Account	Balance
SCB	Interest rate swap	2016.1.12~ 2022.7.1	\$ 8,318,790	1,843	Financial assets at fair value through profit or loss	25,065
					Financial liabilities at fair value through profit or loss	(23,222)
	Forward contract	2016.1.4~ 2017.4.28	144,818,597	(1,069,588)	Financial assets at fair value through profit or loss	741,078
					Financial liabilities at fair value through profit or loss	(1,810,666)
	Foreign exchange option contract	2016.1.1~ 2016.7.27	132,673,720	(8,078,071)	Financial assets at fair value through profit or loss	286,326
					Financial liabilities at fair value through profit or loss	(8,364,397)
	Commodity swap	2016.1.5~ 2017.5.3	636,599	4,133	Financial assets at fair value through profit or loss	19,070
					Financial liabilities at fair value through profit or loss	(14,937)
	Cross currency swap	2016.10.11~ 2017.5.3	313,315	(30,483)	Financial liabilities at fair value through profit or loss	(30,483)
	Commodity option contract	2016.1.15~ 2016.8.5	4,216,037	(28,192)	Financial liabilities at fair value through profit or loss	(28,192)
SCB Singapore	Interest rate swap (Hedge)	2016.6.15~ 2018.11.29	11,573,240	(32,452)	Derivative financial assets for hedging	28
					Derivative financial liabilities for hedging	(32,480)
					Financial assets at fair value through profit or loss	177,859
					Financial liabilities at fair value through profit or loss	(176,126)
SCB HK	Forward contract	2016.1.4~ 2016.1.5	844,900	(1,378)	Financial liabilities at fair value through profit or loss	(1,378)

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

(d) Deposits with banks — affiliates

	2015		
	Balance	Interest rate %	Interest income
SCB Germany	\$ 1,555,985	1.50	212
SCB	985,735	1.50	3
SCB HK	508,738	-	45
SCB Japan	171,190	-	-
SCB New York	97,058	0.18	4,091
SCB Singapore	83,441	-	-
SCB China	22,304	4.00~5.30	70,125
Other	2,596	-	-
	<u>\$ 3,427,047</u>		<u>74,476</u>

	2014		
	Balance	Interest rate %	Interest income
SCB China	\$ 11,923,812	2.53	839,665
SCB Germany	397,333	-	-
SCB HK	385,100	-	-
SCB Japan	116,764	-	-
Other	194,755	0.25	3,667
	\$ 13,017,764		843,332

As of December 31, 2014, the interest receivables resulting from the above deposits with banks to affiliates was \$32,855 thousand, recorded under receivables – net.

(e) Call loans to banks – affiliates

	2015		
	Balance	Interest rate %	Interest income
SCB Taipei	\$ 40,539,557	-0.20~4.25	519,416
SCB Dubai	11,530,413	0.15~0.38	881
SCB HK	2,909,135	0.01~0.35	1,658
SCB	-	0.10~0.15	11,712
SCB Japan	-	-0.20~1.00	1,664
Other	-	0.15~0.38	508
	\$ 54,979,105		535,839

	2014		
	Balance	Interest rate %	Interest income
SCB	\$ 20,901,281	0.09~0.10	2,591
SCB Taipei	23,046,881	0.00~0.30	65,183
Other	-	0.03~3.50	4,256
	\$ 43,948,162		72,030

As of December 31, 2015 and 2014, the interest receivables resulting from the above call loans to banks to affiliates were \$181,120 thousand and \$32,821 thousand, respectively, recorded under receivables – net.

(f) Deposits from banks – affiliates

	2015		
	Balance	Interest rate %	Interest expense
SCB Taipei	\$ 1,623,277	0.01	183

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

As of December 31, 2015 and 2014, the interest payables resulting from the above deposits from banks to affiliates were \$5 thousand and \$7 thousand, respectively.

(g) Overdrafts on banks — affiliates

2015			
	Balance	Interest rate %	Interest expense
SCB HK	\$ 111,625	13.25	111
SCB New York	-	0.50	275
SCB China	-	-	1,426
Other	-	1.50~5.75	51
	\$ 111,625		1,863
2014			
	Balance	Interest rate %	Interest expense
SCB New York	\$ 2,324,840	0.25	185
SCB HK	-	6.25	211
SCB China	-	2.53	872
Other	-	1.00~5.75	118
	\$ 2,324,840		1,386

As of December 31, 2015 and 2014, the Company did not have interest payables resulting from the above overdrafts on banks to affiliates.

(h) Call loans from banks — affiliates

2015			
	Balance	Interest rate %	Interest expense
SCB HK	\$ 3,382,124	0.03~5.40	27,854
SCB	3,294,404	0.47~0.60	478
SCB Singapore	3,294,404	0.16~0.46	1,083
SCB Korea	1,153,041	0.35~1.55	1,061
SCB Macau	1,021,265	0.03~0.59	3,808
SCB China	-	0.05~3.05	9,351
SCB Japan	-	0.33~0.70	30,983
SCB Thailand	-	0.30~0.60	16,877
SCB Taipei	-	0.48~0.51	322
	\$ 12,145,238		91,817
2014			
	Balance	Interest rate %	Interest expense
SCB Japan	\$ 7,917,152	0.11~0.75	110,063
SCB HK	7,166,408	0.05~5.40	50,824
SCB Macau	1,848,835	0.09~2.70	1,608
SCB Singapore	-	0.67~0.75	16,549
SCB Thailand	-	0.33~0.80	15,721
SCB Taipei	-	0.75~0.82	8,143
SCB Korea	-	0.63~0.70	6,162
Other	-	0.20~0.40	1,991
	\$ 16,932,395		211,061

As of December 31, 2015 and 2014, the interest payables resulting from the above call loans from affiliates were \$2,254 thousand and \$22,779 thousand, respectively, recorded under related parties payable.

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

<u>Name</u>	<u>Fair value</u>	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
SCB HK	\$ 6,385,341	6,051,871

For the years ended December 31, 2015 and 2014, the interest income resulting from the above transaction were \$376,512 thousand and \$314,282 thousand, respectively, recorded under related parties payable.

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

<u>Name</u>	<u>Bond (note)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
SCB	98-2	\$ 4,941,605	4,750,291
SCB	98-3	4,941,605	4,750,291
SCB	103-1	13,177,614	-
SCB HK	103-1	5,929,927	18,367,792
SCB	103-2	6,588,808	6,333,722

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

For the years ended December 31, 2015 and 2014, the interest expenses on the above transactions were \$880,352 thousand and \$494,741 thousand, respectively. As of December 31, 2015 and 2014, the interest payables on the above transactions were \$216,660 thousand and \$192,253 thousand, respectively, recorded under related parties payable.

- (k) Guarantee

<u>2015</u>				
	<u>Maximum balance during the period</u>	<u>Ending balance</u>	<u>Expense (per case)</u>	<u>Collateral</u>
SCB Indonesia	\$ 26,335	26,335	USD100	None
SCB HK	19,766	19,766	USD100	None
<u>2014</u>				
	<u>Maximum balance during the period</u>	<u>Ending balance</u>	<u>Expense (per case)</u>	<u>Collateral</u>
SCB Indonesia	\$ 25,335	25,335	USD100	None
SCB Singapore	1,483	1,483	USD100	None

- (l) For the years ended December 31, 2015, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$1,005,849 thousand, \$530,161 thousand, and \$325,669 thousand, respectively. For the years ended December 31, 2014, operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were \$989,414 thousand, \$489,164 thousand, and \$326,206 thousand, respectively. As of December 31, 2015 and 2014, fees payables to SCB were \$11,932,162 thousand and \$9,630,604 thousand, respectively, recorded under related parties payable. Moreover, for the years ended December 31, 2015 and 2014, the royalty expenses for obtaining the right to use intellectual property of SC PLC Group amounted to \$42,421 thousand and \$45,092 thousand, respectively. As of December 31, 2015 and 2014, the royalty expenses payable to SCB were \$40,833 thousand and \$140,532 thousand, respectively, recorded under related parties payable. For the years ended December 31, 2015 and 2014, the group insurance expenses for entering the group insurance amounted to \$34,935 thousand and \$40,013 thousand, respectively. As of December 31, 2015, the group insurance expenses payable to SCB was \$35,072 thousand, recorded under related parties payable.
- (m) For the years ended December 31, 2015 and 2014, the related cost of the Executive Share Option Scheme amounted to \$34,873 thousand and \$43,370 thousand, respectively. As of December 31, 2015 and 2014, accounts payable to SCB for the share-based payment scheme costs amounted to \$23,990 thousand and \$44,015 thousand, respectively, recorded under related parties payable, the prepaid fee to SCB for the share-based payment scheme costs amounted to \$918 thousand and \$882 thousand, respectively, recorded under other assets – net.
- (n) For the years ended December 31, 2015 and 2014, expenses resulting from operating and other business related activities with affiliates were as follows:

Name	2015	2014
Consultant service income:		
SCB HK	<u>\$ 29,697</u>	<u>38,109</u>
Consultant service fees:		
SCB HK	<u>\$ 13,601</u>	<u>-</u>
Technical support service fees:		
SCB	\$ 8,455	49,246
SCB Singapore	1,861	-
SCB HK	1,112	1,390
SCB China	93	249
Total	<u>\$ 11,521</u>	<u>50,885</u>
Information technology service fees:		
Scope International Private Ltd.	\$ 90,953	73,433
Scope International (M) Sdn Bhd	97,077	99,123
Total	<u>\$ 188,030</u>	<u>172,556</u>
Origination fees:		
SCB Qatar	\$ 30	7,315
SCB Philippines	1,168	1,516
SCB South Africa	2,394	6,853
SCB Vietnam	4,464	1,724
Total	<u>\$ 8,056</u>	<u>17,408</u>

For the Company, as of December 31, 2015 and 2014, consultant service income receivables were \$8,289 thousand and \$39,772 thousand, respectively, recorded under receivables—net, consultant service fee payables were \$1,797 thousand and \$1,663 thousand, respectively, recorded under related parties payable. As of December 31, 2015 and 2014, technical support service fees, information technology service fees and origination fees were \$39,385 thousand and \$31,841 thousand, respectively, recorded under related parties payable.

- (o) 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, 2015 and 2014, the rentals were \$3,686 thousand and \$4,460 thousand, respectively. As of December 31, 2015 and 2014, the utility and information system usage income receivables were \$126 thousand and \$240 thousand, respectively, recorded under receivables—net, and the related recharge from expense allocation were \$1,309 thousand and \$1,763 thousand, respectively.
- (p) For the years ended December 31, 2015 and 2014, the administrative support service income from SCB Taipei to the Company were \$2,838 thousand and \$3,763 thousand, respectively.

3) The salary and remuneration of directors and supervisors

	2015	2014
Salary and other short term benefits	\$ 272,991	272,344
Post-employment benefit	1,260	1,518
Total	<u><u>\$ 274,251</u></u>	<u><u>273,862</u></u>

(8) Pledged Assets

Unit: in thousands of New Taiwan Dollars

Pledged assets	Pledged for	Amount	
		December 31, 2015	December 31, 2014
Bonds (recorded under other financial assets)	Provision seizure	\$ 18,000	63,500
	USD overdraft clearing deposits	10,000,000	15,000,000
Total		<u><u>\$ 10,018,000</u></u>	<u><u>15,063,500</u></u>

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

Pledged assets	Pledged for	Amount	
		December 31, 2015	December 31, 2014
Negotiable certificates of deposit, government bonds (recorded under other financial assets)	Trust indemnity reserve	\$ 150,000	300,000
	Security deposits for security brokerage	-	250,000
	Security deposits for agency on foreign bond trading	50,000	-
	Security deposits for security underwriting	50,000	-
	Security deposits for bill trading business	<u>100,000</u>	<u>100,000</u>
		<u>350,000</u>	<u>650,000</u>
Guarantee deposits paid (recorded under other assets)	Operating deposits and security deposits for bond proprietary trading	<u>150,300</u>	<u>150,300</u>
Total		<u>\$ 500,300</u>	<u>800,300</u>

- 1) Provision seizures are collateral placed with the court in order to execute the Company's right over debtors' properties.
- 2) USD overdraft clearing deposits are security deposits for the overdraft facility of the Company.
- 3) Trust indemnity reserve is deposits that the Company placed in the Central Bank of China for its trust custodian business. (Trust indemnity reserve in accordance with relevant regulations was \$150,000 thousand.)
- 4) Security deposits for security brokerage are operating deposits placed for operating business of securities commission agency, brokerage, agency, and other relevant businesses approved by the competent authority. (Security deposits in accordance with relevant regulations for security brokerage was \$50,000 thousand.)
- 5) Security deposits for agency on foreign bond trading are operating deposits placed for operating business of securities commission agency, brokerage, agency, and other relevant businesses approved by the competent authority in accordance with the provisions of the escrow deposit business.
- 6) Security deposits for security underwriting are operating deposits placed for operating business of securities commission agency, brokerage, agency, and other relevant businesses approved by the competent authority of the securities underwriting and operating in accordance with the provisions of the competent authorities of the escrow deposit.
- 7) Security deposits for bill trading business are deposits placed in the Central Bank of the Republic of China for the Company's bill trading business.

- 8) Operating deposits and security deposits for bond proprietary trading are comprised of the Company's operating deposits in the securities department, self-regulatory fund deposits in Taiwan Securities Association and the settlement reserve deposits placed in the Taipei Exchange's electronic bond trading system.

(9) Significant Contingent Liabilities and Unrecognized Contract Commitments

1) Commitments and contingent liabilities

	December 31, 2015	December 31, 2014
Consignment collection for others	\$ 7,095,837	7,825,767
Securities, consignments and goods in custody	1,501,915,468	1,658,282,223
Trust assets	89,734,022	100,062,167
	\$ 1,598,745,327	1,766,170,157
Other guarantees	\$ 2,808,832	6,903,492
Unused amount of irrevocable loan commitments	\$ 462,103	1,970,603
Unused amount of irrevocable letters of credit	\$ 1,154,935	2,401,702

2) Operating leases

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

	December 31, 2015	December 31, 2014
Not later than one year	\$ 342,391	425,380
Later than one year and not later than five years	610,709	460,787
Total	\$ 953,100	886,167

3) Significant service agreements

The Company entered into a bancassurance agreement with PCA Life Assurance Co., Ltd. ("PCA") to promote and sell approved insurance policies in October 2007. The Company should establish a sales team for PCA life insurance products, maintain a customer database, and exclusively sell such life insurance products underwritten by PCA through the distribution networks in Taiwan. Due to the aforementioned agreement, for the years ended December 31, 2014, the amount of \$205,204 thousand was recognized as net service fee income. SCBTL entered into a new agreement with PCA and SCLIA on July 4, 2014 to continue the tripartite partnership. In accordance with the newly established agreement, for the years ended December 31, 2015 and 2014, the amount of \$486,152 thousand and \$239,888 thousand were recognized as net service fee income. SCLIA entered into the Exclusivity Fee Sharing Agreement with SCB Singapore on December 30, 2014. Due to the aforementioned agreement, for the years ended December 31, 2015 and 2014, the amount of \$171,613 thousand and \$81,785 thousand were recognized as net service fee income.

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

**Trust balance sheet
December 31, 2015**

Trust assets		Trust liabilities	
Bank deposits	\$ 13,758	Accounts payables	\$ 8
Short-term investments	85,542,434	Tax payables	1
Structured notes	3,314,809	Payables for securities under custody	863,017
Securities under custody	863,017	Trust capital and accumulated	
Other assets	4	earnings	88,870,996
Total trust assets	<u>\$ 89,734,022</u>	Total trust liabilities	<u>\$ 89,734,022</u>

**Trust balance sheet
December 31, 2014**

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

Trust income statements

	2015	2014
Trust revenue:		
Interest revenue	\$ 3,600,644	3,163,835
Common stock cash dividends	398	552
Realized gain on investments	1,934,812	2,174,739
Unrealized gain on investments	1,713,851	162,286
Net gain on trading of assets	<u>21</u>	<u>36</u>
	<u>7,249,726</u>	<u>5,501,448</u>
Trust expenses:		
Management expenses	105	126
Service charges	1	1
Realized loss on investments	3,567,390	2,752,076
Unrealized loss on investments	<u>7,781,728</u>	<u>1,710,701</u>
	<u>11,349,224</u>	<u>4,462,904</u>
Net (loss) gain before income tax	(4,099,498)	1,038,544
Income tax expense	4	5
Net (loss) gain after income tax	<u>\$ (4,099,502)</u>	<u>1,038,539</u>

Schedules of investment for trust business

Investment items	December 31, 2015	December 31, 2014
Bank deposits	\$ 13,758	15,104
Short-term investments:		
Bonds	14,104,486	11,210,758
Common stock	2,930,746	2,958,857
Funds	68,507,202	80,001,350
Structured notes	3,314,809	4,826,918
Securities under custody	863,017	1,049,176
Other assets	4	4
	<u>\$ 89,734,022</u>	<u>100,062,167</u>

Foreign currency trust business engaged by the Offshore Banking Unit (OBU) as of December 31, 2015 and 2014 were included in the trust balance sheets and schedules of investment for trust business.

(10) Significant Disaster Loss: None.

(11) Significant Subsequent Events: None.

(12) Others

1) Profitability

Unit: %

Items		December 31, 2015	December 31, 2014
Return on assets	Before income tax	0.24	0.50
	After income tax	0.20	0.43
Return on equity	Before income tax	3.99	8.76
	After income tax	3.27	7.49
Net profit ratio		10.49	20.61

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

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

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

- 2) The Company reclassified the support service income from other general and administrative expenses to net other non-interest income. To align the presentation of statements of profit or loss and other comprehensive income for the years ended December 31, 2015, the statements of profit or loss and other comprehensive income for the years ended December 31, 2014, have been reclassified, and the statements are summarized as below:

Statements of profit or loss and other comprehensive income	December 31, 2014	
	Before reclassification	After reclassification
Net other non-interest income	\$ 251,757	255,520
Other general and administrative expenses	5,358,256	5,362,019

(13) Other Disclosures Items

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

Unit: in thousands of New Taiwan Dollar

Seller	Name of the property	Trade (actual) date	Acquisition date	Net book value	Transaction amount	Collection status	Gain (loss) on disposal	Counter party	Relationship with counterparty	Purpose of disposal	Price reference	Other terms and conditions
Standard Chartered Bank (Taiwan) Limited	1F., No.268 and B1., No.270 Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	February 13, 2015	December 27, 2008	200,792	308,880	Cleaned	98,315	Longsun Construction Co., Ltd.	NA	Demand of property in active market	Professional appraisal report	NA

- (g) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: None.
- (h) Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Company's paid in capital: please refer to Note 6(6) and 7.
- (i) Information regarding trading in derivative financial instruments: please refer to Note 6(3), (4) and (36).

- (j) Information regarding selling non performing loans:
- Summary table of NPL disposal: None.
 - Disposal of a single batch of NPL up to 1 billion and information on each transactions: None.
- (k) Information on applications for handling securitized commodities according to the Regulation on Financial Asset Securitization or the Regulation on Real Estate Investment Trusts: None.
- (l) Business relationship and material transaction between the parent party and subsidiaries:

Number (note 1)	Name of transaction party	Name of trade counterpart	Relationship with transaction party (note 2)	Material transaction between the parent and subsidiaries			
				Account	Amount	Terms of transactions	Percentage of consolidated net revenue or total assets (note 3)
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Deposits and remittances / Related parties payable	503,957	No different to non- related parties	0.08 %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Receivables – net	659,721	No different to non- related parties	0.10 %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Other assets – net	8	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Net other non-interest income	671,683	No different to non- related parties	4.90 %
0	Standard Chartered Bank (Taiwan) Limited	Standard Chartered Life Insurance Agency Co., Ltd.	Parent to subsidiaries	Interest expense	601	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Deposits and remittances / Related parties payable	27,908	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Receivables – net	6,025	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Interest expense	46	No different to non- related parties	- %
0	Standard Chartered Bank (Taiwan) Limited	Taiwan Standard Chartered Insurance Agency Co., Ltd.	Parent to subsidiaries	Net other non-interest income	6,167	No different to non- related parties	0.04 %

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

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

Note 2: Three types of transactions between parent and subsidiaries

- Parent to subsidiaries.
- Subsidiaries to parent.
- Subsidiaries to subsidiaries.

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

- (m) Other material transaction items which were significant to people who use the information in the financial statements to make financial decisions: None.

2) Information on long-term equity investments:

Name of investee	Investee's location	Investee's operation	Percentage of ownership	Book value of investments	Gain (loss) recognized during the period	Holdings				Remarks
						Number of shares	Pro forma number of shares	Total		
								Shares (thousand)	Percentage	
Taiwan Small and Medium Enterprises Development Corp.	8F., No.181, Fushing N. Rd., Songshan District, Taipei City 10596, Taiwan	Small and medium enterprises improvement services	4.84 %	29,000	-	3,417	-	3,417	4.84 %	Note 1
Financial Information Service Co., Ltd.	No.81, Sec. 3, Kangning Rd., Neihs District, Taipei City 11485, Taiwan	Information technology services	1.14 %	45,500	-	5,938	-	5,938	1.14 %	Note 2
Taipei Forex Inc.	8F., No.400, Sec. 2, Bade Rd., Songshan District, Taipei City 10556, Taiwan	Foreign exchange and foreign currency lending services	- %	-	-	-	-	-	- %	Note 3
TSC Bio Venture Management, Inc.	11F.-1, No.176, Sec. 1, Keelung Rd., Xinyi District, Taipei City 11070, Taiwan	Venture capital services	5.00 %	10,632	-	1,063	-	1,063	5.00 %	Note 1
Liyu Venture Investment, Inc.	8F., No.70, Sec. 3, Nanjing E. Rd., Jhongsan District, Taipei City 10489, Taiwan	Venture capital services	4.76 %	8,549	-	855	-	855	4.76 %	Note 1
Windance Co., Ltd.	No.243-1, Jhongyang Rd., North District, Hsinchu City 30041, Taiwan	Residential and commercial lease/sale services	2.73 %	188,500	-	18,850	-	18,850	2.73 %	Note 1
Taiwan Asset Service Corporation	6 and B1F., No.99, Sec. 2, Ren-ai Rd., Jhongjheng District, Taipei City 10062, Taiwan	Asset auction notarization	2.94 %	50,000	-	5,000	-	5,000	2.94 %	Note 1
Yang Guang Asset Management Company	15F., No.218, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 10669, Taiwan	NPL acquisition services	1.42 %	849	-	85	-	85	1.42 %	Note 1
Taiwan Depository and Clearing Corporation	11F., No.363, Fushing N. Rd., Songshan District, Taipei City 10542, Taiwan	Securities custodian	- %	-	-	-	-	-	- %	Note 4

Note 1: Shares held by the Company remained the same.

Note 2: Financial Information Service Co., Ltd distributed 819,000 shares of stock dividends on August 18, 2015.

Note 3: On November 5, 2015, the Company sold 630,000 shares of The Bank Taipei Forex Inc.

Note 4: On December 24, 2015, the Company sold 570,734 shares of Taiwan Depository and Clearing Corporation.

3) Related information on investments in Mainland China:

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

(14) Operating Segment Financial Information

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

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

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

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

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

2015					
	Retail Clients	Corporate and Institutional Clients	Commercial clients	Other Banking	Total
Interest income	\$ 7,083,907	4,500,308	274,251	377,886	12,236,352
Interest expense	(521,872)	(4,080,255)	95,003	(597,453)	(5,104,577)
Net interest income	6,562,035	420,053	369,254	(219,567)	7,131,775
Net service fee income	3,312,849	598,206	108,626	(801)	4,018,880
Other miscellaneous income	389,193	1,869,881	272,656	38,955	2,570,685
Net income	10,264,077	2,888,140	750,536	(181,413)	13,721,340
Bad debt expense and provision for guarantee liabilities	(709,249)	51,215	(428,132)	615	(1,085,551)
Operating expense	(8,208,626)	(1,636,826)	(928,723)	(104,694)	(10,878,869)
Segment profit or loss	<u>\$ 1,346,202</u>	<u>1,302,529</u>	<u>(606,319)</u>	<u>(285,492)</u>	<u>1,756,920</u>
Segment assets	<u>\$ 220,533,711</u>	<u>423,370,824</u>	<u>13,208,028</u>	<u>10,112,599</u>	<u>667,225,162</u>
Segment liabilities	<u>\$ 302,545,004</u>	<u>204,791,455</u>	<u>84,760,383</u>	<u>31,848,561</u>	<u>623,945,403</u>
2014					
	Retail Clients	Corporate and Institutional Clients	Commercial clients	Other Banking	Total
Interest income	\$ 8,219,117	5,145,711	319,454	375,782	14,060,064
Interest expense	(631,602)	(4,310,751)	97,888	(487,193)	(5,331,658)
Net interest income	7,587,515	834,960	417,342	(111,411)	8,728,406
Net service fee income	3,602,386	611,329	131,181	(373)	4,344,523
Other miscellaneous income	508,734	1,888,449	356,648	22,238	2,776,069
Net income	11,698,635	3,334,738	905,171	(89,546)	15,848,998
Bad debt expense and provision for guarantee liabilities	(1,283,227)	539,958	59,402	1,237	(682,630)
Operating expense	(8,608,868)	(1,781,504)	(962,673)	4,369	(11,348,676)
Segment profit or loss	<u>\$ 1,806,540</u>	<u>2,093,192</u>	<u>1,900</u>	<u>(83,940)</u>	<u>3,817,692</u>
Segment assets	<u>\$ 243,798,606</u>	<u>494,034,199</u>	<u>19,556,720</u>	<u>12,377,465</u>	<u>769,766,990</u>
Segment liabilities	<u>\$ 316,671,451</u>	<u>271,030,688</u>	<u>106,055,766</u>	<u>31,227,582</u>	<u>724,985,487</u>

V. 2015 Standalone Financial Statements and Independent Auditors' Report

Independent Auditors' Report

The Board of Directors

Standard Chartered Bank (Taiwan) Limited:

We have audited the accompanying balance sheets of Standard Chartered Bank (Taiwan) Limited as of December 31, 2015 and 2014, and the related statements of profit or loss and other comprehensive income, statements of changes in stockholders' equity, and statements of cash flows for the years ended December 31, 2015 and 2014. These individual financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these individual financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements of Financial Institutions by Certified Public Accountants and Republic of China generally accepted auditing standards. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the individual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall individual financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the individual financial statements referred to the first paragraph present fairly, in all material respects, the financial position of Standard Chartered Bank (Taiwan) Limited as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Statements by Securities Firms, and other related regulations.



March 31, 2016

Standard Chartered Bank (Taiwan) Limited

Balance Sheets

December 31, 2015 and 2014

(expressed in thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014			December 31, 2015		December 31, 2014	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and stockholders' equity				
Cash and cash equivalents (notes 6(1) and 7)	\$ 9,690,695	1	22,434,439	3	Liabilities:				
Due from the Central Bank and call loans to banks (notes 6(2) and 7)	87,019,615	13	104,417,545	14	Deposits from the Central Bank and banks (notes 6(13) and 7)	\$ 21,979,736	4	25,876,934	3
Financial assets at fair value through profit or loss (notes 6(3) and 7)	29,014,134	4	36,411,714	5	Financial liabilities at fair value through profit or loss (notes 6(3) and 7)	17,058,968	3	13,462,099	2
Derivative financial assets for hedging—net (notes 6(4) and 7)	81,431	-	48,199	-	Derivative financial liabilities for hedging—net (notes 6(4) and 7)	32,480	-	5,065	-
Securities purchased under resell agreements and debt instruments(note 6(5))	2,499,824	-	2,556,376	-	Payables (note 6(14))	8,442,779	1	13,636,779	2
Receivables—net (notes 6(6), (7), 7, and 13(1))	21,380,627	3	29,952,621	4	Related parties payable (note 7)	12,335,872	2	10,063,624	1
Current tax assets (note 6(21))	239,692	-	127,143	-	Deposits and remittances (notes 6(4), (15) and 7)	498,120,863	75	598,495,557	78
Discounts and loans—net (notes 6(9), (7), and 7)	303,239,940	46	337,544,264	44	Financial debentures—net (notes 6(4), (16) and 7)	53,341,063	8	53,202,188	7
Available-for-sale financial assets—net (notes 6(4), (8) and 7)	182,784,483	27	201,168,244	26	Other financial liabilities (note 6(17))	1,158,492	-	3,304,529	-
Investments measured by equity method—net (note 6(9))	848,452	-	718,381	-	Provisions (notes 6(18) and (20))	1,791,407	-	1,908,858	-
Other financial assets—net (notes 6(9) and 8)	10,502,108	2	15,848,624	2	Deferred tax liabilities (note 6(21))	672,273	-	706,371	-
Property, plant and equipment—net (note 6(10) and 13(1))	4,925,372	1	5,406,891	1	Other liabilities (note 6(19))	3,346,144	1	5,135,047	1
Intangible assets—net (note 6(11))	3,156,048	1	3,156,075	-	Total liabilities	<u>624,280,077</u>	<u>94</u>	<u>725,797,051</u>	<u>94</u>
Deferred tax assets (note 6(21))	2,238,372	-	2,318,677	-	Stockholders' equity:				
Other assets—net (notes 6(12) and 8)	9,939,043	2	8,469,361	1	Common stock (note 6(23))	29,105,720	4	29,105,720	4
Total assets	<u>\$ 667,559,836</u>	<u>100</u>	<u>770,578,554</u>	<u>100</u>	Capital surplus (note 6(23))	5,294,771	1	5,786,031	1
					Retained earnings:				
					Legal reserve (note 6(23))	5,950,095	1	4,970,169	1
					Special reserve (note 6(23))	347,706	-	347,706	-
					Unappropriated earnings (note 6(23))	1,465,876	-	3,708,006	-
						<u>7,763,677</u>	<u>1</u>	<u>9,025,881</u>	<u>1</u>
					Other equity interest (note 6(23))	615,591	-	863,871	-
					Total stockholders' equity	<u>43,279,759</u>	<u>6</u>	<u>44,781,503</u>	<u>6</u>
					Total liabilities and stockholders' equity	<u>\$ 667,559,836</u>	<u>100</u>	<u>770,578,554</u>	<u>100</u>

Standard Chartered Bank (Taiwan) Limited
Statements of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

		2015		2014		Change
		Amount	%	(Reclassified)	%	
				Amount		%
41000	Interest income (notes 6(26) and 7)	\$ 12,236,352	91	14,060,064	90	(13)
51000	Less : Interest expense (notes 6(26) and 7)	5,105,224	38	5,333,749	34	(4)
	Net interest income	7,131,128	53	8,726,315	56	(18)
	Net non-interest income					
49100	Net service fee income (notes 6(27) and 9(3))	2,247,455	17	2,849,359	18	(21)
49200	Gain on financial assets or liabilities at fair value through profit or loss (note 6(28))	1,231,888	9	1,823,851	12	(32)
49300	Realized gain on available-for-sale financial assets (note 6(29))	83,891	1	18,491	-	354
49600	Foreign exchange gain	1,073,377	8	681,369	4	58
49750	Share of profit of associates and joint ventures accounted for using equity method (note 6(9))	778,160	6	648,089	4	20
49800	Net other non-interest income (notes 6(4), (9), (30), 7 and 12(2))	874,877	6	829,875	6	5
49700	Impairment losses on assets (notes 6(9), (10) and (31))	(15,498)	-	(3,162)	-	(390)
	Net revenue	13,405,278	100	15,574,187	100	(14)
58200	Bad debt expense and guarantee liability (reversal) provision (note 6(32))	1,085,551	8	682,630	4	59
	Operating expenses:					
58500	Employee benefits expense (notes 6(20), (24), (33) and 7)	5,325,880	40	5,709,753	37	(7)
59000	Depreciation and amortization expenses (notes 6(10), (11) and (34))	290,271	2	265,970	2	9
59500	Other general and administrative expenses (notes 6(35), 7 and 12(2))	5,106,038	38	5,230,883	33	(2)
	Total operating expenses	10,722,189	80	11,206,606	72	(4)
	Income before tax	1,597,538	12	3,684,951	24	(57)
61003	Less: income tax expense (note 6(21))	158,556	1	418,532	3	(62)
	Net income	1,438,982	11	3,266,419	21	(56)
65000	Other comprehensive income:					
65200	Items not to be reclassified into profit or loss					
65201	Remeasurements of defined benefit plan (note 6(20))	32,402	-	(94,406)	(1)	134
65220	Income tax (expense) benefit related to items not to be reclassified into profit or loss (note 6(21))	(5,508)	-	16,049	-	(134)
	Total items not to be reclassified into profit or loss	26,894	-	(78,357)	(1)	134
65300	Items that may be subsequently reclassified into profit or loss					
65302	Change in fair value of available-for-sale financial assets recognized	(145,272)	(1)	(9,396)	-	(1,446)
65303	Change in fair value of cash flow hedges recognized	(173,158)	(1)	307,766	2	(156)
65320	Income tax benefit (expense) related to items that may be subsequently reclassified into profit or loss (note 6(21))	70,150	-	(42,941)	-	263
	Total items that may be subsequently reclassified into profit or loss	(248,280)	(2)	255,429	2	(197)
65000	Other comprehensive income, net of tax	(221,386)	(2)	177,072	1	(225)
	Total comprehensive income for the period	\$ 1,217,596	9	3,443,491	22	(65)
67500	Basic earnings per share (NTD) (note 6(25))	\$ 0.49		1.12		

Standard Chartered Bank (Taiwan) Limited
Statements of Changes in Stockholders' Equity
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

	Share capital			Retained earnings			Other item in stockholders' equity			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Total equity		
Balance as of January 1, 2014	\$ 29,105,720	5,786,031	4,289,836	347,706	2,267,777	728,701	(120,259)	42,405,512		
Appropriation and distribution of retained earnings (Note 1):										
Legal reserve appropriated (note 6(23))	-	-	680,333	-	(680,333)	-	-	-		
Cash dividends of ordinary share (note 6(23))	-	-	-	-	(1,067,500)	-	-	(1,067,500)		
Net income	-	-	-	-	3,266,419	-	-	3,266,419		
Other comprehensive income	-	-	-	-	(78,357)	(17)	255,446	177,072		
Total comprehensive income for the period	-	-	-	-	3,188,062	(17)	255,446	3,443,491		
Balance as of December 31, 2014	29,105,720	5,786,031	4,970,169	347,706	3,708,006	728,684	135,187	44,781,503		
Unpresented cash dividends transferred to capital surplus (note 6(23))	-	8,740	-	-	-	-	-	8,740		
Appropriation and distribution of retained earnings (Note 2):										
Legal reserve appropriated (note 6(23))	-	-	979,926	-	(979,926)	-	-	-		
Cash dividends of ordinary share (note 6(23))	-	-	-	-	(2,728,080)	-	-	(2,728,080)		
Net income	-	-	-	-	1,438,982	-	-	1,438,982		
Other comprehensive income	-	-	-	-	26,894	(104,559)	(143,721)	(221,386)		
Total comprehensive income for the period	-	-	-	-	1,465,876	(104,559)	(143,721)	1,217,596		
Balance as of December 31, 2015	29,105,720	5,794,771	5,950,095	347,706	1,465,876	624,125	(8,534)	43,279,759		

Note 1 : Bonus to employees 167 thousand was deducted from statement of profit or loss and other comprehensive income.

Note 2 : Bonus to employees 229 thousand was deducted from statement of profit or loss and other comprehensive income.

Standard Chartered Bank (Taiwan) Limited
Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan Dollars)

	2015	2014
Cash flow used in operating activities :		
Profit before tax	\$ 1,597,538	3,684,951
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	290,244	264,995
Amortization expense	27	975
Bad debt expense and guarantee liability (reversal) provision	1,085,551	682,630
Interest expense	5,105,224	5,333,749
Interest income	(12,236,352)	(14,060,064)
Net change in other provisions	(6,808)	(101,296)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(778,160)	(648,089)
(Gain) loss on disposal of property and equipment	(91,903)	4,231
Impairment loss on buildings and other financial assets	15,498	3,162
Gain on disposal of financial assets carried at cost	(41,549)	-
Total adjustments to reconcile profit (loss)	(6,658,228)	(8,519,707)
Change in operating assets and liabilities :		
Change in operating assets :		
Due from the Central Bank and call loans to banks	(812,228)	(22,964,544)
Financial assets at fair value through profit or loss	7,397,580	(15,952,827)
Receivables	8,823,521	2,755,638
Discounts and loans	33,140,532	5,931,208
Available-for-sale financial assets	23,523,716	13,849,209
Other financial assets	-	4,556
Total changes in operating assets	72,073,121	(16,376,760)
Changes in operating liabilities :		
Deposits from the Central Bank and banks	2,102,802	(20,108,738)
Financial liabilities at fair value through profit or loss	3,596,869	5,928,111
Payables	(2,733,343)	11,921,661
Deposits and remittances	(100,374,533)	20,909,551
Other financial liabilities	(2,146,037)	(9,815,493)
Other liabilities	(1,788,903)	2,763,359
Total changes in operating liabilities	(101,343,145)	11,598,451
Total changes in operating assets and liabilities	(29,270,024)	(4,778,309)
Total adjustments	(35,928,252)	(13,298,016)
Cash outflow generated from operations	(34,330,714)	(9,613,065)
Interest received	12,030,325	14,179,153
Dividend received	648,089	323,219
Interest paid	(5,284,893)	(5,591,911)
Income taxes paid	(160,256)	(268,045)
Net cash flows used in operating activities	(27,097,449)	(970,649)
Cash flows used in investing activities :		
Proceeds from disposal of financial assets carried at cost	57,499	-
Proceeds from disposal of property, plant and equipment	377,126	-
Acquisition of property, plant and equipment	(109,446)	(115,334)
Increase in derivatives collateral	(1,760,092)	(5,668,617)
Decrease (increase) in other assets	290,410	(174,890)
Net cash flows used in investing activities	(1,144,503)	(5,958,841)
Cash flows used in financing activities :		
(Increase) decrease in derivative financial instruments for hedging	(190,709)	538,673
Decrease in financial debentures	(1,227,176)	(3,005,708)
Cash dividends paid	(2,728,080)	(1,067,500)
Net cash flows used in financing activities	(4,145,965)	(3,534,535)
Change in foreign exchange rate	1,377,463	544,510
Net decrease in cash and cash equivalents	(31,010,454)	(9,919,515)
Cash and cash equivalents at beginning of period	86,667,010	96,586,525
Cash and cash equivalents at end of period	\$ 55,656,556	86,667,010
Components of cash and cash equivalents:		
Cash and cash equivalents reported in the balance sheets	\$ 9,690,695	22,434,439
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	43,466,037	61,676,195
Securities purchased under resell agreements and debt instruments qualifying for cash and cash equivalents under the definition of IAS 7	2,499,824	2,556,376
Cash and cash equivalents at end of period	\$ 55,656,556	86,667,010

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



Review and analysis of financial conditions, financial results and risk management

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I. Analysis of Financial Conditions

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

Unit : NTD'000

Item \ Year	2015	2014	Increase / (Decrease) Variance	
			Amount	%
Cash and cash equivalent, Due from the Central Bank and call loans to banks	96,710,310	126,851,984	(30,141,674)	(23.76)
Financial assets at fair value through profit or loss	29,014,134	36,411,714	(7,397,580)	(20.32)
Available-for-sale financial assets-net	182,784,483	201,168,244	(18,383,761)	(9.14)
Derivative financial assets for hedging-net	81,431	48,199	33,232	68.95
Securities purchased under resell agreements	2,499,824	2,556,376	(56,552)	(2.21)
Receivable-net	21,890,528	29,855,420	(7,964,892)	(26.68)
Current tax assets	239,692	127,143	112,549	88.52
Assets held for sale-net	-	-	-	-
Discounts and loans-net	303,239,940	337,544,264	(34,304,324)	(10.16)
Financial assets held-to-maturity	-	-	-	-
Investment under equity method-net	-	-	-	-
Restricted assets	10,372,019	15,702,585	(5,330,566)	(33.95)
Other financial assets-net	130,089	146,039	(15,950)	(10.92)
Property, plant and equipment-net	4,925,588	5,407,192	(481,604)	(8.91)
Investment property-net	-	-	-	-
Intangible assets-net	3,156,048	3,156,075	(27)	-
Deferred tax assets	2,238,372	2,318,677	(80,305)	(3.46)
Other assets-net	9,942,704	8,473,078	1,469,626	17.34
Total assets	667,225,162	769,766,990	(102,541,828)	(13.32)
Deposits from the Central Bank and banks	27,979,736	25,876,934	2,102,802	8.13
Financing from Central Bank and other banks	-	-	-	-
Financial liabilities at fair value through profit or loss	17,058,968	13,462,099	3,596,869	26.72
Derivative financial liabilities for hedging	32,480	5,065	27,415	541.26
Bonds and bills sold under repurchase agreements	-	-	-	-
Payables	20,816,563	23,733,188	(2,916,625)	(12.29)
Current tax liabilities	99,875	85,530	14,345	16.77
Liabilities directly associated with assets held for sale	-	-	-	-

 (Continued)

Item	Year	2015	2014	Increase / (Decrease) Variance	
				Amount	%
Deposits and remittances		497,589,001	597,519,644	(99,930,643)	(16.72)
Bank notes payable-net		53,341,063	53,202,188	138,875	0.26
Preferred stock liability		-	-	-	-
Other financial liabilities		1,158,492	3,304,529	(2,146,037)	(64.94)
Provisions		1,791,407	1,908,858	(117,451)	(6.15)
Deferred tax liabilities		672,273	720,274	(48,001)	(6.66)
Other liabilities		3,405,545	5,167,178	(1,761,633)	(34.09)
Total liabilities	Before distribution	623,945,403	724,985,487	(101,040,084)	(13.94)
	After distribution	623,945,403	724,985,487	(101,040,084)	(13.94)
Equity attributable to owners of the parent company		43,279,759	44,781,503	(1,501,744)	(3.35)
Common stock		29,105,720	29,105,720	-	-
Capital surplus		5,794,771	5,786,031	8,740	0.15
Retained earnings	Before distribution	7,763,677	9,025,881	(1,262,204)	(13.98)
	After distribution	(Note)	6,297,801	-	-
Other equity interest		615,591	863,871	(248,280)	(28.74)
Total equity	Before distribution	43,279,759	44,781,503	(1,501,744)	(3.35)
	After distribution	(Note)	42,053,423	-	-

Asset growth declined compared to the same period last year, mainly affected by slower mortgage origination, less sales on retail un-secured loans, reduction in corporate lending and trade deals due to slow market momentum. It was also affected by the Bank's efforts in adjusting some high cost USD deposits as well improving excess capital of the previous year.

Note : The Annual General Meeting is not held.

Analysis of Financial Conditions - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item	Year	2015	2014	Increase / (Decrease) Variance	
				Amount	%
Cash and cash equivalent, Due from the Central Bank and call loans to banks		96,710,310	126,851,984	(30,141,674)	(23.76)
Financial assets at fair value through profit or loss		29,014,134	36,411,714	(7,397,580)	(20.32)
Available-for-sale financial assets-net		182,784,483	201,168,244	(18,383,761)	(9.14)
Derivative financial assets for hedging-net		81,431	48,199	33,232	68.95
Securities purchased under resell agreements		2,499,824	2,556,376	(56,552)	(2.21)
Receivable-net		21,380,627	29,952,621	(8,571,994)	(28.62)
Current tax assets		239,692	127,143	112,549	88.52
Assets held for sale-net		-	-	-	-
Discounts and loans-net		303,239,940	337,544,264	(34,304,324)	(10.16)
Financial assets held-to-maturity		-	-	-	-
Investment under equity method-net		848,452	718,381	130,071	18.11
Restricted assets		10,372,019	15,702,585	(5,330,566)	(33.95)
Other financial assets-net		130,089	146,039	(15,950)	(10.92)
Property, plant and equipment-net		4,925,372	5,406,891	(481,519)	(8.91)
Investment property-net		-	-	-	-
Intangible assets-net		3,156,048	3,156,075	(27)	-
Deferred tax assets		2,238,372	2,318,677	(80,305)	(3.46)
Other assets-net		9,939,043	8,469,361	1,469,682	17.35
Total assets		667,559,836	770,578,554	(103,018,718)	(13.37)
Deposits from the Central Bank and banks		27,979,736	25,876,934	2,102,802	8.13
Financing from Central Bank and other banks		-	-	-	-
Financial liabilities at fair value through profit or loss		17,058,968	13,462,099	3,596,869	26.72
Derivative financial liabilities for hedging		32,480	5,065	27,415	541.26
Bonds and bills sold under repurchase agreements		-	-	-	-
Payables		20,778,651	23,700,403	(2,921,752)	(12.33)
Current tax liabilities		-	-	-	-
Liabilities directly associated with assets held for sale		-	-	-	-
Deposits and remittances		498,120,863	598,495,557	(100,374,694)	(16.77)

 (Continued)

Item	Year	2015	2014	Increase / (Decrease) Variance	
				Amount	%
Bank notes payable-net		53,341,063	53,202,188	138,875	0.26
Preferred stock liability		-	-	-	-
Other financial liabilities		1,158,492	3,304,529	(2,146,037)	(64.94)
Provisions		1,791,407	1,908,858	(117,451)	(6.15)
Deferred tax liabilities		672,273	706,371	(34,098)	(4.83)
Other liabilities		3,346,144	5,135,047	(1,788,903)	(34.84)
Total liabilities	Before distribution	624,280,077	725,797,051	(101,516,974)	(13.99)
	After distribution	624,280,077	725,797,051	(101,516,974)	(13.99)
Equity attributable to owners of the parent company		43,279,759	44,781,503	(1,501,744)	(3.35)
Common stock		29,105,720	29,105,720	-	-
Capital surplus		5,794,771	5,786,031	8,740	0.15
Retained earnings	Before distribution	7,763,677	9,025,881	(1,262,204)	(13.98)
	After distribution	(Note)	6,297,801	-	-
Other equity interest		615,591	863,871	(248,280)	(28.74)
Total equity	Before distribution	43,279,759	44,781,503	(1,501,744)	(3.35)
	After distribution	(Note)	42,053,423	-	-

Same as consolidation report.

Note : The Annual General Meeting is not held.

II. Analysis of Financial Results

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

Unit : NTD'000

Item \ Year	2015	2014	Increase / (Decrease) Variance	
			Amount	%
Interest income	12,236,352	14,060,064	(1,823,712)	(12.97)
Less: interest expense	5,104,577	5,331,658	(227,081)	(4.26)
Net income of interest	7,131,775	8,728,406	(1,596,631)	(18.29)
Net non interest income	6,589,565	7,120,592	(531,027)	(7.46)
Net revenue	13,721,340	15,848,998	(2,127,658)	(13.42)
Bad debts expense and guarantee liability provision	1,085,551	682,630	402,921	59.02
Operating expenses	10,878,869	11,348,676	(469,807)	(4.14)
Income from continuing operating before tax	1,756,920	3,817,692	(2,060,772)	(53.98)
Income tax (expense) benefit	(317,938)	(551,273)	233,335	(42.33)
Net income from continuing operating	1,438,982	3,266,419	(1,827,437)	(55.95)
Net income (loss)	1,438,982	3,266,419	(1,827,437)	(55.95)
Other comprehensive income (net of tax)	(221,386)	177,072	(398,458)	(225.03)
Total comprehensive income	1,217,596	3,443,491	(2,225,895)	(64.64)
Net income attributable to owners of the parent company	1,438,982	3,266,419	(1,827,437)	(55.95)
Net income attributable to noncontrolling interests	-	-	-	-
Total comprehensive income attributable to owners of the parent company	1,217,596.00	3,443,491.00	(2,225,895)	(64.64)
Total comprehensive income attributable to noncontrolling interests	-	-	-	-
Earnings per share	0.49	1.12	(0.63)	(56.25)

The net income drop was mainly a reflection of market conditions in the second half year, and less short-term profit as a result of our business restructuring actions by management team. Other headwinds affecting the earnings include the followings:

1. de-risking of our asset portfolio along with margin compression;
2. continued lower investment yield and higher foreign exchange volatility;
3. China's slowdown and reduced commodity prices resulted in lower level of business activities;
4. top-up provision (for maintaining original bad debt reserves) to align with regulator's request.

Analysis of Financial Results - adopts IFRSs International Financial Reporting Standards

Unit : NTD'000

Item \ Year	2015	2014	Increase / (Decrease) Variance	
			Amount	%
Interest income	12,236,352	14,060,064	(1,823,712)	(12.97)
Less: interest expense	5,105,224	5,333,749	(228,525)	(4.28)
Net income of interest	7,131,128	8,726,315	(1,595,187)	(18.28)
Net non interest income	6,274,150	6,847,872	(573,722)	(8.38)
Net revenue	13,405,278	15,574,187	(2,168,909)	(13.93)
Bad debts expense and guarantee liability provision	1,085,551	682,630	402,921	59.02
Operating expenses	10,722,189	11,206,606	(484,417)	(4.32)
Income from continuing operating before tax	1,597,538	3,684,951	(2,087,413)	(56.65)
Income tax (expense) benefit	(158,556)	(418,532)	259,976	(62.12)
Net income from continuing operating	1,438,982	3,266,419	(1,827,437)	(55.95)
Net income (loss)	1,438,982	3,266,419	(1,827,437)	(55.95)
Other comprehensive income (net of tax)	(221,386)	177,072	(398,458)	(225.03)
Total comprehensive income	1,217,596	3,443,491	(2,225,895)	(64.64)
Net income attributable to owners of the parent company	1,438,982	3,266,419	(1,827,437)	(55.95)
Net income attributable to noncontrolling interests	-	-	-	-
Total comprehensive income attributable to owners of the parent company	1,217,596	3,443,491	(2,225,895)	(64.64)
Total comprehensive income attributable to noncontrolling interests	-	-	-	-
Earnings per share	0.49	1.12	(0.63)	(56.25)

The net income drop was mainly a reflection of market conditions in the second half year, and less short-term profit as a result of our business restructuring actions by management team. Other headwinds affecting the earnings include the followings:

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2. continued lower investment yield and higher foreign exchange volatility;
3. China's slowdown and reduced commodity prices resulted in lower level of business activities;
4. top-up provision (for maintaining original bad debt reserves) to align with regulator's request.

III. Cash Flows

(I) Liquidity Analysis for the Past Two Years

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

Item \ Year	2015	2014	Increase (Decrease) %
Cash flow ratio	(41.15)	(1.54)	(39.61)
Net Cash flow adequacy ratio	(234.89)	7.72	(242.61)
Ratio of cash flow from operations to cash flow from investments	2,367.74	16.29	2,351.45

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

Item \ Year	2015	2014	Increase (Decrease) %
Cash flow ratio	(41.17)	(1.54)	(39.63)
Net Cash flow adequacy ratio	(236.22)	8.06	(244.28)
Ratio of cash flow from operations to cash flow from investments	2,367.62	16.29	2,351.33

(II) Liquidity Analysis for the Next Year

Unit : NTD'000

Cash Balance at the Start of the Period (1)	Net Operating Cash Flow for the Whole Year (2)	Cash Outflow for the Whole Year (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy plan in case of Cash Deficiency	
				Investment Plan	Financing Plan
9,690,695	40,617,152	42,927,464	7,380,383	None	None

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

(I) Major Capital Expenditures in Recent Years

Unit : NTD'000

Project	Actual or Expected Funding Sources	Actual or Expected Completion Date	Total Capital Required	Actual or Expected Capital Utilization			
				2014	2013	2012	2011
Branch Remodeling	Owned capital	2011	41,566				41,566
Branch Remodeling	Owned capital	2012	71,988			71,988	
Branch Remodeling	Owned capital	2013	157,822		157,822		
Branch relocation and optimization	Owned capital	2014	34,882	34,882			

Note : No major capital expenditures in 2015.

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

V. Reinvestment Policy for 2015, Main Reasons for Investment Gain or Loss, and the Improvement and Investment Plan for the Next Year

The primary objective of the Bank's reinvestment plans is to generate operational synergy and strengthen cross-sector management as a financial institution. As of 2015, net realized gain from investee companies totaled NTD 843,582 thousand dollars, which was primarily contributed by Standard Chartered Life Insurance Agency Co., Ltd., Taiwan Standard Chartered Insurance Agency Co., Ltd., gain on disposal of shares, and cash dividends received from investee companies.

VI. Risk Management

(I) Qualitative and Quantitative Information of All Risks

1. Credit Risk Management Structure and Capital Requirement

(1) Credit Risk Management Structure

Description / Disclosure

1. Credit risk strategy, goal, policy and procedure

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

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

Strategy & Goal

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

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

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

Policies and Procedures

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

2. Credit risk management organization and structure

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

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

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

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

Risk measurement plays a central role, along with judgment and experience, in informing risk-taking and portfolio management decisions.

Various risk measurement systems are available to the Risk function to enable them to assess and manage the credit portfolio. These include systems to calculate probability of default (PD), loss given default (LGD) and exposure at default (EAD) on a transaction, counterparty and portfolio basis.

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

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

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

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

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

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

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

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

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

5. Method used for regulatory capital calculation

Standardized Approach

(2) Required Capital for Credit Risk under Standardized Approach

31 March 2016

Unit : NTD'000

Exposure Type	Exposure after Risk Mitigation	Required Capital (Note)
Sovereign	196,754,870	-
Non-central government public sector entities	-	-
Banks (including multilateral development banks)	135,577,487	3,759,928
Corporations (including security and insurance companies)	102,598,064	7,181,928
Retail	76,507,521	4,669,881
Residential mortgage	132,936,270	6,783,033
Equity security investment	33,739	10,796
Other assets	11,533,379	690,091
Total	655,941,329	23,095,657

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

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

(1) Asset-backed Securitization Management Structure

Description / Disclosure

1. Strategy and procedure of asset securitization management

Currently, the Bank has no securitized asset.

2. Asset securitization management organization and structure

Not applicable

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

Not applicable

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

Currently, the Bank has no securitized asset.

5. Method used for regulatory capital calculation

Not applicable.

6. The general qualitative disclosure requirement, including a discussion of :

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

(2) Asset Securitization : [None]

3. Operational Risk Management Structure and Capital Requirement

(1) Operational Risk Management Structure

Description / Disclosure

1. Strategy and procedure of operational risk management

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

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

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

2. Operational risk management organization and structure

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

The Risk committee is designed to oversee and to challenge the effectiveness of risk management and control. It is also authorised to take certain risk acceptance and control decisions which are outside the authority of individual managers. The Risk committee delegates the authority to Country Operational Risk Committee ("CORC") to determine the Bank's approach to the management of operational risk in accordance with the Risk Management Framework, and has the responsibility to ensure its effective application.

The Country Operational Risk Committee ("CORC") oversees the management of operational risks across the Bank, supported by business and country level committees. The CORC is responsible for ensuring the effectiveness of the Taiwan's Operational Risk Framework and committee structure and that it is implemented consistently.

The Bank also receives strong support from SCB regional and group business and risk management functions

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

According to nature and activities of operational risk, the effectiveness of operational risk management is controlled and monitored by different expertise of second line control owners accordingly. The following risk subtype and activities fall within the scope of operational risk, including External Rules and Regulations, Liability, Legal enforceability, Damage or loss of physical assets, Safety & security, Internal fraud or dishonesty, External fraud, Information Security, Processing failure, Model, People management, Vendor management, Data quality management, Business Contingency management, Financial management, and Corporate authorities & structure.

The on-going effectiveness of operational risk controls is ensured through an assurance approach that comprises the responsibility of three lines of defences. It is based on the responsibility that businesses and functions have to adhere to control requirements and to periodically test adherence through control sample testing performed on controls embedded within critical processes.

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

The operational risk management procedures and processes are built based on Risk Management Framework, and they are integral components of the Operational Risk Management Framework. Operational risks are managed through an end to end process of risk identification, assessment, control, acceptance and monitoring. This process is performed at all levels across the Bank and is the foundation of the management approach. The identified risks are assessed against operational risk matrices to determine their significance and mitigation actions to reduce the exposure to acceptable levels. Risk mitigation plans are overseen by the appropriate operational risk forum (s) and /or CORC.

5. Method used for regulatory capital calculation

Basic Indicator Approach

(2) Required Capital for Operational Risk

31 March 2016		Unit : NTD'000
Year	Gross Operating Profit	Required Capital
2013	14,662,246	
2014	15,161,585	
2015	13,463,783	
Total	43,287,614	
		2,164,381

4. Market Risk Management Structure and Capital Requirement

(1) Market Risk Management Structure

Description / Disclosure

1. Strategy and procedure of market risk management

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

2. Market risk management organization and structure

Market and Liquidity Risk Taiwan followed the regulatory of the Taiwan Financial Supervisory Commission to develop the market risk management policies and procedures, which include the banking books and trading books. The objective of the companies limits are annually reviewed by Market and Liquidity Risk Taiwan and are in line with Group Market Risk Committee guidance. The policies and procedures are presented to the Board for approval.

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

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

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

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

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

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

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

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

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

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

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

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

5. Method used for regulatory capital calculation

Standardized Approach / Delta-Plus for Options

(2) Required Capital for Market Risk

31 March 2016		Unit : NTD'000
Item		Required Capital
Standardized Approach	Interest Rate Risk	1,090,673
	Foreign Exchange Risk	106,852
	Equity Position Risk	-
	Commodities Risk	-
Internal Model-Based Approach		-
Total		1,197,525

5. Liquidity risk includes maturity analysis of the Bank's assets and liabilities. It also describes the measures for liquidity management of assets and capital gap

(1) Maturity analysis

Structure Analysis of Maturity Date New Taiwan Dollars

31 March 2016

Unit : NTD'000

	Remaining period to expiration						
	Total	0~10days	11~30days	31~90days	91~180days	181~over 1 year	Over 1 year
Capital Provided	799,826,623	112,281,452	101,994,960	117,737,174	124,712,903	123,510,249	219,589,885
Capital Used	924,429,908	76,500,860	122,304,573	203,317,694	145,348,599	102,294,507	274,663,675
Gap	(124,603,285)	35,780,592	(20,309,613)	(85,580,520)	(20,635,696)	21,215,742	(55,073,790)

Structure Analysis of Maturity Date US Dollars

31 March 2016

Unit : USD'000

	Remaining period to expiration					
	Total	0~30days	31~90days	91~180days	181~over 1 year	Over 1 year
Capital Provided	20,951,609	8,329,349	4,910,533	4,080,630	2,078,928	1,552,169
Capital Used	21,904,008	8,665,144	5,395,148	3,445,659	2,467,091	1,930,966
Gap	(952,399)	(335,795)	(484,615)	634,971	(388,163)	(378,797)

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

Refer to the "Financial Highlights" section from page 190 to page 194 for details.

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

1. In accordance with Paragraph 2 of Article 47-1 of the Banking Act, starting from September 1, 2015, the interest rate charged by banks on cash card or the interest rate charged by institutions engaging in credit card business on revolving credit shall not exceed fifteen percent (15%) per annum. The Bank has implemented it.
2. On April 23, 2015, the Financial Supervisory Commission ("FSC") issued a letter (Ref. No. Jin-Guan-Yin-Fa-10410001840) requiring the ratio of loan loss provisions and reserves against guarantee liability of outstanding balance of category one credit to Mainland China (including short-term trade financing) shall not be less than 1.5% before the end of December 2015. The Bank has implemented it.
3. On June 16, 2015, FSC issued a letter (Ref. No. Jin-Guan-Yin-Guo-104200001380) requiring the ratio of loan loss provisions for the balance of loans for residential mortgages and for house renovation (excluding the policy loans) shall not be less than 1.5% before the end of December 2015. The Bank has implemented it.

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

In response to Bank 3.0 of digital finance, the Bank understands the innovations on technology and customer behavior change well and continues to work on banking system enhancement to fulfill customers' needs. The Bank announced its trust account opening online service in 2015 and continues to improve mobile banking service so as to provide more efficient financial services to customers. In addition, customer data protection is the top priority of the Bank that we not only keep on adopting new technologies to uplift the overall service level, but also investing resources to strengthen the security over systems with high level standards.

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

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

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

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

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

There was no branch expansion executed by the Bank in 2015. To ride on the trend of digital banking development and enhance branch network operational efficiency, 7 branches were closed last year. As at the end of 2015, the Bank has a total of 81 branches in Taiwan, excluding OBU. Before the branch closures, the Bank took proactive approach in dealing with clients' rights and obligations by sending out notification letters, posting announcements in branches and on official website to fully inform our clients while continuously provide the outstanding services.

(VII) Business Concentration Risk and Responsive Actions Thereof

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

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

As to the management of concentration to single corporate entity and customer groups, it is aligned with the "Credit Risk Management Guidelines of Concentration to Single Corporate Entity and Customer Groups" as approved by the Executive Risk Committee. The concentration risk limits for single corporate entity, affiliated counterparties or customer groups are established on the basis of internal credit grades to ensure concentration risk on large exposures is properly addressed and managed.

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

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

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

(X) Litigation and Non-litigation Matters:

For a corporate lending between the Bank (previously Hsinchu International Bank) and a corporate client, it was repaid in full by the corporate guarantor. However, the corporate guarantor and another individual guarantor brought litigations against the Bank in the Taipei District Court in June 2012, alleging the guarantees were not in existence as the original loan was flawed and potentially void. The corporate guarantors also claimed a refund of NTD 115,437 thousand dollars. In respect of the litigation initiated by the corporate guarantor, the Bank obtained favorable judgments and the case was concluded. As to the litigation initiated by the personal guarantor, the proceedings are pending in the second instance and have not concluded yet. The Bank cannot predict the outcome. Except for the above, the Bank is not involved in other material litigations within 2015 and as of the date of publication of the annual report.

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

VII. Emergency Response Mechanism

To ensure that the Bank is capable of continuing critical business operations to reduce any potential risks of severe disruption to business, financial and reputational damage, the Bank has instituted the "Crisis Management Team" and "Recovery Control Center" with dedicated assignment of responsibilities to carry out Crisis Management Plan whilst facing an unexpected disaster.

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

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

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

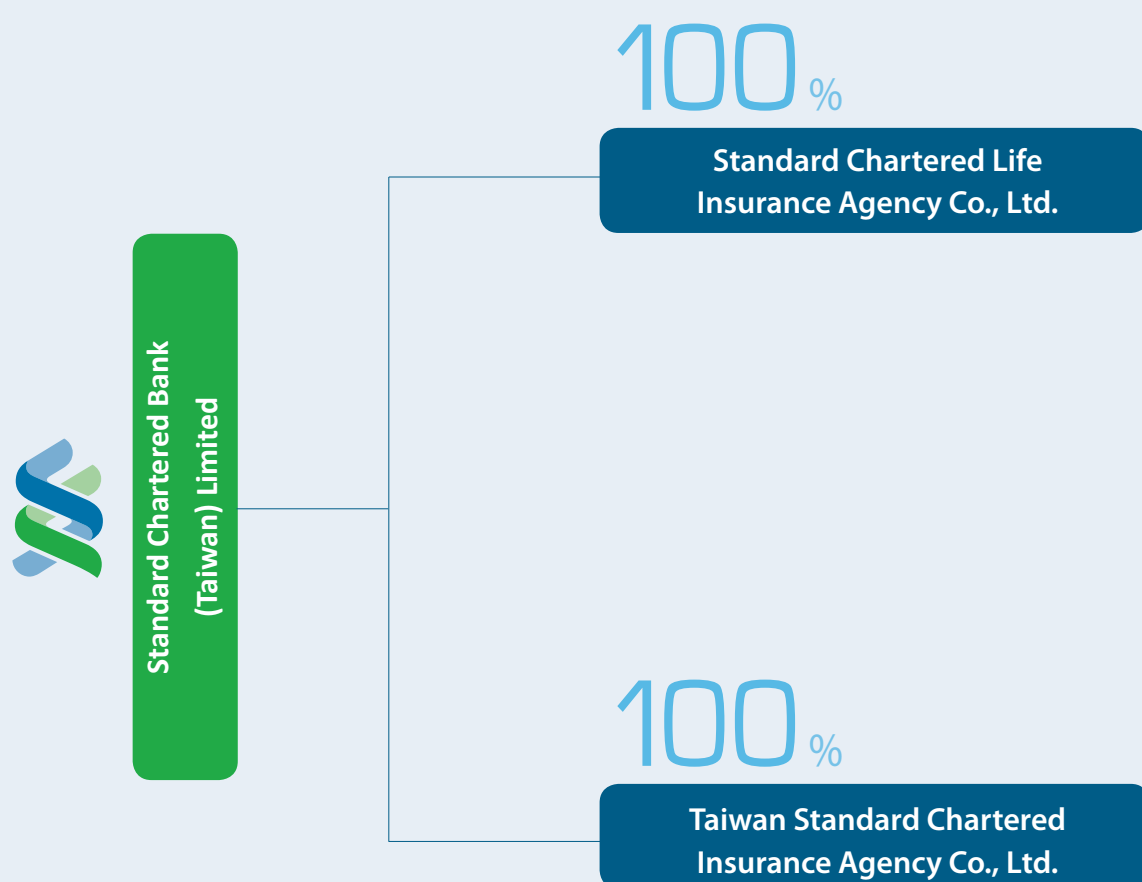
VIII. Other Important Matters : [None]



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I. Information on Affiliated Enterprises

(I) Organizational Chart of Affiliated Enterprises



(II) Basic Information of Affiliated Enterprises

Unit : NTD'000

Name of Business	Date of Establishment	Address	Paid-in Capital	Major Line of Business or Products
Standard Chartered Life Insurance Agency Co., Ltd.	07/09/1999	7F, No. 106, Zhongyang Road, Zhongzheng Village, Hsinchu City	3,000	Life insurance agent
Taiwan Standard Chartered Insurance Agency Co., Ltd.	30/09/1999	7F, No. 106, Zhongyang Road, Zhongzheng Village, Hsinchu City	3,000	Property insurance agent

(III) Industry Covered by Affiliated Enterprises

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

(IV) Information on Directors and Supervisors of Affiliated Enterprises

Name of Business	Title	Name or Company Representative	Shares Held	
			Number	Ratio
Standard Chartered Life Insurance Agency Co., Ltd.	Chairman Director Director Sepervisor	Standard Chartered Bank Representative : Man-Yee Fu Standard Chartered Bank Representative : Kate Lin Standard Chartered Bank Representative : Ryan Chiang Standard Chartered Bank Representative : Etta Lin	300,000	100.00%
Taiwan Standard Chartered Insurance Agency Co., Ltd.	Chairman Director Director Supervisor	Standard Chartered Bank Representative : Man-Yee Fu Standard Chartered Bank Representative : Kate Lin Standard Chartered Bank Representative : Tony Wang Standard Chartered Bank Representative : Etta Lin	300,000	100.00%

(V) Business Overview of Affiliated Enterprises

Unit : NTD'000

Name of Business	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit (Loss)	Current Year Profit and Loss (After Tax)	Earnings Per Share (Dollar)
Standard Chartered Life Insurance Agency Co., Ltd.	3,000	1,681,577	854,835	826,742	1,743,175	920,099	764,181	2547.27
Taiwan Standard Chartered Insurance Agency Co., Ltd.	3,000	29,819	8,109	21,710	28,251	16,796	13,979	46.60

(VI) Consolidated Financial Statements of Affiliated Enterprises :

Refer to the "Financial Highlights" section from page 120 to page 123.

(VII) Affiliation Reports

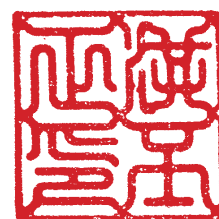
Declaration

The 2015 Affiliation Reports of Standard Chartered Bank (Taiwan) Limited for the period between 1 January 2015 and 31 December 2015 have been prepared in conformity with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". No material discrepancy was found in the Reports as compared to the relevant information disclosed in the Notes to the Financial Statements for the same period.

Standard Chartered Bank (Taiwan) Limited



Chairman : Benjamin Pi-Cheng Hung



31 March 2016

Independent Auditors' Review Opinion on Affiliation Reports

To: Standard Chartered Bank (Taiwan) Limited

We have conducted the review of the 2015 Affiliation Report of Standard Chartered Bank (Taiwan) Limited (the 'Bank') in accordance with articles promulgated on dated 30 November, 1999 in the letter of Ref. No. (88)-Tai-Tsai-Zheng-(VI)-04448 issued by the Securities and Futures Bureau, Financial Supervisory Commission R.O.C (formerly known as Securities and Exchange Commission, Ministry of Finance Securities). This review opinion is to verify if the 2015 Affiliation Report of the Bank are in compliance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and if the information disclosed in the 2015 Affiliation Report has material inconsistency corresponding to those in the Notes to Financial Statements audited by KPMG on dated 31 March, 2016.

Based on our reviews, we are not aware of any violations of "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" regarding the preparation of the Affiliation Report mentioned above; furthermore, neither material inconsistency found between the information disclosed in the Affiliation Report and those in the Notes to the audited Financial Statements.

KPMG Certified Public Accountants

Accountants :

The KPMG logo is displayed in a large, stylized, handwritten font.

Taipei, Taiwan, R.O.C.

March 31, 2016

1. Relationship with the Holding Company

Unit : Share; %

Name of the Controlling Entity	Reason of Control	Controlling Entity's Shareholding and Pledge			Directors, Supervisors or Managers Representing the Controlling Entity	
		No. of Shares ('000)	Shareholding (%)	No. of Pledged Shares ('000)	Title	Name
Standard Chartered Bank	Shareholding 100%	2,910,572	100%	-	Chairman	Benjamin Pi-Cheng Hung
					Director	John Ming Kiu Tan
					Director	Norman Lyle
					Director	Wei-Chih Chen
					Director	Yen-Ting Chen
					INED	Man-Jung Chan
					INED	Nei-Ping Yin
					INED	Yen-Shiang Shih

INED : Independent Non-Executive Directors.

2. The transactions with controlling entity

- (1) Purchase & sale transaction : None.
- (2) Property transaction : None.
- (3) Working capital financing : Not applicable.
- (4) Asset lease : None.
- (5) Other significant transactions :

As of 31 December 2015, other significant transactions between the Bank and Standard Chartered Bank (“SCB”) are as follows:

- a) The foreign exchange and derivative transactions fair value with SCB recorded a loss of NTD 9,232,810 thousand;
- b) Deposits with other banks was NTD 985,735, the interest income incurred from the above transactions was NTD 3 thousand;
- c) The interest income of call loans to banks was NTD 11,712 thousand;
- d) The interest expense of overdrafts on banks was NTD 11 thousand;
- e) Call loans from banks was NTD 3,294,404 thousand, the interest expense incurred from above transactions was NTD 478 thousand and the interest payable was NTD 439 thousand;
- f) The issuance of financial debentures payable to SCB was NTD 29,649,632 thousand, the interest payable incurred from the above transactions was NTD 171,897 thousand and the interest expense was NTD 739,368 thousand;
- g) Operational and advisory service fees, consulting and technical support service fees and wholesale banking business service fees were NTD 1,005,849 thousand, NTD 530,161 thousand, and NTD 325,669 thousand, respectively. The fees payables related to above transactions were NTD 11,932,162 thousand;
- h) The royalty expenses for obtaining the right to use intellectual property of Standard Chartered PLC Group (“the Group”) amounted to NTD 42,421 thousand, and the royalty expenses payable to SCB were NTD 40,833 thousand;
- i) The Group’ s insurance expenses and Group insurance expenses payable for entering the Group insurance amounted to NTD 34,935 thousand and NTD 35,072 thousand, respectively;
- j) The related cost of the Executive Share Option Scheme amounted to NTD 34,873 thousand, accounts payable to SCB for the share-based payment scheme costs amounted to NTD 23,990 thousand, and the prepaid fee to SCB for the said costs amounted to NTD 918 thousand;
- k) The technical support service fees and the technical support service fees payable amounted to NTD 8,455 thousand and NTD 967 thousand, respectively.

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

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

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

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

IV. Other Supplementary Notes : [None]



Directory of Branches and Offices

Branch Name	Address	Telephone No.	Fax No.
Head Office	1F, 2F, 4F, 7F, 8F, 9F, 10F, 12F, No.168, Dunhua N. Rd., Songshan Dist., Taipei City B1F, 1F, 2F, 4F, 7F, 9F, 10F, 12F, No.170, Dunhua N. Rd., Songshan Dist., Taipei City	02-27166261 40580088	-
Main Branch	No.168, Dunhua N. Rd., Songshan Dist., Taipei City	02-66037168	02-66035058
Neihu Branch	No.69, Donghu Rd., Neihu Dist., Taipei City	02-26318888	02-26326910
Xinyi Branch	2F, No.97, Songren Road, Xinyi Dist., Taipei City	02-27206118	02-66397033
Jinshan Branch	No.151 Sec.2, Xinyi Road, Zhongzheng Dist., Taipei City	02-66010700	02-23218766
Nanjing Branch	No. 161, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City	02-66023000	02-87127885
Fuxing Branch	No.420, Fuxing N. Rd., Zhongshan Dist., Taipei City	02-66027676	02-66083068
Dazhi Branch	No.676, Mingshui Rd., Zhongshan Dist., Taipei City	02-66107500	02-85021610
Tianmu Branch	No.48, Sec. 2, Zhongcheng Rd., Shilin Dist., Taipei City	02-66107600	02-66107699
East Taipei Branch	No.128, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City	02-66192900	02-66192999
Zhongshan Branch	No.136, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	02-66197200	02-66197299
Banqiao Branch	2F, No.1-1, Xinfu Rd., Banqiao Dist., New Taipei City	02-66215700	02-66215799
Ren'ai Branch	No.1, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City	02-66363700	02-66363799
Dunhua Branch	No.39, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	02-66396000	02-23257588
No.88 Branch	No.128, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City	02-66408888	02-27505088
Jianguo Branch	No.38, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City	02-87723232	02-87723838
Zhuangjing Branch	No.35, Sec. 2, Daxing W. Rd., Taoyuan Dist., Taoyuan City	03-3026699	03-3028833
Guishan Branch	No.1077, Sec. 2, Wanshou Rd., Guishan Dist., Taoyuan City	03-3290728	03-3290273
Taoyuan Branch	No.66, Zhongzheng Rd., Taoyuan Dist., Taoyuan City	03-3340176	03-3379312
Sanmin Branch	No.301, Sec. 3, Sanmin Rd., Taoyuan Dist., Taoyuan City	03-3351593	03-3328102
Nankan Branch	No.90, Zhongzheng Rd., Luzhu Dist., Taoyuan City	03-3524148	03-3226443
Bade Branch	No.43, Sec. 2, Jieshou Rd., Bade Dist., Taoyuan City	03-3634341	03-3660967
Dashulin Branch	No.233, Taoying Rd., Taoyuan Dist., Taoyuan City	03-3664291	03-3664296
Dayuan Branch	No.44, Zhongshan N. Rd., Dayuan Dist., Taoyuan City	03-3861130	03-3861924
Daxi Branch	No.253, Kangzhuang Rd., Daxi Dist., Taoyuan City	03-3873915	03-3889901
Gongxi Branch	No.237, Fuxing 1st Rd., Guishan Dist., Taoyuan City	03-3972288	03-3972266
Zhongli Branch	No.194, Zhongshan Rd., Zhongli Dist., Taoyuan City	03-4252186	03-4256977
East Neili Branch	No.47, Rongmin Rd., Zhongli Dist., Taoyuan City	03-4351988	03-4351093
Huanbei Branch	No.405, Huanbei Rd., Zhongli Dist., Taoyuan City	03-4511333	03-4513135
Neili Branch	No.83, Xinyi Rd., Zhongli Dist., Taoyuan City	03-4553122	03-4524244
Longgang Branch	No.302, Longdong Rd., Zhongli Dist., Taoyuan City	03-4657779	03-4567704
Shanziding Branch	No.150-3, Shanding Sec., Zhongfeng Rd., Pingzhen Dist., Taoyuan City	03-4696257	03-4692907
Xinwu Branch	No.251, Zhongshan Rd., Xinwu Dist., Taoyuan City	03-4773226	03-4772052
Yangmei Branch	No.105, Dacheng Rd., Yangmei Dist., Taoyuan City	03-4783491	03-4752718
Longtan Branch	No.202, Beilong Rd., Longtan Dist., Taoyuan City	03-4793185	03-4708175
Puxin Branch	No.351, Yongmei Rd., Yangmei Dist., Taoyuan City	03-4824984	03-4826073
Pingzhen Branch	No.225, Huannan Rd., Pingzhen Dist., Taoyuan City	03-4910311	03-4910317

Branch Name	Address	Telephone No.	Fax No.
Xinming Branch	No.56, Minzu Rd., Zhongli Dist., Taoyuan City	03-4918701	03-4918710
Guanyin Branch	No.837, Sec. 2, Zhongshan Rd., Guanyin Dist., Taoyuan City	03-4986401	03-4986404
Xinxing Branch	No.130, Siwei Rd., North Dist., Hsinchu City	03-5233171	03-5233177
North Hsinchu Branch	No.6, Beida Rd., East Dist., Hsinchu City	03-5348155	03-5421589
Zhongzheng Branch	No.326, Zhongzheng Rd., North Dist., Hsinchu City	03-5348939	03-5349865
Xinshe Branch	No.141, Zhongzheng W. Rd., Zhubei City, Hsinchu County	03-5519456	03-5551783
Xinfeng Branch	No.155-7, Sec. 1, Jianxing Rd., Xinfeng Township, Hsinchu County	03-5591113	03-5594636
Guangfu Branch	No.270, Sec. 1, Guangfu Rd., East Dist., Hsinchu City	03-5775663	03-5781742
Science Park Branch	No.11, Yuanqu 2nd Rd., East Dist., Hsinchu City	03-5785355	03-5787055
Guanxi Branch	No.21, Mingde Rd., Guanxi Township, Hsinchu County	03-5875151	03-5877927
Xinpu Branch	No.386, Zhongzheng Rd., Xinpu Township, Hsinchu County	03-5883611	03-5883344
Zhudong Branch	No.300, Sec. 1, Changchun Rd., Zhudong Township, Hsinchu County	03-5965711	03-5954025
Hukou Branch	No.82, Sec.1, Zhongzheng Rd., Hukou Township, Hsinchu County	03-5992614	03-5901627
Zhubei Branch	No.8, Ziqiang S. Rd., Zhubei City, Hsinchu County	03-6125100	03- 6576187
Gongguan Branch	No.211, Zhongxiao Rd., Gongguan Township, Miaoli County	037-228525	037-221245
Miaoli Branch	No.562, Zhongzheng Rd., Miaoli City, Miaoli County	037-324671	037-358940
Zhunan Branch	No.217, Zhongzheng Rd., Zhunan Township, Miaoli County	037-476161	037-474881
Toufen Branch	No.106, Heping Rd., Toufen Township, Miaoli County	037-668281	037-676791
Houlong Branch	No.20, Chenggong Rd., Houlong Township, Miaoli County	037-724591	037-724980
Yuanli Branch	No.19, Weigong Rd., Yuanli Township, Miaoli County	037-862851	037-852609
Sanyi Branch	No.83, Zhongzheng Rd., Sanyi Township, Miaoli County	037-875281	037-875242
Nantun Branch	No. 302, Sec. 2, Liming Rd., Nantun Dist., Taichung City	04-22536208	04-22536205
Beitun Branch	No.236, Sec. 4, Wenxin Rd., North Dist., Taichung City	04-22990755	04-22990803
Wenxin Branch	No.380, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City	04-23192480	04-23192473
Donghai Branch	No.306, Fuke Rd., Xitun Dist., Taichung City	04-24653500	04-24653501
Fengyuan Branch	No.797, Yuanhuan E. Rd., Fengyuan Dist., Taichung City	04-25234116	04-25240078
Taichung Branch	No. 401, Sec. 2, Taiwan Blvd., West Dist., Taichung City	04-36013800	04-23101118
Zhongqing Branch	No.89, Sec. 1, Zhongqing Rd., North District, Taichung City	04-36023300	04-36023399
Xitun Branch	No.327, Sec. 2, Henan Rd., Xitun Dist., Taichung City	04-36062088	04-27081118
Changhua Branch	No.53, Sec. 2, Zhongzheng Rd., Changhua City, Changhua County	04-7282999	04-7229958
Chiayi Branch	No.345, Minzu Rd., East Dist., Chiayi City	05-2288855	05-2240800
East Tainan Branch	No.107, Sec. 2, Minzu Rd., West Central Dist., Tainan City	06-2289777	06-2283722
Tainan Branch	No.429, Sec. 2, Jinhua Rd., South Dist., Tainan City	06-2648101	06-2648140
Dongning Branch	No.88, Dongxing Rd., East Dist., Tainan City	06-2761561	06-2761565
Jiuru Branch	No.383, Jiuru 1st Rd., Sanmin Dist., Kaohsiung City	07-3872296	07-3860532
North Kaohsiung Branch	No.189, Wenxin Rd., Gushan Dist., Kaohsiung City	07-5501705	07-5502010
Sanduo Branch	No.262, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City	07-9660766	07- 5368033
Kaohsiung Branch	22F, No.175, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City	07-9685100	07-2221205

Standard Chartered Bank (Taiwan) Limited



Chairman
Benjamin Pi-Cheng Hung



